Company Registration number: 03993115 (England and Wales)

GRAM Caledon Resources Limited

Annual Report and Accounts

for the year ended 31 December 2015

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Directors' Report

The Directors present their report and the financial statements for the year ended 31 December 2015.

Principal activities

The principal activity of the Company is that of an intermediate holding company.

Results and dividends

The results of the Company for the year ended 31 December 2015 are set out on page 5.

The Directors do not recommend payment of a dividend for the year (2014: A$nil).

Charitable and political donations

During the year the Company made no charitable or political contributions.

Directors

The Directors who held office during the year were as follows:

Zezhong Li (resigned 6 July 2016)
Shenbo Liu
Mark Trevan (resigned 31 October 2015)
Brett Garland (resigned 18 November 2015)

Directors' interests

No Director held any interest in the ordinary share capital of the Company.

Directors' responsibilities

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. The financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position of the Company and the performance for that period; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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

• select suitable accounting policies and then apply them consistently;
• make judgments and estimates that are reasonable and prudent;
• state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
• prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Report

Disclosure of information to auditors

So far as each Director at the date of approval of this report is aware, there is no relevant audit information of which the Company's auditors are unaware. Relevant information is defined as information needed by the Company's auditors in connection with preparing their report. Each Director has taken all the steps (such as making enquiries of other directors and the Auditors and any other steps required by the Director's duly to exercise due care, skill and diligence) that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This Directors' Report is signed in accordance with a resolution of the Board of Directors:

Director 刘慎波

Shenbo Liu

Dated this 6 day of December 2016

Independent Auditors Report

TO THE MEMBERS OF GRAM CALEDON RESOURCES LIMITED

We have audited the Company financial statements of GRAM Caledon Resources Limited for the year ended 31 December 2015 set out on pages 4 to 17. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of the Company's loss for the year then ended;
- the Company's financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in the accounting policies on page 11 to the financial statements concerning the Company's ability to continue as a going concern. As noted, the Company has continued support of its parent for the period to 11 May 2017. If continued support is not forthcoming after 11 May 2017, then this indicates the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent Auditors Report

TO THE MEMBERS OF GRAM CALEDON RESOURCES LIMITED

Matters on which we are required to report by exception

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

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

Rouse Audit LLP

13/12/16

Bindi Palmer, Senior Statutory Auditor
For and on behalf of Rouse Audit LLP
Chartered Accountants
Statutory Auditor

55 Station Road
Beaconsfield
Bucks
HP9 1QL

Company Income Statement
for the year ended 31 December 2015

	Note	2015 A$	2014 A$
Administrative expenses	2	369,561	**(75,450)**
Profit/ (Loss) from operations		369,561	**(75,450)**
Finance income	3	-	-
Other finance expense	3	-	-
Total finance expense	3	-	-
Loss for the period before taxation		**369,561**	**(75,450)**
Tax benefit	4	(110,868)	22,635
Profit/ (Loss) for the period attributable to equity holders of parent company		**258,693**	**(52,815)**

Company Statement of Comprehensive Income
for the year ended 31 December 2015

	2015 A$	2014 A$
Profit/ (Loss) after taxation	258,693	(52,815)
Other comprehensive income:		
Revaluation surplus on available for sale investment	-	-
Total comprehensive income for the period	**258,693**	**(52,815)**

The financial statements were approved by the Board of Directors and authorised for issue on 6/12/2016.

Shenbo Liu
Director

The notes on pages 9 to 18 form part of these financial statements.

Statement of Financial Position
as at 31 December 2015

	Note	2015 A$	2014 A$
Non-current assets			
Financial asset - available for sale investment	7	141,815	37,758
Deferred tax asset	8	-	107,463
Amounts due from Group companies	5	239,180,269	239,180,269
		239,322,084	**239,325,490**
Assets			
Current assets		-	-
Total assets		**239,322,084**	**239,325,490**
Liabilities			
Current liabilities			
Trade and other payables	10	17,348	282,852
		17,348	**282,852**
Non-current liabilities			
Deferred tax liability	8	3,405	-
Borrowings	9	17,523,612	17,523,612
		17,527,017	**17,523,612**
Total liabilities		**17,544,365**	**17,806,464**
Capital and reserves attributable to shareholders			
Share capital	11	2,957,535	2,957,535
Share premium	12	232,624,597	232,624,597
Revaluation reserve	12	-	-
Foreign currency translation reserve	12	962,551	962,551
Accumulated losses	12	(14,766,964)	(15,025,657)
Total equity		**221,777,719**	**221,519,026**
Total equity and liabilities		**239,322,084**	**239,325,490**

The financial statements were approved by the Board of Directors and authorised for issue on 6 / 12 / 2016.

Shenbo Liu 刘慎波
Director

Company Registration No: 03993115

The notes on pages 9 to 18 form part of these financial statements.

Company Statement of Changes in Equity
for the year ended 31 December 2015

	Share Capital A$	Share premium A$	Revaluation reserve A$	Foreign currency translation reserve A$	Accumulated Losses A$	Total A$
At 1 January 2014	2,957,535	232,624,597	-	962,551	(14,972,842)	221,571,841
Total comprehensive income for the year	-	-	-	-	(52,815)	(52,815)
At 31 December 2014	2,957,535	232,624,597	-	962,551	(15,025,657)	221,519,026
Total comprehensive income for the year	-	-	-	-	258,693	258,693
At 31 December 2015	**2,957,535**	**232,624,597**	**-**	**962,551**	**(14,766,964)**	**221,777,719**

The financial statements were approved by the Board of Directors and authorised for issue on 6/12/ 2016.

Shenbo Liu
Director

The notes on pages 9 to 18 form part of these financial statements.

Company Statement of Cash Flows
for the year ended 31 December 2015

	Note	2015 A$	2014 A$
Cash flows from operating activities			
Profit/ (Loss) before taxation		**369,561**	**(75,450)**
Adjustments for:			
Finance income	3	-	-
Net cash flow from operating activities before changes in working capital		369,561	(75,450)
Decrease in payables	10	(265,504)	-
(Increase) / decrease in receivables	5	(104,057)	75,450
Net cash flow from operating activities before interest and taxation paid		-	-
Net cash outflow from operating activities		-	-
Cash flows from investing activities			
Interest received	3	-	-
Net cash inflow from investing activities	3	-	-
Cash flows from financing activities			
Loan to related party repayment		-	-
Net cash inflow from financing activities		-	-
Net decrease in cash and cash equivalents in the year		-	-
Cash and cash equivalents at the beginning of the year		-	-
Cash and cash equivalents at the end of the year		-	-

The financial statements were approved by the Board of Directors and authorised for issue on 6 / 12 / 2016.

Shenbo Liu
Director

The notes on pages 9 to 18 form part of these financial statements.

Notes to the Financial Statements for the year ended 31 December 2015

1. Principal accounting policies

The Company is a limited liability company incorporated and domiciled in the United Kingdom. The address of its registered office is 125 London Wall, London, EC2Y 5AS. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
The financial statements for the year ended 31 December 2015 have been prepared on the basis of all IFRS and interpretations adopted by the European Union that are mandatory for periods ending 31 December 2015.

The IFRS financial information has been drawn up on the basis of accounting policies consistent with those applied in the financial statements for the year to 31 December 2014.

The Company financial information is presented in Australian dollars ('A$'). The exchange rate ruling at the year end was A$ 2.0288/£ (2014: A$ 1.9054/£).

Profits/losses from operations are stated after charging and crediting all operating items excluding finance income and expense.

Group financial statements
The financial statements contain information about GRAM Caledon Resources Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemption conferred by section 401 of the Companies Act 2006 not to produce consolidated financial statements as the Company's results are included in the consolidated financial statements of its Parent Company, Guangdong Rising (Australia) Holding Pty Ltd, a company based in Australia.

Investments in subsidiaries
Fixed asset investments in subsidiary undertakings held by the Company (note 7) are shown at cost less provisions for impairment. The cost of acquisition includes directly attributable professional fees and other expenses incurred in connection with the acquisition.

Financial instruments
In relation to the disclosures made in note 13:
The Company does not hold or issue derivative financial instruments for trading purposes.

Financial assets
The Company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Company did not have any financial assets designated as held to maturity, held for trading nor has it designated any financial assets as being at fair value through profit and loss. Unless otherwise indicated, the carrying amounts of the Company's financial assets are a reasonable approximation of their fair values.

The Company's accounting policy for each category is as follows:

Available-for-sale
Financial assets designated as available for sale are initially recognised at fair value, being the consideration given including, where appropriate, acquisition costs associated with the investment. The Company's investments in quoted shares are designated as 'available-for-sale' financial assets and are included in non-current assets. Such investments are subsequently carried at fair value, with any gains or losses arising from changes in fair value being recognised in equity. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Fair value is based on market value at the balance sheet date.

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of a financial asset classified as available-for-sale, a significant or prolonged decline in the fair value of the financial asset below its cost is considered as an indicator that the financial asset is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on financial assets are not reversed through the income statement.

Financial liabilities
Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

The Company classifies all its financial liabilities apart from derivative financial liabilities as held at amortised cost. The Company classifies its derivative liabilities as fair value through profit or loss.

All financial liabilities including trade payables and borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet.

Impairment
The carrying amounts of non-current assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. If there are indicators of impairment, an exercise is undertaken to determine whether the carrying values are in excess of their recoverable amount. Such review is undertaken on an asset by asset basis, except where such assets do not generate cash flows independent of other assets, in which case the review is undertaken at the cash-generating unit level.

If the carrying amount of an asset or its cash-generating unit exceeds the recoverable amount, a provision is recorded to reflect the asset or cash-generating unit at the lower amount.

The recoverable amount of assets is the greater of their value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate of 12% that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The Group's cash-generating units are the smallest identifiable groups of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of assets in the unit on a pro rata basis. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Impairment losses and reversals of impairment losses previously included in the income statement under the same category are included within other operating expenses in the income statement.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Foreign currency
In preparing the financial statements transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are included in profit or loss for the period.

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

Taxation
Income tax expense represents the sum of the tax currently payable and deferred tax.
The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Share capital
Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's Ordinary Shares are classified as equity instruments.

The Company is not subject to any externally imposed capital requirements.

2. Critical accounting estimates and judgements

The Company makes estimates and assumptions concerning the future, which by definition will seldom result in actual results that match the accounting estimate. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

Accounting judgements
Income taxes
The Company is subject to income taxes in two jurisdictions and has significant carried forward tax losses. Significant judgement is required in determining provisions for income taxes and in determining deferred tax assets based on assessment of probability that taxable profits will be available against which carried forward losses can be utilised.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income statement in the period in which such determination is made.

Going concern
The Company's ability to continue as a going concern is dependent on the confirmed support of the Parent company Guangdong Rising (Australia) Pty Ltd, a wholly-owned indirect subsidiary of Guangdong Rising Assets Management Co., Ltd ("GRAM"). The Parent company has provided support to 11 May 2017, which is less than the period of 12 months from date of approval of these financial statements.

If continued support is not forthcoming after 11 May 2017, then this indicates the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

GRAM is one of the largest state-owned enterprises in China, supervised by the State-owned Assets Supervision and Administration Commission of Guangdong Provincial People's Government. GRAM is a Chinese investment group, with investments in a range of listed and unlisted entities across a wide range of sectors, including non-ferrous metals, technology, hotels and construction.

As at 31 December 2015, the statement of financial position disclosed a net current deficiency of $17,348 (2014: $282,852). GRAM Caledon Resources Ltd incurred a net operating cash outflow of $nil (2014: $nil).

Notwithstanding the above, the financial statements have been prepared on a going concern basis, which contemplates the continuation of normal business operations and the realisation of assets and settlement of liabilities in the normal course of business. The Directors have considered and noted the following with regards to the ability of the Company to continue as a going concern:

Notes to the Financial Statements
for the year ended 31 December 2015

2. Expense by nature
Administrative expenses

	2015 A$	2014 A$
Adjustment for accrued expenses	(265,504)	-
(Gains) / Impairment Losses on investments held for sale	(104,057)	75,450
Staff costs (excluding redundancy costs)	-	-
Professional and consultancy	-	
Insurance	-	-
Travel and accommodation	-	-
Communication and IT	-	-
Other expenses	-	-
Total administrative expenses	**(369,561)**	**75,450**

Audit services

	2015 A$	2014 A$
Fee for the audit of annual accounts	-	-

Staff costs

	2015 A$	2014 A$
Wages and salaries (excluding redundancy costs)	-	-
Social security costs	-	-
	-	-

There were no employees (including Executive Directors) of the Company during the year (2014 Nil).

Directors' Emoluments

The Directors did not receive any remuneration in the 2015 or 2014 financial year.

Notes to the Financial Statements
for the year ended 31 December 2015

3. Finance income and expense

	2015 A$	2014 A$
Foreign exchange loss on borrowings and cash	-	-
Total finance expense	-	-
Interest income receivable on bank deposits	-	-
Total finance income	-	-
Net finance costs	-	-

The foreign exchange expense relates primarily to borrowings held in currencies different to the functional currency of the Company.

4. Taxation

Tax charged in the income statement

	2015 A$	2014 A$
Current income tax		
In respect of current year	-	-
In respect of prior year	-	-
	-	-
Deferred income tax		
In respect of current year	**110,868**	(22,635)
In respect of prior year	-	-
	110,868	(22,635)
Total tax charge	**110,868**	(22,635)

Reconciliation of the total tax charge

The tax assessed on the profit on ordinary activities for the period is different from the standard rate of corporation tax in the UK. The charge for the period can be reconciled to the profit per the income statement as follows:

	2015 A$	2014 A$
Profit/ (loss) before taxation	**365,561**	(75,450)
At standard rate of Corporation tax at 30% (2014: 30%)	**110,868**	(22,635)
Tax effect of revaluation of available for sale investment	-	-
	110,868	(22,635)

5. Trade and other receivables

	2015 A$	2014 A$
Non-current assets:		
Amounts owed by subsidiary undertakings	**238,848,931**	238,848,931
Amounts owed by parent undertaking	**331,338**	331,338
	239,180,269	239,180,269
Total debtors	**239,180,269**	239,180,269

The fair value of receivables is not significantly different from the carrying value.

The amounts owed by subsidiary undertakings relate solely to Caledon Overseas Holdings Limited ('COHL'). No interest has been charged on the amount of this loan to the extent it is a loan between COHL and Caledon Coal Pty Limited ('CCPL') until determined otherwise by the Board. No interest is charged on the balance of this loan as this is considered to be performing the function of equity.

6. Investments in subsidiaries

The Company has a 100% direct interest in the following subsidiary undertaking:

	Profit/(loss) for the year	Reserves	%Interest 2015	Ordinary shares	Country of incorporation	Activity
Caledon Overseas Holdings Limited	-	(A$2,236,074)	100	£1/A$2	England	Holding company

7. Available-for-sale investments

Carrying Value	A$
At 1 January 2014	**113,208**
Impairment of investment	(75,450)
At 1 January 2015	**37,758**
Revaluation of investment	104,057
At 31 December 2015	**141,815**

At 31 December 2015, the market value of the Company's investment in Dynasty Gold Corporation has increased to A$141,815.

Notes to the Financial Statements
for the year ended 31 December 2015

8. Deferred tax

Movement on deferred tax

	2015 A$	2014 A$
At 1 January	**107,463**	**84,828**
Amount credited to profit and loss	(110,868)	**22,635**
Revaluation of available for sale investment	-	
	-	
At 31 December	(3,405)	**107,463**

9. Loans and borrowings

	2015 A$	2014 A$
Non-current loans and borrowings		
Loan from parent company	**17,523,612**	17,523,612
	17,523,612	17,523,612
Total loans and borrowings	**17,523,612**	17,523,612

10. Trade and other payables

	2015 A$	2014 A$
Other taxation and duties	**92**	92
Accruals and deferred income	**17,256**	282,760
	17,348	282,852

The fair value of payables is not significantly different from the carrying value.

11. Share capital

	2015 No.	2014 No.
Issued and fully paid:		
Ordinary Shares of 0.5 pence each	**286,119,387**	286,119,387

	2015 £	2015 A$	2014 £	2014 A$
Issued and fully paid:				
Ordinary Shares of 0.5 pence each	**1,430,597**	**2,957,535**	1,430,597	2,957,535

12. Reserves

The following describes the nature and purpose of each reserve within owners' equity.

Share premium	Amount subscribed for share capital in excess on nominal value.
Capital reserve	Amounts resulting from the merger of subsidiary investments.
Foreign currency translation reserve	Gains/losses arising on retranslating the net assets of overseas operations into Australian$
Option premium on convertible loan	Amount of proceeds on issue of convertible debt relating to the equity component (i.e. Option to convert the debt into share capital).
Revaluation reserve	Gains/losses arising on the revaluation of the Group's investments available-for-sale.
Accumulated losses	Cumulative net gains and losses less distributions made.

The Company's profit for the period was A$258,693 (2014: Loss of A$52,815).

13. Financial instruments

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The significant accounting policies regarding financial instruments are disclosed in note 1.

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

Principal financial instruments
The principal financial instruments used by the Company from which financial instrument risk arises, are as follows:

	2015 A$'000	2014 A$'000
Loans and receivables at amortised cost		
Available for sale investment	**142**	37
Financial liabilities held at amortised cost		
Trade and other payables	**17**	283
Borrowings	**17,524**	17,524

General objectives, policies and processes
The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board receives monthly reports from the Chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set polices that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below:

Liquidity risk
Following the acquisition of the Company by GRAM, whereby the Company became a wholly owned subsidiary of GRAM, exposure to liquidity risk has been significantly reduced due to the ability to access funding and financing support from GRAM.

2015	Total A$	On demand A$	In 1 month A$	Between 1 and 6 months A$	Between 6 and 12 months A$	Between 1 and 3 years A$
Trade and other payables	**17,348**	-	**17,348**	-	-	-
Borrowings	**17,523,612**	-	-	-	-	**17,523,612**

2014	Total A$	On demand A$	In 1 month A$	Between 1 and 6 months A$	Between 6 and 12 months A$	Between 1 and 3 years A$
Trade and other payables	282,852	–	282,852	–	–	–
Borrowings	17,523,612	–	–	–	–	17,523,612

14. Events after the reporting date

Since the end of the financial year there has not arisen any events which have a material effect of the performance or operations of the Company.

15. Related party transactions

IAS 24 'Related Party Transactions' requires the disclosure of the details of material transactions between the reporting entity and related parties.

Please see notes 5 and 9 in regards to related party transactions with group companies.

16. Ultimate Controlling Party

The Company is wholly-owned by Guangdong Rising (Australia) Pty Ltd and ultimately controlled by Guangdong Rising Asset Management Co. Limited a company based in China. The largest and smallest group which the accounts are consolidated is headed up by Guangdong Rising (Australia) Holding Pty Limited. These group accounts are available from Companies House.

Guangdong Rising (Australia) Holding Pty Ltd

(ABN 58 147 138 583)

Annual Report and Accounts 2015

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Directors' Report

The Directors present their annual report and the audited Group financial statements for the year 1 January 2015 to 31 December 2015.

Directors
The names of the Directors in office at any time during or since 1 January 2015 are:

Mark Trevan	age 60	Resigned 30 October 2015
Zezhong Li	age 46	Appointed 5 November 2010
Shenbo Liu	age 46	Appointed 28 March 2012
Xiaohui Ye	age 60	Appointed 18 February 2013
Brett Garland	age 58	Resigned 18 November 2015
Qian Deng	age 40	Appointed 17 November 2014
Lixin Wang	age 48	Appointed 17 November 2014
Frederick William Hess	age 58	Appointed 24 September 2015
Andrew Jeffrey Price	age 45	Appointed 24 September 2015

Review of Operations
The loss of the Group for the financial year after providing for income tax amounted to US$94,608,000 (2014: US$34,990,000).

The operations and management of the Group is unchanged from the previous financial year.

Significant Changes in the State of Affairs
There have been no significant changes in the Group's state of affairs during the year.

Principal activities
The principal activity of the Group is coal mining and exploration and the principal activity of the Company is a holding company.

Events Subsequent to the End of the Reporting Period
No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Likely Developments and Expected Results of Operations
Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

Environmental Regulation
The Company's operations are regulated by the Queensland Department of Environment and Resource Management (DERM) under Queensland's Environmental Protection Act 1994.

The Company's mining and exploration tenements operate under site specific Environmental Authorities.

During the reporting year, the Company had no reportable environmental incidents.

Results and dividends
The results of the Group for the year ended 31 December 2015 are set out on pages 4 to 24.

The Directors do not recommend payment of a dividend for the period.

Directors' Report continued

Options
No options over issued shares or interests in the company or a controlled entity were granted during or since the end of the financial period and there were no options outstanding at the date of this report.

Indemnification of Officers
During the financial year, a contract of insurance was entered into to insure the directors and executives of the Group against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Proceedings on Behalf of the Company
No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

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

Auditor's Independence Declaration
A copy of the Auditor's Independence Declaration as required under s 307C of the *Corporations Act 2001* is set out on page 3.

This Directors' Report is signed in accordance with a resolution of the Board of Directors:

Director ____________________

Frederick William Hess

Dated this 11th day of May 2016

ShineWing Australia
Accountants and Advisors
Level 10, 530 Collins Street
Melbourne VIC 3000
T +61 3 8635 1800
F +61 3 8102 3400
shinewing.com.au

Auditor's Independence Declaration Under Section 307c of the Corporations Act 2001 to the members of Guangdong Rising (Australia) Holding Pty Ltd

I declare that to the best of my knowledge and belief, during the year ended 31 December 2015 there has 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.

ShineWing Australia

ShineWing Australia
Chartered Accountants

P. Schofield

M.J Schofield
Partner

Melbourne, 29 April 2016

Consolidated Income Statement for the year ended 31 December 2015

	Note	2015 US$'000	2014 US$'000
Revenue		58,214	21,539
Cost of sales		(150,685)	(46,465)
Gross loss		(92,471)	(24,926)
Administrative expenses		(21,514)	(10,641)
Loss from operations		(113,985)	(35,567)
Finance income	4	-	468
Finance expense	4	(52,544)	(60,349)
Loss for the year before taxation		(166,529)	(95,448)
Tax benefit	5	71,921	60,458
Loss for the year attributable to equity holders of parent company		(94,608)	(34,990)

Consolidated Statement of Comprehensive Income for the year ended 31 December 2015

	2015 US$'000	2014 US$'000
Loss after taxation	(94,608)	(34,990)
Other comprehensive loss:		
Exchange loss on translation of foreign operations	(37,307)	(30,413)
Total comprehensive loss for the year	(131,915)	(65,403)
Total comprehensive loss attributable to:		
- Equity Holders of the Parent	(131,915)	(65,403)
	(131,915)	(65,403)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position as at 31 December 2015

	Note	2015 US$'000	2014 US$'000
Assets			
Current assets			
Cash	6	20,671	53,916
Restricted use cash	6	549	374
Trade and other receivables	7	2,996	2,733
Inventory	8	6,093	8,416
		30,309	65,439
Non-current assets			
Financial asset - available for sale investment	9	104	31
Intangible assets	11	4,706	4,705
Exploration and evaluation properties	12	259,645	280,460
Mining properties	13	211,107	217,662
Property, plant and equipment	14	187,946	189,383
Other receivables	7	56,573	63,097
Deferred tax asset	15	265,098	219,406
		985,179	974,744
Total assets		1,015,488	1,040,183
Liabilities			
Current liabilities			
Borrowings	16	61,000	-
Provisions	17	4,167	4,090
Trade and other payables	18	61,439	38,212
		126,606	42,302
Non-current liabilities			
Borrowings	16	1,037,138	997,044
Provisions	17	4,208	6,414
Deferred tax liability	15	120,282	135,254
		1,161,628	1,138,712
Total liabilities		1,288,234	1,181,014
Capital and reserves attributable to shareholders			
Share capital	19	86,114	86,114
Reserves	20	(136,662)	(99,355)
Accumulated losses		(222,198)	(127,590)
Total equity		(272,746)	(140,831)
Total equity and liabilities		1,015,488	1,040,183

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity for the year ended 31 December 2015

	Share Capital US$'000	Foreign Currency Translation Reserve US$'000	Accumulated Losses US$'000	Total US$'000
At 1 January 2014	86,114	(68,942)	(92,600)	(75,428)
Total comprehensive loss for the year	-	(30,413)	(34,990)	(65,403)
At 31 December 2014	86,114	(99,355)	(127,590)	(140,831)
At 1 January 2015	86,114	(99,355)	(127,590)	(140,831)
Total comprehensive loss for the year	-	(37,307)	(94,608)	(131,915)
At 31 December 2015	86,114	(136,662)	(222,198)	(272,746)

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows for the year ended 31 December 2015

		2015 US$'000	2014 US$'000
Cash flows from operating activities			
Receipts from customers inclusive of GST		58,951	21,906
Interest received		25	29
Payments to suppliers and employees		(92,141)	(33,329)
Payment of royalties		(3,356)	(2,100)
Net cash outflow from operating activities	23	(36,521)	(13,494)
Cash flows from investing activities			
Payments for property, plant and equipment		(25,192)	(111,306)
Payments for mining properties		(30,515)	(77,547)
Net cash outflow from investing activities		(55,707)	(188,853)
Cash flows from financing activities			
Proceeds from borrowing		90,000	355,229
Repayment of borrowings		-	(120,000)
Payment of interest expense		(30,407)	(26,320)
Net cash inflow from financing activities		59,593	208,909
Net (decrease) / increase in cash and cash equivalents in the year		(32,635)	6,562
Cash and cash equivalents at the beginning of the year	6	54,290	49,233
Effect of foreign exchange rate changes on cash and cash equivalents		(435)	(1,505)
Cash and cash equivalents at the end of the year	6	21,220	54,290

The accompanying notes form part of these financial statements.

Notes to the Financial Statements for the year ended 31 December 2015

1. Principal accounting policies

The Company is a proprietary limited company incorporated in Victoria and domiciled in Queensland. The address of its registered office is Level 3, 15 Astor Terrace, Spring Hill Queensland, 4000. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Guangdong Rising (Australia) Holding Pty Ltd and Controlled Entities and its subsidiaries (the "consolidated group" or "Group").

Basis of preparation

The directors have prepared the financial statements on the basis that the Group is not a reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the *Corporations Act 2001*. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared in accordance with the recognition and measurement principles of all applicable Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. It contains the disclosures that are mandatory under the Accounting Standards and those considered necessary by the Directors to meet the needs of the Members.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The Financial Report is presented in US dollars. The amounts presented in the financial statements have been rounded to the nearest thousand dollars.

The financial statements were authorised for issue on 11 May 2016 by the Directors of the Company.

Functional and Presentation Currency

An entity's functional currency is the currency of the primary economic environment in which the entity or a significant component of the entity operates.

The functional currency of the parent entity Guangdong Rising (Australia) Holding Pty Ltd ("HOLDCO") and its subsidiary Guangdong Rising (Australia) Pty Ltd ("BIDCO") is US dollars.

New and amended standards adopted by the Group

Guangdong Rising (Australia) Holding Pty Ltd was not required to change its accounting policies as the result of new or revised accounting standards which became effective for the annual reporting period commencing on 1 January 2015.

The affected policies and standards are:

Reference	Title	Expected to be initially applied in the financial year ending
AASB 9	*Financial Instruments*	31 December 2018
AASB 15	*Revenue from Contracts with Customers*	31 December 2017
AASB 16	Leases	31 December 2019

The Group has not yet determined the potential impact of the new standards on the Group's financial report.

Notes to the Financial Statements for the year ended 31 December 2015

1. Principal accounting policies continued

The Group has not yet determined the potential impact of the new standards on the Group's financial report.

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

The Company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the Director's report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Guangdong Rising Asset Management Co Ltd is the ultimate parent and ultimate controlling party of the Group. The Company has taken advantage of the exemption provided under section 408 of the *Companies Act 2006* not to publish its individual income statement, statement of comprehensive income and related notes.

Business combinations
Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, or where there is an enforceable obligation to proceed with an acquisition that will result in control being attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed are recognised (subject to certain limited exceptions).

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

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

Goodwill
Goodwill is carried at cost less any accumulated impairment losses.

Notes to the Financial Statements for the year ended 31 December 2015

1. Principal accounting policies continued

Goodwill on acquisition of subsidiaries is included in intangible assets.

Goodwill is tested for impairment annually and is allocated to the Company's cash-generating units or groups of cash-generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Revenue
Revenue from the sale of coal is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

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

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Goods and Services Tax ("GST")
Revenue, 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 which case it is recognised as part of the cost of acquisition of the asset or as part of the expense item.

The net amount of GST recoverable or payable to the taxation authority is included as part of the receivables or payables in the statement of financial position.

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

Property, plant and equipment
Property, plant and equipment are stated at cost on acquisition less depreciation. Depreciation is provided at rates calculated to write off the cost less the estimated residual value of each asset over its expected useful economic life. The residual value is the estimated amount that would currently be obtained from disposal of the asset if the asset were already of the age and in the condition expected at the end of its useful life.

Buildings, plant and equipment related to production are depreciated using a unit of production method based on estimated economically recoverable reserves, which results in a depreciation charge proportional to the depletion of reserves. Buildings, plant and equipment unrelated to production are depreciated using the straight-line method based on estimated useful lives.

The annual rate of depreciation for each class of depreciable asset is:

Buildings	5% - 10%
Plant and equipment	7% - 33%
Computers and related hardware	33%
Fixtures, fittings and office machinery	20%
Motor vehicles	20%

The carrying value of property plant and equipment is assessed annually and any impairment is charged to the income statement.

Assets in the course of construction are capitalised in the construction in progress account. Costs capitalised include the purchase price of the asset and any costs directly attributable to bringing it into working condition for its intended use. On completion, the cost of construction is transferred to the appropriate category of property, plant and equipment. Construction in progress is not depreciated.

Notes to the Financial Statements for the year ended 31 December 2015

1. Principal accounting policies continued

Impairment
The carrying amounts of non-current assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. If there are indicators of impairment, an exercise is undertaken to determine whether the carrying values are in excess of their recoverable amount. Such review is undertaken on an asset by asset basis, except where such assets do not generate cash flows independent of other assets, in which case the review is undertaken at the cash generating unit level.

If the carrying amount of an asset or its cash-generating unit exceeds the recoverable amount, an impairment provision is recognised to reflect the asset or cash-generating unit at the lower amount.

The recoverable amount of assets is the greater of their value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The Group's cash-generating units are the smallest identifiable groups of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce any goodwill associated with the cash generating unit and then to reduce the carrying amount of the assets in the unit on a pro rata basis.

Impairment losses and reversals of impairment losses previously included in the income statement under the same category are included within other operating expenses in the income statement.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Inventories
Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Leased assets
Finance leases
Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Group (a 'finance lease'), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are allocated between capital and interest. The interest element is charged to the consolidated income statement over the year of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the lease liability owed to the lessor.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Operating leases
Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an 'operating lease') amounts payable under the lease are charged to the income statement on a straight-line basis over the lease term.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

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

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

Notes to the Financial Statements for the year ended 31 December 2015

1. Principal accounting policies continued

Exchange differences arising on the settlement of monetary items are included in profit or loss for the year except for foreign exchange differences on monetary items that form part of the net investment in a foreign operation which are recognised in the translation reserve in the consolidated financial statements.

For the purpose of presenting the financial statements, the assets and liabilities of the Company's foreign operations are translated into US dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

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

Employee benefits
Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting year. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. These cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Mine rehabilitation
Provisions are made for the estimated rehabilitation costs relating to areas disturbed during the mines' operation up to reporting date but not yet rehabilitated. Provision has been made in full for all disturbed areas at the reporting date based on current estimates of costs to rehabilitate such areas, discounted to their present value based on expected future cash flows.

The estimated cost of rehabilitation includes the current cost of re-contouring, topsoiling and revegetation employing legislative requirements. Changes in estimates are dealt with on a prospective basis as they arise.

Significant uncertainty exists as to the amount of rehabilitation obligations which may be incurred due to the impact of possible changes in environmental legislation.

The amount of the provision relating to rehabilitation of mine infrastructure and dismantling obligations is recognised at the commencement of the mining project and/or construction of the assets where a legal or constructive obligation exists at that time. The provision is recognised as a liability with a corresponding asset included in mining properties.

At each reporting date the rehabilitation liability is remeasured in line with changes in discount rates and timing or amount of costs to be incurred. Changes in the liability relating to rehabilitation of the mine infrastructure or dismantling obligations are added to or deducted from the related asset, other than the unwinding of the discount which is recognised as a finance cost in the income statement as it occurs.

If the change results in a decrease of liability that exceeds the carrying amount of the asset, the excess asset value is written down and the excess is recognised immediately in the income statement. If the change in the liability results in an addition to the cost of the asset, the recoverability of the new carrying amount is considered. Where there is an indication that the new carrying amount is not fully recoverable, an impairment test is performed with the write-down recognised in the income statement in the year in which it occurs.

Mining properties
Mining properties including mineral licences which are acquired by the Group and which have finite useful lives, are stated at cost less accumulated amortisation and impairment losses. Amortisation of mining properties commences from the date when commercial production commences, or from the date of acquisition and is charged to the consolidated statement of profit or loss and other comprehensive income. Mining properties are amortised over the life of the mine on a units of production method.

Exploration and evaluation assets
Exploration and evaluation assets are recognised at cost on initial recognition. Subsequent to initial recognition, exploration and evaluation assets are stated at cost less any accumulated impairment losses.

Exploration and evaluation assets include the cost of exploration rights and the expenditure incurred in the search for natural resources as well as the determination of the technical feasibility and commercial viability of extracting those resources.

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

Notes to the Financial Statements for the year ended 31 December 2015

1. Principal accounting policies continued

(i) the rights to tenure of the area of interest are current; and
(ii) at least one of the following conditions is also met:

(a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
(b) exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

The recoverability of exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Group to obtain necessary financing to complete the development of reserves and future profitable production or proceeds from the disposition of recoverable reserves.

When the technical feasibility and commercial viability of extracting natural resources become demonstrable, previously recognised exploration and evaluation assets are reclassified as either intangible assets or property, plant and equipment. These assets are assessed for impairment before reclassification, and any impairment loss is recognised in profit or loss. Where a licence is relinquished, a project is abandoned, or is considered to be of no further commercial value to the Group, the related costs are written off.

Taxation
Income Tax
Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered, or where circumstances are such that the timing of the realisation of the benefit are uncertain.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 5 November 2010 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Guangdong Rising (Australia) Holding Pty Ltd. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the Company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

Notes to the Financial Statements for the year ended 31 December 2015

1. Principal accounting policies continued

Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group did not have any financial assets designated as held to maturity, held for trading nor has it designated any financial assets as being at fair value through profit and loss. Unless otherwise indicated, the carrying amounts of the Group's financial assets are a reasonable approximation of their fair values.

The Group's accounting policy for each category is as follows:

Loans and receivables

Loans and receivables (including trade receivables) are measured at initial recognition at fair value and subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand, deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Available-for-sale

Financial assets designated as available for sale are initially recognised at fair value, being the consideration given including, where appropriate, acquisition costs associated with the investment. The Group's investments in quoted shares are designated as 'available-for-sale' financial assets and are included in non-current assets. Such investments are subsequently carried at fair value, with any gains or losses arising from changes in fair value being recognised in equity. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Fair value is based on market value at the balance sheet date.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of a financial asset classified as available for sale, a significant or prolonged decline in the fair value of the financial asset below its cost is considered as an indicator that the financial asset is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on financial assets are not reversed through the income statement.

Financial liabilities

All financial liabilities including trade payables and borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the year to repayment is at a constant rate on the balance of the liability carried in the balance sheet.

Notes to the Financial Statements for the year ended 31 December 2015

1. Principal accounting policies continued

Going concern
As at 31 December 2015, the consolidated balance sheet disclosed a net current asset deficiency of US$96,297,000 (31 December 2014: net current asset surplus of US$23,137,000), and a net asset deficiency of US$272,746,000 (31 December 2014: US$140,831,000). The Group reported an after tax loss of US$94,608,000 for the year ended 31 December 2015 and incurred a net operating cash outflow of US$36,521,000.

Notwithstanding the above, the financial statements have been prepared on a going concern basis, which contemplates the continuation of normal business operations and the realisation of assets and settlement of liabilities in the normal course of business. The Group will enter in to additional borrowing arrangements during 2016 to maintain sufficient funds. The Directors have considered and noted that the Group has received a letter of support from its parent company, Guangdong Rising H.K. Energy Investment (Holding) Ltd, that it will provide financial support for the continuing operations of the Group as to enable it to meet its liabilities as they fall due and carry on its business over the next 12 months from the date of this report.

The Directors have assessed Guangdong Rising H.K. Energy Investment (Holding) Ltd's ability to provide this support and the support provided by Guangdong Rising H.K. Energy Investment (Holding) Ltd's parent Guangdong Rising Assets Management Co. This assessment indicated that the intermediate and ultimate parent entities have sufficient resources available to support Guangdong Rising (Australia) Holding Pty Ltd and Controlled Entities.

2. Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future, which by definition will seldom result in actual results that match the accounting estimate. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

Accounting judgements
(i) Impairment of tangible and intangible assets
In accordance with the accounting policy stated above, the Group tests annually to see whether the tangible and intangible assets are impaired. The recoverable amount of cash generating units is the greater of their value in use and fair value less costs to sell. The value-in-use calculations require the use of estimates.

(ii) Income Tax
The Group is subject to income taxes in Australia. Significant judgement is required in determining the provision for income taxes. Deferred tax assets, including those arising from unutilised tax losses, require the Group to assess the likelihood that the Group will generate sufficient taxable earnings in future periods, in order to utilise recognised deferred tax assets. Judgement is also required in respect of the application of existing tax laws. The calculations of future tax income require the use of estimates.

Accounting estimates
(i) Estimates of cash flows for impairment and tax asset recoverability
Assumptions about the generation of future cash flows and taxable income to support the carrying value of assets depend on management's estimates of future cash flows. These estimates are based on forecast cash flows from operations (which are impacted by production and sales volumes, coal prices, reserves, conversion of resources, operating costs, closure and rehabilitation costs, capital expenditure, and other capital management transactions). To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to support the carrying value of assets and realise the net deferred tax assets recorded at the reporting date could be impacted. In addition, future changes in tax laws could limit the ability of the Group to obtain tax deductions in future periods.

(ii) Provisions for liabilities
As a result of mining and exploration activities the Group is required to make provision for the restoration of mining sites. Refer to note 18.

(iii) Intangible assets arising on acquisition
To the extent that intangible assets arise on acquisition, the Group estimates the economic life of these assets and amortises them over the relevant period. Refer to note 11.

(iv) Depreciation on proven mining properties
In order to calculate depreciation on proven mining properties on a unit of production basis, the Group estimates commercially recoverable reserves to be 38.0 million tonnes. The recoverable reserves to be used in the calculation are assessed annually. Refer to note 13.

Notes to the Financial Statements for the year ended 31 December 2015

3. Expense by nature

	2015 US$'000	2014 US$'000
Auditors' remuneration	47	102
Depreciation and amortisation	60,639	16,689
Staff costs (excluding redundancy costs)	48,643	49,435
Professional and consultancy	694	827
Third party selling costs	1,406	390

4. Finance income and expense

	2015 US$'000	2014 US$'000
Interest expense on borrowings	(39,412)	(26,662)
Unwinding of discount on provision	(157)	(181)
Guarantee fees	(4,440)	(9,154)
Transfer Finance Costs to Capital	515	24,217
Foreign exchange loss on borrowings and cash	(9,050)	(48,569)
Total finance expense	(52,544)	(60,349)
Foreign exchange gain on operating activities	-	455
Interest income receivable on bank deposits	-	13
Total finance income	-	468
Net finance costs	(52,544)	(59,881)

The foreign exchange expense relates primarily to borrowings held in currencies different to the functional currency of the Group's entities.

5. Taxation

Tax charged in the income statement

	2015 US$'000	2014 US$'000
Current income tax		
In respect of current year	-	(38,581)
In respect of prior year	(1,253)	1,827
	(1,253)	(36,754)
Deferred income tax		
In respect of current year	(70,668)	(23,572)
In respect of prior year	-	(132)
	(70,668)	(23,704)
Total tax	(71,921)	(60,458)

Reconciliation of the total tax charge

	2015 US$'000	2014 US$'000
Loss before taxation	(166,529)	(95,448)
At standard rate of Corporation tax at 30%	(49,959)	(28,634)
Non-deductible expenses	8,282	2,673
Tax effect of calculating tax in a currency other than the Group's functional currency	(28,991)	(13,179)
Deferred tax assets not recognised	-	-
Deferred tax assets restated	-	(23,012)
Prior period adjustments	(1,253)	1,694
Tax benefit	(71,921)	(60,458)

Notes to the Financial Statements for the year ended 31 December 2015

6. Cash and cash equivalents

	2015 US$'000	2014 US$'00
Cash at bank and in hand	20,671	53,916
Restricted use cash	549	374
	21,220	54,290

7. Trade and other receivables

	2015 US$'000	2014 US$'000
Current assets:		
Trade receivables	511	1,295
Other receivables	917	508
Prepayments	1,568	930
	2,996	2,733
Non-current assets:		
Other receivables	56,573	63,097
	56,573	63,097
Total debtors	59,569	65,830

8. Inventory

	2015 US$'000	2014 US$'000
Spare parts and consumables – at cost	4,453	4,065
Coal stocks – at net realisable value	1,640	4,351
	6,093	8,416

9. Available-for-sale investments

	2015 US$'000	2014 US$'000
Carrying value		
Opening balance	31	101
Additions	-	-
Revaluation of investment	106	(68)
Exchange Differences	(33)	(2)
Closing balance	104	31

As at 31 December 2015 the market value of the Group's investment in Dynasty Gold Corporation had increased to US$103,609 (2014: US$30,969).

Notes to the Financial Statements for the year ended 31 December 2015

10. Investments in subsidiaries

The Group has the following subsidiaries:

	% interest 2015	Country of incorporation	Activity
Guangdong Rising (Australia) Pty Ltd	100	Australia	Holding company
GRAM Caledon Resources Limited	100	England	Holding company
Caledon Overseas Holdings Limited	100	England	Holding company
Caledon Coal Pty Limited	100	Australia	Holding company
CC Pty Limited	100	Australia	Mining production
Blackwater Coal Pty Limited	100	Australia	Mining exploration
Caledon MC Jersey Limited	100	Channel Islands	Holding company
Hazelhurst Holdings Limited	100	British Virgin Islands	Holding company

11. Intangible assets

	2015 US$'000	2014 US$'000
Goodwill		
Opening balance	4,685	5,111
Additions	-	-
Exchange Differences	-	(426)
Gross closing balance	4,685	4,685
Accumulated impairment		
Opening balance	-	-
Impairment for the year	-	-
Net closing balance	4,685	4,685
Trademarks & Patents		
Opening balance	20	9
Additions	-	14
Exchange Differences	1	(3)
Gross closing balance	21	20
Aggregate impairment/amortisation		
Opening balance	-	-
Amortisation for the year	-	-
Net closing balance	21	20
Total Intangible closing balance	4,706	4,705

12. Exploration and evaluation properties

	2015 US$'000	2014 US$'000
Cost		
Opening balance	280,460	305,032
Additions	10,116	945
Exchange Differences	(30,931)	(25,517)
Gross closing balance	259,645	280,460
Net closing balance	259,645	280,460

Notes to the Financial Statements for the year ended 31 December 2015

13. Mining properties

	2015 US$'000	2014 US$'000
Cost		
Opening balance	224,112	141,091
Additions	27,882	104,337
Transfer between asset classes	-	-
Exchange Differences	-	(21,316)
Gross closing balance	251,994	224,112
Aggregate impairment/amortisation		
Opening balance	6,450	2,110
Amortisation for the year	34,439	4,971
Exchange Differences	-	(631)
Net closing balance	211,107	217,662

14. Property, plant and equipment

	Land and buildings US$'000	Plant and equipment US$'000	Office and computer equipment US$'000	Total US$'000
Cost				
At 1 January 2014	9,606	111,501	467	121,574
Additions	-	110,318	42	110,360
Disposals	-	-	-	-
Transfer between asset classes	305	(430)	125	-
Exchange Differences	(833)	(19,357)	(54)	(20,244)
At 31 December 2014	9,078	202,032	580	211,690
Additions	13,644	11,309	238	25,191
Disposals	-	-	-	-
Transfer between asset classes	-	-	-	-
Exchange Differences	(311)	(9)	(23)	(343)
At 31 December 2015	22,411	213,332	795	236,538
Depreciation				
At 1 January 2014	772	11,813	139	12,724
Depreciation charge	335	11,260	122	11,717
Disposals	-	-	-	-
Exchange Differences	(95)	(2,016)	(23)	(2,134)
At 31 December 2014	1,012	21,057	238	22,307
Depreciation charge	644	25,450	212	26,305
Disposals	-	-	-	-
Exchange Differences	-	-	(21)	(21)
At 31 December 2015	1,656	46,507	429	48,592
Net Book value 2015	20,756	166,825	366	187,946
Net Book Value				
As at 31 December 2014	8,066	180,975	342	189,383
As at 31 December 2015	20,756	166,825	366	187,946

Notes to the Financial Statements for the year ended 31 December 2015

15. Deferred tax

	2015 US$'000	2014 US$'000
Deferred tax assets:		
Depreciation of property plant and equipment	-	908
Employee benefits	1,178	1,273
Provision for rehabilitation	180	387
Tax losses carried forward	177,074	159,917
Unrealised foreign exchange losses	79,049	51,556
Other temporary differences	7,617	5,365
Total deferred tax assets	265,098	219,406
Deferred tax liabilities:		
Depreciation of property plant and equipment	(39,177)	-
Amortisation of mining properties	(81,102)	(135,250)
Other temporary differences	(3)	(4)
Total deferred tax liabilities	(120,282)	(135,254)

Movement on deferred tax

	2015 US$'000	2014 US$'000
Opening balance	84,152	31,890
Origination and reversal of temporary differences	70,668	60,458
Exchange differences	(10,003)	(8,196)
Closing balance	144,816	84,152

16. Loans and borrowings

	2015 US$'000	2014 US$'000
Current loans and borrowings		
Bank Loan	61,000	-
	-	-
Non-current loans and borrowings		
Bank Loan	769,267	808,527
Loan from related company	267,871	188,517
	1,037,138	997,044
Total loans and borrowings	1,098,138	997,044

Notes to the Financial Statements for the year ended 31 December 2015

17. Provisions

	Employee US$'000	Rehabilitation US$'000	Total US$'000
At 1 January 2014	3,038	4,428	7,466
Additional provisions raised	1,270	2,578	3,848
Reduction in Provisions	-	-	-
Unwinding of discount	-	180	180
Exchange Differences	(369)	(621)	(990)
At 31 December 2014	3,939	6,565	10,504
Additional provisions raised	65	(1,476)	(1,411)
Reduction in Provisions	-	-	-
Unwinding of discount	-	157	157
Exchange Differences	-	(875)	(875)
At 31 December 2015	4,004	4,371	8,375

The Group makes full provision for the future cost of rehabilitating mine sites and related production facilities on a discounted basis.

The rehabilitation provision represents the present value of rehabilitation costs relating to the Cook mine site which are expected to be incurred up to June 2040. These provisions have been created based on the Company's internal estimates. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mine ceases to produce at economically viable rates. This, in turn, will depend upon future coal prices, which are inherently uncertain.

Employee provisions relate to annual leave and long service leave entitlements for employees based in Australia.

Provisions are expected to be utilised as follows:

	2015 US$'000	2014 US$'000
Current liabilities	4,167	4,090
Non-current liabilities	4,208	6,414
	8,375	10,504

Notes to the Financial Statements for the year ended 31 December 2015

18. Trade and other payables

	2015 US$'000	2014 US$'000
Trade payables	7,386	3,585
Other payables	1,633	916
Interest payable	34,523	23,806
Accruals and deferred income	17,897	9,905
	61,439	38,212

19. Share capital

	2015 No.	2014 No.
Authorised, Issued and fully paid:		
Ordinary Shares of 1 dollar each	82,929,121	82,929,121

	2015 US$'000	2014 US$'000
Authorised, Issued and fully paid:		
Ordinary Shares of 1 dollar each	86,114	86,114

Share issues during the year
Ordinary shares

	No.	Exercise/ share issue price A$	US$'000
At 1 January 2014	82,929,121	1	86,114
At 31 December 2014	82,929,121	1	86,114

	No.	Exercise/ share issue price A$	US$'000
At 1 January 2015	82,929,121	1	86,114
At 31 December 2015	82,929,121	1	86,114

20. Reserves

The foreign currency translation reserve records exchange differences arising on translation of the financial statements of foreign operations where their functional currency is different from the presentation currency of the reporting entity as well as exchange differences that arise on the translation of monetary items that form part of the net investment in a foreign operation.

Notes to the Financial Statements for the year ended 31 December 2015

21. Lease and capital commitments

Operating lease commitments - minimum lease payments

Future minimum lease payments as at 31 December are as follows:

	2015 US$'000	2014 US$'000
Within one year	86	186
After one year but not more than five years	-	79
Total	86	265

Capital commitments

During the year ended 31 December 2015, the Group entered into various contracts to purchase property, plant and equipment for US$1,552,177.

22. Contingent liabilities

	2015 US$'000	2014 US$'000
The bankers of the Group have issued guarantees to:		
• The State of Queensland in support of environmental undertakings	7,123	7,996
• QR Network Pty Ltd in relation to infrastructure upgrades to be utilised by the Group following expansion	7,306	8,202
• Wiggins Island Coal Export Terminal Pty Ltd in relation to "take or pay" obligations in relation to contract for port capacity at the Wiggins Island coal terminal	40,402	42,650

No losses are anticipated in respect of any of the above contingent liabilities.

23. Cash flow information

	2015 US$'000	2014 US$'000
Reconciliation of cash flow from operations with loss before income tax		
Loss before income tax	(166,529)	(95,448)
Non-cash flows in loss:		
Depreciation and amortisation	60,639	16,689
Write-downs to recoverable amount	-	68
Finance expense	39,906	26,335
Net foreign exchange loss / (gain)	13,928	34,662
Changes in assets and liabilities:		
Decrease / (increased) in receivables	373	(1,828)
(Increase) / decrease in prepayments	(636)	4,085
(Increase) / decrease in inventories	2,324	(643)
Increase / (decrease) in payables	13,405	1,315
Increase in provisions	69	1,271
Net cash outflow from operating activities	(36,521)	(13,494)

Notes to the Financial Statements for the year ended 31 December 2015

24. Parent information

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

STATEMENT OF FINANCIAL POSITION

	2015 US$'000	2014 US$'000
ASSETS		
Current assets	1,209	2,643
Non-current assets	598,051	595,996
TOTAL ASSETS	599,260	598,639
LIABILITIES		
Current liabilities	12,947	11,342
Non-current liabilities	590,463	561,436
TOTAL LIABILITIES	603,410	572,778
EQUITY		
Issued capital	86,114	86,114
Accumulated losses	(90,264)	(60,253)
TOTAL EQUITY	(4,150)	25,861
TOTAL EQUITY AND LIABILITIES	599,260	598,639

STATEMENT OF COMPREHENSIVE INCOME

	2015 US$'000	2014 US$'000
Total profit / (loss)	(30,011)	(20,983)
Total comprehensive income / (loss)	(30,011)	(20,983)

Guarantees
Since incorporation, Guangdong Rising (Australia) Holding Pty Ltd and Controlled Entities has not entered into any guarantees in relation to the debts of its subsidiaries.

Contingent liabilities
At 31 December 2015, Guangdong Rising (Australia) Holding Pty Ltd and Controlled Entities has no contingent liabilities in relation to the debts of its subsidiaries.

25. Events after the reporting date

No matters or circumstances have arisen after the reporting date which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Directors' Declaration

The Directors have determined that the Company and controlled entities are not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 4 to 24, are in accordance with the *Corporations Act 2001 and*:

   a. comply with Accounting Standards as described in note 1 to the financial statements and the *Corporations Regulations 2001*; and

   b. give a true and fair view of the Company's and consolidated entity's financial position as at 31 December 2015 and of their performance for the year ended on that date in accordance with the accounting policies described in note 1 to the financial statements.

2. 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.

Director ____________________

Frederick William Hess

Dated this 11th day of May 2016

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GUANGDONG RISING (AUSTRALIA) HOLDING PTY LTD

We have audited the accompanying financial report, being a special purpose financial report of Guangdong Rising (Australia) Holding Pty Ltd, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies, other explanatory information, and the directors' declaration.

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 and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independence

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

Opinion

In our opinion the financial report of Guangdong Rising (Australia) Holding Pty Ltd is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the company's financial position as at 31 December 2015 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards to the extent described in Note 1, and the *Corporations Regulations 2001*.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

ShineWing Australia

ShineWing Australia
Chartered Accountants

M J Schofield
Partner

Melbourne, 29 April 2016