ALTONA ENERGY PLC

ANNUAL REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

ALTONA ENERGY PLC

CONTENTS

ALTONA ENERGY PLC

CORPORATE INFORMATION

DIRECTORS	Qinfu Zhang (Executive Chairman and Chief Executive Officer) Phillip Sutherland (Non-Executive Director) Nicholas Lyth (Non-Executive Director)
SECRETARY AND REGISTERED OFFICE	Stephen Ronaldson Third Floor 55 Gower Street London WC1E 6HQ
AUDITORS	PKF Littlejohn LLP 1 Westferry Circus Canary Wharf London E14 4HD
NOMINATED ADVISER & BROKER	Northland Capital Partners Ltd 131 Finsbury Pavement London EC2A 1NT
BANKERS	HSBC Bank Plc 39 Tottenham Court Road London W1T 2AR
REGISTRARS	Share Registrars Limited Suite E, First Floor 9 Lion & Lamb Yard, Farnham Surrey GU9 7LL

Chairman's Statement

Review of the Year

The year under review began positively with the appointment of a new Chief Executive in October 2014, a new joint venture agreement ("JV Agreement") with Sino Aus Energy Group Limited ("Sino-Aus") and Wintask Group Limited ("Wintask") ("the JV Partners") announced on 14 November 2014 and was followed by approval of the new joint venture arrangements by the Australian Foreign Investment Review Board ("FIRB") in early December 2014.

The board appointed Mr Qinfu Zhang as Chairman in January 2015, with him becoming Executive Chairman on 17 April 2015 following the resignation of Michael Zheng, who had held the position of Chief Executive.

Also in January, ministerial consent from the South Australian government was obtained to allow the transfer of the three Arckaringa Exploration Licences into the Arckaringa Coal Chemical Joint Venture Co Pty Ltd ("JV Company") following approval by the FIRB.

In April, the new board, along with its JV Partners agreed that the JV Agreement would be amended to reflect a bankable feasibility study ("BFS") into an Underground Coal Gasification ("UCG") project, with the objective to produce natural gas from the Arckaringa coal deposit. The JV Partners engaged Parsons Brinckerhoff (Australia) at this time to provide recommendations as to the most appropriate method to advance the project given the new focus on UCG.

On 15 June 2015, the board appointed Nick Lyth as a non-Executive Director. Mr Lyth is an experienced AIM board director and has worked with many Chinese companies, being a Mandarin speaker, making him a highly suitable addition to the Altona board.

The Company has looked to take extraneous costs out of the business over the past 12 months, with a number of significant changes being made, including the closing of the London and Beijing offices, a reduction in travel and staff numbers.

Post Balance Sheet Events

The changes to the BFS meant the terms of the JV Agreement would need to be renegotiated, particularly in relation to the planned payment schedule to be made by Sino-Aus and Wintask. These changes, which coincided with significant falls in global equity and commodity markets, lead to protracted negotiations with the JV Partners. These negotiations were concluded in early November 2015 and the Company announced the signing of a Deed of Variation modifying the terms of the JV Agreement on 5 November 2015.

Under the terms of the JV Agreement, as amended by the Deed of Variation, Sino-Aus and Wintask will invest up to AUD$33 million in four contribution stages. In addition, Sino-Aus will provide Altona with working capital of up to £1.25 million in two tranches, subject to certain conditions, through a subscription for shares in Altona.

Arckaringa Project

The Company believes the rationale for the development of the Arckaringa project remains as compelling as ever. The project's strong fundamentals include the size of the resource (7.8 billion tonnes, including 1.3 billion tonnes JORC compliant), a coal quality which is suitable for gasification and synthetic fuels production, attractive economics, combined with a very supportive South Australian government and a location which favours both domestic use and international export. The BFS which will be produced over the next three years will focus on whether UCG is a feasible strategy to turn this highly valuable product into returns for shareholders.

Financial Review

The financial loss of the Group for the year ended 30 June 2015 of £1,312,000 (2014: £2,281,000) was in line with expectations having initiated cost cutting initiatives during the year that are designed to make shareholder's funds stretch as far as possible whilst the joint venture completes its important BFS work.

As at 30 June 2015, the Group had cash of £543,000 (2014 - £1,913,000). Subsequent to the year end the Group entered into an agreement for the placing of 200,000,000 new Ordinary Shares, conditional inter alia on shareholder approval and government approvals relating to the joint venture, in two tranches of 100,000,000 shares each, the first placing priced at 0.5pence and the second at 0.75 pence to raise a total of £1.25 million to provide additional working capital.

The balance sheet as at 30th June 2015 continues to hold the provision amounting to £790,000 (2014: £790,000) in respect of a potential liability to HMRC for income tax not deducted and accounted for under the PAYE system, and National Insurance Contributions not accounted for, in each case in respect of payments made on a gross basis to private companies for the provision of the services of a former director. The provision remains unchanged but the Company has worked with its professional advisers and HMRC during the period and will continue to keep shareholders informed as to progress in this area.

Outlook

The board believes that the new arrangement recently agreed with its JV Partners is the right strategy for the Company to explore the huge potential at the Arckaringa site. The focus of the next three years will be on producing a BFS and the Company believes it is working with the right partners, consultants and experts to achieve this goal. It is expected that in the first quarter of 2016, the conditions of the JV Agreement will be met and the initial phase of the project, the test drilling, will commence.

Qinfu Zhang
Executive Chairman

STRATEGIC REPORT

BUSINESS RISK REVIEW

Principal business risks

The Directors have identified the following principal risks in relation to the Group's future. The relative importance of risks faced by the Group can, and is likely to, change as the Group executes its strategy and as the external business environment evolves.

Strategic

Strategy risk

The Group's strategy may not deliver the results expected by shareholders. The Directors regularly monitor the appropriateness of the strategy, taking into account both internal and external factors, and the progress in implementing the strategy, and modify the strategy as may be required based on developments. Key elements of this process are the Group's monthly reporting and regular Board meetings.

Concentration risk

The Group has one core asset being the Arckaringa project. The Board has entered into the joint venture with Sino-Aus and Wintask to share the risk of a single-asset portfolio.

Operational

Development risk

The Arckaringa project may not result in commercial development. There is no certainty of success from the existing portfolio of licences. The Group seeks to mitigate the development risk through the experience and expertise of the Group's specialists and the Group's partners in the Arckaringa joint venture.

Other business risks

In addition to the current principal risks identified above and general business risks, the Group's business is subject to risks inherent in hydrocarbon development and production activities. There are a number of potential risks and uncertainties which could have a material impact on the Group's long-term performance and could cause actual results to differ materially from expected and historical results. The Group has identified certain risks pertinent to its business including:

Strategic and Economic

- Failure to deliver on strategy and plans
- Business environment changes
- Limited diversification

Operational

- Failure to add value through development
- Difficulty in maintaining or renewing Licences/ Approvals

Commercial

- Failure to maximise value from Arckaringa
- Loss of interest in key assets
- Regulatory compliance and legal

Human Resources and Management Processes

- Failure to recruit and retain key personnel
- Human error or deliberate negative action
- Inadequate management processes

Financial

- Restrictions in capital markets impacting available financial resource
- Cost escalation and budget overruns
- Fraud and corruption

The Directors regularly monitor such risks, using information obtained or developed from external and internal sources, and will take actions as appropriate to mitigate these. Effective risk mitigation may be critical to the Group in achieving its strategic objectives and protecting its assets, personnel and reputation. The Group assesses its risk on an ongoing basis to ensure it identifies key business risks and takes measures to mitigate these. Other steps include regular Board review of the business, monthly management reporting, financial operating procedures and anti-bribery management systems. The Group reviews its business risks and management systems on a regular basis and, through this process, the Directors have identified the principal risks.

STRATEGIC REPORT (continued)

PRINCIPAL ACTIVITY

The principal activity of the Group is the evaluation of the development of an integrated Coal to Chemicals plant, supported by an open-cut coal mine at its Arckaringa Project in South Australia.

BUSINESS REVIEW

The developments during the year are detailed in the Chairman's Statement on pages 3 to 5.

KEY PERFORMANCE INDICATORS

The key performance indicators in assessing the completion of this activity that are monitored on a regular basis are:

- Progress of Bankable Feasibility Study and monitoring licence commitments and environmental compliance
- Cash management – sufficient to meet its commitments

During the year the Group progressed the joint venture by terminating the CNOOC JV and receiving the licences in return alongside receiving permits for the planned drilling programme.

Pursuant to the signing of the recently announced JV, it has been agreed that Sino-Aus and Wintask will fund the initial A$33million of expenditure towards the BFS.

The Group cash at 30 June 2015 was £543,000 (2014: £1,913,000).

On behalf of the Board:

Nicholas Lyth
Director
20 November 2015

ALTONA ENERGY PLC

DIRECTORS' REPORT

The Directors are pleased to present their report and the audited financial statements of the Group and the Company for the year ended 30 June 2015.

COMPANY FORMATION

Altona Energy Plc is a publicly listed company incorporated and domiciled in England & Wales. Alongside its subsidiaries the Company has subsidiaries in Australia. The Company's ordinary shares are traded on the AIM market operated by the London Stock Exchange.

DIVIDENDS

The Directors do not recommend payment of a dividend (2014: £Nil).

FINANCIAL INSTRUMENTS

Note 2 of the financial statements details the risk factors affecting the Group and summarises the Group's policies for mitigating such risks through holding and issuing financial instruments. These policies have been followed during the current and prior year.

DIRECTORS AND DIRECTORS' INTERESTS

The Directors of the Group and the Company during the year and their interests in the ordinary share capital of the Company were:

	Number of ordinary shares		**Number of Options**	
	30 June 2015	**30 June 2014**	**30 June 2015**	**30 June 2014**
Christopher Lambert [1]	-	6,100,000	-	15,000,000
Phillip Sutherland	940,564	940,564	3,000,000	3,000,000
Qinfu Zhang [2]	-	-	3,500,000	3,500,000
Nick Lyth [3]	-	-	-	-
Michael Zheng[4]	2,500,000	2,500,000	15,000,000	15,000,000

[1] Christopher Lambert resigned as Director 14th October 2014
[2] Qinfu Zhang is beneficially interested in 230,000,000 shares through Wintask Group Limited
[3] Nick Lyth was appointed as a Director on 15th June 2015
[4] Michael Zheng resigned as Director 17th April 2015

THIRD PARTY INDEMNITY INSURANCE

The Company and Group provides Directors' and Officers' liability insurance at a cost of £6,800 (2014: £6,800).

POST REPORTING DATE EVENTS

Details of post reporting date events are disclosed in Note 19 of the financial statements.

FUTURE DEVELOPMENTS

The future developments are detailed in the Chairman's Statement on pages 3 to 4.

GOING CONCERN

The Company raises money for exploration and capital projects as and when required. There can be no assurance that the Group's projects will be fully developed in accordance with current plans or completed on time or to budget. Future work on the development of these projects, the levels of production and financial returns arising therefrom may be adversely affected by factors outside the control of the Group.

On 5 November 2015 the Company announced that the Group had entered into a conditional agreement for Sino-Aus and Wintask to enter into a joint venture for the development of the Arckaringa project, whereby they undertake to fund the BFS for the Arckaringa Project and thereby the Group's licence commitments up to A$33million, and to subscribe to acquire up to 200,000,000 shares to raise a maximum of £1.25million. As at the date of the approval of these financial statements, the ability of the Company, and therefore the Group, to continue as a going concern is dependent on securing shareholder approval for this transaction and completing the process to obtain the necessary regulatory and government approvals. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern. However, The Directors are confident that the necessary shareholder approval will be secured and fundraising will therefore complete as anticipated and, alongside existing working capital, the resources at the Company's disposal will be sufficient for the Company to be able to meet its working capital requirements for a period of not less than 12 months from the date of the approval of this report.

The financial statements have therefore been prepared on a going concern basis and do not include the adjustments that would result if the Group was unable to continue in operation.

AUDITOR

The Directors review the terms of reference for the auditor and obtain written confirmation that the firm has complied with its ethical guidance on ensuring independence. The level of fees charged is reviewed by the Board to ensure they remain competitive and to ensure no conflicts of interest arise. PKF Littlejohn LLP has indicated its willingness to continue in office as auditor of the Group.

REMUNERATION

The Group remunerates the Board at a level commensurate with the size of the Group and the experience of its Directors. The Remuneration Committee has reviewed the Directors' remuneration and believes it upholds the objectives of the Group with regard to this issue. Details of Directors' emoluments and of payments made for professional services rendered are set out in Note 6 to the Financial Statements.

CORPORATE GOVERNANCE

The Board of Directors is committed to the principles of good corporate governance, integrity and business ethics for all its activities. Under the rules of AIM, the Group is not required to comply with the UK Corporate Governance Code ("the Code"). Nevertheless, the Group has identified areas of the Code it considers relevant to the current size and nature of its operations. It does not seek to comply with all requirements of the Code. The Board is continuing to consider other aspects of the Code for appropriateness and these may be introduced when it becomes relevant for the Group to do so.

The Board

The Board meets regularly throughout the year. To enable the Board to perform its duties, each of the Directors has full access to all relevant information and to the services of the Company Secretary. If necessary the Non-Executive Director(s) may take independent professional advice at the Group's expense. The Board currently includes two Non-Executive Directors. The Board has delegated specific responsibilities to the committees described below.

The Audit Committee

The Audit Committee currently comprises Phillip Sutherland (Chairman) and Nicholas Lyth, with two meetings held during the year ended 30 June 2015. The Committee reviews the Group's annual and interim financial statements before submission to the Board for approval. The Committee also reviews regular reports from Management and the external auditor on accounting and internal control matters. When appropriate, the Committee monitors the progress of action taken in relation to such matters. The Committee also recommends the appointment of, and reviews the fees of, the external auditor.

The Remuneration Committee

The Remuneration Committee currently is made up of Phillip Sutherland (Chairman) and Nicholas Lyth, with two meetings held during the year ended 30 June 2015. It is responsible for reviewing the performance of the Directors and for setting the scale and structure of their remuneration, paying due regard to the interests of shareholders as a whole and the performance of the Group.

CONTROL PROCEDURES

The Board has approved financial budgets and cash forecasts. In addition, it has implemented procedures to ensure compliance with accounting standards and effective reporting.

PROVISION OF INFORMATION TO AUDITOR

As far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware. Each Director has taken appropriate steps to ensure that they are aware of such relevant information, and that the Company's auditor is aware of that information.

ANNUAL GENERAL MEETING

This report and the Financial Statements will be presented to shareholders for their approval at the Company's Annual General Meeting ("AGM"). The Notice of the AGM will be distributed to shareholders together with the Annual Report.

On behalf of the Board:

Nicholas Lyth

Director

20 November 2015

DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the group and company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Nicholas Lyth
Director
20 November 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALTONA ENERGY PLC

We have audited the Financial Statements of Altona Energy Plc for the year ended 30 June 2015 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company Financial Statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion:

- the Financial Statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2015 and of the Group's loss for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALTONA ENERGY PLC

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Company's ability to continue as a going concern. The ability of the Company, and therefore the Group, to continue as a going concern is dependent on raising further funds to meet its operational and capital commitments over the next twelve months. Although the Directors expect to raise funds within the necessary timeframe, there can be no guarantee that they will be able to do so.

As at the date of the approval of these financial statements, the ability of the Company, and therefore the Group, to continue as a going concern is dependent on conditions outside of the Company's direct control. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was not to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Joseph Archer (Senior statutory auditor)
For and on behalf of PKF Littlejohn LLP
Statutory auditor

1 Westferry Circus
Canary Wharf
London E14 4HD

20 November 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2015

	Notes	Group 2015 £'000	Group 2014 £'000
Other administrative expenses		(1,313)	(2,362)
Total administrative expenses and loss from operations	5	(1,313)	(2,362)
Finance income	4	1	1
Loss before taxation		(1,312)	(2,361)
Tax	9	-	80
Loss for the year attributable to the equity holders of the parent.		**(1,312)**	**(2,281)**
Other comprehensive income			
Exchange differences on translating foreign operations that may be subsequently reclassified to profit or loss		(1,341)	(929)
Total comprehensive loss attributable to the equity holders of the parent		**(2,653)**	**(3,210)**
Earnings per share expressed in pence			
- Basic and diluted attributable to the equity holders of the parent	8	**(0.17p)**	**(0.33p)**

All of the above operations during the year are continuing.

The notes on pages 18 to 35 form part of these financial statements.

STATEMENTS OF FINANCIAL POSITION
As at 30 June 2015

	Notes	Group 2015 £'000	Group 2014 £'000	Company 2015 £'000	Company 2014 £'000
ASSETS					
Non-current assets					
Intangible assets	10	9,739	11,040	-	-
Investment in subsidiaries	11	-	-	1,432	1,432
Other receivables	12	2	79	9,091	10,387
Total non-current assets		9,741	11,119	10,523	11,819
Current assets					
Trade and other receivables	12	122	202	58	96
Cash and cash equivalents		543	1,913	509	1,869
Total current assets		665	2,115	567	1,965
TOTAL ASSETS		10,406	13,234	11,090	13,784
LIABILITIES					
Current liabilities					
Provisions	14	790	790	790	790
Trade and other payables	13	108	155	94	70
Total current liabilities		898	945	884	860
TOTAL LIABILITIES		898	945	884	860
NET ASSETS		9,508	12,289	10,206	12,924
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT					
Share capital	15	792	792	792	792
Share premium	15	17,778	17,778	17,778	17,778
Merger reserve		2,001	2,001	2,001	2,001
Foreign exchange reserve		(22)	1,319	-	-
Retained deficit		(11,041)	(9,601)	(10,365)	(7,647)
TOTAL EQUITY		9,508	12,289	10,206	12,924

The financial statements were approved by the Board and authorised for issue on 20 November 2015 and signed on its behalf by:

Nicholas Lyth
Director

Registered number 05350512
(Incorporated in England and Wales)

The notes on pages 18 to 35 form part of these financial statements.

STATEMENTS OF CASH FLOWS
For the year ended 30 June 2015

	Group		Company	
	2015	**2014**	**2015**	**2014**
	£'000	**£'000**	**£'000**	**£'000**
Operating activities				
Loss for the year before taxation	(1,312)	(2,281)	(2,590)	(3,225)
Finance income	(1)	(1)	(1)	(1)
Share based payments	(128)	172	(128)	172
Foreign exchange on loans to controlled entities	-	-	1,439	981
Decrease / (increase) in receivables	113	(59)	113	12
(Decrease) / increase in payables	(47)	801	25	754
Cash used in operations	(1,375)	(1,368)	(1,142)	(1,307)
Income tax benefit received	43	-	-	-
Net cash flows used in operating activities	(1,332)	(1,368)	(1,142)	(1,307)
Investing activities				
Payments to acquire intangible fixed assets	(35)	(452)	-	-
Loans to subsidiary	-	-	(219)	(529)
Interest received	1	1	1	1
Net cash flows used in investing activities	(34)	(451)	(218)	(528)
Financing activities				
Proceeds from issue of shares	-	3,220	-	3,220
Issue costs paid	-	(161)	-	(161)
Net cash inflow from financing	-	3,059	-	3,059
Net (decrease)/increase in cash and cash equivalents	(1,366)	1,240	(1,360)	1,224
Cash and cash equivalents at beginning of the year	1,913	679	1,869	645
Effect of exchange rate changes on cash and cash equivalents	(4)	(6)	-	-
Cash and cash equivalents at 30 June	**543**	**1,913**	**509**	**1,869**

The notes on pages 18 to 35 form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
For the year ended 30 June 2015

All attributable to equity holders of the parent

	Share capital	Share Premium	Merger reserve	Foreign exchange reserve	Retained deficit	Total equity
Group	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
As at 1 July 2013	**562**	**14,949**	**2,001**	**2,248**	**(7,492)**	**12,268**
Loss for the year	-	-	-	-	(2,281)	(2,281)
Other comprehensive income	-	-	-	(929)	-	(929)
Issue of share capital	230	2,990	-	-	-	3,220
Costs of issue of share capital	-	(161)	-	-	-	(161)
Share based payments	-	-	-	-	172	172
Balance at 30 June 2014	**792**	**17,778**	**2,001**	**1,319**	**(9,601)**	**12,289**
Loss for the year	-	-	-	-	(1,312)	(1,312)
Other comprehensive income	-	-	-	(1,341)	-	(1,341)
Share based payments	-	-	-	-	(128)	(128)
Balance at 30 June 2015	**792**	**17,778**	**2,001**	**(22)**	**(11,041)**	**9,508**

Company	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Balance at 1 July 2013	**562**	**14,949**	**2,001**	**-**	**(4,594)**	**12,918**
Loss for the year	-	-	-	-	(3,225)	(3,225)
Issue of share capital	230	2,990	-	-	-	3,220
Costs of issue of share capital	-	(161)	-	-	-	(161)
Share based payments	-	-	-	-	172	172
Balance at 30 June 2014	**792**	**17,778**	**2,001**	**-**	**(7,647)**	**12,924**
Loss for the year	-	-	-	-	(2,590)	(2,590)
Share based payments	-	-	-	-	(128)	(128)
Balance at 30 June 2015	**792**	**17,778**	**2,001**	**-**	**(10,365)**	**10,206**

The following described the nature and purpose of each reserve within owners' equity:

Reserve	**Description and Purpose**
Share Capital	Amount subscribed for share capital at nominal value
Share premium	Amount subscribed for share capital in excess of nominal value.
Merger reserve	Reserve created on issue of shares on acquisition of subsidiaries in prior years.
Foreign exchange reserve	Cumulative translation differences of net assets of subsidiaries.
Retained deficit	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

GENERAL INFORMATION

Altona Energy PLC is a public company which is listed on the AIM and was incorporated and domiciled in England & Wales, with registered number 05350512. The Company's financial statements for the year ended 30 June 2015 were authorised for issue by the Board on 20 November 2015 and the Statements of Financial Position were signed on the Board's behalf by Mr Nicholas Lyth.

The principal accounting policies are summarised below. They have been applied consistently throughout the year.

BASIS OF PREPARATION

The financial statements are presented in Sterling, being the functional currency and all values are rounded to the nearest thousand pounds (£'000) unless otherwise stated.

These financial statements have been prepared in accordance with IFRS as adopted for use in the European Union (EU), and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

GOING CONCERN

The Company raises money for exploration and capital projects as and when required. There can be no assurance that the Group's projects will be fully developed in accordance with current plans or completed on time or to budget. Future work on the development of these projects, the levels of production and financial returns arising therefrom may be adversely affected by factors outside the control of the Group.

On 5 November 2015 the Company announced that the Group had agreed with Sino-Aus and Wintask the following terms of its joint venture for the development of the Arckaringa project, whereby they undertake to fund the Bankable Feasibility Study for the Arckaringa Project and thereby the Group's licence commitments up to a maximum of A$33million, and to subscribe to acquire up to 200,000,000 shares to raise a maximum of £1.25million. As at the date of the approval of these financial statements, the ability of the Company, and therefore the Group, to continue as a going concern is dependent on securing shareholder approval for this transaction and completing the process to obtain the necessary regulatory and government approvals. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern. However, the Directors are confident that the necessary shareholder approval will be secured and fundraising will therefore complete as anticipated and, alongside existing working capital, the resources at the Company's disposal will be sufficient for the Company to be able to meet its working capital requirements for a period of not less than 12 months from the date of the approval of this report.

The financial statements have therefore been prepared on a going concern basis and do not include the adjustments that would result if the Group was unable to continue in operation.

NEW STANDARDS AND INTERPRETATIONS

The financial statements have been drawn up on the basis of accounting standards, interpretations and amendments effective at the beginning of the accounting period.

(i) The following new standards, interpretations and amendments to published standards effective in the year have been adopted by the Group:

International Accounting Standards (IAS/IFRS)		Effective date
IAS 27	Separate Financial Statements (2011)	1 Jan 2014
IAS 28	Investments in Associates and Joint Ventures (2011)	1 Jan 2014

IFRS 10	Consolidated Financial Statements	1 Jan 2014
IFRS 11	Joint Arrangements	1 Jan 2014

NOTES TO THE FINANCIAL STATEMENTS (continued)

NEW STANDARDS AND INTERPRETATIONS (continued)

IFRS 12	Disclosure of Interests in Other Entities	1 Jan 2014

The adoption of these new standards did not have an impact on the financial statements other than in respect of disclosure.

(ii) Standards, amendments and interpretations, which are effective for reporting periods beginning after the date of these financial statements and which have not been adopted early:

Standard	Impact on initial application	Effective date
IAS 1 (Amendments)	Presentation of Financial Statements - Disclosure Initiative	*1 January 2016
IAS 16 (Amendments)	Property, plant and equipment - Clarification of Acceptable Methods of Depreciation	*1 January 2016
IAS 16 (Amendments)	Property, plant and equipment - Bearer Plants	*1 January 2016
IAS 19 (Amendments)	Defined Benefits Plans - Employee Contributions	1 February 2015
IAS 27 (Amendments)	Separate Financial Statements	*1 January 2016
IAS 28 (Amendments)	Investments in Associates and Joint Ventures	*1 January 2016
IAS 28 (Amendments)	Accounting for Investments - Applying the Consolidation Exception	*1 January 2016
IAS 38 (Amendments)	Intangible Assets - Clarification of Acceptable Methods of Amortisation	*1 January 2016
IAS 41 (Amendments)	Agriculture - Bearer Plants	*1 January 2016
IFRS 9 (Amendments)	Financial Instruments	*1 January 2018
IFRS 10 (Amendments)	Consolidated Financial Statements - Investments in Associates and Joint Ventures	*1 January 2016
IFRS 10 (Amendments)	Consolidated Financial Statements: Applying the Consolidation Exception	*1 January 2016
IFRS 11 (Amendments)	Joint Arrangements - Accounting for Acquisition of Interests in Joint Operations	*1 January 2016
IFRS 12 (Amendments)	Disclosure of Interests in Other Entities: Applying the Consolidation Exception	*1 January 2016
IFRS 14 (Amendments)	Regulatory Deferral Accounts	*1 January 2016
IFRS 15 (Amendments)	Revenue from Contracts with Customers	*1 January 2018
Annual Improvements	2012 - 2014 Cycle	*1 January 2016
Annual Improvements	2010 - 2012 Cycle	1 February 2015
Annual Improvements	2011 - 2013 Cycle	1 January 2015

* Not yet endorsed by European Union. The adoption of IFRS 9 will eventually replace IAS 39 in its entirety and consequently may have a material effect on the presentation, classification, measurement and disclosures of the Group's financial instruments; however its impact on the financial statements has not yet been assessed.

The Group is evaluating the impact of the remaining new and amended standards above. The Directors believe that these new and amended standards are not expected to have a material impact on the Group's results or shareholders' funds.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) as if they formed a single entity. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

BUSINESS COMBINATIONS

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Revised Business Combinations are recognised at their fair values at the acquisition date.

FOREIGN CURRENCIES

The functional currency and presentation currency of the Group is UK Pounds Sterling. Transactions entered into by Group entities in currency other than the currency of the primary economic environment in which they operate (the "functional" currency) are recorded at rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date.

Non–monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non–monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Pounds Sterling at the foreign exchange rates ruling at the dates the fair value was determined.

On consolidation, the results of the operations are translated into Pounds Sterling at average rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at closing rate are recognised directly in equity (the "foreign exchange reserve").

Exchange differences recognised in the statement of comprehensive income of Group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to the foreign exchange reserve if the item is denominated in the functional currency of the Company or the overseas operation concerned.

NOTES TO THE FINANCIAL STATEMENTS (continued)

TAXATION

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised, except for differences arising on investments in subsidiaries where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of the deferred tax assets is restricted to those instances where it is probable that the taxable profit will be available against which the difference can be utilised.

Deferred tax is calculated based on rates enacted or substantively enacted at the reporting date and expected to apply when the related deferred tax asset is realised or liability settled.

Current and deferred tax is charged or credited in the profit or loss, except when it relates to items charged or credited directly to equity, in which case the related tax is also dealt with in equity. Research and Development tax credits are recognised when they can be determined to be reliably measured.

PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.
When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

INTANGIBLE ASSETS - EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation expenditure in relation to each separate area of interest is recognised as an exploration and evaluation asset in the year in which it is incurred where the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

   a) the exploration and evaluation expenditure is expected to be recovered through successful development and exploration of the area of interest, or alternatively, by its sale, or
   b) Exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include the acquisition of rights to exploration, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General, administrative and share based payment costs are only included in the measurement of exploration and evaluation costs where they are related directly to exploration and evaluation activities in a particular area of interest.

NOTES TO THE FINANCIAL STATEMENTS (continued)

INTANGIBLE ASSETS - EXPLORATION AND EVALUATION ASSETS (continued)

Exploration and evaluation assets are assessed for impairment when facts or circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash-generating unit(s) ('CGU') to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any).

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in previous years.

LEASING

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an 'operating lease'), the total rentals payable under the lease are charged to the profit or loss on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis. The land and buildings elements of property leases are considered separately for the purposes of lease classification.

FINANCIAL ASSETS

The only financial assets currently held by the Group are classified as loans and receivables and cash and cash equivalents. These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For receivables which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the profit or loss. On confirmation that the receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Included within loans and receivables are cash and cash equivalents which include cash in hand and other short term highly liquid investments with a maturity of three months or less. Any interest earned is accrued monthly and classified as interest. Short term deposits comprise deposits made for varying periods of between one day and three months.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the asset and substantially all the risk and rewards of ownership of the asset to another entity.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FINANCIAL LIABILITIES

The Group classifies its financial liabilities into one category being other financial liabilities. At present, the Group does not have any liabilities classified as fair value through profit or loss or any of the other categories.

The Group's accounting policy for the other financial liabilities category is as follows:

Trade payables and other short-term monetary liabilities, are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method. All interest and other borrowing costs incurred in connection with the above are expensed as incurred and reported as part of financing costs in the profit or loss.

Derecognition

Financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

INVESTMENTS IN SUBSIDIARIES

In its separate financial statements the Company recognises its investments in subsidiaries at cost, less any provision for impairment. The cost of acquisition includes directly attributable professional fees and other expenses incurred in connection with the acquisition. It also includes share based payments issued to employees of the Company for services provided to subsidiaries.

FINANCE INCOME

Finance income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial assets and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

MERGER RESERVE

The difference between the fair value of an acquisition and the nominal value of the shares allotted in a share exchange has been treated in accordance with the merger relief provisions of the Companies Act 2006 and accordingly no share premium for such transactions was required to be recognised, resulting in a credit to the merger reserve.

SHARE BASED PAYMENTS

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The equity-settled share-based payments are expensed to the profit or loss or capitalised to investments or intangibles in the statement of financial position over a straight line basis over the vesting period based on the Group's estimate of shares that will eventually vest.

Where equity instruments are granted to persons other than employees, the profit or loss is charged with the fair value of goods and services received over a straight line basis over the vesting period based on the Group's estimate of shares that will eventually vest, except where it is in respect to costs associated with the issue of securities, in which case it is charged to the share premium account.

NOTES TO THE FINANCIAL STATEMENTS (continued)

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Impairment of intangibles
The Group determines whether intangibles are impaired when facts and circumstances suggest that the carrying amount may exceed its recoverable amount. Such indicators include the point at which a determination is made as to whether or not commercial reserves exist. The carrying amount of intangibles at 30 June 2015 is disclosed in note 10.

(ii) Provisions

A provision is recorded where the Group has potential liabilities relating to past events or actions of the Group but that are currently uncertain. The Group therefore records its reasonable assessment of the Group's probable current liability based on the opinion of the Directors, having taken appropriate professional advice. The provision is based on a number of assumptions and as such no assurance can be given that the estimate will prove to be accurate. The carrying amount of provisions at 30 June 2015 is disclosed in note 14.

2. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

The financial instruments were categorised as follows:

Group 30 June 2015	**Loans and receivables £'000**	**Other financial liabilities £'000**	**Total £'000**
Assets as per statement of financial position			
Trade and other receivables	45	-	45
Cash and cash equivalents	543	-	543
	588	-	588
Liabilities as per statement of financial position			
Provisions	-	790	790
Trade and other payables	-	108	108
	-	898	898

Group 30 June 2014

Assets as per statement of financial position	**Loans and receivables £'000**	**Other financial liabilities £'000**	**Total £'000**
Trade and other receivables	100	-	100
Cash and cash equivalents	1,913	-	1,913
	2,013	-	2,013
Liabilities as per statement of financial position			
Other financial liabilities – non-current	-	790	790
Trade and other payables	-	155	155
	-	945	945

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. FINANCIAL INSTRUMENTS (continued)

Company 30 June 2015 **Assets as per statement of financial position**	**Loans and receivables £'000**	**Other financial liabilities £'000**	**Total £'000**
Trade and other receivables	-	-	-
Cash and cash equivalents	509	-	509
	509	-	509
Liabilities as per statement of financial position			
Provisions	-	790	790
Trade and other payables	-	13	13
	-	803	803

Company 30 June 2014 **Assets as per statement of financial position**	**Loans and receivables £'000**	**Other financial liabilities £'000**	**Total £'000**
Other receivables – non current	10,311	-	10,311
Trade and other receivables	97	-	97
Cash and cash equivalents	1,869	-	1,869
	12,277	-	12,277
Liabilities as per statement of financial position			
Other financial liabilities – non-current	-	790	790
Trade and other payables	-	70	70
	-	860	860

The Group's financial instruments comprise cash and sundry receivables and payables that arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and currency risk. The Directors review and agree policies for managing these risks and these are summarised below. There have been no substantial changes to 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.

There is no significant difference between the carrying value and fair value of receivables and cash and cash equivalents.

Credit Risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties, as assessed by the Directors using relevant available information.

Credit risk also arises on cash and cash equivalents and deposits with banks and financial institutions. The Group's cash deposits are only held in banks and financial institutions which are independently rated with a minimum credit agency rating of A.

There were no bad debts recognised during the period and there is no provision required at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. FINANCIAL INSTRUMENTS (continued)

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. Short term payables are classified as those payables that are due within 30 days. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain liquid cash balances (or agreed facilities) to meet expected requirements for a period of at least 45 days.

Currency risk

The functional currencies of the companies in the Group are Pounds Sterling and Australian Dollars. The Group does not hedge against the effects of movements in exchange rates. These risks are monitored by the Board on a regular basis.

The following table discloses the year end rates applied by the Group for the purposes of producing the financial statements:

Foreign currency units to £1.00 GBP	Australian Dollar
At 30 June 2015	2.05
At 30 June 2014	1.80

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Australian Dollar	95	84	46	44

The impact of a 20% (2014: 10%) fluctuation in the value of the Australia Dollar would result in net translation gains or losses of £9,800 (2014: £4,084) movement in the profit or loss and net assets of the Group.

The only monetary asset the Company has is the intercompany loan. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets	
	2015 £'000	2014 £'000
Australian Dollar	9,826	11,040

A 20% (2014: 10%) fluctuation in the value of the Australian Dollar would result in a net translation gain or loss of £1,637,725 (2014: £1,010,000).

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. FINANCIAL INSTRUMENTS (continued)

Interest rate risk

The Group and Company finances thier operations through the issue of equity share capital.

The Group and Company manages the interest rate risk associated with the Group and Company cash assets by ensuring that interest rates are as favourable as possible, whether this is through investment in floating or fixed interest rate deposits, whilst managing the access the Group and Company requires to the funds for working capital purposes.

The interest rate profile of the Group's cash and cash equivalents was as follows:

	Pound Sterling £'000	Australian Dollar £'000	Total £'000
30 June 2015			
Cash at bank floating interest rate	509	34	543

	Pound Sterling £'000	Australian Dollar £'000	Total £'000
30 June 2014			
Cash at bank floating interest rate	1,869	44	1,913

At the reporting date, cash at bank floating interest rate is accruing weighted average interest of 0.05% (2014: 0.05%) As required by IFRS 7, the Group has estimated the interest rate sensitivity on year end balances and determined that a two percentage point increase or decrease in the interest rate earned on floating rate deposits would have caused a corresponding increase or decrease in net income in the amount of £27,000 (2014: £38,000).

Capital Management

The Group considers its capital to comprise its ordinary share capital, share premium and accumulated retained losses as well as the reserves (consisting of foreign currency translation reserve and merger reserve).

The Group's objective when maintaining capital is to safeguard the entity's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders.

The Company meets its capital needs by equity financing. The Group sets the amount of capital it requires to fund the Group's project evaluation costs and administration expenses. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

The Company and Group do not have any derivative instruments or hedging instruments. It has been determined that a sensitivity analysis will not be representative of the Company's and Group's position in relation to market risk and therefore, such an analysis has not been undertaken.

Fair values

The fair values of the Group and Company's financial instruments approximates to their carrying value.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. REVENUE AND SEGMENTAL INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment and that make strategic decisions, has been identified as the Board of Directors. The Group had no revenue during the period.

During the year ended 30 June 2015 the Group operated in one segment being the evaluation of the Arckaringa coal to chemicals project in South Australia. The Parent Company serves as an administrative head office and is based in the United Kingdom. During the year ended 30 June 2015 the Group's operations spanned three countries, Australia, China and the United Kingdom. Included within the results of the administrative and corporate operations are the results of the Chinese branch. The activity of the Chinese branch does not breach the 10% level required to be separately analysed. As at 30 June 2015 the Chinese branch had closed.

Segment result

	Segment result	
	2015 £'000	2014 £'000
Continuing operations		
Coal and Coal to chemicals project (Australia)	(160)	(117)
Administration and Corporate (United Kingdom and China)	(1,153)	(2,245)
	(1,313)	(2,362)
Finance income	1	1
Loss before tax	(1,312)	(2,361)
Income tax benefit	-	80
Loss after tax	(1,312)	(2,281)

The current and prior year share based payment charges are included within the UK segment result.

Segment assets and liabilities

	Non-Current Assets		Non-Current Liabilities	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Coal and Coal to chemicals project (Australia)	9,741	11,040	-	-
Administration and Corporate (United Kingdom)	-	79	-	-
Total of all segments	9,741	11,119	-	-

	Total Assets		Total Liabilities	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Coal and Coal to chemicals project (Australia)	9,839	11,193	13	85
Administration and Corporate (United Kingdom)	567	2,041	885	860
Total of all segments	10,406	13,234	898	945

Other segment information

	Depreciation and amortisation		Capital expenditure	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Continuing operations				
Coal and Coal to chemicals project (Australia)	-	-	35	152
Administration and Corporate (United Kingdom)	-	-	-	-
	-	-	35	152

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. FINANCE INCOME

	Group	
	2015 £'000	2014 £'000
Bank interest receivable	1	1

5. LOSS FROM OPERATIONS

	Group	
	2015 £'000	2014 £'000
This has been arrived at after charging:		
Fees payable to the Company's auditors for the audit of the annual accounts	16	22
Fees payable to the Company's auditors and its associates for other services:		
Audit of subsidiaries	4	6
Share based payments – Staff and Directors	(85)	170
Share based payments – Consultants	(2)	2
Staff costs[1]	653	1,402
Operating lease charges – land and buildings	111	106

[1] The Group recognised salaries and fees and long term payments of £568,000 (2014: 958,000) during the year, of which £Nil (2014: £176,000) was capitalised to intangibles. Included in Staff costs is an amount of £Nil (2014: £790,000) in respect of a provision for PAYE and national insurance, further details on this provision are included in note 14.

6. STAFF COSTS (INCLUDING DIRECTORS)

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Salaries and fees	637	758	637	712
Share based payments	(85)	170	(85)	170
Provision for PAYE/NIC	-	790	-	790
Long term benefits/incentives	16	30	16	26
Salaries expense	568	1,748	568	1,698
Capitalised to intangible assets	-	(176)	-	(136)
Total	568	1,572	568	1,562

The Group averaged 7 employees during the year ended 30 June 2015 (2014:11 employees). The Company averaged 7 employees during the year (2014: 10 employees). The amount capitalised to intangible assets in the prior year relates to a portion of the staff costs in connection with three of the Group's Directors. Directors have been assessed as the only key management of the Group.

NOTES TO THE FINANCIAL STATEMENTS (continued)

6 STAFF COSTS (INCLUDING DIRECTORS) (continued)

	Short term benefits £'000	Share based payments £'000	Other long term / post-employment benefits £'000	Total 2015 £'000	Total 2014 £'000
Michael Zheng[1]	180	(48)	-	**132**	252
Christopher Lambert [2]	99	(48)	-	**51**	273
Christopher Schrape [3]	-	-	-	**-**	51
Qinfu Zhang	123	5	-	**128**	25
Phillip Sutherland	63	4	-	**67**	39
Peter Fagiano[4]	-	-	-	**-**	132
Nicholas Lyth [5]	2	-	-	**2**	-
Total Key Management 2015	**467**	**(87)**	**-**	**380**	-
Total Key Management 2014	604	148	20	**-**	772

[1] Michael Zheng resigned as a Director on 17 April 2015; accordingly his share options were cancelled
[2] Christopher Lambert resigned as Director 14th October 2014; accordingly his share options were cancelled
[3] Chris Schrape resigned as a Director on 18th November 2013
[4] Peter Fagiano passed away on 15th May 2014. His options were cancelled following the anniversary of his passing
[5] Nick Lyth was appointed as a Director on 15th June 2015

The total amount payable to the highest paid director in respect of emoluments was £132,000 (2014: £273,000). No Directors exercised any share options during the year. The pension expense relates to compulsory superannuation in Australia. The Company provides Directors' and Officers' liability insurance at a cost of £6,500 (2014: £6,900). This cost is not included in the above table.

7. LOSS FOR THE FINANCIAL YEAR

The Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own statement of comprehensive income in these financial statements. The Company's loss for the year was £2,590,000 (2014: loss of £3,225,000).

8. EARNINGS PER SHARE

The loss for the year attributed to shareholders is £1,312,000 (2014: loss of £2,281,000).

This is divided by the weighted average number of Ordinary shares outstanding calculated to be 792.0 million (2014: 683.8 million) to give a basic loss per share of 0.17 pence (2014: basic loss per share of 0.33 pence).

As inclusion of the potential ordinary shares would result in a decrease in the loss per share they are considered to be anti-dilutive and, as such, the effect of the dilution has not been applied in the calculation. The potential future share issues that may dilute the loss per share relate to options in issue and deferred shares disclosed at note 16.

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. TAX

	Group 2015 £'000	Group 2014 £'000
Current taxation		
Group corporation tax credit	-	80
Deferred taxation	-	-
	-	80
Factors affecting the tax charge for the year		
Loss on ordinary activities before tax	(1,312)	(2,281)
Loss on ordinary activities at the Group standard rate of 21.22% (2014: 22.15%)	(278)	(513)
Effects of:		
Non-deductible expenses	(23)	68
Difference in overseas tax rates	(14)	(3)
Tax concession (research & development)	-	80
Unutilised tax losses carried forward	315	448
Total tax credit for the year	-	80
Unprovided deferred tax asset:		
Group tax losses carried forward of £18,895,000 (2014: £18,579,000) multiplied by standard rate of corporation tax 20% (2014: 20%) recoverable only when it is probable that the taxable profit will be available which is not at present.	3,779	3,716

Changes in tax rates and factors affecting the future tax charge

The main UK corporation tax rate from 1 April 2014 of 21% was reduced to 20% from 1 April 2015 resulting in an effective corporation tax rate of 20.75% for this accounting period. The Finance Act 2015 includes legislation reducing the main rate of corporation tax from 21% to 20% from 1 April 2015. Accordingly deferred tax balances have been calculated at 20%.

10. INTANGIBLE ASSETS

	Group 2015 £'000	Group 2014 £'000
Exploration and evaluation		
Cost		
At beginning of period	11,040	11,811
Additions	35	152
Currency translation adjustment	(1,336)	(923)
Carrying value at 30 June	9,739	11,040

Exploration and evaluation relates to the development of an integrated Coal to Chemicals plant, supported by an open-cut coal mine at the Group's Arckaringa Project in South Australia.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. INVESTMENTS IN SUBSIDIARIES

	Company 2015 £'000	Company 2014 £'000
Cost		
Investments in subsidiaries – opening and closing balance	1,432	1,432

Subsidiaries of Altona Energy Plc	Country of Registration	Holding 2015 %	Holding 2014 %	Nature of Business
Direct				
Altona Australia Pty Ltd	Australia	100	100	Dormant holding Company
Altona Investment Holding Ltd*	British Virgin Island:	-	100	Holding Company
Indirect				
Arckaringa Energy Pty Ltd	Australia	100	100	Evaluation of the Arckaringa Project
Arckaringa Coal Chemical Joint Venture Co Pty Ltd	Australia	100	-	Evaluation of the Arckaringa Project

* liquidated during the year

12. TRADE AND OTHER RECEIVABLES

	Group 2015 £'000	Group 2014 £'000	Company 2015 £'000	Company 2014 £'000
Current trade and other receivables				
Tax credit receivable	63	106	-	-
Taxes & Social security receivable	12	26	11	26
Prepayments and other receivables (i)	47	70	47	70
	122	202	58	96
Non-current other receivables				
Loans due from Group companies (ii)	-	-	9,091	10,311
Rent deposit (i)	-	76	-	76
Tenement bond	2	3	-	-
	2	79	9,091	10,387

(i) Other receivables are non-interest bearing and generally repayable between 30-60 days. Included within other receivables is an amount for rent deposit which is refundable upon expiry of the lease.
(ii) The loans to wholly owned subsidiaries are non-interest bearing and are repayable on demand, however payment is not anticipated to be within one year.

The other receivables remain within their contractual maturity at 30 June 2015 (30 June 2014)

13. TRADE AND OTHER PAYABLES

	Group 2015 £'000	Group 2014 £'000	Company 2015 £'000	Company 2014 £'000
Trade payables	78	127	70	46
Accruals and other payables	30	28	24	24
	108	155	94	70

Trade and other payables are non-interest bearing and are normally settled on terms of 30 days from month end. The trade and other payables remain within their contractual maturity at 30 June 2015 and 30 June 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. PROVISIONS

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Current provision				
Taxes & Social Security	790	790	790	790

Current year disclosure:
The Directors have continued to discuss the potential liability with HMRC and its professional advisors during the year under review and subsequently. The Directors have reviewed the basis of the provision made in the 2014 financial statements and consider the provision remains appropriate. There is an ongoing discussion between the Company and a former director regarding a settlement agreement entered into during the year. No provision has been made at 30 June 2015 because in the opinion of the Directors the conditions in the settlement agreement had not been satisfied and the Company has no constructive or legal obligation.

Prior year disclosure:
The provision is in respect of a potential liability to HMRC for income tax not deducted and accounted for under the PAYE system, and National Insurance Contributions not accounted for, in each case in respect of payments made on a gross basis to private companies for the provision of the services of a former director.

The precise amount of the Company's liability to HMRC is currently under negotiation. The sum provided represents, in the view of the Directors, having taken professional advice, a best estimate of the Company's probable current liability in this context. While the quantum of the provision represents their best estimate, of the ultimate liability, no assurance can be given that the estimate will prove to be accurate. The Company has submitted arguments which, if accepted, would result in a significantly lower liability. It is not, however, anticipated that the liability could be entirely eliminated, even if the Company's assertions are accepted in full.

The Company, having taken professional advice, considers that it has potential claims against third parties, whereby they may be found liable to compensate the Company for a material part of the Company's liability eventually agreed with HMRC. If it is necessary to pursue such claims by legal proceedings, some element of irrecoverable costs would inevitably be incurred. It is anticipated that the quantum of any such irrecoverable costs would not be substantial relative to the potential recovery.

15. SHARE CAPITAL

	Group		Company	
Allotted, called up and fully paid	2015 £'000	2014 £'000	2015 £'000	2014 £'000
791,956,853 ordinary shares of 0.1p each (2014: 791,956,853)	792	792	792	792

During the year the Company issued the following Ordinary 0.1 pence fully paid shares:

Date	Issue Price	Number of Shares	Nominal Value £'000	Share premium £'000
30 June 2013	**Closing balance**	**561,956,853**	**562**	**14,949**
8 October 2013	Placing shares at 1.4p per share	59,700,000	60	776
14 January 2014	Placing shares at 1.4p per share	170,300,000	170	2,214
	Cost of issue	-	-	(161)
30 June 2014 and 30 June 2015	**Closing balance**	**791,956,853**	**792**	**17,778**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

16. SHARE-BASED PAYMENTS

The Company periodically grants share options to employees, consultants and Directors, as approved by the Board. At 30 June 2015 and 30 June 2014, the following share options were outstanding in respect of the ordinary shares:

Year ended 30 June 2015

Grant Date	Expiry Date	Number of Options Outstanding at beginning of the year	Issued in Year	Forfeited / Expired / Cancelled	Exercised in Year	Number of Options Outstanding at end of the year	Exercise Price per Option
30.03.10	29.03.15	1,300,000	-	(1,300,000)	-	-	10.00p[1]
28.01.13	28.01.18	4,515,000	-	-	-	4,515,000	1.50p[1]
08.04.13	08.04.18	4,500,000	-	-	-	4,500,000	1.56p[1]
28.03.14	28.03.19	27,000,000	-	(21,250,000)	-	5,750,000	1.50p[3]
28.03.14	28.03.19	27,000,000	-	(21,250,000)	-	5,750,000	3.00p[3]
		64,315,000	-	(43,800,000)	-	20,515,000	

Year ended 30 June 2014

Grant Date	Expiry Date	Number of Options Outstanding at beginning of the year	Issued in Year	Forfeited / Expired / Cancelled	Exercised in Year	Number of Options Outstanding at end of the year	Exercise Price per Option
20.08.08	19.08.13	11,125,000	-	(11,125,000)	-	-	5.00p[1]
20.08.08	19.08.13	12,075,000	-	(12,075,000)	-	-	7.00p[1]
05.01.10	04.01.14	12,750,000	-	(12,750,000)	-	-	7.00p[1]
30.03.10	29.03.15	6,500,000	-	(6,500,000)	-	-	0.10p[2]
30.03.10	29.03.15	1,300,000	-	-	-	1,300,000	10.00p[1]
28.01.13	28.01.18	4,515,000	-	-	-	4,515,000	1.50p[1]
08.04.13	08.04.18	4,500,000	-	-	-	4,500,000	1.56p[1]
28.03.14	28.03.19	-	27,000,000	-	-	27,000,000	1.50p[3]
28.03.14	28.03.19	-	27,000,000	-	-	27,000,000	3.00p[3]
		52,765,000	54,000,000	(42,450,000)	-	64,315,000	

[1] – no vesting conditions or are fully vested at year end.
[2] – 6,500,000 options lapsed in the year on the termination of the joint venture with CNOOC.
[3] – 27,000,000 options vest upon signing of a joint venture agreement at Arckaringa and 27,000,000 options vest upon completion of an Arckaringa drilling programme.

The weighted average contractual life of share options outstanding at the end of the period was 3.5 years (2014: 4.5 years).

The weighted average contractual term of the options and warrants at the year end was years 3.51 years (2014: 4.51 years).

The highest and lowest price of the Company's shares during the year was 1.225p and 0.39p (2014: 1.6p and 0.73p). The share price at year end was 0.5p (2014: 1.05p).

The Group recognised a credit of £127,733 (2014: £172,000 charge) related to equity-settled share based payment transactions during the year, credited to the income statement. There is a further £36,497 (2014: £171,000) to be recognised in the subsequent financial period, in relation to the above issue of options.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. COMMITMENTS

As at 30 June 2015, the Group had the following material commitments:

Exploration commitments
The Group has three exploration tenements in South Australia. The exploration commitments relating to EL 4512 Wintinna, to EL 4511 Westfield and to EL 4513 Murloocoppie were met during the 2015 financial year. The Group, under its recently signed joint venture expects to have sufficient capital at its disposal to meet its exploration commitments for the coming financial year.

Total operating lease commitments

Leasing arrangements - Operating leases relate to office facilities.

	Group		Company	
	2015	**2014**	**2015**	**2014**
	£'000	**£'000**	**£'000**	**£'000**
Non-cancellable operating lease payments:				
Not longer than one year	-	106	-	106
	-	106	-	106

18. RELATED PARTY TRANSACTIONS

The key management personnel are considered to be the Directors. Details of their remuneration are included in Note 6 to the financial statements.

During the year, the Company paid £18,750 (2014: £225,000) to CJL Consultants Limited, a company related to Christopher Lambert, for Director's Fees. These fees are included in the numbers disclosed in Note 6 on Staff Costs; no amounts were payable to CJL Consultants Limited at the end of the year (2014: £Nil).

During the year, the Group paid £60,000 (2014: £30,000) in respect of Directors fees to Sutherland People Pty limited, a company related to the Group through Phil Sutherland, a common Director. At 30 June 2015, there was £Nil owing/owed (2014: £2,500).

19. POST REPORTING DATE EVENTS

On 5 November 2015 the Company announced it had signed the revision to its joint venture agreement. The agreement outlined that the investment into the Arckaringa project by Wintask and Sino-Aus would be a maximum of AUD$33 million in four contribution stages. An initial drilling programme will be planned as a part of a BFS and Sino-Aus will provide Altona with working capital of up to £1.25 million in two tranches, subject to certain conditions.

20. CONTROLLING PARTY

The directors consider that there is no controlling party.