ZYL Limited
(Subject to Deed of Company Arrangement)

Annual Report

For the year ended 30 June 2015

ABN 15 008 720 223

Contents

Corporate Directory

Directors	Mr Shaun Hardcastle Non-executive Director Ms Oonagh Malone Non-executive Director Mr Richard Pearce Non-executive Director
Company Secretary	Ms Oonagh Malone
Registered Office	Suite 23, 513 Hay Street Subiaco WA 6008
Share register	Security Transfer Registrars Pty Ltd 770 Canning Highway Applecross WA 6153 Tel: (08) 9315 2333
Auditor	William Buck Audit (WA) Pty Ltd Level 3 15 Labouchere Road South Perth WA 6151
Securities exchange listing	Australian Securities Exchange Level 40, Central Park 152 – 158 St Georges Terrace Perth Western Australia 6000 Code: ZYL

Directors' Report

The Directors present their report on the consolidated group (referred to hereafter as the Group) for the year ended 30 June 2015 and the auditor's report thereon.

1. PRINCIPAL ACTIVITIES OF THE GROUP

ZYL Limited (subject to Deed of Company Arrangement) (ZYL or the Company) is currently in administration, subject to a Deed of Company Arrangement (DOCA) signed on 19 February 2015. The DOCA is intended to satisfy creditors' debts through the disposal of interests in the Kangwane Central Anthracite Project and other assets, while retaining the interest in the Kangwane South Anthracite Project. Before entering into the DOCA, ZYL was actively attempting to progress its Anthracite projects in South Africa.

2. RESULTS AND REVIEW OF OPERATIONS

Incomplete Financial Information

Due to turnover of previous staff and officers, and the parent entity being subject to external administration, complete accounting records have not been able to be located. For the year ended 30 June 2013 and since, this has led to insufficient information being available to support several material contracts as well as transactions and balances of foreign subsidiaries.

The Directors are of the opinion that it is not possible to state that the audited Remuneration disclosures, financial statements and notes are in accordance with the requirements of the Corporations Act 2001, due to the lack of records and certainty in connection with material transactions, for both the year ended 30 June 2013 and since then.

It is noted by the Directors that the intended sale of the Kangwane Central Anthracite Project to satisfy the creditors' and administrator's debts, along with the continued existence of the Kangwane South Anthracite Project, means that while historical records are affected by incomplete financial information, the absence of these records is not expected to significantly detract from the Company's ability to maintain proper books and records for the period from 23 February 2015 for Australian entities, when current directors were appointed. Therefore, the absence of records due to turnover of previous staff and officers, unavailable documents of foreign subsidiaries, and the parent entity being subject to external administration, primarily affects the historical records of the economic entity rather than its ability to continue its retained business and operations.

Summary of Results

The Group's net loss for the year attributable to members of the Company for the financial year ended 30 June 2015 was $609,129 (2014: $1,246,523). The loss was largely due to interest expensed on borrowings.

At 30 June 2015, the Group had a net asset deficit of $1,921,571 (2014: $1,441,158) and the Company had 612,747,560 (2014: 612,747,560) shares on issue.

Directors' Report

Kangwane Central project

On 4 February 2013, ZYL entered into a Memorandum of Understanding ("**MOU"**) with its partners in the Kangwane Central Anthracite Project. The MOU sought to restructure the original transaction that was executed and announced on 13 December 2010 between Siyanda Resources (Pty) Ltd ("**Siyanda"**), Double Ring Resources (Pty) Ltd ("**Double Ring"**) and Opes Capital (Pty) Ltd (collectively the "**Partners"**).

The finalisation of the MOU was subject to the fulfilment of a number of conditions precedent by the 30 April 2013. The conditions precedent were not fulfilled and the MOU consequently lapsed and as such the original transaction remained binding.

Kangwane South Project

The Kangwane South Project is located in the Mpumalanga Province of South Africa, approximately 150km from the coast to the Matola Terminal at Maputo Port in Mozambique and approximately 25 kilometres to the south of the Company's Kangwane Central Project.

Secured borrowings past due terms

On 8 April 2014, ZYL announced that it had executed a third deed of extension and forbearance with Prestige Glory whereby Prestige Glory (PGL) agreed to extend the termination date of the bridging facility to 30 June 2014 and advance ZYL a further $300,000. Before this date, PGL had provided $2,000,000, to ZYL under the bridging facility, with this deed agreeing provision of a further $150,000 immediately and $150,000 on 31 May 2014. The bridging facility is secured by a first ranking general security deed under which ZYL granted a security interest over all personal property of the Company and a fixed charge over all non-personal property. The bridging facility remains unpaid at the date of this report.

Appointment of voluntary administrator

On 8 January 2015, ZYL's then board comprised of Mr Yuzheng Xie and Mr Stephen Woods resolved to appoint Jack James of Palisade Business Consulting as voluntary administrator to the Company.

Resolution to enter Deed of Company Arrangement (DOCA)

On 13 February 2015 at the second meeting of creditors, ZYL's creditors resolved that the Company execute a Deed of Company Arrangement and that Jack James be appointed Administrator of the DOCA. The Company executed the DOCA with Konkera Corporate on 19 February 2015. The end date of the DOCA was extended to 19 February 2016 on 15 July 2015, then to 19 August 2016 on 25 January 2016.

Directors' Report

3. DIRECTORS

The Directors of ZYL at the date of this report are:

Mr Shaun Hardcastle – Non-executive Director (appointed 23 February 2015)

Mr Hardcastle has over 10 years' experience as a corporate and finance lawyer and extensive experience in corporate governance, risk management and compliance. He has been involved in a broad range of cross-border and domestic transactions including joint ventures, corporate restructuring, project finance, resources and asset/equity sales and acquisitions. Mr Hardcastle has practiced law both in Australia and overseas and currently works with Bellanhouse Legal, a boutique corporate law firm in West Perth. He graduated from the University of Western Australia in 2005 with a Bachelor of Laws and a Bachelor of Arts and is currently completing a Graduate Diploma in Energy Law.

Other Current Directorships:	None
Former Directorships in Last Three Years:	None

Ms Oonagh Malone – Non-executive Director and Company Secretary (appointed 23 February 2015)

Ms Malone is a principal of a corporate advisory firm which provides company secretarial and administrative services. She has over 6 years' experience in administrative and company secretarial roles for listed companies and is a member of the Governance Institute of Australia. She currently acts as company secretary for ASX-listed Attila Resources Ltd, Boss Resources Ltd, Carbine Resources Ltd, Primary Gold Ltd and ZYL Limited.

Other Current Directorships:	None
Former Directorships in Last Three Years:	Boss Resources Ltd (resigned 20 August 2013)

Mr Richard Pearce – Non-executive Director (appointed 23 February 2015)

Mr Pearce is an experienced professional in the global mining and mining technology industries, the private investment sector and in the agricultural sector. His experience in the mining industry spans the value chain, including board directorships, exploration, operation management, mining finance, M&A, business strategy and operational improvement. With a career of over 20 years, Richard has worked in multiple commodities and geographies, including iron ore, coal, uranium, mineral sands, gold and copper, in Europe, the Middle East, North and South America, South East Asia, New Zealand and Australia.

Mr Pearce is a Member of the Australian Institute of Company Directors and his qualifications include: MBA; Bachelor of Science (Hons); Diploma in Mining Finance; and Diploma in Geostatistics.

Other Current Directorships:	None
Former Directorships in Last Three Years:	None

Directors' Report

FORMER DIRECTORS

The names and profiles of each person who were directors and resigned prior to the date of this report are:

Mr John Arbuckle – Non-executive Director (appointed 15 November 2013, resigned 5 December 2014) and Company Secretary (appointed 20 December 2013, resigned 5 December 2014)

Mr Arbuckle is an accountant with extensive experience in the resources industry in Australia and overseas. He operates a corporate advisory business that provides corporate and capital financing advice to resource industry companies.

Mr Stephen Woods – Non-executive Director (appointed 20 December 2013, resigned 23 February 2015)

Mr Woods was a registered Mine Manager and Field Manager for manganese explorer, Auvex Resources Ltd, for the Ant Hill & Sunday Hill. He has worked for the Geological Survey of Western Australia and has successfully prospected for gold at the Horseshoe region for many years.

Mr Yuzheng Xie – Non-executive Chairman (appointed 11 April 2013, resigned 23 February 2015)

Mr Xie is an experienced iron ore trader with an extensive steel material marketing and trading background.

4. FORMER COMPANY SECRETARY

Mr Arbuckle was the Company Secretary from 20 December 2013 until 5 December 2014.

5. TRADING RESULTS

The net amount of the loss after income tax attributable to the members of the consolidated group for the year ended 30 June 2015 was $588,057 (2014: $1,246,523).

6. DIVIDENDS

No dividends were paid or are proposed to be paid to members during the financial year (2014: Nil).

7. FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Future developments for the Group depend on resolution of the DOCA and ongoing activity regarding the retained Kangwane South Anthracite Project.

8. FINANCIAL POSITION

The net deficit of the Company has worsened by $459,341 from $1,441,158 at 30 June 2014 to $1,900,499 at 30 June 2015. This decrease is due to the group using existing cash reserves to fund its activities.

Directors' Report

9. EVENTS OCCURRING AFTER THE REPORTING PERIOD

The following events have occurred since the end of the reporting period:

- On 16 August 2016, the end date of the DOCA was extended to 19 February 2017.

10. OPTIONS

Unissued ordinary shares of ZYL Limited under option at the date of this report are as follows:

Expiry date	Issue price of shares	Number under option 2015	Number under option 2014
24 July 2016	$0.20	7,500,000	7,500,000
Total		7,500,000	7,500,000

11. DIRECTORS' MEETINGS

Based on the best information available, the numbers of meetings of the Company's Board of Directors held during the year ended 30 June 2015, and the numbers of meetings attended by each director were:

	Directors' meetings	
Name	**No. of meetings eligible to attend**	**No. of meetings attended**
Shaun Hardcastle	2	2
Oonagh Malone	2	2
Richard Pearce	2	2
John Arbuckle	-	-
Yuzheng Xie	-	-
Stephen Woods	-	-

12. AUDIT COMMITTEE

The Company does not have a formally constituted audit committee of the directors and secretary as the Board considers that the Company's current position in respect of the composition of the Board, the size of the Company and the minimal complexities involved in its financial activities, the Company is not in a position to justify the establishment of an audit committee. The full Board performs the duties of this committee.

Directors' Report

13. REMUNERATION REPORT (AUDITED)

The remuneration report is set out under the following main headings:

1. Principles used to determine the nature and amount of remuneration
2. Remuneration committee and board charter
3. Details of remuneration

14. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms to market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

i. competitiveness and reasonableness;
ii. acceptability to shareholders;
iii. performance linkage / alignment of executive compensation;
iv. transparency; and
v. capital management.

The Company has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

Alignment to shareholders' interests:

i. focuses on sustained growth in shareholder wealth; and
ii. attracts and retains high calibre executives.

Alignment to program participants' interests:

i. rewards capability and experience; and
ii. provides a clear structure for earning rewards.

The relationship between the remuneration policy for key management personnel and the Company's performance cannot be determined due to the Company being under administration and entering a Deed of Company Arrangement with Konkera Corporate. Accordingly, the Company is unable to determine the specific relationship between the remuneration policy, the Company's earnings and the consequences of the Company's performance on shareholders wealth.

Executive and Non-Executive Directors

Fees and payments to directors reflect the demands which are made on, and the responsibilities of, the directors. Directors' fees and payments are reviewed annually by the Board. The Board also ensures that directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined together with those of the directors.

Directors' Report

Retirement allowances and benefits for directors

There are no retirement allowances or other benefits paid to directors.

14.1. REMUNERATION COMMITTEE AND BOARD CHARTER

The Charter of the Remuneration Committee extends the duties to that of a Nominations Committee. The Board considers that the Group is not yet of sufficient size to warrant the establishment of a separate Nominations Committee.

The Remuneration Committee, consisting of at least two directors, is responsible for making recommendations on remuneration policies and packages applicable to Board members and for approval of remuneration for executive officers of the Company taking into account the financial position of the Company. The broad remuneration policy per the formal Charter is to ensure the remuneration package properly reflects the person's duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

Given the present size of the Company, each of the directors on the Board of the Company is also a member of the Remuneration Committee.

It is the Remuneration Committee's policy to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities though taking into account the financial position of the Company and the Company's shareholder approved limits. The Constitution of the Company specifies that the aggregate remuneration of Directors, other than salaries paid to executive directors, shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is divided between those directors as they agree. The latest determination was at the Annual General Meeting held on the 20 April 2007 when shareholders approved an aggregate remuneration of $250,000 per year.

The Board as a whole determines the amount of the fees paid to each non-executive director.
All Directors may be allocated options to acquire shares in the Company under the Director and Employee Share Option Plan approved by shareholders from time to time. The last such scheme was approved by shareholders at the Annual General Meeting of shareholders held on the 18 April 2011.

The Board approves remuneration packages for Executive officers based on performance criteria and the Group's financial performance. Other employee remuneration packages are determined and approved by the Board or Chief Executive Officer based on salary market rate indicators, press advertisements, performance criteria and against the Group's financial state of affairs.

Directors' Report

14.2. DETAILS OF REMUNERATION

30 June 2015	Position held as at 30 June 2015 and any change during the year	Contract details (duration & termination)	Proportions of elements of remuneration related to performance			Proportions of elements of remuneration not related to performance	
			Non-salary cash-based incentives %	Shares/ Units %	Options/ Rights %	Fixed Salary/ Fees %	Total %
Directors							
John Arbuckle	Resigned as non-executive director and company secretary	Service agreement / In accordance with Constitution. Resigned 5 December 2014	-	-	-	100	100
Stephen Woods	Resigned as non-executive director	Service agreement / In accordance with Constitution. Resigned 23 February 2015	-	-	-	100	100
Yuzheng Xie	Resigned as non-executive director	Service agreement / In accordance with Constitution. Resigned 23 February 2015	-	-	-	100	100
Shaun Hardcastle	Non-executive director	Service agreement / In accordance with Constitution. Appointed 23 February 2015	-	-	-	100	100
Oonagh Malone	Non-executive director and company secretary	Service agreement / In accordance with Constitution. Appointed 23 February 2015	-	-	-	100	100
Richard Pearce	Non-executive director	Service agreement / In accordance with Constitution. Appointed 23 February 2015	-	-	-	100	100

The employment terms and conditions of key management personnel and Company executives are formalised in contracts of employment.
Non-executive directors employed during 2015 were subject to similar contracts requiring 1 month notice to be given on termination. No termination payments are payable.
Aggregate remuneration of non-executive directors was less than the approved aggregate remuneration of $250,000.

14.3. CHANGES IN DIRECTORS AND EXECUTIVES SUBSEQUENT TO YEAR-END

There were no changes to directors or executives subsequent to year end.

14.4. REMUNERATION DETAILS FOR THE YEAR ENDED 30 JUNE 2015

The following table of benefits and payments details, in respect to the financial year, the components of remuneration for each member of the key management personnel (KMP) of the Consolidated Group:

Directors' Report

Table of Benefits and Payments for the Year Ended 30 June 2015

		Short-term benefits				Post-employment benefits	Long-term benefits		Equity-settled share-based payments				
		Salary, fees and leave $	Profit share and bonuses $	Non-monetary $	Other $	Pension and superannuation $	Incentive plans $	Long Service Leave $	Shares/ Units $	Options/ Rights $	Cash-settled share-based payments $	Termination benefits $	Total $
Directors													
S Hardcastle (ii)	2015	7,024	-	-	-	-	-	-	-	-	-	-	7,024
	2014	-	-	-	-	-	-	-	-	-	-	-	-
O Malone (ii)	2015	7,024	-	-	-	-	-	-	-	-	-	-	7,024
	2014	-	-	-	-	-	-	-	-	-	-	-	-
R Pearce (ii)	2015	7,024	-	-	-	-	-	-	-	-	-	-	7,024
	2014	-	-	-	-	-	-	-	-	-	-	-	-
J Arbuckle	2015	-	-	-	-	-	-	-	-	-	-	-	-
	2014	15,000	-	-	-	-	-	-	-	-	-	-	15,000
S Woods	2015	-	-	-	-	-	-	-	-	-	-	-	-
	2014	-	-	-	-	-	-	-	-	-	-	-	-
Y Xie	2015	-	-	-	-	-	-	-	-	-	-	-	-
	2014	-	-	-	-	-	-	-	-	-	-	-	-
P Lalieu (i)	2015	-	-	-	-	-	-	-	-	-	-	-	-
	2014	131,803	-	-	-	-	-	-	-	-	-	-	131,803
D Greenwood	2015	-	-	-	-	-	-	-	-	-	-	-	-
	2014	11,009	-	-	-	1,018	-	-	-	-	-	-	12,027
Other key management personnel													
Nicholas Ong	2015	-	-	-	-	-	-	-	-	-	-	-	-
	2014	27,903	-	-	-	-	-	-	-	-	-	-	27,903
Total	2015	21,072	-	-	-	-	-	-	-	-	-	-	21,072
	2014	185,715	-	-	-	1,018	-	-	-	-	-	-	186,733

(i) South African Salary and Fees

Salary and Fees for Mr Lalieu in 2014 are the best estimates available; however insufficient source documents are available to appropriately support these amounts.

(ii) Unpaid Director Fees

Unpaid director fees of $7,024 were owed to each of Mr Hardcastle, Ms Malone and Mr Pearce at 30 June 2015. These are to be paid on successful relisting.

There were no other known transactions with Key Management Personnel.

Directors' Report

14.5. KMP SHAREHOLDINGS

The number of ordinary shares in ZYL Limited held by each KMP of the Company, as disclosed to the ASX, during the financial year is as follows:

30 June 2015	Balance at beginning of year	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year(i)	Balance at end of year or resignation
J Arbuckle	-	-	-	-	-
S Woods	-	-	-	-	-
A Joshi	-	-	-	-	-
Y Xie	1,474,888	-	-	+	1,474,888-
P Lalieu	-	-	-	-	-
D Greenwood	-	-	-	-	-
N.Ong	-	-	-	-	-

30 June 2014	Balance at beginning of year	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year(i)	Balance at end of year or resignation
J Arbuckle	-	-	-	-	-
S Woods	-	-	-	-	-
A Joshi	-	-	-	-	-
Y Xie	1,474,888	-	-	-	1,474,888
P Lalieu	-	-	-	-	-
D Greenwood	-	-	-	-	-
N.Ong	1,200,000	-	-	-	1,200,000

(i) Reflects on-market purchases and the closing value of directors' shareholdings when they resigned as directors of the Company.

14.6. KMP OPTIONS AND RIGHTS HOLDINGS

No KMP of the Company held any options over ordinary shares during the financial years ended 30 June 2015 or 30 June 2014.

14.7. CASH BONUSES, PERFORMANCE-RELATED BONUSES AND SHARE-BASED PAYMENTS

There were no cash bonuses, performance related bonuses or share based payments made to any key management personnel in the financial years ended 30 June 2015 or 30 June 2014.

No options were issued to key management personnel during the financial years ended 30 June 2015 or 30 June 2014.

Directors' Report

14.8. DIRECTORS' INTERESTS

The relevant interest of each director in the share capital of the Company, as notified by the directors to the Australian Securities Exchange in accordance with the provisions of the Corporations Act 2001 and the Listing Rules of the Australian Securities Exchange, at the date of this report is as follows:

Name of Director	Beneficial Interest in Shares	Beneficial Interests in Options
Shaun Hardcastle	-	-
Oonagh Malone	-	-
Richard Pearce	-	-

[END OF AUDITED REMUNERATION REPORT]

15. ENVIRONMENTAL REGULATION

The Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group.

16. INDEMNITY AND INSURANCE OF DIRECTORS AND OFFICERS

The Company entered into an agreement indemnifying the directors and secretary of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position of holding office of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreements stipulate that the Company will meet the full amount of any such liabilities, including costs and expenses.

17. 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.

Directors' Report

18. NON-AUDIT SERVICES

The Directors are satisfied that:

(a) any non-audit services provided during the financial period by William Buck as the external auditor were compatible with the general standard of independence for auditors imposed by the Corporations Act; and

(b) any non-audit services provided during the financial period by William Buck as the external auditor did not compromise the auditor independence requirements of the Corporations Act for the following reasons:

   i. William Buck services have not involved partners or staff acting in a managerial or decision making capacity within or been involved in the processing or originating of transactions; and

   ii. a description of all non-audit services undertaken by William Buck and the related fees have been monitored by the Board to ensure complete transparency in relation to services provided;

   iii. none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants;

William Buck did not provide any non-audit services.

19. AUDITORS' INDEPENDENCE DECLARATION

The auditors' independence declaration for the year ended 30 June 2015 has been received and is included on page 15.

Signed in accordance with a resolution of the directors:

Mr Shaun Hardcastle

Non-executive Director

Dated at Perth this 26th day of August 2016

William Buck

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

I declare that, to the best of my knowledge and belief during the year ended 30 June 2015 there have been:

— no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (WA) Pty Ltd
ABN 67 125 012 124

Conley Manifis
Director
Dated this 26th day of August, 2016

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Corporate Governance Statement

ZYL LIMITED AND ITS CONTROLLED ENTITIES

Due to turnover of previous staff and officers, the parent entity being subject to external administration, and complete records not able to be located, the current Directors of ZYL Limited ("Company") are of the opinion that it is not possible to confirm compliance during previous periods in relation to the adoption of the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations ("ASX Guidelines" or "the Recommendations").

As part of the process of re-listing the Company on the ASX, the present Board intends to structure a Corporate Governance Statement with reference to the ASX Guidelines in order to achieve the highest standards of corporate governance. In the future the Company intends to follow each Recommendation where the Board has considered the Recommendation to be an appropriate benchmark for corporate governance practices, taking into account factors such as the size of the Company, the Board, resources available and activities of the Company. Where, after due consideration, the Company's corporate governance practices depart from the Recommendations, the Board will offer disclosure of the nature of, and reason for, the adoption of its own practice.

Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2015

		Consolidated Group	
		2015	2014
	Note	$	$
Revenue	3	547	5,884
Sales and marketing expenses		-	(490)
Employee benefit expenses	4(b)	-	(10,154)
Director benefits expense	4(b)	(21,072)	(158,830)
Consulting and advisory fees		(4,660)	(110,476)
Corporate and regulatory expenses		(33,531)	(23,847)
Exploration and evaluation		-	(3,643)
Legal fees		(6,237)	(68,720)
Occupancy expenses		(246)	(45,409)
Depreciation		(1,634)	(6,816)
Finance costs		(515,093)	(432,013)
Travel and accommodation		-	(3,554)
Administrative expenses	4(a)	(27,203)	(315,749)
Impairment of loan receivable		-	(72,706)
Loss before related income tax expense		**(609,129)**	**(1,246,523)**
Income tax expense	6	**-**	**-**
Net loss for the year		**(609,129)**	**(1,246,523)**
Net loss for the year		**(609,129)**	**(1,246,523)**
- attributable to members of the parent		**(609,129)**	**(1,246,523)**
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translation of foreign controlled entities, net of tax		128,716	(97,187)
Other comprehensive (loss)/income for the year		**128,716**	**(97,187)**
Total comprehensive loss for the year		**(480,413)**	**(1,343,710)**
- attributable to members of the parent		**(480,413)**	**(1,343,710)**
Basic (loss) per share in cents	23	**(0.094)**	**(0.205)**
Diluted (loss) per share in cents	23	**(0.094)**	**(0.205)**

The accompanying notes form part of these financial statements.

Consolidated statement of financial position as at 30 June 2015

	Note	30 June 2015 $	30 June 2014 $
CURRENT ASSETS			
Cash and cash equivalents	7	37,050	27,119
Trade and other receivables	8	142,730	90,768
TOTAL CURRENT ASSETS		**179,780**	**117,887**
NON-CURRENT ASSETS			
Mineral exploration & evaluation expenditure	10	536,480	536,480
Plant & equipment	11	315	1,859
Other financial assets	9	2,208,214	2,077,464
Investment in associate	12	-	-
TOTAL NON-CURRENT ASSETS		**2,745,009**	**2,615,803**
TOTAL ASSETS		**2,924,789**	**2,733,690**
CURRENT LIABILITIES			
Trade and other payables	13	752,061	659,596
Borrowings	14	4,092,693	3,513,646
Provisions	15	1,606	1,606
TOTAL CURRENT LIABILITIES		**4,846,360**	**4,174,848**
TOTAL LIABILITIES		**4,846,360**	**4,174,848**
NET (LIABILITIES)/ ASSETS		**(1,921,571)**	**(1,441,158)**
EQUITY			
Issued capital	16	55,729,051	55,729,051
Reserves	17	970,662	841,946
Accumulated losses		(58,621,284)	(58,012,155)
TOTAL EQUITY		**(1,921,571)**	**(1,441,158)**

The accompanying notes form part of these financial statements.

Consolidated statement of changes in equity
for the year ended 30 June 2015

	Issued capital $	Share based payment reserve $	Foreign translation reserve $	Accumulated losses $	Total $
At 30 June 2013	**55,041,931**	**3,974,050**	**(3,034,917)**	**(56,765,632)**	**(784,568)**
Comprehensive Income					
Loss for the year	-	-	-	(1,246,523)	(1,246,523)
Other comprehensive income for the year Exchange differences on translation of controlled entities	-	-	(97,187)	-	(97,187)
Total comprehensive loss for the year	**-**	**-**	**(97,187)**	**(1,246,523)**	**(1,343,710)**
Transactions with owners, in their capacity as owners, and other transfers	692,000	-	-	-	692,000
Shares issued during the period	-	-	-	-	-
Transaction cost of share issues	(4,880)	-	-	-	(4,880)
At 30 June 2014	**55,729,051**	**3,974,050**	**(3,132,104)**	**(58,012,155)**	**(1,441,158)**
Comprehensive Income					
Loss for the year	-	-	-	(609,129)	(609,129)
Other comprehensive income for the year Exchange differences on translation of controlled entities	-	-	128,716	-	128,716
Total comprehensive loss for the year	**-**	**-**	**128,716**	**(609,129)**	**(480,413)**
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued during the period	-	-	-	-	-
Transaction cost of share issues	-	-	-	-	-
At 30 June 2015	**55,729,051**	**3,974,050**	**(3,003,388)**	**(58,621,284)**	**(1,921,571)**

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows
for the year ended 30 June 2015

	Note	30 June 2015 $	30 June 2014 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(53,040)	(893,856)
Interest received		547	5,884
Interest paid		-	(2)
Net cash used in operating activities	25(ii)	**(52,493)**	**(887,974)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment of Mbila liability		-	(500,000)
Proceeds from sale of plant and equipment		-	81,256
Net cash (used in)/provided by investing activities		**-**	**(418,744)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of share issues		-	-
Costs of shares issues		-	(4,880)
Proceeds from borrowings	14	64,000	330,000
Net cash (used in)/ provided by financing activities		**64,000**	**325,120**
Net increase/(decrease) in cash and cash equivalents		**11,507**	**(981,598)**
Cash and cash equivalents at the beginning of the period		27,119	978,239
Effects of exchange rate changes on cash and cash equivalents		(1,576)	30,478
Cash and cash equivalents at the end of the period	7	**37,050**	**27,119**

The accompanying notes form part of these financial statements

Notes to the financial statements

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements include the consolidated financial statements and notes of ZYL Limited and controlled entities (the 'Group').

The significant policies which have been adopted in the preparation of these financial statements are:

(a) Basis of preparation

The financial statements are general purpose financial statements, which have been prepared in accordance with the Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001 (where possible – see note 1(b)).

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements of the Group comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities based on directors' estimates of Net Realisable Value. The financial statements are presented in Australian dollars.

The financial statements were authorised for issue by the directors on 26th August 2016.

ZYL Limited is a company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange.

(b) Incomplete Financial Information

Due to turnover of previous staff and officers, and the parent entity being subject to external administration, complete accounting records have not been able to be located. For the year ended 30 June 2013 and since, this has led to insufficient information being available to support several material contracts as well as transactions and balances of foreign subsidiaries.

The Directors are of the opinion that it is not possible to state that the audited Remuneration disclosures, financial statements and notes are in accordance with the requirements of the Corporations Act 2001, due to the lack of records and certainty in connection with material transactions, for both the year ended 30 June 2013 and since then.

It is noted by the Directors that the intended sale of the Kangwane Central Anthracite Project to satisfy the creditors' and administrator's debts, along with the continued existence of the Kangwane South Anthracite Project, means that while historical records are affected by incomplete financial information, the absence of these records is not expected to significantly detract from the Company's ability to maintain proper books and records for the period from 23 February 2015 for Australian entities, when current directors were appointed. Therefore, the absence of records due to turnover

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

of previous staff and officers, unavailable documents of foreign subsidiaries, and the parent entity being subject to external administration, primarily affects the historical records of the economic entity rather than its ability to continue its retained business and operations.

(c) Going Concern

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the normal course of business.

The Group has incurred a net loss for the year of $609,129 (2014: $1,246,523) and net cash outflows from operating activities of $52,493 (2014: $887,974). The losses are mainly due to interest expenses and administrative costs. In the 2013 financial report, projects were impaired down to values expected to be received following the administration of the Company.

The Group had cash assets of $37,050 at 30 June 2015 (2014: $27,119). These conditions indicate a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

The directors believe that it is appropriate preparing the financial information on a going concern basis for the following reasons:

- The Directors expect the Deed of Company Arrangement (DOCA) will result in the extinguishment of all secured and unsecured liabilities. Under the DOCA, it is proposed that:
  - the Kangwane Central Project will be disposed of to satisfy the secured creditor and, with other available funds, satisfy identifiable unsecured creditors;
  - the 70% interest in the Kangwane South project will be retained by the Company;
  - all prior employment and service contracts will be terminated; and
  - the issued capital will be consolidated on the basis of 1 share for every 100 shares held;

- The Group expects to variously realise or continue developing its assets following completion of the DOCA; and

- The Group expects to recapitalise following completion the DOCA with sufficient funds to continue as a going concern. The DOCA requires a capital raising of at least $1,250,000 before completion, however, to satisfy ASX's conditions for reinstatement, the capital raising will be for an amount of $2,000,000. Following the capital raising, the DOCA requires:
  - payment of fees to the Trustee, Administrator and the Proponent totalling approximately $200,000;
  - the Company to reimburse the proponent for all costs in relation to the ASX relisting and capital raising; and
  - post consolidation shares representing 27.6% of the Company's issued share capital as at the completion of the issues will be issued to the Proponent and a compliance manager appointed by the Proponent.

It is for these reasons that the Directors consider the Group to be a going concern. Notwithstanding the material uncertainties of future events inherent in the above, the Directors consider it is appropriate to prepare the financial information on a going concern basis and hence no adjustments have been made to the financial information relating to the recoverability and classification of the

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

asset carrying amounts or the amounts and classification of liabilities that might be necessary if the entity does not continue as a going concern.

(d) Exploration and evaluation expenditure

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:

(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 end of the reporting period, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities.

General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Accumulated costs in relation to an area of interest that has been abandoned are written off in full against the profit or loss in the year in which the decision to abandon the area is made.

When production commences the accumulated costs for the relevant area are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

(e) Basis of consolidation

The consolidated financial statements comprise the financial statements of ZYL Limited and entities (including special purpose entities) controlled by ZYL Limited (its subsidiaries).

Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsidiaries are consolidated from the date on which control is transferred to the group and cease to be consolidated from the date on which control is transferred out of the Group. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Specifically income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between:

- The aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit and loss or transferred to another category of equity as specified/permitted by the applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(f) Business Combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of the subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity instruments issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously equity interest in the acquiree over the fair value of the Company's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in the profit and loss as a bargain purchase.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(g) Trade and other receivables

Trade debtors to be settled within 60 days are carried at amounts due. The collectability of debts is assessed at the end of the reporting period based on the length of time a debt has been outstanding, the past default experience of the debtor and an analysis of the debtor's current financial position, and a specific provision is made for any doubtful accounts.

(h) Impairment of assets

At the end of the reporting period, the Group reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(i) Plant and equipment

Items of plant and equipment are recorded at cost on acquisition less accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation
The depreciable amount of all fixed assets is depreciated on a diminishing value basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Office furniture and equipment	10 - 67%
Leasehold Improvements	20%

Notes to the financial statements (continued)

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.
An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(j) Leases

Leases in which a significant portion of the risks and rewards of ownership remain with the lessor are classified as operating leases. Payments made under operating leases are charged against profits in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

(k) Foreign currency transactions

Foreign currency transactions are translated into the functional currency of the Group which is Australian Dollars at the rates of exchange prevailing at the dates of the transaction. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

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

(l) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit and loss is the tax payable on the taxable income using applicable income tax rates enacted or substantially enacted as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Notes to the financial statements (continued)

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Where temporary differences exist in relation to investments in subsidiaries and associates, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future. Research and development expenditure tax offsets receivable under Section 73Q of the Income Tax Assessment Act are recognised upon lodgement of the income tax return, when the Company has made the required election.

(m) 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 period. 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. Those cash flows are discounted using market yields on high quality corporate bonds with terms to maturity that match the expected timing of cash flows.

(n) Share based payment transactions

The Group recognises the fair value of options granted to directors, employees and consultants as remuneration as an expense on a pro-rata basis over the vesting period in the statement of profit or loss and other comprehensive income with a corresponding adjustment to equity.

The Group provides benefits to employees (including directors) of the Group in the form of share based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The cost of these equity-settled transactions with employees (including directors) is measured by reference to fair value at the date they are granted. The fair value is determined using the Black Scholes option pricing model.

(o) Provisions and contingencies

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

(p) Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Group. Trade payables are normally settled within 30 days.

(q) Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and subsequently measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Fair value

The Group has no assets or liabilities measured at fair value because, while assets acquired and liabilities assumed in business combinations have been measured at their acquisition date fair values, in accordance with paragraph 18 of AASB 3, these initial measurements have formed the costs of the assets acquired and liabilities assumed for the purpose of other accounting standards.

Impairment

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

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

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance

Notes to the financial statements (continued)

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

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

(r) Cash and cash equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and at bank, short term deposits with financial institutions maturing within less than three months and net of outstanding bank overdrafts.

(s) Research and development costs

All research and development costs are expensed as incurred.

(t) Revenue and income recognition

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest income is recognised as it accrues.

(u) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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

(v) Comparative figures

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

(w) New Accounting Standards for application in future periods

Notes to the financial statements (continued)

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods and which the Group has decided not to early adopt. A discussion of those future requirements and their impact on the Group is as follows:

• AASB 9: Financial Instruments and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes made to the Standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

• AASB 15: Revenue from Contracts with Customers and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2018).

The Standard establishes a comprehensive framework for determining whether, how much and when revenue is recognised. The potential financial impact of the adoption of AASB 15 on the Group is not yet possible to determine.

The following amendments to existing standards are not yet mandatory and not expected to result in any significant changes to the Group's accounting policies:

• 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;

• 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle;

• 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101;

(x) New and Amended Accounting Policies adopted by the Group

The Group has adopted the following new and revised Australian Accounting Standards from 1 July 2015 together with consequential amendments to other Standards:

• **Investment Entities – Amendments to AASB 10, AASB 12 and AASB 127**

Notes to the financial statements (continued)

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under AASB 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group, since none of the entities in the Group qualifies to be an investment entity under AASB 10.

• **AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets**

The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. This amendment has resulted in increased disclosures in the Group's financial statements.

• **Offsetting Financial Assets and Financial Liabilities - Amendments to AASB 132**

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. These amendments have no impact on the Group, since none of the entities in the Group has any offsetting arrangements

• **AASB 2013-4 Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting**

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Group as the Group has not novated any of its derivatives during the current or prior periods.

• **Interpretation 21 Accounting for Levies**

Interpretation 21 clarifies that an entity recognises a liability for a levy when the activity that triggers the payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for AASB Interpretation 21. This interpretation has no impact on the Group as it has applied the recognition principles under AASB 137 Provisions, Contingent Liabilities and Contingent Assets consistent with the requirements of AASB Interpretation 21 in prior years.

• **AASB 2014-1 Amendments to Australian Accounting Standards**

The adoption AASB 2014-1 has required no additional disclosures in the Group's segment note. The adoption of these standards did not have any impact on the current period or any prior period.

Notes to the financial statements (continued)

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these Financial Statements the Group has been required to make certain estimates and assumptions concerning future occurrences. There is an inherent risk that the resulting accounting estimates will not equate exactly with actual events and results.

(a) Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Deferred tax assets

The Group expects to have carried forward tax losses which have not been recognised as deferred tax assets as it is not considered sufficiently probable that these losses will be recouped by means of future profits taxable in the relevant jurisdictions.

(b) Significant accounting estimates and assumptions

The carrying amount of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Fair values of share options are determined using the Black Scholes model. Should the assumptions used in these calculations differ, the amounts recognised could significantly change.

Conservativism when dealing with Incomplete Financial Information

When a lack of financial information makes it difficult estimating a balance, the Group has erred towards conservatively undervaluing assets and overvaluing liabilities.

Notes to the financial statements (continued)

3 REVENUE

	Consolidated Group 2015 $	Consolidated Group 2014 $
Interest received	547	5,884
Total revenue	**547**	**5,884**

4 LOSS BEFORE INCOME TAX

(a) Individually significant items in administration expenses include:

	Consolidated Group 2015 $	Consolidated Group 2014 $
Accounting and audit fees	16,000	28,041
Corporate secretarial	-	27,903
Insurance	-	21,146
Fines and Penalties	308	66,299
Share registry	3,933	9,999
Seminars and conferences	-	231
Other	6,962	162,130
Total	27,203	315,749

(b) The decrease in expenditure in relation to employees and directors during the year was due to the termination of employment of South African based employees and directors during the year ended 30 June 2014. Due to the lack of accounting records, amounts which are suspected to have been termination payments during year ended 30 June 2014 were conservatively classified as director benefits expense as they included the termination payment of a South African based executive director, however, there are insufficient accounting records to determine the exact amount which related to the South African based executive director.

5 AUDITORS' REMUNERATION

	Consolidated Group 2015 $	Consolidated Group 2014 $
Remuneration of the auditor for:		
Audit or review of the financial report of the Company and controlled entities:		
- William Buck Audit (WA) Pty Ltd	16,000	15,500
- BDO (South Africa)	-	7,871
Other assurance services:	-	-
	16,000	23,371

6 TAXATION

(a) Income tax expense/(benefit)

	Consolidated Group 2015 $	Consolidated Group 2014 $
Current tax	-	-
Deferred tax	-	-
	-	-

6 TAXATION (continued)

(b) Reconciliation of income tax expense to prima facie tax payable:

	Consolidated Group	
	2015	2014
	$	$
Profit/(loss) from continuing operations before income tax expense	(609,129)	(1,246,523)
Tax at the Australian tax rate of 30%	(182,739)	(373,957)
Foreign Tax Rate Adjustment	335	14,367
Tax effect amounts not deductible (taxable) in calculating taxable income:	(4,817)	(44,891)
Deferred tax asset not brought to account on tax losses and temporary differences	187,221	404,481
Total income tax (benefit)	-	-

(c) Unrecognised deferred tax assets:

	Consolidated Group	
	2015	2014
	$	$
Timing differences	8,049,790	8,053,251
Tax losses - revenue	5,175,229	4,994,330
Deferred tax assets not brought to account.	13,225,019	13,047,581

The group entity has not recognised any deferred tax assets or liabilities.

The ability of ZYL to utilise the tax losses is subject to the company satisfying either the continuity of ownership test or the same business test.

(d) Franking credits

The Company has no franking credits available.

7 CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2015	2014
	$	$
Cash at bank	37,050	27,119
	37,050	27,119

Notes to the financial statements (continued)

8 TRADE & OTHER RECEIVABLES

	Consolidated Group 2015 $	Consolidated Group 2014 $
CURRENT		
Other receivables	142,730	90,768
	142,730	90,768

9 OTHER FINANCIAL ASSETS

		Consolidated Group 2015 $	Consolidated Group 2014 $
NON CURRENT			
Loan to associate	(a)	2,208,214	2,077,464
		2,208,214	2,077,464

(a) Loan – Main Street 800 Pty Ltd (Associate)

ZYL previously provided funding to Main Street 800 Pty Ltd for the Bankable Feasibility Study on the Kangwane Central project. The loan has no fixed repayment terms and is interest free. This loan has been impaired down to the expected recoverable value of $2,208,214. The increase in the loan balance receivable for 2015 of $130,750 was solely due to foreign exchange rate movements.

10 MINERAL EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated Group 2015 $	Consolidated Group 2014 $
Opening Balance	536,480	536,480
Exploration expenditure incurred	-	-
Additions on acquisition	-	-
Less: Impairment charge	-	-
Closing Balance	536,480	536,480

The balance carried forward represents projects in the exploration and evaluation phase. Ultimate recoupment of exploration expenditure carried forward is dependent on successful development and commercial exploitation, or alternatively, sale of respective areas. Other than the Kangwane South Anthracite Project, capitalised exploration expenditure has been fully impaired based on expected recovery. The interest in the Kangwane South Anthracite Project has been impaired down to the estimated realisable value following the potential completion of the Deed of Company Arrangement.

11 PLANT AND EQUIPMENT

	Consolidated Group 2015 $	Consolidated Group 2014 $
Owned plant & equipment - at cost	5,471	5,242
Less: Accumulated depreciation	(5,156)	(3,383)
Less: Accumulated impairment	-	-
	315	1,859
Total plant and equipment	315	1,859

Notes to the financial statements (continued)

11 PLANT AND EQUIPMENT (continued)

	Consolidated Group	
	2015	**2014**
	$	**$**
Reconciliation		
Owned plant & equipment		
Carrying amount at beginning of year	**1,859**	**156,311**
Additions - at cost	**-**	**-**
Disposals	**-**	**(81,256)**
Loss on disposal		**(57,322)**
Depreciation	**(1,634)**	**(6,816)**
Foreign currency movement	**90**	**(9,058)**
Carrying amount at end of year	**315**	**1,859**
Total plant and equipment	**315**	**1,859**

12 INVESTMENT IN ASSOCIATE

	Consolidated Group	
	2015	**2014**
	$	**$**
Movements in carrying amounts		
Opening balance	**-**	**-**
Cost of investment	**-**	**-**
Less: Share of post-acquisition change in reserves of associate	**-**	**-**
Closing balance	**-**	**-**
Included in consolidated statement of comprehensive income		
Share of net loss of associate	**-**	**-**

(a) Summarised financial information

	Ownership Interest	Assets	Liabilities	Reserves	Profit/(Loss)
	%	**$**	**$**	**$**	**$**
Main Street 800 Pty Ltd	**46.15**	2,208,214	2,208,214	-	-

Included in liabilities above is a loan from ZYL Limited to Main Street 800 Pty Ltd, a South African entity that holds the Kangwane Central Anthracite project, for the funding of the Kangwane Central Bankable Feasibility Study. This loan has been impaired down to the expected recoverable value of $2,208,214. (see Note 9).

13 TRADE & OTHER PAYABLES

	Consolidated Group	
	2015	**2014**
CURRENT	**$**	**$**
Unsecured liabilities:		
Trade payables	**682,036**	**627,203**
Other payables	**70,025**	**32,393**
	752,061	**659,596**

Notes to the financial statements (continued)

14 BORROWINGS

		Consolidated Group 2015 $	Consolidated Group 2014 $
SECURED			
Prestige Glory Limited	(i)	**2,630,678**	**2,287,546**
		2,630,678	**2,287,546**
UNSECURED			
Prestige Glory Limited		**994,156**	**864,484**
Finevest Investment	(ii)	**323,859**	**281,616**
Mighty River International		**80,000**	**80,000**
Konkera Corporate		**40,000**	**-**
Kobia Holdings Pty Ltd		**12,000**	**-**
Blu Bone Pty Ltd		**12,000**	**-**
		1,462,015	**1,226,100**
Total		**4,092,693**	**3,513,646**
Movement in secured borrowings			
Opening balance		**2,287,546**	**2,000,000**
Borrowings during the year		**-**	**-**
Accrued interest		**343,132**	**287,546**
Closing balance		**2,630,678**	**2,287,546**
Movement in unsecured borrowings			
Opening balance		**1,226,100**	**751,725**
Borrowings during the year		(iv) **64,000**	(iii) **330,000**
Accrued interest		**171,915**	**144,375**
Closing balance		**1,462,015**	**1,226,100**

(i) The termination date of the above secured loan from Prestige Glory Limited was extended from 30 September 2013 to 30 June 2014 and the loan is secured by a fixed and floating charge over the assets of the Company. The movements in the balances of both Prestige Glory loans were due to unpaid accrued interest. Both loans have remained unpaid to the date of this report.

(ii) The movement in the unsecured loan from Finevest Investment FZE is due to the accrual of interest on the loan.

(iii) During the year ended 30 June 2014, the Group obtained new loans totalling $330,000 consisting of an unsecured convertible note of $250,000 from Finevest Investment and an unsecured loan of $80,000 from Mighty River International.

(iv) During the year, the Group obtained new unsecured loans totalling $64,000 with the following terms:

Lender	Konkera Corporate	Kobia Holdings Pty Ltd	Blu Bone Pty Ltd
Loan amount	$40,000	$12,000	$12,000
Commencement date	19 February 2015	25 June 2015	25 June 2015
Term	12 months	6 months	6 months
Interest rate	Nil	Nil	Nil

Notes to the financial statements (continued)

15 PROVISIONS

	Consolidated Group 2015 $	Consolidated Group 2014 $
CURRENT		
Employee benefits	1,606	1,606
	1,606	1,606

16 ISSUED CAPITAL

(a) Share Capital

	Number of shares 2015	Number of shares 2014	2015 $	2014 $
Opening balance - (fully paid ordinary shares)	612,747,560	561,667,899	55,729,051	55,041,931
Issued during the period	-	41,079,661	-	687,120
10,000,000 shares granted in 2013 and issued in 2014	-	10,000,000	-	-
Closing balance - (fully paid ordinary shares)	612,747,560	612,747,560	55,729,051	55,729,051

(b) Movements in ordinary share capital

Date	Details	Number of shares	$
01/07/13	Opening balance	561,667,899	55,041,931
24/07/13	Fully paid ordinary shares issued in payment of $666,000 (ZAR 6,000,000) liability	39,779,661	666,000
02/09/13	Fully paid ordinary shares issued in payment of a $26,000 liability.	1,300,000	26,000
03/09/13	Shares granted on 24/06/2013 that were issued on 3/09/2013	(1) 10,000,000	(2) -
	Less: transaction costs	-	(4,880)
30/06/14	Closing balance	612,747,560	55,729,051
	Movement for the year	-	-
30/06/15	Closing balance	612,747,560	55,729,051

Notes to the financial statements (continued)

16 ISSUED CAPITAL (continued)

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of the winding up of the Company ordinary shareholders rank after creditors and are fully entitled to any net proceeds on liquidation.

Ordinary shares have no par value, and the Company does not have a limited amount of authorised capital. At 30 June 2015 there were 7,500,000 options to acquire fully paid ordinary shares in the Company (2014: 27,500,000).

(1) Pursuant to shareholder approval granted 24 June 2013, 10,000,000 fully paid ordinary shares of the Company were issued to Breamline on 3 September 2013 as part of the fee for the introduction of assets to the Company.

(2) The 10,000,000 shares were granted on 24 June 2013, being the date of shareholder approval, and were issued to Breamline on 3 September 2013. The shares were issued to Breamline for nil consideration and had a deemed value of $160,000 as at the grant date which was accounted for in the 30 June 2013 financial statements.

17 RESERVES

		Consolidated Group	
		2015	**2014**
Share-based payment reserve		**$**	**$**
	Opening Balance	3,974,050	3,974,050
	Movement for the year	-	-
	Closing balance	**3,974,050**	**3,974,050**
Foreign translation reserve			
	Opening balance	**(3,132,104)**	**(3,034,917)**
	Foreign translation difference on consolidation	**128,716**	**(97,187)**
	Closing balance	**(3,003,388)**	**(3,132,104)**
Net reserves		**970,662**	**841,946**

Share-based payment reserve:
The shares-based payment reserve relates to shares and share options granted by the Company to its employees under its employee share plan.

Foreign translation reserve:
Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Australian dollars) are recognised directly in other comprehensive income and accumulated in the foreign translation reserve. Exchange differences previously accumulated in the foreign translation reserve (in respect of translating the net assets of foreign operations) are reclassified to profit or loss on the disposal of the foreign operation.

Notes to the financial statements (continued)

18 CONTROLLED ENTITIES

	Percentage Interest 2015	Percentage Interest 2014	Country of incorporation
Parent entity			
ZYL Limited			
Particulars in relation to controlled entities			
Exsteen Pty Limited	**100%**	**100%**	Australia
ZYL Mining (SA) Proprietary Limited	**100%**	**100%**	South Africa
Main Street 795 (Proprietary) Limited	**100%**	**100%**	South Africa
Oakleaf Investment Holdings (Proprietary) Limited	**100%**	**100%**	South Africa
Altius Trading 404 (Proprietary) Limited	**70%**	**70%**	South Africa

19 PARENT ENTITY DISCLOSURES

The following details information related to the parent entity, ZYL Limited at 30 June 2015. The information presented has been prepared using consistent accounting policies as presented in Note 1.

(a) Summary financial information

	2015 $	2014 $
Current assets	155,334	92,933
Non-current assets	2,871,934	2,871,934
Total assets	**3,027,268**	**2,964,867**
Current liabilities	4,695,167	4,033,701
Non-current liabilities	-	-
Total liabilities	**4,695,167**	**4,033,701**
Contributed equity	55,729,051	55,729,051
Reserves	3,974,050	3,974,050
Accumulated losses	(61,371,000)	(60,771,935)
Total equity	**(1,667,899)**	**(1,068,834)**
Loss for the year	(599,065)	(815,075)
Other comprehensive income/ (loss) for the year		
Total comprehensive income/ (loss) for the year	**(599,065)**	**(815,075)**

(b) The parent entity had not provided any material guarantees as at 30 June 2015.

(c) The parent entity did not have any material contingent liabilities as at 30 June 2015.

(d) The parent entity did not have any material contractual commitments as at 30 June 2015.

20 SEGMENT INFORMATION

The Group's operations are in one reportable business segment being the exploration of coal. The Group operates in one geographical segment being South Africa.

Notes to the financial statements (continued)

21 KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation are as follows:

	Consolidated Company 2015 $	2014 $
Short-term cash benefits	-	(i) 185,715
Post-employment benefits	-	1,018
Share based payments	-	-
	-	186,733

(i) During the year ended 30 June 2014, an amount was paid to Phillipe Lalieu in relation to termination of his employment, however, there are insufficient accounting records to determine the allocation between salary and termination benefits of the total payments to him for the year of $131,803. Therefore, this amount is included in the short-term cash benefits in the above table.

22 RELATED PARTY TRANSACTIONS AND BALANCES

(a) Transactions with related parties

Share and option holdings in the Company by the directors or their director-related entities and specified executives are set out in Note 21.

Unpaid director fees of $7,024 were owed to each of Mr Hardcastle, Ms Malone and Mr Pearce at 30 June 2015. These are to be paid on successful relisting. These liabilities are classified as current because the Group's normal operating cycle is not clearly identifiable.

(b) Loans to/from related parties

	Consolidated Group 2015 $	2014 $
Loans to associate (see Note 9)		
Opening balance	2,077,464	2,303,682
Loans advanced		
Foreign exchange movement	130,750	(226,218)
Impairment		
	2,208,214	2,077,464

23 LOSS PER SHARE

	Consolidated Group 2015 $	2014 $
Basic/diluted (loss) per share in cents	(0.094)	(0.205)
Weighted average number of ordinary shares used in the calculation of basic/diluted (loss) per share	612,747,560	608,150,541
Basic/diluted earnings/(loss)	(609,129)	(1,246,523)

The 7,500,000 (2014: 27,500,000) options on issue are anti-dilutive, and therefore diluted loss per share is the same as basic loss per share.

Notes to the financial statements (continued)

24 FINANCIAL INSTRUMENTS

The Group has exposure to various risks from the use of financial instruments. The Company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, and loans to and from subsidiaries.

The main purpose of non-derivative financial instruments is to raise finance for Company operations.

(a) Financial risk exposure and management

Financial risks including credit risk, liquidity risk, and market risk (interest rate risk, and foreign currency risk) are managed such to maintain on optimal capital structure. The Group does not enter into derivative transactions to manage financial risks. In the current period, the Group's financial risk arises principally from cash financial assets. The Group invests its cash in term deposits and other appropriate bank accounts to obtain market interest rates.

(b) Capital risk management

The Group chose to incur significant debts to finance project acquisition and development. The Group is not subject to externally imposed capital requirements.
The capital structure of the Group consists of net debt (borrowings as detailed in note 14 offset by cash and bank balances) and equity of the Group (comprising issued capital and reserves as detailed in notes 16 and 17, and retained earnings).

(c) Market rate risk

(i) Foreign exchange risk

The Group is exposed to foreign exchange risk in relation to the acquisition of goods and services in South African Rand (ZAR) and US dollars (USD). The Group does not hedge this exposure by using financial instruments.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollar, was as follows:

	Consolidated Group	
	2015	**2014**
	$	**$**
Financial Assets		
Cash at bank (ZAR)	**13,060**	**12,612**
Financial Liabilities		
Trade payables (ZAR)	**133,141**	**138,998**

Notes to the financial statements (continued)

24 FINANCIAL INSTRUMENTS (continued)

(ii) Interest rate risk

The following table details the Group's exposure to interest rate risk at the end of the reporting period.

	Average Interest Rate	Floating Interest Rate	Fixed Interest Rate	Non Interest Bearing	Total
	%	$	$	$	$
			Maturing within 12 months		
2015					
Financial assets					
Cash at bank	0.00%	37,050	-	-	37,050
Trade and other receivables	-	-	-	142,730	142,730
Non-current receivable	-	-	-	2,208,214	2,208,214
		37,050	-	2,350,944	2,387,994
Financial liabilities					
Trade and other payables	-	-	-	752,061	752,061
Borrowings (i)	13.00%	-	4,028,693	64,000	4,092,693
		-	4,028,693	816,061	4,844,754
2014					
Financial assets					
Cash at bank	0.00%	27,119	-	-	27,119
Trade and other receivables	-	-	-	90,768	90,768
Non-current receivable	-	-	-	2,077,464	2,077,464
		27,119	-	2,168,232	2,195,351
Financial liabilities					
Trade and other payables	-	-	-	659,596	659,596
Borrowings (i)	13.00%	-	3,513,646	-	3,513,646
		-	3,513,646	659,596	4,173,242

(i) Where there are insufficient details in relation to borrowings to determine the interest rate payable, the average interest rate has been assumed to apply.

Notes to the financial statements (continued)

24 FINANCIAL INSTRUMENTS (continued)

Sensitivity analysis
At 30 June 2015, the effect on the Group's loss and equity as a result of changes in the interest rates, with all other variables remaining constant, would be as follows:

		2015 Interest rate risk		2014 Interest rate risk	
		+ 1%	- 1%	+ 1%	-1%
Financial assets					
Term Deposits	4.90%	-	-	-	-
Financial liabilities					
Borrowings		(40,927)	40,927	(35,136)	35,136
		(40,927)	40,927	(35,136)	35,136

(d) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group failed to meet financial obligations as they fell due.

Maturities of financial liabilities

The table below analyses the group's financial liabilities into relevant maturity groupings based in their contractual maturities for all financial liabilities:

Contractual maturities of financial liabilities	Less than 6 months	6-12 months	Over 12 months
	$	$	$
2015			
Non-derivatives			
Trade and other payables	**730,989**	**-**	**21,072**
Borrowings	**4,092,693**	**-**	**-**
Total non-derivatives	**4,823,682**	**-**	**21,072**
2014			
Non-derivatives			
Trade and other payables	**659,596**	**-**	**-**
Borrowings	**3,513,646**	**-**	**-**
Total non-derivatives	**4,173,242**	**-**	**-**

(e) Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from cash and cash equivalents and trade and other receivables.

24 FINANCIAL INSTRUMENTS (continued)

The maximum exposure to credit risk, excluding the value of any collateral or other security, at the end of the reporting period to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The Group has adopted the policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The term deposits are held by a AA rated bank thereby mitigating the risk of default on these deposits. The Groups policy is to review all outstanding debtors at the end of the reporting period and, based on directors' view on credit risk, an appropriate provision for impairment is raised. At the end of the reporting period, examination of the Group's trade debtors ledger reveals no reason for an impairment adjustment.

The Group does not have any material credit risk exposure to any single receivable or Company or any receivables under financial instruments entered into by the Group.

The directors' view is that the receivables past due but not impaired are of good credit quality.

(f) Net fair value

The carrying amount of financial assets and financial liabilities recorded in the financial statements is considered a reasonable approximation of their respective net fair values.

25 NOTES TO STATEMENTS OF CASH FLOWS

(i) Reconciliation of Cash

For the purpose of the statements of cash flow, cash includes cash on hand and at bank and short term deposits at call.

Cash at the end of the financial year is reconciled to the related items in the statement of financial position as follows:

	Consolidated Group	
	2015	**2014**
	$	**$**
Cash	**37,050**	**27,119**
Short term deposits	**-**	**-**
	37,050	**27,119**

Notes to the financial statements (continued)

25 NOTES TO STATEMENTS OF CASH FLOWS (continued)

(ii) Reconciliation of (Loss) After Income Tax to Net Cash (Used In) Operating Activities

	Consolidated Group	
	2015 $	2014 $
Net (loss) after income tax	**(609,129)**	**(1,246,523)**
Add/(less) non-cash items:		
Depreciation	1,634	6,816
Loss on Sale of Property Plant & Equipment	-	57,322
Net exchange differences	10,078	18,704
Non-cash consultant benefit expense	-	692,000
Impairment of investment in associate	-	-
Accrued interest on borrowings	504,421	431,921
Provision for:		
Impairment of assets	-	72,706
Net cash (used in) operating activities before change in assets and liabilities	**(92,996)**	**32,946**
Change in assets and liabilities:		
(Increase)/decrease in receivables	(51,962)	(35,639)
(Increase)/decrease in prepayment	-	20,319
(Decrease)/increase in payables	92,465	(905,600)
(Decrease)/increase in provisions	-	-
Net cash (used in) operating activities	**(52,493)**	**(887,974)**

(iii) Financing Facilities

There were no financing facilities in place at the end of the period (2014: Nil).

26 EVENTS OCCURRING AFTER THE REPORTING PERIOD

The following events have occurred since the end of the reporting period:

- On 16 August 2016, the end date of the DOCA was extended to 19 February 2017.

27 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at the end of the reporting period the directors were not aware of any other contingent liabilities or contingent assets.

28 COMPANY DETAILS

The registered office and principal place of business is:

Suite 23
513 Hay Street
Subiaco WA 6008
Tel: (08) 9317 9700
Fax: (08) 9316 4448

Directors' Declaration

1) In the opinion of the Directors of ZYL Limited, :

a) the financial statements and notes, set out on pages 17 to 46, subject to the qualification set out in paragraph 2 below, are in accordance with the Corporations Act 2001, including to:

   (i) comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Reporting Standards (IFRS); and

   (ii) give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the company and consolidated Company;

b) as indicated in Note 1(c), subject to the successful recapitalisation of the Company there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2) Due to turnover of previous staff and officers, and the parent entity being subject to external administration, complete accounting records have not been able to be located. For the year ended 30 June 2013 and since, this has led to insufficient information being available to support several material contracts as well as transactions and balances of foreign subsidiaries.

   The Directors are of the opinion that it is not possible to state that the audited Remuneration disclosures, financial statements and notes are in accordance with the requirements of the Corporations Act 2001, due to the lack of records and certainty in connection with material transactions, for both the year ended 30 June 2013 and since then.

   It is noted by the Directors that the intended sale of the Kangwane Central Anthracite Project to satisfy the creditors' and administrator's debts, along with the continued existence of the Kangwane South Anthracite Project, means that while historical records are affected by incomplete financial information, the absence of these records is not expected to significantly detract from the Company's ability to maintain proper books and records for the period from 23 February 2015 for Australian entities, when current directors were appointed. Therefore, the absence of records due to turnover of previous staff and officers, unavailable documents of foreign subsidiaries, and the parent entity being subject to external administration, primarily affects the historical records of the economic entity rather than its ability to continue its retained business and operations.

   The Directors have been given the declarations required by section 295A of the Corporations Act 2001, which is also subject to the qualification in paragraph 2 above.

Signed in accordance with a resolution of the Directors:

Mr Shaun Hardcastle
Non-executive Director
Dated at Perth this 26th day of August 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZYL LIMITED AND CONTROLLED ENTITIES

Report on the Financial Report

We were engaged to audit the accompanying consolidated financial report of ZYL Limited (the company) and the entities it controlled at year's end or from time to time during the financial year (the consolidated entity) on pages 17 to 47. The consolidated financial report comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on conducting the audit in accordance with Australian Auditing Standards. Because of the matters described in the Basis for Disclaimer of Opinion paragraphs, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Independence

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

Basis for Disclaimer of Opinion

a) As disclosed in Note 1(c) to the financial report, the directors state that the consolidated entity's financial report has been prepared on a going concern basis. In assessing the going concern basis of preparation, the consolidated entity has made a number of assumptions including the assumption that the consolidated entity is able to raise capital of at least $1,250,000 before completion of the Deed of Company Arrangement, however, to satisfy ASX's conditions for reinstatement, a capital raising of $2,000,000 is required.

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We have been unable to obtain alternative evidence which would provide sufficient appropriate audit evidence as to whether the company may be able to raise such capital, and hence remove significant doubt of its ability to continue as a going concern within twelve months of the date of this auditor's report.

b) On 8 January 2015, ZYL Limited went into administration and new Directors were appointed on 23 February 2015. As stated in Note 1(b) of the Annual Report, due to the turnover of previous staff and officers, a number of subsidiaries located overseas, and the parent entity being subject to external administration, complete accounting records have not been able to be located for the year ended 30 June 2013 and since then.

   As a result of the matters above, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded amounts in the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows.

Disclaimer of Opinion
We do not express an opinion on the accompanying consolidated financial report of the consolidated entity. Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on this consolidated financial report.

Report on the Remuneration Report
Our responsibility is to express an opinion on the Remuneration Report included on pages 8 to 13 of the directors' report for the year ended 30 June 2015 in accordance with section 300A of the Corporations Act. Because of the matters described in the Basis for Disclaimer of Opinion paragraphs, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Disclaimer of Opinion
Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the Remuneration Report of ZYL Limited for the year ended 30 June 2015.

Report on Other Legal and Regulatory Requirements
As described under the Basis of Disclaimer of Opinion, we have not been given all information, explanations and assistance necessary for the conduct of the audit and the company has not kept all financial records sufficient to enable the financial report to be prepared and audited as required by the Corporations Act 2001.

William Buck

William Buck

William Buck Audit (WA) Pty Ltd
ABN 67 125 012 124

Conley Manifis
Director
Dated this 26th day of August, 2016

ASX ADDITIONAL INFORMATION

The following additional information is required by the ASX Ltd in respect of listed public companies only.

The following information is based on share registry information processed up to 25 August 2016

Ordinary Share Capital

612,747,560 shares are held by 2,554 individual holders.

Voting Rights

The voting rights attaching to ordinary shares are that on a show of hands every member present in person or by proxy shall have one vote and upon a poll each share shall have one vote. Options do not carry any voting rights.

Restricted Securities

The Company has no restricted securities on issue.

Distribution of Holders of Equity Securities – Fully Paid Ordinary Shares

	Holders	Total Units	%
1 – 1,000	447	105,390	0.02
1,001 – 5,000	237	726,518	0.12
5,001 – 10,000	215	1,832,191	0.30
10,001 – 100,000	1,088	49,483,548	8.07
100,001 and over	567	560,599,913	91.49
Total	**2,554**	**612,747,560**	**100**

Unmarketable Parcels

Holders: 1,766
Units: 32,481,256

On-market Buy Back

There is no current on-market buy-back.

Substantial Shareholders

Name	Number of Shares	%
Prestige Glory Limited	68,660,000	11.21
Macquarie Bank Limited	41,005,883	6.69
Selentium Capital Sarl	39,779,661	6.49

Twenty Largest Holders of Fully Paid Ordinary Shares

Name	Number of Shares	%
Prestige Glory Limited	68,660,000	11.21
Macquarie Bank Limited	41,005,883	6.69
Selentium Capital Sarl	39,779,661	6.49
Sin-Tang Development Pte Ltd	27,297,523	4.45
Citicorp Nominees Pty Limited	26,670,733	4.35
Prestige Glory Limited	16,500,000	2.69
HSBC Custody Nominees	13,927,114	2.27
Breamline Investments Limited	10,700,000	1.75
Breamline Investments Limited	10,000,000	1.63
Parasnath Derivatives Pte Ltd	9,400,000	1.53
Frass Pty Ltd	6,600,000	1.08
Mrs Sarah Hathway	6,000,000	0.98
Mr David Parker & Mrs Helen Parker	5,000,000	0.82
Mr Christopher James Weed	4,560,172	0.74
Oodachi Pty Ltd	4,550,000	0.74
Frass Pty Ltd	4,450,000	0.73
Hire IQ Pty Ltd	3,988,942	0.65
Mighty River International	3,532,092	0.58
Cotsham Pty Ltd	3,505,000	0.57
Mr Stephen Lance Baudinette & Mrs Deborah Jose Baudinette	3,500,000	0.57
TOTAL	**309,627,120**	**50.53**

Company Secretary

Oonagh Malone

Registered Office in Australia

Suite 23, 513 Hay Street, Subiaco WA 6904
08 9388 8812

Share Registry

Security Transfer Registrars
770 Canning Highway, Applecross WA 6153
08 9315 2333

Schedule of Mining Tenements

Tenement	Location	Interest
Kangwane Central	Mpumalanga, South Africa	42.85%
Kangwane South	Mpumalanga, South Africa	70%