BLACKGOLD INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Australia)
ACN 145 095 478

FINANCIAL REPORT
for the financial year ended 31 October 2015

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BLACKGOLD INTERNATIONAL HOLDINGS LIMITED
AND ITS CONTROLLED ENTITIES

(Incorporated in Australia)
ACN 145 095 478

CORPORATE DIRECTORY

Directors

Dr Chi Ho (James) TONG
Non-Executive Chairman

Mr Yuguo PENG
Executive Director & Group CEO

Mr Jun OU
Executive Director

Mr Zhonghan (John) WU
Independent Director

Prof Guangfu YANG
Independent Director

Ms Wei-Her (Sophia) HUANG
Independent Director

Joint Company Secretaries

Mr Nicholas Ong
Mr Daniel Smith

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Share Registry

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Independent Geologists

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Auditor

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Australia

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DIRECTORS' REPORT

The directors present their report, together with the financial statements of the Group, being Blackgold International Holdings Limited and its controlled entities, for the financial year ended 31 October 2015.

Principal Activities and Significant Changes in Nature of Activities

The principal activities of the Group are the mining of coal (currently from its Caotang and Heiwan mines), the trading of coal and shipping transportation.

On 19 November 2014, the Company announced that it had entered into a binding term sheet with Vibrant Group Limited (SGX: VIGB) under which:

- The Company issues convertible bonds to Vibrant's wholly owned subsidiary, LionHeart Holding Group Corp ("LHGC"), with a total face value of up to SGD25million; and

- The Company grants LHGC the right to nominate a Singapore Exchange ("SGX") Mainboard listed entity ("SGX Listco") to purchase Blackgold's Hong Kong subsidiary (which holds the group's Chinese operating assets) under a transaction that would see Blackgold's assets listed on SGX Mainboard and, subject to applicable laws and required approvals, Blackgold's shareholders holding shares traded on SGX ("RTO").

Subsequently, on 31 March 2015, Blackgold and Matex International Limited ("Matex"), a company incorporated under the laws of Singapore and listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST"), signed a Sale and Purchase Agreement ("SPA"), where Matex will purchase the Company's wholly owned subsidiary, Blackgold Holdings HongKong Limited together with its associate and subsidiary companies, for a total purchase price of SGD475 million ("Proposed Acquisition"), which is likely to constitute:

- In respect to Matex, a reserve takeover, under Chapter 10 of the SGX-ST listing manual and will be subject to, inter alia, the approval of Matex's shareholders and SGX-ST; and

- In respect to Blackgold, a disposal of the Company's major undertaking under ASX listing rule 11.2, which will be subject to, inter alia, the approval of the Company's shareholders.

As at the date of this report, Matex is conducting its due diligence exercise in relation to the Proposed Acquisition, including, inter alia, undertaking and conducting legal, business, financial and technical due diligence on Blackgold. Matex is also concurrently preparing its circular to its shareholders to be circulated to the SGX for review.

There have been no significant changes in the nature of the principal activities during the financial year.

Operating Results and Review of Operations for the Year

Operating Results

The profit after income tax of the consolidated group amounted to AUD34.111 million in the current financial year ended 31 October 2015 ("FY2015"), an increase from the previous financial year ended 31 October 2014 ("FY2014") of AUD4.967 million. This included a net reversal of impairment recognised on mine development and property, plant and equipment of AUD14.755 million (an impairment loss of AUD21.455 million was provided for in FY2014). Excluding these impairment adjustments, the current year profit after income tax would have decreased 26.7% to AUD19.356 million compared to the previous financial year of AUD26.422 million. The general weakening of coal prices affected the coal mining and coal trading sales, resulting in lower profits in the current financial year. Further discussion on the Group's operations is provided below.

Net profit for the period attributable to members was AUD34.111 million, or 586.8% higher than that achieved in FY2014.

Review of Operations

i. Mining operations

Blackgold produced approximately 1,052,774 tonnes of raw coal in FY2015, primarily at the Caotang and Heiwan Mines. Total production in FY2015 was approximately 5.8% higher than the 994,954 tonnes achieved in FY2014.

ii. Trading

Our trading arm had sold approximately 3.9 MT of coal in FY2015, an increase of 20.6% when compared to that sold in FY2014.

iii. Shipping Transportation

GPST continued to operate with its current owned fleets with maximum transportation capacity of approximately 43,000 tonnes.

Operating Results and Review of Operations for the Year

Financial Position

The net assets of the consolidated group have increased by AUD69.706 million, or 34.5% to AUD271.725 million as at 31 October 2015 from AUD202.019 as at 31 October 2014. This increase is largely due to the continued profits and a weakened Australian dollar against Chinese Renminbi. The Group's operations and assets are essentially in China, the currency change resulted in an increase in foreign currency translation reserve of approximately AUD35.595 million in FY2015.

As at 31 October 2015, the Group's net current liabilities position had improved slightly to AUD34.982 million compared to AUD49.318 million as at 31 October 2014. The trade and other receivables balance as at 31 October 2015 had increased by AUD139.094 million, net off mainly by increases in trade and other payables of AUD52.847 million, borrowings of AUD53.151 million and financial liabilities of AUD19.944 million. Financial liabilities of AUD19.944 million as at 31 October 2015 relates to the convertible bonds issued by the Company in December 2014.

Non-current assets increased in the financial year as the Group continued to invest in mine development expenditure and purchase of property, plant and equipment, resulting in increases of AUD47.837 million and AUD12.462 respectively. These amounts also included the effect of the net reversal of impairment in FY2015 of AUD14.755 million.

Non-current liabilities increased in the current financial year as the Group had borrowings due after more than one year of AUD5.329 million.

As the investment in mines are wholly-held and controlled by the Group, the directors believe that the Group has good control over future production levels.

Changes in controlled entities, associates and divisions

No changes in the current financial year.

Dividends

No dividend was paid since the end of the previous financial year and the directors do not recommend the payment of any dividend for the current financial year.

Significant Events After the Financial Year

The significant events occurring after the reporting period are as follows:-

Subsequent to year end, the Group has letters of credit of RMB71.090m which expired in November 2015. Meanwhile, short term loans amounting to RMB125.430m have been renewed for another year, expiring in November 2016. The other short term loans are only due at various dates between February to October 2016. In addition, bill payables totalling RMB24.000m is expiring in April 2016.

Future Developments, Prospects and Business Strategies

To further improve the Group's profit and maximise shareholder wealth, the growth strategy includes:-

i. monitor market selling prices to review existing production volumes so as to maximise profit margins; and
ii. analysing the feasibility and possibility of a direct integration of possible complimentary and/or downstream business such as blending of coal and others.

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

JORC Code Compliant Reserves and Resources

The Group currently owns four existing underground thermal coal mines, the Caotang Mine and the Heiwan Mine in Fengjie County, Chongqing, the Baolong Mine in Wushan County, Chongqing, and the Changhong Mine in the area bordering Xishui County of Guizhou and Qijiang County of Chongqing, all in the People's Republic of China (PRC).

On 27 October 2015, the Company announced an Independent Qualified Person's Report ("IQPR") of its four coal mining properties, which indicated that the JORC-compliant Proven and Probable Coal Reserves of the Caotang Mine, Baolong Mine, Changhong Mine and Heiwan Mine was 99.6 million tonnes[1] ("MT") as at 30 April 2015.

The table below shows the average coal quality of the Proven and Probable Reserves at each of Blackgold's mines:

Average Raw Coal Quality of the Coal Reserves						
Mine	**Moisture (%) ad**	**Ash (%) ad**	**Volatile Matter (%) ad**	**Fixed Carbon (%) ad**	**Sulphur (%) ad**	**CV (kcal/kg) ar**
Caotang	0.63	33.53	7.07	59.32	0.47	4,965
Heiwan	0.76	26.53	6.92	65.56	0.74	5,630
Baolong	0.58	28.39	6.87	62.39	0.57	5,494
Changhong	0.49	18.02	8.89	67.40	2.64	6,788
"ad" = air dried basis "ar" = as received basis						

The data indicates that the majority of Blackgold's coal is anthracite coal, with dry volatile matter contents ranging from 1% to 10%. This coal is suitable for the power generation market and some of it is suitable for use in Pulverised Coal Injection systems. The dry ash content of most of the Company's coal indicates that beneficiation (coal washing) prior to utilization will be required in most instances.

A summary of each mines' respective Reserves is detailed below. Reserves have been depleted through mining activities and as such, the tables below do not account for depletions after the effective date.

[1] Please refer to ASX Announcement dated 27 October 2015 for full details of the Reserve estimate. This information was prepared under the JORC Code 2012 Edition. The Company is not aware of any new information or data that materially affects the information included above and, in the case of estimates of mineral resources and ore reserves, confirms that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

JORC CODE COMPLIANT DATA FOR BLACKGOLD COAL PROPERTIES AS OF 30 APRIL 2015 [1]									
Mine	Reserve Category			Raw Coal Quality					
	Proved	Probable	Total	Moisture (%) ad	Ash (%) ad	Volatile Matter (%) ad	Fixed Carbon (%) ad	Sulphur (%) ad	CV (kcal/kg) ar
Caotang	18.8	3.4	22.2	0.63	33.53	7.07	59.32	0.47	4,965
Heiwan	3.1	0.5	3.6	0.76	26.53	6.92	65.56	0.74	5,630
Baolong	29.2	26.0	55.2	0.58	28.39	6.87	62.39	0.57	5,494
Changhong	11.9	6.7	18.6	0.49	18.02	8.89	67.40	2.64	6,788
Total	**63.0**	**36.6**	**99.6**						

Note: These reserves are estimated in compliance with the JORC Code 2012 Edition. Since mining has occurred, the "Reserves and Resources Base" is being slowly depleted. The deliverable CV of these reserves is between 4,500-7,000kcal/kg

The Company intends to upgrade the identified Inferred Resources of 39.0 MT (29.3 MT at Baolong and 9.7 MT at Changhong) by future drilling in order to replace reserves depleted by mining activities.

Environmental Issues

The Group's operations are subject to extensive national, provincial and local governmental regulations, policies and controls in the PRC.

The Group currently complies with all environmental requirements at national, provincial and at local government level in the PRC.

Comparison with previous year's estimates

There is no significant difference between the 2 years' reserves except for normal production in FY2015.

Governance arrangements and internal controls

The Company has ensured that the Ore Reserve and Mineral Resource estimates quoted above are subject to governance arrangements and internal controls. A summary of the procedures and parameters for coal estimation is outlined below.

As advised by Al Maynard & Associates (AM&A), all the sampling, both underground drilling and underground channel sampling, that the resource estimates are based on were collected following JORC-compliant procedures that ensured representative and unbiased samples were obtained with appropriate QA/QC practices in place. Sampling in both of the campaigns was directly collected or supervised by the competent person from AM&A. The surface drill sampling was previously conducted by licensed state-owned geology brigades in the PRC, and was reviewed by AM&A and found to generally meet the JORC-compliant requirements.

The underground coal seam channel samples were collected based on the 10cm wide and 5cm deep channel, taken perpendicular to the coal seam strike. The samples were packed with the thick plastic bags and then directly shipped to the International Organisation for Standardisation "ISO" accredited SGS Laboratory in Tianjing, PRC, for the coal quality test.

Both underground and surface drilling was conducted by licensed state-owned geology brigades. The surface drilling utilised HQ cores while the underground drilling utilised NQ cores. Core recoveries of the coal seams are generally good and greater than 85%. All the coal seam cores were logged and sampled by the qualified geologists on-site and supervised by a competent person from AM&A. The core samples were bagged in thick plastic bags and directly shipped to the ISO accredited SGS Laboratory in Tianjing, PRC, for the coal quality determinations. Behre Dolbear considers the sampling methods and QA/QC measures described in the AM&A Report to be reasonable and appropriate.

The SGS Laboratory uses standard coal testing procedures as specified by American Standards for Testing of Materials (ASTM D5291). The tests and analyses were designed primarily to evaluate the coal seams as a source of thermal coal. The detail description for the test method can be found on the websites of www.astm.org and www.sgs.com.

The SGS Tianjing Laboratory, PRC, is fully independent of Blackgold and its mining properties. Such laboratories receive a fee for services at normal commercial rates and on customary payment schedules.

Data Verification

A suite of four channel samples from the Caotang Mine were collected, along with five "product" samples from stockpiles for verification of the historic and Company supplied assays. These check samples were assayed at the SGS Laboratory in Tianjin, PRC. A similar set of samples was collected at the Heiwan Mine.

Behre Dolbear also collected three channel samples from Caotang, Heiwan and Changhong coal seams during their 2012 site visit and two channel samples from Baolong coal seam in 2015. All samples were directly shipped to the Intertek Laboratory in Tianjin. Behre Dolbear's and AM&A's check assays generally showed slightly better quality results than the Fengjie Laboratory where the initial exploration and mine samples were analysed. Behre Dolbear is of the opinion that this finding indicates an element of conservatism in earlier documented Chinese assay results and the ongoing estimates. It is Behre Dolbear's opinion that the reliability of the Company's coal quality and seam thickness data meets the standards expected for resource modelling and estimation to be reported in accordance with the JORC Code 2012 Edition.

Estimation and Reporting of Mineral Resources

All coal resources estimates were done by gridding the sampling data with the MineMap™ software by an experienced JORC competent person. Seam intersection thicknesses and quality data were incorporated from both channel sample results and the detailed geological logs of drill holes. The minimum seam height required for coal resources ranged from 0.25m to 0.40m and the maximum ash content ranged from 40% to 50% ash.

The coal resources were estimated from 20m × 20m cells using the MineMap™ software by gridding the coal seam within the tenement boundary and the mapped outcrop. The coal qualities and thickness were interpolated into each cell using an Inverse Distance squared (ID^2) algorithm. Two interpolation passes were completed. The first with a 4,000m search radius and the second with a 1,000m search radius. The first pass allowed all cells in the modelled area to be filled (for Target Mineralization) while the second pass was used for resource estimation.

The coal resources that have been sampled or drilled at least 6 points and within 500m of a sample point were considered to be Measured; those between 500m and 1,000m were considered to be Indicated; those between 1,000m and 2,000m were considered to be Inferred; and those beyond 2,000m were considered to be target mineralization. If a seam was sampled with only 2 to 6 points, the coal within 500m of a sample point was classified as Indicated, coal within 500m to 1,000m was considered as Inferred, and any coal beyond 1,000m was considered to be target mineralization.

The volume was then calculated by multiplying the area of the coal within each cell by the average modeled thickness. This volume was then multiplied by an appropriate specific gravity representing the in-place coal to calculate the resource tonnage. Tonnages attributable to mined out areas (as digitized from the supplied maps) were then deducted for the final estimates. There are no underground channel data available at the Baolong Mine so only the 25 drill holes were used.

Procedures and Parameters for Coal Reserve Estimation

Blackgold engaged the Chongqing Institute to produce a life-of-mine plan and production schedules at each mine. Behre Dolbear considers the reports produced by the Chongqing Institute to be consistent with a pre-feasibility level study, as required for estimation of reserves under the JORC Code 2012 Edition. Blackgold also engaged AM&A to produce a JORC-compliant resource and reserve report in order to meet the listing and ongoing requirements of the ASX. Behre Dolbear has reviewed the Company's mine production planning processes and has estimated a coal reserve for each of the coal mines reviewed in the IQPR. These coal reserve estimates have been produced from the in situ coal resource estimates based on the economic Measured and Indicated resource categories for which the mine plans have been generated.

The geological analysis provided by the 137th Geology Brigade and the mine planning produced by Chongqing Institute are typical of that produced by firms licensed for exploration and resource estimation for solid mineral resources in the PRC. The Chongqing Institute mine plan includes a factored "333" or Inferred resource, which must be excluded from a JORC Code 2012 Edition compliant reserve estimate. Also, typical in such mine plans is the duplication of the same plan from seam to seam with slight modifications where the production scheduled was determined by annual licensed tonnage instead of detailed design and scheduling.

For the purpose of converting the economic Measured and Indicated coal resources to coal reserves, Chongqing Institute used the overall mining dilution factor and mining recovery factor between the in situ coal resources and the raw production coal based on the Chinese requirements, the characteristics of coal seams, and the mining method to be used for each seam. The design reports first convert the in situ resource into a recoverable resource by deducting the coal contained within the barrier pillars for ventilation and haulage entries, shafts under villages, rivers, and mine facilities, as shown in their mine design. Then a recovery factor, based on coal characteristics and thickness is applied as specified in the Chinese design standards. The Chinese standards for each mine specified a 75% to 85% seam recovery. Typically, 80% was used for the seams at the Company's four mines; however, a few seams were reduced to 75% recovery and a few increased to 85% recovery. Finally, Chongqing Institute divided the "recoverable" resource by the target production rate to develop a production schedule.

The calculations were slightly inconsistent between the different mine design reports and Behre Dolbear made some minor adjustments to correct those inconsistencies. Behre Dolbear opines the standard used by Chongqing Institute, while meeting the Chinese requirements, is somewhat optimistic. Based upon its detailed review of the mine plans using Gemcom Surpac™ software and the resource models imported from MineMap™, Behre Dolbear adjusted the mining recoveries for each mine. Behre Dolbear also adjusted certain reserve tonnages downward to reflect coal that exists outside the current mining permit boundaries.

Procedures and Parameters for Coal Reserve Estimation (Continued)

Behre Dolbear recommends that Blackgold actively and continuously monitor the coal mining recovery factor and coal mining dilution factor and revise the coal reserve estimates for these operations, according to the mining recovery and mining dilution factors actually achieved. All Inferred resources that are included in the Chongqing Institute's mine plan have been excluded from the Reserve estimation in the IQPR and are reported separately by Behre Dolbear as Inferred resource in the resource table.

Competent Person Statement

The IQPR is based upon information compiled by Dr Yingting (Tony) Guo, Mr Anthony R. Cameron, and a team of Behre Dolbear professionals. Dr Guo and Mr Cameron, the professionals responsible for the IQPR, meet the applicable requirements for the ASX Listing Rules. They are the Senior Associates of Behre Dolbear and they have extensive experience, which is relevant to the style of mineralization and type of deposit reviewed therein. They are both "Competent Persons" as defined in the JORC Code 2012 Edition.

The IQPR has also been reviewed by Mr Donald K. Cooper, Chairman and Director of Behre Dolbear Asia, Inc., who is also a "Competent Person". Dr Guo, Mr Cameron, and Mr Cooper have signed Declarations consistent with the requirements of the JORC Code 2012 Edition and ASX Listing Rules. Those Declarations, including consents, are included as appendices to the IQPR. Dr Guo, Mr Cameron, and Mr Cooper consent to the inclusion of the IQPR, as part of the Company's filing in the form and context in which it therein appears.

Information on the Directors

All Directors have been in office since the start of the financial year unless otherwise stated.

Dr Chi Ho (James), Tong	- ***Non-Executive Chairman***
Qualifications	- Dr Tong received a Doctor of Philosophy (PhD) in Finance and Banking from the American University of London in 2014. He also holds a Master's degree in Computer Science and Applications from Queen's University of Belfast in December 1990. He has been a member of the British Computer Society since January 1998.
Experience	- Board member since 8 July 2010. Dr Tong has gathered over 20 years of experience in venture capital investment by establishing and investing in companies specialized in providing e-commerce software, and making investments to assist various companies to raise funds via initial public offerings. With strong business acumen, a number of his investments in Chinese ventures were subsequently listed on recognised overseas stock exchanges. These investments include Wanxiang International Limited (since May 2007, the Company was delisted from the Singapore Stock Exchange in March 2012) and JES International Limited, a listed Company on the Singapore Stock Exchange.
Interest in Shares and Options	- Indirect interest through its investment in Prima Network Financial Group Limited of 51,050,000 ordinary shares in the Company.
Special Responsibilities	- N/A.
Directorships held in other listed entities during the three years prior to the current year	- Director of Wanxiang International Limited (since May 2007, the Company was delisted from Singapore Stock Exchange in March 2012) and JES International Limited (from April 2006 to June 2013). JES International Limited is a listed company listed on the Singapore Exchange.

Information on the Directors (Cont'd)

Yuguo, Peng	-	***Executive Director and Chief Executive Officer***
Qualifications	-	Mr. Peng obtained a bachelor's degree in Architectural Engineering from Chongqing Construction Engineering College (currently known as Chongqing Jianzhu University) in August 1988. Mr. Peng obtained a bachelor's degree in Economic Management and a master's degree in Information Technology and Management, respectively, in October 1999 and July 2001 from Chongqing University. In October 2010, Mr. Peng completed the capital strategic training course for directors held by the continuing education college of Tsinghua University.
Experience	-	Board member since 2 September 2010. Mr. Peng's career began in the Fengjie County Baidi Town Local Enterprises Office. From August 1979 to April 1983, he worked as an accounting clerk at Fengjie County Baidi Town Local Enterprises Office. From May 1983 to November 1990, Mr. Peng worked in the local government department of Shima Village, Fengjie County in the PRC where he last served as accounting manager and deputy mayor. From December 1990 to June 1994, Mr. Peng worked in the Fengjie County Baidi Town Local Enterprises Office, where he last served as the office director and was involved in coal trading. From July 1994 to December 2000, Mr. Peng worked in the Fengjie County People's Congress Committee Office where he last served as the deputy director and was involved in coal trading. Mr. Peng is a brother-in-law of Mr. Ou, Jun, who is our Executive Director.
Interest in Shares and Options	-	Indirect interest through its investment in Lucky Magic Enterprises Limited of 544,500,000 ordinary shares in the Company.
Special Responsibilities	-	N/A.
Directorships held in other listed entities during the three years prior to the current year	-	NIL.

Information on the Directors (Cont'd)

Jun, Ou	-	***Executive Director***
Qualifications	-	Mr. Ou received a bachelor's degree in Economic Management from Chongqing Institute of Commerce (currently known as Chongqing Technology and Business University) in July 1991 and a master's degree in Economic Management from Southwest University in October 2005.
Experience	-	Board member since 7 July 2011. Mr Ou is the head of our sales department since February 2012. He has been a director of Heijin Industrial since July 2011 and Guoping Shipping since February 2004. Mr. Ou has over 20 years of experience working in the coal industry. Mr. Ou's career began in Qiaoxing Coal Resource Development Co., Ltd., which operated the Heiwan Mine at the time. From January 1991 to May 2002, Mr. Ou was the head of the Anqing Office of Qiaoxing Coal Resource Development Co., Ltd. responsible for monitoring the operation of the Heiwan Mine. From June 2002 to December 2002, Mr. Ou worked at Guoping Industrial as an assistant to the general manager responsible for managing the operation of the Heiwan Mine. From February 2004 to January 2012, he was the legal representative of Guoping Shipping responsible for managing its coal transportation business. Mr. Ou is a brother-in-law of Mr. Yuguo, Peng.
Interest in Shares and Options	-	333,000 ordinary shares in the Company.
Special Responsibilities	-	N/A.
Directorships held in other listed entities during the three years prior to the current year	-	NIL.

Information on the Directors (Cont'd)

Zhonghan (John), Wu	-	***Independent Non-Executive Director***
Qualifications	-	Mr. Wu holds a Master of Commerce degree from the University of New South Wales in Australia and is a member of CPA Australia and the Chartered Institute of Management Accountants of the United Kingdom. He is also a Chartered Global Management Accountant (CGMA) and a consultant of CPA Australia.
Experience	-	Board member since 4 February 2013. Mr Wu has extensive experience in corporate finance, accounting and administration, capital raisings and ASX compliance and regulatory requirements. He is currently Chief Financial Officer of Traditional Therapy Clinics Ltd. (ASX: TTC), listed on the ASX since September 2015. He is also a director of JAZ Pacific Australia Pty Ltd, an Australian coal trading company, and a director of BBY Group Ltd., a corporate advisory company in Hong Kong. Mr Wu has gained extensive experience in finance and accounting from multinational corporations. He has held various financial management positions with multinational companies in Hong Kong, Australia, and New Zealand such as Toyota, Nestle, British America Tobacco and Deloitte.
Interest in Shares and Options	-	N/A.
Special Responsibilities	-	N/A.
Directorships held in other listed entities during the three years prior to the current year	-	NIL.

Information on the Directors (Cont'd)

Professor Guangfu, Yang	-	***Independent Non-Executive Director***
Qualifications	-	Prof. Yang received a bachelor's degree in Physics in December 1980 and a master's degree in Physics in December 1982 from Harbin Institute of Technology.
Experience	-	Member since 7 July 2011. Prof. Yang has acquired extensive knowledge in physics through teaching and conducting researches at tertiary institutions for more than 24 years. Prof. Yang taught at Chongqing University from April 1981 to September 1991 and was conferred professorship in April 1992 by Chongqing University. From September 1991 to October 1993, Prof. Yang was the deputy mayor of Fuling City of Sichuan Province in the PRC to manage the Science and Technology Commission. From June 1993 to July 1994, he was the group leader for the preparation of Sichuan Sanxia Institute, currently known as Chongqing Sanxia Institute. Prof. Yang subsequently worked as the first dean of Sichuan Sanxia Institute from July 1994 to March 1999. From March 1999 to September 2001, he worked as a senior researcher at Sichuan Sanxia Institute. From October 2001 to July 2007, he joined Chongqing Institute of Technology, currently known as Chongqing University of Technology, as a professor. From July 2009 to July 2010, Prof. Yang acted as the president of Chongqing Vocational College of Media.
Interest in Shares and Options	-	N/A.
Special Responsibilities	-	N/A.
Directorships held in other listed entities during the three years prior to the current year	-	NIL.

Information on the Directors (Cont'd)

Wei-Her (Sophia), Huang	-	***Independent Non-Executive Director***
Qualifications	-	Ms. Huang received a bachelor's degree in Commerce from the National Taipei University in June 1969.
Experience	-	Board member since 4 February 2013. Ms. Huang has been the vice chairman of the Friends of Taiwan Society (Australia) incorporated since November 2012. She has also been the supervisor of the Taiwan Global Alliance for Democracy and Peace Sydney Office from 2008 to 2011. Since July 2011, Ms. Huang has been appointed as a member of the overseas compatriot affairs committee of the Overseas Chinese Affairs Council, R.O.C (Taiwan). In addition, she has been the overseas council adviser of the Overseas Chinese National Salvation Federation since January 2010. Ms. Huang has 10 years of experience working in the land development industry. From 1988 to 1997, Ms. Huang worked as a manager at the properties business development department of East Asia Textiles Limited in Taiwan. She was in charge of the business of East Asia Textiles Limited in Taiwan involving the procurement of land lots for potential residential development and the provision of advice on the feasibility of land investment. Ms. Huang started her involvement in social community work in 2008. Ms. Huang served as the vice director of the Taiwan Global Alliance for Democracy and Peace Sydney Office from 2008 to 2011. From 2007 to 2012, Ms. Huang served as the chief financial officer of The Friends of Taiwan Society (Australia) Inc.
Interest in Shares and Options	-	N/A.
Special Responsibilities	-	N/A.
Directorships held in other listed entities during the three years prior to the current year	-	Nil.

Joint Company Secretaries

The Joint Company Secretaries are Mr Nicholas Ong and Mr Daniel Smith. Messer's Ong and Smith, who were appointed on 1 May 2015, are directors of corporate consulting firm, Minerva Corporate Pty Ltd. Minerva Corporate specialises in corporate governance, financial accounting and transactional services.

Mr Simon Morris, who was appointed company secretary on 16 October 2014, resigned as company secretary on 1 May 2015.

Meetings of Directors

During the financial year, 8 meetings of directors, 2 meetings of Audit Committee and 0 meeting of Nomination and Remuneration Committee were held. Attendances by each director during the year were as follows:-

	Directors' Meetings		**Audit Committee Meetings**		**Nomination & Remuneration Committee Meetings**	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Dr. Chi Ho (James), Tong	8	8	2	2	0	0
Yuguo, Peng	8	8	2	2	0	0
Zhonghan (John), Wu	8	8	2	2	0	0
Wei-Her (Sophia), Huang	8	6	2	2	0	0
Prof. Guangfu, Yang	8	7	2	1	0	0
Jun, Ou	8	7	2	2	0	0

Indemnifying Officers or Auditor

During or since the end of the financial year, the company has not given an indemnity or entered into an agreement to indemnify the directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company.

The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

Proceedings on Behalf of 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 part of those proceedings.

The Company was not a party to any such proceedings during the financial year.

Non-audit Services

The Board of Directors, in accordance with advice from the audit committee, will review that any provision of non-audit services during the financial year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors will also review that the services do not compromise the external auditor's independence for the following reasons:

(a) all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

(b) the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

There were no non-audit services provided by Crowe Horwath during the financial year ended 31 October 2015.

Auditor's Independence Declaration

The lead auditor's independence declaration for the financial year ended 31 October 2015 has been received and can be found on page 29 of the Annual Report.

Share options

No equity securities were issued during the financial year.

ASIC Class Order 98/100 Rounding of Amounts

The Group is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars, unless otherwise stated.

Events after the Reporting Date

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 those operations, or the state of affairs of the Group in future years, other than previously disclosed in the financial statements.

Corporate Governance

The directors of the Company support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. Please refer to the Company's website for details of corporate governance policies:

http://www.blackgoldglobal.net/

Remuneration Report (Audited)

Remuneration Policy

The remuneration policy of Blackgold International Holdings Limited has been designed to align key management personnel objectives with shareholders and business objectives by providing a suitable fixed remuneration. The Board of Blackgold International Holdings 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 consolidated group, as well as create goal congruence between directors, executives and shareholders.

All key management personnel receive a base salary (which is based on factors such as length of service and experience) and superannuation (if applicable).

The Board may exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the committee's recommendations. 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 who are residents of the PRC do not receive a superannuation guarantee contribution required by the Australian Government, which is currently 9.5%, effective 1 July 2014.

Key management personnel are paid a percentage of up to 25% of their annual salary in the event of redundancy.

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. 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. The current maximum aggregate amount of fees payable to non-executive directors is AUD500,000.

Remuneration Report (Audited) (Cont'd)

Relationship Between Remuneration Policy and Company Performance

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives.

The following table shows the gross revenue, profits and dividends for the last 3 years of the listed entity which shows increases in revenue, profit after tax and earnings per share in each year.

	2013 **AUD'000**	**2014** **AUD'000**	**2015** **AUD'000**
Revenue	270,340	336,082	419,401
Profit after tax	50,064	4,967	34,111
Basic earnings per share	5.64 cents	0.56 cents	3.84 cents
Dividends paid	NA	NA	NA

Remuneration Report (Audited) (Cont'd)

Employment Details of Members of Key Management Personnel and Other Executives

The following table provides employment details of persons who were, during the financial year, members of key management personnel of the consolidated group. The table also illustrates the proportion of remuneration that was performance and non-performance based.

	Position Held as at 31 October 2015 and any Change during the Year	Contract Details (Duration and Termination)	Proportions of Elements of Remuneration Related to Performance		Proportions of Elements of Remuneration Not Related to Performance	
			Cash-based Incentives %	Non-salary Cash-based Incentives %	Fixed Salary/ Fees %	Total %
Group Key Management Personnel						
Dr Chi Ho (James), Tong	Non-Executive Chairman	NB1	-	-	100	100
Yuguo, Peng	Executive Director & CEO	31.8.2015 to 31.8.2020	-	-	100	100
Jun, Ou	Executive Director	NB1	-	-	100	100
Prof. Guangfu, Yang	Non-Executive Director	NB1	-	-	100	100
Zhonghan (John), Wu	Non-Executive Director	NB1	-	-	100	100
Wei-Her (Sophia), Huang	Non-Executive Director	NB1	-	-	100	100

Remuneration Report (Audited) (Cont'd)

Employment Details of Members of Key Management Personnel and Other Executives (Cont'd)

	Position Held as at 31 October 2015 and any Change during the Year	Contract Details (Duration and Termination)	Proportions of Elements of Remuneration Related to Performance		Proportions of Elements of Remuneration Not Related to Performance	
			Cash-based Incentives %	Non-salary Cash-based Incentives %	Fixed Salary/ Fees %	Total %
Group Key Management Personnel (Continued)						
It Phong, Tin *	Chief Financial Officer	NB1	-	-	100	100
Shaokui, Chen #	Financial Controller	NB1	-	-	100	100
Zhongxiao, Zhu	Deputy General Manager	NB1	-	-	100	100
Yijiang, Peng	Deputy General Manager, Enterprise Management	NB1	-	-	100	100
Wenming, Yao	Chief Geologist	NB1	-	-	100	100
Jun, Shao	Deputy General Manager and Chief of Production Technology Department	NB1	-	-	100	100
Lin, Ou	Non-Executive Director (BHHK)	NB1	-	-	100	100

* appointed in July 2015.
# appointed as Financial Controller in July 2015 (previously was the Chief Financial Officer)

Remuneration Report (Audited) (Cont'd)

Employment Details of Members of Key Management Personnel and Other Executives (Cont'd)

NB1 - The employment terms and conditions of key management personnel and Group executives are formalised in contracts of employment.

Terms of employment require that the relevant group entity provide an executive contracted person with a minimum of one month's notice prior to termination of contract. Termination payments of up to 25% on annual salary are generally payable. A contracted person deemed employed on a permanent basis may terminate their employment by providing at least one month's notice. Termination payments are not payable on resignation or under the circumstances of unsatisfactory performance.

Non-executive directors are subject to similar contracts requiring one month's notice to be given on termination. Termination payments are at the discretion of the remuneration committee and are capped at 25% of annual directors' fees.

Changes in Directors and Executives Subsequent to Year-end

There are no changes in Directors and Executives subsequent to the year-end.

Remuneration Report (Audited) (Cont'd)

Remuneration Details for the Year Ended 31 October 2015

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

	Short-term Benefits			Post-employment Benefits			
2015	Salary and Fees AUD'000	Non-monetary AUD'000	Other ** AUD'000	Pension and Super-annuation * AUD'000	Other *** AUD'000	Long-term benefits AUD'000	Total AUD'000
Group Key Management Personnel							
Dr Chi Ho (James), Tong	54	-	-	-	-	-	54
Yuguo, Peng	300	-	2	-	-	-	302
Jun, Ou	70	-	1	-	2	-	73
Zhonghan (John), Wu	30	-	-	3	-	-	33
Professor Guangfu, Yang	15	-	-	-	-	-	15
Wei-Her (Sophia), Huang	30	-	-	3	-	-	33
It Phong, Tin #	66	-	-	-	-	-	66
Shaokui, Chen	37	-	1	-	-	-	38
Zhongxiao, Zhu	50	-	2	-	2	-	54
Yijiang, Peng	69	-	3	-	2	-	74
Wenming, Yao	31	-	-	-	-	-	31
Jun, Shao	27	-	1	-	-	-	28
Lin, Ou	25	-	-	-	-	-	25
Total Key Management Personnel	804	-	10	6	6	-	826

* Superannuation is only payable to directors who are resident in Australia.
** Other short-term benefits comprise housing provident fund, injury insurance, maternity insurance and medical insurance.
*** Other post-employment benefits comprise retirement insurance and unemployment insurance.
# appointed in July 2015.

Remuneration Report (Audited) (Cont'd)

Remuneration Details for the Year Ended 31 October 2015 (Cont'd)

	Short-term Benefits			Post-employment Benefits			
2014	Salary and Fees AUD'000	Non-monetary AUD'000	Other ** AUD'000	Pension and Super-annuation * AUD'000	Other *** AUD'000	Long-term benefits AUD'000	Total AUD'000
Group Key Management Personnel							
Dr Chi Ho (James), Tong	50	-	-	-	-	-	50
Yuguo, Peng	300	-	-	-	-	-	300
Jun, Ou	81	-	2	-	1	-	84
Zhonghan (John), Wu	30	-	-	3	-	-	33
Professor Guangfu, Yang	13	-	-	-	-	-	13
Wei-Her (Sophia), Huang	30	-	-	3	-	-	33
Shaokui, Chen	45	-	2	-	-	-	47
Teck Meng, Lim#	115	-	-	8	-	-	123
Zhongxiao, Zhu	47	-	2	-	1	-	50
Yijiang, Peng	40	-	3	-	1	-	44
Wenming, Yao	27	-	7	-	-	-	34
Jun, Shao	23	-	4	-	-	-	27
Lin, Ou	21	-	-	-	-	-	21
Total Key Management Personnel	822	-	20	14	3	-	859

* Superannuation is only payable to directors who are resident in Australia. Central provident fund is paid to Teck Meng, Lim.
** Other short-term benefits comprise housing provident fund, injury insurance, maternity insurance and medical insurance.
*** Other post-employment benefits comprise retirement insurance and unemployment insurance.
# Resigned on 30 September 2014.

Remuneration Report (Audited) (Cont'd)

Securities Received that Are Not Performance Related

No members of key management personnel are entitled to receive securities which are not performance-based as part of their remuneration package.

Cash Bonuses, Performance-related Bonuses and Share-based Payments

No cash bonuses, performance-related bonuses and share-based payments were paid to the key management personnel during the year.

Options and Rights Granted

No options or rights were granted to key management personnel during the year other than as disclosed in Note 37 to the financial statements. These options were granted as part of the non-renounceable entitlement to all shareholders on a 1:10 basis.

There were no unexercised employee options outstanding at 31 October 2015 (2014: Nil).

This Report of the Directors, is signed in accordance with a resolution of the Board of Directors.

Dr Chi Ho (James), Tong
Director

Dated this 29th day of January 2016

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Blackgold International Holdings Limited for the year ended 31 October 2015, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

Crowe Horwath Perth

CROWE HORWATH PERTH

SEAN MCGURK
Partner

Signed at Perth, 29 January 2016

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2015

	NOTE	CONSOLIDATED 2015 AUD'000	CONSOLIDATED 2014 AUD'000
REVENUE	5	419,401	336,082
COST OF SALES		(387,053)	(293,205)
GROSS PROFIT		32,348	42,877
OTHER INCOME		12,371	6,826
REVERSAL OF RESTORATION PROVISION	28	-	931
		44,719	50,634
CHANGES IN FAIR VALUE OF FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	25	2,659	-
DISTRIBUTION AND MARKETING EXPENSES		(2,779)	(4,449)
ADMINISTRATIVE EXPENSES		(8,378)	(8,135)
OTHER EXPENSES	6	(4,762)	(1,925)
FINANCE COSTS	7	(11,166)	(7,885)
IMPAIRMENT OF NON-CURRENT ASSETS	16,18	(4,126)	(21,455)
REVERSAL OF IMPAIRMENT OF NON-CURRENT ASSETS	16,18	18,881	-
SHARE OF PROFIT AND LOSS IN AN ASSOCIATE USING EQUITY METHOD	14	39	(18)
PROFIT BEFORE TAXATION	8	35,087	6,767
INCOME TAX EXPENSE	9	(976)	(1,800)
PROFIT FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY		34,111	4,967

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2015 (CONT'D)

	NOTE	CONSOLIDATED 2015 AUD'000	CONSOLIDATED 2014 AUD'000
OTHER COMPREHENSIVE INCOME, NET OF TAX			
Item that may be reclassified subsequently to profit or loss			
- Exchange differences on translating foreign controlled entities		35,595	12,734
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY		69,706	17,701
EARNINGS PER SHARE			
Basic earnings per share (cents)	38	3.84	0.56
Diluted earnings per share (cents)	38	3.49	0.56

STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2015

	NOTE	CONSOLIDATED 2015 AUD'000	CONSOLIDATED 2014 AUD'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	10	18,319	15,103
Held-to-maturity investments	11	7,389	17,553
Trade and other receivables	12	225,824	86,730
Inventories	13	1,894	1,259
TOTAL CURRENT ASSETS		253,426	120,645
NON-CURRENT ASSETS			
Investment accounted for using the equity method	14	431	392
Other financial assets	15	4,434	3,706
Property, plant and equipment	16	105,145	92,683
Land use rights	17	98	86
Mine development	18	201,567	153,730
Intangible assets – goodwill	19	2,489	2,081
Intangible assets – other	20	2,235	2,489
TOTAL NON-CURRENT ASSETS		316,399	255,167
TOTAL ASSETS		569,825	375,812
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	21	150,963	98,116
Amount owing to a related party	22	641	8,071
Amount owing to an associate	23	93	227
Borrowings	24	112,714	59,563
Financial liabilities	25	19,944	-
Deferred consideration	26	-	433
Provision for taxation	27	4,053	3,553
TOTAL CURRENT LIABILITIES		288,408	169,963

STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2015 (CONT'D)

	NOTE	CONSOLIDATED 2015 AUD'000	CONSOLIDATED 2014 AUD'000
NON-CURRENT LIABILITIES			
Borrowings	24	5,329	-
Provision for restoration costs	28	1,775	1,392
Deferred tax liabilities	29	2,588	2,438
TOTAL NON-CURRENT LIABILITIES		9,692	3,830
TOTAL LIABILITIES		298,100	173,793
NET ASSETS		271,725	202,019
EQUITY			
Share capital	30	65,363	65,363
Retained earnings		169,852	136,250
Merger deficit reserve	31	(28,186)	(28,186)
Statutory reserve	32	3,841	3,332
Foreign currency translation reserve	33	60,766	25,171
Options reserve	34	89	89
TOTAL EQUITY		271,725	202,019

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2015

CONSOLIDATED	SHARE CAPITAL AUD'000	RETAINED EARNINGS AUD'000	MERGER DEFICIT RESERVE AUD'000	STATUTORY RESERVE AUD'000	FOREIGN CURRENCY TRANSLATION RESERVE AUD'000	OPTIONS RESERVE AUD'000	TOTAL EQUITY AUD'000
Balance at 1.11.2013	65,363	132,119	(28,186)	2,496	12,437	-	184,229
Comprehensive income:							
Profit for the year attributable to members of the parent entity	-	4,967	-	-	-	-	4,967
Other comprehensive income, net of tax							
- Foreign currency translation exchange differences	-	-	-	-	12,734	-	12,734
Total comprehensive income for the year attributable to members of the parent entity	-	4,967	-	-	12,734	-	17,701
Issuance of new options	-	-	-	-	-	89	89
Other transaction							
- Transfer to statutory reserve	-	(836)	-	836	-	-	-
Balance at 31.10.2014	65,363	136,250	(28,186)	3,332	25,171	89	202,019

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2015 (CONT'D)

CONSOLIDATED	SHARE CAPITAL AUD'000	RETAINED EARNINGS AUD'000	MERGER DEFICIT RESERVE AUD'000	STATUTORY RESERVE AUD'000	FOREIGN CURRENCY TRANSLATION RESERVE AUD'000	OPTIONS RESERVE AUD'000	TOTAL EQUITY AUD'000
Balance at 1.11.2014	65,363	136,250	(28,186)	3,332	25,171	89	202,019
Comprehensive income:							
Profit for the year attributable to members of the parent entity	-	34,111	-	-	-	-	34,111
Other comprehensive income, net of tax							
- Foreign currency translation exchange differences	-	-	-	-	35,595	-	35,595
Total comprehensive income for the year attributable to members of the parent entity	-	34,111	-	-	35,595	-	69,706
Other transaction							
- Transfer to statutory reserve	-	(509)	-	509	-	-	-
Balance at 31.10.2015	65,363	169,852	(28,186)	3,841	60,766	89	271,725

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2015

	NOTE	CONSOLIDATED 2015 AUD'000	CONSOLIDATED 2014 AUD'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		35,087	6,767
Adjustment for:-			
Allowance for impairment loss on other receivables		191	105
Changes in fair value of financial liabilities at fair value through profit or loss		(2,659)	-
Amortisation of land use rights		4	3
Amortisation of mine development		5,210	3,445
Amortisation of intangible assets		710	600
Depreciation of property, plant and equipment		12,093	10,035
Impairment of property, plant and equipment		1,610	6,457
Impairment of mine development		2,516	14,998
Reversal of impairment of property, plant and equipment		(4,909)	-
Reversal of impairment of mine development		(13,972)	-
Inventories written down		129	417
Interest expense		6,227	6,415
Interest expense on financial liabilities		3,748	-
(Gain)/loss on disposal of property, plant and equipment		(4)	114
Share of (profit)/loss in an associate		(39)	18
Interest income		(585)	(1,725)
Unrealised gain on foreign exchange		(10,110)	(3)
Reversal of impairment loss on receivables		(90)	(60)
Operating profit before working capital changes		35,157	47,586
(Increase)/decrease in inventories		(764)	544
(Increase)/decrease in receivables		(139,166)	11,467
Increase/(decrease) in payables		52,847	(23,537)
Cash (used in)/from operations		(51,926)	36,060
Interest paid		(5,982)	(5,496)
Income tax paid		(1,479)	(1,611)
NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES		(59,387)	28,953
BALANCE CARRIED FORWARD		(59,387)	28,953

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2015 (CONT'D)

	NOTE	CONSOLIDATED 2015 AUD'000	CONSOLIDATED 2014 AUD'000
BALANCE BROUGHT FORWARD		(59,387)	28,953
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(3,311)	(19,671)
Mine development expenditure		(10,607)	(25,349)
Purchase of held-to-maturity investments		(7,059)	(35,970)
Disposal of held-to-maturity investments		20,063	52,383
Sale proceeds from disposal of property, plant and equipment		8	48
Interest received		585	794
NET CASH USED IN INVESTING ACTIVITIES		(321)	(27,765)
NET CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from convertible bonds		18,750	-
Proceeds from issuance of new options		-	89
Repayments to an associate		(134)	(186)
(Repayments)/net advances from a related party		(7,570)	1,730
Drawdown of borrowings		112,772	58,465
Repayment of borrowings		(68,081)	(49,407)
Repayment of deferred consideration		(495)	(18,159)
NET CASH FROM/(USED IN) FINANCING ACITIVITIES		55,242	(7,468)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(4,466)	(6,280)
EFFECT OF FOREIGN EXCHANGE TRANSLATION		7,682	(2,819)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		15,103	24,202
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	10	18,319	15,103

1. GENERAL INFORMATION

The Company is a public company limited by shares, incorporated under the Corporations Act 2001 on 8 July 2010 and is domiciled in Australia. The registered office and the principal place of business are as follows:-

Registered office	:	Office J, Level 2 1139 Hay Street West Perth WA 6005 Australia
Principal place of business	:	12th Floor, No. 18, Mian Hua Street Yu Zhong District, Chongqing City People's Republic of China Postal Code 400011

The financial statements were authorised for issue on 29 January 2016 by the directors of the Company.

2. BASIS OF PREPARATION

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board 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 stated otherwise.

Except for cash flow information, 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.

2. BASIS OF PREPARATION (CONT'D)

(a) Going Concern Basis

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the section titled *Operating Results and Review of Operations for the year* within the Directors Report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Directors Report, Statement of Cash Flows and Note 24 of the financial statements. In addition, Note 41 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposures to credit risk and liquidity risk.

As highlighted in Note 24 to the financial statements, the Group meets its day-to-day working capital requirements through the utilization of a combination of short term loans, bank bills and letters of credit. The customary practice with banks within People's Republic of China is to provide loan facilities on a short term basis, with annual renewals, which creates uncertainty particularly over the availability of bank finance in the foreseeable future.

The Group's forecasts, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facility. The Group will open renewal negotiations with its financiers in due course and has, at this stage, not sought any written commitment that the existing facilities will be renewed. However, the Group has held discussion with its financiers about its future borrowing needs and no matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2. BASIS OF PREPARATION (CONT'D)

(b) New standards and interpretations for current year

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 October 2015. 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. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Principles of Consolidation (Cont'd)

Generally, there is a presumption that a majority of voting rights results 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(s) 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 shall re-assess 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses Control of the subsidiary. 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.

Profit or loss and each component of other comprehensive income ("OCI") are attributable to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Principles of Consolidation (Cont'd)

Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

(i) the fair value of the consideration transferred;
(ii) any non-controlling interest; and
(iii) the acquisition date fair value of any previously held equity interest.

over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value re-measurements in any pre-existing equity holdings are recognised in profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill has an indefinite useful life is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored being not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Investments in subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Parent, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss. At the Group level, the loss of control is accounted for in accordance with Note 3(a).

(c) Investments in Associates

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for in the financial statements by applying the equity method of accounting. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carring amount, fair value of the retained investments and proceeds from disposal is recognised in profit or loss.

Details of the Group's investments in associates are provided in Note 14.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Board of Directors (chief operating decision makers) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, goodwill, changes in fair value of financial assets at fair value through profit or loss, current tax liabilities and deferred tax liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

(e) Foreign Currency Transactions and Balances

Functional and presentation currency

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Foreign Currency Transactions and Balances (Cont'd)

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Group companies

The financial results and financial position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Property, Plant and Equipment

(i) Owned Assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the location and condition for its intended use.

In the event the carrying amount of property, plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are identified (refer to Note 3(l) for details of impairment accounting policy).

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The costs of the day-to-day servicing of equipment are recognised in profit or loss as incurred. The carrying amount of parts that are replaced is derecognised. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Fully depreciated assets are reflected in the consolidated financial statements until they are no longer in use at which time they are written off from the asset register.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Property, Plant and Equipment (Cont'd)

(ii) Depreciation

Depreciation is provided on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. The assets' useful lives are reviewed and adjusted if appropriate at the end of each reporting period.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	**Estimated Useful Lives**
Plant and machinery	3 - 10 years
Vessels	20 years
Equipment	3 - 10 years
Furniture and fittings	5 years
Motor vehicles	4 years

Assets are tested for impairment in accordance with policy Note 3(l).

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise.

(g) Land Use Rights

Land use rights are stated at cost less accumulated amortisation and impairment losses. Land use rights are amortised based on the units of production method utilising only recoverable coal reserves as the depletion base.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Mine development

Development expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest in which economically recoverable reserves have been identified. Such expenditure comprises costs directly attributable to the construction of a mine and the related infrastructure.

Mining infrastructure under construction is recognised at cost and not depreciated. Upon completion of construction, the accumulated cost will be transferred to the cost of the building or plant. Revenue generated from the production of saleable material directly attributable to bringing the asset to the condition necessary for it to be capable of operating in the manner intended by management, is deducted from capitalised construction work-in-progress until such time as the asset is considered to be operating in the manner intended.

Amortisation is charged using the units of production method, with separate calculations being made for each area of interest. The units of production basis results in an amortisation charge proportional to the depletion of recoverable coal reserves.

Mine development is tested for impairment in accordance with the policy in Note 3(l).

(i) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits available on demand with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

The Consolidated Statement of Cash Flows has been prepared using the indirect method as permitted by AASB 107.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Intangible Assets - Other than Goodwill

An intangible asset shall be recognised if, and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and that the cost of the asset can be measured reliably. The Group assesses the probability of the expected future economic benefits using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset. An intangible asset shall be measured initially at cost.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

The useful lives of the intangible assets of the group other than goodwill are detailed below:-
(a) Customer base - 5 years
(b) Operating permit - 20 years

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Inventories

Raw materials and parts are stated at the lower of cost and net realisable value. Cost for raw materials and parts are determined as the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

For partly processed and saleable coal, cost is based on the weighted average cost method and includes:

- labour costs, materials and contractor expenses which are directly attributable to the extraction and processing of coal;
- production overheads, including attributable mining and manufacturing overheads; and
- transportation expenditure in bringing such inventories to their existing location and condition, together with an appropriate portion of fixed and variable overhead expenditure.

Coal stockpiles represent coal that has been extracted and is available for sale. Coal stockpiles are valued at the lower of cost and net realisable value. Quantities of stock piles are assessed through third party surveys.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(l) Impairment of Assets

The Group assesses annually, or more frequently if events or changes in circumstances indicating that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised immediately in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Assets that do not have largely independent cash flows of other assets are grouped together to form a cash-generating unit.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives, irrespective of whether indicators of impairment exists.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

If the Group reacquires its own equity instruments, for example as a result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit and loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(n) Statutory Reserve

In accordance with relevant PRC regulations, entities are required to transfer a portion of its net profit to the statutory reserve until the cumulative reserve reaches 50% of its registered capital. The transfer to this reserve must be made before the payment of dividends to shareholders.

The statutory reserve can only be used to set off against losses or to increase the capital of the entity. The entity may convert its statutory common reserve into share capital provided that the remaining balance of such reserve is not less than 25% of the registered capital of the entity.

(o) Provisions

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

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Provisions for Closedown, Restoration and Environmental Costs

An obligation to incur decommissioning and site rehabilitation costs occurs when environmental disturbance is caused by exploration, evaluation, development or ongoing production. Costs are estimated on the basis of the contractual legal obligation to the PRC Government based on the current mining activities which takes into account the estimated mine life.

Decommissioning and site rehabilitation costs arising from the installation of plant and other site preparation work, discounted to their net present value, are provided when the obligation to incur such costs arises and are capitalised into the cost of the related asset. These costs are charged against profits through depreciation of the asset and unwinding of the discount on the provision. Depreciation is included in operating costs while the unwinding of the discount is included as a financing cost. Changes in the measurement of a liability relating to the decommissioning or site rehabilitation of plant and other site preparation work are added to, or deducted from, the cost of the related asset.

The discount rate used to measure the net present value of the obligations is the weighted average cost of capital ("WACC") of the Group that reflects the current market assessment of the time value of money and the risks specific to the obligation.

(q) Financial Instruments

Recognition and initial measurement

Financial assets and financial 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 company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Financial Instruments (Cont'd)

Classifications and subsequent measurement

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

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Amortised cost is calculated as:

a. the amount at which the financial asset or financial liability is measured at initial recognition;
b. less principal repayments;
c. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
d. less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly 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 in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Financial Instruments (Cont'd)

Classifications and subsequent measurement (Cont'd)

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

(i) Financial assets at fair value through profit or loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

As at the end of the reporting period, there were no financial assets classified under this category.

(ii) 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. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Loans and receivables are classified as current assets, where they are expected to mature within 12 months after the end of the reporting period. All other loans and receivables are classified as non-current assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Financial Instruments (Cont'd)

Classifications and subsequent measurement (Cont'd)

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any re-measurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

Available-for-sale financial assets are classified as current assets, where they are expected to be realised within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Financial Instruments (Cont'd)

Classifications and subsequent measurement (Cont'd)

(iv) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Held-to-maturity investments are classified as current assets where they are expected to mature within 12 months after the reporting period. All other held-to-maturity investments are classified as non-current assets.

(v) Financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Financial Instruments (Cont'd)

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Financial Instruments (Cont'd)

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.

(r) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

(s) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid, within the trade terms, 30 to 90 days from recognition of the liability.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in period in which they are incurred.

(u) Revenue Recognition

(i) Sale of Goods

Revenue from sale of goods comprises of the following:-

(a) Mining operations - sales of coal extracted from mines owned by the Group
(b) Coal trading - purchase of coals from external parties and subsequent sale of coal.

Revenue is only recognised on individual shipments when persuasive evidence exists that the following criteria are satisfied:

- the significant risks and rewards of ownership of the product have been transferred to the buyer;
- neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold has been retained;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the sale will flow to the Group; and
- the costs incurred or to be incurred in respect of the sale can be measured reliably.

Satisfaction of these conditions depends on the terms of trade with individual customers. (i.e. either when collected by the customer or delivered to the customers' premises).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Revenue Recognition (Cont'd)

(ii) Mining fees

Revenue arising from the sub-contracting mining is recognised at the contractual rates as the coal is excavated by the subcontractor. The risks and rewards of ownership of the production rights have passed to the sub-contractor upon signing of the sub-contractor agreement.

(iii) Shipping Transportation Income

Shipping transportation income is recognised on a time proportion basis by reference to the percentage of journey completed at the end of the reporting period.

(iv) Interest Income

Interest income is recognised on a time proportion basis using the effective interest method.

(v) Employee Benefits

The Group participates in the national pension schemes as defined by the laws of the PRC in which it has operations. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed. Companies incorporated in the PRC are required to provide certain staff pension benefits for their employees under existing PRC legislation. Pension contributions are provided at rates stipulated by the PRC legislation and are contributed to a pension fund managed by government agencies, which are responsible for paying pensions to the retired employees. These benefits are accounted for on an accruals basis and charged to the statement of comprehensive income when incurred.

These national pension schemes are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(w) Earnings per Share

Basic earnings per share

Basic earnings per share are calculated by dividing:

- the profit attributable to equity holders of the Company after income tax, excluding any costs of servicing equity other than ordinary shares; and

- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(x) Income Taxes

Income tax on the results for the year comprises current and deferred tax.

(i) Current Tax

Income tax is recognised in the statement of profit and loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous financial years. The statutory tax rate in the PRC is 25%. However, certain PRC subsidiaries have the option to elect to pay income tax based on revenue during a particular calendar year. Refer to Note 9 for further details.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(x) Income Taxes (Cont'd)

(i) Current Tax (Cont'd)

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.

(ii) Deferred Tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is, however, not recognised on temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period.

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 and associates, 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.

Deferred tax assets and liabilities are offset where a legally enforceable right of set off exists, 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(x) Income Taxes (Cont'd)

(iii) Value-added-tax ("VAT")

The Group's sale of goods in the PRC are subject to VAT at the applicable tax rate for the PRC domestic sales. Input VAT on purchases can be deducted from output VAT.

(iv) Australian 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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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

(y) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(y) Fair value measurement (Cont'd)

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(z) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(aa) Rounding of Amounts

The parent entity has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial statements and directors' report have been rounded off to the nearest AUD1,000, unless otherwise stated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ab) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

AASB 9 Financial Instruments

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

The consolidated entity will adopt this standard from 1 October 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ab) New Accounting Standards for Application in Future Periods (Cont'd)

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2017. The standard provides a single standard for revenue recognition.

The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied.

Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied.

Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer.

The consolidated entity will adopt this standard from 1 October 2017 but the impact of its adoption is yet to be assessed by the consolidated entity.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal actual results. The estimates and assumptions 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) Depreciation of Property, Plant and Equipment

The cost of property, plant and equipment, other than the building and infrastructure is depreciated on a straight-line basis over their economic useful lives estimated to be within 3 - 20 years, net of residual value. The cost of building and mining structures (including the main and auxiliary mine shafts and underground tunnels) are depreciated based on the units of production method utilising only recoverable coal reserves as the depletion base. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation could be revised.

(ii) Carrying Value of Non-Current Assets

The Group considers annually whether there have been any indicators of impairment and then, if indicators exist, tests whether non-current assets, including goodwill, have suffered any impairment, in accordance with the accounting policy stated in Note 1(l). The recoverable amounts of assets and cash generating units have been determined based on fair value less costs to sell and is estimated based on recent market transaction information. These calculations require the use of assumptions. Refer to Notes 16, 18, 19 and 20 for further details on the carrying amounts of non-current assets subject to impairment testing.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(iii) Impairment of Receivables

The Group makes allowance for impairment based on an assessment of the recoverability of trade and other receivables. An impairment assessment is applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful receivables requires the use of judgement and estimates. Where the expectation is different from the original estimate, such differences may impact the carrying amount of trade and other receivables and accordingly, an impairment loss may be recognised in the financial year in which such estimate has been changed. No bad debt expense was recorded during the financial year (2014: Nil). However, an allowance for other receivables of AUD191,000 (2014: AUD105,000) was recognised during the financial year.

(iv) Provision for Closedown, Restoration and Environmental Costs

Mining activities may result in land subsidence, which could lead to losses to the residents of the mining areas. Pursuant to the relevant PRC regulations, the Group is required to make compensation payments to the residents for their losses resulting from land subsidence, or to restore the mining areas back to certain acceptable conditions.

Under existing legislation, management believes that there are no probable liabilities that will have a material adverse effect on the financial position or results of operations of the Group. The PRC government, however, has moved and may move further towards the adoption of more stringent environmental standards. Environmental liabilities are subject to considerable uncertainty which affect the Group's ability to estimate the ultimate cost of remedial efforts.

These uncertainties include:-
(a) the exact nature and extent of the contamination at various sites including, but not limited to, coal mines and land development areas, whether operating, closed or sold;
(b) the extent of required clean-up efforts;
(c) varying costs of alternative remedial strategies;
(d) changes in environmental remedial requirements; and
(e) the identification of new remedial sites.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(iv) Provision for Closedown, Restoration and Environmental Costs (Cont'd)

The provision for closedown, restoration and environmental clean-up costs has been determined based on the contractual legal obligation to the PRC Government based on the current mining activities by discounting the expected expenditures to their net present value using the Group's WACC of 8.00% (2014: 6.13%). However, in so far as the effect of the land and the environment from current mining activities becomes apparent in future periods, the estimate of the associated costs may be subject to revision in the future. The amounts provided in relation to close down, restoration and environmental clean-up costs are reviewed at least annually based upon the facts and circumstances available at the time and the provisions are updated accordingly.

(v) Income Taxes

The Group is subject to income taxes in the PRC. The Group recognises income tax liability based on estimates made by management. Where the final income tax liability is different from the amounts that were initially recorded, such differences may impact the income tax expense in the year in which such determinations are made.

(vi) Reserve Estimates

The Group estimates its coal reserves and coal resources based on information computed by Competent Persons as defined in accordance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves (the 'JORC Code'). Reserves determined in this way are used in the calculation of depreciation, amortisation and impairment charges, the assessment of mine lives and for forecasting the timing of the payment of decommissioning and restoration costs.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(vii) Reserve Estimates (Cont'd)

Because the assumptions used to estimate reserves changes from period to period, and because additional geological data is generated during the course of operations, estimates of reserves may change from period to period. Changes in reported reserves may affect the Group's financial results and financial position in a number of ways, including the following:

- Asset carrying values may be affected due to changes in estimated future cash flows.
- Depreciation, depletion and amortisation charged in the statement of comprehensive income may change where such charges are determined by the units of production basis, or where the useful economic lives of assets change.
- Decommissioning, site restoration and environmental provisions may change where changes in estimated reserves affect expectations about the timing or cost of these activities.

During the financial year, the Company engaged an external independent geologist to value the reserves of coal of the Group. The Independent Qualified Person's Report ("IQPR") was prepared in accordance with the December 2012 Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves ("JORC Code 2012 Edition"), and the Code and Guidelines for Technical Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports ("VALMIN Code"). Based on the said report dated 23 October 2015, the estimation of coal reserves as at 30 April 2015 were as follows:-

	Caotang Mt	Heiwan Mt	Baolong Mt	Changhong Mt	Total Mt
Proved	18.8	3.1	29.2	11.9	63.0
Probable	3.4	0.5	26.0	6.7	36.6
Total Reserves	22.2	3.6	55.2	18.6	99.6

5. REVENUE

	CONSOLIDATED 2015 AUD'000	CONSOLIDATED 2014 AUD'000
Coal Mining	1,699	6,205
Coal Trading	378,900	291,686
Mining fees	28,084	23,923
Shipping transportation	10,717	14,181
Others	1	87
	419,401	336,082

6. OTHER EXPENSES

Included in other expenses is an amount approximately NIL (2014: AUD1.014M) which represents the remaining costs associated with the aborted Hong Kong and Singapore stock exchange listings.

7. FINANCE COSTS

	CONSOLIDATED 2015 AUD'000	CONSOLIDATED 2014 AUD'000
Bank charges	1,194	1,501
Interest expense	6,224	6,384
Interest expense on financial liabilities	3,748	-
	11,166	7,885

8. PROFIT BEFORE TAXATION

	CONSOLIDATED 2015 AUD'000	CONSOLIDATED 2014 AUD'000
Profit before taxation include the following specific items:-		
Other income:		
- Realised foreign exchange gain	106	1,903
Other expenses:		
- Listing expenses written off	-	1,014

9. INCOME TAX EXPENSE

	CONSOLIDATED 2015 AUD'000	CONSOLIDATED 2014 AUD'000
Current tax:		
- For the financial year	1,323	1,956
- (Over)/under provision in the previous financial year	(33)	134
	1,290	2,090
Deferred tax:		
- Relating to origination and reversal of temporary differences (Note 29)	(314)	(290)
	976	1,800

The following subsidiaries in the PRC have different tax bases instead of the PRC statutory tax rate of 25% of profit before taxation ("PBT"). The details are as follows:-

	Tax Base 1 Jan to 31 Dec 2015 AUD'000	Tax Base 1 Jan to 31 Dec 2014 AUD'000
Chongqing Caotang Coal Mine Resources Development Co., Ltd and Chongqing Guoping Heiwan Coal Mine Resources Development Co., Ltd	2.5% of revenue *	2.5% of revenue
Qijiang Changhong Coal Industry Co., Ltd	3.75% of revenue *	3.75% of revenue
Chongqing Guoping Shipping Transportation Co., Ltd ("GPST")	15% of PBT **	15% of PBT **

9. INCOME TAX EXPENSE (CONT'D)

* Based on the China Tax Office notification letters dated 27 March 2015 and 19 March 2015, these PRC subsidiaries are entitled to the tax bases as shown, for the period from 1 January 2015 to 31 December 2015. These subsidiaries may elect for an annual renewal for the subsequent calendar year commencing 1 January 2016.

** GPST was granted a preferential income tax rate of 15% based on PBT in 12 July 2012, by the relevant PRC Tax Authority, effective from 1 January 2012.

The statutory company tax rate in Australia is 30%. A reconciliation of the income tax expense applicable to the profit before taxation at the Australia statutory tax rate to the income tax expense at the PRC Enterprise Income Tax rate is as follows:-

	CONSOLIDATED 2015 AUD'000	CONSOLIDATED 2014 AUD'000
Profit before taxation	35,087	6,767
Prima facie income tax expense:		
- pre-tax profit at 30% (2014: 30%)	451	1,388
- revenue at 2.5% and 3.75% (2014: 2.5% and 3.75%)	277	757
Tax effects of:-		
Non-taxable gains	(840)	(494)
Non-taxable losses	2,510	1,333
Effect of lower overseas tax rate	(1,075)	(1,028)
(Over)/under provision in the previous financial year	(33)	134
Others	(314)	(290)
Income tax expense for the financial year	976	1,800

Under the "tie-breaker" rules of the Australia PRC double taxation agreement, the Group is considered resident in the PRC at the reporting date. As a result, no income tax was payable in Australia on the Group's profit for the financial years ended 31 October 2015 and 2014.

10. CASH AND CASH EQUIVALENTS

The foreign currency profile of the cash and cash equivalents is as follows:-

	CONSOLIDATED 2015 AUD'000	CONSOLIDATED 2014 AUD'000
Chinese Renminbi	18,297	15,070
Australian Dollar	10	25
United States Dollar	-	-
Singapore Dollar	11	8
Hong Kong Dollar	1	-
	18,319	15,103

The Chinese Renminbi is not freely convertible into other foreign currencies. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

11. HELD-TO-MATURITY INVESTMENTS

The fixed deposits with licensed banks (in PRC) are pledged to licensed banks as security for banking facilities granted to the Company (Note 24).

The effective interest rates of the fixed deposits at the end of the reporting period is 2.28% (2014: 3.08%) per annum. The fixed deposits have maturity period of 6 to 12 months (2014: 6 months) from the issuance date.

12. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED 2015 AUD'000	CONSOLIDATED 2014 AUD'000
Trade receivables	221,352	60,863
Other receivables	2,732	2,270
Less: Impairment losses:-		
At 1 November	(130)	(77)
Addition during the financial year	(191)	(105)
Reversal during the financial year	90	60
Foreign exchange difference	(29)	(8)
At 31 October	(260)	(130)
	2,472	2,140
Deposits	20	528
Prepayment	1,640	475
Advances to suppliers	340	21,896
Note receivables *	-	828
	225,824	86,730

* Note receivables are bank accepted bills of exchange with maturity of less than one year.

The currency profile of the receivables is as follows:-

	CONSOLIDATED 2015 AUD'000	CONSOLIDATED 2014 AUD'000
Chinese Renminbi	225,757	86,641
Australian Dollar	5	89
United States Dollar	62	-
	225,824	86,730

The Group's normal trade credit terms range from 30 to 90 days.

13. INVENTORIES

	CONSOLIDATED 2015 AUD'000	CONSOLIDATED 2014 AUD'000
At cost:-		
Coal	644	640
Consumables	294	247
	938	887
At net realisable value:-		
Coal	837	267
Consumables	119	105
	956	372
	1,894	1,259
Recognised in profit or loss:		
Coal:-		
Net realisable value write down	129	417

14. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

	CONSOLIDATED 2015 AUD'000	CONSOLIDATED 2014 AUD'000
Unquoted shares, at cost	410	410
Share of post-acquisition profit/(loss)	21	(18)
	431	392

Details of the associate are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2015	Effective Equity Interest 2014	Principal Activities
Blackgold Megatrade Pte Ltd	The Republic of Singapore	49%	49%	Manage storage and terminal handling and facilitate coal trade flows within the Asia Region.

The summarised aggregate assets, liabilities and performance of the associate:-

	CONSOLIDATED 2015 AUD'000	CONSOLIDATED 2014 AUD'000
<u>At 31 October</u>		
Current assets	1,003	858
Current liabilities	1	2
Net assets	1,002	856
<u>12-month period ended 31 October</u>		
Revenue	-	-
Profit/(loss) for the financial year/Total comprehensive income/(expenses) for the financial year	79	(36)
Group's share of profit/(loss) for the financial year	39	(18)

15. OTHER FINANCIAL ASSETS

	CONSOLIDATED 2015 AUD'000	CONSOLIDATED 2014 AUD'000
Investment in a limited liability partnership Company, at cost		
At 1 November	3,706	3,440
Foreign exchange difference	728	266
At 31 October	4,434	3,706

In May 2013, Chongqing Heijin Industrial Co., Ltd ("Heijin") participated in the Guizhou's province government initiative together with China Minsheng Banking Corp. Ltd. to incorporate Guizhou China Energy Investment Management Centre (Limited Partnership) ("Guizhou China Energy").

Heijin invested RMB20.000m represents approximately 0.29% interests in Guizhou China Energy.

The Group designated this investment as available-for-sale financial assets but are stated at cost as their fair values cannot be reliably measured using valuation techniques due to the lack of marketability of the shares.

16. PROPERTY, PLANT AND EQUIPMENT

CONSOLIDATED	AT COST AUD'000	ACCUMULATED DEPRECIATION AUD'000	ACCUMULATED IMPAIRMENT LOSSES AUD'000	NET BOOK VALUE AUD'000
At 31.10.2015				
Buildings	4,250	(1,220)	(36)	2,994
Vessels	31,327	(10,899)	-	20,428
Plant and machineries	114,549	(30,709)	(4,501)	79,339
Motor vehicles, fixtures and equipment	5,184	(2,882)	(1)	2,301
Construction work-in-progress	83	-	-	83
	155,393	(45,710)	(4,538)	105,145
At 31.10.2014				
Buildings	3,542	(896)	(119)	2,527
Vessels	26,183	(7,835)	-	18,348
Plant and machineries	93,273	(16,994)	(6,208)	70,071
Motor vehicles, fixtures and equipment	3,971	(1,961)	(352)	1,658
Construction work-in-progress	80	-	(1)	79
	127,049	(27,686)	(6,680)	92,683

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Movements in the carrying amount for each class of property, plant and equipment between the beginning and the end of the current financial year are as follows:-

CONSOLIDATED	AT 1.11.2014 AUD'000	ADDITIONS AUD'000	TRANSFERS AUD'000	DISPOSAL AUD'000	DEPRECIATION CHARGE AUD'000	IMPAIRMENT LOSSES AUD'000	REVERSAL OF IMPAIRMENT AUD'000	FOREIGN EXCHANGE DIFFERENCE AUD'000	AT 31.10.2015 AUD'000
Carrying amount									
Buildings	2,527	-	12	-	(142)	(14)*	116*	495	2,994
Vessels	18,348	-	-	-	(1,456)	-	-	3,536	20,428
Plant and machineries	70,071	2,822	-	-	(9,916)	(1,596)*	4,392*	13,566	79,339
Motor vehicles, fixtures and equipment	1,658	489	-	(4)	(579)	-	401*	336	2,301
Construction work-in-progress	79	-	(12)	-	-	-	-	16	83
	92,683	3,311	-	(4)	(12,093)	(1,610)	4,909	17,949	105,145

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

CONSOLIDATED	AT 1.11.2013 AUD'000	ADDITIONS AUD'000	DISPOSAL AUD'000	DEPRECIATION CHARGE AUD'000	IMPAIRMENT LOSSES AUD'000	FOREIGN EXCHANGE DIFFERENCE AUD'000	AT 31.10.2014 AUD'000
Carrying amount							
Buildings	1,899	682	-	(102)	(115)	163	2,527
Vessels	18,377	1	(162)	(1,240)	-	1,372	18,348
Plant and machineries	60,444	18,891	-	(8,104)	(6,001)	4,841	70,071
Motor vehicles, fixtures and equipment	2,339	118	-	(610)	(340)	151	1,658
Construction work-in-progress	74	-	-	-	(1)	6	79
	83,133	19,692	(162)	(10,056)	(6,457)	6,533	92,683

All property, plant and equipment held by the Group are located in the PRC.

Vessels of the Group with a total net book value of AUD6.945m (2014: AUD17.899m) have been pledged to a licensed bank as security for banking facilities granted to the Group, as disclosed in Note 24 to the financial statements.

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Impairment losses/Reversal of impairment losses

*Impairment assessment

The Group has determined that the significant decline in global coal prices during the financial year ended 31 October 2015 indicate that the carrying value of coal producing assets may be impaired.

The Group has classified its China based assets as separate Cash Generating Units (CGUs) on a per mine basis and has measured the recoverable amount of each CGU using the value-in-use method, with all fair value measurements categorized as Level 3 in the fair value hierarchy. All CGUs are included in the Coal Mining segment.

The Group has estimated value-in-use based on an independent valuation report commissioned for that purpose. The independent valuation report estimates future cash flows of each CGU making assumptions in respect to the ability to obtain and renew all necessary permits and licenses to carry out mining activities and businesses in the coal mine and key variables including economically recoverable reserves, future production profiles, commodity prices, operating costs and future development costs necessary to produce the reserves. The commodity price assumptions have been based on a 12 month historical average selling price ended 30 June 2015 at a range between RMB264 to RMB375 per ton (2014: RMB329 to RMB442 per ton).

The future cash flows have been discounted using a pre-tax discount rate of 15.75% (2014: 17.36%). The recoverable amount and impairment loss/reversal calculated under the value-in-use method of CGUs are:

Mine	Recoverable amount AUD'000	Impairment loss/(reversal) AUD'000
Heiwan Mine	57,574	(18,881)
Caotang Mine	215,537	Nil
Changhong Mine	88,924	4,126
Baolong Mine	227,531	Nil

The total impairment loss constitutes AUD2.516m mine development and AUD1.610m of property, plant and equipment.

The total impairment reversal constitutes AUD13.972m of mine development and AUD4.909m of property, plant and equipment.

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Sensitivity to changes in assumptions

The management is not aware of any reasonably possible change in the above key assumptions that would cause the carrying amount of the CGU to materially exceed the recoverable amount.

Below are the details of the impairment (reversal)/loss recognised for each CGU:-

	Heiwan Mine AUD'000	Changhong Mine AUD'000	Total AUD'000
At 31.10.2015			
Carrying amount as at 31.10.2015			
- property, plant and equipment	8,429	36,210	44,639
- mine development	27,921	55,742	83,663
	36,350	91,952	128,302
Value in use	(57,574)	(88,924)	(146,498)
	(21,224)	3,028	(18,196)
Foreign exchange difference	2,343	1,098	3,441
Impairment (reversal)/loss	(18,881)	4,126	(14,755)
At 31.10.2014			
Carrying amount as at 31.10.2014			
- property, plant and equipment	11,870	36,440	48,310
- mine development	34,483	49,881	84,364
	46,353	86,321	132,674
Value in use	(29,833)	(80,643)	(110,476)
	16,520	5,678	22,198
Foreign exchange difference	(553)	(190)	(743)
Impairment loss	15,967	5,488	21,455

The impairment reversal/loss recognised for each CGU has been allocated to mine development and property, plant and equipment on a pro-rate basis of the carrying amount of each asset within the respective CGU, in accordance with AASB136(104).

17. LAND USE RIGHTS

	CONSOLIDATED 2015 AUD'000	CONSOLIDATED 2014 AUD'000
At cost	196	164
Accumulated amortisation	(98)	(78)
Carrying amount	98	86

Movements in the carrying amount for land use rights between the beginning and the end of the current financial year are as follows:-

	CONSOLIDATED 2015 AUD'000	CONSOLIDATED 2014 AUD'000
At 1 November	86	82
Amortisation during the financial year	(4)	(3)
Foreign exchange difference	16	7
At 31 October	98	86

Amortisation is provided to write off the cost of the land use rights based on the units of production method utilising only recoverable coal reserves as the depletion base. The amortisation of land use rights is included under cost of sales and administrative expenses in the statement of profit or loss and other comprehensive income.

18. MINE DEVELOPMENT

CONSOLIDATED	AT COST AUD'000	ACCUMULATED AMORTISATION AUD'000	ACCUMULATED IMPAIRMENT LOSSES AUD'000	CARRYING AMOUNT AUD'000
At 31.10.2015				
Mining rights	51,377	(3,368)	(2,284)	45,725
Mine infrastructure	171,590	(24,534)	(4,291)	142,765
Construction work-in-progress	13,077	-	-	13,077
	236,044	(27,902)	(6,575)	201,567

CONSOLIDATED	AT COST AUD'000	ACCUMULATED AMORTISATION AUD'000	ACCUMULATED IMPAIRMENT LOSSES AUD'000	CARRYING AMOUNT AUD'000
At 31.10.2014				
Mining rights	41,229	(2,736)	(1,314)	37,179
Mine infrastructure	133,899	(16,025)	(11,228)	106,646
Construction work-in-progress	12,880	-	(2,975)	9,905
	188,008	(18,761)	(15,517)	153,730

Below are the details of the mining rights:-

	CONSOLIDATED 2015 AUD'000	CONSOLIDATED 2014 AUD'000
Carrying amount		
Caotang mine	1,259	1,096
Heiwan mine	2,651	350
Changhong mine	18,196	15,993
Baolong mine	23,619	19,740
	45,725	37,179

18. MINE DEVELOPMENT (CONT'D)

Movements in the carrying amount for mine development between the beginning and the end of the current financial year are as follows:-

CONSOLIDATED	AT 1.11.2014 AUD'000	ADDITIONS AUD'000	TRANSFERS AUD'000	AMORTISATION CHARGE AUD'000	IMPAIRMENT LOSSES AUD'000	REVERSAL OF IMPAIRMENT AUD'000	FOREIGN EXCHANGE DIFFERENCE AUD'000	AT 31.10.2015 AUD'000
Mining rights	37,179	-	-	(90)	(899)	219	9,316	45,725
Mine infrastructure	106,646	10,246	2,419	(5,120)	(1,617)	10,525	19,666	142,765
Construction work-in-progress	9,905	361	(2,419)	-	-	3,228	2,002	13,077
	153,730	10,607	-	(5,210)	(2,516)	13,972	30,984	201,567

CONSOLIDATED	AT 1.11.2013 AUD'000	ADDITIONS AUD'000	AMORTISATION CHARGE AUD'000	IMPAIRMENT LOSSES AUD'000	FOREIGN EXCHANGE DIFFERENCE AUD'000	AT 31.10.2014 AUD'000
Mining rights	35,875	-	(152)	(1,270)	2,726	37,179
Mine infrastructure	89,364	24,171	(3,293)	(10,853)	7,257	106,646
Construction work-in-progress	10,824	1,178	-	(2,875)	778	9,905
	136,063	25,349	(3,445)	(14,998)	10,761	153,730

18. MINE DEVELOPMENT (CONT'D)

Mining rights have finite useful live. Amortisation is provided to write off the cost of the mining rights based on the units of production method utilising only recoverable coal reserves as the depletion base. The amortisation of the mine development asset is included under cost of sales in the statement of profit or loss and other comprehensive income.

The mining rights have been pledged to a licensed bank as security for banking facilities granted to the Group, as disclosed in Note 24 to the financial statements.

Please refer to Note 16 for the key assumptions used in the value-in-use calculations in relation to the impairment loss and reversal of impairment recognised as at 31 October 2015.

19. INTANGIBLE ASSETS - GOODWILL

	CONSOLIDATED 2015 AUD'000	CONSOLIDATED 2014 AUD'000
At 1 November	2,081	1,724
Foreign exchange difference	408	357
At 31 October	2,489	2,081

The goodwill arising from the acquisition of Chongqing Guoping Shipping Transportation Co., Ltd ("GPST") was determined based on the excess of the sum of the fair value of the consideration transferred, over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition.

Goodwill is allocated to cash-generating unit ("CGU") which are based on the Group's reporting segments:

	CONSOLIDATED 2015 AUD'000	CONSOLIDATED 2014 AUD'000
Shipping segment	2,489	2,081

The Group has assessed the recoverable amounts of goodwill allocated and determined that no impairment loss is required to be recognised. The recoverable amount of the cash-generating unit above is determined based on value-in-use approach. This assessment is determined under Level 3 of the fair value hierarchy. The recoverable amount of the CGU has used a discounted cash flow model. The future cash flows have been discounted using a pre-tax rate of 8.0% (2014: 6.1%). This is derived from the present value of the future cash flows from the shipping transportation segments computed based on the projections of financial budgets approved by management covering a period of 5 years.

20. INTANGIBLE ASSETS - OTHER

CONSOLIDATED	AT COST AUD'000	ACCUMULATED AMORTISATION AUD'000	CARRYING AMOUNT AUD'000
At 31.10.2015			
Customer base *	3,200	(2,197)	1,003
Operating permit *	1,493	(261)	1,232
	4,693	(2,458)	2,235
At 31.10.2014			
Customer base *	2,675	(1,278)	1,397
Operating permit *	1,248	(156)	1,092
	3,923	(1,434)	2,489

Movements in the carrying amount for intangible assets between the beginning and the end of the current financial year are as follows:-

CONSOLIDATED	AT 1.11.2014 AUD'000	AMORTISATION CHARGE AUD'000	FOREIGN EXCHANGE DIFFERENCE AUD'000	AT 31.10.2015 AUD'000
Customer base *	1,397	(639)	245	1,003
Operating permit *	1,092	(71)	211	1,232
	2,489	(710)	456	2,235

CONSOLIDATED	AT 1.11.2013 AUD'000	AMORTISATION CHARGE AUD'000	FOREIGN EXCHANGE DIFFERENCE AUD'000	AT 31.10.2014 AUD'000
Customer base *	1,815	(540)	122	1,397
Operating permit *	1,072	(60)	80	1,092
	2,887	(600)	202	2,489

20. INTANGIBLE ASSETS - OTHER (CONT'D)

* Intangible assets arose for the acquisition of GPST and comprised customer base and operating permit. The customer base represents GPST's business relationships with its customers. The operating permit (Waterway Transportation Permit) allows GPST to carry transportation services to its customers.

21. TRADE AND OTHER PAYABLES

	CONSOLIDATED 2015 AUD'000	CONSOLIDATED 2014 AUD'000
Unsecured liabilities:-		
Trade payables	77,913	22,830
Bill payables	58,405	58,051
Other payables and accruals	14,168	13,195
Advances from customers	477	3,188
Deposits received	-	852
	150,963	98,116

The currency profile of the payables is as follows:-

	CONSOLIDATED 2015 AUD'000	CONSOLIDATED 2014 AUD'000
Chinese Renminbi	150,135	96,947
Australian Dollar	457	148
United States Dollar	280	228
Malaysian Ringgit	-	251
Hong Kong Dollar	76	527
Singapore Dollar	15	15
	150,963	98,116

The normal trade credit terms granted to the Group range from 30 to 90 days.

22. AMOUNT OWING TO A RELATED PARTY

	CONSOLIDATED 2015 AUD'000	CONSOLIDATED 2014 AUD'000
Current (Unsecured):		
- Principal	607	7,500
- Accrued interest	34	571
	641	8,071

The amount owing represents loan from a related party (Prima Network Financial Group Limited ("Prima Network"), a company in which Dr. James Tong is a director and shareholder) amounting to USD0.433m (2014: USD6.600m) equivalent to approximately AUD0.607m (2014: AUD7.500m) at the end of the reporting period. The loan is subject to interest rate of 5% per annum (2014: 5% per annum) and repayable together with the accrued interest.

The maturity profile of the loan from a related party is as follows:-

	Principal AUD'000	Accrued Interest AUD'000	Total AUD'000	Date of Repayment
Loan 1	607	34	641	31 December 2015

23. AMOUNT OWING TO AN ASSOCIATE

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand.

24. BORROWINGS

	CONSOLIDATED 2015 AUD'000	CONSOLIDATED 2014 AUD'000
Borrowings (secured liabilities):-		
- Loans repayable within next year	112,714	59,563
- Loans repayable after more than one year	5,329	-
	118,043	59,563
Loan facilities:-		
Amount of utilised bank facilities:		
- Loans	118,043	59,563
- Bills payable	5,322 *	-
- Letters of credit	15,761 *	58,051 *
	139,126	117,614
Offset against held-to-maturity investments pledged to the licensed banks (in the PRC) (Note 11)	(7,389)	(17,553)
	131,737	100,061
Amount of unutilised bank facilities	2,170	22,237
Total bank facilities granted	133,907	122,298

* - Included in the facility utilised for bills payable and letters of credit are bills payables and letters of credit amounting to AUD5.322m (2014: Nil) and AUD15.761m (2014: AUD58.051m), respectively that have been issued to creditors for settlement of amounts owing to them, which will be due within 6 months from the date of drawn-down.

24. BORROWINGS (CONT'D)

The current secured borrowings have been obtained from China Minsheng Banking Corp. Ltd. and Hua Xia Bank Co., Ltd. (licensed banks in the PRC).

The short term loans totalling RMB125.430m (AUD27.808m) as at 31 October 2015 expire in November 2015. The remainder of the short term loans totalling RMB382.980m (AUD84.907m) expire at various times between February 2016 to October 2016. Borrowings in non-current liabilities expire in the period from July 2017 to October 2017. Refer to Note 47 for further details of the status of the Group's borrowing facilities subsequent to year end.

The effective interest rates of the Group for the above borrowings are as follows:-

	CONSOLIDATED 2015 % p.a.	CONSOLIDATED 2014 % p.a.
Secured liabilities:-		
Loans	7.27	6.69

The borrowings are secured as follows:-

- held-to-maturity investments with China Minsheng Banking Corp. Ltd. and Chongqing Three Gorges Bank (licensed banks in the PRC), as disclosed in Note 11 to the financial statements;
- collateral over certain vessels owned by GPST with carrying value of AUD6.945m (2014: AUD17.899m), equivalent to RMB31.327m (2014: RMB96.592m), as disclosed in Note 16 to the financial statements;
- collateral over mining rights owned by the Group with carrying value of AUD46.452m (2014: AUD38.493m), equivalent to RMB209.528m (2014: RMB207.732m), as disclosed in Note 18 to the financial statements;
- collateral over the entire equity interest in Qijiang Changhong Coal Industry Co., Ltd and Chongqing Baolong Mining Co., Ltd, held by Chongqing Blackgold Mining Co., Ltd. ("Blackgold Mining");
- collateral over the entire equity interest in Blackgold Mining, Chongqing Guoping Shipping Transportation Co., Ltd, Chongqing Caotang Coal Mine Resources Development Co., Ltd and Chongqing Guoping Heiwan Coal Mine Resources Development Co., Ltd, held by Chongqing Guoping Shangmao Trading Co., Ltd. ("Shangmao");

24. BORROWINGS (CONT'D)

The borrowings are secured as follows (Cont'd):-

- collateral over the entire equity interest in Shangmao, held by Chongqing Heijin Industrial Co., Ltd. ("Heijin");
- collateral over entire equity interest of Chongqing Guoping Industrial (Group) Co., Ltd. ("CGI") held by Mr Yuguo Peng and Ms Xiaoping Ou;
- corporate guarantees provided by subsidiaries, a related party (CGI), Mr Yuguo Peng and Ms Xiaoping Ou amounting to AUD110.850m (RMB500.000m) and by a customer amounting to AUD44.340m (RMB200.000m);
- collateral over land and estate properties of related parties (CGI and Chongqing Guoping Properties Development Co., Ltd), and personal guarantees of Mr Yuguo Peng and Ms Xiaoping Ou amounting to AUD17.736m (RMB80.000m); and
- collateral over estate properties of Ms Xiaoping Ou, and personal guarantees of Mr Yuguo Peng and Ms Xiaoping Ou amounting to AUD2.660m (RMB12.000m).

The borrowings are repayable within 1 to 2 years from the date of drawn-down.

The Group is required to comply with certain covenants in relation to the borrowings of its subsidiaries. The salient covenants include, amongst others:-

(i) the borrower has not used the loan funds for the purpose stated in the agreement, or fails to meet the terms and conditions of withdrawals and repayment of loan fund;

(ii) the borrower has significant financial difficulties, or exceeded the limit of financial borrowings which stated in the agreement;

(iii) gross default on any indebtedness which is not discharged at maturity or when called or goes into default under, or commits a breach of, any instrument or agreement relating to such indebtedness; and

(iv) the borrower provided false or concealed any important facts in the statement of financial position, statement of profit or loss and other comprehensive income, or refuse to accept the supervision on production, management and financial activity from banks for loan purpose, or the borrower provided untrue or inaccurate or misleading fact on the statement of facts stated in agreement.

The Group has on 31 October 2015 complied with all the requirements of the covenants.

25. FINANCIAL LIABILITIES

	CONSOLIDATED 2015 AUD'000	CONSOLIDATED 2014 AUD'000
Financial liabilities - debt component	17,873	-
Financial liabilities at fair value through profit and loss – conversion option	2,071	-
	19,944	-

The face value of the loan as at 31 October 2015 was AUD19.928m. The financial liabilities represent the convertible bonds issued by the Company during the financial year.

On 18 November 2014, the Company entered into a binding term sheet with Vibrant Group Limited ("Vibrant") and Blackgold Holdings HongKong Limited ("BHHK") to set out the terms on which the Company grants LionHeart Holding Group Corp ("LionHeart"), a wholly-owned subsidiary of SGX-listed Vibrant, a right to nominate an entity listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX Listco") to acquire the issued share capital of BHHK via a reverse take-over ("RTO").

LionHeart agreed to subscribe for convertible bonds with a total face value of SGD25.000m to be issued by BHHK under the following tranches:

(i) Tranche 1 – SGD15.000m by no later than 28 November 2014;
(ii) Tranche 2 – SGD3.750m by no later than 28 February 2015; and
(iii) Tranche 3 – SGD6.250m upon completion. If completion does not take place, tranche 3 shall not be issued and subscribed to and the total value of the issued convertible bonds shall be SGD18.750m (Tranche 1 and 2).

25. FINANCIAL LIABILITIES (CONT'D)

The salient terms of the convertible bonds as constituted in the convertible bond terms signed with LionHeart dated 8 December 2014 are as follows:-

Terms	**Details**
Voting rights	The convertible bond shall not provide for any voting rights at shareholders meeting of the Company.
Interest rate	7.5% per annum on the outstanding amount from the date of its issue up to but excluding the date the convertible bond is converted in its entirety into shares or redeemed in full. Interest accrues daily, and shall be paid by the Company to the bondholder annually in arrears.
RTO Completion	Means completion of the sale by the Company, and purchase by the SGX Listco, of all the shares in BHHK in accordance with the terms of the RTO Agreement.
Redemption	If the RTO Completion occurs before the Completion End Date (18 May 2016 or such other date as the parties may mutually agree in writing), the Company shall upon completion, and simultaneously, with the RTO Completion: (i) Pay to the bondholder the outstanding amount (including unpaid interest which has accrued); and (ii) Procure that the SGX Listco issues the 25% Consideration Shares to the bondholder.
Conversion	If the RTO Completion does not occur by the Completion End Date, the Company shall, within five business days, issue to the bondholder Conversion Shares, up to the maximum number of Conversion Shares that can be issued by the Company, and deliver to the bondholder a holding statement to show that the bondholder is the sole registered legal and beneficial owner for those shares issued. Number of Conversion Shares are determined as follows:

$$\text{Number of Conversion Shares} = \frac{\text{Australian Dollar Equivalent of SGD18.750m}}{0.1}$$

26. DEFERRED CONSIDERATION

	CONSOLIDATED 2015 AUD'000	CONSOLIDATED 2014 AUD'000
Principal component (Liability)		
At 1 November	-	18,060
Repayment during the financial year	-	(18,060)
Foreign exchange difference	-	-
At 31 October	-	-
Interest component (Liability)		
At 1 November	433	-
Additions during the financial year	-	517
Repayment during the financial year	(495)	(99)
Foreign exchange difference	62	15
At 31 October	-	433
Profit guarantee component (Current Assets) (accounted for as financial asset at fair value through profit or loss)		
At 1 November	-	-
Changes in fair value of profit guarantee in profit and loss	-	-
Foreign exchange difference	-	-
At 31 October	-	-
Net consideration payable	-	433

26. DEFERRED CONSIDERATION (CONT'D)

The deferred consideration is in relation to the remaining unsettled purchase consideration for the acquisition of GPST from CGI by Shangmao.

The deferred consideration payable to the vendors of GPST consisted of three components:

(a) principal amount for the second instalment being RMB105.000m (referred to as the "principal component");
(b) interest on the deferred consideration; and
(c) the profit guarantee amount receivable from the vendors (referred to as the "profit guarantee component").

The net consideration payable to the vendor is denominated in Chinese Renminbi and was settled in cash.

Pursuant to the first supplementary agreement signed on 30 April 2012, the settlement date of the remaining purchase consideration was rescheduled to 31 December 2013, instead of 31 December 2012. On 28 January 2014, Shangmao signed a third supplementary agreement to reschedule the settlement date of the remaining purchase consideration to 31 July 2014.

In accordance with the third supplementary agreement, the interest charges commenced from 1 January 2014 until date of settlement, which is based on the rate equivalent to the prevailing borrowing cost of Heijin, which is 7.84% at the end of the reporting period.

Pursuant to the statements signed on 22 November 2014, Shangmao agreed to settle the remaining accrued interest before 30 November 2014.

At 31 October 2013, GPST's EBITDA was RMB51.802m. As this amount was greater than the forecast EBITDA for the year of RMB44.913m, the profit guarantee component of the deferred consideration was no longer required to be paid to the vendor (CGI). Accordingly, this amount was derecognised at 31 October 2013.

27. PROVISION FOR TAXATION

	CONSOLIDATED 2015 AUD'000	CONSOLIDATED 2014 AUD'000
At 1 November	3,553	2,837
Provision for taxation:		
- For the financial year	1,323	1,956
- (Over)/under provision in the previous financial year	(33)	134
Tax paid during the financial year	(1,479)	(1,611)
Foreign exchange difference	689	237
At 31 October	4,053	3,553

28. PROVISION FOR RESTORATION COSTS

	CONSOLIDATED 2015 AUD'000	CONSOLIDATED 2014 AUD'000
At 1 November	1,392	2,131
Addition during the financial year	105	58
Reversal during the financial year	-	(931)
Foreign exchange difference	278	134
At 31 October	1,775	1,392

The provision for closedown, restoration and environmental costs is determined by management based on their past experience and best estimation of future expenditures, after taking into account existing relevant PRC laws and regulations. However, in so far as the effect on the land and the environment from current mining activities becomes apparent in future years, the estimate of the associated costs may be subject to revision from time to time.

29. DEFERRED TAX LIABILITIES

	CONSOLIDATED 2015 AUD'000	CONSOLIDATED 2014 AUD'000
At 1 November	2,438	2,541
Recognised in profit or loss (Note 9)	(314)	(290)
Foreign exchange difference	464	187
At 31 October	2,588	2,438

The deferred tax liabilities are attributable to the following:-

	CONSOLIDATED 2015 AUD'000	CONSOLIDATED 2014 AUD'000
Fair value of identifiable assets acquired as part of the acquisition of GPST	2,588	2,438

30. SHARE CAPITAL

	CONSOLIDATED 2015		CONSOLIDATED 2014	
	Number of shares 000	AUD'000	Number of shares 000	AUD'000
Issued capital	888,004	65,363	888,004	65,363

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

At the shareholders' meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder or its proxy, attorney or representative has one vote on a show of hands

31. MERGER DEFICIT RESERVE

The merger deficit reserve arose from the difference between the purchase consideration paid and the issued capital of the subsidiaries acquired under the pooling of interests method of accounting pursuant to the restructuring exercise undertaken by the Group during the financial year ended 31 October 2009 and 2010.

32. STATUTORY RESERVE

	CONSOLIDATED 2015 AUD'000	CONSOLIDATED 2014 AUD'000
At 1 November	3,332	2,496
Transfer from profit or loss	509	836
At 31 October	3,841	3,332

The statutory reserve represents amounts transferred from profit after taxation of the subsidiaries i.e. Shangmao, Heiwan, Caotang, Changhong and GPST under the PRC laws and regulations.

33. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve records exchange differences arising from the translation of the financial statements of foreign controlled subsidiaries and is not distributable by way of dividends.

34. OPTIONS RESERVE

	CONSOLIDATED 2015		CONSOLIDATED 2014	
	Number of options 000	**AUD'000**	**Number of options 000**	**AUD'000**
Options:				
At 1 November	88,800	89	-	-
Issuance of new options	-	-	88,800	89
At 31 October	88,800	89	88,800	89

On 9 July 2014, the Company announced a non-renounceable pro-rata entitlement offer of approximately 88,800,362 new options (exercisable at AUD0.08 on or before 31 July 2016) on the basis of 1 new option for every 10 existing shares held by eligible shareholders at an issue price of AUD0.001 per new option (Offer).

Funds raised from exercising options (up to approximately AUD7.100m) will be used for the acquisition of new mines and general working capital.

As announced on 14 August and 18 August 2014, the Company received acceptances from eligible shareholders for 75,539,923 new options representing acceptance of 85%. The remaining shortfall options were fully allotted on 11 September 2014.

35. EMPLOYEE BENEFITS EXPENSE

	CONSOLIDATED 2015 AUD'000	CONSOLIDATED 2014 AUD'000
Staff costs:		
- salaries and wages	8,944	11,146
- defined contributions	255	413
- other benefits	1,051	1,130

36. RELATED PARTY TRANSACTIONS

The Group has related party relationships with its directors, key management, entities of which the directors and/or by management have significant financial interests and entities of which are within the same Group.

In addition to the information detailed elsewhere in this report, the Group had the following transactions with its related parties as disclosed below:-

	CONSOLIDATED 2015 AUD'000	CONSOLIDATED 2014 AUD'000
Related Parties:		
- construction of buildings by a related party *	-	316
- construction of mine infrastructure by a related party *	-	102
- rental charges from related parties (including VAT) **	57	30

* The transaction was carried out with CGI, of which CGI is controlled and 65% owned by Mr. Yuguo Peng.

** These transactions were carried out with Chongqing Guoping Ming Yang Logistics Co., Ltd. ("Guoping Ming Yang"), of which Guoping Ming Yang is controlled and 53.71% owned by Mr. Yuguo Peng.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

37. KEY MANAGEMENT PERSONNEL COMPENSATION

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 financial year ended 31 October 2014.

The total of remuneration paid to KMP of the Company and the Group during the financial year are as follows:-

	CONSOLIDATED 2015 AUD'000	CONSOLIDATED 2014 AUD'000
Short-term employee benefits:		
- salaries and fees	804	822
- other	10	20
Post-employment benefits:		
- pension and superannuation	6	14
- other	6	3
	826	859

37. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

KMP Shareholdings

The number of ordinary shares and options over shares in Blackgold International Holdings Limited held by each KMP of the Group during the financial year are as follows:

	←---------------------------- Ordinary shares ------------------------→				
	Balance at beginning of year ‘000	**Disposed during the year ‘000**	**Acquired during the year ‘000**	**Other changes during the year ‘000**	**Balance at end of year ‘000**
31 October 2015					
Yuguo, Peng (Note 1)	544,500	-	-	-	544,500
Dr Chi Ho (James), Tong (Note 2)	51,050	-	-	-	51,050
Jun, Ou	333	-	-	-	333
Jun, Shao	9	-	-	-	9
31 October 2014					
Yuguo, Peng (Note 1)	544,500	-	-	-	544,500
Dr Chi Ho (James), Tong (Note 2)	51,050	-	-	-	51,050
Jun, Ou	333	-	-	-	333
Jun, Shao	9	-	-	-	9

37. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

KMP Shareholdings (Cont'd)

	←------ Options ------→				
	Balance at beginning of year ‘000	**Disposed during the year ‘000**	**Acquired during the year ‘000**	**Other changes during the year ‘000**	**Balance at end of year ‘000**
31 October 2015					
Yuguo, Peng (Note 1)	-	-	54,450	-	54,450
Dr Chi Ho (James), Tong (Note 2)	-	-	5,105	-	5,105
Jun, Ou	-	-	-	-	-
Jun, Shao	-	-	-	-	-
31 October 2014					
Yuguo, Peng (Note 1)	-	-	54,450	-	54,450
Dr Chi Ho (James), Tong (Note 2)	-	-	5,105	-	5,105
Jun, Ou	-	-	-	-	-
Jun, Shao	-	-	-	-	-

Note 1 - Lucky Magic Enterprises Limited (“Lucky Magic”) which is controlled by Mr Peng as sole shareholder and director.

Note 2 - Prima Network which is controlled by Mr Tong as sole shareholder and director.

37. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

Other KMP Transactions

There have been no other transactions involving equity instruments other than those described in the tables above.

For details of other transactions with KMP, refer to Note 36 Related Party Transactions.

There have been no loans to KMP.

38. EARNINGS PER SHARE

	CONSOLIDATED 2015	CONSOLIDATED 2014
Profit for the year attributable to members of the parent entity (AUD'000)	34,111	4,967
Basic earnings per share:		
Weighted average number of ordinary shares at 31 October	888,003,622	888,003,622
Basic earnings per share (cents)	3.84	0.56
Diluted earnings per share:		
Weighted average number of ordinary shares at 31 October	976,803,984	888,003,622
Diluted earnings per share (cents)	3.49	0.56

39. FOREIGN EXCHANGE RATES

The principal closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to AUD equivalent) for the translation of foreign currency balances at the statement of financial position date are as follows:-

	CONSOLIDATED 2015 AUD'000	CONSOLIDATED 2014 AUD'000
Chinese Renminbi	0.2217	0.1853
Hong Kong Dollar	0.1808	0.1466
Singapore Dollar	1.0000	0.8897
United States Dollar	1.4008	1.1371
Malaysia Ringgit	0.3259	0.3457

40. SEGMENTAL REPORTING

Identification of Reportable Segments
The Group identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category. Operating segments are therefore determined on the same basis.

For management purposes, the Group is organised into the following main divisions:-

Division	**Description**
Coal mining	Sales of coal extracted from own mine
Coal trading	Purchase and resale of coal
Mining fees	Share of profits from sub-contracted mine operators (business partners) operating at Caotang mine.
Shipping transportation	Provision of shipping transportation and agency services

Inter-segment transactions
All inter-segment transactions, assets and liabilities are eliminated on consolidation of the Group's financial statements.

40. SEGMENTAL REPORTING (CONT'D)

(a) Segment results, assets and liabilities

	Coal mining		**Coal trading**		**Mining fees**	
	2015 AUD'000	**2014 AUD'000**	**2015 AUD'000**	**2014 AUD'000**	**2015 AUD'000**	**2014 AUD'000**
Revenue from external customers	1,699	6,205	378,900	291,686	28,084	23,923
Inter-segment revenue	19,645	20,766	1,114	323	-	-
Reportable segment revenue	21,344	26,971	380,014	292,009	28,084	23,923
Reportable segment profit/(loss) before taxation	11,205	(17,749)	(740)	2,175	21,748	19,510

40. SEGMENTAL REPORTING (CONT'D)

(a) Segment results, assets and liabilities (Cont'd)

	Coal mining		Coal trading		Mining fees	
	2015 AUD'000	2014 AUD'000	2015 AUD'000	2014 AUD'000	2015 AUD'000	2014 AUD'000
Interest income from bank deposit	1	2	583	792	-	-
Finance costs	2,590	1,111	4,680	6,424	-	-
Depreciation						
- Property, plant and equipment	6,590	5,628	308	300	3,637	2,786
Amortisation						
- Land use right	-	-	-	-	4	3
- Mine development	2,599	1,876	-	-	2,611	1,569
- Intangible assets	-	-	-	-	-	-
Impairment losses						
- Mine development	2,516	14,998	-	-	-	-
- Property, plant and equipment	1,610	6,457	-	-	-	-
Reversal of impairment losses						
- Mine development	(13,972)	-	-	-	-	-
- Property, plant and equipment	(4,909)	-	-	-	-	-

40. SEGMENTAL REPORTING (CONT'D)

(a) Segment results, assets and liabilities (Cont'd)

	Shipping transportation		Others		Total	
	2015 AUD'000	2014 AUD'000	2015 AUD'000	2014 AUD'000	2015 AUD'000	2014 AUD'000
Revenue from external customers	10,717	14,181	1	87	419,401	336,082
Inter-segment revenue	-	1,622	409	276	21,168	22,987
Reportable segment revenue	10,717	15,803	410	363	440,569	359,069
Reportable segment profit/(loss) before taxation	2,821	4,996	82	(45)	35,116	9,137

40. SEGMENTAL REPORTING (CONT'D)

(a) Segment results, assets and liabilities (Cont'd)

	Shipping transportation		Others		Total	
	2015 AUD'000	2014 AUD'000	2015 AUD'000	2014 AUD'000	2015 AUD'000	2014 AUD'000
Interest income from bank deposit	1	-	-	-	585	794
Finance costs	1	2	1	1	7,272	7,538
Depreciation						
- Property, plant and equipment	1,456	1,241	102	80	12,093	10,035
Amortisation						
- Land use right	-	-	-	-	4	3
- Mine development	-	-	-	-	5,210	3,445
- Intangible assets	710	600	-	-	710	600
Impairment losses						
- Mine development	-	-	-	-	2,516	14,998
- Property, plant and equipment	-	-	-	-	1,610	6,457
Reversal of impairment losses						
- Mine development	-	-	-	-	(13,972)	-
- Property, plant and equipment	-	-	-	-	(4,909)	-

40. SEGMENTAL REPORTING (CONT'D)

(a) Segment results, assets and liabilities (Cont'd)

	Coal mining		Coal trading		Mining fees	
	2015 AUD'000	**2014 AUD'000**	**2015 AUD'000**	**2014 AUD'000**	**2015 AUD'000**	**2014 AUD'000**
Segment assets	358,164	265,033	423,590	254,382	-	-
Segment asset increases for the period:						
- capital expenditure	13,434	44,457	483	35	-	-
Segment liabilities	130,126	103,164	373,081	218,179	-	-

40. SEGMENTAL REPORTING (CONT'D)

(a) Segment results, assets and liabilities (Cont'd)

	Shipping transportation		Others		Total	
	2015 AUD'000	2014 AUD'000	2015 AUD'000	2014 AUD'000	2015 AUD'000	2014 AUD'000
Segment assets	43,529	35,837	44,424	4,042	867,707	559,294
Segment asset increases for the period:						
- capital expenditure	-	3	-	546	13,917	45,041
Segment liabilities	3,169	5,101	39,533	27	545,909	326,471

40. SEGMENTAL REPORTING (CONT'D)

(b) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities and other items:

		2015 AUD'000	2014 AUD'000
(i)	**Revenue**		
	Reportable segment revenue	440,569	359,069
	Elimination of inter-segment revenue	(21,168)	(22,987)
	Consolidated revenue	419,401	336,082
(ii)	**Profit**		
	Reportable segment profit before taxation	35,116	9,137
	Unallocated fair value gain	2,659	-
	Unallocated corporate gains/expenses	1,206	(2,023)
	Unallocated finance costs	(3,894)	(347)
		35,087	6,767
(iii)	**Assets**		
	Reportable segment assets	869,707	559,294
	Elimination of inter-segment assets	(307,330)	(189,838)
		562,377	369,456
	Unallocated assets:		
	- investments accounted for using the equity method	431	392
	- other financial assets	4,434	3,706
	- intangible assets - goodwill	2,489	2,081
	- unallocated capital expenditure	1	-
	- corporate assets	93	177
	Combined total assets per consolidated statement of financial position	569,825	375,812

40. SEGMENTAL REPORTING (CONT'D)

(b) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities and other items (Cont'd):

	2015 AUD'000	2014 AUD'000
(iv) Liabilities		
Reportable segment liabilities	545,909	326,471
Elimination of inter-segment liabilities	(275,957)	(168,160)
	269,952	158,311
Unallocated liabilities		
- provision for taxation	4,053	3,553
- deferred tax liabilities	2,588	2,438
- corporate liabilities	21,507	9,491
Combined total liabilities per consolidated statement of financial position	298,100	173,793

(c) Geographical information

The Group's revenue and results from operations mainly derived from activities in the PRC. The principal assets of the Group were located in the PRC during the relevant periods. Accordingly, no analysis by geographical segment is provided.

(d) Major customers

The Group has a number of customers to whom it provides products. The following are major customers with revenue equal to or more than 10 percent of the Group external revenue:-

	CONSOLIDATED 2015 AUD'000	CONSOLIDATED 2014 AUD'000	Segment
Customer A	284,665	35,744	Coal mining, coal trading and shipping transportation
Customer B	61,718	23,977	Coal trading and shipping transportation
Customer C	-	167,024 *	Coal trading and shipping transportation

* - this customer with revenue of less than 10 percent is presented for comparison purposes.

41. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and price risk), credit risk, liquidity and cash flow risks. The Group's overall financial risk management policy focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries and bills.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	NOTE	CONSOLIDATED 2015 AUD'000	CONSOLIDATED 2014 AUD'000
Financial assets			
Cash and cash equivalents	10	18,319	15,103
Held-to-maturity investments	11	7,389	17,553
Receivables	12	223,844	63,765
Available-for-sale financial assets	15		
- at cost			
• Unquoted investment		4,434	3,706
Total financial assets		253,986	100,127
Financial liabilities			
Financial liabilities at amortised cost:			
- trade and other payables	21	150,963	98,116
- amount owing to a related party	22	641	8,071
- amount owing to an associate	23	93	227
- borrowings	24	118,043	59,563
- financial liabilities	25	19,944	-
- deferred consideration	26	-	433
Total financial liabilities		289,684	166,410

41. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its market, credit, liquidity and cash flow risks. Risk management is carried out by management under delegation from the Board of Directors.

(i) Market Risk

(a) Foreign Currency Risk

The Group is not exposed to material foreign currency risk other than exchange differences that arise on retranslation of foreign subsidiaries (which are accounted for in other comprehensive income) as the Group does not have significant foreign currency transactions, assets and liabilities other than the functional currency of the Group, which is the Chinese Renminbi ("RMB"). Hence, the Group is not exposed to material foreign currency risk.

(b) Interest Rate Risk

The Group's exposure to interest rate risk arises mainly from its borrowings and related party loans. The interest rate profiles are disclosed in Note 22, 24 and 25 to the financial statements. The Group constantly monitors its interest rate risk and does not utilise forward contracts or other arrangements for trading or speculative purposes.

Interest rate risk sensitivity analysis

The interest-bearing financial instruments carry fixed interest rate and are measured at amortised cost. As such, sensitivity analysis is not disclosed.

(c) Equity Price Risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

41. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(d) Commodity Price Risk

The Group is not exposed to commodity price risk as all sales and purchases transactions with customers and suppliers respectively are undertaken based on spot prices of coal with no finalisation adjustments.

(ii) Credit Risk

The Group's exposure to credit risks, or the risk of counterparties defaulting, arises mainly from receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. The maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the statement of financial position reduced by the effects of any netting arrangements with counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individual exposures. At 31 October 2015, allowance for impairment made was approximately AUD191,000 (2014: AUD105,000).

Credit risk concentration profile

The Group's concentration of credit risk relates to the amounts owing by two customers which constituted approximately 91.1% of its total trade receivables at the end of the reporting period.

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

The exposure of credit risk for trade receivables by geographical region is entirely in The People's Republic of China.

41. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk (Cont'd)

Ageing analysis

The ageing analysis of the Group's trade receivables at the end of the reporting period is as follows:-

	CONSOLIDATED 2015 AUD'000	CONSOLIDATED 2014 AUD'000
Not past due and not impaired	219,640	40,086
Past due but not impaired:		
- less than 3 months	811	12,023
- 3 to 6 months	349	8,717
- over 6 months	552	37
	221,352	60,863

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are companies with good collection track records and no recent history of default.

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 90 days, which are deemed to have higher credit risk, are monitored individually.

41. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity and Cash Flow Risks

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 analyses in relation to its operational, investing and financing activities;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The following table details the remaining contractual maturities at the reporting date of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:-

41. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity and Cash Flow Risks (Cont'd)

CONSOLIDATED	Weighted Average Effective Rate %	Carrying Amount AUD'000	Contractual Undiscounted Cash Flows AUD'000	Within 1 Year AUD'000	1 - 5 Years AUD'000	Over 5 Years AUD'000
2015						
Trade and other payables	-	150,963	150,963	150,963	-	-
Amount owing to a related party	5.00	641	646	646	-	-
Amount owing to an associate	-	93	93	93	-	-
Borrowings	7.27	118,043	127,012	120,908	6,104	-
Financial liabilities	7.50	19,944	22,053	22,053	-	-
Deferred consideration	-	-	-	-	-	-
		289,684	300,767	294,663	6,104	-

41. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity and Cash Flow Risks (Cont'd)

CONSOLIDATED	Weighted Average Effective Rate %	Carrying Amount AUD'000	Contractual Undiscounted Cash Flows AUD'000	Within 1 Year AUD'000	1 - 5 Years AUD'000	Over 5 Years AUD'000
2014						
Trade and other payables	-	98,116	98,116	98,116	-	-
Amount owing to a related party	5.00	8,071	8,091	8,091	-	-
Amount owing to an associate	-	227	227	227	-	-
Borrowings	6.69	59,563	63,548	63,548	-	-
Deferred consideration	7.84	433	433	433	-	-
		166,410	170,415	170,415	-	-

41. FINANCIAL INSTRUMENTS (CONT'D)

(b) Capital Risk Management

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

(c) Fair Value Estimation

The financial assets and liabilities are carried at amounts not materially different from their fair values as at the reporting date.

42. PARENT ENTITY INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with the Australian Accounting Standards.

STATEMENT OF FINANCIAL POSITION

	2015 AUD'000	**2014 AUD'000**
ASSETS		
CURRENT ASSETS		
Receivables	68	89
Amount owing by subsidiaries	39,120	23,620
Cash and cash equivalents	10	25
TOTAL CURRENT ASSETS	39,198	23,734
NON-CURRENT ASSETS		
Investment in subsidiaries	27,500	27,500
Property, plant and equipment	3	2
TOTAL NON-CURRENT ASSETS	27,503	27,502
TOTAL ASSETS	66,701	51,236
LIABILITIES		
CURRENT LIABILITIES		
Payables	816	958
Financial liabilities	19,944	-
TOTAL CURRENT LIABILITIES	20,760	958
TOTAL LIABILITIES	20,760	958
NET ASSETS	45,941	50,278
EQUITY		
Share capital	65,363	65,363
Accumulated losses	(19,511)	(15,174)
Options reserve	89	89
TOTAL EQUITY	45,941	50,278

42. PARENT ENTITY INFORMATION (CONT'D)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2015 AUD'000	2014 AUD'000
Total loss	(4,337)	(2,437)
Total comprehensive expenses	(4,337)	(2,437)

Guarantees
The Parent Entity has not entered into any guarantees, in the current or previous financial year, in relation to the debts of its subsidiaries.

Contingent Liabilities
The directors are not aware of any contingent liabilities or assets as at the date of these financial statements (2014: Nil).

Contractual Commitments
At 31 October 2015, Blackgold International Holdings Limited had not entered into any contractual commitments (2014: Nil).

43. AUDITORS' REMUNERATION

	CONSOLIDATED 2015 AUD'000	CONSOLIDATED 2014 AUD'000
Remuneration of the auditor of the parent entity for:		
- auditing and reviewing the financial statements	293	110
- services in relation to other corporate exercises	71	9
Remuneration of affiliated firm to the other auditors of subsidiaries entities for:		
- auditing and reviewing the financial statements	80	248
	444	367

44. CONTROLLED ENTITIES

Subsidiaries of Blackgold International Holdings Limited are as follows:-

	Entities	Country of incorporation	Principal place of business	Principal activities	Ownership Interest 2015	Ownership Interest 2014
(a)	Blackgold Holdings HongKong Ltd. ("BHHK")	Hong Kong SAR	Flat/RM 204, 2/F Malaysia Building 50 Gloucester Road Wanchai Hong Kong	Investment holding.	100%	100%
(b)	Chongqing Heijin Industrial Co. Ltd * ("Heijin")	The People's Republic of China ("PRC")	No. 40, Level 5, Yongan St. Yongan Town, Fengjie County Chongqing Province The People's Republic of China	Investment holding and trading of coal.	100%	100%
(c)	Chongqing Guoping Shangmao Trading Co., Ltd ** ("Shangmao")	PRC	No. 40, Yongan Street Yongan Town, Fengjie County Chongqing Province The People's Republic of China	General traders, mainly trading of coal.	100%	100%
(d)	Chongqing Baolong Mining Co., Ltd **** ("Baolong")	PRC	Guangdong Middle Road, Wuxia Town, Wushan County, Chongqing Province, The People's Republic of China	Mining operations.	100%	100%
(e)	Qijiang Changhong Coal Industry Co., Ltd **** ("Changhong")	PRC	Wanlong Village Shihao Town, Qijiang County Chongqing Province The People's Republic of China	Mining operations.	100%	100%
(f)	Chongqing Blackgold Coal Washing Co., Ltd **** ("Coal Washing")	PRC	Qixing Village, Kangle Town Fengjie County Chongqing Province The People's Republic of China	Washing and selection of coal, the storage and loading of coal, the sale of construction materials and steel materials, and the manufacturer of machineries business.	100%	100%

44. CONTROLLED ENTITIES (CONT'D)

	Entities	Country of incorporation	Principal place of business	Principal activities	Ownership Interest 2015	2014
(g)	Chongqing Guoping Heiwan Coal Mine Resources Development Co., Ltd *** ("Heiwan")	PRC	No. 14 House, Xinfang Village Caotang Town, Fengjie County Chongqing Province The People's Republic of China	Mining operations.	100%	100%
(h)	Chongqing Caotang Coal Mine Resources Development Co., Ltd *** ("Caotang")	PRC	No. 3 House, Baishui Village Fenhe Town, Fengjie County Chongqing Province The People's Republic of China	Mining operations.	100%	100%
(i)	Chongqing Guoping Shipping Transportation Co., Ltd *** ("GPST")	PRC	No. 40, Yongan Street Yongan Town, Fengjie County Chongqing Province The People's Republic of China	Shipping Transportation and agency services	100%	100%
(j)	Chongqing Blackgold Mining Co., Ltd.*** ("Blackgold Mining")	PRC	-	Dormant	100%	100% *****

* Interest held by BHHK
** Interest held by Heijin
*** Interest held by Shangmao
**** Interest held by Blackgold Mining
***** Newly incorporated on 2 September 2014

45. CAPITAL COMMITMENTS

	CONSOLIDATED 2015 AUD'000	CONSOLIDATED 2014 AUD'000
Capital expenditure:-		
Approved and not contracted for	179,862	134,003
Approved and contracted for	-	9
	179,862	134,012

Capital expenditure commitments are in relation to the expansion of Group's current mining activities at its Caotang, Baolong and Heiwan mines (2014: Baolong and Heiwan mines).

46. CONTINGENT LIABILITIES

As at 31 October 2015, a subsidiary of the Group, Heijin, has provided a corporate guarantee to China Minsheng Banking Corp. Ltd. ("China Minsheng") (a licensed bank in the PRC) in relation to bank borrowings between China Minsheng and a customer of Heijin, Jiangsu Huayu Energy Group Co., Ltd. The value of this guarantee is AUD43.675m (RMB197.000m).
Heijin has also received a corporate guarantee from Jiangsu Huayu Energy Group Co., Ltd with a value of AUD42.340m (RMB200.000m). This corporate guarantee will lapse in June 2017.

47. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are as follows:-

(a) Subsequent to year end, the Group has letters of credit of RMB71.090m which expired in November 2015. Meanwhile, short term loans amounting to RMB125.430m have been renewed for another year, expiring in November 2016. The other short term loans are only due at various dates between February to October 2016. In addition, bill payables totalling RMB24.000m is expiring in April 2016.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Blackgold International Holdings Limited, the directors of the Company declare that:

1. the financial statements and notes, as set out on pages 30 to 131, are in accordance with the *Corporations Act 2001* and:

   a. comply with Australian Accounting Standards, which as stated in accounting policy Note 2 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

   b. give a true and fair view of the financial position as at 31 October 2015 and of the performance for the financial year ended on that date of the Group;

2. the Chief Executive Officer and Chief Financial Officer have each declared that:
   a. the financial records of the Company for the financial year have been properly maintained in accordance with s 286 of the *Corporations Act 2001*;
   b. the financial statements and Notes for the financial year comply with the Accounting Standards; and
   c. the financial statements and Notes for the financial year give a true and fair view; and

3. in the directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and

4. the directors have been given the declaration required by s 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.

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

Director

Dr Chi Ho (James), Tong

Dated this 29th day of January 2016

Crowe Horwath™

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF BLACKGOLD INTERNATIONAL HOLDINGS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Blackgold International Holdings Limited, which comprises the consolidated statement of financial position as at 31 October 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 2, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

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

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

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

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

Opinion
In our opinion:

(a) the financial report of Blackgold International Holdings 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 31 October 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 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 21 to 28 of the directors' report for the year ended 31 October 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.

Opinion
In our opinion, the Remuneration Report of Blackgold International Holdings Limited for the year ended 31 October 2015 complies with section 300A of the Corporations Act 2001.

Crowe Horwath Perth

CROWE HORWATH PERTH

SEAN MCGURK
Partner

Signed at Perth, 29 January 2016

ADDITIONAL SECURITIES INFORMATION AS AT 12 JANUARY 2016

Additional information required by the Australian Securities Exchange, and not shown elsewhere in this report is as follows.

(a) Ordinary Shares

(ii) *Distribution of ordinary shares*

- 888,003,622 fully paid shares. All issued ordinary shares carry one vote per share and carry the rights to dividends. At shareholders' meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(iii) *The number of shareholders, by size of holding, in each class is:*

Category (size of holding)	No. of shareholders	No. of shares	%
1 – 1,000	16	256	-
1,001 – 5,000	45	147,154	0.02
5,001 – 10,000	259	2,332,510	0.26
10,001 – 100,000	172	6,374,676	0.72
100,001 – and over	69	879,149,026	99.00
TOTAL	**561**	**888,003,622**	**100.00**

The number of security investors holding less than a marketable parcel of 6,410 securities ($0.078 on 12/01/2016) is 64.

(a) Ordinary Shares (Cont'd)

(iv) Twenty largest holders of quoted equity securities (fully paid shares)

Name	No. of shares	%
LUCKY MAGIC ENTERPRISES LIMITED	544,500,000	61.32
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	68,909,092	7.76
PRIMA NETWORK FINANCIAL GROUP LIMITED	51,050,000	5.75
SINGAPORE ENTERPRISES PTE LTD	49,790,318	5.61
MR ZHONGYU YU	32,362,923	3.64
EAST ASIA SUCCESS LIMITED	26,990,615	3.04
BNP PARIBAS NOMS PTY LTD	24,918,798	2.81
BLACKGOLD INTERNATIONAL HOLDINGS LIMITED	13,500,000	1.52
LINK SUCCESS ASIA HOLDINGS LIMITED	11,444,444	1.29
CITICORP NOMINEES PTY LIMITED	9,650,956	1.09
J P MORGAN NOMINEES AUSTRALIA LIMITED	7,820,515	0.88
MR YEW GEE GOH	6,705,000	0.76
PERSHING AUSTRALIA NOMINEES PTY LTD	6,086,371	0.69
MR ZHIPING SUN	4,083,213	0.46
MR YEOW LIAN GOH	3,312,000	0.37
MS JIAJIA GU	2,000,000	0.23
BNP PARIBAS NOMS PTY LTD <DRP>	1,203,900	0.14
NATIONAL NOMINEES LIMITED	900,000	0.10
DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	806,878	0.09
MR HAN TAN LUU	667,000	0.08
TOTAL	**866,702,023**	**97.63%**

Details of Substantial Shareholders
The Company had received the following substantial shareholder notices:

Name	Relevant Interest No. of shares
Mr Yuguo Peng & Lucky Magic Enterprises Limited	544,500,000
Dr Chi Ho (James) Tong & Prima Network Financial Group Limited	51,050,000
Mr Khua Kian Keong #	51,651,103
Singapore Enterprises Private Limited #	51,651,103

In addition to the shares held by him, Mr. Khua Kian Keong has a deemed relevant interest under Section 608(3)(b) of the Corporations Act in the shares which Singapore Enterprises Private Limited has a relevant interest.

(b) Details of securities which are subject to escrow provisions

Not applicable.

(c) Additional Class of Securities

Listed Options exercisable at $0.08 on or before 31 July 2016

Name	No. of options	%
LUCKY MAGIC ENTERPRISES LIMITED	54,450,000	61.32
PRIMA NETWORK FINANCIAL GROUP LIMITED	5,105,000	5.75
SINGAPORE ENTERPRISES PTE LTD	4,979,032	5.61
FEN YANG	4,351,948	4.9
KHUA KIAN KEONG	4,117,952	4.64
ZHONGYU YU	3,236,292	3.64
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	2,845,580	3.2
CITICORP NOMINEES PTY LIMITED	2,433,358	2.74
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,970,765	2.22
LINK SUCCESS ASIA HOLDINGS LIMITED	763,445	0.86
BNP PARIBAS NOMS PTY LTD	584,167	0.66
PERSHING AUSTRALIA NOMINEES PTY LTD	500,000	0.56
MR ZHIPING SUN	408,321	0.46
J P MORGAN NOMINEES AUSTRALIA LIMITED	386,950	0.44
LINK SUCCESS ASIA HOLDINGS LIMITED	381,000	0.43
MR YEW GEE GOH	370,800	0.42
MR YEOW LIAN GOH	331,200	0.37
MR YEO HWA GOH	299,700	0.34
EAST ASIA SUCCESS LIMITED	194,660	0.22
BNP PARIBAS NOMS PTY LTD	133,890	0.15
TOTAL	**87,844,060**	**98.93%**

(d) Interest in Mining Tenements

Holder	Mining Permit Number	Location	% interest
Chongqing Caotang Coal Mine Resources Development Co., Ltd	C50000020090-41130019437	Chongqing Province, People's Republic of China	100%
Chongqing Guoping Heiwan Coal Mine Resources Development Co., Ltd	C50000020090-41130019439	Chongqing Province, People's Republic of China	100%
Chongqing Baolong Mining Co., Ltd	C5000002009041 130020052	Chongqing Province, People's Republic of China	100%
Qijiang Changhong Coal Industry Co., Ltd	C5000002009041 130018279	Chongqing Province, People's Republic of China	100%

(e) Cash Usage

Since the date of listing on the ASX, the entity has used its cash and assets in a form readily converted to cash that it had at the time of admission to the official list of ASX in a manner which is consistent with its business objectives.

(f) General Information

Registered Office:	Office J, Level 2, 1139 Hay Street West Perth WA 6005 Australia Tel : + 61 8 9486 4036 Fax : + 61 8 9486 4799
Principal Place of Business	12th Floor, No. 18, Mian Hua Street Yu Zhong District, Chongqing, 400011 People's Republic of China Tel : +86 23 6377 6619 Fax : +86 23 6377 7154
Share Registry	Link Market Services Limited Level 4, 152 St Georges Terrace Perth WA 6000 Tel : +61 1300 554 474
Stock Exchange Listing	The Company's securities are quoted on the Australian Stock Exchange Limited under ASX:BGG and ASX:BGGO.