

Appendix 4D

Half Yearly Report

| | |
|----------------------------------|--|
| Name of Entity: | Blackgold International Holdings Limited |
| ACN: | 145 095 478 |
| Reporting Period: | Half year ended 30 April 2014 ("current period") |
| Previous Reporting Period | Half year ended 30 April 2013 ("previous corresponding period") |

1. Results for Announcement to the Market

A\$'000

| | | | | |
|--|--|------|------------------------------------|---------|
| Revenues from ordinary activities | Up | 247% | to | 224,680 |
| Profit / (Loss) from ordinary activities after tax attributed to members | Down | 17% | to | 21,707 |
| Net profit / (loss) for the period attributed to members | Down | 23% | to | 20,964 |
| Dividends (distributions) | Amount per security | | Franked amount per security | |
| <i>Current period</i> | | | | |
| Interim dividend declared | Nil | | Nil | |
| Final dividend paid | Nil | | Nil | |
| <i>Previous corresponding period</i> | | | | |
| Interim dividend declared | Nil | | Nil | |
| Final dividend paid | Nil | | Nil | |
| Record date for determining entitlements to the dividend | No dividends is paid or provided for during the period | | | |

Brief explanation of revenue, net profit and dividends (results commentary)

Operating Results

Comparing with the results for the six months ended 30 April 2013 ("HY2013"), profit from ordinary activities decreased by A\$4.3 million or approximately 17%, from \$26.1 million to \$21.7 million for the six months ended 30 April 2014 ("FY2014").

The Group has written off A\$0.7 million for its dual listing exercise in HY2014 (HY2013: A\$5.5m).

In HY2013, changes in fair value of profit guarantee provided by Chongqing Guoping Industrial (Group) Ltd pursuant to the acquisition of Chongqing Guoping Shipping Transportation Co., Ltd had resulted in a AUD 6.7 million gain (HY2014:Nil). Further details of the above transaction can be found in Note 8 of the notes to accounts.

Review of Operations

Mining operations

There were some uncertainties over the general coal industry in China and coal prices had been dropping. As such, the Company had decided to slow down its production to reassess the market condition and reserve its coal resources for better pricing in the future.

Total production for the HY2014 was 681,600 tonnes. This is 19.2% lower than the total production of 843,200 tonnes achieved in the HY2013.

Trading

The demand for Blackgold's product remains healthy. In order to fulfill the current demand, the Company had increased its trading sales to make up for the shortfall in production. In HY2014, our trading arm sold approximately 2,149,800 tonnes of coal (HY2013:1,237,600 tonnes), an increase of 73.7% when compared to HY2013 results.

There is no coal sales accounted for as agency income in HY2014 (HY2013: 854,000 tonnes).

Shipping Transportation

Profit before tax for GPST segment for the HY2014 was AUD3,371,000 (HY2013: AUD1,886,000). As the current capacity is sufficient to cover the transportation needs of the Company, GPST has decided not to continue with the rental of 4 barges with 26,000 tonnes transportation capacity that ended in March 2014.

2. Net Tangible assets per security

| | Current period Cts | Previous corresponding period cts |
|----------------------------------|-------------------------------|--|
| Net tangible assets per security | 22.85 | 16.34 |

3. Details of entities over which control has been gained or lost during the period

Control gained over entities:

| | |
|--|-----|
| Name of entity | Nil |
| Date from which control was gained | NA |
| Where material to an understanding of the report – the contribution of such entity to the reporting entity's profit from ordinary activities during the period and the profit or loss of such entities during the whole of the previous corresponding period | NA |

Control lost over entities:

| | |
|--|-----|
| Name of entity | Nil |
| Date from which control was lost | NA |
| Where material to an understanding of the report – the contribution of such entity to the reporting entity's profit from ordinary activities during the period and the profit or loss of such entities during the whole of the previous corresponding period | NA |

4. Details of Individual and Total Dividends

| | Date dividend is payable | Amount per security | Franked amount per security at 30% tax | Amount per security of foreign source dividend |
|---------------------------------|-------------------------------------|--------------------------------|---|---|
| Interim dividend Current period | Nil | NA | NA | NA |
| Previous corresponding period | Nil | NA | NA | NA |

Total dividend per security

| | Current year | Previous year |
|---------------------|---------------------|----------------------|
| Ordinary securities | Nil | Nil |

5. Dividend reinvestment plan

Details of any dividend reinvestment plans in operation

| |
|----|
| NA |
|----|

The last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan

| |
|----|
| NA |
|----|

6. Details of Associates and Joint Ventures:

| Name of associate or joint venture entity | Percentage holding | |
|--|---------------------------|--------------------------------------|
| | Current period | Previous corresponding period |
| Nil | Nil | Nil |
| | | |

Where material to an understanding of the report – aggregate share of profits (losses) of these entities, details of contributions to net profit for each of these entities, and with comparative figures for each of these disclosures for the previous corresponding period:

| |
|----|
| NA |
|----|

7. For foreign entities, details of origin of accounting standards used in compiling the report (e.g. International Financial Reporting Standards)

International Financial Reporting Standards .

8. Description of dispute or qualification if the accounts have been audited or subject to review

NA

This report is based on:

Accounts that have been subject to an audit review.



Chi Ho (James) Tong

Director

Dated this 28th day of June 2014

**BLACKGOLD INTERNATIONAL HOLDINGS
LIMITED**

(Incorporated in Australia)
ACN 145 095 478

**INTERIM FINANCIAL REPORT
for the half year ended 30 April 2014
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BLACKGOLD INTERNATIONAL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

(Incorporated in Australia)

ACN 145 095 478

DIRECTORS' REPORT

The directors' submit the financial report of the Blackgold International Holdings Limited and its controlled entities for the half year ended 30 April 2014.

Directors

The names of directors who held office during or since the end of the half year:

- Chi Ho (James) Tong - Non Executive Chairman
- Yu Guo Peng
- Jun Ou
- Prof Guangfu Yang
- Zhong Han (John) Wu
- Wei-Her (Sophia) Huang

Operating Results

The profit after tax of the Group for the half year ended 30 April 2014 ("HY2014") amounted to AUD20,964,000 (6 months ended 30 April 2013 ("HY2013"): AUD27,253,000).

Review of Operations

Mining operations

Total production for the HY2014 was 681,600 tonnes. This is 19.2% lower than the total production of 843,200 tonnes achieved in the HY2013.

There were some uncertainties over the general coal industry in China and coal prices had been dropping. As such, the Company had decided to slow down its production to reassess the market condition and reserve its coal resources for better pricing in the future.

Trading

At present, Blackgold sells all its thermal coal internally within mainland China. There were some uncertainties over the general coal industry in China and coal prices had been dropping. But the demand for Blackgold's product remains healthy.

In order to fulfill the current demand, the Company had increased its trading sales to make up for the shortfall in production. In HY2014, our trading arm sold approximately 2,149,800 tonnes of coal (HY2013:1,237,600 tonnes), an increase of 73.7% when compared to HY2013 results.

Shipping Transportation

Profit before tax for GPST segment for the HY2014 was AUD3,371,000 (HY2013: AUD1,886,000). As the current capacity is sufficient to cover the transportation needs of the Company, GPST has decided not to continue with the rental of 4 barges with 26,000 tonnes transportation capacity that ended in March 2014.

BLACKGOLD INTERNATIONAL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

(Incorporated in Australia)

ACN 145 095 478

DIRECTORS' REPORT

Rounding of Amounts

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 directors' report and the half year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Auditor's Declaration

The lead auditor's independence declaration under s 307C of the Corporations Act 2001 is set out on page 3 for the half year financial statements ended 30 April 2014.

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



James Tong Chi Ho
Director

Dated this 28 day of June 2014



AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Blackgold International Holdings Limited for the half-year ended 30 April 2014, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink that reads "Crowe Horwath Perth".

CROWE HORWATH PERTH

A handwritten signature in blue ink, appearing to be "Cyrus Patel".

CYRUS PATELL
Partner

Signed at Perth, WA this 28th day of June 2014

BLACKGOLD INTERNATIONAL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

(Incorporated in Australia)
ACN 145 095 478

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 30 APRIL 2014

| | Note | Consolidated 30.4.2014 AUD'000 | Consolidated 30.4.2013 AUD'000 |
|---|------|--------------------------------------|--------------------------------------|
| Revenue | | 224,680 | 64,681 |
| Cost of Sales | | (190,206) | (32,069) |
| Gross Profit | | 34,474 | 32,612 |
| Other Income | | 1,698 | 2,891 |
| | | 36,172 | 35,503 |
| Changes in fair value of financial assets at fair value through profit or loss | 8 | - | 6,693 |
| Distribution and Marketing Expenses | | (3,629) | (1,109) |
| Administrative Expenses | | (4,320) | (3,951) |
| Other Expenses | 11 | (1,591) | (5,493) |
| Finance Costs | | (4,998) | (3,484) |
| Profit before Income Tax | | 21,634 | 28,159 |
| Income Tax Expense | | (670) | (906) |
| Profit after Income Tax | | 20,964 | 27,253 |
| Other Comprehensive Income (net of tax) | | | |
| - Foreign currency translation exchange differences | | 2,199 | 1,976 |
| Total Comprehensive Income for the financial period | | 23,163 | 29,229 |
| Profit after Income Tax attributable to:- | | | |
| Members of the parent entity | | 20,964 | 27,253 |
| Total Comprehensive Income attributable to:- | | | |
| Members of the parent entity | | 23,163 | 29,229 |
| Earnings per share | | | |
| Basic earnings per share (cents) | | 2.36 | 3.07 |
| Diluted earnings per share (cents) | | 2.36 | 3.07 |

The annexed notes form an integral part of these financial statements.

BLACKGOLD INTERNATIONAL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

(Incorporated in Australia)

ACN 145 095 478

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 APRIL 2014

| | Note | Consolidated 30.4.2014 AUD'000 | Consolidated 31.10.2013 AUD'000 |
|---|------|--------------------------------------|---------------------------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | 7,046 | 24,202 |
| Held-to-maturity investments | 5 | 18,602 | 32,054 |
| Trade and other receivables | | 94,608 | 98,234 |
| Inventories | | 1,963 | 2,220 |
| TOTAL CURRENT ASSETS | | 122,219 | 156,710 |
| NON-CURRENT ASSETS | | | |
| Investments accounted for using the equity method | | 410 | 410 |
| Other financial assets | | 3,506 | 3,440 |
| Property, plant and equipment | | 96,545 | 83,133 |
| Land use rights | | 82 | 82 |
| Mine development | | 154,709 | 136,063 |
| Intangible assets - goodwill | | 1,724 | 1,724 |
| Intangible assets - other | | 2,649 | 2,887 |
| TOTAL NON-CURRENT ASSETS | | 259,625 | 227,739 |
| TOTAL ASSETS | | 381,844 | 384,449 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 105,313 | 121,653 |
| Amount owing to a related party | 6 | 7,160 | 5,997 |
| Amount owing to an associate | | - | 413 |
| Borrowings | 7 | 45,929 | 46,588 |
| Deferred consideration | 8 | 8,719 | 18,060 |
| Provision for taxation | | 3,037 | 2,837 |
| TOTAL CURRENT LIABILITIES | | 170,158 | 195,548 |
| NON-CURRENT LIABILITIES | | | |
| Provision for restoration costs | | 2,200 | 2,131 |
| Deferred tax liabilities | | 2,094 | 2,541 |
| TOTAL NON-CURRENT LIABILITIES | | 4,294 | 4,672 |
| TOTAL LIABILITIES | | 174,452 | 200,220 |
| NET ASSETS | | 207,392 | 184,229 |

The annexed notes form an integral part of these financial statements.

BLACKGOLD INTERNATIONAL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

(Incorporated in Australia)

ACN 145 095 478

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 APRIL 2014 (CONT'D)

| | Note | Consolidated 30.4.2014 AUD'000 | Consolidated 31.10.2013 AUD'000 |
|--------------------------------------|------|--------------------------------------|---------------------------------------|
| EQUITY | | | |
| Share capital | | 65,363 | 65,363 |
| Retained earnings | | 152,239 | 132,119 |
| Merger deficit reserve | | (28,186) | (28,186) |
| Statutory reserve | | 3,340 | 2,496 |
| Foreign currency translation reserve | | 14,636 | 12,437 |
| TOTAL EQUITY | | 207,392 | 184,229 |

The annexed notes form an integral part of these financial statements.

BLACKGOLD INTERNATIONAL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

(Incorporated in Australia)

ACN 145 095 478

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 APRIL 2014

| | Issued Capital AUD'000 | Retained Profits AUD'000 | Merger Deficit Reserve * AUD'000 | Statutory Reserve AUD'000 | Foreign Currency Translation Reserve AUD'000 | Total Equity AUD'000 |
|--|------------------------------|--------------------------------|---|---------------------------------|--|----------------------------|
| Half year ended 30 April 2013 | | | | | | |
| Consolidated | | | | | | |
| Balance at 1 November 2012 | 65,363 | 82,419 | (28,186) | 2,132 | (1,220) | 120,508 |
| Comprehensive income: | | | | | | |
| Profit after tax attributable to members of the parent entity | - | 27,253 | - | - | - | 27,253 |
| Other comprehensive income: | | | | | | |
| - Foreign currency translation exchange differences | - | - | - | - | 1,976 | 1,976 |
| Total comprehensive income for the period attributable to members of the parent entity | - | 27,253 | - | - | 1,976 | 29,229 |
| Other transaction | | | | | | |
| Transfer to statutory reserve | - | (340) | - | 340 | - | - |
| Balance at 30 April 2013 | 65,363 | 109,332 | (28,186) | 2,472 | 756 | 149,737 |

The annexed notes form an integral part of these financial statements.

BLACKGOLD INTERNATIONAL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

(Incorporated in Australia)

ACN 145 095 478

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 APRIL 2014 (CONT'D)

| | Issued Capital AUD'000 | Retained Profits AUD'000 | Merger Deficit Reserve * AUD'000 | Statutory Reserve AUD'000 | Foreign Currency Translation Reserve AUD'000 | Total Equity AUD'000 |
|---|------------------------------|--------------------------------|---|---------------------------------|--|----------------------------|
| Half year ended 30 April 2014 | | | | | | |
| Consolidated | | | | | | |
| Balance at 1 November 2013 | 65,363 | 132,119 | (28,186) | 2,496 | 12,437 | 184,229 |
| Comprehensive income: | | | | | | |
| Profit after tax for the financial period | - | 20,964 | - | - | - | 20,964 |
| Other comprehensive income: | | | | | | |
| - Foreign currency translation exchange differences | - | - | - | - | 2,199 | 2,199 |
| Total comprehensive income for the period | - | 20,964 | - | - | 2,199 | 23,163 |
| Other transaction | | | | | | |
| Transfer to statutory reserve | - | (844) | - | 844 | - | - |
| Balance at 30 April 2014 | 65,363 | 152,239 | (28,186) | 3,340 | 14,636 | 207,392 |

* - arising from merger accounting during the financial year ended 31 October 2010.

The annexed notes form an integral part of these financial statements.

BLACKGOLD INTERNATIONAL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

(Incorporated in Australia)

ACN 145 095 478

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 30 APRIL 2014

| | Consolidated 30.4.2014 AUD'000 | Consolidated 30.4.2013 AUD'000 |
|---|--------------------------------------|--------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax | 21,634 | 28,159 |
| Adjustment for:- | | |
| Changes in fair value of financial assets at fair value through profit or loss | - | (6,693) |
| Amortisation of intangible assets | 302 | 258 |
| Amortisation of land use rights | 2 | 2 |
| Amortisation of mine development | 2,368 | 1,834 |
| Depreciation of property, plant and equipment | 4,864 | 2,756 |
| Interest expense | 4,469 | 3,503 |
| Interest income | (527) | (561) |
| Operating profit before working capital changes | 33,112 | 29,258 |
| Decrease in inventories | 257 | 1,886 |
| Decrease/(Increase) in receivables | 3,626 | (31,793) |
| (Decrease)/Increase in payables | (16,340) | 58,202 |
| Cash from operations | 20,655 | 57,553 |
| Interest paid | (3,971) | (2,766) |
| Income tax paid | (1,030) | (951) |
| NET CASH FROM OPERATING ACTIVITIES | 15,654 | 53,836 |
| BALANCE CARRIED FORWARD | 15,654 | 53,836 |

The annexed notes form an integral part of these financial statements.

BLACKGOLD INTERNATIONAL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

(Incorporated in Australia)

ACN 145 095 478

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 30 APRIL 2014 (CONT'D)

| | Consolidated 30.4.2014 AUD'000 | Consolidated 30.4.2013 AUD'000 |
|---|--------------------------------------|--------------------------------------|
| BALANCE BROUGHT FORWARD | 15,654 | 53,836 |
| CASH FLOWS USED IN INVESTING ACTIVITIES | | |
| Disposal of held-to-maturity investment | 14,501 | 31,862 |
| Purchase of held-to-maturity investment | - | (67,575) |
| Purchase of property, plant and equipment | (17,044) | (21,110) |
| Mine development expenditure | (18,949) | (16,565) |
| Interest received | 527 | 561 |
| NET CASH USED IN INVESTING ACTIVITIES | (20,965) | (72,827) |
| CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES | | |
| Drawdown of short-term borrowings | 1,807 | 57,818 |
| Net advances from a related party | 1,009 | 3,867 |
| Repayment of short-term borrowings | (3,408) | (59,551) |
| Repayment of deferred consideration | (10,300) | - |
| Repayment to an associate | (413) | - |
| NET CASH (USED IN)/FROM FINANCING ACTIVITIES | (11,305) | 2,134 |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (16,616) | (16,857) |
| EFFECT OF FOREIGN EXCHANGE TRANSLATION | (540) | (149) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD | 24,202 | 26,563 |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | 7,046 | 9,557 |

The annexed notes form an integral part of these financial statements.

BLACKGOLD INTERNATIONAL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

(Incorporated in Australia)
ACN 145 095 478

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 APRIL 2014

1. GENERAL INFORMATION

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

Registered office: 311-313 Hay Street
Subiaco WA 6008

Principal place of business: 12th Floor, No. 18, Mian Hua Street
Yu Zhong District, Chongqing City
The People's Republic of China
Postal Code 400011

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

The half year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. Compliance with AASB 134: ensures compliance with International Financial Reporting Standard IAS 34: Interim Financial Reporting. The half year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report and any public announcements made during the half year.

(b) Basis of preparation

These general purpose interim financial statements for half year reporting period ended 30 April 2014 have been prepared in accordance with requirements of the Corporations Act 2001 and AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Blackgold International Holdings Limited and its controlled entities (referred to as the "consolidated group" or "group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. It is therefore recommended that this financial report be read in conjunction with the 31 October 2013 annual financial statements together with any public announcements made during the following half year.

BLACKGOLD INTERNATIONAL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

(Incorporated in Australia)

ACN 145 095 478

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 APRIL 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of preparation (Cont'd)

Going Concern Basis

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in section titled Operating Results and Review of Operations for the period within the Directors Report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Statement of Cashflows and Note 7 of the financial statements.

As highlighted in Note 7 to the financial statements, the Group meets its day-to-day working capital requirements through the utilization of a combination of short term loans, bank bills and letters of credit. The customary practice with banks within the Peoples Republic of China to provide loan facilities on a short term basis, with annual renewals, creates uncertainty particularly over the availability of bank finance in the foreseeable future.

Note 10 to these financial statements provide further details on the renewals of the Group's financing facilities post 30 April 2014.

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

(c) Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to the matters discussed in Note 2(e) to the financial statements.

BLACKGOLD INTERNATIONAL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

(Incorporated in Australia)
ACN 145 095 478

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 APRIL 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Critical Accounting Estimates and Judgements

The critical estimates and judgements are consistent with those applied and disclosed in the October 2013 annual report.

(e) New and Revised Accounting Requirements Applicable to the Current Half Year Reporting Period

For the half year reporting period to 30 April 2014, a number of new and revised Accounting Standard requirements became mandatory for the first time, some of which are relevant to the Group. A discussion of these new and revised requirements that are relevant to the Group is provided below:-

New accounting standards that are applicable for the first time for the April 2014 half-year report are:

- AASB 10 *Consolidated Financial Statements*,
- AASB11 *Joint Arrangements*,
- AASB 13 *Fair Value Measurement*;
- AASB2012-2 *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities* and
- AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle*.

AASB 10 was issued in August 2011 and replaces the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements* and in Interpretation 112 *Consolidation – Special Purpose Entities*.

Under the new principles, the Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Group has reviewed its investments in other entities to assess whether the consolidation conclusion in relation to these entities is different under AASB 10 than under AAB 127. No differences were found and therefore no adjustments to any of the carrying amounts in the financial statements are required as a result of the adoption of AASB 10.

Under AASB 11 Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement. The Group has no joint arrangements, hence AASB 11 is not applicable to its operations at this point in time.

BLACKGOLD INTERNATIONAL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

(Incorporated in Australia)

ACN 145 095 478

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 APRIL 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) New and Revised Accounting Requirements Applicable to the Current Half Year Reporting Period (Cont'd)

AASB 13 *Fair Value Measurement*, AASB 2012-2 *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities* and AASB 2012-5 *Amendments to Australian Accounting Standards Arising from Annual Improvements 2009-2011 Cycle* have introduced new disclosures for the interim report but did not affect the entity's accounting policies or any of the amounts recognised in the financial statements.

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 and has therefore not been early adopted.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed. The Group has not yet decided when to adopt AASB 9.

BLACKGOLD INTERNATIONAL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

(Incorporated in Australia)

ACN 145 095 478

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 APRIL 2014

3. DIVIDENDS

No dividends were paid or provided for during the half year.

4. OPERATING SEGMENTS

(a) Identification of Reportable Segments

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

The Group is managed primarily on the basis of the nature of the business activities. Operating segments are therefore determined on the same basis.

(b) Inter-segment transactions

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

BLACKGOLD INTERNATIONAL HOLDINGS LIMITED

AND ITS CONTROLLED ENTITIES

(Incorporated in Australia)

ACN 145 095 478

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 APRIL 2014

4. OPERATING SEGMENTS (CONT'D)

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

| | Mining sales | | Coal trading | | Mining fees | |
|--|---------------|---------------|----------------|---------------|---------------|---------------|
| | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| | AUD'000 | AUD'000 | AUD'000 | AUD'000 | AUD'000 | AUD'000 |
| Revenue from external customers | 4,567 | 9,244 | 195,446 | 30,078 | 16,225 | 18,578 |
| Inter-segment revenue | 17,416 | 13,605 | - | - | - | - |
| Reportable segment revenue | 21,983 | 22,849 | 195,446 | 30,078 | 16,225 | 18,578 |
| Reportable segment profit before taxation | 6,295 | 9,503 | (307) | (846) | 13,970 | 17,197 |
| Interest income from bank deposit | 3 | 2 | 524 | 559 | - | - |
| Finance costs | 441 | 349 | 4,400 | 3,090 | - | - |
| Depreciation | | | | | | |
| - Property, plant and equipment | 2,759 | 1,373 | 151 | 122 | 1,293 | 681 |
| Amortisation | | | | | | |
| - Land use right | 1 | 2 | - | - | 1 | - |
| - Mine development | 1,437 | 1,109 | - | - | 931 | 671 |
| - Intangible assets | - | - | - | - | - | - |

BLACKGOLD INTERNATIONAL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

(Incorporated in Australia)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 APRIL 2014

4. OPERATING SEGMENTS

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

| | Shipping transportation | | Others | | Total | |
|--|-------------------------|--------------|-------------|-------------|----------------|---------------|
| | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| | AUD'000 | AUD'000 | AUD'000 | AUD'000 | AUD'000 | AUD'000 |
| Revenue from external customers | 8,377 | 6,749 | 65 | 32 | 224,680 | 64,681 |
| Inter-segment revenue | 1,512 | 594 | 195 | 249 | 19,123 | 14,449 |
| Reportable segment revenue | 9,889 | 7,343 | 260 | 281 | 243,803 | 79,130 |
| Reportable segment profit before taxation | 3,371 | 1,886 | 1 | 98 | 23,330 | 27,838 |
| Interest income from bank deposit | - | - | - | - | 527 | 561 |
| Finance costs | 1 | - | 154 | 64 | 4,996 | 3,503 |
| Depreciation | | | | | | |
| - Property, plant and equipment | 626 | 556 | 35 | 24 | 4,864 | 2,756 |
| Amortisation | | | | | | |
| - Land use right | - | - | - | - | 2 | 2 |
| - Mine development | - | - | - | - | 2,368 | 1,780 |
| - Intangible assets | 302 | - | - | - | 302 | - |

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 APRIL 2014

4. OPERATING SEGMENTS (CONT'D)

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

| | 30.04.2014 AUD'000 | 30.04.2013 AUD'000 |
|---|-----------------------|-----------------------|
| i) Revenue | | |
| Reportable segment revenue | 243,803 | 79,130 |
| Elimination of inter-segment revenue | (19,123) | (14,449) |
| Consolidated revenue | 224,680 | 64,681 |
| ii) Profit | | |
| Reportable segment profit before tax | 23,330 | 27,838 |
| Unallocated fair value gains | - | 6,693 |
| Depreciation and amortisation | - | (312) |
| Unallocated corporate expense | (1,540) | (5,996) |
| Unallocated finance costs | (156) | (64) |
| Combined profit before tax | 21,634 | 28,159 |
| iii) Assets | | |
| Segment assets | 373,440 | 291,993 |
| Unallocated corporate assets | 8,405 | 14,785 |
| Combined total assets per consolidated statement of financial position | 381,845 | 306,778 |
| iv) Liabilities | | |
| Reportable segment liabilities | 160,853 | 146,731 |
| Unallocated corporate liabilities | 13,600 | 10,310 |
| Combined total liabilities per consolidated statement of financial position | 174,453 | 157,041 |

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 APRIL 2014

5. HELD-TO-MATURITY INVESTMENTS

| | CONSOLIDATED 30.4.2014 AUD'000 | CONSOLIDATED 31.10.2013 AUD'000 |
|------------------------------------|--------------------------------------|---------------------------------------|
| Fixed deposits with licensed banks | 18,602 | 32,054 |

The fixed deposits with a licensed bank (in PRC) are pledged to licensed banks as security for banking facilities granted to the Group, as disclosed in Note 8 to the financial statements.

The effective interest rate of the fixed deposits at the end of the reporting period is at 3.08% (2013: 2.80% to 3.08%) per annum. The fixed deposits have maturity period of 6 months (2013: 6 months) from the issuance date.

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6. AMOUNT OWING TO A RELATED PARTY

| | CONSOLIDATED 30.4.2014 AUD'000 | CONSOLIDATED 31.10.2013 AUD'000 |
|------------------|--------------------------------------|---------------------------------------|
| Principal | 6,805 | 5,797 |
| Accrued interest | 355 | 200 |
| | <hr/> 7,160 | <hr/> 5,997 |

The amount owing represents loans from a related party (Prima Network Financial Group Limited ("Prima Network"), a company in which Mr. James Tong is a director and shareholder amounting to USD6.300m equivalent to approximately AUD6.805m at the end of the reporting period. The loans are subject to interest rate of 5% (2013: 5%) per annum and repayable together with the accrued interest.

The maturity profiles of the loans from a related party at the end of the reporting period are as follows:-

| | Principal AUD'000 | Accrued Interest AUD'000 | Total AUD'000 | Date of repayment |
|--------|----------------------|--------------------------------|------------------|----------------------|
| Loan 1 | 4,319 | 280 | 4,599 | 31 December 2014 * |
| Loan 2 | 1,081 | 43 | 1,124 | 9 July 2014 |
| Loan 3 | 541 | 19 | 560 | 9 August 2014 |
| Loan 4 | 540 | 10 | 550 | 15 December 2014 |
| Loan 5 | 324 | 3 | 327 | 9 March 2015 |
| | <hr/> 6,805 | <hr/> 355 | <hr/> 7,160 | |

* Pursuant to the supplementary agreement dated on 25 December 2013, the date of repayment was rescheduled to 31 December 2014, instead of 27 December 2013.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 APRIL 2014

7. BORROWINGS

| | CONSOLIDATED 30.4.2014 AUD'000 | CONSOLIDATED 31.10.2013 AUD'000 |
|--|--------------------------------------|---------------------------------------|
| Current (secured liabilities):- | | |
| Short-term loans | 30,678 | 38,700 |
| Bills discounting | 8,765 | - |
| Letters of credit | 6,486 | 7,888 |
| | <u>45,929</u> | <u>46,588</u> |
| Loan facilities:- | | |
| Amount of utilised bank facilities: | | |
| - short-term loans | 30,678 | 38,700 |
| - bills payable | 72,928 | 23,215* |
| - bills discounting | 8,765 | - |
| - letters of credit | - | 62,145* |
| | <u>112,371</u> | <u>124,060</u> |
| Offset against held-to-maturity investments pledged to the licensed banks (in the PRC) | (18,602) | (32,054) |
| | <u>93,769</u> | <u>92,006</u> |
| Amount of unutilised bank facilities | 3,523 | 3,454 |
| | <u>97,292</u> | <u>95,460</u> |

* - Included in the facility utilised for bills payable and letters of credit are bills payables and letters of credit amounting to AUD66.442m (2013: AUD23.215m) and AUD Nil (2013: AUD54.257m), respectively that have been issued to creditors for settlement of amounts owing to them, which will be due within 6 months from the date of drawdown.

The current secured borrowings have been obtained from China Minsheng Banking Corp. Ltd. and China Hankou Banking Corp. Ltd. (licensed banks in the PRC).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 APRIL 2014

7. BORROWINGS (CONT'D)

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

| | CONSOLIDATED 30.4.2014 % p.a. | CONSOLIDATED 31.10.2013 % p.a. |
|-----------------------|-------------------------------------|--------------------------------------|
| Secured liabilities:- | | |
| Short-term loans | 7.42 | 7.05 |

The borrowings are secured by the held-to-maturity investments with China Minsheng Banking Corp. Ltd. and China Hankou Banking Corp. Ltd. (licensed banks in the PRC), as disclosed in Note 5 to the financial statements.

The borrowings are repayable within 1 year from the date of drawdown.

There are no financial covenants that the Group need to comply with in relation to the borrowings detailed above (2013: Nil).

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8. DEFERRED CONSIDERATION

The deferred consideration is in relation to the remaining unsettled purchase consideration for the acquisition of GPST. Pursuant to the supplementary agreement signed on 20 April 2013, the settlement date of the remaining purchase consideration was rescheduled to 31 July 2014, instead of 31 December 2013.

The deferred consideration payable to the vendors of GPST consists of two components:

- principal amount for the second instalment being RMB105.000m (referred to as the "principal component"); and
- the profit guarantee amount receivable from the vendors (referred to as the "profit guarantee component")

Summary of the net deferred consideration payable to the vendor at 30 April 2014 (31 October 2013) has been summarised in the table below:

| | CONSOLIDATED 30.4.2014 AUD'000 | CONSOLIDATED 31.10.2013 AUD'000 |
|---|--------------------------------------|---------------------------------------|
| Principal component | | |
| At 1 November | 18,060 | 16,118 |
| Repayment | (10,300) | - |
| Accrued interest | 314 | - |
| Foreign exchange difference | 645 | 1,942 |
| At 30 April/31 October | 8,719 | 18,060 |
| Less: profit guarantee component (accounted for as financial asset at fair value through profit or loss) | | |
| At 1 November | - | (3,285) |
| Changes in fair value of profit guarantee | - | 3,518 |
| Foreign exchange difference | - | (233) |
| At 30 April/31 October | - | - |
| Net consideration payable | 8,719 | 18,060 |

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8. DEFERRED CONSIDERATION (CONT'D)

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

In accordance with the supplementary agreement signed on 28 January 2014, the interest charges commenced from 1 January 2014 until date of settlement, which based on the rate equivalent to the prevailing borrowing cost of Blackgold which is 7.84% at the end of the reporting period.

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

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9. CONTINGENT LIABILITIES

During the prior financial period, a subsidiary of the Group, Chongqing Heijin Industrial Co., Ltd ("Heijin") has provided corporate guarantee to China Minsheng Banking Corp. Ltd. ("China Minsheng") (a licensed bank in the PRC) in relation to bank borrowings between China Minsheng and a Customer of Heijin, Jiangsu Huayu Energy Group Co., Ltd. The value of this guarantee is AUD26.300m (RMB150.000m). During the half year period, Heijin provided additional corporate guarantees amounting to AUD8.765m (RMB50.000m). The total corporate guarantees lapsed in May 2014.

Heijin also received a corporate guarantee from Jiangsu Huayu Energy Group Co., Ltd with a value of AUD26.300m (RMB150.000m) during the prior financial year and additional corporate guarantees amounting to AUD8.765m (RMB50.000m) during the half year period. These corporate guarantees lapsed in May 2014.

Apart from the above, there have been no other changes to the Group's contingent liabilities since the last annual reporting period.

10. SUBSEQUENT EVENTS

Subsequent to year end the short term loans totalling RMB 175m have been renewed with RMB 125m expiring in November 2014, RMB 40m expiring in November 2014 and RMB 10m expiring in October 2014. In addition, the Group has the Letters of Credit and Bills Payable totalling RMB 400m expiring at various stages between July 2014 and October 2014 and Letters of Guarantee of RMB 87m maturing in July 2014.

Other than stated above, there were no events after the reporting date which would have a material effect on the Group's financial statements at year end or in future financial periods.

11. OTHER EXPENSES

Included in the other expenses is an amount of approximately AUD0.743m in relation to the Singapore listing expenses written off.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 APRIL 2014

12. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

AASB 13 requires disclosures of fair value measurements by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Group's financial assets measured and recognised at fair value at 30 April 2014 and 31 October 2013 on recurring basis. The Group has no financial liabilities to which AASB 13 is applicable.

Consolidated Group

| | Level 1 AUD'000 | Level 2 AUD'000 | Level 3 AUD'000 | Total AUD'000 |
|--|--------------------|--------------------|--------------------|------------------|
| 30 April 2014 | | | | |
| Financial assets: | | | | |
| Available-for-sale financial assets | - | - | 3,506 | 3,506 |
| 31 October 2013 | | | | |
| Financial assets: | | | | |
| Available-for-sale financial assets | - | - | 3,440 | 3,440 |

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 APRIL 2014

12. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONT'D)

(a) Valuation techniques used to derive level 2 and level 3 fair values

The fair value of the financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observables, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for the investment in Guizhou China Energy Investment Management Centre. The level 3 fair value represents the amounts contributed by the Group in cash and Directors believe that this is not materially different to the fair value at 30 April 2014.

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DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 4 to 27, are in accordance with the Corporations Act 2001, including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 30 April 2014 and of its performance for the half year ended on that date.
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.



Chi Ho (James) Tong

Director

Dated this 28 day of June 2014



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

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Blackgold International Holdings Limited and its controlled entities (the consolidated entity), which comprises the consolidated statement of financial position as at 30 April 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of Blackgold International Holdings Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of consolidated entity's financial position as at 30 April 2014 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of Blackgold International Holdings Limited and its controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Blackgold International Holdings Limited and its controlled entities is not in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 30 April 2014 and of its performance for the half-year ended on that date; and
- b) complying with AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

A handwritten signature in blue ink that reads "Crowe Horwath Perth".

CROWE HORWATH PERTH

A handwritten signature in blue ink, appearing to be "Cyrus Patel".

CYRUS PATELL
Partner

Signed at Perth, WA dated this 28th day of June 2014