



**2016 ANNUAL
REPORT**

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COUNTY INTERNATIONAL LIMITED
CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Shareholder,

In 2015 County International identified an excellent site for the construction of a multi-product ship loading facility. During FY2016, we hoped the Company could secure that site and then commence the process of developing a bulk terminal to fulfill its overall strategy of becoming a significant supplier of Powder River Basin coal to the Asian thermal coal markets, as well as other commodities.

During FY 2016 County considered becoming a rail operator with the capability of delivering product to the port in order to assist in the port approval and development process. This has led the Company to pursue a number of rail ownership opportunities during F2016, none of which were concluded. A new direction has now been taken to bring an existing rail operator into the business as a partner. Discussions with possible candidates are ongoing.

The last twelve months have seen a continuation of the difficult environment for the world coal industry and no further expenditure was incurred on the Company's coal reserves during the financial year.

During the financial year the Board, including the Managing Director and a number of the Company's key advisors, continued to receive no remuneration in order to reduce the future cash outgoings of the Company. Following the rights issue completed in the first half of the financial year the Company has sufficient working capital to meet its current needs.

I would like to thank Rod Ruston, our Managing Director and CEO, and his team for the contributions they have made to the Company during the year.

Yours faithfully,



Robert G Cameron AO

Chairman

COUNTY INTERNATIONAL LIMITED

MANAGING DIRECTOR'S REPORT

The last twelve months have seen a continuation of the difficult environment for the world coal industry caused by a combination of oversupply from projects established during the high demand years and reduced demand brought about by the strategic move by long-established thermal coal users towards renewable energy sources. However, while coal-fired generation is facing the headwinds of oversupply and increased competition, it is important to understand that it is still and for the foreseeable future will remain, a key ingredient in the fuel mix for power generation. This is underscored by recent commentary, where it has been stated that Japan is building new, modern coal fired generators to replace its ageing nuclear generation capacity. Power generation using unreliable, fluctuating, renewable sources cannot stand alone (a fact realised recently by the South Australian government) meaning that traditional sources are still needed.

During the recent "boom" years of coal demand, export opportunities from the US North West coast were inhibited by a lack of port capacity, prompting the expansion of some existing facilities and the proposed construction of a number of coal ports in Washington and Oregon with a total additional export capacity of over 75mtpa, all of which was spoken for by large, established US coal mining companies. The slow-down in global demand had two outcomes. First, it relieved the pressure to the point where existing ports went from over to under-utilised and are now operating at less than full capacity and second, it saw the proposed new ports, which were well down the approval path, continue the process with the view that demand would return and the capacity would be needed. Had this situation remained and the loaders been ultimately constructed, the new capacity brought on by these facilities would have serviced the market for many years to come.

However, in FY2016 the industry saw the demise of two of the port projects that made up part of the 75mtpa+ of proposed new capacity. These were the Gateway Pacific coal loader, the largest and only deep water (Capesize vessel capable) project at over 45mtpa located at Cherry Point, north of Seattle, Washington and the Port of Morrow project, a relatively small barge-to-ship trans-loading facility proposed for the Columbia River in Oregon. The proposals both failed due to an inability to secure a permit from the regulatory authorities. County has maintained close contact with coal producers in the US North West who have lost domestic markets through the US program to phase out coal-fired power generation, as well as potash producers in the region. Management believes there is strong demand for access to North West Pacific coast bulk loading facilities to provide access to export opportunities for those businesses.

County management believes that:

- a) There is a market imperative for a bulk ship-loading port on the US North West coast:
 - The US focus on phasing out coal-fired power generation has led to a glut in availability of export quality domestic coal in Western USA resulting in an increasing demand for supply routes into the Asian export markets.
 - Albeit at a slower rate than the past, Asia is still building coal fired power stations to service growth.
 - The supply risk associated with Asia's existing suppliers, Indonesia and Australia, has increased and has caused buyers to look for opportunities to diversify.
- b) There is capacity in the market for a bulk ship-loading port on the US North West coast:
 - The failure of some of the proposed US West Coast ports to secure the necessary approvals has significantly enhanced the economic viability of any port that can be approved.
 - The Wyoming government has passed legislation to financially support any port project that can provide access for Powder River Valley (PRB) coal to the Asian markets.
- c) If environmental impact in the port region can be minimised it improves the likelihood that a port project can be approved:
 - County's port project is not exposed to the key issues faced by other port proponents where approval has been denied.
- d) A bulk loading facility should be capable of handling any bulk product:
 - County has talked to producers and is proposing a facility capable of handling coal, potash and timber products.
 - While no specific contact has been made, County believes an efficient west coast port will attract other potential users such as grain.

COUNTY INTERNATIONAL LIMITED

MANAGING DIRECTOR'S REPORT (CONTINUED)

BULK EXPORT FACILITY

PRB coal is appealing from a coal quality perspective, due to its low sulphur content and it, together with coals from other western US states, provides a diversified energy source for Asian buyers to mitigate the increasing risk of long-term reliance on Australia and Indonesia. The nature of the resources (shallow, thick seams amenable to open cut mining technology) coupled with the relatively low labour and materials costs, allows PRB coal to be competitive into Asia, in spite of the relatively large mine-to-port transport distance.

Looking at these issues, County International has determined the strategy for a successful, profitable US based bulk materials export business lies in:

- a) Limiting expenditure on our previously identified resources in the PRB;
- b) Developing a bulk ship-loading facility capable of efficiently loading 20mtpa of coal into Panamax sized vessels or larger;
- c) Having access to third party coal that can ensure a fully utilized, economic port facility to service Asian markets; and
- d) Having port loading capacity for other bulk products, both to offset the cyclic nature of the export coal business and to ensure maximum utilization of the infrastructure required for the port.

In early 2015, County commenced an in-depth focus on a particular site in North West USA that it believes provides an excellent opportunity for the construction of a major, multi-product bulk ship-loading facility. The area identified for this terminal is on a brownfields industrial site and while the water depth is not sufficient for Panamax sized vessels (60,000 DWT), County believes the technology is available to provide efficient, environmentally safe, ship loading capacity for this sized ship and potentially even larger ships without the need for major dredging. This technology will considerably limit the potential for any adverse environmental impact from the proposed facility, while bringing positive economic activity to the region where the facility will be located.

The Company, through a corporate entity established specifically for the purpose, is pursuing the approvals for the construction of a port facility to export bulk products to Asia. County currently holds 30% of this vehicle but subject to a number of milestones being achieved and through a series of steps, including incremental funding, County has the opportunity to own an 85% share in the project.

After identifying the opportunity, County International engaged two international engineering companies, the first to examine the feasibility of constructing and operating a large, multi-product bulk ship-loading port on the identified site and the second to advise on the state of demand and supply for bulk products such as grain, potash, LNG and timber products sourced from within an economic distance of the North American west coast.

The preliminary report on the feasibility of construction was generally positive, stating that the rail access plan was sound, the site was well located and excellent for the purpose proposed but the arrangements planned at that time for the shipping itself could be a challenge due to seasonal tidal issues and dredging requirements. Rather than spend time and effort trying to improve the existing shipping method, County took the decision to mitigate the issues of tide and dredging by adopting an alternative innovative technological approach. As a result, County now holds an exclusive right with a barge manufacturer to use their technology on the US North West coast. This technology, which uses shallow draft, fully covered, self-docking barges for port side loading and trans-shipment to large ships off the coast, could potentially remove many of the environmental issues, which may otherwise arise. It would also allow for the utilization of Cape- sized vessels where, even with dredging, the maximum dock-loaded vessel size would be Panamax. It should be noted that the barge system, while adopting fairly new technology has already been in operation in a number of locations. In particular, it is innovative with respect to its efficiency and environmental focus.

County considered becoming a rail operator with the capability of delivering product to the port in order to assist in the port approval and development process. This has led the Company to pursue a number of rail ownership opportunities during F2016 but after an extensive search, County's management considered that all potential opportunities to secure a rail business had been exhausted. A new direction has now been taken to bring an existing rail operator into the business as a partner. Discussions with possible candidates has commenced with positive initial results.

COUNTY INTERNATIONAL LIMITED

MANAGING DIRECTOR'S REPORT (CONTINUED)

FINANCIAL POSITION

As detailed above, the world coal industry continues to be difficult. In light of this fact, the Board believes it is prudent to regularly reassess the value of the Company's coal rights, freehold property and capitalised exploration and evaluation expenditure. To this end, the Board further impaired these assets by \$67,530 during the year ended 30th June 2016. It is noted that coal prices have recovered recently.

During the financial year the Company raised \$0.47 million through a rights issue and sold a non-core land asset to provide additional working capital.

The Company has sufficient cash reserves to continue executing the early phases of its business strategy. The Board, including the Managing Director and a number of the Company's key advisors, continue to receive no remuneration from August 2015.

No further work is planned on County International's coal projects in the PRB in the immediate future. County International has previously announced some 730 million tonnes of JORC coal resource in its exploration areas in Wyoming's PRB.

COAL RESOURCE SUMMARY

A summary of County International's current Coal Resources are contained in the following table.

Prospect	JORC Inferred Coal Resource	JORC Indicated Coal Resource	JORC Measured Coal Resource	Total JORC Coal Resource
Shell Creek Coal Project	59 Mt	17 Mt	344 Mt	420 Mt
Miller Coal Project	-	-	310 Mt	310 Mt
Total JORC Coal Resource	59 Mt	17 Mt	654 Mt	730 Mt

Notes: (a) The information in the table "JORC-Compliant Coal Resources" is based on Independent Geologist's Report, Aqua Terra Consultants Inc., October 2012. The information in this table that relates to Geology, Exploration results and Mineral resources is based on information compiled by Steven J Stresky, who is a member of the American Institute of Professional Geologists, and a full time employee of Aqua Terra Consultants Inc. (the geology consultants to County International). Mr Stresky has sufficient experience which is relevant to the style of deposit under consideration and to the activity he is undertaking to qualify as a "Competent Person" as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves". Mr Stresky consents to the inclusion in the report of the matters based on the information in the form and context in which it appears. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

COUNTY INTERNATIONAL LIMITED

Directors and Management

Directors

Robert G. Cameron AO | Non-executive Chairman BE (Hons), MBA, Grad Dip Geoscience, FAusIMM, FAIM, FAICD

Bob Cameron holds degrees in mining, mineral economics and business administration and has had more than 37 years of experience in the coal industry. This includes 14 years as a senior manager with Coal & Allied Industries in the Hunter Valley and 21 years as Founder and Managing Director/CEO of Centennial Coal Company Limited. This Company grew from a market capitalisation of \$20 million and was acquired by Banpu PLC in 2010 for approximately \$2.5 billion.

Upon the takeover of Centennial, Bob moved to the role of non-executive Chairman of the Company. Amongst other current positions, Bob is also Chairman of Hunter Valley Training Company Limited and Pacific Smiles Group. He is also a Director of the University of New South Wales Foundation and the Museum of Applied Arts and Sciences.

Bob is past Chairman of the Australian Coal Association, ACA Low Emissions Technology Ltd, NSW Minerals Council and the Australian Japan Coal Conference, and was a Director of Port Kembla Coal Terminal. He was also on numerous other government and industry boards and committees including the Ministerial Minerals Advisory Council and Mining Education Australia.

In 2002 The Australasian Institute of Mining and Metallurgy awarded Bob the Institute Medal in recognition of his outstanding leadership in the coal industry.

In 2005 he received the Hunter Business Person of the Year Award from the Hunter Business Chamber, and in 2010 he received the Australian Mining Prospect Award for Most Outstanding Contribution to Mining.

In 2012 he was awarded an Order of Australia for his contribution to the Australian mining industry, tertiary education and the community of the Hunter Valley.

David Miller | Non-executive Director B.Sc (Geol)

David Miller is a geologist and businessman. He was a Director and CEO of Strathmore Minerals Corp (a TSX listed mining group) until August 2013. David's primary professional focus has been on minerals exploration, development, and mining. His career has spanned over 30 years, with a chain of companies that started with Utah International and evolved into AREVA, the French Nuclear Power Conglomerate. David is a eight term member of the Wyoming Legislature, serving District 55 – Riverton. He is currently Chairman of Judiciary Committee, served on Minerals, Revenue, Education, Corporations, and Health & Labor Committees and was an original appointee to the Wyoming Energy Commission. David is a registered professional geologist in Wyoming, a registered member of the Society of Mining Engineers, and a Fellow in the Society of Economic Geologists. David is the architect responsible for assembling the Miller Coal property, now owned by County International.

Rod Ruston | Chief Executive Officer and Managing Director BE (Mining), MBA

Mr Ruston is a mining engineer, who also holds an MBA. He has 37 years of business experience in the resource industry and has worked at senior management level, including as CEO, in public companies in the coal, heavy minerals, construction and oil and gas industries. He has extensive international experience having done business in Asia through his experience in the coal industry (Savage Resources Limited, Wambo Mining, Oakbridge Limited and Kembla Coal & Coke) and in the heavy minerals industry where he was responsible, as the CEO of Tigor Ltd, for the construction and operation of a 120kt per annum titanium dioxide mining and smelting project in South Africa.

Mr Ruston joined County International in early July 2012. For the previous 7 years he was President and CEO of North American Energy Partners, a large mining and construction contracting company located in western Canada.

Mr Ruston is currently a non-executive director of AngloGold Ashanti Limited, a major international, South African based, gold mining company.

COUNTY INTERNATIONAL LIMITED

ACN 149 136 783

DIRECTORS' REPORT

Your directors present their report on the company and its controlled entities for the financial year ended 30 June 2016.

Directors

The names of directors in office at any time during or since the end of the year are:

Robert G. Cameron AO - Non-Executive Chairman

Rodney Ruston - Managing Director

David Miller - Non-Executive Director

Directors have been in office since the start of the financial year to the date of this report, unless otherwise stated.

Further details as to the Directors' experience are contained on page 5 of this Annual Report.

Principal Activity

The principal activity of the Consolidated Entity during the financial year was the development of a North American bulk export solution that can be utilised for exporting coal and other bulk products (grain, fertiliser and other bulk products) sourced from emerging U.S. and Canadian producers and exporters.

There were no significant changes in the nature of the Consolidated Entity's principal activities during the financial year.

Result

The consolidated loss of the Consolidated Entity amounted to \$747,225 (2015: \$10,896,664)

Dividends Paid or Recommended

There is no dividend paid, declared or recommended.

Significant Changes in State of Affairs

Other than as stated above and in the accompanying financial report, there were no significant changes in the state of affairs of the Company during the reporting year.

After Balance Date Events

The directors are not aware of any matter or circumstance that has arisen since the end of the year to the date of this report that has significantly affected or may affect:

- (i) The operations of the company and the entities that it controls
- (ii) The results of those operations
- (iii) The state of affairs of the Company in subsequent years

Future Developments

As detailed in the Managing Director's Report accompanying this Directors' Report, in FY2017 the Company expects to continue the process of developing a North American bulk export solution that can be utilised for exporting coal and other bulk products (grain, fertiliser and other bulk products) sourced from emerging U.S. and Canadian producers and exporters.

No further work is planned on County International's coal projects in the PRB in the immediate future. County International has previously announced some 730 million tonnes of JORC coal resource in its exploration areas in Wyoming's PRB.

COUNTY INTERNATIONAL LIMITED DIRECTORS' REPORT (CONTINUED)

Directors' Interests in Securities

As at the date of this report, details of Directors who hold shares or options in the company for their own benefit or who have an interest in holdings through a third party are detailed below.

Director	Shares	Options
Robert Cameron*	8,960,092	-
David Miller**	1,500,000	-
Rodney Ruston	-	8,000,000

* Eight million four hundred and sixty thousand and ninety two shares (2015: two million two hundred and fifty thousand) are held by Paula Suzanne Cameron and Robert Graham Cameron ATF Cameron Family Superannuation Plan of which Mr Cameron is a beneficiary and five hundred thousand are held directly.

** Shares held by Miller and Associates LLC of which Mr Miller is a Director

	DIRECTORS' MEETINGS		COMMITTEE MEETINGS			
	Number eligible to attend	Number Attended	AUDIT COMMITTEE		REMUNERATION COMMITTEE	
Number eligible to attend			Number Attended	Number eligible to attend	Number Attended	
Robert Cameron	1	1	2	2	1	1
Rodney Ruston	1	1	-	-	-	-
David Miller	1	1	2	2	1	1

Indemnifying Directors or Officers

Each Director has entered into a Deed with the Company under which the Director is given access to documentation and in addition is:

- indemnified by the Company to the full extent permitted by law against all liabilities sustained or incurred through acting as a Director (under the Corporations Act the indemnity does not extend to a liability owed to the Company or its related bodies corporate, or which arises out of conduct involving a lack of good faith, or is for a pecuniary penalty order under section 1317G of the Corporations Act or a compensation order under section 1317H of the Corporations Act);
- indemnified by the Company to the full extent permitted by law against legal costs and expenses incurred in defending an action for a liability incurred as an officer of the Company (under the Corporations Act the indemnity does not extend to costs incurred in circumstances where the Director is found to have a liability for which the Director cannot be indemnified, or costs of defending or resisting criminal proceedings in which the Director is found guilty or defending proceedings brought by ASIC or a liquidator for a court order where the court holds that the grounds for making the order are established, or costs of proceedings seeking relief for the Director under the Corporations Act where the court denies relief);
- entitled to a loan to meet the costs of defending or responding to any such claim or proceeding; and
- entitled to have the Company maintain and pay premiums in respect of directors' and officers' insurance.

Board Member's Directorships

Listed below are details of other listed public company directorships held by Board Members over the last three years.

Director	Directorship of	Date Appointed	Date Resigned
Robert Cameron	Pacific Smiles Group Limited	6 December 2002	Current
David Miller	Strathmore Minerals Corp	2004	30 August 2013
Rodney Ruston	AngloGold Ashanti Limited	1 January 2012	Current
	Cockatoo Coal Limited	15 January 2014	6 March 2015

COUNTY INTERNATIONAL LIMITED DIRECTORS' REPORT (CONTINUED)

Options

At the date of this report there are 11.1 million ordinary shares of County International Limited under option. The options are exercisable at prices between 4 and 40 cents each. Each option entitles the holder, when exercised, to one Share in the capital of County International Limited. Further details are below.

Number of Options	Issue Date	Exercisable Date	Expiry Date	Exercise Price
3,000,000	9 July 2012	9 July 2015	9 July 2017	40 cents
100,000	25 January 2013	14 January 2016	14 January 2018	15 cents
3,000,000	24 February 2015	31 January 2018	31 January 2020	4 cents
2,500,000	26 November 2015	31 December 2016	31 January 2020	4 cents
2,500,000	26 November 2015	26 November 2017	31 January 2020	4 cents

No options were granted over unissued shares during or since the end of the financial year by the company to directors or any of the specified officers as part of their remuneration, other than in November 2015 the company issued five million options to Mr Ruston, the Company's Managing Director. The options vest progressively, with 2,500,000 options vesting on 26 November 2016 and a further 2,500,000 options vesting on 26 November 2017 and are to be exercisable, upon payment of 4 cents per share, during the period from 31 December 2016 until their expiry on 31 January 2020.

No options have been exercised in the last financial year.

No (2015: 7.2 million) options expired or lapsed in the last financial year.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

COUNTY INTERNATIONAL LIMITED DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT

This report details the nature and amount of remuneration for each director of County International Limited and for the executives receiving the highest remuneration.

Remuneration Policy

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the Consolidated Entity is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the remuneration committee, which currently is the majority of the board. All executives receive a total remuneration package, which may include a base salary (commensurate with their expertise and experience), superannuation, fringe benefits, options and in the future performance incentives. The remuneration committee reviews executive packages annually by reference to the Consolidated Entity's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The performance of executives is assessed annually and for the Chief Executive Officer's annual review considers his performance, any change to the nature and scope of his work, the current employment market for similar positions, the performance of the Company and any other matter the Board considers relevant. There are currently no bonuses and incentive arrangements in place, however the Company will give reasonable consideration to the establishment of a short term incentive plan in the future. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Other future executives may also be entitled to participate in the employee option arrangements at the discretion of the Board.

Australian executives receive a superannuation guarantee contribution, required by the government, which is currently 9.5%, and do not receive any other retirement benefits.

All remuneration paid to directors and executives is valued at the cost to the company and expensed. Options are valued using the Black and Scholes methodology.

The board's normal policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The remuneration committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Fees for executive and non-executive directors are not linked to the performance of the Consolidated Entity. Subsequent to the end of the financial year the Directors have agreed to reduce their remuneration to zero, so as to reduce the future cash outgoings of the Company. During the financial year the Directors reduced their remuneration by between 50-67% in the previous financial year and to nil from August 2015 in an effort to reduce the Company's cash outgoings.

Performance Based Remuneration

As part of senior executives' remuneration packages in the future there may be a performance-based component, consisting of key performance indicators (KPIs) but there is currently no such component.

Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. The issue of options to a share option trust on behalf of the Chief Executive Officer subsequent to year end was to encourage the alignment of personal and shareholder interests. The company believes this policy should be effective in increasing shareholder wealth over the medium term.

The board will review its remuneration policy annually to ensure it is effective.

Performance Income as a proportion of Total Remuneration

All senior executives' remuneration for the year ended 30 June 2016 had only a fixed component and no variable component of their overall remuneration.

Options Issued as part of remuneration for the year ended 30 June 2016

No options were issued to directors as part of their remuneration during the year ended 30 June 2016, other than in November 2015 the company issued five million options to an option share trust on behalf of Mr Ruston, the Company's Managing Director. The options vest progressively, with 2,500,000 options vesting on 26 November 2016 and a further 2,500,000 options vesting on 26 November 2017 and are to be exercisable, upon payment of 4 cents per share, during the period from 31 December 2016 until their expiry on 31 January 2020.

COUNTY INTERNATIONAL LIMITED DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (continued)

Employment Contracts of Directors and Senior Executives

The employment conditions of the chief executive officer (or similar) and specified executives are formalised in contracts of employment. All executives are permanent employees of County International Limited.

No contract is for a fixed term. Each contract states it can be terminated by the company by giving the executive up to three months' notice and by paying a redundancy of between three to six months.

Directors' remuneration

The following table discloses the remuneration of Directors of the company for the years ended 30 June 2015 and 2016, as specified for disclosure by AASB 124. The information contained in this table is audited.

Director	Short-term Benefits		Post- Employment Benefits		Total
	Salary & Fees	Share Option Benefit	Superannuation	Termination Benefits	
Robert Cameron					
- 2016	5,000	-	475	-	5,475
- 2015	60,000	-	5,700	-	65,700
Rodney Ruston*					
- 2016	7,627	300	725	-	8,652
- 2015	91,533	160,000	8,696	-	260,229
David Miller					
- 2016	4,583	-	-	-	4,583
- 2015	53,259	-	-	-	53,259
TOTAL 2016	17,210	300	1,200	-	18,710
TOTAL 2015	204,792	160,000	14,396	-	379,188

* In addition to salary and superannuation, Mr Ruston also received a share option benefit of \$300 (2015: \$160,000) pertaining to options issued to a share option trust on his behalf in 2012 and in 2015.

For the year ended 30 June 2016 the Company had one employee (2015:1). The key management personnel of the consolidated group comprise the directors.

COUNTY INTERNATIONAL LIMITED DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (continued)

Share and Option holdings

Details of shares and options held by key management personnel (including those holding entities associated with Directors) are set out below.

Shares held by Key Management Personnel

Year ended 30 June 2016	Balance at beginning of year	Shares Acquired	Shares held at resignation	Balance at end of year
Directors				
R. Cameron*	2,750,000	6,210,092	-	8,960,092
R. Ruston	-	-	-	-
D. Miller**	1,500,000	-	-	1,500,000
Total	4,250,000	6,210,092	-	10,460,092

Year ended 30 June 2015	Balance at beginning of year	Shares Acquired	Shares held at resignation	Balance at end of year
Directors				
R. Cameron*	2,750,000	-	-	2,750,000
R. Ruston	-	-	-	-
D. Miller**	1,500,000	-	-	1,500,000
Total	4,250,000	-	-	4,250,000

* Eight million four hundred and sixty thousand and ninety two shares (2015: two million two hundred and fifty thousand) are held by Paula Suzanne Cameron and Robert Graham Cameron ATF Cameron Family Superannuation Plan of which Mr Cameron is a beneficiary and five hundred thousand are held directly.

** Shares held by Miller and Associates LLC of which Mr Miller is a Director.

COUNTY INTERNATIONAL LIMITED DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (continued)

Options held by Key Management Personnel

Year ended 30 June 2016

Directors	Balance at beginning of year	Options Issued	Options Lapsed or Exercised	Balance at end of year	Total Vested 30.6.15	Total Exercisable	Total Un-exercisable
R. Ruston	3,000,000	5,000,000	-	8,000,000	3,000,000	3,000,000	5,000,000
R. Cameron	-	-	-	-	-	-	-
D. Miller	-	-	-	-	-	-	-
Total	3,000,000	5,000,000	-	8,000,000	3,000,000	3,000,000	5,000,000

Year ended 30 June 2015

Directors	Balance at beginning of year	Options Issued	Options Lapsed or Exercised	Balance at end of year	Total Vested 30.6.14	Total Exercisable	Total Un-exercisable
R. Ruston	3,000,000	-	-	3,000,000	2,000,000	-	3,000,000
R. Cameron*	3,000,000	-	(3,000,000)	-	-	-	-
D. Miller**	500,000	-	(500,000)	-	-	-	-
Total	6,500,000	-	3,500,000	3,000,000	2,000,000	-	3,000,000

* Options are held by Paula Suzanne Cameron and Robert Graham Cameron ATF Cameron Family Superannuation Plan of which Mr Cameron is a beneficiary.

** Options are held by Miller and Associates LLC of which Mr Miller is a Director.

In July 2012 the company issued three million options to an option share trust on behalf of Mr Ruston, the Company's Managing Director. The options vest progressively at the rate of one third each completed year of Mr Ruston's employment over the next three years and are to be exercisable, upon payment of 40 cents per share, during the period from 9 July 2015 until their expiry on 9 July 2017.

In November 2015 the company issued five million options to Mr Ruston, the Company's Managing Director. The options vest progressively, with 2,500,000 options vesting on 26 November 2016 and a further 2,500,000 options vesting on 26 November 2017 and are to be exercisable, upon payment of 4 cents per share, during the period from 31 December 2016 until their expiry on 31 January 2020.

Contracts with Key Management Personnel

Pursuant to a property purchase agreement in relation to properties acquired in 2011 from Miller and Associates LLC, located in Campbell County, Wyoming, certain royalties may be payable to Miller and Associates LLC in the future. Pursuant to this agreement one million shares and 500,000 options were issued to Miller and Associates LLC in 2011. These options expired during the 2014/2015 financial year. In the 2011/2012 year the company exercised its option to acquire additional land (including coal rights) in the Shell Creek area and in consideration US\$100,000 and an additional 500,000 shares were issued to Miller Associates LLC. Miller and Associates LLC is associated with Mr Miller a director of the company.

All the above transactions were made on normal commercial terms and conditions.

COUNTY INTERNATIONAL LIMITED DIRECTORS' REPORT (CONTINUED)

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of County International Limited support and have adhered to key principles of corporate governance.

Please refer to the Corporate Governance Statement of County International Limited on our website for more information <http://www.countyinternational.com/index.php/corporate-details/corporate-governance>.

Environmental regulations

The operations and proposed activities of its wholly owned subsidiary companies County Energy Inc., County Coal Company LLC., and Clear Creek Holdings LLC are and will be subject to USA laws and regulations concerning the environment. The operations and proposed activities of its wholly owned subsidiary companies County Coal (Canada) Limited and County Terminals Limited are and will be subject to Canadian laws and regulations concerning the environment. As with most production operations, County International's activities are expected to have an impact on the environment. It is County International's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all operational and environmental laws. Nevertheless, there are certain risks inherent in County International's activities, such as accidental waste water spills, gas leaks, or explosions or other unforeseen circumstances, which could subject County International to extensive liability.

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 which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of these proceedings.

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

Non-audit Services

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

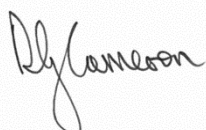
- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance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

Fees of \$1,500 were paid to the external auditors during the year ended 30 June 2016 for the preparation of income tax returns.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2016 is set out on page 43.

Signed in accordance with a resolution of the Board of Directors.



Robert Cameron
Chairman
29 September 2016

COUNTY INTERNATIONAL LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
Interest revenue		2,497	14,728
Realised loss on sale of freehold property		(177,354)	-
Fair value decrement on assets held for resale		(143,152)	-
Administration, development and corporate expenses		(360,938)	(1,039,967)
Impairment of coal rights and freehold property	8	(67,530)	(9,871,376)
Interest paid		(748)	(49)
Loss before income tax expense		(747,225)	(10,896,664)
Income tax expense	5	-	-
Loss for the period		(747,225)	(10,896,664)
Basic earnings per share (cents per share)	23	(0.40)	(11.57)
Diluted earnings per share (cents per share)	23	(0.45)	(11.57)

The accompanying notes form part of these financial statements.

COUNTY INTERNATIONAL LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
Loss	(747,225)	(10,896,664)
Items that may be reclassified subsequently to the income statement		
Other comprehensive income:		
Foreign exchange translation difference for foreign operations	88,406	1,517,170
Other comprehensive income for the period	<u>88,406</u>	<u>1,517,170</u>
Total comprehensive loss attributable to members of the parent entity	<u>(658,819)</u>	<u>(9,379,494)</u>

The accompanying notes form part of these financial statements.

COUNTY INTERNATIONAL LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Note	2016 \$	2015 \$
Assets			
Current Assets			
Cash and cash equivalents	6	625,246	245,114
Trade and other receivables	7	5,476	41,714
Assets held for resale	26	511,787	1,168,418
Total Current Assets		1,142,509	1,455,246
Non-Current Assets			
Coal rights, freehold property and capitalised exploration and evaluation expenditure	8	593,080	637,200
Interest in joint venture	25	530,165	431,907
Property, plant and equipment	9	97	650
Total Non-Current Assets		1,123,342	1,069,757
Total Assets		2,265,851	2,525,003
Liabilities			
Current Liabilities			
Trade and other payables	10	25,516	86,951
Total Current Liabilities		25,516	86,951
Non-Current Liabilities			
Trade and other payables	10	-	-
Total Non-Current Liabilities		-	-
Total Liabilities		25,516	86,951
Net Assets		2,240,335	2,438,052
Equity			
Issued Capital	11	16,515,212	16,054,410
Reserves	12	2,925,967	2,837,261
Accumulated losses		(17,200,844)	(16,453,619)
Total Equity		2,240,335	2,438,052

The accompanying notes form part of these financial statements.

COUNTY INTERNATIONAL LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	Issued Capital	Foreign Currency Translation Reserve	Share Option Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2014	16,054,410	840,091	320,000	(5,556,955)	11,657,546
Loss attributable to members	-	-	-	(10,896,664)	(10,896,664)
Share option reserve on recognition of remuneration options	-	-	160,000	-	160,000
Total other comprehensive income	-	1,517,170	-	-	1,517,170
Balance at 30 June 2015	16,054,410	2,357,261	480,000	(16,453,619)	2,438,052
Issue of shares (net of issue costs)	460,802	-	-	-	460,802
Loss attributable to members	-	-	-	(747,225)	(747,225)
Share option reserve on recognition of remuneration options	-	-	300	-	300
Total other comprehensive income	-	88,406	-	-	88,406
Balance at 30 June 2016	16,515,212	2,445,667	480,300	(17,200,844)	2,240,335

The accompanying notes form part of these financial statements.

COUNTY INTERNATIONAL LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
Cash flows from operating activities			
Receipts from customers		-	-
Payments to suppliers and employees (inclusive of GST)		(357,782)	(745,878)
Interest received		2,497	16,704
Coal bond released		39,234	-
Interest paid		(748)	(49)
Net cash used in operating activities	14(b)	<u>(316,799)</u>	<u>(729,223)</u>
Cash flows from investing/financing activities			
Funds received from rights issue (net of issue costs)		460,802	-
Funds advanced to joint venture		(152,796)	(377,369)
Acquisition of coal rights, freehold property and exploration and evaluation expenditure		-	(212,459)
Sale of freehold property		388,925	-
Net cash provided/(used) by investing/financing activities		<u>696,931</u>	<u>(589,828)</u>
Net increase/(decrease) in cash and cash equivalents held		380,132	(1,319,051)
Cash and cash equivalents at beginning of period		245,114	1,564,165
Cash and cash equivalents at end of reporting period	14(a)	<u>625,246</u>	<u>245,114</u>

The accompanying notes form part of these financial statements.

COUNTY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

1. REPORTING ENTITY

County International Limited is a company domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2016 comprise the Company and its controlled entities (together referred to as the Consolidated Entity). The Consolidated Entity is involved in coal exploration and development in the USA.

2. BASIS OF PREPARATION

a. Statement of compliance

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The financial report of the Consolidated Entity and the financial report of the Company comply with International Financial Reporting Standards and Interpretations adopted by the International Accounting Standards Board.

b. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis.

c. Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

d. Use of judgments and estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is described in the following areas: Impairment and Financial Instruments.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements and have been applied consistently by all entities in the Consolidated Entity.

a. Basis of Consolidation

Controlled entities

Controlled entities are entities controlled by the Company. Control exists when the Company has power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of controlled entities are included in the consolidated financial statements from the date that control commences until the date that control ceases. Investments in controlled entities are carried at their cost of acquisition in the Company's financial statements.

Transactions eliminated on consolidation

Intra-group balances and any recognised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

b. Income Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

The following specific recognition criteria must also be met before revenue is recognised:

Interest

Control of the right to receive the interest payment.

COUNTY INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the relevant taxation authority is included as a current asset or liability in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the relevant taxation authority are classified as operating cash flows.

d. Foreign Currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of controlled entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary transactions denominated in foreign currencies that are stated at historical cost are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at the foreign exchange rates ruling at the date the fair value was determined. Foreign exchange differences arising on translation are recognised in the income statement.

Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, generally are translated to the functional currency at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated to the functional currency at rates approximating the foreign exchange rates ruling at the dates of transactions. Foreign currency differences arising from translation of controlled entities with a different functional currency to that of the Consolidated Entity are recognised in the foreign currency translation reserve (FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount of its FCTR is transferred to profit or loss.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the FCTR.

e. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

f. Provisions

A provision is recognised in the balance sheet when the Consolidated Entity has a present legal or constructive obligation as a result of a past event that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

g. Impairment

The carrying amounts of the Consolidated Entity's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see below). An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit or a group of units and then, to reduce the carrying amount of the other assets in the unit or a group of units on a pro-rata basis.

COUNTY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Exploration, Evaluation and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- i) such costs are expected to be recouped through successful development and exploitation or from sale of the area; or
- ii) exploration and evaluation activities in the area have not, at balance date, resulted in booking economically recoverable reserves, and active operations in, or relating to, this area are continuing.

Accumulated costs in respect of areas of interest which are abandoned are written off in full against profit in the year in which the decision to abandon the area is made.

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

Amortisation is charged against individual deposits currently based on reserve estimates. Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

j. Restoration

Provisions for future environmental restoration are recognised where there is a present obligation as a result of exploration, development, production, transportation or storage activities having been undertaken, and it is probable that an outflow of economic benefits will be required to settle the obligation. The estimated future obligations include the costs of removing facilities, abandoning mines and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date, based on current legal requirements and technology. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at the end of the balance sheet date, with a corresponding change in the cost of the associated asset.

The amount of the provision for future restoration costs relating to exploration, development and production facilities is capitalized and depleted as a component of the cost of those activities.

The unwinding of the effect of discounting on the provision is recognised as a finance cost.

k. Employee Benefits

Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave expected to settle within 12 months of the year end represent present obligations resulting from employees' services provided up to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the Consolidated Entity expects to pay as at reporting date including related on-costs, such as workers' compensation insurance and payroll tax.

l. Receivables

Trade and other receivables are stated at amortised cost less impairment losses (see accounting policy (g)).

m. Taxation

Income tax expense in the income statement for the years presented comprises current and deferred tax. Income tax is recognised in the income statement 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 substantially enacted at reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is calculated using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for the initial recognition of goodwill and other assets or liabilities in a transaction that affects neither accounting nor taxable profit, or differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

COUNTY INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

m. Taxation (continued)

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based upon the laws that have been enacted at reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be recognised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be recognised. Additional income taxes that arise from distribution of dividends are recognised at the same time as liability to pay the related dividend is recognised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity or on a different tax entity but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be recognised simultaneously.

n. Payables

Trade and other payables are stated at amortised cost.

o. Finance income and expense

Interest income is recognised as it accrues in the income statement using the effective interest method.

p. Earnings per share

The Consolidated Entity presents basic and diluted earnings/(loss) per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the net profit/(loss) attributable to equity holders of the parent for the financial year, after excluding any costs of servicing equity (other than ordinary shares) by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

Diluted EPS is calculated using the basic EPS earnings/(loss) as the numerator. The weighted average number of shares used as the denominator is adjusted by the after-tax effect of financing costs associated with the dilutive potential ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares adjusted for any bonus issue.

q. Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any income tax benefit.

r. New standards and interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2016. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments

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

COUNTY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

r. New standards and interpretations not yet mandatory or early adopted (continued)

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 July 2017 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the consolidated entity.

s. New, revised or amending Accounting Standards and Interpretations adopted

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. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

COUNTY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

t. Other financial assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the year established generally by regulation or convention in the marketplace.

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

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when investments are derecognised or impaired, as well as through amortisation process.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

COUNTY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

4. FINANCIAL RISK MANAGEMENT

Overview

The Company and Consolidated Entity have exposure to the following risks from the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's and the Consolidated Entity's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout these consolidated financial statements. The Board of directors has overall responsibility for the establishment and oversight of the risk management and monitors operational and financial risk management throughout the Consolidated Entity. Monitoring risk management includes ensuring appropriate policies and procedures are published and adhered to.

The Board aims to manage the impact of short-term fluctuations on the Company's and the Consolidated Entity's earnings. Over the longer term, permanent changes in market rates will have an impact on earnings.

The Company and the Consolidated Entity are exposed to risks from movements in exchange rates and interest rates that affect revenues, expenses, assets, liabilities and forecast transactions. Financial risk management aims to limit these market risks through ongoing operational and finance activities.

Exposure to credit, foreign exchange and interest rate risks arises in the normal course of the Company's and the Consolidated Entity's business. Derivative financial instruments are not used to hedge exposure to fluctuations in foreign exchange rates.

Credit Risk

Credit risk is the risk of financial loss to the Company or the Consolidated Entity if a customer, controlled entity or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's and the Consolidated Entity's receivables from customers.

Trade and other receivables

The Company's and Consolidated Entity's exposure to credit risk is influenced mainly by the geographical location and characteristics of individual customers. The Consolidated Entity does not have a significant concentration of credit risk with a single customer.

Policies and procedures of credit management and administration of receivables are established and executed at a regional level. Individual regions deliver reports to management and the Board on debtor ageing and collection activities on a monthly basis.

In monitoring customer credit risk, the ageing profile of total receivables balances is reviewed by management by geographic region on a monthly basis. Regional management is responsible for identifying high risk customers and placing restrictions on future trading, including suspending future shipments and administering dispatches on a prepayment basis.

The Company and the Consolidated Entity have established an allowance for impairment that represents their estimate of incurred losses in respect of trade and other receivables.

Cash and Cash Equivalents

Credit risk related to balances with banks and other financial institutions is managed in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA-. Note 21 provides information regarding the credit risk relating to cash and money market securities based on S&P counterparty credit ratings.

Liquidity Risk

Liquidity risk is the risk that the Consolidated Entity will not be able to meet its financial obligations as they fall due. The Consolidated Entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Entity's reputation.

The Consolidated Entity monitors cash flow requirements and produces cash flow projections for the short and long term with a view to optimising return on investments. Typically, the Consolidated Entity ensures that it has sufficient cash on demand to meet expected operational net cash flows for a period of at least 30 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

COUNTY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

4. FINANCIAL RISK MANAGEMENT (continued)

Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Company's and the Consolidated Entity's net loss or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency Risk

The Consolidated Entity will undertake its coal exploration and development activities in US and Canadian currency and be exposed to currency risk on the value of its exploration assets that are denominated in United States dollars (USD) and Canadian dollars (CAD).

A percentage of the Consolidated Entity's future revenues from coal exploration and development activities may be denominated in currencies other than AUD. Risk resulting from the translation of assets and liabilities of foreign operations into the Consolidated Entity's reporting currency is not hedged.

Interest Rate Risk

The Consolidated Entity is exposed to interest rate risks in Australia. See Note 21 for effective interest rates.

Capital Management

The Consolidated Entity's objectives when managing capital are to safeguard its ability to continue as a going concern, to provide returns to shareholders, to provide benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board aims to maintain and develop a capital base appropriate to the Consolidated Entity. In order to maintain or adjust the capital structure, the Consolidated Entity can issue new shares. The Board of directors undertakes periodic reviews of the Consolidated Entity's capital management position to assess whether the capital management structure is appropriate to meet the Consolidated Entity's medium and long-term strategic requirements. Neither the Company nor any of its subsidiaries is subject to externally imposed capital requirements. There were no significant changes in the approach to capital management during the year.

COUNTY INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

5. INCOME TAXES	2016	2015
	\$	\$
(a) Tax expense/(benefit)		
The prima facie income tax expense on pre-tax accounting profit/(loss) from operations reconciles to the income tax expense in the financial statements as follows:		
Net loss for the year	(747,225)	(10,896,664)
Income tax benefit calculated at 30% of loss using the company's domestic tax rate.	(224,168)	(3,268,999)
Add/(less) tax effect of:		
Other non-allowable items	14,301	82,814
Other allowable items	(69,659)	(69,055)
Other temporary differences not recognised	65,075	3,005,486
Unused tax losses not recognised as deferred tax assets	214,451	249,754
Income tax expense/(benefit)	-	-

(b) Deferred Tax Assets

The following deferred tax balances at 30% (2015: 30%) have not been recognised:

Revenue losses	1,786,357	1,571,906
Development expenditure	677,171	662,870
Capital raising costs	2,418	69,055
Other	1,890,284	2,669,247
Provisions and accruals	6,232	4,497
	4,362,462	4,977,575

6. CASH AND CASH EQUIVALENTS

Cash at bank – A\$ Accounts	103,930	40,826
Cash at bank – USD Accounts	513,600	196,665
Cash at bank – CAD Accounts	7,716	7,623
	625,246	245,114

Cash at bank earns interest at floating rates based on daily bank deposit rate.

7. OTHER RECEIVABLES

Current

Other receivables	5,476	41,714
	5,476	41,714

There is no exposure to credit risk from other receivables. Other receivables are not past due and not impaired.

COUNTY INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
8. EXPLORATION EXPENDITURE CAPITALISED		
Coal rights, freehold property and capitalised exploration and evaluation expenditure	593,080	637,200
	<u>593,080</u>	<u>637,200</u>
Movement		
At the beginning of reporting year	637,200	10,272,355
Foreign exchange fluctuation	23,410	1,192,144
Expended during the year	-	212,495
Impairment of coal rights and freehold property	(67,530)	(9,871,376)
Transfer to assets held for resale (refer Note 26)	-	(1,168,418)
At end of reporting year	<u>593,080</u>	<u>637,200</u>

In the prior year, as a result of the decline in world coal prices, the Directors reassessed the carrying value of the 730Mt of proven-JORC Coal Resource in the Company's accounts. In assessing the recoverable value, the Directors took into consideration the attributes of the coal as determined in the Aqua Terra geologist's reports dated October 2011 and October 2012; the value paid for the various properties and coal resource in 2011 and the reduction in world thermal coal prices since 2011.

From November 2011 to June 2015, thermal coal prices reduced by approximately 44%. Given the further decline in thermal coal prices in the financial year, so as to comply with the accounting standards in assessing the value of the Company's assets, the Board has further impaired the Company's coal rights and capitalised exploration and evaluation expenditure to reflect this reduction as at 30th June 2016. The value of the Miller coal resource has been reduced in the Company's books in line with this decrease in world thermal coal prices. The quality of coal in the Company's Shell Creek property is below that of the Miller property and accordingly, the Board has written down the coal resource in this property in its entirety.

It is noted that coal prices have recovered recently.

Valuation technique

Impairment of coal rights and property results from a reduction in the carrying value of the Company's exploration and evaluation expenditure as explained above and a reduction on the value of the Company's freehold property. The value of the Company's freehold property has been reassessed by the Directors based on existing market conditions.

During the previous year the Company determined it had freehold land which was considered excess to the Company's requirements. This land in Wyoming was previously reflected in coal rights, freehold property and capitalised exploration and evaluation expenditure and has been transferred to an asset held for resale as it is the Directors intention to realise this property.

Exploration assets and freehold property (Note 26) held by the Company exist in markets which are not liquid. In such cases it is challenging to determine accurate fair values for these assets. Therefore the ultimate value which may be realised for such assets in future years could vary significantly from the amounts reflected in these accounts.

Fair value hierarchy

In order to arrive at the recoverable amount when impairing the non-financial assets the Director used level 3 inputs such as adjusted comparable land values and adjusted commodity prices as interpreted by the Directors. The valuation technique is as described above.

COUNTY INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
9. PROPERTY, PLANT & EQUIPMENT		
Cost	6,284	6,284
Less provision for depreciation	(6,187)	(5,634)
	<u>97</u>	<u>650</u>

Movements in the carrying amounts of plant and equipment during the year:

Balance at the beginning of the year	650	2,026
Foreign exchange fluctuation	-	16
Depreciation expense	(553)	(1,392)
Carrying amount at end of year	<u>97</u>	<u>650</u>

10. TRADE & OTHER PAYABLES

Current

Other creditors	571	5,418
Accruals	24,945	81,553
	<u>25,516</u>	<u>86,951</u>

Non-Current

Other creditors	-	-
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11. SHARE CAPITAL

Issued and paid up capital

188,350,008 (2015 – 94,175,004) Ordinary shares fully paid	<u>16,515,212</u>	<u>16,054,410</u>
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(a) Movements in paid up capital

At the beginning of the reporting year	16,054,410	16,054,410
- Issued during year (refer below)	470,875	-
- Less costs of issue	(10,073)	-
At end of reporting year	<u>16,515,212</u>	<u>16,054,410</u>

(b) Movements in shares on issue

	2016	2015
	# shares	# shares
At the beginning of the reporting year	94,175,004	94,175,004
Shares issued during the year	94,175,004	-
At end of reporting year	<u>188,350,008</u>	<u>94,175,004</u>

In early September 2015 the Company announced a Non-Renounceable Pro-Rata Rights Issue to raise approximately \$470,875. The funds raised from this issue will be applied towards general administration costs and working capital requirements. Additionally, Directors agreed to reduce their remuneration to zero from August 2015, so as to reduce the future cash outgoings of the Company.

COUNTY INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

11. SHARE CAPITAL (continued)

(c) Options

At 30th June 2016 there were 11.1 million (2015: 6.1 million) existing options on issue. The options are exercisable at prices between 4 and 40 cents (2015: between 4 and 40 cents) each. Each option entitles the holder, when exercised, to one Share in the capital of County International Limited.

Number of Options	Issue Date	Exercisable Date	Expiry Date	Exercise Price
3,000,000	9 July 2012	9 July 2015	9 July 2017	40 cents
100,000	25 January 2013	14 January 2016	14 January 2018	15 cents
3,000,000	24 February 2015	31 January 2018	31 January 2020	4 cents
2,500,000	26 November 2015	31 December 2016	31 January 2020	4 cents
2,500,000	26 November 2015	26 November 2017	31 January 2020	4 cents

Terms and conditions of contributed equity

Ordinary shares

Holders of ordinary shares have the right to receive dividends as declared and, in the event of the winding up of 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.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Options over ordinary shares

There was no exercise of options during the year ended 30 June 2016.

12. RESERVES	2016	2015
	\$	\$
Share option reserve	480,300	480,000
Foreign currency translation reserve	2,445,667	2,357,261
	<u>2,925,967</u>	<u>2,837,261</u>

The share option reserve records items recognised as expenses on valuation of share options issues as remuneration.

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled subsidiaries.

13. REMUNERATION OF AUDITORS

Remuneration of the Company's auditors for:

Auditing or reviewing the financial report	11,500	15,000
Other services	1,500	1,500
Total auditors' remuneration included in operating result	<u>13,000</u>	<u>16,500</u>

COUNTY INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

14. RECONCILIATION OF CASH	2016	2015
	\$	\$
(a) Cash balances comprises cash at bank:		
- \$A accounts	103,930	40,826
- US Dollar accounts	513,600	196,665
- CAD Dollar accounts	7,716	7,623
	<u>625,246</u>	<u>245,114</u>

(b) Reconciliation of operating loss after income tax to net cash outflow from operating activities:

Net loss	(747,225)	(10,896,664)
Depreciation	553	1,392
Share option expense	300	160,000
Impairment of coal rights and freehold property	67,530	9,871,376
Effects of movement in foreign exchange	(269,391)	270,436
Change in assets/liabilities:		
Decrease in receivables	36,238	65,926
Decrease in assets held for resale	656,631	-
Decrease in payables	(61,435)	(201,689)
Net cash used in operating activities	<u>(316,799)</u>	<u>(729,223)</u>

15. INTEREST IN SUBSIDIARIES

Interests are held in the following

Name	Country of Incorporation	Ownership Interest	
		2016	2015
County Coal Company LLC	USA	100%	100%
County Energy Inc.	USA	100%	100%
Clear Creek Holdings LLC	USA	100%	100%
County Coal Export Pty Limited	Australia	100%	100%
County Coal (Canada) Limited	Canada	100%	100%
County Terminals Limited	Canada	100%	100%

COUNTY INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

16. SHARE BASED PAYMENTS

(a) Shareholdings and Options and Rights Holdings held by Key Management Personnel, including options held in associated entities.

Please refer to the Remuneration Report section of the Directors' Report.

(b) Options issued as Part of Remuneration for the year ended 30 June 2016

5,000,000 options (2015: nil) were issued to directors as part of their remuneration in the current year. Upon Rodney Ruston's appointment as Chief Executive Officer in July 2012 a total of 3,000,000 options was issued to a share option trust on his behalf. These options were still held by the share option trust as at 30 June 2016.

In January 2013, the company issued 100,000 options to an employee vesting progressively over the next 3 years at the rate of 30,000 options for each of the first two years of completed employment by the employee from 14 January 2013 and the remaining 40,000 options vesting after the employee's third completed year of employment from 14 January 2013. The options are exercisable upon payment of 15 cents per share during the period from 14 January 2016 until their expiry on 14 January 2018.

In February 2015, the company issued 3,000,000 options to an employee, subject to vesting conditions. The options are exercisable upon payment of 4 cents per share during the period from 31 January 2018 until their expiry on 31 January 2020.

In November 2015 the company issued 5,000,000 options to an option share trust on behalf of Mr Ruston, the Company's Managing Director. The options vest progressively, with 2,500,000 options vesting on 26 November 2016 and a further 2,500,000 options vesting on 26 November 2017 and are to be exercisable, upon payment of 4 cents per share, during the period from 31 December 2016 until their expiry on 31 January 2020.

The options issued to executives outstanding at 30 June 2016 had a weighted average exercise price of \$0.1383 (2015: \$0.1535) and a weighted average remaining contractual life of 2.88 years (2015: 3.05 years). Exercise prices range from \$0.04 to \$0.40 (2015: \$0.04 to \$0.40) in respect of options outstanding at 30 June 2016. No options were issued as remuneration in the previous year.

The weighted average fair value of the options granted during the year was \$0.005 per option (2015: \$0.005 per option).

This price was calculated by using a Black-Scholes option pricing model applying the following inputs:

	2016	2015
Weighted average exercise price	\$0.04	\$0.04
Weighted average life of the option	5 years	5 years
Underlying share price approximating	\$0.0004	\$0.021
Expected share price volatility	40	50
Risk free interest rate	2.50	2.75

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future trends, which may not eventuate.

Exercisability of the options has been considered when determining the fair value of the options.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future. Included under share and option expense in the income statement is \$300 (2015: \$160,000), that relates, in full, to equity-settled share-based payment transactions.

(c) Employee Benefits

At 30 June 2016, County International Limited had one executive director (2015: 1) and one employee (2015: 1)

**COUNTY INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

17. EVENTS SUBSEQUENT TO BALANCE DATE

The directors are not aware of any matter or circumstance that has arisen since the end of the year to the date of this report that has significantly affected or may affect:

- (i) The operations of the company and the entities that it controls
- (ii) The results of those operations
- (iii) The state of affairs of the company in subsequent years

18. CONTINGENT LIABILITIES AND COMMITMENTS

The Consolidated Entity is not aware of any contingent liabilities, which existed as at the end of the financial period or have arisen as at the date of this report other than as detailed below.

Pursuant to the property purchase agreements in relation to the properties/leasehold coal rights acquired during the previous financial years, certain royalties are payable to vendors of the various properties. No royalties are payable at the date of these accounts.

Pursuant to a property purchase agreement in relation to the Shell Creek Coal Project located in Johnson County, Wyoming, in addition to certain royalties payable in the future, an additional amount is payable to the vendors of US\$0.10 per short ton* proved up to JORC Proved Coal Reserve status over 10 years, up to an estimated 220,000,000 short tons. An amount of US\$5 million was paid to the vendors in December 2011 in lieu of the first 50,000,000 short tons to be proven up.

*Note that this agreement uses an imperial unit of measurement known as a "short ton" which is a unit of weight equivalent to 2,000 pounds or 907.18474 kilograms.

Lease commitments	2016	2015
	\$	\$
Lease commitments contracted for but not capitalised in the financial statements		
- Payable:		
- Not later than 1 year	-	-
- Later than 1 year but not later than 5 years	-	-
- Later than 5 years	-	-
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	-	-
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Exploration Commitments		
Exploration commitments contracted for but not capitalised in the financial statements		
Payable:		
- Not later than 1 year	-	-
- Later than 1 year but not later than 5 years	-	-
- Later than 5 years	-	-
	<hr/>	<hr/>
	-	-
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19. RELATED PARTY DISCLOSURES

(a) Ultimate Parent

County International Limited is the ultimate Australian parent company.

The following companies are wholly owned subsidiaries- County Energy Inc., County Coal Company LLC and Clear Creek Holdings LLC, all of which are incorporated in the USA, County Terminals Ltd and County Coal (Canada) Limited both of which are incorporated in Canada and County Coal Export Pty Limited.

**COUNTY INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

19. RELATED PARTY DISCLOSURES (continued)

(b) Other Related Party Transactions

Pursuant to a property purchase agreement in relation to properties acquired in 2011 from Miller and Associates LLC, located in Campbell County, Wyoming, certain royalties may be payable to Miller and Associates LLC in the future. Pursuant to this agreement one million shares and 500,000 options were issued to Miller and Associates LLC in 2011. These options expired during the 2014/2015 financial year. In the 2011/2012 year the company exercised its option to acquire additional land (including coal rights) in the Shell Creek area and in consideration US\$100,000 and an additional 500,000 shares were issued to Miller Associates LLC. Miller and Associates LLC is associated with Mr Miller a director of the company.

All the above transactions were made on normal commercial terms and conditions.

20. KEY MANAGEMENT PERSONNEL COMPENSATION

(a) Details of Key Management Personnel

Directors during the year ended 30 June 2016 were:

Robert Cameron – Non-Executive Chairman

Rodney Ruston – Managing Director

David Miller – Non-Executive Director

(b) Compensation Practices and Key Management Personnel Compensation

Details of compensation practices and key management personnel compensation are disclosed in the Directors' Report which accompanies these financial statements.

(c) Other Transactions and Balances with Key Management Personnel

There were no transactions with key management personnel in the year to 30 June 2016 other than as detailed in Note 19.

21. FINANCIAL INSTRUMENTS

Credit Risk

Exposure to Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2016	2015
	\$	\$
Cash and equivalents (AA rated)	625,246	245,114
Other receivables	5,476	41,714
	<u>630,722</u>	<u>286,828</u>

Currency Risk

Consolidated Entity's exposure to foreign currency (USD) and (CAD) risk was as follows, based upon notional amounts:

2016

	USD	CAD
Amounts local currency		
Cash and equivalents	382,750	7,433
Trade Payables	(5,424)	-
	<u>377,326</u>	<u>7,433</u>

COUNTY INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

21. FINANCIAL INSTRUMENTS (continued)

Currency Risk (continued)

2015	2016 \$	2015 \$
Amounts local currency	USD	CAD
Cash and equivalents	196,665	7,623
Trade Payables	(53,403)	(1,611)
	143,262	6,012

The following significant exchange rates applied to the Company and the Consolidated Entity during the year:

	Closing Rate		Average Rate	
	2016	2015	2016	2015
AUD = 1	0.7454	0.7707	0.7272	0.8371
USD =	0.9632	0.9628	0.9625	0.9858
CAD =				

Carrying amount

Profile

At the reporting date, the interest rate profile of the Company's and the Consolidated Entity's interest bearing financial instruments was:

Carrying amount

Variable rate instruments	2016 \$	2015 \$
Financial assets	625,246	245,114
Financial liabilities	25,516	86,951

Liquidity Risk

The following are the contractual maturities of the Consolidated Entity's financial assets and liabilities including estimated interest payments.

2016	Effective interest rate p.a.	Carrying amount \$	Less than 1 year \$	1-5 years \$	More than 5 years \$
Cash and cash equivalents	1.2%	625,246	625,246	-	-
Other receivables		5,476	5,476	-	-
Payables		(25,516)	(25,516)	-	-
Total		605,206	605,206	-	-
2015	Effective interest rate p.a.	Carrying amount \$	Less than 1 year \$	1-5 years \$	More than 5 years \$
Cash and cash equivalents	3.3%	245,114	245,114	-	-
Other receivables		41,714	41,714	-	-
Payables		(86,951)	(86,951)	-	-
Total		199,877	199,877	-	-

COUNTY INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

21. FINANCIAL INSTRUMENTS (continued)

Sensitivity Analysis

In managing interest rate and currency risks, the Consolidated Entity aims to reduce the impact of short-term fluctuations on the Consolidated Entity's earnings. Over the longer term however, permanent changes in foreign exchange and interest rates will have an impact on the result.

For the year ended 30 June 2016, it is estimated that a general increase of one percent in interest rates would have decreased the Consolidated Entity's loss after income tax and equity by approximately \$4,300 (2015: \$3,500).

It is estimated that a general increase of ten percent in the value of the AUD against the USD would have decreased the Consolidated Entity's loss for the year ended 30 June 2016 by \$30,000 (2015: \$1,010,000) and increase the Consolidated Entity's equity by approximately \$30,000 (2015: \$1,010,000).

It is estimated that a general increase of ten percent in the value of the AUD against the CAD would have decreased the Consolidated Entity's loss for the year ended 30 June 2016 by \$12,600 (2015: \$17,000) and increase the Consolidated Entity's equity by approximately \$12,600 (2015: \$17,000).

Fair Values

The fair values of financial assets and liabilities, together with carrying amounts in balance sheet are as follows:

	Carrying Amount 2016 \$	Fair value 2016 \$	Carrying Amount 2015 \$	Fair value 2015 \$
Cash and equivalents	625,246	625,246	245,114	245,114
Other receivables	5,476	5,476	41,714	41,714
Trade and other payables	(25,516)	(25,516)	(86,951)	(86,951)
Total	605,206	605,206	199,877	199,877

Basis for determining fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments reflected in the table above.

Non-derivative financial assets and liabilities

The fair value of cash and receivables is considered to approximate their carrying amount because of their short maturity. Other assets are based on the assets carrying values as per the subsidiary company's accounts, which approximates fair value.

Fair value hierarchy

There are no other financial instruments carried at fair value or valued using the following:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

COUNTY INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

22. PARENT ENTITY DISCLOSURES

At and throughout the financial year ended 30 June 2016, the parent company was County International Limited.

Result of the parent entity	2016	2015
	\$	\$
Net profit/(loss)	327,449	2,172,604
Other comprehensive income	-	-
Total comprehensive income	327,449	2,172,604
Financial position of the parent entity at year end		
Current assets	105,716	40,842
Total assets	17,573,308	16,782,702
Current liabilities	20,773	18,718
Total liabilities	20,773	18,718
Total equity of the parent entity comprising of:		
Issued capital	16,515,212	16,054,410
Share option reserve	480,300	480,000
Accumulated gains/(losses)	557,023	229,574
Total Equity	17,552,535	16,763,984

Parent entity contingencies

The details of all contingent liabilities and future commitments in respect to County International Limited are in Note 18.

23. LOSS PER SHARE

The following reflects the loss and share data used in the calculations of basic and diluted loss per share.

	2016	2015
Net loss used in calculating basic and diluted earnings per share	(\$747,225)	(\$10,896,664)
Diluted (loss) per share (cents per share)	(0.45)	(11.57)
Basic (loss) per share (cents per share)	(0.40)	(11.57)
Weighted average number of shares used in the calculation of basic and diluted loss per share	164,735,615	94,175,004
Shares on issue at year end	188,350,008	94,175,004
Number of options on issue at year end – each option is exercisable at prices between 4 and 40 cents per share (2015: 4 and 40 cents) and converts to one ordinary share	11,100,000	6,100,000

24. SEGMENT REPORTING

The Consolidated Entity operates only in one segment and accordingly no segment information is disclosed.

COUNTY INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

25. JOINT VENTURE

During the previous financial year the Company acquired interest in a joint venture entity as part of its port project. The Company made equity contributions totalling \$98,258 (2015: \$431,907) to the joint venture during the year to fund its port project. The Company's share of profit for the year ended 30 June 2016 was nil (2015: nil).

	2016	2015
	\$	\$
Summarised Presentation of Aggregate Assets, Liabilities and Performance of Joint Venture		
Current assets	55,691	65,022
Non-current assets	474,474	366,885
Total assets	<u>530,165</u>	<u>431,907</u>
Current liabilities	-	-
Non-current liabilities	-	-
Total liabilities	<u>-</u>	<u>-</u>
Net assets	-	-
Equity contributions	<u>530,165</u>	<u>431,907</u>
Revenues	-	-
Unaudited results after income tax of joint venture	-	-

26. ASSETS HELD FOR RESALE

Freehold property held for sale	<u>511,787</u>	<u>1,168,418</u>
Movement:		
At the beginning of reporting period	1,168,418	-
Foreign exchange fluctuation	57,203	-
Transfer from exploration expenditure capitalised	-	1,168,418
Disposal during the period	(570,682)	-
Impairment of asset held for sale	(143,152)	-
	<u>511,787</u>	<u>1,168,418</u>

During the 2015 financial year the Board determined that certain freehold land in Wyoming, USA previously shown in the accounts as part of the capitalised exploration expenditure, were to be realised as it was surplus to the Company's requirements.

During the current financial year the Company disposed of a parcel of freehold land held for resale which had a book valuation of US\$415,000, resulting in a loss of US\$129,000. The Directors also reassessed the value of the remaining freehold land held for sale, resulting in an additional impairment of US\$104,000.

The Directors revalued this land based on their assessment of the value of nearby properties and after consideration of local government valuations for the parcels of land. Refer Note 8 for valuation hierarchy.

It is intended that the sale of the remaining property will be realised within the next twelve months.

The freehold land is not allocated to an operating segment.

27. CHANGE OF COMPANY NAME

The name of the Company was changed from County Coal Limited to County International Limited on 26th November 2015.

COUNTY INTERNATIONAL LIMITED

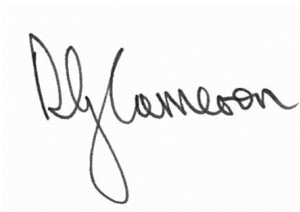
ACN 149 136 783

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 14 to 39 are in accordance with the Corporations Act 2001:
 - a. comply with Accounting Standards and the Corporations Regulations 2001; and
 - b. give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the company and Consolidated Entity;
2. The Executive Director and Company Secretary have each declared that:
 - a. the financial records of the company for the financial year have been properly maintained in accordance with section 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.
3. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

A handwritten signature in black ink that reads "Robert Cameron". The signature is written in a cursive style with a large, looped initial "R".

Robert Cameron

Chairman

29 September 2016



STIRLING INTERNATIONAL
CHARTERED ACCOUNTANTS

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
COUNTY INTERNATIONAL LIMITED**

Report on the Financial Report

We have audited the accompanying financial report of County International Limited (the company) and the consolidated entity, which comprises the consolidated statement of financial position as at 30 June 2016, and the consolidated statement of profit and loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2a, 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 company'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 company'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. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of County International Limited, would be in the same terms if provided to the directors as at the date of this auditor's report.

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF COUNTY INTERNATIONAL LIMITED

Auditor's Opinion

In our opinion:

- a. the financial report of County International Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2016 and of their performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2a.

Inherent Uncertainty Regarding Recoverability of Assets

Without qualification to the opinion expressed above, attention is drawn to the following matters:

Included in non-current assets in Note 8 to the financial statements is capitalised exploration and evaluation expenditure at fair value of \$593,080 and included in Note 26 is freehold property held for resale at fair value of \$511,787. These assets have been valued by the directors of the company and they do not have an active market, therefore the values realised in future may be significantly different to the fair values determined by the directors of the company. The ultimate recovery of the value of these assets is dependent upon the recovery in the coal prices and a successful sale of the freehold property.

Included in non-current assets in Note 25 are funds advanced to a joint venture entity as part of a port project at book value of \$530,165. The ultimate recovery of the value of this asset is dependent upon the successful development of a commercially viable and feasible port facility.

Report on the Remuneration Report

We have audited the Remuneration Report included at pages 9 to 12 of the report of the directors for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with s 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 the Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of County International Limited for the year ended 30 June 2016, complies with s 300A of the Corporations Act 2001.

Stirling International
Chartered Accountants



Keanu Arya

285 Clarence St Sydney 2000

29 September 2016

Liability limited by a scheme approved under Professional Standards Legislation

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF COUNTY INTERNATIONAL LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2016 there have been:

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

Stirling International
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Keanu Arya', is written over a light blue rectangular background.

Keanu Arya
29 September 2016
285 Clarence St Sydney 2000

ADDITIONAL INFORMATION

Equity Securities

a. Distribution of Equity Securities	Shareholders	Shares	Optionholders	Options
Category (size of Holding- by number)				
1-1,000	4	3,549	-	-
1,001-5,000	29	117,527	-	-
5,001-10,000	20	166,980	-	-
10,001-100,000	144	5,274,564	-	-
100,001 and over	107	182,787,388	2	11,100,000
	304	188,350,008	2	11,100,000

b. The number of shareholdings held in less than marketable parcels is 175.

c. The names of the substantial shareholders listed in the holding company's register as at 27 September 2016 are:

Shareholder	# of Ordinary Shares	Percentage
RTM Holdings Limited , Resource Capital Limited, Interenergy Pty Ltd <Boland Super Fund A/C>, Intercoal Limited and Marcus Boland	28,500,000	15.131
Mismo Pty Limited <Southwest A/C> and Brylet Pty Limited	20,380,960	10.82
Kemlay Pty Limited <Grasmere A/C>	15,052,292	7.789
Balander Pty Limited <Balander Super Fund A/C>	14,670,000	7.789

d. Voting Rights

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands. Options do not carry a vote.

e. 20 Largest Shareholders — Ordinary Shares as at 27 September 2016

Name	No. of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1. Mr Anthony James Haggarty	16,881,280	8.963
2. Kemlay Pty Limited <Grasmere A/C>	15,052,292	7.992
3. Mismo Pty Limited <Southwest A/C>	14,670,000	7.789
4. Balander Pty Limited <Balander Super Fund A/C>	14,670,000	7.789
5. Resource Capital Limited	14,000,000	7.433
6. Intercoal Limited	9,000,000	4.778
7. Mrs Paula Suzanne Cameron & Mr Robert Graham Cameron <Cameron Family S/F A/C>	8,460,092	4.492
8. Mr Wayne Russell Cooper	7,870,730	4.179
9. Dottie Investments Pty Ltd	7,485,000	3.974
10. Consanguine Pty Ltd	6,746,812	3.582
11. Mr Alexander John Abrahams	5,873,822	3.119
12. Brylet Pty Limited	5,710,960	3.032
13. RTM Holdings Limited	4,500,000	2.389
14. Warneet Super Pty Limited <Warneet Super Fund A/C>	3,555,769	1.888
15. Calama Holdings Pty Ltd <Mambat Super Fund A/C>	3,379,900	1.794
16. FNL Investments Pty Ltd <Staff Super Fund A/C>	3,197,974	1.698
17. Saf It Consulting Group Pty Ltd	2,500,000	1.327
18. Mr Leslie Szancer	2,281,590	1.211
19. Octifil Pty Ltd	2,076,922	1.103
20. Linker Pty Ltd <Linker Super Fund A/C>	2,075,000	1.102
	67,962,373	79.634

CORPORATE DIRECTORY

Board of Directors

Robert Cameron – Non-Executive Chairman

Rodney Ruston – Managing Director

David Miller – Non-Executive Director

Company Secretary

Terence Flitcroft

Registered Office

Level 2, 27 Macquarie Place,

Sydney, NSW 2000

Telephone: +61 2 9251 3007

Facsimile: +61 2 9251 6550

Auditors

Stirling International

283 - 285 Clarence Street,

Sydney, NSW 2000

Share Registry

Boardroom Pty Limited

GPO Box 3993

Sydney, NSW 2001

Telephone: +61 2 9290 9600

Facsimile: +61 2 9279 0664

www.boardroomlimited.com.au

Independent Geological Consultants

Aqua Terra Consultants Inc.

2624 Heartland Drive,

Sheridan,

Wyoming 82801

United States of America

USA Solicitors

Hathaway & Kunz, P.C.

Suite 500, 2515 Warren Avenue,

Cheyenne, Wyoming 82003-1208

United States of America

Stock Exchange Listing

Australian Securities Exchange

ASX Code: CCJ