INTERNATIONAL COAL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015

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CORPORATE DIRECTORY

ABN 65 149 197 651

Directors
Mr John Lester – Non Executive Chairman
Mr Hugh Dai – Executive Director
Mr Noel Halgreen – Non Executive Director
Mr Harry Karelis – Non Executive Director

Company Secretary
Mr Piers Lewis
Ms Kate O'Donohue

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Queensland 4000

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Auditors
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Bankers
Commonwealth Bank of Australia Ltd

Website
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Dear Shareholder

I am delighted to be presenting this 2015 Annual Report to you. It has been a year of transition for your company which has successfully moved away from coal exploration through the acquisition of the Velpic group of companies ("Velpic") – indeed your company has now changed its name to Velpic Ltd.

As you are no doubt aware, the global resources industry is in one of its regular cyclical declines and the coal industry in particular has been hard hit. As a pure-play coal exploration company this has resulted in a significant decline in the value of the company's assets. Whilst we all hope for and expect a recovery in investor sentiment and coal prices, there can be no confidence on the timing of this recovery.

As a consequence, your Board made a strategic decision late last year to review new opportunities both within and outside the resources sector. Our preference was to identify companies that had existing revenues and could scale its growth with relatively low ongoing capital requirements.

This culminated in the acquisition of Velpic and the related $3,000,000 - $5,000,000 capital raising and re-listing of the company. This acquisition provides shareholders with a very stable base level of revenue from the highly regarded *Dash Digital* brand technology agency combined with the exciting *Velpic* initiative in the e-learning and training space that is growing strongly and has the potential to be transformative in terms of company revenues and valuations.

Velpic also brings with it a seasoned and highly credentialed executive management team led by Russell Francis who has now assumed the position of Managing Director and I would like to formally welcome Russell and his team to the company. In fact, in mid-September Russell was voted the Most Disruptive Chief Technology Officer in the Asia-Pacific region in the *Talent Unleashed* competition and was awarded his prize by Sir Richard Branson.

I encourage you to visit www.velpic.com to learn more about our exciting technology platform.

In addition to changes to the executive team, we also welcome Ms Leanne Graham to the Board as a non-executive Director. Leanne is a former senior executive of the highly successful cloud-based accounting software firm Xero and was a major contributor to their impressive global expansion strategy. Her knowledge and expertise will be of huge benefit to Velpic, helping it to focus on the most effective and profitable strategies for growth.

I would also like to take this opportunity to thank Mr Hugh Dai and Mr Noel Halgreen, who have resigned as Directors, for their contributions to the company and wish them well in their future endeavours.

Finally, I would like to thank all shareholders both old and new for their support and look forward to sharing in the company's future success.

Yours sincerely

John Lester

Non-Executive Chairman

DIRECTORS' REPORT

The directors of International Coal Ltd ("ICX") present their report on the consolidated entity (Group or consolidated group), consisting of International Coal Limited and the entities it controlled at the end of, and during, the financial year ended 30 June 2015.

Principal Activities

The principal activity of the Group during the financial year was the use of capital to explore and develop the company's tenure holdings in Queensland and continue to identify and evaluate a range of strategic business opportunities, both those aligned with the existing assets and current activities, and those outside of coal exploration. As announced on the 7th May 2015 the Company has entered into an option agreement to acquire the Velpic group of companies. Shareholder approval was obtained at a meeting held on 03 September approving the acquisition of Velpic and consequent change in business direction.

Operating Results and Review of Operations for the Year

Operating Results

The consolidated loss of the Group amounted to $12,060,287 (2014: $671,345) after providing for income tax. This includes a refund of income tax of $285,828 (2014: $285,828) relating to the prior financial year. Further discussion on the Group's operations now follows.

Review of Operations

The Board of ICX is pleased to report to shareholders the following summary of the work undertaken during the year ended 30 June 2015.

Corporate

The company successfully completed a capital raising on 17 March 2015 of $470,000 comprising a placement of ordinary shares. The capital raising consisted of the issue of 23,500,000 shares with an issue price of 2 cents per share and 4,000,000 options with an exercise price of 6 cents and an expiry date of 31 January 2018.

Velpic Group of Companies

The company entered into a conditional option agreement to purchase 100% of the issued capital of two related entities: Velpic (a video eLearning platform in the cloud) and Dash Digital (a brand technology agency). Shareholder approval was obtained at a meeting held on 03 August approving the acquisition of Velpic

Velpic is a Perth-based technology company that has developed a novel online platform providing a scalable cloud based training, induction and education solution. This is complemented by the group's existing Dash Digital business with extensive experience in digital marketing, web development and app development activities.

Velpic Group revenues are in excess of $2 million over the past 12 months. Importantly, the company already has an extensive list of ASX Top 200 clients and is now positioning itself to significantly expand its footprint and revenues. New clients continue to be attracted to the service.

The decision to purchase the Velpic Group reflects the board's view that there is little prospect of coal market prices and sentiment recovering in the immediate future. Therefore the board has decided to write down the carrying value of the company's coal assets to $1,200,724 as at 30th June 2015 to more realistically reflect these realities.

DIRECTORS' REPORT (CONTINUED)

Project Activities

Overview

At the end of the year, ICX and its subsidiaries (Gen Resources Pty Ltd and Great White Nominees Pty Ltd) held an interest in eight (8) granted tenements:

Bundaberg Project (Maryborough Basin)

EPC 2194 (75%), EPC 2195 (75%), EPC 2196 (75%)

Consuelo Project (Bowen Basin)

EPC 2332 (20%) EPC 2318 (20%) EPC 2327 (20%)

South Blackall Project (Eromanga Basin)

EPC 2197 (100%)

Don Juan Project (Surat Basin)

EPC 2286 (46%)

During the year, ICX retained all of its core granted tenements with activities focussed on the Bundaberg and Consuelo projects with desktop studies and compliance work carried out on the remaining tenements.

Bundaberg Project

The Bundaberg Project is a hard coking coal project in the Maryborough Basin, where an Inferred Resource of 41.3Mt was reported on 2nd April 2014.

During the year the Company further evaluated past exploration and mining options work in considering the next phases of exploration and development planning activities. Ongoing activities include maintaining community and joint venture relationships, and tenement management.

Consuelo Project

EPC 2327 was granted on 30 January 2014. Desktop studies (released 21 November 2013) indicate EPC 2327 has the highest potential for finding coal at open cut depths of all the Consuelo Project tenements (EPC 2327, 2318, 2332).

South Blackall Project

Progress on South Blackall was focussed on reviewing potential development options for the 1.24Bt Inferred Resource (JORC 2004) reported to the market on 26 November 2012.

Don Juan Project

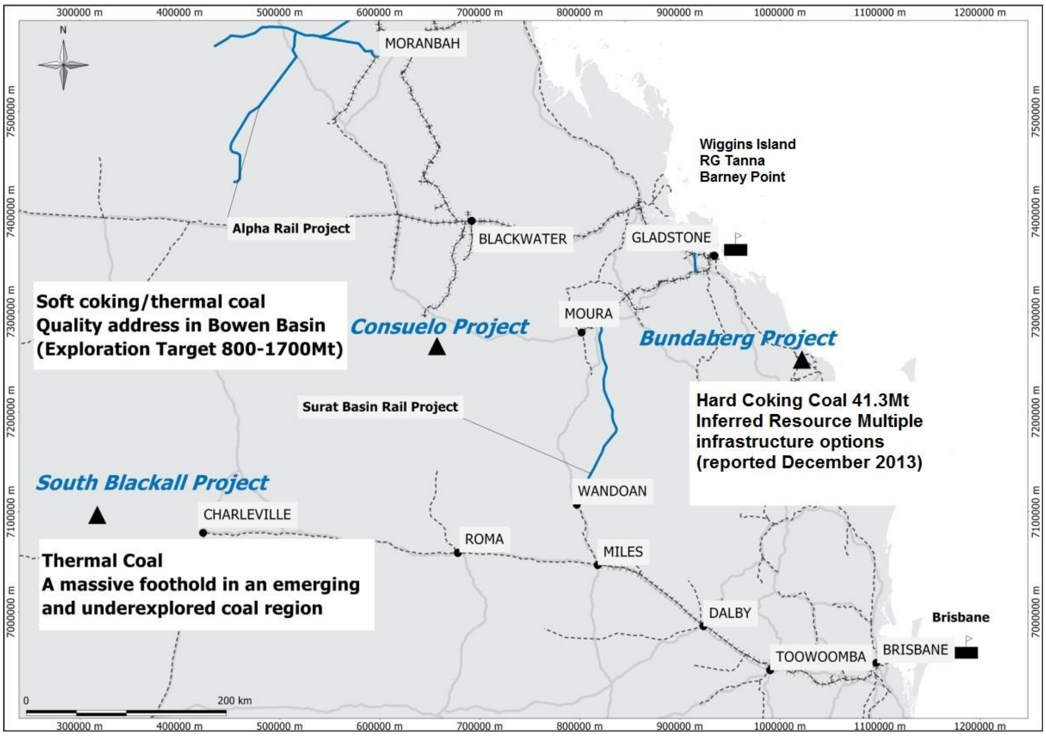
Don Juan (Surat Basin) is not currently a priority project, and thus had minimal activity during the period.

Summary

With shareholder approval now received to acquire the Velpic group of companies the company's focus will be on expanding Velpic's client base and growing revenues.

The existing coal assets will be placed on a care & maintenance basis and the Board will assess various strategies to dispose of these assets in an orderly fashion.

Figure 1 – International Coal Projects



COMPETENT PERSON'S STATEMENT

All JORC Inferred Resource and Exploration Target estimates discussed in this report have been released previously. Technical information relating to the coal projects in this announcement has been compiled by several technical specialists and reviewed and signed-off by Mr Mark Biggs, Principal Geologist formerly of Moultrie Database and Modelling and now of ROM Resources. Mr Biggs is a member of the Australasian Institute of Mining and Metallurgy and has over 33 years of experience relevant to the style and type of coal mineralisation under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined by the Australasian Code for Reporting of Mineral Resources and Reserves (JORC Code 2012).

The estimates of the Coal Resources presented in this Report are considered to be a true reflection of the Coal Resources as at 30th September 2014 and have been carried out in accordance with the principles and guidelines of the JORC Code 2012. With respect to Exploration Targets and Inferred Resource estimates mentioned for South Blackall and Consuelo, this information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Finally, Mr Mark Biggs consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.

DIRECTORS' REPORT (CONTINUED)

Financial Position

The net assets of the Group as at 30 June 2015 are $1,812,598 (2014: $13,406,285).

The cash reserves have reduced to $935,080 from $1,213,352 with the monies being spent on due diligence and preliminary costs around the Velpic option the Company entered into in May 2015.

Significant Changes in State of Affairs

No significant changes in the state of affairs of the parent entity occurred during the financial year.

Dividends Paid or recommended

No Dividends were paid or declared for payment during the financial year.

Events after the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of the operation, or the state of affairs of the group in future financial years, other than:

On 31 July 2015 459,500 ICX ordinary shares were issued to a consultant at a price of $0.037 for a total value of $17,000.

On the 3rd September International Coal Limited held a General Meeting of shareholders where all 19 resolutions were approved. The resolutions were largely relating to the previously announced acquisition of the Velpic Group of companies. On 8th September International Coal Limited formally exercised its option to acquire 100% of the issued capital of Velpic. There are still conditions precedent that need to be met to finalise the acquisition, namely being a successful re-compliance with chapters 1 and 2 of the ASX listing rules, including obtaining a minimum of $3,000,000 net tangible assets.

On 9th September International Coal Limited lodged its prospectus to offer up to 200,000,000 Shares at an issue price $0.025 per Share to raise $3,000,000 to $5,000,000 and offer the Consideration Shares to the Vendors for the Velpic acquisition.

On 15th September 2015 the Company decided to cancel the JV with CFR in relation to the two tenements EPC 2318 and 2372. Refer note 17 for further information.

Future Developments, Prospects and Business Strategies

With approval now received to acquire the Velpic group of companies and a successful capital raising the company's focus will be on expanding Velpic's client base and growing revenues.

The existing coal assets will be placed on a care & maintenance basis and the Board will assess various strategies to dispose of these assets in an orderly fashion.

Environmental Regulation

The Group's operations are subject to significant environmental regulation under Commonwealth, State and Territory legislation in relation to the discharge of hazardous waste and minerals arising from exploration activities conducted by the Group on any of its tenements. At the date of this report there have been no known breaches of any environmental obligations.

DIRECTORS' REPORT (CONTINUED)

Board of Directors

The following persons were directors of ICX during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr John Lester	-	Non-Executive Chairman
Appointed	-	8 February 2011
Qualifications	-	MA
Experience	-	John has extensive experience in mining and corporate financing. He graduated from Oxford University with a degree in natural science before being trained as a mining analyst at Joseph Sebag & Co. brokers. John spent a number of years as a stockbroker and corporate financier in Sydney and has held positions in senior management and on the Boards of mining companies in Australia and overseas.
Interest in Shares and Options	-	2,621,403 ordinary shares in International Coal Ltd and options held to acquire a further 2,000,000 ordinary shares.
Special Responsibilities	-	Member of the Audit Committee
Directorships held in other-listed entities during the three years prior to the current year	-	Previously a director of Golden West Resources Ltd from 21 March 2008 to 21 November 2011.
Mr Hugh Shao Dai	-	Executive Director and acting Chief Executive Officer
Appointed	-	8 February 2011
Qualifications	-	BEcon., MA, MAICD
Experience	-	Hugh has over 25 years' experience in the mining and resources, finance and international trade sector businesses in both China and Australia. This gives him a vital understanding and awareness of the practices of the relevant regulatory bodies, financial institutions and government agencies in both countries and how these can be brought to bear in regard to the Company's operations. He has regularly played key roles in negotiating international trade and mining agreements, particularly in the formation of investment ventures between Chinese corporations and Australian mining companies.
Interest in Shares and Options	-	5,590,001 ordinary shares in International Coal Ltd and options held to acquire a further 2,000,000 ordinary shares.
Special Responsibilities	-	-
Directorships held in other-listed entities during the three years prior to the current year	-	N/A

DIRECTORS' REPORT (CONTINUED)

Mr Noel Halgreen	-	Non-Executive Director
Appointed	-	21 November 2012
Qualifications	-	B Eng. (Mining), B Eng Hons. (Industrial), M Eng. (Industrial), MBA, Harvard University Program for Management Development, Advanced Financial Management Program, Registered Professional Engineer, Mine Manager's Certificate of Competence – Metalliferous Mining & Coal Mining.
Experience	-	Noel has more than 30 years' experience in the coal business and brings a strong record of achievement on major coal resource project developments, mergers, acquisitions and commercial negotiations across the Australian and international coal resources industry. He has held a range of senior positions within companies in the mining industries in Australia and overseas, such as: Vice President Business Development – BHP Billiton Coal (2001-2005), Executive Director Business Development – Billiton Coal (1995 – 2001), Executive Director – Trans Natal Coal Corporation (1991 – 1995), Chief Operating Officer – Sasol Coal (1986 – 1991.
Interest in Shares and Options	-	Options held to acquire 2,000,000 ordinary shares.
Special Responsibilities	-	Chairman of Audit Committee
Directorships held in other-listed entities during the three years prior to the current year		Non-Executive Director of Winmar Resources Limited (since January 2013), Managing Director of Kimberley Diamonds Limited (since May 2014). Also served as Non-executive Chairman of Bligh Resources Limited.

Mr Harry Karelis	-	Non-Executive Director
Appointed	-	19 October 2014
Qualifications	-	B.Sc (Hons), MBA, CFA FFin, FAICD
Experience	-	Mr Karelis is the founder of Titan Capital Partners -a privately held investment group involved in a range of projects. Prior to establishing Titan, Mr Karelis worked in the financial services industry with roles in financial analysis and funds management both in Australia and overseas. He has in excess of 23 years diversified experience in the financial services sector including fundamental analysis, funds management and private equity investing and has acted as a Director on several public and private companies in Australia, Singapore and the United Kingdom.
Interest in Shares and Options	-	Nil
Special Responsibilities	-	-
Directorships held in other-listed entities during the three years prior to the current year		BioTech Capital Ltd (Resigned 04 August 2014), VTX Holdings Ltd (Current)

DIRECTORS' REPORT (CONTINUED)

Company Secretary

The following people held the position of company secretary at the end of the financial year:

Mr Piers Lewis – appointed 15 May 2015

Ms Kate O'Donohue – resigned 15 May 2015

Mr Piers Lewis was appointed as company secretary on 15 May 2015 subsequent to Ms Kate O'Donohue vacating the position. Mr Lewis is a Chartered Accountant and completed the Diploma of Applied Corporate Governance with 15 years corporate experience, and has held executive and senior management positions in London and Australia. Mr Lewis also holds directorships, Company Secretary and CFO positions with other ASX-listed companies.

Meetings of Directors

The number of meetings of the board of directors (including board committees) held during the year ended 30 June 2015, and the number of meetings attended by each director is set out below:

	Board		Audit Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended
Mr J Lester	9	9	2	2
Mr H Dai	9	9	-	-
Mr N Halgreen	8	8	2	2
Mr H Karelis	7	7	-	-

Share Options

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

Grant Date	Date of Expiry	Exercise Price	Number under Option
5 April 2011	1 February 2016	$0.20	1,000,000
28 April 2011	31 December 2015	$0.30	4,500,000
28 April 2011	31 December 2015	$0.50	3,500,000
21 November 2011	21 November 2015	$0.35	2,000,000
21 November 2011	21 November 2015	$0.40	1,000,000
10 January 2012	12 January 2017	$0.35	3,200,000
13 November 2013	31 December 2015	$0.30	1,000,000
13 November 2013	31 December 2015	$0.50	1,000,000
10 October 2013	10 October 2018	$0.20	2,750,000
19 June 2014	18 June 2019	$0.20	7,250,000
17 March 2015	31 January 2018	$0.20	4,000,000
			31,200,000

Option holders do not have any rights to participate in any issues of shares or other interests in the company or any other entity.

There have been no unissued shares or interests under option of any controlled entity within the group during or since the end of the reporting period.

For details of options issued to directors and executives as remuneration, refer to the remuneration report.

DIRECTORS' REPORT (CONTINUED)

Remuneration Report - Audited

Remuneration Policy

The remuneration policy of International Coal Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. Key management personnel are those employees that have authority and responsibility for planning, directing and controlling the activities of the Group. The Board of International Coal Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The Board has determined that due to its size it is not appropriate to establish a formal Remuneration Committee. The policy for determining the nature and amount of remuneration for employees is developed and approved by the Board after professional advice is sought, where appropriate, from independent external consultants. The central tenets of the remuneration policy are as follows:

– Key management personnel receive a base salary (determined after taking into account factors such as capability and experience), superannuation, fringe benefits and performance linked long term incentives.

– Incentives are designed to reward key management personnel following measurement of achievement against previously agreed key performance indicators.

– Incentives paid in the form of options are intended to align the interests of the directors and company with those of the shareholders. In this regard, key management personnel are prohibited from limiting risk attached to those instruments by use of derivatives or other means.

– Key management personnel remuneration packages are reviewed annually by reference to the Group's performance, individual performance and comparable information from industry sectors.

The performance of key management personnel is measured against criteria agreed annually with each individual and is based predominantly on the forecast growth of the Group's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

Key management personnel receive a superannuation guarantee contribution required by the government, which was 9.5% for the current financial year, and do not receive any other retirement benefits.

All remuneration paid to key management personnel is valued at the cost to the company and expensed.

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting.

Key management personnel are also entitled and encouraged to participate in the employee share and option arrangements to align directors' interests with shareholders' interests.

Options granted under the arrangement do not carry dividend or voting rights. Each option is entitled to be converted into one ordinary share once the interim or final financial report has been disclosed to the public and is valued using the Black-Scholes methodology.

DIRECTORS' REPORT (CONTINUED)

Remuneration Report – Audited (Continued)

Key management personnel who are subject to the arrangement are subject to a policy governing the use of external hedging arrangements. Such personnel are prohibited from entering into hedge arrangements, i.e. put options on unvested shares and options which form part of their remuneration package. Terms of employment signed by such personnel contain details of such restrictions.

Despite the board having the ability to use external consultants to obtain advice regarding remuneration none were utilised during the year.

Performance-based Remuneration

The key performance indicators (KPIs) are set annually, with a certain level of consultation with key management personnel. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the group and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the Board in light of the desired and actual outcomes, and their efficiency is assessed in relation to the group's goals and shareholder wealth, before the KPIs are set for the following year.

Key Management Personnel

The following persons were key management personnel of the group during the financial year:

Name	Position
Mr John Lester	Non-Executive Chairman
Mr Hugh Dai	Executive Director
Mr Noel Halgreen	Non-Executive Director
Mr Harry Karelis	Non-Executive Director

Service Contracts

Service contracts have been entered into by the group with all key management personnel, describing the components and amounts of remuneration applicable on their initial appointment, including terms and performance criteria for performance-related cash bonuses and entitlements to options under the International Coal Limited Employee Option Scheme. These contracts do not fix the amount of remuneration increases from year to year. Remuneration levels are reviewed generally each year by the Board to align with changes in job responsibilities and market salary expectations. All contracts are for an ongoing period.

Details of the contracts are as follows:

Mr John Lester

Contract term:	Ongoing until termination by either party.
Base salary:	$42,000 p.a. plus GST no superannuation.
Termination payments:	12 months' salary and entitlements.
Termination notice:	3 months written notice

Mr Lester's agreement was with his nominated company John Lester Management Pty Ltd. During the current financial year Mr Lester has been receiving some of his entitlement via the payroll system as an employee rather than a contractor under the same terms as his consultancy agreement.

DIRECTORS' REPORT (CONTINUED)

Remuneration Report – Audited (Continued)

Service Contracts (Continued)

Mr Hugh Dai

Contract term:	Ongoing until termination by either party
Base salary:	$175,000 p.a. plus superannuation.
Termination payments:	6 months' salary payable on termination by ICX.
Termination notice:	12 months' notice or payment of 6 months' salary with no notice.

Mr Dai's agreement is an employee agreement which commenced on 1 August 2011.

Mr Noel Halgreen

Mr Halgreen does not have a written agreement for his services provided to International Coal Ltd. The terms were agreed between the Directors at the date of his appointment and are as follows:

Contract term:	Ongoing until termination by either party
Base salary:	$42,000 p.a. plus GST, no superannuation.
Termination payments:	Outstanding payments up to date of termination.
Termination notice:	14 days written notice.

Mr Halgreen is paid via his nominated company Carianto Pty Ltd.

Mr Harry Karelis

Mr Karelis does not have a written agreement for his services provided to International Coal Ltd. The terms were agreed between the Directors at the date of his appointment and are as follows:

Contract term:	Ongoing until termination by either party
Base salary:	$42,000 p.a. plus GST, no superannuation.
Termination payments:	Outstanding payments up to date of termination.
Termination notice:	14 days written notice.

Mr Karelis is paid via his nominated company Gemelli Nominees Pty Ltd.

DIRECTORS' REPORT (CONTINUED)

Remuneration Report – Audited (continued)

Remuneration Details for the Year Ended 30 June 2015 and commitments

The following table of benefits and payments details, in respect of the financial year, the components of remuneration for each member of the key management personnel of the Group:

	Short-term Benefits				Post-employment Benefits				
	Cash salary and fees	Cash bonus	Non-monetary benefits	Termination Payments	Superannuation	Share-based payment options	Total	% total performance related	% total issued as options
	$	$	$		$	$	$	%	%
Group Key Management Personnel									
John Lester (1)	72,666	-	-	60,000	2,058	-	134,724	-	-
Hugh Dai	123,958	-	-	-	11,776	-	135,734	-	-
Noel Halgreen (2)	44,800	-	-	-	-	-	44,800	-	-
Harry Karelis (3)	47,694	-	-	-	-	-	47,694	-	-
	289,118	***-***	***-***	***60,000***	***13,834***	***-***	***362,952***		

Notes in relation to the above report:-

(1) Of the amount paid to Mr Lester $51,000 was paid to John Lester Management Pty Ltd a company that Mr Lester is a director of. Termination payments relate to the amount payable to Mr Lester for the termination of his employment agreement with the Company. This was done in November 2014. As of the date of this report the amount remains unpaid.

(2) Fees paid to Mr Halgreen were paid to Carianto Pty Ltd a company that Mr Halgreen is a director of.

(3) Mr Karelis fees paid were paid to Gemelli Nominees Pty Ltd a company that Mr Karelis is a director of.

DIRECTORS' REPORT (CONTINUED)

Remuneration Report – Audited (Continued)

Remuneration Details for the Year Ended 30 June 2014 and commitments

The following table of benefits and payments details, in respect of the financial year, the components of remuneration for each member of the key management personnel of the Group:

	Short-term Benefits				Post-employment Benefits				
	Cash salary and fees	**Cash bonus**	**Non-monetary benefits**	**Termination Payments**	**Superannuation**	**Share-based payment options**	**Total**	**% total performance related**	**% total issued as options**
	$	**$**	**$**		**$**	**$**	**$**	**%**	**%**
Group Key Management Personnel									
John Lester (1)	80,000	-	-	-	1,888	-	81,888	-	-
Hugh Dai	175,000	-	-	-	16,515	-	191,515	-	-
Noel Halgreen (2)	50,400	-	-	-	-	11,100	61,500	-	18
Glenn Simpson (3)	149,534	-	-	-	-	-	149,534	-	-
	454,934	***-***	***-***	***-***	***18,403***	***11,100***	***484,437***		

Notes in relation to the above report:-

(1) Of the amount paid to Mr Lester $60,000 was paid to John Lester Management Pty Ltd a company that Mr Lester is a director of.

(2) Fees paid to Mr Halgreen were paid to Carianto Pty Ltd a company that Mr Halgreen is a director of. The options were granted to a related entity of Mr Halgreen.

(3) Mr Simpsons fees paid were paid to Coal Face Resources Pty Ltd, being his employer, for his services provided as CEO in accordance with the employment agreement between Coal Face Resources Pty Ltd and ICX. Mr Simpson resigned from Coal Face Resources Pty Ltd, and therefore International Coal, on 6 June 2014.

DIRECTORS' REPORT (CONTINUED)

Remuneration Report – Audited (Continued)

Options granted as part of remuneration

No options were granted to key management personnel during the current reporting period. Details of the terms and conditions of options granted to key management personnel as compensation during the prior reporting period are as follows:

Year ended 30 June 2014	No. options granted	No. options vested	Fair value per option at grant date $	Exercise price $	Amount paid or payable	Expiry date	Date exercis-eable
Key Management Personnel							
Noel Halgreen	1,000,000	1,000,000	0.0088	0.30	-	31/12/15	N/A
Noel Halgreen	1,000,000	1,000,000	0.0023	0.50	-	31/12/15	N/A
Total	**2,000,000**	**2,000,000**			**-**		

These options do not have any vesting conditions and have vested on the grant date. The fair value of the options was determined using the Black-Scholes model.

Equity instruments issued on exercise of remuneration options

There were no equity instruments issued during the period to key management personnel as a result of options exercised that had previously been granted as compensation.

Value of options to key management personnel

Details of the value of options granted, exercised and lapsed during the prior year to key management personnel as part of their remuneration are summarised below:

Year ended 30 June 2014	Value of options at grant date * $	Value of options exercised at exercise date** $	Value of options lapsed at date of lapse *** $
Key Management Personnel			
Noel Halgreen	11,100	-	-
Total	**11,100**	**-**	**-**

* The value of options granted during the period may differ to the expense recognised as part of each key management personnel's remuneration in the remuneration section above because this value is the grant date fair value calculated in accordance with AASB 2 Share-based Payment.

** The value of options exercised at exercise date has been determined as the intrinsic value of the options at exercise date, i.e. the excess of the market value at exercise date over the strike price of the option.

*** Options lapsed due to vesting conditions not being satisfied. The value of options at date of lapse is determined assuming that the vesting condition has been satisfied.

This is the end of the audited remuneration report.

DIRECTORS' REPORT (CONTINUED)

Indemnification of Directors and Officers

The company is required to indemnify Directors and other Officers of the company against certain liabilities which they may incur as a result of or by reason of (whether solely or in part) being or acting as an Officer of the company.

The Company has also agreed to pay a premium in respect of a contract insuring the directors and officers of the Company. Full details of the cover and premium are not disclosed in this report as the insurance policy prohibits the disclosure.

The company provides no indemnity to the auditor.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any of those proceedings. The Company was not a party to any such proceedings in the year.

Non-Audit Services

The Board is satisfied that the provision of non-audit services by the auditor during the period is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 and do not compromise the general principles relating to audit independence as set out in APES110: Code of Ethics for Professional Accountants set by the Accounting Profession and Ethical Standards Board.

No non audit services were provided during the year.

Auditors Independence Declaration

In accordance with section 307C of the Corporations Act 2001 the auditors' independence declaration for the year ended 30 June 2015 has been received and can be found at page 19 of the Annual Report and forms part of this report.

This director's report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.

John Lester
Chairman
Dated: 25 September 2015

SYDNEY

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Sydney NSW 2000
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INTERNATIONAL COAL LIMITED
ABN 65 149 197 651
AND CONTROLLED ENTITIES

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF INTERNATIONAL COAL LIMITED
AND CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2015 there have been:

i. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
ii. no contraventions of any applicable code of professional conduct in relation to the audit.

Hall Chadwick

Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000

Drew Townsend
Partner

Date: 25 September 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

	Note	*Consolidated Group*	
		2015 **$**	**2014** **$**
Revenue	3	30,676	54,521
Compliance expenses		(39,825)	(50,382)
Consultancy and professional services expenses		(190,667)	(287,693)
Employee benefit expense		(412,074)	(386,803)
Occupancy expenses		(406)	(24,309)
Other expenses		(209,605)	(243,933)
Impairment of capitalised exploration expenditure		(11,263,905)	(18,574)
Interest expense		-	-
Loss before income tax		**(12,085,806)**	**(957,173)**
Income tax benefit	7	25,519	285,828
Loss for the year		**(12,060,287)**	**(671,345)**
Other comprehensive income for the year, net of tax		**-**	**-**
Total comprehensive loss for the year		**(12,060,287)**	**(671,345)**
Earnings per share for loss for the year			
Basic and diluted earnings per share (cents per share)	5	(7.2)	(0.5)

These financial statements should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Note	*Consolidated Group* 2015 $	2014 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	935,080	1,213,352
Trade and other receivables	10	16,688	39,200
Income tax receivable	7	25,519	285,829
Other current assets	11	208,825	11,332
TOTAL CURRENT ASSETS		1,186,112	1,549,713
NON-CURRENT ASSETS			
Plant and equipment	12	-	564
Intangible assets	13	-	583
Exploration and evaluation assets	14	994,057	3,158,979
Mineral assets	15	206,667	9,245,984
TOTAL NON-CURRENT ASSETS		1,200,724	12,406,110
TOTAL ASSETS		2,386,836	13,955,823
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	18	551,985	521,986
Provision for annual leave		22,253	27,552
TOTAL CURRENT LIABILITIES		574,238	549,538
TOTAL LIABILITIES		574,238	549,538
NET ASSETS		**1,812,598**	**13,406,285**
EQUITY			
Contributed equity	19	16,117,904	15,674,904
Reserves		2,076,450	2,052,850
Accumulated losses		(16,381,756)	(4,321,469)
TOTAL EQUITY		**1,812,598**	**13,406,285**

These financial statements should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

Consolidated Group	**Contributed equity**	**Share-based payments reserve**	**Accumulated losses**	**Total equity**
	$	**$**	**$**	**$**
Balance at 1 July 2013	14,309,154	1,951,600	(3,650,124)	12,610,630
Loss for the year	-	-	(671,345)	(671,345)
Total comprehensive income for the year	**-**	**-**	**(671,345)**	**(671,345)**
Transactions with owners, in their capacity as owners				
Issue of share capital	1,365,750	-	-	1,365,750
Share-based payments for the supply of services	-	101,250	-	101,250
Total transactions with owners, in their capacity as owners	**1,365,750**	**101,250**	**-**	**1,467,000**
Balance at 30 June 2014	**15,674,904**	**2,052,850**	**(4,321,469)**	**13,406,285**
Balance at 1 July 2014	15,674,904	2,052,850	(4,321,469)	13,406,285
Loss for the year	-	-	(12,060,287)	(12,060,287)
Total comprehensive income for the year	**-**	**-**	**(12,060,287)**	**(12,060,287)**
Transactions with owners, in their capacity as owners				
Issue of share capital	470,000	-	-	470,000
Costs attributable to share capital issue	(27,000)	-	-	(27,000)
Share-based payments for the supply of services	-	23,600	-	23,600
Total transactions with owners, in their capacity as owners	**443,000**	**23,600**	**-**	**466,600**
Balance at 30 June 2015	**16,117,904**	**2,076,450**	**(16,381,756)**	**1,812,598**

These financial statements should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDDED 30 JUNE 2015

	Note	*Consolidated Group*	
		2015	**2014**
		$	**$**
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		36,019	48,674
GST refunded		-	77,539
Sale of Tenement		-	6,100
Income tax refund received		285,829	708,227
Payments to suppliers and employees		(641,058)	(970,356)
Finance costs paid		-	-
Net cash used in operating activities	23	(319,210)	(129,816)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(2,251)	-
Payments for exploration and evaluation assets		(199,811)	(116,063)
Payments for acquisition of business		(200,000)	-
Net cash used in investing activities		(402,062)	(116,063)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		470,000	-
Payment of share issue costs		(27,000)	-
Net cash provided from financing activities		443,000	-
Net (decrease) in cash held		(278,272)	(245,879)
Cash and cash equivalents at beginning of financial year		1,213,352	1,459,231
Cash and cash equivalents at end of financial year	9	935,080	1,213,352

These financial statements should be read in conjunction with the accompanying notes.

International Coal Limited is a listed company, limited by shares, incorporated and domiciled in Australia.

The financial statements cover the group, International Coal Limited, and its subsidiaries (the "consolidated group" or "group"). Separate financial statements for International Coal Ltd as an individual entity have not been presented. However, limited financial information for International Coal Limited as an individual entity is included in Note 2.

The financial statements were authorised for issue on 25 September 2015 by the directors of the company.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. International Coal Limited is a for-profit entity for the purpose of preparing the financial statements under Australian Accounting Standards.

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

Basis of preparation

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The financial statements are presented in Australian dollars. The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

a. Going Concern

The Group has recorded a net loss of $12,060,287 (2014: $671,345) including a non-cash impairment charge of $11,263,905 (2014: $18,574), had net cash outflows from operations of $319,210 (2014: $129,816) for the year ended 30 June 2015, and has no ongoing source of operating income. At 30 June 2015 the Group had net assets of $1,812,598 (2014: $13,406,285).

The financial report has been prepared on a going concern basis which assumes the realisation of assets and extinguishment of liabilities in the normal course of business and at the amounts stated in the financial statements.

The directors believe the going concern basis is appropriate for the following reasons:

- At 30 June 2015 the Group had cash and cash equivalents of $935,080,
- At the time of writing, the Company is finalising a capital raising of between $3-5 million and re-compliance with chapters 1 & 2 of the ASX listing rules as required for the acquisition of the Velpic group of companies.
- Should the re-compliance not go ahead for any reason the directors have prepared cash flow forecasts which show current cash reserves can meet minimum expenditure programs for the next 12 months.
- There is also ability to raise additional capital from equity markets, with $470,000 raised through a share placement during the year,
- The Company reduced its commitments over the last 12 months and if required will continue to do so.

a. Going Concern (continued)

Based on the above, the directors are satisfied that the Group will be able to fund its operations and continue as a going concern, and it is appropriate that the financial statements have been prepared on that basis.

In the event that the assumptions underpinning the basis of preparation do not occur as anticipated, there is significant uncertainty whether the Group and company will continue to operate as a going concern. If the Group and company are unable to continue as going concerns they may be required to realise their assets and extinguish their liabilities other than in the normal course of business and at amounts different to those stated in the financial statements.

No adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the classification of liabilities that might be necessary should the Group not continue as a going concern.

b. Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of the parent International Coal Ltd and all of the subsidiaries. Subsidiaries are entities that the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 16.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non-controlling interests”. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary’s net assets on liquidation at either fair value or at the non-controlling interests’ proportionate share of the subsidiary’s net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

c. Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Income tax

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

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

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

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

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

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

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

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

The Group has not adopted the tax consolidation legislation.

e. Revenue and other income

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.

Rental income

Rental income is earned as a result of subletting office space and is accounted for on a straight-line basis over the lease term. Contingent rentals are recognised as income in the periods when they are earned.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 12 months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

g. Exploration, evaluation and mineral assets

Exploration and evaluation expenditure incurred is capitalised in respect of each identifiable area of interest. Mineral assets represent coal exploration permits acquired. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commenced the accumulated costs for the relevant area of interest are transferred to mine development and amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

h. Plant and equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and accumulated impairment losses. The carrying amount of plant and equipment is reviewed to ensure it is not in excess of the recoverable amount from these assets.

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a straight line or declining balance basis to allocate their cost, net of their residual values, over their estimated useful lives to the group commencing from the time the asset is held ready for use, as follows:

Plant and equipment	3 years

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

i. Financial assets and liabilities

Initial recognition and measurement

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

Financial assets and liabilities are measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Finance instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i. Financial assets and liabilities (continued)

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Loans and receivables are included in current assets, where they are expected to mature within 12 months.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Financial guarantees

Where material, financial guarantees issued that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due are recognised as a financial liability at fair value on initial recognition.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

j. Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j. Impairment of non-financial assets (continued)

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

Recoverable amount is the higher of fair value less costs to sell and value in use. In 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 asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

k. Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and have 30-60 day payment terms. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

l. Employee benefits

Provision is made for the Group's obligation for short-term employee benefits .Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled. The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

The Groups obligations for employees' annual leave entitlements have also been recognised as other payables in the statement of financial position.

No provision is necessary for other long-term employee benefits.

m. Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n. Contributed equity

Ordinary shares are recognised at the fair value of the consideration received by the Group and are classified as equity.

Costs directly 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.

o. Share-based payments

Equity settled share-based payments with employees and directors are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. The fair value determined at the grant date of the share-based payments is expensed on a straight line basis over the vesting period with a corresponding increase in equity.

No expense is recognised for awards that do not ultimately vest because internal conditions were not met. An expense is still recognised for options that do not ultimately vest because a market condition was not met. Where options are cancelled, they are treated as if it had vested on the date of cancellation and any unrecognised expenses are taken immediately to profit or loss. However, if new options are substituted for the cancelled options and designated as a replacement on grant date, the combined impact of the cancellation and replacement option are treated as if they were a modification.

Equity settled share-based payment transactions with other parties are measured at fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date goods or services were obtained.

p. Earnings per share ("EPS")

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for:

- Costs of servicing equity (other than dividends) and preference share dividends;
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares.

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

q. Adoption of new and revised accounting standards

A number of new and revised standards and an interpretation became effective for the first time to annual periods beginning on or after 1 July 2014. Information on these new standards is presented below.

AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities

AASB 2012-3 adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q. Adoption of new and revised accounting standards (continued)

AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets

These narrow-scope amendments address disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

When developing IFRS 13 Fair Value Measurement, the IASB decided to amend IAS 36 Impairment of Assets to require disclosures about the recoverable amount of impaired assets. The IASB noticed however that some of the amendments made in introducing those requirements resulted in the requirement being more broadly applicable than the IASB had intended. These amendments to IAS 36 therefore clarify the IASB's original intention that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal.

AASB 2013-3 makes the equivalent amendments to AASB 136 Impairment of Assets and is applicable to annual reporting periods beginning on or after 1 January 2014.

The adoption of these amendments has not had a material impact on the Group as they are largely of the nature of clarification of existing requirements.

AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities

The amendments in AASB 2013-5 provide an exception to consolidation to investment entities and require them to measure unconsolidated subsidiaries at fair value through profit or loss in accordance with AASB 9 Financial Instruments (or AASB 139 Financial Instruments: Recognition and Measurement where AASB 9 has not yet been adopted). The amendments also introduce new disclosure requirements for investment entities that have subsidiaries.

These amendments apply to investment entities, whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. Examples of entities which might qualify as investment entities would include Australian superannuation entities, listed investment companies, pooled investment trusts and Federal, State and Territory fund management authorities.

AASB 2013-5 is applicable to annual reporting periods beginning on or after 1 January 2014.

This Standard has not had any impact on the Group as it does not meet the definition of an 'investment entity' in order to apply this consolidation exception.

AASB 2014-1 Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles)

Part A of AASB 2014-1 makes amendments to various Australian Accounting Standards arising from the issuance by the IASB of International Financial Reporting Standards Annual Improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle.

Among other improvements, the amendments arising from Annual Improvements to IFRSs 2010-2012 Cycle:

- clarify that the definition of a 'related party' includes a management entity that provides key management personnel services to the reporting entity (either directly or through a group entity)
- amend AASB 8 Operating Segments to explicitly require the disclosure of judgements made by management in applying the aggregation criteria

Among other improvements, the amendments arising from Annual Improvements to IFRSs 2011-2013 Cycle clarify that an entity should assess whether an acquired property is an investment property under AASB 140 Investment Property and perform a separate assessment under AASB 3 Business Combinations to determine whether the acquisition of the investment property constitutes a business combination.

Part A of AASB 2014-1 is applicable to annual reporting periods beginning on or after 1 July 2014.

The adoption of these amendments has not had a material impact on the Group as they are largely of the nature of clarification of existing requirements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

r. New Accounting Standards for Application in Future Periods

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

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

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

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

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

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

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

s. Significant accounting judgements, estimates and assumptions

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of certain assets and liabilities made within the next annual reporting period are:

Exploration and Evaluation

The directors determine when an area of interest should be abandoned. When a decision is made that an area of interest is not commercially viable, all costs that have been capitalised in respect of that area of interest are written off. The directors' decisions are made after considering the likelihood of finding commercially viable outcomes balanced with acceptable political and environmental assessments.

The ultimate recoupment of the value of exploration and evaluation assets is dependent on the successful development and commercial exploitation of the exploration and evaluation assets.

Impairment tests are carried out on a regular basis to identify whether the assets carrying value exceeds their recoverable amounts. There is significant estimation and judgement in determining the inputs and assumptions used in determining the recoverable amounts.

During the period the Group has recognised an impairment of the carrying value of the exploration and evaluation assets by $11,263,905.

Acquisition and divestments – Accounting for Farm-ins

Farm-ins generally occur in the exploration and development phase and are characterised by the transferor giving up future economic benefits, in the form of reserves, in exchange for reduced future funding obligations. In the exploration phase the Group accounts for farm-ins on a historical cost basis. As such no gain or loss is recognised. Refer to note 17 (ii) and (iii) for further details.

t. Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Group's interest in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements.

Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the Group makes purchases from a joint operation, it does not recognise its share of the gains and losses from a joint arrangement until it resells those goods/assets to a third party. Refer to Note 17 (i) for further details.

u. Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

u. Fair Value of Assets and Liabilities (continued)

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

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of assets or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participants ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

NOTE 2: PARENT ENTITY INFORMATION

The *Corporations Act 2001* requirement to prepare parent entity financial statements where consolidated financial statements are prepared has been removed and replaced by regulation 2M.3.01 which requires the following limited disclosure in regards to the parent entity International Coal Limited. The consolidated financial statements incorporate the assets, liabilities and results of the parent entity in accordance with the accounting policies described in Note 1.

	2015 $	2014 $
ASSETS		
Current assets	1,186,116	1,549,716
Non-Current Assets	1,200,720	12,406,106
TOTAL ASSETS	2,386,836	13,955,822
LIABILITIES		
Current liabilities	(574,238)	(549,537)
TOTAL LIABILITIES	(574,238)	(549,537)
NET ASSETS	1,812,598	13,406,285
EQUITY		
Contributed equity	16,117,904	15,674,904
Accumulated losses	(16,381,756)	(4,321,469)
Share-based payments reserve	2,076,450	2,052,850
TOTAL EQUITY	1,812,598	13,406,285
Loss for the year	(12,060,287)	(671,345)
Total comprehensive loss for the year	(12,060,287)	(671,345)

Guarantees

No guarantees have been entered into by the parent entity in relation to debts of its subsidiaries.

Contractual commitments

There were no contractual commitments for the acquisition of property, plant and equipment entered into by the parent entity at 30 June 2015 (2014 - $nil).

Contingent liabilities

The parent entity has no known contingent liabilities.

NOTE 3: REVENUE AND OTHER INCOME

	Consolidated Group	
	2015	**2014**
Revenue	**$**	**$**
– Interest received	30,676	54,521
Total revenue	30,676	158,254

NOTE 4: EXPENSES

Loss before income tax includes the following specific expenses:

– Rental expense	-	1,490
– Superannuation contributions (defined contribution)	18,426	25,385
– Non cash share-based payments	23,600	11,100
– Depreciation and amortisation expense	3,398	1,554
– Impairment expense – exploration and evaluation assets	11,263,905	18,574

NOTE 5: EARNINGS PER SHARE

Loss attributable to the owners of International Coal Ltd	(12,060,287)	(671,345)
Basic and diluted loss per share (cents per share)	(7.2)	(0.5)
	No.	**No.**
Weighted average number of ordinary shares and options used in calculating basic and diluted loss per share	166,490,277	149,201,236

NOTE 6: AUDITORS' REMUNERATION

	Consolidated Group	
	2015	**2014**
Remuneration of the auditor of the parent entity for:	**$**	**$**
- auditing or reviewing the financial statements	42,511	46,500
	42,511	46,500

NOTE 7: INCOME TAX EXPENSE

		Consolidated Group	
		2015	**2014**
a.	**The components of tax benefit comprise:**	**$**	**$**
	Current tax benefit	(25,519)	(285,829)
	Total income tax expense/(benefit) in profit and loss	(25,519)	(285,829)
b.	**Reconciliation:**		
	Loss before income tax	(12,085,806)	(957,173)
	Income tax expense/(benefit) calculated at 30% (2014: 30%)	(3,625,742)	(287,152)
	Tax effect of:		
–	Exploration and evaluation expenditure	17,900	5,572
–	Share based payments	7,080	3,330
–	Impairment of exploration expenditure	3,379,172	-
–	Non-deductible items	89,087	-
–	Refundable research and development tax offset not brought to account in the prior year	-	(278,520)
–	Effect of unused tax losses and tax offsets not recognised as deferred tax assets	106,985	270,941
	Total income tax expense/(benefit) in profit and loss	(25,519)	(285,829)
c.	**Unrecognised deferred tax assets:**		
	Prior year tax losses brought forward	13,241,026	12,351,368
	Current year tax losses	441,680	889,658
	Unrecognised tax losses	13,682,806	13,241,026

A temporary difference relating to investments in subsidiaries for which deferred tax liabilities have not been recognised.

The taxation benefit of tax losses and temporary differences not brought to account will only be obtained if:

i) the group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be recognised;

ii) the group continues to comply with the conditions for deductibility imposed by law; and

iii) no change in tax legislation adversely affects the group in realising the benefits from deducting the losses.

b. There are no franking credits available.

NOTE 8: INTERESTS OF KEY MANAGEMENT PERSONNEL (KMP)

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year end 30 June 2014.

The directors and the Chief Executive Officer are considered to be KMP.

a. **KMP compensation**	***Consolidated Group*** **2015 $**	**2014 $**
Short-term employee benefits	349,118	454,934
Post-employment benefits	13,834	18,403
Share-based payments	-	11,100
	362,452	484,437

b. KMP options holdings

The number of options over ordinary shares held by each KMP of the Group during the financial year is as follows:

30 June 2015	**Opening balance 1 July 2014**	**Granted as remuneration**	**Options exercised**	**Closing balance 30 June 2015**	**Exercisable at 30 June 2015**
John Lester	2,000,000	-	-	2,000,000	2,000,000
Noel Halgreen	2,000,000	-	-	2,000,000	2,000,000
Hugh Dai	2,000,000	-	-	2,000,000	2,000,000
Harry Karelis (1)	-	-	-	-	-
Total	6,000,000	-	-	6,000,000	6,000,000

(1) Appointed on 19 October 2014.

30 June 2014	**Opening balance 1 July 2013**	**Granted as remuneration**	**Options exercised**	**Closing balance 30 June 2014**	**Exercisable at 30 June 2014**
John Lester	2,000,000	-	-	2,000,000	2,000,000
Noel Halgreen	-	2,000,000	-	2,000,000	2,000,000
Hugh Dai	2,000,000	-	-	2,000,000	2,000,000
Glenn Simpson (1)	1,000,000	-	-	1,000,000	1,000,000
Total	5,000,000	2,000,000	-	7,000,000	7,000,000

(1) Resigned on 6 June 2014.

The options are only exercisable in the exercise period being the date from which the options are issued, following achievement of defined share price requirements, up to the date of expiry, 31 December 2015.

NOTE 8: INTERESTS OF KEY MANAGEMENT PERSONNEL (KMP) (CONTINUED)

c. KMP Shareholdings

The number of ordinary shares in International Coal Limited held by each KMP of the Group during the financial year is as follows:

30 June 2015	Opening balance 1 July 2014	Granted as Remuneration	Issued on Exercise of Options	Other Changes during the Period (1)	Closing balance 30 June 2015	Held nominally at 30 June 2015
John Lester	2,429,021	-	-	192,382	2,621,403	-
Noel Halgreen	-	-	-	-	-	-
Hugh Dai	5,000,001	-	-	590,000	5,590,001	-
Harry Karelis (2)	-	-	-	-	-	-
Total	7,429,022	-	-	782,382	8,211,404	-

(1) The above shares were acquired on market during the year

(2) Appointed on 19 October 2014

30 June 2014	Opening balance 1 July 2013	Granted as Remuneration	Issued on Exercise of Options	Other Changes during the Period (1)	Closing balance 30 June 2014	Held nominally at 30 June 2014
John Lester	2,429,021	-	-	-	2,429,021	-
Noel Halgreen	-	-	-	-	-	-
Hugh Dai	4,300,001	-	-	700,000	5,000,001	-
Glenn Simpson (2)	-	-	-	-	-	-
Total	6,729,022	-	-	700,000	7,429,022	-

(1) The above shares were acquired on market during the year

(2) Resigned on 6 June 2014.

All equity transactions with directors other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

d. Other KMP Transactions

There were no other transactions with key management personnel (2014: nil).

At year end, the following amounts were owing to key management personnel and their entities:

John Lester $158,525; Noel Halgreen $63,910; Hugh Dai $207,593; Harry Karelis $11,000.

(2014) John Lester $61,425; Noel Halgreen $37,800; Hugh Dai $143,718; $17,727 owing to Coal Face Resources Pty Ltd of this $17,600 related to the services of Glenn Simpson as Chief Executive Officer.

NOTE 9: CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2015 **$**	**2014** **$**
Cash at bank and in hand	390,522	117,836
Term Deposit	544,558	1,095,516
	935,080	1,213,352

NOTE 10: TRADE AND OTHER RECEIVABLES

CURRENT		
Goods and services tax receivable	15,375	32,544
Accrued interest	1,313	6,656
	16,688	39,200

(i) Other receivables are non-interest bearing and have repayment terms between seven and ninety days.
(ii) No receivables are past due or impaired at year end.

NOTE 11: OTHER ASSETS

CURRENT		
Prepayments	8,825	11,332
Deposit paid (i)	200,000	-
	208,825	11,332

(i) Deposit paid relates to a non-refundable option fee paid to secure the Velpic option. The option fee forms part of the consideration paid to the vendors to acquire the Velpic group of companies. Refer to Note 27 for more information.

NOTE 12: PLANT AND EQUIPMENT

Office furniture and equipment		
Cost	-	3,041
Accumulated depreciation	-	(2,477)
	-	564
Written down value at 1 July	564	1,341
Additions	2,251	-
Depreciation	(2,815)	(777)
Written down value at 30 June	-	564

NOTE 13: INTANGIBLE ASSETS

Software

Cost	-	2,332
Accumulated amortisation	-	(1,749)
	-	583

Written down value at 1 July	583	1,360
Additions	-	-
Amortisation	(583)	(777)
Written down value at 30 June	-	583

NOTE 14: EXPLORATION AND EVALUATION ASSETS

	Consolidated Group	
	2015	**2014**
Exploration expenditure capitalised:	**$**	**$**
– exploration and evaluation phase – at cost	994,057	3,158,979
Total exploration expenditure	994,057	3,158,979

Movement:		
Balance at beginning of the year	3,158,979	3,270,778
Net current year expenditure (reversal)	59,666	(93,045)
Impairment of area of interest	(2,224,588)	(18,754)
Balance at end of the year	994,057	3,158,979

The value of exploration assets recognised relates to tenement EPC 2197 – South Blackall. The recoverability of the carrying amount of exploration asset is dependent on the successful exploration and development of projects or alternatively through the sale of the areas of interest.

NOTE 15: MINERAL ASSETS

Mineral Assets capitalised:		
- Acquisition of Coal Exploration Permits	-	2,000,000
- Consideration for Mineral Assets acquired	206,667	7,245,984
Total Mineral Assets	206,667	9,245,984

Movement:		
Balance at beginning of the year	9,245,984	7,790,084
Acquisitions	-	1,455,900
Impairment of area of interest	(9,039,317)	-
Balance at end of the year	206,667	9,245,984

The value of the mineral assets recognised for the acquisition of the percentage interest from Coal Face Resources in relation to EPC 2332.

The recoverability of the carrying amount of Mineral Assets is dependent on the successful exploration and development of projects relating to these assets and relevant licenses or alternatively through the sale of the areas of interest.

NOTE 16: CONTROLLED ENTITIES

a. Controlled Entities Consolidated

	Country of Incorporation	**Percentage Owned (%)***	
		2015	**2014**
Subsidiaries of International Coal Ltd:			
Great White Nominees Pty Ltd	Australia	100%	100%
Gen Resources Pty Ltd	Australia	100%	100%

* *Percentage of voting power is in proportion to ownership*

NOTE 17: JOINT VENTURE

a. **Interest in Joint Venture Operations**

The following joint venture agreements have been entered into by the Group:

(i) The Group entered into a Joint Venture and Farm-in agreement with Queensland Coal Investments Pty Ltd (QCI) on 21 June 2012 in relation to EPC 2194, 2195, 2146 and 2631. $11,227 was incurred as part of this agreement in the financial year ended 30 June 2015 (2014: $133,354). The consolidated group share of assets employed and interest in the joint venture was 100%. Under the Agreement, QCI is required to spend $1,500,000 in order to earn a 25% interest in the tenements as part of the JV/Farm–in.

For the period ended 30 June 2015, Queensland Coal Investments Pty Ltd had accumulated costs of $1,623,377 (2014: $1,623,377) as part of their JV/Farm–in arrangement with the Group over tenements in the Bundaberg region. However on 25th February 2014 QCI decided not to spend further on these tenements and was entitled to 25% interest on the project. As at 30 June 2015 the Company wrote-off all the capitalised expenditure in relation to this Joint Venture and farm in agreement.

(ii) The Group entered into a Joint Venture and Farm-in agreement with Coal Face Resources Pty Ltd (CFR) on 12 April 2013. This joint venture is in relation to the Don Juan project (EPC 2286). $12,715 (2014: $68,174) was incurred as part of this agreement in the financial year ended 30 June 2015, which was subsequently written off to the Statement of Comprehensive Income. The Company's intention is to surrender this tenement in the near future so as a result the consolidated group share of assets employed was $nil as at 30 June 2015 (2014: $438,000) and interest in the joint venture was 46%.

(iii) On 20 September 2012, the company announced it had signed a Terms Sheet with Coal Face Resources Pty Ltd (CFR) to acquire a 20% interest in the project referred to as the Consuelo Project upon granting of the tenements EPC 2318, 2327, 2332. The terms of the Joint Venture / Farm-in agreement offer International Coal Ltd (ICL) the opportunity to earn up to 71% of the Consuelo Project within 3 years from the date of the grant of the tenements. $4,945 (2014: $42,308) was incurred as part of this agreement in the financial year ended 30 June 2015, which was subsequently written off to the Statement of Comprehensive Income. On 15th September 2015 the Company decided to cancel the JV with CFR in relation to the two tenements EPC 2318 and 2327. As a result the consolidated group's share of assets employed was reduced to $206,667, in relation to tenement EPC 2332, as at 30 June 2015 (2014: $1,719,900).

NOTE 18: TRADE AND OTHER PAYABLES

	Consolidated Group	
	2015	**2014**
CURRENT	**$**	**$**
Unsecured liabilities:		
Other payables	551,985	521,986
	551,985	521,986

(i) Other payables are non-interest bearing and have repayment terms between seven and ninety days.
(ii) No payables are past due or impaired at year end.

NOTE 19: CONTRIBUTED EQUITY

	Consolidated Group	
	2015	**2014**
a. Issued and paid up capital	**$**	**$**
Fully paid ordinary shares	16,117,904	15,674,904
	16,117,904	15,674,904

	2015	**2015**
b. Movements in shares on issue	**No.**	**$**
At the beginning of the reporting year:	159,730,003	15,674,904
Shares issued during the year		
- 17 March 2014 – placement to shareholders.	23,500,000	470,000
Less-Cost of shares issued	-	(27,000)
At the end of the reporting year	183,230,003	16,117,904

	2014	**2014**
	No.	**$**
At the beginning of the reporting year:	138,730,003	14,309,154
Shares issued during the year		
- 10 October 2013 - pursuant to Consuelo & Don Juan Farm-in and Joint Venture agreements.	14,250,000	812,250
- 19 June 2014 - pursuant to Consuelo Farm-in and Joint Venture agreement.	6,750,000	553,500
At the end of the reporting year	159,730,003	15,674,904

Capital Risk Management

The consolidated entities objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issues new shares or sell assets to reduce debt.

The group would look to raise capital when an opportunity to invest in an asset was seen as value adding relative to the current parent entity's share price at the time of investment or at a time where the group believes further cash reserves are required.

NOTE 20: RESERVES

Share based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued to employees or service providers.

NOTE 21: SHARE-BASED PAYMENTS

	Consolidated Group	
	2015 **$**	**2014** **$**
Share based payment expense recognised during the financial year	23,600	11,100
	23,600	11,100

Share-based payment arrangements

Options are granted at the discretion of the Board. Information with respect to the number of options granted is as follows:

	2015		**2014**	
	Number of options	**Weighted average exercise price $**	**Number of options**	**Weighted average exercise price $**
Balance at beginning of year	53,700,000	0.25	41,700,000	0.26
- granted	4,000,000	0.06	12,000,000	0.23
- forfeited	(26,500,000)	0.20	-	-
- exercised	-	-	-	-
Balance at end of year	31,200,000	0.27	53,700,000	0.25

NOTE 21: SHARE-BASED PAYMENTS (CONTINUED)

Options held at the beginning and end of the reporting year:

At 30 June 2015

No. of options	Grant date	Vesting date	Expiry date	Weighted av exercise price $	Fair value at grant date $
1,000,000	5 April 2011	5 April 2011	1 February 2016	0.20	0.0308
4,500,000	28 April 2011	28 April 2011	31 December 2015	0.30	0.0239
3,500,000	28 April 2011	28 April 2011	31 December 2015	0.50	0.0205
2,000,000	21 November 2011	21 November 2011	31 December 2015	0.35	0.1042
1,000,000	21 November 2011	21 November 2011	31 December 2015	0.40	0.0927
3,200,000	10 January 2012	10 January 2012	12 January 2017	0.35	0.2560
1,000,000	14 November 2013	14 November 2013	31 December 2015	0.30	0.0088
1,000,000	14 November 2013	14 November 2013	31 December 2015	0.50	0.0023
2,750,000	10 October 2013	10 October 2013	10 October 2018	0.20	0.0167
7,250,000	19 June 2014	19 June 2014	18 June 2019	0.20	0.0061
4,000,000	17 March 2015	17 March 2015	31 January 2018	0.06	0.0059
31,200,000					

At 30 June 2014

No. of options	Grant date	Vesting date	Expiry date	Weighted av exercise price $	Fair value at grant date $
26,500,000	5 April 2011	5 April 2011	7 April 2015	0.20	0.0263
1,000,000	5 April 2011	5 April 2011	1 February 2016	0.20	0.0308
4,500,000	28 April 2011	28 April 2011	31 December 2015	0.30	0.0239
3,500,000	28 April 2011	28 April 2011	31 December 2015	0.50	0.0205
2,000,000	21 November 2011	21 November 2011	31 December 2015	0.35	0.1042
1,000,000	21 November 2011	21 November 2011	31 December 2015	0.40	0.0927
3,200,000	10 January 2012	10 January 2012	12 January 2017	0.35	0.2560
1,000,000	14 November 2013	14 November 2013	31 December 2015	0.30	0.0088
1,000,000	14 November 2013	14 November 2013	31 December 2015	0.50	0.0023
2,750,000	10 October 2013	10 October 2013	10 October 2018	0.20	0.0167
7,250,000	19 June 2014	19 June 2014	18 June 2019	0.20	0.0061
53,700,000					

NOTE 21: SHARE-BASED PAYMENTS (CONTINUED)

At year end all options were exercisable.

The fair value of the options were determined using the Black-Scholes model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations.

Key inputs used in the calculation of the value of options granted during the year ended 30 June 2015 are:

Grant date	Expiry date	Spot price $	Volatility %	Risk free rate %
17 March 2015	31 January 2018	0.02	85	3.00

Key inputs used in the calculation of the value of options granted during the year ended 30 June 2014 are:

Grant date	Expiry date	Spot price $	Volatility %	Risk free rate %
10 October 2013	10 October 2018	0.20	50	3.00
19 June 2014	18 June 2019	0.20	50	3.00

Expected volatility was determined based on historic volatility adjusted for any expected changes to future volatility based on publicly available information. All options granted during the year vested on grant date. None of the options issued have vesting conditions attached.

NOTE 22: RELATED PARTY TRANSACTIONS

The Group's main related parties are as follows:

(a) Entities exercising control over the Group:

The ultimate parent entity that exercises control over the Group is International Coal Limited which is the Australian parent Company.

(b) Key management personnel:

Any person having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

Information on transactions with key management personnel is disclosed in Note 8.

NOTE 23: CASH FLOW INFORMATION

		Consolidated Group	
		2015 **$**	**2014** **$**
a.	**Reconciliation of Cash Flow from Operations with Loss after Income Tax**		
	Loss after income tax	(12,060,287)	(671,345)
	Cash flows excluded from loss attributable to operating activities:		
	Non-cash flows in loss:		
	– Share based payments	23,600	11,100
	– Depreciation expense	3,398	1,553
	– Impairment of exploration assets	11,263,905	18,574
	Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
	– (increase)/decrease in trade and other receivables	22,512	228,461
	– (increase)/decrease in other current assets	2,507	-
	– (increase)/decrease in other non-current assets	-	-
	– (increase)/decrease in income tax receivable	260,310	422,399
	– increase/(decrease) in trade payables and other payables	164,846	(140,558)
	Net cash used in operating activities	(319,210)	(129,816)

NOTE 24: SEGMENT INFORMATION

Identification of reportable segments

Operating segments have been determined on the basis of reports reviewed by the Board. The Board is considered to be the chief operating decision maker of the group. The Board considers the business on a whole of group basis and assesses performance and allocates resources based on these reports.

The Group's operations are confined to Australia only and more specifically mainly in Queensland where the tenements are held. Some employees are located in New South Wales however these employees provide a small amount of administrative support only.

As such there are no separately identifiable reportable segments due to this holistic approach taken by the board.

NOTE 25: FINANCIAL RISK MANAGEMENT

(a) Financial Risk Management Policies

The Board of Directors has the responsibility for, among other issues, monitoring and managing financial risk exposures of the Group. The Board monitors the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to counterparty credit risk, financing risk and interest rate risk.

NOTE 25: FINANCIAL RISK MANAGEMENT (CONTINUED)

The Board's overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the use of credit risk policies and future cash flow requirements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(b) Categories of financial instruments

	Note	*Consolidated Group*	
		2015 **$**	**2014** **$**
Financial assets			
Cash and cash equivalents	9	935,080	1,213,352
Loans and receivables		251,032	336,361
Total financial assets		1,186,112	1,549,713
Financial liabilities			
Trade and other payables at amortised cost	18	551,985	521,986
Total financial liabilities		551,985	521,986

(c) Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

i. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms are generally 14 to 30 days from the invoice date.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the Board has otherwise cleared as being financially sound. Where the Group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position. Credit risk also arises through the provision of financial guarantees, as approved at board level.

NOTE 25: FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Specific Financial Risk Exposures and Management (continued)

There is a receivable at year end from the Australian Taxation Office for $25,519. In the prior year there was a receivable from the Australian Taxation Office of $285,829. This was received in full during 2015. The Group did not have any customers during the current or prior years.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality.

The Group manages its credit risk associated with funds on deposit and cash at bank by only dealing with reputable financial institutions. At year end the Group has one material exposure of $935,080 (2014: $1,213,352) to the Commonwealth Bank of Australia relating to funds on deposit and cash at bank.

ii. Liquidity risk

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

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets; and
- only investing surplus cash with major financial institutions.

iii. Market risk

Interest rate risk

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

Consolidated Group	**Weighted average interest rate**	**Floating interest rate $**	**Fixed interest maturing in: 1 year or less $**	**over 1 to 5 years $**	**5 years or more $**	**Non-interest bearing $**	**Total $**
30 June 2015							
Financial assets							
Cash and deposits	2.10%	390,522	544,558	-	-	-	935,080
Trade and other receivables	N/A	-	-	-	-	251,032	251,032
		390,522	544,558			251,032	1,186,112
Financial liabilities							
Trade and other payables	N/A	-	-	-	-	551,985	551,985
		390,522	544,558	-	-	(300,953)	634,127

NOTE 25: FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Specific Financial Risk Exposures and Management (continued)

Consolidated Group	**Weighted average interest rate**	**Floating interest rate $**	**Fixed interest maturing in: 1 year or less $**	**over 1 to 5 years $**	**5 years or more $**	**Non-interest bearing $**	**Total $**
30 June 2014							
Financial assets							
Cash and deposits	4.0%	117,836	1,095,516	-	-	-	1,213,352
Trade and other receivables	N/A	-	-	-	-	336,361	336,361
		117,836	1,095,516			336,361	1,549,713
Financial liabilities							
Trade and other payables	N/A	-	-	-	-	(549,538)	(549,538)
		117,836	1,095,516	-	-	(213,177)	1,000,175

N/A – not applicable for non-interest bearing financial instruments.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date. At 30 June 2015, if interest rates had moved, as illustrated in the table below, with all other variables held constant, net loss and other comprehensive income would have been affected as follows:

Consolidated Group	**Net loss Higher/(Lower)**		**Net Asset position Higher/(Lower)**	
	2015 $	**2014 $**	**2015 $**	**2014 $**
+0.20% (20 basis points)	1,870	10,904	1,870	10,904
-0.20% (20 basis points)	(1,870)	(10,904)	(1,870)	(10,904)

NOTE 26: COMMITMENTS

	Consolidated Group	
	2015	**2014**
a. Capital expenditure commitments	**$**	**$**
Not later than one year	528,500	614,000
Later than one year but not later than two years	701,000	950,000
Later than two years but not later than five years	116,740	797,000
	1,346,240	**2,361,000**

NOTE 26: COMMITMENTS (CONTINUED)

Capital Commitments

There are capital and rental commitments on tenements ranging from $2,000 to $1,765,000 per annum with expiry terms of between 1 to 4 years.

Non-cancellable operating lease commitments

There are no operating lease commitments.

NOTE 27: FAIR VALUE MEASUREMENT

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- Mineral assets

The Group does not subsequently measure any liabilities at fair value on a non-recurring basis.

Fair Value Hierarchy

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

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

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Company's mineral asset acquired is valued using Level 2, as follows:

	Note	*Consolidated Group*	
		2015 **$**	**2014** **$**
Mineral assets			
- Consideration for mineral assets acquired	15	206,667	1,455,900

NOTE 28: EVENTS AFTER THE REPORTING PERIOD

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the consolidated group, the results of the operations, or the state of affairs of the consolidated group in future financial years, other then:

On 31 July 2015 459,500 ICX ordinary shares were issued to a consultant at a price of $0.037 for a total value of $17,000.

On the 3rd September International Coal Limited held a General Meeting of shareholders where all 19 resolutions were approved. The resolutions were largely relating to the previously announced acquisition of the Velpic Group of companies. On 8th September International Coal Limited formally exercised its option to acquire 100% of the issued capital of Velpic. There are still conditions precedent that need to be met to finalise the acquisition, namely being a successful re-compliance with chapters 1 and 2 of the ASX listing rules, including obtaining a minimum of $3,000,000 net tangible assets.

On 9th September International Coal Limited lodged its prospectus to offer up to 200,000,000 Shares at an issue price $0.025 per Share to raise $3,000,000 to $5,000,000 and offer the Consideration Shares to the Vendors for the Velpic acquisition.

On 15th September 2015 the Company decided to cancel the JV with CFR in relation to the two tenements EPC 2318 and 2372. Refer note 17 for further information.

NOTE 29: COMPANY DETAILS

The registered office of the company is:

ANZ Bank Building

Level 15, 324 Queen Street

Brisbane

Queensland 4000

The principal places of business are:

ANZ Bank Building

Level 15, 324 Queen Street

Brisbane

Queensland 4000

Corporate Governance Statement

This Corporate Governance summary discloses the extent to which the Company will follow the recommendations set by the ASX Corporate Governance Council in its publication Corporate Governance Principles and Recommendations (3rd Edition) (**Recommendations**). The Recommendations are not mandatory, however the Recommendations that will not be followed have been identified and reasons have been provided for not following them.

The Company's Corporate Governance Plan has been posted on the Company's website at www.intercoal.com.au.

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Principle 1: Lay solid foundations for management and oversight		
Recommendation 1.1 A listed entity should have and disclose a charter which sets out the respective roles and responsibilities of the board, the chair and management; and includes a description of those matters expressly reserved to the board and those delegated to management.	YES	The Company has adopted a Board Charter. The Board Charter (Schedule 1 of International Coal's Corporate Governance Plan) sets out the specific responsibilities of the Board, requirements as to the Boards composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, Directors access to company records and information, details of the Board's relationship with management, details of the Board's performance review and details of the Board's disclosure policy. A copy of the Company's Board Charter is available on the Company's website.
Recommendation 1.2 A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.	YES	(a) The Company has detailed guidelines for the appointment and selection of the Board. The Nomination Committee Charter requires the Committee, and in this case the board as no Committee currently exists due to the size of the Company, to undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director. (b) All material information relevant to a decision on whether or not to elect or re-elect a Director will be provided to security holders in a Notice of Meeting pursuant to which the resolution to elect or re-elect a Director will be voted on.
Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	YES	The Nomination Committee Charter requires the Committee, and in this case the board, as no Committee currently exists due to the size of the Company, to ensure that each director and senior executive is a party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment. The Company has entered into Executive Service Agreements with senior executives and Letters of Appointment with each Non-Executive Director.
Recommendation 1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	YES	The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. The Company Secretary is accountable directly to the board, through the chair, on all matters to do with the proper functioning of the Board.

Recommendation 1.5 A listed entity should: (a) have a diversity policy which includes requirements for the board: (i) to set measurable objectives for achieving gender diversity; and (ii) to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary or it; and (c) disclose as at the end of each reporting period: (i) the measurable objectives for achieving gender diversity set by the board in accordance with the entity's diversity policy and its progress towards achieving them; and (ii) either: (A) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (B) the entity's "Gender Equality Indicators", as defined in the Workplace Gender Equality Act 2012.	YES	(a) The Company has adopted a Diversity Policy (Schedule 10 of International Coal' s Corporate Governance Plan) (i) The Diversity Policy provides a framework for the Company to achieve a list of measurable objectives that encompass gender equality. (ii) The Diversity Policy provides for the monitoring and evaluation of the scope and currency of the Diversity Policy. The company is responsible for implementing, monitoring and reporting on the measurable objectives. (b) The Diversity Policy is available on the company website. (c) (i) The measurable objectives set by the board will be included in the annual key performance indicators for the CEO, MD and senior executives. In addition the board will review progress against the objectives in its annual performance assessment. (ii) (A) The board will include in the annual report each year, the measurable objectives, progress against the objectives, and the proportion of male and female employees in the whole organisation, at senior management level and at Board Level. There are no female employees at senior management or in the whole organisation.
Recommendation 1.6 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	YES	(a) As the Board only consists of four (4) members, the Company does not have a Nomination Committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues. The responsibilities of the Nomination Committee are currently carried out by the board and evaluating the performance of the Board, any committees and individual directors on an annual basis. The Board may do so with the aid of an independent advisor. The process for this can be found in Schedule 6 of the Company's Corporate Governance Plan. (b) The Company has established the Nomination Committee Charter, which requires disclosure as to whether or not performance evaluations were conducted during the relevant reporting period. During June 2015, over a series of informal discussions, the Chairman reviewed each director. All directors' performances met performance criteria.

Recommendation 1.7 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	YES	(a) As the Board only consists of four (4) members, the Company does not have a Remuneration Committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues. The responsibilities of the Remuneration Committee are currently carried out by the board, which includes evaluating the performance of senior executives. The Board is to arrange an annual performance evaluation of the senior executives, and may do so with the aid of an independent advisor. (b) The Company has established the Remuneration Committee Charter, which requires an annual performance of the senior executives. Schedule 6 “Performance Evaluation” requires disclosure as to whether or not performance evaluations were conducted during the relevant reporting period. During June 2015, over a series of informal discussions, the Chairman reviewed each director. All directors’ performances met performance criteria.
Principle 2: Structure the board to add value		
Recommendation 2.1 The board of a listed entity should: (a) have a nomination committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.	NO	(a) As the Board only consists of four (4) members, the Company does not have a Nomination Committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues. The responsibilities of a Nomination Committee are currently carried out by the board. (b) The Company has adopted the Nomination Committee Charter, which will be followed by the Nomination Committee once it has been established. The Charter provides that the Committee: (i) shall comprise of at least three (3) non-executive directors, the majority of whom are independent. ; and (ii) the Committee Chairman is to be an independent Director. (iii) The Nomination Committee Charter is available online; (iv) The Board Charter provides for the disclosure of the members of each Committee. Details of the members of each Committee are provided in Annual Report; and (v) The Board Charter requires each Committee in relation to the reporting period relevant to that Committee, to disclose the number of times that Committee met throughout the period, and the individual attendances of the members at those Committee meetings. Details of the attendance of Committee meetings will be provided in the Company’s Annual Report.
Recommendation 2.2 A listed entity should have and disclose a board skill matrix setting out	YES	As the Company does not have a Nomination Committee, the Board with the assistance of an independent advisor, if required, are required to prepare a Board skill matrix setting

<table>
<tr>
<td>the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</td>
<td></td>
<td>out the mix of skills and diversity that the Board currently has (or is looking to achieve). The composition of the board is to be reviewed regularly against the Company’s Board skills matrix to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction.
<table>
<tr><td></td><td>Number of Directors that meet the skill</td></tr>
<tr><td>Executive and Non-Executive experience</td><td>4</td></tr>
<tr><td>Industry experience and knowledge</td><td>4</td></tr>
<tr><td>Leadership</td><td>4</td></tr>
<tr><td>Corporate governance and Risk Management</td><td>4</td></tr>
<tr><td>Strategic thinking</td><td>4</td></tr>
<tr><td>Desired behavioural competencies</td><td>4</td></tr>
<tr><td>Geographic experience</td><td>3</td></tr>
<tr><td>Capital Markets experience</td><td>4</td></tr>
<tr><td>Subject matter expertise</td><td></td></tr>
<tr><td>- accounting</td><td>4</td></tr>
<tr><td>- capital management</td><td>4</td></tr>
<tr><td>- corporate financing</td><td>4</td></tr>
<tr><td>- industry taxation</td><td>-</td></tr>
<tr><td>- risk management</td><td>4</td></tr>
<tr><td>- legal</td><td>-</td></tr>
<tr><td>- IT expertise</td><td>-</td></tr>
</table>
Skill gap noticed however external taxation, law and IT firms are employed to maintain International Coal's taxation, legal and IT requirements.

The Board Charter requires the disclosure of each board members qualifications and expertise as set out in the Company’s Board skills matrix. Full details as to each director and senior executive’s relevant skills and experience are available in the Annual Report and the Company’s Website.</td>
</tr>
<tr>
<td>Recommendation 2.3
A listed entity should disclose:
(a) the names of the directors considered by the board to be independent directors;

(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position,</td>
<td>YES</td>
<td>(a) The Board Charter provides for the disclosure of the names of Directors considered by the board to be independent. Currently three members of the Board are considered independent, being John Lester, Noel Halgreen and Harry Karelis

(b) The Board Charter requires Directors to disclose their interest, positions, associations and relationships and requires that the independence of Directors is regularly assessed by the board in light of the interests disclosed by Directors. Details of the Directors interests, positions associations and relationships are provided in the Annual Report; and

(c) The Board Charter provides for the determination of the Directors’ terms and requires the length of service of each Director to be disclosed.</td>
</tr>
</table>

association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director		The Board of International Coal Limited consists of: Name — Term in Office John Lester — Since 8 February 2011 Hugh Shao Dai — Since 8 February 2011 Noel Halgreen — Since 21 November 2012 Harry Karelis — Since 19 October 2014.
Recommendation 2.4 A majority of the board of a listed entity should be independent directors.	YES	The Board Charter requires that where practical the majority of the Board will be independent. Currently the Board has three of the four directors being independent. They are John Lester, Noel Halgreen and Harry Karelis. Details of each Director's independence are provided in the Annual Report.
Recommendation 2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	YES	The Board Charter provides that where practical, the Chairman of the Board will be a non-executive director. If the Chairman ceases to be independent then the Board will consider appointing a lead independent Director. Mr John Lester who is a non-executive and independent director fulfils the responsibilities of Chairman.
Recommendation 2.6 A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.	YES	The Board Charter states that a specific responsibility of the Board is to procure appropriate professional development opportunities for Directors. As the Company does not have a Remuneration Committee, the board is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities.
Principle 3: Act ethically and responsibly		
Recommendation 3.1 A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	YES	(a) The Corporate Code of Conduct (Schedule 2 of International Coal's Corporate Governance Plan) applies to the Company's directors, senior executives and employees. (b) The Company's Corporate Code of Conduct is available on the Company's website.
Principle 4*: Safeguard integrity in financial reporting*		
Recommendation 4.1 The board of a listed entity should: (a) have an audit committee which: (i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (ii) is chaired by an independent	YES	(a) The Company has an Audit and Risk Committee. The responsibilities of the Audit and Risk Committee are outlined in the Audit and Risk Committee Charter. The Company has adopted the Audit and Risk Committee Charter. The Charter provides that: (i) The Audit and Risk Committee must have at least three (3) members, all of whom are non-executive directors, with a majority being independent; and

director, who is not the chair of the board, and disclose: (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.		(ii) The Chairman of the Audit and Risk Committee must not be Chairman of the Board and must also be independent; (iii) The Audit and Risk Committee Charter will be made available on the Company website; (iv) The Board Charter requires the relevant qualifications and experience of all members to be disclosed. The Audit and Risk Committee Charter also outlines the requisite skills and experience in order to secure a position on the Audit and Risk Committee. Details of the qualifications and experience of Directors is provided in the Annual Report. (v) The Board Charter requires each Committee in relation to the reporting period relevant to that Committee, to disclose the number of times that Committee met throughout the period, and the individual attendances of the members at those Committee meetings. Details of the Committee meetings will be provided in the Company's Annual Report.
Recommendation 4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	YES	The Audit and Risk Committee Charter states that a duty and responsibility of the Committee, is to ensure that before the Board approves the entity's financial statements for a financial period, the CEO and CFO have declared that in their opinion the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
Recommendation 4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	YES	The Audit and Risk Committee Charter provides that the Committee, must ensure the Company's external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.
Principle 5: Make timely and balanced disclosure		
Recommendation 5.1 A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing	YES	(a) The Board Charter provides details of the Company's disclosure policy. In addition, Schedule 7 of the Corporate Governance Plan is entitled 'Disclosure-Continuous Disclosure' and details the Company's disclosure requirements as required by the ASX Listing Rules and other relevant legislation.

Rules; and (b) disclose that policy or a summary of it.		(b) The Board Charter and Schedule 7 of the Corporate Governance Plan are available on the Company website.
Principle 6: ***Respect the rights of security holders***		
Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.	YES	Information about the Company and its governance is available in the Corporate Governance Plan which can be found on the Company's website.
Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	YES	The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Strategy outlines a range of ways in which information is communicated to shareholders. The Shareholder Communications Strategy can be found on the International Coal website in the Corporate Governance plan under schedule 11.
Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	YES	The Shareholder Communication Strategy, which can be found in schedule 11 of the Corporate Governance plan on International Coal's website, states that as a part of the Company's developing investor relations program, Shareholders can register with the Company Secretary to receive email notifications of when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted. Shareholders are encouraged to participate at all EGMs and AGMs of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary shall send out material with that notice of meeting stating that all Shareholders are encouraged to participate at the meeting.
Recommendation 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	YES	Security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX. Shareholders queries should be referred to the Company Secretary at first instance.
Principle 7: Recognise and manage risk		
Recommendation 7.1 The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the	NO	(a) The Board is charged with the responsibility of determining the Company's risk profile and is responsible for overseeing and approving risk management strategy and policies. As the Board only consists of four (4) members, the Company does not have an Audit and Risk Committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues. The responsibilities of the Audit and Risk Committee are currently carried out by the board. The Company has adopted the Audit and Risk Committee Charter, which will be followed by the Audit and Risk Committee once it has been established. (i) The Audit and Risk Committee Charter states that the majority of the Committee must be independent

committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.		where practical. The Audit and Risk Committee must comprise of at least three (3) members, all being non-executive directors and a majority being independent; (ii) The Chairman of the Audit and Risk Committee must not be the Chairman of the Board and must be independent. (iii) The Audit and Risk Committee Charter is available online at the Company's website. (iv) The Board Charter requires disclosure of the members of the Committee. Details of the current members are provided in the Annual Report. (v) The Board Charter requires each Committee in relation to the reporting period relevant to that Committee, to disclose the number of times each Committee met throughout the period and the individual attendances of the members at those Committee meetings. The relevant details of each Committee meeting held will be provided in the Company's Annual Report.
Recommendation 7.2 The board or a committee of the board should: (a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board; and (b) disclose in relation to each reporting period, whether such a review has taken place.	YES	(a) The Company process for risk management and internal compliance includes a requirement to identify and measure risk, monitor the environment for emerging factors and trends that affect these risks, formulate risk management strategies and monitor the performance of risk management systems. Schedule 8 of the Corporate Governance Plan, which can be found on Voyager's website, is entitled 'Disclosure - Risk Management' and details the Company's disclosure requirements with respect to the risk management review procedure and internal compliance and controls. (b) The Board Charter requires (once each Committee has been established) in relation to the reporting period relevant to that Committee, to disclose the number of times that Committee met throughout the period, and the individual attendances of the members at those Committee meetings. Details of the Committee meetings will be provided in the Company's Annual Report.
Recommendation 7.3 A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	YES	The Audit and Risk Committee Charter provides for the internal audit function of the Company. The Charter outlines the monitoring, review and assessment of a range of internal audit functions and procedures. Given the size of the Company, no internal audit function is currently considered necessary. The Company's Management periodically undertakes an internal review of financial systems and processes and where systems are considered to require improvement these systems are developed. The Board also considers external reviews of specific areas and monitors the implementation of system improvements.
Recommendation 7.4 A listed entity should disclose whether, and if so how, it has regard to economic, environmental and social sustainability risks and, if it does, how	YES	The Audit and Risk Committee Charter details the Company's risk management systems which assist in identifying and managing potential or apparent business, economic, environmental and social sustainability risks (if appropriate). Review of the Company's risk management framework is conducted at least annually and reports are continually

it manages or intends to manage those risks.		created by management on the efficiency and effectiveness of the Company's risk management framework and associated internal compliance and control procedures.
Principle 8: Remunerate fairly and responsibly		
Recommendation 8.1 The board of a listed entity should: (a) have a remuneration committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	NO	(a) As the Board only consists of three (3) members, the Company does not have a Remuneration Committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues. The responsibilities of the Remuneration Committee are currently carried out by the board, with the aid of an independent advisor, if required, which includes evaluating the performance of senior executives. (b) The Company has adopted The Remuneration Committee Charter, which will be followed by the Remuneration Committee once it has been established. The Remuneration Committee Charter outlines the roles and responsibilities of the Remuneration Committee and provides that: (i) The Remuneration Committee comprises of at least three (3) Directors, the majority of whom are independent non-executive Directors; (ii) The Remuneration Committee must be chaired by an independent Director who is appointed by the Board. (iii) The Remuneration Committee Charter is available on the Company website; (iv) The Board Charter requires disclosure of the members of the Committee. Details of the current members are provided in the Annual Report; (v) The Board Charter requires each Committee in relation to the reporting period relevant to that Committee, to disclose the number of times that Committee met throughout the period, and the individual attendances of the members at those Committee meetings. Details of the Committee meetings will be provided in the Company's Annual Report.
Recommendation 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives and ensure that the different roles and responsibilities of non-executive directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration.	YES	The Remuneration Committee Charter requires the Company to disclose its policies and practices regarding the remuneration of non-executive, executive and other senior directors.
Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or	YES	(a) The Remuneration Committee Charter is required to review, manage and disclose the policy (if any) on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme. The Remuneration Committee Charter states that the Remuneration Committee, and in this case

otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.		the Board, as no Remuneration Committee currently exists, must review and approve any equity based plans. (b) A copy of the Remuneration Committee Charter is available on the Company's website.

DIRECTORS' DECLARATION

1. In the opinion of the directors of International Coal Limited:

   a. The consolidated financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and accompanying notes, are in accordance with the *Corporations Act 2001* and:

      i. comply with Accounting Standards and the *Corporations Regulations 2001*; and

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

   b. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chair and the Chief Executive Officer for the financial year ended 30 June 2015.

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

Chairman

John Lester

Dated: 25 September 2015

HALL CHADWICK (NSW)
Chartered Accountants and Business Advisers

INTERNATIONAL COAL LIMITED
ABN 65 149 197 651
AND CONTROLLED ENTITIES

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
Fx : (612) 9263 2800

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERNATIONAL COAL LIMITED AND CONTROLLED ENTITIES

Report on the Financial Report

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

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirement of the Corporation Act 2001.

INTERNATIONAL COAL LIMITED
ABN 65 149 197 651
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERNATIONAL COAL LIMITED AND CONTROLLED ENTITIES

Auditor's Opinion

In our opinion:

a. the financial report of International Coal Limited is in accordance with the Corporations Act 2001 including:
   i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
   ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the financial report which indicates that the consolidated entity incurred a net loss of $12,060,287 and incurred net cash outflows from operations of $319,210 during the year ended 30 June 2015. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the remuneration report included in pages 12 to 17 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the remuneration report of International Coal Limited for the year ended 30 June 2015 complies with Section 300A of the Corporations Act 2001.

Hall Chadwick

Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000

Drew Townsend
Partner

Date: 25 September 2015

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following information is current as at 21 September 2015:

1. **Shareholding**

a. **Distribution of Shareholders**

Category (size of holding):	Number Ordinary	Number Redeemable
1 – 1,000	10	-
1,001 – 5,000	45	-
5,001 – 10,000	56	-
10,001 – 100,000	284	-
100,001 – and over	198	-
	593	-

b. The number of shareholdings held in less than marketable parcels is 151.

c. The names of the substantial shareholders listed in the holding company's register are:

Shareholder:	Number Ordinary	Number Preference
Natalie Horsefield	26,000,000	-
The Trust Company (Australia) Limited	11,000,000	-

d. **Voting Rights**

The voting rights attached to each class of equity security are as follows:

Ordinary shares

– Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

e. **20 Largest Shareholders – Ordinary Shares**

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1. Ms Natalie Olive Horsefield	26,000,000	14.15
2. The Trust Company (Australia) Limited	11,000,000	5.99
3. Vtech Holding Pty Ltd	5,515,000	3.00
4. Tww Assets Pty Ltd	5,250,001	2.86
5. Jbo Assets Pty Ltd	5,232,720	2.85
6. Ms Jianmin Xiao	5,000,000	2.72
7. Mr John Andrew Rodgers	4,902,139	2.67
8. Seefeld Investments Pty Ltd	4,715,086	2.57
9. Statton Nominees Pty Limited	3,333,332	1.81
10. Ms Si Tang	3,033,117	1.65
11. Baita Holdings Pty Ltd	2,550,000	1.39
12. Bond Street Custodians Limited	2,455,000	1.34
13. Kal Capital Pty Ltd	2,330,211	1.27

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (CONTINUED)

1. Shareholding (continued)

e. 20 Largest Shareholders – Ordinary Shares (continued)

14. Mr Shi Guomei	2,009,420	1.09
15. Himer Holding Pty Ltd	2,000,000	1.09
16. Red Apple Superannuation Pty Ltd	1,900,000	1.03
17. Mr Robert Reginald Fisher & Mrs Lynette Gladys Fisher	1,900,000	1.03
18. Donrose Investments Pty Ltd	1,750,000	0.95
19. Mr Robert Russell Dawson	1,675,000	0.91
20. JA Rodgers Superannuation Pty Ltd	1,465,000	0.80
	94,016,026	51.18

2. Company Secretary

The name of the company secretary is Piers Lewis.

The address of the principal registered office in Australia is

ANZ Bank Building
Level 15, 324 Queen Street
Brisbane
Queensland 4000
Telephone (07) 3320 2233.

3. Register of Securities

Registers of securities are held at the following addresses:

Level 15, 324 Queen Street, BRISBANE QLD 4000

4. Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited.

5. Unquoted Securities as at 21 September 2015

Options over Unissued Shares.

A total of 31,200,000 options are on issue to directors and third parties for services rendered. All options are issued in accordance with the company's option plan.

Exercise Price	Expiry Date	Number on Issue	Number of Holders
$0.06	31 January 2018	4,000,000	1
$0.20	1 February 2016	1,000,000	1
$0.20	10 April 2018	2,750,000	1
$0.20	18 June 2019	7,250,000	1
$0.30	31 December 2015	3,500,000	4
$0.30	31 December 2015	2,000,000	2
$0.35	21 November 2015	1,000,000	1
$0.50	21 November 2015	1,000,000	1
$0.35	12 January 2017	3,200,000	4

$0.40	21 November 2015	1,000,000	1
$0.50	31 December 2015	4,500,000	5

Schedule of Tenements held at 30 June 2015

Tenure	No	Project	Notes
EPC	2194	Bundaberg	1
EPC	2195	Bundaberg	1
EPC	2196	Bundaberg	1
EPC	2197	South Blackall	
EPC	2286	Don Juan	
EPC	2318	Consuelo	2
EPC	2327	Consuelo	2
EPC	2332	Consuelo	2

Notes

[1] These tenements are held 100% by Gen Resource Pty Ltd (subsidiary of International Coal Limited) but is subject to a joint venture with Queensland Coal Investment Pty Ltd (QCI) which enables QCI to earn into the project to up to 51%.

[2] These tenements are held by Coal Face Resources Pty Ltd subject to a joint venture arrangement which currently provides International Coal Limited with a 20% interest in the tenements.