Tian Poh Resources Limited

(ABN 46 168 910 978)

Annual Financial Report

for the year ended 31 December 2016

Index

Corporate Information

ABN 46 168 910 978

Directors

Mr Poh Kay Ping	*Managing Director & CEO*
Mr Tan-Kang Kee Sing	*Non-Executive Director*
Mr Michael van Uffelen	*Non-Executive Director*

Company Secretary

Mr Michael van Uffelen

Registered Office

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Principal Office

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Web Address

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ASX Code: TPO

Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Directors' Report

Your Directors present their report on Tian Poh Resources Limited (the "Company") and the entities it controlled (the "Group") for the year ended 31 December 2016.

Directors

Names, qualifications, experience and special responsibilities

The names of directors who held office during the period and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr Poh Kay Ping

Managing Director & CEO

Mr Poh Kay Ping PBM BBM, a Singapore entrepreneur with interests in mining, property development, logistics and turnkey engineering (EPC) projects, is the founder of Poh Golden Ger Resources Pte Ltd. He has been involved in investments in Mongolia since 2005 and has a broad range of industry and government relationships there. He is an active investor in resource projects in Asia, with holdings in Mongolia and Cambodia.

Mr Poh was a Director of one of the largest listed logistics companies in Singapore, Poh Tiong Choon Logistics Ltd, including being the Deputy CEO until 2010 when he stepped down to focus on his own expanding businesses. He is also an active member of Grassroots Organizations that help local communities in Singapore and has twice been conferred public service awards by the President of Singapore.

Mr. Poh has a Diploma in Mechanical Engineering from Singapore Polytechnic, a BSc in Engineering Physics from the University of San Francisco, an MBA from Oklahoma City University and attended Harvard University's Graduate School of Business Administration PGL program.

Directorships in the past 3 years:

- Poh Tiong Choon Logistics Ltd to 30 April 2015

Mr Tan-Kang Kee Sing

Non-Executive Director

Mr Tan-Kang is currently the Head of Department for Special Projects in Residential Marketing for Colliers International in Perth. He comes from a financial background, having worked with Citibank NA Singapore and Hong Kong & Shanghai Banking Corporation in Hong Kong. He was also a Director of Business Development with a Singapore stockbroking company dealing with institutional clients. Mr. Tan-Kang graduated with a degree in Marketing from the University of Hawaii and an MBA (Finance) from the University of San Francisco. He is currently a resident of Perth, Australia.

Directorships in the past 3 years: None

Mr Michael van Uffelen (appointed 30 May 2016)

Non-Executive Director

Mr van Uffelen holds a Bachelor of Commerce degree from the University of Western Australia and is a Chartered Accountant. He has more than 28 years accounting and finance experience gained with major accounting firms, investment banks and public companies, both in Australia and internationally.

Directorships in the past 3 years:

- Dragon Energy Limited – from 1 March 2015 to 31 December 2015

Directors' Report (continued)

Directors (continued)

Mr Tian Guangru (not re-elected 30 May 2016)

Non-Executive Chairman

Mr Tian is an experienced Chinese entrepreneur with interests in mining, logistics and property development. He graduated from the Gansu Industrial University Construction Department in 1984.

Directorships in the past 3 years: None

Ms Tian Jia (not re-elected 30 May 2016)

Non-Executive Director

Ms Jia is a graduate from Coquitlam College, Canada and from Simon Fraser University, Canada.

Directorships in the past 3 years: None

Mr Darragh O'Connor (resigned 30 May 2016)

Non-Executive Director

Mr O'Connor has over 10 years' experience working as a geologist across multiple commodities, regions and geological terranes. He has previously held the position of Senior Geologist at PTT Asia Pacific Mining and was Project Geologist at Straits Resources Limited and Conroy Gold and Natural Resources. Mr O'Connor holds a Bachelor of Science with Honours and brings a strong background of exploration program management to the Board.

Directorships in the past 3 years: None

Directors' interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the Directors in the shares and options of the Company were:

	Number of fully paid ordinary shares
Mr Poh Kay Ping	46,459,154
Mr Tan-Kang Kee Sing	57,900
Mr Michael van Uffelen	10,000

There were no ordinary shares issued during the period as a result of the exercise of options and there were no unexercised options.

Company Secretary

Michael van Uffelen, B.Com CA

Company Secretary

Mr van Uffelen holds a Bachelor of Commerce degree from the University of Western Australia and is a Chartered Accountant. He has more than 28 years accounting and finance experience gained with major accounting firms, investment banks and public companies, both in Australia and internationally.

Directors' Report (continued)

Principal Activities

The principal activities during the year of the entities within the consolidated entity were the exploration for minerals in Mongolia.

Operating and financial review

Group overview

The Group's tenements are located Mongolia. Please see Figure 1.

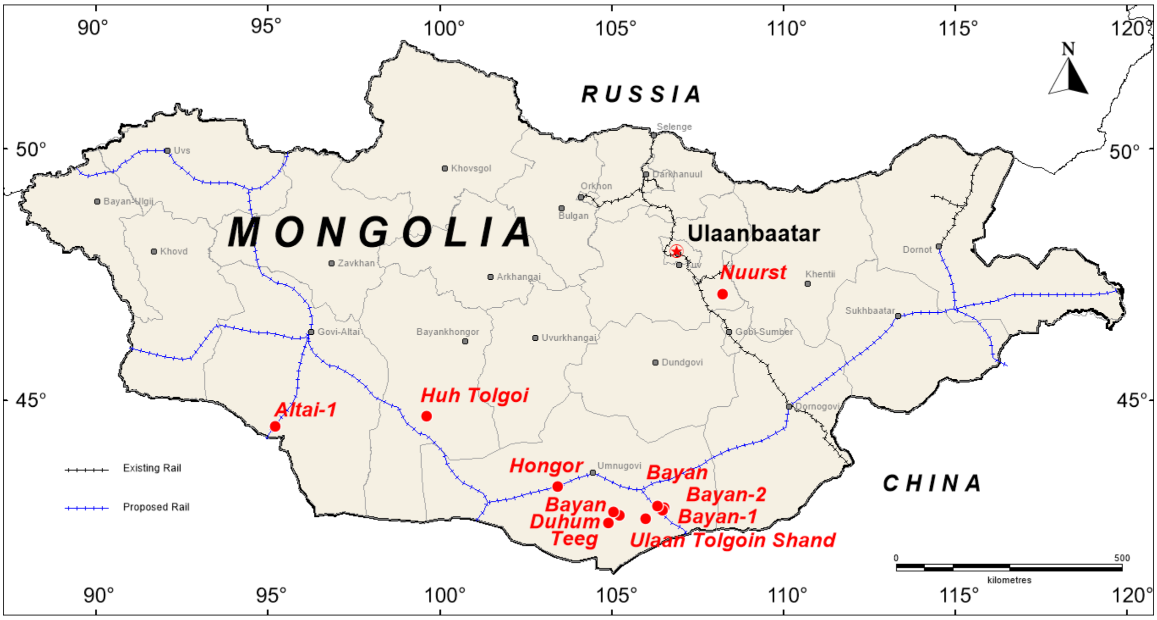

Figure 1: Locality Map of the Company's Mongolian Projects

The projects can presently be categorised as early grassroots exploration stage, with the exception of the Huh Tolgoi Project, which can be classified as advanced exploration stage, and the Nuurst Thermal Coal Project which has a JORC (2004) Reportable Coal Resource.

Nuurst Thermal Coal Project

The Nuurst Thermal Coal Project is a wholly owned exploration licence located 120 kms south east of Ulaanbaatar in an area with a number of operating coal mines and is 6 km from existing rail infrastructure allowing direct access onto the existing Trans-Mongolian Railway line.

The Nuurst Thermal Coal Project has JORC (2004) Reportable Coal Resource of 478.3 million tonnes (326.1 million tonnes Measured, 103.8 million tonnes Indicated, 48.4 million tonnes Inferred), which was compiled in November 2012 by consultancy CSA Global Pty Ltd.

Category	Resource	Inherent Moisture	Ash	Volatile Matter	Fixed Carbon	Total Sulphur	Calorific Value (Kcal/Kg)			RD
	(M Tonnes)	%adb	%adb	%adb	%adb	%adb	%adb	%db	%daf	gr/cm³
Measured	326	9.99	18.89	40.77	30.37	1.05	4774	5303	6711	1.31
Indicated	104	10.00	18.88	39.91	31.22	1.13	4773	5304	6711	1.33
Inferred	48	10.00	18.93	40.02	31.05	1.21	4721	5245	6642	1.32
Total	**478**	**9.99**	**18.89**	**40.51**	**30.62**	**1.08**	**4768**	**5297**	**6704**	**1.31**

Directors' Report (continued)

Operating and financial review (continued)

The coal type is considered as a sub-bituminous dominantly A to B coal, according to the U.S. ASTM-ASA classification parameters and a brown to hard coal according to the UN-ECE Classification.

Cautionary statement – The mineral resource estimates are regarded as a historic estimate and are not reported in accordance with the 2012 Edition of the JORC Code. The competent person has not done sufficient work to classify the historic estimates as Mineral Resources in accordance with the JORC Code 2012. The resources have been classified under the now superseded JORC Code 2004 Edition. No additional exploration has been undertaken on the project since these resource estimates were derived in 2012. It is likely, given access to a full raw dataset, a site visit and additional auditing of the existing resource reporting that the Competent Person will be able to report the Nuurst Project as Mineral Resources in accordance with the JORC Code 2012.

Notes

This resource statement is based on the resource estimate developed by a previous Competent Person in a report titled "Coal Resource Estimate Modun Resources Ltd Nuurst Project Mongolia by Dwiyoko Taruno (MAusIMM MAIG) November 2012".

Operating results for the year

Net loss attributable to equity holders of the parent for the year ended 31 December 2016 was $3,316,383 (2015: $1,621,852) inclusive of a fair value gain on derivatives of $1,221,835 (2015: loss of $771,615) (see note 18 for further details) and impairment of $2,053,013 (2015: Nil) of deferred exploration and evaluation expenditure in relation to licences not intended to be renewed. Loss per share was 1.7 cents (2015: 1.1 cents).

Financial position and significant changes in state of affairs

Cash on hand at 31 December 2016 totalled $72,245 (2015: $331,808).

Business strategies, and prospects for future financial years

The Group plans to continue exploration on its exploration licences in Mongolia, advancing its flagship coal field, the Modun Project, and advanced coal exploration project, Huabei Kuangye Project. Negotiations are underway to commercialise the Modun Project.

The Group is also seeking to expand its portfolio of exploration projects by way of acquisitions and is currently reviewing a number of prospective projects.

Additional capital will need to be raised to fund these activities and for the administration of the Company.

Directors' Report (continued)

Significant Changes in the State of Affairs

During the year the Company:

- Convertible notes with a face value USD 2,070,000 and bearing interest of 8% per annum were converted into fully paid ordinary shares at $0.075 per share.
- Divested its investment in Erdene Resource Development Corp. (TSX: ERD), with proceeds from sale totalling $589,646.
- Issued 1,360,000 shares at $0.20 to three directors who agreed to be paid their fees in shares.

Environmental Regulation

The Group's projects are subject to the respective laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials in Mongolia. As with all exploration, these projects would be expected to have a variety of environmental impacts should development proceed. The Group intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws and industry standards. Areas disturbed by the Group's activities will be rehabilitated as required by the respective laws and regulations.

As the Group's projects are located in Mongolia, the Company is not registered under the National Greenhouse and Energy Reporting Act.

Dividends

No dividends have been paid or declared since incorporation and the Directors do not recommend the payment of a dividend in respect of the period.

Share Options

At the date of this report, there were no unissued ordinary shares of the Company.

The Options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

During or since the end of the financial year the Company has not issued any Shares as a result of the exercise of options.

Directors' Report (continued)

Indemnification and insurance of Directors and Officers

The Company has agreed to indemnify all the directors and executive officers against all liabilities to another person (other than the Company or related body corporate) that may arise from their position as officers 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.

The Company has also agreed to indemnify the current Directors of its controlled entities for all liabilities to another person (other than the Company or related body corporate) that may arise from their position, 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.

The total amount of premium paid was $4,000 (2015: $4,500).

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, BDO Audit (WA) Pty Ltd, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify BDO during or since the financial period.

Directors' Meetings

The number of meetings of Directors held during the period and the number of meetings attended by each Director was as follows:

Name	Number of meeting eligible to attend	Number of meetings attended
Mr Poh Kay Ping	1	1
Mr Tan-Kang Kee Sing	1	1
Mr Michael van Uffelen	1	1
Mr Tian Guangru	-	-
Ms Tian Jia	-	-
Mr Darragh O'Connor	-	-

Board matters were mainly dealt with via written resolutions.

Auditor Independence

The auditor's independence declaration for the year ended 31 December 2016 has been received and can be found on the page 61.

Non-Audit Services

The following non-audit services were provided by the entity's auditor, BDO. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

BDO received or are due to receive the following amounts for the provision of non-audit services: Nil

Directors' Report (continued)

Events subsequent to Reporting Date

Subsequent to reporting date the Company decided to divested of 7 exploration licences in Mongolia via non-renewal, and the impairment was recorded in the year to 31 December 2016.

Other than the matters noted above, there has not arisen in the interval between the end of the period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations.

Likely Developments

The Group intends to continue exploration on its concessions in Mongolia and advancing its flagship coal field project, the Modun Project. The Group is also considering the acquisition of further tenements for exploration of minerals and to seek other areas of investment.

Proceedings on Behalf of the Company

There are no proceedings on behalf of the Company under section 237 of the Corporations Act 2001 in the financial year or at the date of this report.

Directors' Report (continued)

Remuneration report (audited)

This remuneration report for the period from year ended 31 December 2016 outlines remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and including the executives in the Parent and the Group receiving the highest remuneration.

For the purposes of this report, the term "executive" includes the Chief Executive Officer (CEO), executive directors and senior management of the Parent and where applicable, subsidiaries, and the term "director" refers to non-executive directors only.

Individual key management personnel disclosures

Details of KMP of the Group are set out below:

Key management personnel

(i) Directors

Mr Tian Guangru	Chairman (not re-elected 30 May 2016)
Mr Poh Kay Ping	Managing Director & CEO
Mr Tan-Kang Kee Sing	Non-Executive Director
Mr Michael van Uffelen	Non-Executive Director (appointed 30 May 2016)
Ms Tian Jia	Non-Executive Director (not re-elected 30 May 2016)
Mr Darragh O'Connor	Non-Executive Director (resigned 30 May 2016)

(i) Executives

Mr Teo Bee Cheng	Vice President and General Manager, Mongolia
Mr Ankhbayar Batbaatar	Vice President and Assistant General Manager, Mongolia

There have not been any changes to KMP after reporting date and before the financial report was authorised for issue.

The Remuneration Report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration
B. Details of remuneration
C. Service agreements
D. Share-based compensation
E. Option holdings of key management personnel
F. Share holdings of key management personnel
G. Other transactions and balances with Key Management Personnel

The information provided under headings A-G includes remuneration disclosures that are required under Accounting Standard AASB 124 Related Party Disclosures. These disclosures have been transferred from the financial report and have been audited.

This report outlines the remuneration arrangements in place for Directors and executives of Tian Poh Resources Limited (the "Company").

Directors' Report (continued)

Remuneration report (audited) (continued)

A. Principles used to determine the nature and amount of remuneration

Remuneration philosophy

The performance of the Company depends upon the quality of its directors and executives. To prosper, the Company must attract, motivate and retain highly skilled directors and executives.

To this end, the Company embodies the following principles in its compensation framework:

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to shareholder value;
- Significant portion of executive compensation 'at risk', dependent upon meeting pre-determined performance benchmarks; and
- Establish appropriate, demanding performance hurdles in relation to variable executive compensation

Remuneration consists of fixed remuneration and variable remuneration.

Fixed Remuneration

Fixed remuneration is reviewed annually by the Board of Directors. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices.

Variable Remuneration

The Company does not currently have a variable component to the remuneration of the board and management, however, the Company intends to introduce a variable remuneration plan in the near future.

Remuneration Reviews

The Board of Directors of the Parent is responsible for determining and reviewing compensation arrangements for the directors, the Managing Director and all other key management personnel.

The Board of Directors assesses the appropriateness of the nature and amount of compensation of key management personnel on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

Remuneration structure

In accordance with best practice Corporate Governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive Director remuneration

The Board seeks to set aggregate remuneration at a level that provides the company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. Non-executive directors receive a fee for being a director of the Company. The compensation of non-executive directors for the year ended 31 December 2016 is detailed below.

Directors' Report (continued)

Remuneration report (audited) (continued)

The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions of each non-executive Director. This amount has been set at an amount not to exceed $300,000 per annum.

In addition, a Director may be paid fees or other amounts and non-cash performance incentive such as options, subject to necessary shareholder approval, where a director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director.

Directors are also entitled to be reimbursed reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as directors.

Executive Director remuneration

Objective

The entity aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the entity so as to:

- reward executives for company, business unit and individual performance against targets set to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link rewards with the strategic goals and performance of the company; and
- ensure total compensation is competitive by market standards.

Compensation consists of the following key elements:

- Fixed Compensation; and
- Variable Compensation.

The proportion of fixed compensation and variable compensation (potential short term and long term incentives) is established for each key management person by the Directors.

Fixed Compensation

Objective

Fixed compensation is reviewed annually by the Directors. The process consists of a review of individual performance, relevant comparative compensation in the market and internally and, where appropriate, external advice on policies and practices.

Structure

Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans.

Variable Compensation

Objective

The objective of the Variable Compensation is to reward executives in a manner that aligns this element of compensation with the creation of shareholder wealth.

Structure

The Company and Group do not currently have a Variable Compensation plan, however, it is intended that one be established in the near future.

Directors' Report (continued)

Remuneration report (audited) (continued)

Use of remuneration consultants

The Company did not use the services of remuneration consultants.

Objective of the remuneration committee

The Company did not have a remuneration committee.

Voting and comments made at 2016 Annual General Meeting

All resolutions at the 2016 Annual General Meeting were passed by a show of hands except for the following resolutions which were not passed:

- Resolution 2: Re-election of Mr Tian Guangru as a Director;
- Resolution 3: Re-election of Ms Tian Jia as a Director; and
- Resolution 9: Approval of Capitalisation of Interest and Repricing of RMB Convertible Notes.

Overview of Company performance

	2016	**2015**	**2014**
Net loss	$(3,316,383)	$(1,621,852)	$(1,660,424)
Share price at year end	16.5 cents	18 cents	20.5 cents
Basic EPS	(1.7) cents	(1.1) cents	(2.5) cents

No information existed prior to 2014 because of the change in the Group structure during 2014.

There is no link between remuneration and performance as directors are paid nominal fees while operations of the Group are limited.

Directors' Report (continued)

Remuneration report (audited) (continued)

B. Details of remuneration

Year ended 31 December 2016

Directors	Salary & Fees	Non monetary benefits	Post employ-ment benefits	Share-based payments	Total	% of Remuneration received as Options
Mr Tian Guangru (i)	-	667	-	22,000	22,667	-
Mr Poh Kay Ping	-	667	-	224,000	224,667	-
Mr Tan-Kang Kee Sing	24,000	667	2,280	-	26,947	-
Mr Michael van Uffelen (ii)	33,403	667	1,330		35,400	
Ms Tian Jia (i)	-	666	-	22,000	22,666	-
Mr Darragh O'Connor (i)	10,000	666	950	-	11,616	-
Total Directors	**67,403**	**4,000**	**4,560**	**268,000**	**343,963**	**-**
Other key management personnel						
Mr Teo Bee Cheng	34,667	8,000	-	-	42,667	-
Mr Ankhbayar Batbaatar	67,000	-	-	-	67,000	-
Total executive KMP	101,667	8,000	-	-	109,667	-
Totals	**169,070**	**12,000**	**4,560**	**268,000**	**453,630**	**-**

Compensation is stated on an accruals basis.

(i) to the date of resigation / non-re-election 30 May 2016
(ii) from the date of appointment, 30 May 2016

Year ended 31 December 2015

Directors	Salary & Fees	Non monetary benefits	Post employ-ment benefits	Share-based payments	Total	% of Remuneration received as Options
Mr Tian Guangru	-	900	-	24,000	24,900	-
Mr Poh Kay Ping	-	900	-	224,000	224,900	-
Mr Tan-Kang Kee Sing	24,000	900	2,280	-	27,180	-
Ms Tian Jia	-	900	-	24,000	24,900	-
Mr Darragh O'Connor	24,000	900	2,280	-	27,180	-
Total Directors	**48,000**	**4,500**	**4,560**	**272,000**	**329,060**	**-**
Other key management personnel						
Mr Teo Bee Cheng	39,935	-	-	-	39,935	-
Mr Ankhbayar Batbaatar	39,403	-	-	-	39,403	-
Total executive KMP	79,338	-	-	-	79,338	-
Totals	**127,338**	**4,500**	**4,560**	**272,000**	**408,398**	**-**

Compensation is stated on an accruals basis.

Directors' Report (continued)

Remuneration report (audited) (continued)

C. Service agreements

Employment contracts

The Managing Director and CEO, Mr Poh is employed under an executive service agreement via the Company's Singaporean subsidiary, Poh Golden Ger Resources Pte Ltd. The current employment contract commenced on 1 May 2014 and may be terminated by either party providing three months notice.

The main terms of the employment contract with Mr Poh are as follows:
- Remuneration of $200,000 pa (plus central provident fund payments, as required by Singaporean law);
- In the first year of employment, PGGR Singapore may elect (subject to shareholder approval of the Company) to pay Mr Poh his salary in shares in the Company at a deemed issue price of $0.20 (equating to a total of 1,000,000 Shares) to be issued to Mr Poh on a quarterly basis;
- Either party is entitled to terminate the agreement by giving three months notice without a termination payment other than the notice period;
- The agreement does provides for discretionary bonuses; and
- The agreement allows participation in an employee share scheme.

Mr Poh is also contracted as a director of the Company, under a contract which provides for remuneration of $24,000 per annum.

Non-executive Directors' fees

The fees of the Non-Executive Directors are paid $24,000 per annum, plus superannuation, where applicable. Mr Tian Guangru and Ms Tian Jia were paid their remuneration in shares, subject to shareholder approval, in the Company at a deemed issue price of $0.20 on a quarterly basis.

Non-Executive Directors were not paid any bonuses and did not participate in an employee share scheme during the year.

D. Share-based compensation

2016 Fees and salaries for Mr Poh Kay Ping have been accrued with the intention at ordinary shares be issued in lieu of payment, subject to approval by shareholders.

2015 Shares were issued in lieu of payments Fees and salaries for Mr Tian Guangru, Mr Poh Kay Ping and Ms Tian Jia, as approved by shareholders at the Annual General Meeting which was held on 30 May 2016.

Compensation options - granted and vested during the period

2016 No options were granted as compensation during the 2016 year.

2015 No options were granted as compensation during the 2015 year.

Value of options awarded, exercised and lapsed during the period

2016 No options were granted as compensation during the 2016 year. Nor did any compensation options vest during the 2016 year.

2015 No options were granted as compensation during the 2015 year. Nor did any compensation options vest during the 2015 year.

Directors' Report (continued)

Remuneration report (audited) (continued)

E. Option holdings of key management personnel

31 December 2016	Balance at start of the period / date of becoming a KMP	Granted as remuneration	Options Exercised	Net change other	Balance at the end of period / date of ceasing to be a KMP	Vested and exercisable
Directors						
Mr Tian Guangru	-	-	-	-	-	-
Mr Poh Kay Ping	-	-	-	-	-	-
Mr Tan-Kang Kee Sing	-	-	-	-	-	-
Mr Michael van Uffelen	-	-	-	-	-	-
Ms Tian Jia	-	-	-	-	-	-
Mr Darragh O'Connor	-	-	-	-	-	-
Total Directors	**-**	**-**	**-**	**-**	**-**	**-**
Other key management personnel						
Mr Teo Bee Cheng	-	-	-	-	-	-
Mr Ankhbayar Batbaatar	-	-	-	-	-	-
Total other KMP	-	-	-	-	-	-
Totals	**-**	**-**	**-**	**-**	**-**	**-**

31 December 2015	Balance at start of the period	Granted as remuneration	Options Exercised	Net change other	Balance at the end of period	Vested and exercisable
Directors						
Mr Tian Guangru	-	-	-	-	-	-
Mr Poh Kay Ping	-	-	-	-	-	-
Mr Tan-Kang Kee Sing	-	-	-	-	-	-
Ms Tian Jia	-	-	-	-	-	-
Mr Darragh O'Connor	-	-	-	-	-	-
Mr Alan Yeo	-	-	-	-	-	-
Total Directors	**-**	**-**	**-**	**-**	**-**	**-**
Other key management personnel						
Mr Teo Bee Cheng	-	-	-	-	-	-
Mr Ankhbayar Batbaatar	-	-	-	-	-	-
Total other KMP	-	-	-	-	-	-
Totals	**-**	**-**	**-**	**-**	**-**	**-**

Directors' Report (continued)

Remuneration report (audited) (continued)

F. Share holdings of key management personnel

31 December 2016	Balance at start of the period/ date of becoming a KMP	Granted as remuneration	On exercise of options	Acquisit-ions	Balance at the end of period/ date of ceasing to be a KMP	Vested and exercisable
Directors						
Mr Tian Guangru[i]	54,872,996	120,000	-	-	54,992,996	54,992,996
Mr Poh Kay Ping[i]	45,339,154	1,120,000	-	-	46,459,154	46,459,154
Mr Tan-Kang Kee Sing	57,900	-	-	-	57,900	57,900
Mr Michael van Uffelen	10,000	-	-	-	10,000	10,000
Ms Tian Jia[i]	119,000	120,000	-	-	239,000	239,000
Mr Darragh O'Connor	-	-	-	-	-	-
Total Directors	100,399,050	1,360,000	-	-	101,759,050	101,759,050
Other key management personnel						
Mr Teo Bee Cheng	340,000	-	-	-	340,000	340,000
Mr Ankhbayar Batbaatar	410,000	-	-	-	410,000	410,000
Total other KMP	750,000	-	-	-	750,000	750,000
Totals	**101,149,050**	**1,360,000**	**-**	**-**	**102,509,050**	**102,509,050**

(i) Shares were acquired in exchange for accrued directors' fees.

31 December 2015	Balance at start of the period	Granted as remuneration	On exercise of options	Acquisit-ions	Balance at the end of period/ date of ceasing to be a KMP	Vested and exercisable
Directors						
Mr Tian Guangru[i]	54,753,996	119,000	-	-	54,872,996	54,872,996
Mr Poh Kay Ping[i]	44,303,469	1,035,685	-	-	45,339,154	45,339,154
Mr Tan-Kang Kee Sing	57,900	-	-	-	57,900	57,900
Ms Tian Jia[i]	-	119,000	-	-	119,000	119,000
Mr Darragh O'Connor	-	-	-	-	-	-
Total Directors	**99,115,365**	**1,273,685**	**-**	**-**	**100,389,050**	**100,389,050**
Other key management personnel						
Mr Teo Bee Cheng	340,000	-	-	-	340,000	340,000
Mr Ankhbayar Batbaatar	410,000	-	-	-	410,000	410,000
Total other KMP	750,000	-	-	-	750,000	750,000
Totals	**99,865,365**	**1,273,685**	**-**	**-**	**101,139,050**	**101,139,050**

(i) Shares were acquired in exchange for accrued directors' fees.

Directors' Report (continued)

Remuneration report (audited) (continued)

G. Loans to and from Key Management Personnel

2016:

During the 2016 year:

- During the 2016 year $284,761 was advanced to the Company by Mr Kay Ping Poh, Managing Director of the Company, taking the balance due to Mr Poh to $422,884. This advance does not have any repayment terms nor interest specified.
- Directors' fees were accrued and are shown as amounts due to them.

2015:

During the 2015 year:

- During the 2015 year Loans totalling USD152,000 bearing flat interest of 3% were advanced to two employees as part of their remuneration package. These loans are repayable monthly in arrears over 10 years.
- Directors' fees were accrued and are shown as amounts due to them.

H. Other transactions and balances with Key Management Personnel

2016:

During the 2016 year:

- The directors were reimbursed for expenses paid on behalf of the company.

2015:

During the 2015 year:

- The directors were reimbursed for expenses paid on behalf of the company.

END OF THE REMUNERATION REPORT

Signed in accordance with a resolution of the Directors:

Mr KP Poh
Managing Director and CEO

Singapore, 31 March 2017

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Tian Poh Resources Limited (the Company) is responsible for the corporate governance of the Company. The Board guides and monitors the business affairs of the Company on the behalf of the shareholders by whom they are elected and to whom they are accountable.

ASX Corporate Governance Principles

The ASX Corporate Governance Council (the Council) has Corporate Governance Principles and Recommendations (the Principles), which are designed to maximise corporate performance and accountability in the interests of shareholders and the broader economy. The Principles encompass matters such as board composition, committees and compliance procedures.

The Principles (being those under ASX's 3rd edition of Corporate Governance Principles and Recommendations dated March 2014) can be viewed at www.asx.com.au. The Principles are not prescriptive, however ASX listed entities are required to disclose the extent of their compliance with the Principles, and to explain why they have not adopted a Principle if they consider it inappropriate in their particular circumstances.

Commensurate with the spirit of the ASX Principles, the Company has followed each of the Recommendations to the extent the Board considered that their implementation was practicable and likely to genuinely improve the Company's internal processes and accountability to external stakeholders. The Corporate Governance Statement contains certain specific information and discloses the extent to which the Company has followed the guidelines during the period. Where a recommendation has not been followed, the fact is disclosed, together with reasons for the departure.

The Company has lodged with the ASX an Appendix 4G (Key to Disclosures – Corporate Governance Council Principles and Recommendations) and Recommendations. A summary against the Principles is set out below.

CORPORATE GOVERNANCE STATEMENT (continued)

Corporate Governance Checklist

Corporate Governance Council Recommendation		Does the Company follow the recommendation?	Comment
Principle 1 - Lay solid foundations for management and oversight			
1.1	Disclose roles and responsibilities of board and management	Y	
1.2	Undertake appropriate checks before appointing or electing a person as director	Y	
1.3	Written agreement with each director and senior executive	Y	
1.4	Company Secretary accountable directly to Board	Y	
1.5	Diversity Policy disclosures reported	Y	
1.6	Board performance evaluation undertaken	N	In view of the size of the operations and limited number of directors, a formal performance evaluation process is not performed.
1.7	Senior executive performance evaluation undertaken	N	In view of the size of the operations and limited number of executives, a formal performance evaluation process is not performed.
Principle 2 – Structure the board to add value			
2.1	Nomination committee requirements met	N	The duties and responsibilities typically delegated to such committee are included in the responsibilities of the full Board.
2.2	Board skills matrix disclosed	Y	
2.3	Director Independence and tenure disclosed	Y	
2.4	Majority of the board are independent directors	Y	
2.5	Chair of the board is an independent director and not the same person as the CEO	N	The Chair until 30 May 2016 was Mr G Tian. Mr Tian is a significant shareholder in the Company. A new Chair has not been appointed.
2.6	Director induction and ongoing training program	N	In view of the size of the operations of the Company and the limited number of directors, the Company does not have a formal director induction and ongoing training program.
Principle 3 – Act ethically and responsibly			
3.1	Code of conduct available on website	Y	

CORPORATE GOVERNANCE STATEMENT (continued)

Corporate Governance Checklist (Continued)

Corporate Governance Council Recommendation		Does the Company follow the recommendation?	Comment
Principle 4 – Safeguard integrity in corporate reporting			
4.1	Audit committee requirements met	N	The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the expense of appointing additional independent Non-Executive Directors simply to fill an audit committee.
4.2	CEO and CFO financial statements declarations received	Y	
4.3	External auditors attend AGM and available to answer questions from securityholders	Y	
Principle 5 – Make timely and balanced disclosure			
5.1	Continuous Disclosure Policy available on website	Y	
Principle 6 – Respect the rights of securityholders			
6.1	Corporate and governance information available on website	Y	
6.2	Investor relations program	Y	
6.3	Processes to facilitate and encourage participation at securityholders meetings	Y	
6.4	Electronic securityholder communication functionality	Y	
Principle 7 – Recognise and manage risk			
7.1	Risk committee requirements met	N	In view of the size of the operations of the Company, this is performed by the Board.
7.2	Annual review of risk management framework	Y	
7.3	No internal audit function but internal control processes in place	Y	
7.4	Disclosure of material exposure to, and management of, economic, environmental and social sustainability risk	Y	
Principle 8			
8.1	Remuneration committee requirements	N	In view of the size of the operations of the Company, this is performed by the Board.
8.2	Remuneration practices disclosed	Y	
8.3	Remuneration Policy disclosures regarding equity based remuneration	Y	

CORPORATE GOVERNANCE STATEMENT (continued)

Principle 1 - Lay solid foundations for management and oversight

Recommendation 1.1 - Disclose roles and responsibilities of board and management

The Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

To ensure that the Board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of directors and for the operation of the Board. The responsibility for the operation and administration of the Company is delegated, by the Board, to the CEO and the executive management team.

The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved including:

- Board approval of a strategic plan designed to meet stakeholders' needs and manage business risk
- Ongoing development of the strategic plan and approving initiatives and strategies designed to ensure the continued growth and success of the entity
- Implementation of budgets by management and monitoring progress against budget — via the establishment and reporting of both financial and non-financial key performance indicators

Other functions reserved to the Board include:

- Approval of the annual and half-yearly financial reports
- Approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures
- Ensuring that any significant risks that arise are identified, assessed, appropriately managed and monitored
- Reporting to shareholders

Recommendation 1.2 - Undertake appropriate checks before appointing or electing a person as director

Reference checks are performed for each independent/non-executive director.

Recommendation 1.3 - Written agreement with each director and senior executive

Each director has received a letter of appointment which details the key terms of their appointment. This letter includes all of the recommended matters in the Principles. Each director also enters into required agreements regarding insurance, access to records and disclosure of any trading in Company securities as required under the Listing Rules.

The CEO and Company Secretary, being senior executives of the Company, have formalised job descriptions and, letters of appointment.

Recommendation 1.4 - Company Secretary accountable directly to Board

The Company Secretary has a direct reporting line to the Board in regard to all matters to do with the proper functioning of the Board.

CORPORATE GOVERNANCE STATEMENT (continued)

Recommendation 1.5 - Diversity Policy disclosures reported

The Company recognises the value contributed to the organisation by employing people with varying skills, cultural backgrounds, ethnicity and experience and employs people based on their underlying skill sets in an environment where everyone is treated equally and fairly, and where discrimination, harassment and inequity are not tolerated.

25% of the Company's employees are females, none of whom are classified as key management personnel.

Recommendation 1.6 - Board performance evaluation undertaken

In view of the size of the operations of the Company and the number of directors, a formal performance evaluation process is not performed.

Recommendation 1.7 - Senior executive performance evaluation undertaken

In view of the size of the operations of the Company and the limited number of executives, a formal performance evaluation process is not performed.

Principle 2 – Structure the board to add value

Recommendation 2.1 - Nomination committee requirements met

During the year ended 31 December 2016, the Company did not have a separately established nomination committee. However, the duties and responsibilities typically delegated to such committee are included in the responsibilities of the full Board.

Recommendation 2.2 - Board skills matrix disclosed

The directors possess a broad range of complimentary skill sets. The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report are included in the Directors' report.

Recommendation 2.3 - Director Independence and tenure disclosed

Directors of the Company are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with — or could reasonably be perceived to materially interfere with — the exercise of their unfettered and independent judgement.

In the context of director independence, "materiality" is considered from both the Company and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount.

Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors that point to the actual ability of the director in question to shape the direction of the Company's loyalty.

In accordance with the definition of independence above, and the materiality thresholds set, the following directors of the Company are considered to be independent:

Name	Position
Mr Tan-Kang Kee Sing	Non-Executive Director
Mr Michael van Uffelen	Non-Executive Director (appointed 30 May 2016)
Ms Tian Jia	Non-Executive Director (not re-elected 30 May 2016)
Mr Darragh O'Connor	Non-Executive Director (retired 30 May 2016)

CORPORATE GOVERNANCE STATEMENT (continued)

The term in office held by each director in office at the date of this report is as follows:

Name	Term in office
Mr Poh Kay Ping	Appointed 3 April 2014, tenure 2 year,9 months
Mr Tan-Kang Kee Sing	Appointed 3 April 2014, tenure 2 year,9 months
Ms Michael van Uffelen	Appointed 30 May 2016, tenure 7 months

Recommendation 2.4 - Majority of the board are independent directors

The Company has three directors, two of whom are independent.

Recommendation 2.5 - Chair of the board is an independent director and not the same person as the CEO

The Chair of the board prior to not being re-elected was not an independent director and is not the CEO. The Company does not presently have a Chair.

Recommendation 2.6 - Director induction and ongoing training program

In view of the size of the operations of the Company and the limited number of directors, the Company does not have a formal director induction and ongoing training program.

Principle 3 – Act ethically and responsibly

Recommendation 3.1 - Code of conduct available on website

The Company's Code of Conduct is available on the Company's website.

Principle 4 – Safeguard integrity in corporate reporting

Recommendation 4.1 - Audit committee requirements met

Recommendation 4.1 requires the audit committee to be structured so that it consists only of non-executive directors with a majority of independent directors, chaired by an independent chairperson who is not chairperson of the Board and has at least three members.

During the year ended 31 December 2016, the Company did not have a separately established audit committee. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the expense of appointing additional independent Non-Executive Directors simply to fill an audit committee.

Recommendation 4.2 - CEO and CFO financial statements declarations received

In accordance with section 295A of the *Corporations Act*, the CEO and Company Secretary have provided a written statement to the Board that:

- Their view provided on the Company's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the Board; and
- The Company's risk management and internal compliance and control system is operating effectively in all material respects.

Recommendation 4.3 - External auditors attend AGM and available to answer questions from securityholders

The external auditors are required to attend the annual general meeting and are available to answer any shareholder questions about the conduct of the audit and preparation of the audit report.

CORPORATE GOVERNANCE STATEMENT (continued)

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1 - Continuous Disclosure Policy available on website

The Company's policy is to comply with its continuous disclosure obligations under the Listing Rules at all times.

Principle 6 – Respect the rights of securityholders

Recommendation 6.1 - Corporate and governance information available on website

Information about the Company and its governance is available to investors via the Company's website.

Recommendation 6.2 - Investor relations program

The Company's objective is to promote effective communication with its shareholders at all times.

The Company is committed to:

- Ensuring that shareholders and the financial markets are provided with full and timely information about the Company's activities in a balanced and understandable way;
- Complying with continuous disclosure obligations contained in the ASX listing rules and the Corporations Act in Australia; and
- Communicating effectively with its shareholders and making it easier for shareholders to communicate with the Company.

To promote effective communication with shareholders and encourage effective participation at general meetings, information is communicated to shareholders:

- Through the release of information to the market via the ASX
- Through the distribution of the annual report and notices of annual general meeting
- Through shareholder meetings and investor relations presentations
- Through letters and other forms of communications directly to shareholders
- By posting relevant information on the Company's website: www.mayaniron.com.au

The Company's website publishes all important company information and relevant announcements made to the market.

Recommendation 6.3 - Processes to facilitate and encourage participation at securityholders meetings

Meetings of securityholders of the Company are convened at least once a year, usually in May.

An explanatory memorandum on the resolutions is included with the notice of meeting. Unless specifically stated in the notice of meeting, all holders of fully paid securities are eligible to vote on all resolutions.

In the event that security holders cannot attend formal meetings, they are able to lodge a proxy in accordance with the Corporations Act. Proxy forms can be mailed, lodged by facsimile or emailed.

Recommendation 6.4 - Electronic securityholder communication functionality

Securityholders are provided with the option to receive communications from, and send communications to, the Company and its security registry electronically.

CORPORATE GOVERNANCE STATEMENT (continued)

Principle 7 – Recognise and manage risk

Recommendation 7.1 - Risk committee requirements met

The Company does not have a committee to oversee risk. In view of the size of the operations of the Company, this is performed by the Board.

Recommendation 7.2 - Annual review of risk management framework

The Board has identified the significant areas of potential business and legal risk of the Company. The identification, monitoring and, where appropriate, the reduction of significant risk to the Company will be the responsibility of the Board.

To this end, comprehensive practices are in place which are directed towards achieving the following objectives:

- effectiveness and efficiency in the use of the Company's resources;
- compliance with applicable laws and regulations;
- preparation of reliable published financial information.

Recommendation 7.3 - No internal audit function but internal control processes in place

In view of the size of the operations of the Company, the Company does not have an internal audit function. Internal processes include segregating incompatible functions, dual signatories on bank accounts and oversight by the Board.

Recommendation 7.4 - Disclosure of material exposure to, and management of, economic, environmental and social sustainability risk

The Company does not believe it has any material exposure to economic, environmental and social sustainability risks.

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1 - Remuneration committee requirements

Recommendation 8.1 requires listed entities to establish a remuneration committee. During the year ended 31 December 2016, the Company did not have a separately established remuneration committee. However, the duties and responsibilities typically delegated to such committee are included in the responsibilities of the full Board.

Recommendation 8.2 - Remuneration practices disclosed and Recommendation 8.3 - Remuneration Policy disclosures regarding equity based remuneration

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Board has set remuneration by benchmarking to industry peers.

Remuneration philosophy

The performance of the Company depends upon the quality of its directors and executives. To prosper, the Company must attract, motivate and retain highly skilled directors and executives.

CORPORATE GOVERNANCE STATEMENT (continued)

To this end, the Company embodies the following principles in its compensation framework:

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to shareholder value;
- Significant portion of executive compensation ‘at risk’, dependent upon meeting pre-determined performance benchmarks; and
- Establish appropriate, demanding performance hurdles in relation to variable executive compensation

Remuneration consists of fixed remuneration and variable remuneration.

Fixed Remuneration

Fixed remuneration is reviewed annually by the Board of Directors. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices.

Variable Remuneration

A variable remuneration structure has not yet been introduced.

Remuneration Reviews

The Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the directors, the Managing Director and all other key management personnel.

The Board of Directors assesses the appropriateness of the nature and amount of compensation of key management personnel on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

Remuneration structure

In accordance with best practice Corporate Governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive Director remuneration

The Board seeks to set aggregate remuneration at a level that provides the company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. Non-executive directors receive a fee for being a director of the company.

CORPORATE GOVERNANCE STATEMENT (continued)

Senior Manager and Executive Director remuneration

Objective

The Company aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the entity so as to:

- reward executives for company, business unit and individual performance against targets set to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link rewards with the strategic goals and performance of the company; and
- ensure total compensation is competitive by market standards.

Compensation consists of the following key elements:

- Fixed Compensation; and
- Variable Compensation - Long Term Incentive (LTI).

The proportion of fixed compensation and variable compensation (potential short term and long term incentives) is established for each key management person by the Directors.

Fixed Compensation

Objective

Fixed compensation is reviewed annually by the Directors. The process consists of a review of individual performance, relevant comparative compensation in the market and internally and, where appropriate, external advice on policies and practices.

Structure

Executives receive their fixed remuneration in cash.

Variable Pay — Long Term Incentive (LTI)

Objective

The objective of the LTI plan is to reward executives in a manner that aligns this element of compensation with the creation of shareholder wealth. As such LTI grants are only made to executives who are able to influence the generation of shareholder wealth and thus have a direct impact on the Company's performance against the relevant long term performance hurdle.

Structure
LTI grants have not yet been introduced.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016	2015
		$	$
Interest income		5,872	9,033
Finance costs	18	64,235	67,880
Employee benefits expense		(317,353)	(324,564)
Impairment expense	7	(2,053,013)	-
General and administrative expenses		(276,453)	(665,013)
Professional fees		(309,956)	(653,513)
Other operating expenses		(247,137)	(86,382)
Gain on sale of investments		331,592	-
(Loss) from operating activities		**(2,802,213)**	**(1,652,559)**
Income tax expense	2	-	-
(Loss) for the period after tax		**(2,802,213)**	**(1,652,559)**
- Items that may be subsequently reclassified to profit or loss, net of tax			
o Exchange differences on translation of foreign operations		(487,040)	30,707
o Movement in AFS Reserve		(27,130)	-
Total comprehensive (loss) for the year attributable to the owners	4	(3,316,383)	(1,621,852)
Basic and diluted (loss) per share (cents per share)		(1.7)	(1.1)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Note	2016	2015
		$	$
CURRENT ASSETS			
Cash and cash equivalents	5	72,245	331,808
Trade and other receivables	6	3,448	145,285
Loans receivable	21	199,240	70,335
Total Current Assets		274,933	547,428
NON-CURRENT ASSETS			
Exploration and evaluation assets	7	5,773,473	8,710,829
Available-for-sale financial assets		-	285,184
Loans receivable	21	170,311	183,993
Other		40,414	11,559
Total Non-Current Assets		5,984,198	9,191,565
TOTAL ASSETS		**6,259,131**	**9,738,993**
CURRENT LIABILITIES			
Trade and other payables	8	420,590	627,179
Financial liabilities	9	3,110,120	421,655
Total Current Liabilities		**3,530,710**	**1,048,834**
NON-CURRENT LIABILITIES			
Financial liabilities	9	-	5,781,770
Total Non-current Liabilities		**-**	**5,781,770**
TOTAL LIABILITIES		**3,530,710**	**6,830,604**
NET ASSETS		**2,728,421**	**2,908,389**
EQUITY			
Issued capital	10	9,977,008	6,840,593
Reserves	22	(409,019)	105,151
Accumulated losses		(6,839,568)	(4,037,355)
TOTAL SHAREHOLDERS EQUITY		**2,728,421**	**2,908,389**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016	2015
		$	$
Cash flows from Operating Activities			
Payments to suppliers and employees		(132,188)	(1,284,077)
Interest received		5,873	9,034
Net cash (used in) operating activities	5(ii)	**(126,315)**	**(1,275,043)**
Cash Flows from Investing Activities			
Payment for acquisition, exploration and evaluation costs		(692,545)	(1,093,802)
Proceeds on the sale of investments		589,646	-
Payment for convertible debenture		-	(258,054)
Acquisition of a subsidiary	19	-	(3,102,705)
Loan repayments received		16,785	-
Loans advanced		(132,008)	(183,993)
Net cash (used in) investing activities		**(218,122)**	**(4,638,554)**
Cash Flows from Financing Activities			
Proceeds from the issue of shares		-	1,620,000
Payment for share issue expenses		(61,184)	(14,634)
Proceeds from convertible notes issued		-	2,864,259
Proceeds from loans		146,058	-
Net cash provided by financing activities		**84,874**	**4,469,625**
Net increase in cash and cash equivalents		**(259,563)**	**(1,443,972)**
Cash and cash equivalents at the beginning of the financial year		331,808	1,775,780
Cash and cash equivalents at the end of the financial year	5(i)	**72,245**	**331,808**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Ordinary Shares	Foreign Currency Translation Reserve	Available-For-Sale Reserve	Accumulated Losses	Total
	$	$	$	$	$
Balance as at 1 January 2015	**4,980,490**	**47,314**	**-**	**(2,384,796)**	**2,643,008**
Loss attributable to members of the parent entity	-	-	-	(1,652,559)	(1,652,559)
Movement in AFS reserve	-	-	27,130	-	27,130
Total comprehensive loss for the year	**-**	**-**	**27,130**	**(1,662,559)**	**(1,625,429)**
Transactions with owners in their capacity as owners:					
Net exchange differences on the translation of the financial reports of foreign subsidiaries	-	30,707	-	-	30,707
Issue of shares	1,620,000	-	-	-	1,620,000
Share based payment	254,737	-	-	-	254,737
Share issue expenses	(14,634)	-	-	-	(14,634)
Balance as at 31 December 2015	**6,840,593**	**78,021**	**27,130**	**(4,037,355)**	**2,908,389**
Balance as at 1 January 2016	**6,840,593**	**78,021**	**27,130**	**(4,037,355)**	**2,908,389**
Loss attributable to members of the parent entity	-	-	-	(2,802,213)	(2,802,213)
Movement in AFS reserve	-	-	(27,130)	-	(27,130)
Total comprehensive loss for the year	**-**	**-**	**(27,130)**	**(2,802,213)**	**(2,802,213)**
Transactions with owners in their capacity as owners:					
Net exchange differences on the translation of the financial reports of foreign subsidiaries	-	(487,040)	-	-	(487,040)
Issue of shares	2,925,599	-	-	-	2,925,599
Share based payment (Note 20)	272,000	-	-	-	272,000
Share issue expenses	(61,184)	-	-	-	(61,184)
Balance as at 31 December 2016	**9,977,008**	**(409,019)**	**-**	**(6,839,568)**	**2,728,421**

The accompanying notes form part of these financial statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Tian Poh Resources Limited (the “Company”) is an ASX listed public company since 11 November 2014, incorporated in Australia and operating in Australia, Mongolia and Singapore.

The Group primarily is involved in the exploration of minerals in Mongolia and is a for-profit entity.

(a) Basis of Preparation

Statement of compliance
The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law.

Accounting Standards include Australian Accounting Standards (AASBs). Compliance with Australian Accounting Standards ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The financial statements were authorised for issue by the directors on 31 March 2017.

Basis of measurement
The financial report has also been prepared on a historical cost basis.

Functional and presentation currency
The financial report is presented in Australian dollars, which is the Company’s presentation and functional currency.

Going Concern
The Group incurred losses of $3,316,383 (2015: $1,621,852), net operating cash outflows of $126,315 (2015: $1,275,043), net investing cash outflows of $218,122 (2015: $4,638,554) and cash of $72,245 (2015: 331,808). These were offset by net cash inflows from financing activities of $84,874 (2015: $4,469,625).

The Group’s ability to continue as a going concern and pay its debts as and when they fall due is dependent on the following:

- Active management of the current level of discretionary expenditure in line with the funds available to the consolidated entity;
- The continuing financial support of the directors; and
- The ability to raise additional funding through either debt facilities or capital raising.

These conditions indicate a material uncertainty that may cast a significant doubt about the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharged its liabilities in the normal course of business.

The directors are confident of the ability of the Group to raise additional funding and therefore are satisfied the going concern basis for preparing the financial statements is appropriate.

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Application of new and revised Accounting Standards

New and amended standards adopted by the entity
A number of new or amended standards became applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Impact of standards issued but not yet applied by the entity
There were no new standards issued since 31 December 2015 that have been applied by the Group. The previous annual report disclosed that the Group anticipated no material impacts (amounts recognised and/or disclosed) arising from initial application of those standards issued but not yet applied at that date, and this remains the assessment as at 31 December 2016.

(c) Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(d) Critical accounting judgements and key sources of estimation uncertainty

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Exploration and evaluation expenditure
The Company's accounting policy for exploration and evaluation expenditure results in expenditure being capitalised for an area of interest acquired where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. This policy requires management to make certain estimates as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised the expenditure under the policy, a judgement is made that recovery of the expenditure is unlikely, the relevant capitalised amount will be written off to profit and loss.

Valuation of the convertible note option to convert
The Company's fair values the right of the convertible note holder to receive shares in the Company rather than to receive repayment of the convertible note. This option is valued using a Black Scholes Option Pricing model with require judgement with regard to the selection of assumptions including interest rates and volatility.

Deciding if an acquisition is a business combination or share based payment
The Company assesses whether acquisitions are business combinations or share based payments based on the level of business activity of the acquire.

In August 2015, the Company completed the acquisition of 100% of Modun Resources LLC. Modun Resources LLC holds exploration and evaluation assets in Mongolia. The Company has determined that the acquisition has taken the form of an asset acquisition and not a business combination. In making this decision, the Company determined that the nature of the exploration and evaluation activities by Modun Resources LLC did not constitute an integrated set of activities and assets that are capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Critical accounting judgements and key sources of estimation uncertainty (continued)

Furthermore, the Company has judged that given the stage of development of the assets held by Modun Resources LLC, the acquired set of assets and processes were not capable at the time of acquisition of producing the intended output.

(e) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2016. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption, and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Company's voting rights and potential voting rights

The group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Revenue recognition

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

Interest income

Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(g) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(h) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Trade receivables are generally due for settlement within periods ranging from 30 to 90 days.

(i) Financial Assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, AFS financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- AFS financial assets

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39. The Group has not designated any financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Financial Assets (continued)

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

Loans and receivables
This category is the most relevant to the Group. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

This category generally applies to trade and other receivables.

Available-for-sale financial assets
AFS financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS reserve until the investment is derecognised, at which time, the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss in finance costs.

Interest earned whilst holding AFS financial assets is reported as interest income using the EIR method.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired
  Or

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Financial Assets (continued)

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets
The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost
For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

(j) Exploration, evaluation and development expenditure

(i) Exploration and evaluation

Exploration and evaluation activities involve the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest.

Tenement acquisition and exploration and evaluation costs are capitalised and carried forward to the extent that:

- rights to tenure of the identifiable area of interest are current; and

- at least one of the following conditions is also met:

  - the expenditure is expected to be recouped through the successful development of the identifiable area of interest, or alternatively, by its sale; or

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Exploration, evaluation and development expenditure (continued)

- where activities in the identifiable area of interest have not at the reporting date reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and activities in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are reviewed at each reporting date for indicators of impairment and tested for impairment where such indicators exist. If the test indicates that the carrying value might not be recoverable, the asset is written down to its recoverable amount. These charges are recognised as impairment expense in profit and loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

(i) Development

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from exploration and evaluation expenditure to development expenditure.
Development expenditure includes capitalised exploration and evaluation costs, pre-production development costs, development studies and other expenditure pertaining to that area of interest.

Costs related to surface plant and equipment and any associated land and buildings are accounted for as property, plant and equipment.

Development costs are accumulated in respect of each separate area of interest. Costs associated with commissioning new assets in the period before they are capable of operating in the manner intended by management, are capitalised. Development costs incurred after the commencement of production are capitalised to the extent they are expected to give rise to a future economic benefit. When an area of interest is abandoned or the Directors decide that it is not commercially or technically feasible, any accumulated cost in respect of that area is written off in the financial period that decision is made. Each area of interest is reviewed at the end of each accounting period and the accumulated costs written off to profit and loss to the extent that they will not be recoverable in the future.

Amortisation of development costs capitalised is charged on a unit of production basis over the life of estimated proven and probable reserves at the mine.

(k) Foreign currency translation

Both the functional and presentation currency of the Company is Australian dollars. Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless that is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Foreign currency translation (continued)

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

(l) Income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

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

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Income tax (continued)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(m) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(n) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

(ii) Subsequent costs

Subsequent costs are only included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with these subsequent costs will flow to the Company and the cost of the item can be measured reliably. Ongoing repairs and maintenance are recognised as an expense in profit and loss during the financial year in which they are incurred.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Office Equipment – over 5 to 15 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Where the useful life of an asset is directly linked to the extraction of ore from a mine, the asset is depreciated using the units of production method. The units of production method is an amortised charge proportional to the depletion of the estimated minable mineral deposits.

(iv) Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

(v) De-recognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(o) Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Impairment of assets (continued)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(p) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the period that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

(q) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised.

Convertible note liability

Convertible notes issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder and convertible note derivatives whose fair values change with the Group's underlying share price.

The liability component of a convertible note is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The embedded derivative component is firstly recognised initially at fair value and the liability component is calculated as the difference between the financial instrument as a whole and the fair value of the derivative at inception. And directly attributable transaction costs are allocated to convertible note liability and convertible note derivative in proportion to their initial carrying amounts. The fair value of the derivative portion has been valued using a valuation technique including inputs that include reference to similar instruments and option pricing models. Subsequent to initial recognition, the liability component of the convertible note is measured at amortised cost using the effective interest rate method. The convertible note derivative is measured at fair value through profit or loss.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Interest-bearing loans and borrowings (continued)

The convertible note liability and derivative are removed from the Consolidated Statement of Financial Position when the obligations specified in the contract are discharged, this can occur upon the option holder exercising their option or the option period lapses requiring the Group to discharge the obligation. Convertible notes and derivatives are classified as current or non-current based on the maturity date of the convertible note.

Fair values of convertible note derivatives

The fair values of the convertible note derivatives have been determined by firstly computing the fair value per convertible option feature multiplied by the number of outstanding options. The fair value per option is computed using the Black Scholes option pricing module. This valuation methodology takes in to account the exercise price, the term of the option, The Group's share price at reporting period and simulated future price, the expected volatility of the underlying share price and the risk-free interest rate (based on Government bonds). The expected volatility is based upon historical volatility, (based on the remaining life of the options) adjusted for abnormal movements in the Group's share price; or where no data is available, historical volatility of similar stocks.

(r) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings, including a convertible note which contains a derivative financial instrument.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by AASB 139.

Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 139 are satisfied. The Company has designated the right of the holder of the convertible notes to received shares in the company a financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Financial liabilities (continued)

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of profit or loss.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognised in the statement or profit or loss.

(s) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(t) Employee leave benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date, they are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(u) Issued capital

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Finance costs

Finance costs comprise interest expense on borrowings, excluding interest expenses incurred for the construction of qualifying assets which are assets that necessarily take a substantial period of time be get ready for their intended use or sale, unwinding of the discount on provisions, impairment losses recognised on financial assets, foreign exchange gains/losses and changes in fair value of financial instruments.

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

Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

(w) Financial assets

Financial assets are classified as receivables and carried at amortised cost.

(x) Asset acquisition

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition will be included in the capitalised cost of the asset.

(y) Share-based payments

The grant date fair value of share-based payment is recognised as an expense with a corresponding increase in equity, over the period that the recipient unconditionally becomes entitled to the awards.

The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that, the amount ultimately recognised as an expense is based on the number of awards that do not meet the related service and non-market performance conditions at the vesting date.

The Group follows the guidelines of AASB 2 ‘Share-based payments’ and takes into account all performance conditions and estimates the probability and expected timing of achieving these performance conditions. Accordingly, the expense recognised over the vesting period may vary based upon information available and estimates made at each reporting period, until the expiry of the vesting period.

	2016	2015
	$	$

2. INCOME TAX

(a) Income tax recognised in profit/loss

No income tax is payable by the Company entities as it recorded a loss for income tax purposes for the period.

(b) Numerical reconciliation between income tax expense and the loss before income tax.

The prima facie income tax benefit on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:

	2016	2015
Accounting loss before tax	(2,802,213)	(1,652,559)
Income tax benefit at 30%	840,664	495,768
Unrecognised tax losses	(840,664)	(495,768)
Income tax benefit attributable to loss from ordinary activities	-	-

(c) Unrecognised deferred tax balances

	2016	2015
Tax losses @ 30%	(611,655)	(503,351)
Deferred tax asset not booked		
- other	41,529	232,624
Amounts recognised in equity		
- fair value adjustments	-	(8,193)
Net unrecognised deferred tax (asset) / liability at 30%	**(570,126)**	**(278,865)**

A deferred tax asset attributable to income tax losses has not been recognised at balance date as the probability criteria disclosed in Note 1(l) is not satisfied and such benefit will only be available if the conditions of deductibility also disclosed in Note 1(l) are satisfied.

3. SEGMENT REPORTING

The Group operates predominately in the mineral exploration industry. For management purposes, the Group is organised into one main operating segment which involves the exploration for minerals in Mongolia. All of the Group's activities are inter-related and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial results of the Group as a whole.

	2016	2015
	$	$

4. EARNINGS/(LOSS) PER SHARE

	2016	2015
Basic and diluted loss per share (cents per share)	(1.7)	(1.1)

The loss and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

	2016	2015
Loss for the year	(2,802,213)	(1,652,559)
Weighted average number of shares outstanding during the year used in calculations of basic loss per share:	169,301,212	151,237,488

There is no dilution of shares due to options as the potential ordinary shares are not dilutive and are therefore not included in the calculation of diluted loss per share.

5. CASH AND CASH EQUIVALENTS

	2016	2015
Cash at bank	72,245	331,808
	72,245	331,808

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

(i) Reconciliation to Cash Flow Statement

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and at bank.

Cash and cash equivalents as shown in the cash flow statement are reconciled to the related items in the balance sheet as follows:

	2016	2015
Cash and cash equivalents	72,245	331,808

(ii) Reconciliation of loss after income tax to net cash flows from operating activities:

	2016	2015
Loss for the period	(2,802,213)	(1,652,559)
Net foreign exchange (gain) / loss	769,394	137,497
Accrued director fees	272,000	204,003
Impairment expense	2,053,013	-
Gain on sale of investments	(331,592)	-
Fair value loss on convertible note derivative	1,221,835	(771,615)
Interest expense accrued	(943,145)	755,594
	239,292	(1,327,080)
Changes in operating assets and liabilities		
Decrease in trade and other receivables	112,982	109,079
(Decrease) in trade and other payables	(478,589)	(57,042)
Net cash outflow from operating activities:	(126,315)	(1,275,043)

5. CASH AND CASH EQUIVALENTS (continued)

Shares were issued to some directors in lieu of cash fees. See notes 10 and 12 for further details. No other significant non-cash financing and investing activities occurred during 2016 or 2015.

	2016	2015
	$	$

6. TRADE AND OTHER RECEIVABLES

	2016 $	2015 $
Current		
Prepayments	1,962	1,739
GST and taxes recoverable	1,486	143,546
	3,448	145,285

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.

Information about the impairment of trade and other receivables, their credit quality and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in Note 15.

7. EXPLORATION AND EVALUATION ASSETS

	2016 $	2015 $
Opening balance	8,710,829	4,002,874
Exchange rate difference	(1,576,888)	235,014
Impairment	(2,053,013)	-
Acquired in an acquisition (note 19)	-	3,379,139
Expenditure	692,545	1,093,802
At 31 December	5,773,473	8,710,829

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

Subsequent to reporting date the Company decided to divested of 7 exploration licences in Mongolia via non-renewal and accordingly deferred costs were impaired.

8. TRADE AND OTHER PAYABLES

	2016 $	2015 $
Trade payables	108,256	40,738
Accruals	312,334	586,441
	420,590	627,179

Trade payables are non-interest bearing and are normally settled on 30 to 60 day terms, however it is noted that directors have not drawn fees in view of the cash position of the Company.

The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

9. FINANCIAL ASSETS AND LIABILITIES

	2016 $	2015 $
Current liabilities		
Related party loans	429,590	138,123
Convertible notes and accrued interest	2,252,184	283,532
Derivative embedded in convertible notes	428,346	-
	3,110,120	421,655
Non-current liabilities		
Convertible notes	-	2,714,159
Financial liabilities at fair value through profit or loss:		
• Derivative embedded in convertible notes	-	3,067,611
	-	5,781,770

(a) Convertible notes

i. 2015 convertible notes

Convertible notes were issued on 25 August 2015, had a face value of US$2,070,000, bore interest of 8% per annum, net of any interest withholding tax, paid annually in arrears, were unsecured and were converted into shares in the Company at A$0.075 during the year. See note 10(i) for further details. Accordingly, no balance is included at 31 December 2016.

ii. 2013 convertible notes

The convertible notes were issued on 24 December 2013, has a face value of RMB 10,000,000, bears interest of 5% paid annually in arrears, may be converted into shares in the Company at $0.20 and is repayable between 12 November 2016 and 11 November 2017 unless converted into shares in the Company prior to this time. This convertible note comprises the balance at 31 December 2016.

The convertible notes have embedded options to convert the notes into shares in the Company, which are derivatives that are required to be separated. The embedded options have been separated and are carried at fair value through profit or loss.

The value of the derivatives fluctuates with the Group's share price and as the notes are denominated in RMB. The change in exchange rate with the AUD is also taken in to account when deriving the fair value movement during the year. Refer to note 9(c) and 15(a) for details of fair value and sensitivity analysis.

(b) Related party loans

Loans have been provided by the shareholders and do not have terms, including security and interest rates. Refer to Note 12(d).

(c) Fair values

Management assessed that the fair values of cash trade receivables, trade payables, other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

9. FINANCIAL ASSETS AND LIABILITIES (continued)

The fair value of the equity-settled share options embedded in the convertible notes are estimated using the Black Scholes Option Pricing Model. The fair value of the embedded options are recognised in profit or loss. The Black Scholes Option Pricing Model assumes that the Securities the subject of the valuation can be sold on a secondary market. The terms and conditions of the convertible notes state that application will be made for the Shares to be listed for official quotation on ASX if the options are exercised.

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

The following table lists the assumptions to the model used for the year ended 31 December 2016.

AUD:CYN Exchange Rate	Stock Price (cents)	Exercise Price (cents)	Risk Free Rate (%)	Volatility (%)
0.1965	17	20	1.50%	87%

The following table lists the assumptions to the model used for the year ended 31 December 2015.

AUD:CYN Exchange Rate	AUD:USD Exchange Rate	Stock Price (cents)	Exercise Price (cents)	Risk Free Rate (%)	Volatility (%)
0.2111	n/a	18	20	2.02%	87%
n/a	1.3702	18	12	2.02%	87%

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. The different valuation methods are called hierarchies and they are described below:

	Level	Carrying Amount 31-Dec-16	Carrying Amount 31-Dec-15
Financial assets and liabilities measured at fair value			
Convertible note derivative	Level 2	428,346	3,067,611

Fair value hierarchy

Level 1 – the instrument has quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – the fair values are measured using inputs (other than quoted prices) that are observable for the asset or liability either directly or indirectly; or

Level 3 – the fair values are measured using inputs for the asset or liability that are not based on observable market data.

10. CONTRIBUTED EQUITY

	Number of shares	$
2016 movements in ordinary share capital:		
Balance at 31 December 2015	152,888,418	6,840,593
Issue of shares – conversion of convertible note (i)	39,007,987	2,925,599
Share based payment (ii)	1,360,000	272,000
Share issue expenses	-	(61,184)
Balance at 31 December 2016	193,256,405	9,997,008

(i) The holders of the USD convertible notes elected to convert their notes and accrued interest to shares at the conversion price of $0.075 per share (see note 9(a)(i) for further details).

(ii) 1,360,000 shares were issued to three directors at $0.20 in lieu of fees, as approved at the 2015 AGM. Please see 12(d) for further details.

	Number of shares	$
2015 movements in ordinary share capital:		
Balance at 31 December 2014	142,614,733	4,980,490
Issue of shares – private placement (i)	9,000,000	1,620,000
Share based payment (ii)	1,273,685	254,737
Share issue expenses	-	(14,634)
Balance at 31 December 2015	152,888,418	6,840,593

(i) The Company raised $1,620,000 via the issue of 9,000,000 ordinary shares at $0.18 each, with an attached warrant expiring 16th February 2016 and with a strike price of $0.20.

(ii) 1,273,685 shares were issued to three directors at $0.20 in lieu of fees, as approved at the 2014 AGM. A further 1,020,000 shares are expected to be issued to three directors at $0.20 in lieu of fees, if approved at the 2015 AGM. Please see note 12(d).

The Company does not have authorised capital or par value in respect to its issued shares.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

11. COMMITMENTS

(a) At 31 December 2016, the Group did not have any contractual commitments to capital expenditure not recognised as liabilities.

(b) In order to maintain current rights of tenure to exploration tenements, the Company is required to outlay rentals and to meet the minimum expenditure requirements. These obligations are not provided for in the financial statements.

12. RELATED PARTY DISCLOSURE

(a) Subsidiaries

The consolidated financial statements include the financial statements of Tian Poh Resources Limited and the subsidiaries listed in the following table:

Name	Country of Incorporation	% Equity interest 2016	% Equity interest 2015
Poh Golden Ger Resources Limited	Mauritius	100%	100%
Poh Golden Ger Resources Pte Ltd	Singapore	100%	100%
Poh Golden Ger Resources LLC	Mongolia	100%	100%
Amulet LLC	Mongolia	100%	100%
Mandal-Urgukh LLC	Mongolia	100%	100%
Khangailand LLC	Mongolia	100%	100%
Derong Mining Limted	Hong Kong	100%	100%
Huabei Kuangye LLC	Mongolia	100%	100%
Modun Resources LLC	Mongolia	100%	100%

Each of Amulet LLC, Mandal-Urgukh LLC, Khangailand LLC, Huabei LLC and Modun Resources LLC hold exploration projects. The other companies in the Group are holding companies with Poh Golden Ger Resources Pte Ltd and Poh Golden Ger Resources LLC being the main companies through which payments are made.

(b) Loans to/from Key Management Personnel

During the 2016 year $284,761 was advanced to the Company by Mr Kay Ping Poh, Managing Director of the Company. This advance does not have any repayment terms nor interest specified.

Other balances represent unpaid fees and expenses. No other loans have been provided by key management personnel during the year.

(c) Other transactions and balances with Key Management Personnel

2016:
Shares were issued to directors in lieu of fees (see notes 10 and 12). There were no other transactions with related parties.

2015:
Shares were issued to directors in lieu of fees (see notes 10 and 12). There were no other transactions with related parties.

No other transactions with key management personnel have occurred during the year.

12. RELATED PARTY DISCLOSURE (continued)

	2016 $	2015 $

(d) Loans from Directors/Shareholders Related Entity

The following interest free loans have been provided by Directors/Shareholders for short term financing and deferral of payment of fees. Refer also to Note 10.

	2016 $	2015 $
Directors	489,812	138,123
	489,812	138,123

The loans do not have specified repayment terms, including being secured.

The following interest free loans have been provided by the directors for fees to be paid in shares at $0.20 subject to shareholder approval:

	2016 $	2015 $
Mr Tian Guangru	-	18,000
Mr Poh Kay Ping	-	168,000
Ms Tian Jia	-	18,000
	-	204,000

13. PARENT ENTITY INFORMATION

(a) Information relating to Tian Poh Resources Limited

	2016 $	2015 $
Current assets	8,261,348	7,416,319
Non-current assets	170,311	469,177
Total assets	8,431,659	7,885,496
Current liabilities	2,896,026	3,662,170
Non-current liabilities	-	2,714,159
Total liabilities	2,896,026	6,376,329
Net assets	5,535,633	1,509,167
Contributed equity	7,071,701	3,935,286
Reserves	-	27,130
Accumulated losses	(1,536,068)	(2,453,249)
Total shareholders' equity	5,535,633	1,509,167
Loss for the parent entity	(917,183)	(976,460)
Total comprehensive income of the parent entity	(917,183)	(976,460)

(b) Guarantees

No guarantees have been entered into by the Company in relation to the debts of its subsidiaries. As at 31 December 2016 the parent entity had no contingent liabilities.

(c) Commitments (Need to mention contingent liabilities of the parent also)

Commitments of the Company as at reporting date are disclosed in note 11 to the financial statements.

14. EVENTS AFTER BALANCE DATE

Subsequent to reporting date the Company decided to divest of 7 exploration licences in Mongolia via non-renewal, and the impairment was recorded in the year to 31 December 2016.

Other than the matters noted above, there has not arisen in the interval between the end of the period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in the future.

15. FINANCIAL RISK MANAGEMENT

The Group's financial situation is not complex. Its activities may expose it to a variety of financial risks in the future: market risk (including currency risk and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. At that stage the Group's overall risk management program will focus on the unpredictability of the financial markets and seek to minimise potential adverse effects on the financial performance of the Group.

The Group holds the following financial assets and liabilities:

	2016 $	2015 $
Financial Assets		
Cash and cash equivalents	72,245	331,808
Trade and other receivables	3,448	145,285
Loans receivable	369,551	254,328
	445,244	731,421
Financial Liabilities		
Trade and other payables	420,590	627,179
Financial liabilities	3,110,120	6,203,425
	3,530,710	6,830,604

(a) Market risk

Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from cash to be applied to exploration expenditure. Deposits at variable rates expose the Group to cash flow interest rate risk. Deposits at fixed rates expose the Group to fair value interest rate risk. During the period, the Group's deposits at variable rates were denominated in Australian and Singaporean Dollars. The Group does not use derivatives to mitigate these exposures.

As at the reporting date, the Group had the following variable rate deposits and there were no interest rate swap contracts outstanding:

	2016 weighted average interest rate %	2016 Balance $	2015 weighted average interest rate %	2015 Balance $
Cash and cash equivalents	2.9%	72,245	0.9%	331,808
Net exposure to cash flow interest rate risk		72,245		331,808

15. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

The Group adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents in high bearing accounts.

Sensitivity

During the period, if interest rates had been 50 basis points higher or lower than the prevailing rates realised, with all other variables held constant, there would be an immaterial change in post-tax profit for the year.

Foreign currency risk

The Group is exposed to currency risk primarily through having operations in Mongolia and Singapore which incur expenses denominated in a currency other than the functional currency. The currency giving rise to this risk is Chinese Renminbi and United States Dollars

All the Group's borrowings, other than amounts due to directors, are denominated Chinese Renminbi.

The following table details the Group's exposure at the reporting date to currency risk arising from recognised liabilities denominated in a Chinese Renminbi and United States Dollars.

	2016 **$**	**2015** **$**
Financial liabilities	2,252,184	2,997,691
Derivative liability	428,346	3,067,611
	2,680,530	6,065,302

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and RMB exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including embedded derivatives.

	Change in RMB and USD Exchange Rates	**Effect on Profit Before Tax**	**Effect on Equity**
2016	+10%	(268,053)	-
	-10%	268,053	-
2015	+10%	(302,444)	-
	-10%	302,444	-

The movement in the pre-tax effect is a result of a change in the fair value of monetary assets and liabilities denominated in USD and RMB.

15. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

Price risk sensitivity

In relation to the convertible note derivative, the Group have used an equity price change of 80% upper and lower representing a reasonable possible change based on potential share price volatility.

	Profit or (loss)		Equity	
	80% increase	**80% decrease**	**80% increase**	**80% decrease**
31-Dec-16				
Convertible note derivative	(1,052,330)	806,454	-	-
31-Dec-15				
Convertible note derivative	(4,622,292)	3,024,995	-	-

(b) Credit risk

The Group has no significant concentrations of credit risk. Cash transactions are limited to high credit quality financial institutions. The credit rating for the group's Australian financial institution is AA-.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures on outstanding receivables and committed transactions. In relation to other credit risk areas management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

At the reporting date, there are no impaired trade receivables, and no trade receivables past due but not impaired.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised at the beginning of this note.

(c) 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's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group will aim at maintaining flexibility in funding by accessing appropriate committed credit lines available from different counterparties where appropriate and possible. Surplus funds when available are generally only invested in high credit quality financial institutions in highly liquid markets.

15. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

The following are the contractual maturities of financial liabilities excluding the impact of netting arrangements:

	Carrying amount $	Contractual cash flows $	12 months or less $	1 to 5 years $
31 December 2016				
Non-derivative financial liabilities				
Trade and other payables	420,590	420,590	420,590	-
Financial liabilities	3,110,120	2,776,285	2,776,285	-
	3,530,710	3,196,875	3,196,875	-
31 December 2015				
Non-derivative financial liabilities				
Trade and other payables	627,179	627,179	627,179	-
Financial liabilities	3,135,814	5,901,434	621,665	5,279,769
	3,762,993	6,528,613	1,248,844	5,279,769

(d) Capital Risk Management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders. The capital structure of the Group consists of equity attributable to equity holders, comprising issued capital and retained earnings as disclosed in note 10.

The Board reviews the capital structure on a regular basis and considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through new share issues as well as the issue of debt, if the need arises.

16. AUDITORS' REMUNERATION

	2016 $	2015 $
Audit of the financial report		
• BDO Audit (WA) Pty Ltd	30,107	26,699
• Other auditors	4,620	4,620
	34,747	31,319

17. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group had no material contingent liabilities or contingent assets at 31 December 2016.

18. FINANCE COSTS

	2016 $	2015 $
Interest expense – convertible notes	943,145	755,594
Foreign currency gains and (losses)	214,455	(51,859)
Fair value adjustment (see note 9)	(1,221,835)	(771,615)
	(64,235)	(67,880)

19. ASSET ACQUISITIONS

Acquisitions in 2015

Acquisition of Modun Resources LLC

On 27 August 2015, the Group acquired 100% of the voting shares of Modun Resources LLC, an unlisted company based in Mongolia, which owns interest in minerals concessions in Mongolia. The Group acquired Modun Resources LLC to secure the minerals concessions in Mongolia.

The consideration payable was US$2,210,000, inclusive of acquiring the equity in the company and assuming debts of the company.

Details of the fair value of the assets and liabilities acquired as at 27 August 2015 are as follows:

	$
Assets	
Cash at bank	1,702
Other assets	10,771
Exploration and evaluation assets	3,379,139
Liabilities	
Accrued liabilities	(287,205)
Net assets	3,104,407
Total consideration	3,104,407

20. SHARE-BASED PAYMENTS

There is no formal Employee Share Scheme or other policy in place with reference to share-based payments, however the group may from time to time issue shares to employees and/or directors in lieu of services provided.

Mr Tian Guangru and Ms Tian Jia (Non-Executive Directors) were issued shares at a price of $0.20 per share in lieu of their $2,000 monthly director fees (see notes 10 and 12). These shares were subject to shareholder approval.

Mr Poh Kay Ping (Managing Director and CEO) was issued shares at a price of $0.20 per share in lieu of $16,667 monthly salary and $2,000 monthly director fees (see notes 10 and 12). These shares were/are subject to shareholder approval0

21. LOANS RECEIVABLE

	2016 $	2015 $
Current	199,240	70,335
Non-current	170,311	183,993

Loans receivable include advances to two employees repayable over 10 years, bearing interest at 3% per annum and repaid monthly.

22. RESERVES

	2016 $	2015 $
Opening balance	78,021	47,314
Net exchange differences on the translation of the financial reports of foreign subsidiaries	(487,040)	30,707
Movement in AFS reserve	(27,130)	27,130
	(409,019)	105,151

DIRECTORS' DECLARATION

In the opinion of the Directors of Tian Poh Resources Limited (the "Company"):

a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001 including:

   (i) giving a true and fair view of the Company's financial position as at 31 December 2016 and of their performance for the year ended 31 December 2016; and

   (ii) complying with Australian Accounting Standards and Corporations Regulations 2001;

   (iii) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board; and

b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Mr KP Poh
Managing Director

31 March 2017

AUDITOR'S INDEPENDENCE DECLARATION

BDO

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DECLARATION OF INDEPENDENCE BY NAME OF PHILLIP MURDOCH TO THE DIRECTORS OF TIAN POH RESOURCES LIMITED

As lead auditor of Tian Poh Resources Limited for the year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Tian Poh Resources Limited and the entities it controlled during the period.

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 31 March 2017

INDEPENDENT AUDITORS REPORT

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INDEPENDENT AUDITOR'S REPORT

To the members of Tian Poh Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Tian Poh Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2016, 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, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2016 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Carrying Value of Exploration and Evaluation Assets

Key audit matter	*How the matter was addressed in our audit*
As at 31 December 2016, the carrying value of exploration and evaluation assets amounted to $5,773,473 (2015: $8,710,829) as disclosed in Note 7. The Group's accounting policy with respect to exploration and evaluation assets as disclosed in Note 1(j). The carrying value of exploration and evaluation expenditure represents a significant asset of the Group and judgment is applied by management in considering whether facts and circumstances indicate that the exploration and evaluation asset should be tested for impairment. As a result, the asset requires assessment for impairment indicators in accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*.	We have evaluated management's assessment of impairment indicators in accordance with AASB 6 Exploration and Evaluation of Mineral Resources, including but not limited to the following: • obtaining from management a schedule of areas of interest held by the Group and assessed as to whether the Group held rights to tenure over the areas of interest by comparing to supporting documentation such as licence agreements; • held discussions with management with respect to the status of ongoing exploration programmes in the respective areas of interest and assessed the Group's forecasts for the level of budgeted spend on exploration projects; • considered whether any areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • considered whether there are any other facts or circumstances that existed to indicate impairment testing was required; and • we have also assessed the adequacy of the related disclosures in Note 7 and Note 1(j) to the financial statements.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2016, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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 preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_files/ar2.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 17 of the directors' report for the year ended 31 December 2016.

In our opinion, the Remuneration Report of Tian Poh Resources Limited, for the year ended 31 December 2016, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth, 31 March 2017

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 28 February 2017.

(A) DISTRIBUTION OF EQUITY SECURITIES

(i) Ordinary share capital

- 193,256,405 fully paid ordinary shares are held by 259 individual shareholders

All issued ordinary shares carry one vote per share and carry the rights to dividends.

The number of security holders by size of holding are:

			Fully paid ordinary shares
1	–	1,000	-
1,001	–	5,000	3
5,001	–	10,000	114
10,001	–	100,000	80
100,001		and over	62
			259
Holding less than a marketable parcel			-

(ii) Options

- No options were on issue.

Options do not carry a right to vote.

(B) SUBSTANTIAL SHAREHOLDERS

Ordinary shareholders	Fully paid Number	Fully paid Percentage
Mr Tian Guangru	54,992,996	28.5%
Mr Poh Kay Ping	46,459,154	24.0%
	101,452,150	52.5%

ASX ADDITIONAL INFORMATION (continued)

(c) TWENTY LARGEST SECURITY HOLDERS

Ordinary shareholders	Fully paid Number	Percentage
TIAN GUANGRU	54,992,996	28.5%
POH KAY PING	46,459,154	24.0%
ANGIE NG LI LING	8,589,449	4.4%
MICHELLE KOH CHIN JU	7,888,061	4.1%
CHUA ZHI RONG	7,833,116	4.1%
TAN HWEE KHENG	7,082,400	3.7%
SONG ZHIQIN	5,737,500	3.0%
YEO HUI HONG	5,000,000	2.6%
NG KIM SWEE	4,714,190	2.4%
MICHAEL KOH KOW TEE	4,684,470	2.4%
YEO HWEE BIN	4,202,439	2.2%
LIM LOON HUAT	3,857,257	2.0%
CITICORP NOMINEES PTY LIMITED	3,608,333	1.9%
HSBC CUSTODY NOMINEES	3,432,249	1.8%
ERDENEBAYAR AZJARGAL	3,216,250	1.7%
J P MORGAN NOMINEES AUSTRALIA LIMITED	2,170,000	1.1%
BNP PARIBAS NOMS PTY LTD <DRP>	1,129,624	0.6%
BEN CHNG BENG BENG	793,820	0.4%
SEOW SENG WEI	740,880	0.4%
OW CHUN MING & VICTOR OW	740,880	0.4%
	176,873,068	91.5%

(D) UNQUOTED EQUITY SECURITY HOLDINGS GREATER THAN 20%

NIL

ASX ADDITIONAL INFORMATION (continued)

(E) MINERAL TENEMENTS

The Company holds the following tenements:

Project	Leases	Commodity	Holder	Locality	Status
Amulet	14734X (i)	Coal	Amulet LLC	Mongolia	Granted
Mandal-Urguk	14770X	Copper and gold	Mandal-Urguk LLC	Mongolia	Granted
Mandal-Urguk	14771X (i)	Copper and gold	Mandal-Urguk LLC	Mongolia	Granted
Mandal-Urguk	14772X (i)	Copper and gold	Mandal-Urguk LLC	Mongolia	Granted
Mandal-Urguk	14773X (i)	Copper and gold	Mandal-Urguk LLC	Mongolia	Granted
Mandal-Urguk	14776X (i)	Copper and gold	Mandal-Urguk LLC	Mongolia	Granted
Khangailand	14767X (i)	Coal	Khangailand LLC	Mongolia	Granted
Khangailand	14768X	Coal	Khangailand LLC	Mongolia	Granted
Khangailand	14769X (i)	Coal	Khangailand LLC	Mongolia	Granted
Huabei Kuangye	MV17471X	Coal	Huabei Kuangye LLC	Mongolia	Granted
Nuurst	MV17349X	Coal	Modun Resources LLC	Mongolia	Granted

(i) Planned to be relinquished subsequent to year end