

For personal use only

Tigers Realm Coal Limited
(ABN 50 146 752 561)

Annual Financial Report
31 December 2014

Tigers Realm Coal Limited

Corporate Directory

DIRECTORS

Antony Manini (Chairman)
Owen Hegarty
Craig Wiggill
Andrew Gray
Ralph Morgan
Tagir Sitdekov

COMPANY SECRETARY

David Forsyth

PRINCIPAL & REGISTERED OFFICE

Level 7, 333 Collins St
Melbourne, Victoria, 3000

Tel: 03 8644 1300

Fax: 03 9620 5444

Email: investorrelations@tigersrealmcoal.com

AUDITORS

KPMG
147 Collins Street
Melbourne, Victoria 3000

BANKERS

ANZ Banking Group Limited
100 Queen St,
Melbourne, Victoria 3000

Tigers Realm Coal Limited

Contents

Directors' report	4
Consolidated statement of financial position	38
Consolidated statement of comprehensive income	39
Consolidated statement of changes in equity	40
Consolidated statement of cash flows	42
Directors' declaration	94
Lead auditor's independence declaration	95
Audit opinion.....	96

For personal use only

Tigers Realm Coal Limited

Directors' report

For the year ended 31 December 2014

The Directors present their report together with the financial report of the Group, being Tigers Realm Coal Limited ("the Company" or "TIG") and its subsidiaries, for the year ended 31 December 2014.

1. Directors and Company Secretary

The Directors of the Company at any time during or since the end of the period are:

Name qualifications and independence status	Experience, special responsibilities and other directorships
Mr Antony Manini Chairman BSc(Hons), FAusIMM, FSEG	Mr Manini has over 25 years of global resource industry experience across a diverse range of commodities in over 20 countries. His experience includes 14 years with Rio Tinto and 8 years with Oxiana Limited (now OZ Minerals Limited) covering various technical, commercial, senior management and executive roles in exploration, project development and business development. As a foundation member of the Oxiana Limited executive team he was responsible for establishing and managing the company's highly successful exploration and resources group and closely involved in the discovery and/or acquisition and development of Oxiana Limited/OZ Minerals Limited's four operating mines. Mr Manini is a founder of Tigers Realm Minerals Pty Ltd ("TRM") and TIG and has been Managing Director of TRM since inception of TRM. In January 2015, Mr Manini was appointed Director, Deputy Chairman and Chief Executive Officer of Kalimantan Gold Corporation Limited. He holds an Honours Degree in Geology and is a Fellow of the Australian Institute of Mining and Metallurgy and the Society of Economic Geologists. Mr Manini was appointed a Director and Chairman on 8 October 2010, and was Executive Chairman from 12 November 2012 until 1 July 2013. Mr Manini is a member of the Nomination and Remuneration Committee. He holds no other directorships with ASX listed entities.
Mr Owen Hegarty Non-executive Director BEc(Hons), FAusIMM	Mr Hegarty has over 40 years experience in the global mining industry, including 25 years with the Rio Tinto group where he was Managing Director of Rio Tinto Asia and also Managing Director of the Australian copper and gold business. He was the founder and Chief Executive Officer of Oxiana Limited (now OZ Minerals Limited) which grew from a small exploration company to a multi-billion dollar Australia, Asia and Pacific focused, base and precious metals explorer, developer and producer. Mr Hegarty is Executive Vice Chairman of Hong Kong listed G Resources Group Limited, a gold mining company. He has recently been appointed as Vice Chairman of ASX listed Fortescue Metals Group Limited, which he had joined as a Non-Executive Director in October 2008, he is also a member of the Remuneration and Nomination Committee. He was also appointed Non-Executive Director of Highfield Resources Limited. Mr Hegarty is a Director of the AusIMM and a member of a number of Government and industry advisory groups. He was awarded the AusIMM Institute Medal in 2006, and the G.J. Stokes Memorial Award in 2008. Mr Hegarty is Chairman of TRM and Chairman of EMR Capital, a private equity investment manager focused on resources. Mr Hegarty was appointed a Director on 8 October 2010 and is Chairman of the Audit, Risk and Compliance Committee and of the Nomination and Remuneration Committee, and a member of the newly established Development and Finance Committee.
Mr Craig Wiggill Non-executive Director BSc Eng.	Mr Wiggill has extensive experience in the global mining industry including over 23 years in the coal sector, the majority of such being within the Anglo American Plc group. His most recent executive role was as CEO – Coal Americas at Anglo Coal, where he established and developed the Peace River operation in Canada and co-managed joint venture projects at Cerrejón and Guasare. He has also held leadership roles covering commercial, trading and marketing responsibility, corporate strategy and business development for Anglo American. In addition to corporate and advisory work for a number of companies in the mining industry, he is currently Chairman at Forbes & Manhattan Coal Corp (TSX:FMC). Mr Wiggill was appointed as a Non-executive Director of the Company on 20 November 2012 and is Chairman of the newly established Development and Finance Committee. He holds no other directorships with ASX listed entities.

Tigers Realm Coal Limited
Directors' Report (continued)
For the year ended 31 December 2014

1. Directors and Company Secretary (continued)

Name qualifications and independence status	Experience, special responsibilities and other directorships
<p>Mr Andrew Gray Non-executive Director <i>(appointed 28 March 2014)</i> BEng, MBA</p>	<p>Mr Gray was appointed as a Non-executive Director on 28 March 2014 following the resignation of Dr Bruce Gray. Prior to this Mr Gray was the nominated Alternate Director for Dr Bruce Gray, who had been appointed as a Non-Executive Director of the Company on 25 October 2013. Mr Gray is a professional investor with investment interests spanning technology, healthcare and HCIT globally. Most recently, Mr Gray was the Managing Director of Archer Capital, having joined that firm in 2007. Archer Capital is an Australian based private equity firm with in excess of \$3 billion in capital under management. Prior to joining Archer, Mr Gray was a partner at Francisco Partners, leading their European activities from London. Francisco Partners is a \$5bn private equity manager focused on technology companies including software, ICT and media. Prior to joining Francisco Partners, Mr Gray co-founded and was COO of software firm Abilizer Solutions in San Francisco and London (sold to BEA/Oracle). Early in his career, Mr Gray was a principal with Genstar Capital. Mr Gray was also a consultant with McKinsey & Company and an investment banker with James D. Wolfensohn in New York. Mr Gray holds a B.Eng (Aeronautical) degree from The University of Sydney, with First Class Honours, and a Masters of Business Administration from the Harvard Business School. Mr Gray is a Director of V8 Supercars. Mr Gray is a member of the Audit, Risk and Compliance Committee and the newly established Development and Finance Committee. He holds no other directorships with ASX listed entities.</p>
<p>Mr Ralph Morgan Non-executive Director <i>(appointed 1 April 2014)</i> BA</p>	<p>Mr Morgan was appointed Non-Executive Director on 1 April 2014. Mr Morgan is a partner at Baring Vostok Capital Partners (BVCP) with responsibility for investment projects in Russia, the CIS and Mongolia. Prior to BVCP he worked as Managing Director at Goldman Sachs in the Global Natural Resources Group from 2009-2012 and was responsible for the investment banking division's advisory work with natural resource clients in Russia and the CIS. From 2004 to 2008 Mr Morgan was a Managing Director and COO at Norilsk Nickel and prior to that role he was a partner with the Moscow office of McKinsey and Company for 9 years. Mr Morgan holds a BA (Political Science, Yale University), MPhil (Russian and East European Studies, Oxford University). Mr Morgan is a member of the Nomination and Remuneration Committee and the newly established Development and Finance Committee. He holds no other directorships with ASX listed entities.</p>
<p>Mr Tagir Sitdekov Non-executive Director <i>(appointed 1 April 2014)</i> MBA</p>	<p>Mr Sitdekov was appointed a Non-Executive Director on 1 April 2014. Mr Sitdekov is currently a Director of Russia Direct Investment Fund (RDIF) and has been involved in the Russia private equity market for the last 10 years, recently as Managing Director at A-1, a direct investment arm of Alfa Group, Russia's largest private conglomerate. Mr Sitdekov has participated in a number of landmark private equity transactions across a range of industries. From 2003 to 2005 he was CFO at power generating company OJSC Sochi TES (a subsidiary of RAO Unified Energy System of Russia) and prior to that role he was a Senior Consultant at Creditanstalt Investment Bank for 2 years. Mr Sitdekov holds an MBA (University of Chicago Booth School of Business, London). Mr Sitdekov is a member of the Audit, Risk and Compliance Committee. He holds no other directorships with ASX listed entities.</p>
<p>Mr David Forsyth Company Secretary FGIA, FCIS, FCPA</p>	<p>Mr Forsyth has over 40 years experience in the engineering, project development and mining field. His most recent position was with Oxiana Ltd, now OZ Minerals Limited, where he was Company Secretary and Manager Administration from 1996 to 2008. Mr Forsyth joined TRM as Director and Company Secretary in 2009. Mr Forsyth was appointed a Company Secretary of the Company on 8 October 2010.</p>

Tigers Realm Coal Limited
Directors' Report (continued)
For the year ended 31 December 2014

**Name
 qualifications and
 independence
 status**

Experience, special responsibilities and other directorships

**Mr Brian
 Jamieson**
**Independent
 Non-executive
 Director**
*(resigned 5 May
 2014)*
 FCA

Mr Jamieson resigned as an Independent Non-Executive Director of the Company on 5 May 2014. Mr Jamieson had been appointed as a Non-executive Director of the Company on 25 February 2011 and was Chairman of the Audit, Risk and Compliance Committee and of the Nomination and Remuneration Committee. Mr Jamieson was Chief Executive of Minter Ellison Melbourne from 2002 until he retired at the end of 2005. Prior to joining Minter Ellison, he was with KPMG for over 30 years holding the positions of Chief Executive Officer Australia, Managing Partner and Chairman of KPMG Melbourne. He was also a KPMG Board Member in Australia and Asia Pacific and a member of the KPMG USA Management Committee. Mr Jamieson is a fellow of the Institute of Chartered Accountants in Australia. Mr Jamieson is Non-Executive Chairman of Mesoblast Limited, Non-Executive Chairman of Sigma Pharmaceuticals Limited, Non-executive Director of Tatts Group Limited and Non-executive Director of OZ Minerals Limited. Mr Jamieson is Director and Treasurer of the Bionics Institute.

Mr Craig Parry
**Managing
 Director**
*(resigned 5 May
 2014) & Chief
 Executive
 Officer*
 BSc(Hons),
 MAusIMM

Mr Craig Parry resigned as Managing Director of the Company on 5 May 2014. Mr Parry had been appointed a Director on 1 July 2013. Mr Parry remains as Chief Executive Officer of the Company. Mr Parry is an exploration and business development geologist who has worked internationally across a broad range of commodities with Tigers Realm Minerals, G-Resources Group Limited, Oxiana Limited (now OZ Minerals Limited), Rio Tinto Limited and RSG Consulting Pty Ltd over the past 14 years. He is a founder of TIG and has been responsible for TIG's business development activities since inception, including the acquisition of the Amaam Project. Mr Parry has held a number of executive roles in the resources industry, including Business Development Manager for G-Resources Group Limited responsible for mergers and acquisitions and Principal Geologist – New Business at Oxiana Limited responsible for strategy and business development initiatives in bulk and energy commodities. At Rio Tinto Limited, Mr Parry led exploration programs for iron ore, copper, diamonds, coal and bauxite in Australia, Asia and South America and was Principal Geologist for the Kintyre Uranium project pre-feasibility study. Mr Parry is a graduate of The University of New South Wales, holds a Bachelor of Science (Applied Geology) with first class Honours and the University Medal. He is a Member of the AusIMM. Mr Parry is a Director of TRM. Mr Parry was appointed a Director on 1 July 2013. He holds no other directorships with ASX listed entities.

Dr Bruce Gray
**Non-executive
 Director**
*(resigned 28
 March 2014)*
 MB, BS, MS,
 PhD, FRACS.

Dr Gray was appointed as a Non-executive Director of the Company on 25 October 2013 and resigned on 28 March 2014. Dr Gray established and operated a number of highly successful start-up businesses in the medical sector. He holds no other directorships with ASX listed entities.

The Directors have been in office since the start of the period to the date of this report unless otherwise stated.

Tigers Realm Coal Limited
Directors' Report (continued)
For the year ended 31 December 2014

2. Directors' meetings

The number of Director's meetings (including meeting of committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year are:

Attendance at meetings

	Directors' meetings		Meetings of committees of Directors					
			Nomination and Remuneration		Audit Risk & Compliance		Development & Finance	
	A	B	A	B	A	B	A	B
Mr Antony Manini	10	10	3	3	2	2	-	-
Mr Owen Hegarty	10	10	3	3	6	6	1	1
Mr Craig Wiggill	10	10	-	-	-	-	1	1
Mr Andrew Gray	10	9	-	-	4	4	1	-
Mr Ralph Morgan (<i>appointed 1 April 2014</i>)	6	6	2	2	-	-	1	1
Mr Tagir Sitdekov (<i>appointed 1 April 2014</i>)	6	5	-	-	4	4	-	-
Mr Brian Jamieson (<i>resigned 5 May 2014</i>)	6	6	1	1	2	2	-	-
Mr Craig Parry (<i>resigned 5 May 2014</i>)	6	6	-	-	-	-	-	-
Dr Bruce Gray (<i>resigned 28 March 2014</i>)	4	-	-	-	-	-	-	-

A = Number of meetings held during the time the Director held office

B = Number of meetings attended

3. Principal activities

The principal activity of the Group is the identification, exploration, and development of coal deposits in the Far East of the Russian Federation.

4. Operating and financial review

Operating Performance

The Group is currently in the exploration and evaluation stages of its two main coking coal projects in the Far East of Russia. As a consequence the Group has no operating income or expenditure relating to coal production. Expenditure on exploration activity is capitalised, and operating expenditure consists of administration, staff and corporate costs.

The operating loss after income tax of the Group for the year ended 31 December 2014 was \$23.245 million (2013: loss of \$18.307 million). As at 31 December 2014 the Group had a cash position of \$20.465 million (2013: \$3.749 million). The Group had no bank debt. In August 2014, the Group entered into an equipment finance lease with Caterpillar to acquire a small fleet of mobile equipment to commence early stage development at Project F Amaam North. USD \$8.217 million in equipment at cost (including VAT) was acquired, with an initial advance paid and the balanced financed. The finance lease liability was for USD \$8.234 million, with advances paid of USD \$4.191 million. The advances paid unwind over a 12 month period from the commencement of the lease in September 2014. Terms and charges are determined on the net position of the lease liability and advance. Operating activities incurred cash outflows from operations for the year of \$5.414 million (2013 \$8.244 million). There were cash outflows from investing activities of \$36.173 million (2013 \$17.853 million) for the year.

The Group's strong performance in meeting its strategy during the year is evidenced by the completion of significant project activities and milestones.

Tigers Realm Coal Limited

Directors' Report (continued)

For the year ended 31 December 2014

4. Operating and financial review (continued)

Operating Performance (continued)

The Amaam North Project F provides a low capital, low operating expenditure path to the early production of coal. The Project has progressed significantly from initial Resource announcement in July 2013 and Preliminary Feasibility Report ("PFS") completed in September 2013, with several important project activities and milestones being completed during the year.

- During the period the Group completed further drilling and exploration activities;
- June 2014 successfully acquired the Beringovsky Port and Coal Terminal (Port Ugolny), a critical part of the supply chain 35km to the east of Project F;
- August 2014 Fleet of mobile equipment acquired to enable commencement of early stage development at the project;
- November 2014 Bankable Feasibility Study (BFS) completed; and
- Mining Licence for Project F at Amaam North granted December 2014 by Rosnedra, the Russian Federal Agency for Subsurface Use.

The Amaam Project continues to be a core asset of the Group. The Project is a long life project, with capacity for up to 6.5Mtpa of high quality coking coal product from a combination of open pit and underground mining over the 20 year life of mine. It involves the construction of a coal handling and preparation plant and associated infrastructure, and a coal terminal with loading facilities on the nearby Arinay Lagoon and an all-weather 25km rail line or road to connect them. Following on from the release of the PFS in April 2013, which confirmed Amaam as potentially an economically viable project, the Group has achieved the following:

- During the period the Group completed further drilling and exploration activities;
- The Coal Resource estimate for the Amaam Project was upgraded during the period to 464 Mt coal resources. The Resource includes 78 Mt of Indicated Resources and 386 Mt of Inferred Resources; and
- Exploration Licence Extension granted by Rosnedra, the Russian Federal Agency for Subsurface Use. The extension of the Amaam Exploration Licence for a further 3 years is an important achievement that provides the necessary security of tenure that enable the Company to continue its Resource drilling programs, feasibility studies and works required to convert its Coal Resource to Extraction and Exploration (Mining) Licences.

Financial Position

The Group's financial position improved in 2014 with the successful completion of an equity raising for \$60.973 million before costs in March 2014. These funds enabled the Group to continue with the exploration and evaluation activities with further drilling and technical studies taking place at both the Amaam and Amaam North Coal Deposits, acquisition of the Beringovsky Port and Coal Terminal (Port Ugolny) and mobile equipment fleet to enable commencement of early stage development, acquisition and delivery to site of a 100 person accommodation camp and completion of the BFS on Project F at Amaam North. Further details of this equity raising are contained in the section of this Directors' Report entitled "Significant Changes in the state of affairs".

As a consequence of the successful equity raising during the period, the Group's cash balance has had a net increase by \$16.716 million over the period to \$20.465 million at 31 December 2014.

The Group has invested \$5.461 million (US\$5.100 million) in the acquisition of a new subsidiary in Russia, Port Ugolny LLC. This new subsidiary operates the Sea Port and Coal Terminal at the Port of Beringovsky in Chukotka, in the Far East of Russia, and will form an integral part of the transport infrastructure to move coal from the Group's coal deposits to the end users.

The Group entered into a finance lease with Caterpillar to acquire a small fleet of mobile equipment to commence early stage development at Project F Amaam North. USD \$8.217 million in equipment at cost (including VAT) was acquired, with an initial advance paid and the balanced financed. The finance lease liabilities for USD \$8.234 million, with advances paid of USD \$4.191 million. The advances paid unwind over a 12 month period from the commencement of the lease in September 2014. Terms and charges are determined on the net position of the lease liability and advance. In addition to this a security deposit guarantee for Caterpillar was put in place through Raiffeisen Bank for USD \$1.607 million.

During the period a total of \$6.519 million was invested in plant and equipment to advance the Projects, with the mainly items being the partial payment of the mobile fleet equipment, plant and equipment acquired as part of the Port Ugolny transaction and 100 person accommodation camp at Amaam North. In capitalised exploration, evaluation and development expenditure, an additional \$22.352 million was incurred in advancing the Projects during the period.

Intangible assets increased by \$14.047 million, mainly due to foreign exchange movements affecting both the Mineral Rights and Goodwill. There was also additional Goodwill of \$0.780 million and other intangible assets (leasehold rights) of \$3.149 million arising from the purchase of Port Ugolny during the period.

There has been a \$17.267 million increase in the Bering Royalty Agreement liability arising from the revaluation of that liability at year end. The value of the liability is determined from reviewing the value of the Amaam project, using a Discount Cash Flow model. In 2014 the value has been affected by an increase in the discount rate due to substantial movements in a number of elements and a revised Bankable Feasibility Study (BFS) completion date, with the effect of the revised date pushing out the timeline for production, sales and capital expenditure by three years. This resulted in a lower discount factor being applied by the time first sales are forecast, three years later than originally planned, with the impact carried for the entire life of the project. In addition to this there has also been the impact of foreign exchange movements. The movement in the royalty agreement liability is a non-cash movement.

**Tigers Realm Coal Limited
Directors' Report (continued)
For the year ended 31 December 2014**

4. Operating and financial review (continued)

Business Strategies and Group Objectives

The Group is exploring and developing two well-located large coking coal projects in the Far East of the Russian Federation:

- Amaam: a world-class, large scale coking coal project targeted for up to 6.5Mtpa of production from dedicated new infrastructure; and
- Amaam North: a low cost starter project providing a fast track to production and earnings utilising existing infrastructure and supporting development of the entire Amaam Coking Coal Field

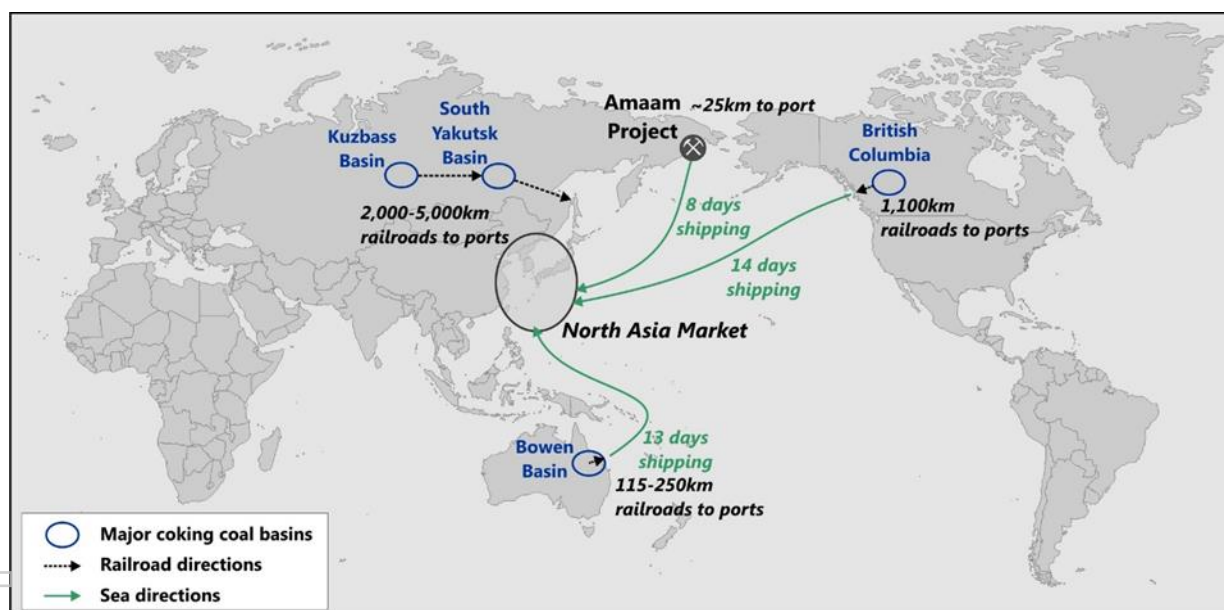
There is further exploration upside across both of these two major coking coal basins.

The business objectives for 2015 include the completion of further drilling at Amaam and Amaam North to grow and update the Resource bases for these projects. Priority has been given to the further development of Project F at Amaam North, with aims being to:

- Obtain financing required for the development of Project F;
- Achieve production of coal late in 2015, with first sales 2016;
- Complete the required project design work;
- Complete permitting works required to allow exports of coal from Beringovsky Port in 2016;
- Continued operations of Port Ugolny;

Further details of the business objectives for 2015 are included in Section 8 of this Directors' Report "Likely Developments".

Amaam Coking Coal Projects – World Location Map

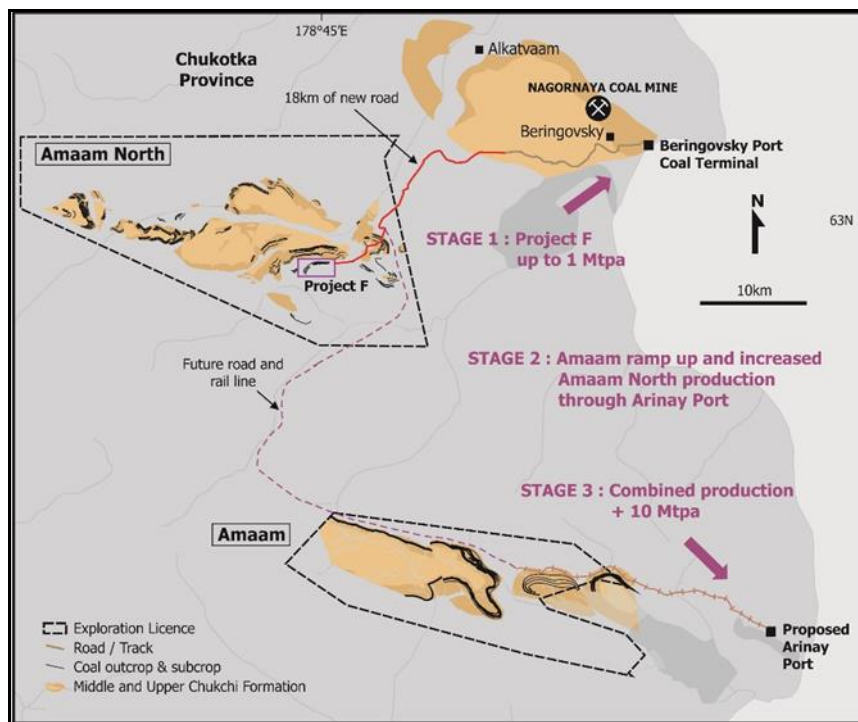


**Tigers Realm Coal Limited
Directors' Report (continued)
For the year ended 31 December 2014**

4. Operating and financial review (continued)

Business Strategies and Group Objectives (continued)

Amaam Coking Coal Projects - Conceptual Development Possibilities



Significant Developments

The significant developments during the reporting period are outlined in detail in Section 5 of this Directors' Report entitled "Significant Changes in the State of Affairs".

Significant Business Risks

TIG's annual budget and related exploration activities are subject to a range of assumptions and expectations all of which contain a level of risk. TIG adopts a risk management framework in order to identify, analyse, treat and monitor the risks applicable to the Group. The risks are reviewed at least bi-annually by the Audit, Risk and Compliance Committee and following each review are formally reported and discussed with the Board. Risks are analysed and reported on using risk registers.

Detailed below are risk areas that have been identified as at the date of the Directors' Report which may affect TIG's future operating and financial performance and the approach to managing them.

Country Risk

TIG's projects are located in Russia. Investing in emerging markets such as the Russia involves greater risk than investing in more developed markets. Operating in this jurisdiction may expose TIG to a range of significant country specific risks including general economic, regulatory, legal, social and political conditions. These and other country specific risks may affect TIG's ability wholly or in part to operate its business in the Russian Federation.

Tigers Realm Coal Limited
Directors' Report (continued)
For the year ended 31 December 2014

4. Operating and financial review (continued)

Significant Business Risks (continued)

Uncertainty in the Estimation of Mineral Resources

Estimating the quantity and quality of Mineral Resources is an inherently uncertain process and the Minerals Resources stated and any Mineral Resources or Reserves TIG states in the future are and will be estimates, and may not prove to be an accurate indication of the quantity of coal that TIG has identified or that it will be able to extract.

In February 2014, TIG announced that drilling completed in the prior year increased the total Amaam Coal resource by 12.6% to 464 Mt. Resources comprise 78 Mt of Indicated Resource and 386 Mt of Inferred Resource (JORC 2012). Amaam does not have any Reserves under the JORC Code, and 83% of its Mineral Resources are in the Inferred Mineral Resources category, which is the lowest of three Resources categories under the JORC Code, reflecting limited sampling and a relatively low level of geological certainty.

At Project F at Amaam North, TIG reported initial Coal Reserves in December 2014 of 9.2 Mt at Project F, consisting of 5.6 Mt Proven Reserves and 3.6 Mt Probable Reserves. Project F total Resources are 72.3 Mt, with 12.6Mt Measured, 13.2Mt Indicated and 46.5Mt Inferred (64% of the Resources are in the Inferred Resources category). TIG reviews its resources on a regular basis, and is performing further drilling which provides further information on which to estimate the Mineral Resources at both Amaam and Amaam North.

Project Assessment and Development Risk

TIG is at the preliminary stage of determining the economic and technical viability of the Amaam project. To date TIG has completed Preliminary Feasibility Studies (PFS). There is a risk that the more detailed studies in relation to the Amaam project may disprove assumptions or conclusions reached in the PFS, may reveal additional challenges or complexities and may indicate the cost estimates are incorrect. In addition, TIG must proceed through a number of steps before making a final investment decision with respect to the projects, conducting definitive feasibility studies, converting Resources to Reserves, obtaining government approvals and permits and obtaining adequate financing.

If TIG decides to proceed to production, the process of developing and constructing the project will be subject to many uncertainties, including the timing and cost of construction, the receipt of required government permits and the availability of financing for the projects. There is a risk that unexpected challenges or delays will arise, or that coal quality and quantity results will differ from the estimates on which TIG's cost estimates are based, increasing the costs of production and/or resulting in lower sales.

The Bankable Feasibility Study (BFS) on the Project F section of the Amaam North licence was completed November 2014. The results of the BFS have confirmed the viability of Project F as a simple, conventional, open-cut mining and logistics operation. The BFS is based on total resources comprised 26.8 Mt, including Measured Resources of 7.2 Mt, Indicated Resources of 6.3 Mt and Inferred Resources of 13.3 Mt. Post the BFS TIG announced initial Coal Reserves for Project F of 9.2 Mt.

Capital Management

TIG's Amaam project is at pre-development stage and will require additional drilling, evaluation and feasibility study work prior to a development decision. To date PFS on Amaam project has been completed. Once further studies are completed should TIG proceed to develop the Amaam project significant capital expenditure will be incurred.

With the completion of the BFS on the Project F section of the Amaam North Licence providing an encouraging outcome, TIG will be looking to advancing the development of this project with the aim of first production in late 2015 and first sales 2016. In order to successfully deliver on the development of Project F and bring it into sustainable production, TIG will need to secure additional sources of funding in 2015.

If TIG is not successful in securing additional sources of funding, it still has the ability to fund reduced ongoing working capital requirements of the Group, through to 31 March 2016, meeting minimum expenditure requirements to maintain tenure on all projects, continued Port Ugolny operations, corporate cost commitments and reduced Project F development costs.

The ability of the Group to fund the ongoing working capital requirements beyond 31 March 2016 is uncertain. Accordingly a material uncertainty exists in regards to the ability of the Group to continue to operate as a going concern beyond 31 March 2016 and, therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. There can be no assurance that the Group will be able to obtain or access additional funding when required, or that the terms associated with the funding will be acceptable to the Directors. If the Group is unable to obtain such additional funding, it may be required to reduce the scope of its operations, which could adversely affect its business, financial condition and operating results. Further details on the going concern matter are included in Note 2(c) to the Financial Statements.

Tigers Realm Coal Limited
Directors' Report (continued)
For the year ended 31 December 2014

4. Operating and financial review (continued)

Significant Business Risks (continued)

Licenses, Permits and Titles

TIG will require certain licenses, permits and approvals to develop the projects. There are three main approvals required to commence the construction and operation of a mining project in Russia. These are an Exploration and Extraction Licence (Mining Licence), a Construction Permit and a Commissioning Permit. Due to the stage at which the Amaam project is at, the majority of the required licences, permits and approvals to construct and operate have not yet been obtained.

For Project F Amaam North, with BFS recently completed, the Mining Licence was granted December 2014 and work has commenced on obtaining the Construction Permit and Commissioning Permit. In addition to these mining related approvals, two other approvals are required for the development of the Project F. These are for the road extension development from the Project F mine-site to Beringovsky Port, and for the capital upgrades to be completed at the Beringovsky Port. Both are expected to be received in line with the project development timeline.

There are also a number of conditions and regulatory requirements that TIG must satisfy with respect to its tenements to maintain its interests in those tenements in good standing, including meeting specified drilling and reporting commitments.

There is a risk that TIG may fail to obtain or be delayed in obtaining the licences, permits and approval, or meet the conditions required to maintain its interests in the tenements. Failure to obtain, or delays in obtaining such licenses, permits and approvals, and failure to meet the tenement licence commitments may adversely affect TIG's ability to proceed with the projects.

Operational Risks

The projects may be subject to operational, technical or other difficulties, including those arising as a result of unforeseen events outside the control of the Company, and any or all of which may negatively impact the amount of coal produced, delay coal deliveries or increase the estimated cost of production, which may have an adverse impact on the Company's business and financial condition. These risks include:

- **General Economic Risks:** TIG's ability to obtain funding for the projects, financial performance and ability to execute its business strategy will be impacted by a variety of general global economic, political, social, stock markets and business conditions. Deterioration in any of these conditions could have an adverse impact on TIG's financial position and/or financial performance.
- **Coal Market and Demand:** TIG intends to earn future profits from the production and sale of coal and a decline in prices or lower demand for coal than expected by TIG may adversely impact the feasibility of the Company's development and mine plans, and the economic viability of the projects. There is commodity price risk, with the Company having adopted a long term sales price at the higher end of external forecasts, when valuing its projects. However, this assumption has been validated against long term market predictions.
- **Exchange Rate Variations:** Significant decreases in the Australian / US Dollar and the Australian Dollar / Russian Rouble exchange rate will have a significant impact on TIG's ability to fund the capital expenditure required to construct these projects.
- **Product Quality:** TIG has conducted coal quality analysis on a number of drill cores recovered from Amaam. In the absence of coke test work, no guarantee can be given as to the type of coking coal that could ultimately be produced at Amaam. If the quality of the Amaam coking coals is lower than currently anticipated, TIG's prospects, value, project and financial condition may be materially adversely affected. For Project F Amaam North, the Coke test work conducted has confirmed the main product as a semi-hard coking coal with very low sulphur and low phosphorus levels.

Tigers Realm Coal Limited
Directors' Report (continued)
For the year ended 31 December 2014

5. Significant changes in the state of affairs

- On 16 January 2014 the short term unsecured loan facility of \$0.500 million with a Director, Mr Antony Manini was cancelled. The loan facility was not utilised by the Group. On 16 January 2014 the short term unsecured loan facility of \$0.500 million with a Director, Mr Owen Hegarty was cancelled. The loan facility was not utilised by the Group.
- On 14 February 2014 the short term unsecured loan facility with Tigers Realm Minerals Pty Limited ("TRM") was increased by \$0.500 million to \$2.500 million.
- The Company announced an upgrade of the Resource estimate for Amaam on 27 February 2014. Following the completion of the 2013 drilling programme, TIG's Resource consultant, Resolve Geological Pty Ltd, has estimated a total of 464 Mt of Coal Resources at Amaam. This represents a 52Mt increase over the previous Resource Estimate reported in November 2012. The Resource includes 78 Mt of Indicated Resources and 386 Mt of Inferred Resources (JORC 2012).
- On 21 March 2014 the Company held an extraordinary general meeting to obtain shareholder agreement to the completion of the equity raising of \$62.020 million in the form of fully paid ordinary shares at a price of \$0.165 per share. The \$0.165 share price represents a 5.8% discount to the five day volume weighted average trade price of TIG's shares prior to the trading halt announcement date on 5th December 2013. The equity raising consisted of the following elements.
 - A placement of 219,263,985 fully paid ordinary shares to raise gross proceeds of \$36.179 million to Baring Vostok Private Equity Fund V, through BV Mining Holding Limited (BVMHL);
 - A placement of 99,000,000 fully paid ordinary shares to raise gross proceeds of \$16.335 million to the Russian Direct Investment Fund (RDIF);
 - A placement of 47,612,290 fully paid ordinary shares to raise gross proceeds up to \$7.856 million to existing and new shareholders. Of this placement amount, 23,484,848 shares were issued on 3 March 2014 raising gross proceeds of \$3.875 million.
 - A Share Purchase Plan to existing shareholders for 10,000,000 shares to raise gross proceeds of up to \$1.650 million.

The proceeds net of transaction costs were applied towards funding the BFS at Project F (located at Amaam North), further drilling at Amaam and Amaam North and the commencement of development and construction of Project F following completion of the BFS. Part of the balance of funds will be applied to compliance and corporate costs associated with the projects and the costs of the offer.

- At the Extraordinary General Meeting on 21 March 2014, shareholders approved the acquisition by Dr Bruce Gray, a Director, of a relevant interest in the 55,730,814 shares held by TRM under an Option Deed between Hanate Pty Ltd, (a company controlled by Dr Gray), and TRM.
- On 28 March 2014 Dr Bruce Gray resigned as a Non-executive Director of the Company, and Mr Andrew Gray was appointed as a Non-executive Director of the Company.
- On 1 April 2014 Mr Ralph Morgan and Mr Tagir Sitdekov were appointed as Non-executive Directors of the Company.
- On 14 April 2014 the \$2.500 million short term unsecured loan facility with Tigers Realm Minerals Pty Limited was cancelled. The loan facility was not utilised by the Group, and the facility was not interest bearing.
- On 24 April 2014 the Share Purchase Plan to existing shareholders was completed with subscriptions of \$0.603 million being received, which resulted in the allotment of 3,651,569 shares at a price of \$0.165 per share.
- On 5 May 2014 Mr Brian Jamieson resigned as an Independent Non-Executive Director of the Company, and Mr Craig Parry resigned as Managing Director of the Company. Mr Parry remains as Chief Executive Officer of the Company.
- On 4 June 2014 the Company issued 3,000,000 share options; being 1,000,000 share options to each of the new directors of the Company; Mr Andrew Gray, Mr Ralph Morgan and Mr Tagir Sitdekov.
- On 10 June 2014 the Group announced the acquisition of the Beringovsky Port and Coal Terminal, located 35 kilometres from Amaam North. The acquisition was made through the purchase of a 100% interest in Port Ugolny LLC for \$5.461 million (US\$5.100 million). Port Ugolny LLC operates the trade sea port at Beringovsky in Chukotka Autonomous District in the Far East of the Russian Federation.
- On 20 June 2014 the Company announced that 3,000,000 share options had lapsed and had been removed from the Company's option register.
- On 7 July 2014 1,000,000 share options expired and were removed from the Company's option register.
- On 25 August 2014 the Group entered into a finance lease with Caterpillar to acquire a small fleet of mobile equipment to commence early stage development at Project F Amaam North. USD \$8.217 million in equipment at cost (including VAT) was acquired, with an initial advance paid and the balanced financed. The finance lease liabilities for USD \$8.234 million, with advances paid against that of USD \$4.191 million. The advances paid unwind over a 12 month period from the commencement of the lease in September 2014. Terms and charges are determined on the net position of the lease liability and advance. In addition to this a security deposit guarantee for Caterpillar was put in place through Raiffeisen Bank for USD \$1.607 million.
- In September 2014 Amaam Exploration Licence Extension granted by Rosnedra, the Russian Federal Agency for Subsurface Use. The extension of the Amaam Exploration Licence for a further 3 years is an important achievement that provides the necessary security of tenure that enables the Company to continue its Resource drilling programs, feasibility studies and works required to convert its Coal Resource to Extraction and Exploration (Mining) Licences.
- On 1 September 2014 24,606,100 share options expired and were removed from the Company's option register.
- On 13 October 2014 1,700,000 share options expired and were removed from the Company's option register.

Tigers Realm Coal Limited
Directors' Report (continued)
For the year ended 31 December 2014

5. Significant changes in the state of affairs (continued)

- On 15 October 2014 the company announced an increase in the Amaam North Coking Coal Resource of 170%. As a result the updated JORC compliant Resource was 72.3Mt for Amaam North comprising 12.6Mt Measured, 13.2Mt Indicated and 46.5Mt Inferred. Resource base increased by 170% (45.5Mt) since July 2013. Measured and Indicated resources increased by nearly 120% from 11.8Mt to 25.8Mt.
- On 20 November 2014 Bankable Feasibility Study (BFS) completed on Project F at Amaam North confirmed project economics with a short lead time to first production.
- On 8 December 2014 the Company delivered an initial 9.2Mt Coal Reserve for Amaam North. Project F, consists of 5.6 Mt Proven Reserves and 3.6 Mt Probable Reserves. Proven and Probable Reserves estimated from 20.9 Mt of Project F Open Pit Resources which include 7.2 Mt of Measured, 5.1 Mt of Indicated and 8.6 Mt Inferred Resources. Additional Resources of 51.4 Mt in Project F extension areas require further drilling, currently being undertaken, and evaluation prior to conversion to Reserves.
- On 9 December 2014 the Mining Licence for Project F at Amaam North was granted by Rosnedra, the Russian Federal Agency for Subsurface Use. The Mining Licence has been granted for a period of 20 years commencing from 2 December 2014.
- On 15 December 2014 the Company released Drilling Results at Amaam North, Project F Extension Area, located immediately east of planned Project F Open Cut Coal mine.
- On 19 December 2014 16,071,000 share options were issued and added to the Company's option register.

In the opinion of the Directors there were no further significant changes in the state of affairs of the Group during the financial period ended 31 December 2014.

6. Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report, any transaction or event of a material or 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, or the state of affairs of the Group in future financial years.

7. Dividends paid or recommended

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

8. Likely developments

The Group will progress the development of the projects at Amaam and Amaam North, with further drilling and exploration activity. The Group will continue minerals exploration on the tenements in the Russian Federation held by entities in which it has a controlling interest. The developmental objectives for the Group in 2015 are to:

- Obtain financing required to develop Amaam North Project F;
- Complete the project design work to acquire construction permits for the Project F mine, infrastructure and road;
- Complete permitting works required to allow exports of coal from Beringovsky Port in 2016;
- Complete highest ranked Exploration and Mining Licence drilling required to maintain compliance on the Amaam and Amaam North Exploration and Mining Licences; and
- Operate Port Ugolny in 2015.

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

9. Environmental regulation

The Group's exploration and development activity in Russia is subject to Federal and Regional Environment regulation. The Group is committed to meeting or exceeding its regulatory requirements and has systems in place to ensure compliance with the relevant Environmental regulation. The Directors are not aware of any breach of these regulations during the period covered by this report.

Tigers Realm Coal Limited
Directors' Report (continued)
For the year ended 31 December 2014

10. Directors' interests

The relevant interest of each Director in the shares or options over such instruments issued by the companies within the Group and other related bodies corporate, as notified by the directors to the ASX in accordance with S205G(1) of the *Corporations Act 2001*, at the date of this report is as follows:

	Tigers Realm Coal Limited	
	Ordinary shares	Options over ordinary shares
AJ Manini	19,787,183	3,000,000
OL Hegarty	17,290,482	2,000,000
C Wiggill	600,000	1,000,000
A Gray	-	1,000,000
R Morgan /	-	1,000,000
T Sitdekov	-	1,000,000

1. R Morgan transferred the entitlement of 1,000,000 options to BV Mining Holding Limited during the year.

11. Share Options

Options granted to directors and executives of the Company

During or since the end of the 2014 financial year, the Company granted options for no consideration over unissued shares in the Company to the following directors and key management personnel as part of their remuneration:

	Number of options granted
Directors	
A Gray	1,000,000
R Morgan /	1,000,000
T Sitdekov	1,000,000
Executives	
C Parry	2,729,000
P Balka	2,582,000
D Kurochkin	-
C McFadden	1,154,000
D Forsyth	1,082,000

1. R Morgan transferred the entitlement of 1,000,000 options to BV Mining Holding Limited during the year.

Details on options over ordinary shares in the Company that were granted as compensation for no consideration to each key management person, during the reporting period and details on options that vested during the reporting period are disclosed in the Remuneration report. There have been no options granted since the end of the financial year.

Tigers Realm Coal Limited
Directors' Report (continued)
For the year ended 31 December 2014

11. Share Options (continued)

Unissued shares under options

At the date of this report unissued shares of the Group under option are as follows:

Expiry date	Exercise price	Number of shares
17 October 2016	0.415	250,000
22 February 2017	0.500	1,773,000
28 March 2017	0.750	2,500,000
27 July 2017	0.500	300,000
12 November 2017	0.250	2,000,000
12 November 2017	0.500	2,000,000
12 November 2017	0.750	2,000,000
12 November 2017	1.000	2,000,000
15 February 2018	0.260	150,000
15 February 2018	0.260	150,000
15 February 2018	0.340	2,398,000
22 March 2018	0.340	200,000
3 May 2018	0.500	1,000,000
3 May 2018	0.600	2,500,000
4 June 2019	0.500	3,000,000
28 February 2019	0.230	8,035,500
28 February 2019	0.170	8,035,500
		38,292,000

Once exercised, the option holder will be issued ordinary shares in the Company.

Details of the terms and conditions of options granted under the Staff Option Plan as part of the Group's Long Term Incentive Plan are outlined in the Remuneration report, and are included in note 26 to the Financial Statements.

The options do not entitle the holder to participate in any share issue of the Company.

No shares have been issued by the Group during or since the end of the financial year as a result of the exercise of options.

Tigers Realm Coal Limited
Directors' Report (continued)
For the year ended 31 December 2014

12. Remuneration report – audited

This remuneration report sets out the remuneration information for Tigers Realm Coal Limited's Non-executive Directors, executive Directors and other key management personnel ("KMP") for the financial year ended 31 December 2014.

(a) Details of key management personnel

Name	Position	Commencement Date
Directors		
Antony Manini	Chairman	8 October 2010
Owen Hegarty	Director (Non-executive)	8 October 2010
Craig Wiggill	Director (Non-executive)	20 November 2012
Andrew Gray	Director (Non-executive)	28 March 2014
Ralph Morgan	Director (Non-executive)	1 April 2014
Tagir Sitdekov	Director (Non-executive)	1 April 2014
Senior Executives		
Craig Parry	Chief Executive Officer	12 November 2012
Peter Balka	Chief Operating Officer	1 January 2011
Denis Kurochkin	Chief Financial Officer	21 July 2014
Chris McFadden	General Manager - Head of Commercial, Strategy & Corporate Development	1 January 2013
David Forsyth	Company Secretary	8 October 2010

(b) Changes to key management personnel

Directors

On 28 March 2014 Mr Andrew Gray was appointed as a Non-executive Director following the resignation of Dr Bruce Gray. Prior to this Mr Gray was the nominated Alternate Director for Dr Bruce Gray, who had been appointed as a Non-Executive Director of the Company on 25 October 2013.

On 1 April 2014 Mr Ralph Morgan and Mr Tagir Sitdekov were appointed as Non-executive Directors of the Company.

On 5 May 2014 Mr Brian Jamieson resigned as an Independent Non-Executive Director of the Company, and Mr Craig Parry resigned as Managing Director of the Company. Mr Parry remains as Chief Executive Officer of the Company.

Executives

On 21 July 2014 Mr Denis Kurochkin was appointed as Chief Financial Officer of the Company. There were no other changes during 2014.

(c) Principles used to determine the nature and amount of remuneration

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group, including Directors of the Company.

The Board is committed to clear and transparent disclosure of the Company's remuneration arrangements. The Company's remuneration policy is designed to ensure that it enables the Company to attract and retain valued employees, motivate senior executives and executive Directors to pursue the long term growth and success of the Company, demonstrate a clear relationship between performance and remuneration and have regard for prevailing market conditions.

Tigers Realm Coal Limited
Directors' Report (continued)
For the year ended 31 December 2014

12. Remuneration report – audited (continued)

(d) Consequence of performance on shareholder wealth

The Directors are committed to developing and maintaining a remuneration policy and practices that are targeted at the achievement of corporate values and goals and the maximisation of shareholder value.

When determining compensation for KMP the Remuneration and Nomination Committee and the Board have regard to financial funding, resource development, project advancement and development, and other objectives, based on goals set by the Remuneration and Nomination Committee and the Board throughout the year. In addition, the Board has regard to the following financial indices in respect of the financial year and previous two financial years.

	2014	2013	2012	2011
Net profit / (loss) attributable to equity holders of the parent (\$ million)	\$(20.075)	\$(12.415)	\$(19.779)	17.643
Closing share price (\$)	\$0.12	\$0.165	\$0.16	\$0.27

(e) Remuneration policy and structure for senior executives

The objective of the Group's executive remuneration policy is to ensure reward for performance is competitive and appropriate for the results delivered. The structure aligns executive reward with achievement of strategic objectives and the creation of wealth for shareholders, and conforms to market practice for delivery of reward. The executive remuneration structure is market competitive and complementary to the reward strategy for the Group. The structure provides a mix of fixed and variable remuneration, and for the variable or "at-risk" remuneration, a blend of short-term and long-term incentives. As executives gain seniority within the Group, the balance of this mix shifts to a higher proportion of "at-risk" rewards.

The Company's remuneration policy and structure for its senior executives comprises three main components:

- Fixed Remuneration, which is the total base salary and includes employer superannuation contributions. The fixed remuneration reflects the job level, role, responsibilities, knowledge, experience and accountabilities of the individual executive and is set at a level which is competitive, aligned with the business needs and based on current market conditions in the mining industry and countries in which the Company does business.
 Compensation levels are reviewed each year by the Nomination and Remuneration Committee to take into account cost-of-living changes, any change in the scope of the role performed by the senior executive and any changes required to meet the principles of the remuneration policy. The review process considers individual and overall performance of the Group.
- Short Term Incentive ("STI"), which is at-risk remuneration. This is an annual incentive award based on the achievement of pre-determined Company and individual objectives. These short-term incentives are available to executives and other eligible participants and are at the discretion of the Board. The STI is an at-risk bonus provided in the form of cash, which is payable in February each year.
- Long Term Incentive ("LTI") Program, which is at-risk remuneration. Under the LTI Program employees, at the discretion of the Board, are offered options over ordinary shares in the Company under the Company's Option Plan.

For KMP other than the CEO, the target remuneration mix in the current year is 50% fixed, and 50% at risk (15% STI and 35% LTI). For the CEO the LTI element of remuneration was determined at the time of initial appointment.

Tigers Realm Coal Limited
Directors' report (continued)
For the year ended 31 December 2014

12. Remuneration report – audited (continued)

For the STI element of remuneration a performance framework has been developed for KMP and other senior executives under the STI programme. Key Performance Indicators (“KPI”) are developed for each individual, which are reassessed regularly to ensure they remain current and applicable as the Group’s operations develop.

Individual performance against these KPIs is assessed annually by the individual’s manager or the Chief Executive Officer, and is subject to Board discretion. The performance framework develops individual KPIs in the following proportions:

- 30% Group related KPIs, (these are specific to Health, Safety & Environmental, Project, and Corporate objectives); and
- 70% Individual KPIs tailored to the role and objectives of each senior executive.

For the LTI element of remuneration, options granted under the Company’s Option Plan, and any project completion bonuses are granted at the Company’s discretion, and are approved by the Board in advance. The number of options an executive is offered is a function of their level in the Group. Further details of the Option Plan are included in note 26. The Company may make initial grants of options to certain senior executives as part of their individual employment contracts. It is a vesting condition that the holder of options remains an employee or director at the time of vesting.

Other than the provisions relating to vesting of LTI grants in certain circumstances, the employment contracts contain no termination benefits other than payments in lieu of notice and redundancy payments. The notice periods and redundancy payments vary for the individuals and depending upon the period of service.

The remuneration and other terms of employment for key management personnel are formalised in their employment contracts.

(e) Employment contracts

The Group has entered into employment contracts with each senior executive which are open ended contracts with no expiry date. These contracts are capable of termination on three months’ notice. The Group retains the right to terminate a contract immediately by making a payment equal to three months’ pay in lieu of notice. No notice is required for termination due to serious misconduct. The senior executives are also entitled to receive on termination of employment their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits. Employees whose services are provided on secondment from TRM, may be terminated on one month’s notice.

The employment contracts provide for the payment of performance-related cash bonuses under the STI programme and participation, where eligible, in the Company Option Plan under the LTI Program. The maximum cash bonus payable under the STI programme is up to 45% of total remuneration for senior executives, and up to 75% of base salary for the CEO.

The employment contract outlines the components of compensation but does not prescribe how compensation levels are modified year to year. The Nomination and Remuneration Committee reviews compensation levels each year to take into account market-related factors such as cost-of-living changes, any change in the scope of the role performed by the senior executive and any changes required to meet the principles of the compensation policy.

(f) Remuneration of Executive and Non-executive Directors

On appointment to the Board, all Executive and Non-executive Directors enter into service agreements with the Company in the form of a Letter of Appointment. The letter summarises the Board Policies and terms, including compensation, relevant to the office of Director. The employment contracts with Directors have no fixed term.

Non-executive Director remuneration is reviewed annually by the Board. Non-executive Directors receive a base fee for being a Director and may receive additional fees for either chairing or being a member of a Board committee, working on special committees, and / or serving on special committees and / or special boards. Non-executive Directors’ fees are determined within an aggregate Directors’ fee pool limit, which has been established at \$1,500,000. Executive Director remuneration is formalised in a contract in the same manner as senior executives, (refer section 12(f) above).

Non-executive Directors receive a fixed base fee. In addition to this fixed base fee all resident non-executive Directors and one non-resident Director receive 9.50 per cent in superannuation contributions. No retirement or other long term benefits are provided to any Director other than superannuation. The Non-executive Directors can claim reimbursement of out-of-pocket expenses incurred on behalf of the Company. The base fee for Directors is presently \$75,000 per annum, with the Chairman receiving \$109,450 per annum. No remuneration paid to Non-executive Directors during the financial year was results based.

Tigers Realm Coal Limited
Directors' report (continued)
For the year ended 31 December 2014

12. Remuneration report – audited (continued)

(h) Directors' and executive officers' remuneration

Details of the nature and amount of each major element of remuneration of each Director of the Company, and the key management personnel (as defined in AASB 124 *Related Party Disclosures*) are set out in the following tables.

Key management personnel of the Group and other executives of the Company and the Group

2014	Short - term			Post employment		Share - based payments		
	Cash Salary and fees \$	Non-Monetary Benefits (1) \$	STI cash bonus (2) \$	Super-annuation \$	Termination benefits \$	LTI (3) \$	Total Remuneration \$	Proportion of remuneration comprising options %
2014								
Non-executive Directors								
AJ Manini	109,450	-	-	-	-	248,429	357,879	69.4%
OL Hegarty	75,000	-	-	7,031	-	146,021	228,052	64.0%
C Wiggill	76,056	-	-	7,125	-	21,567	104,748	20.6%
A Gray ⁸	57,074	-	-	5,373	-	24,740	87,187	28.4%
R Morgan ⁹	56,250	-	-	-	-	24,740	80,990	30.6%
T Sitdekov ⁹	58,741	-	-	-	-	24,740	83,481	29.6%
B Jamieson ⁶	25,962	-	-	2,401	-	39,176	67,539	58.0%
B Gray ⁵	7,247	-	-	670	-	-	7,917	0.0%
Sub total	465,780	-	-	22,600	-	529,143	1,017,793	
Other key management personnel								
C Parry ⁴	334,663	8,902	82,500	25,000	-	130,353	581,418	22.4%
P Balka	333,412	-	57,000	26,140	-	88,010	504,562	17.4%
D Kurochkin ⁷	160,182	-	26,300	-	-	-	186,482	0.0%
C McFadden	256,828	-	47,850	23,313	-	22,798	350,789	6.5%
D Forsyth	127,162	-	26,700	11,876	-	77,407	243,145	31.8%
Total key management personnel	1,678,027	8,902	240,350	108,929	-	847,981	2,884,189	

- Includes the value of fringe benefits and other allowances
- Paid in February 2015 in respect of FY14.
- In accordance with the requirements of Accounting Standards, remuneration includes a proportion of the fair value of equity compensation granted or outstanding during the year (i.e. options granted under LTIP that remained unvested as at 31 December 2014). The fair value of equity instruments is determined at the grant date and is progressively allocated over the vesting period. The amount included as remuneration is not necessarily related to or indicative of the benefit (if any) that senior executives may ultimately realise should the equity instruments vest. The fair value of the options at the date of their grant has been determined in accordance with AASB 2 *Share-based Payments*. All options granted under the LTIP are equity settled.
- Resigned as Managing Director on 5 May 2014. Mr Parry remains as Chief Executive Officer of the Company
- Resigned as Non-Executive Director on 28 March 2014.
- Resigned as Independent Non-Executive Director on 5 May 2014.
- Appointed as Chief Financial Officer on 21 July 2014.
- Appointed as Non-Executive Director on 28 March 2014.
- Appointed as Non-Executive Director on 1 April 2014.

Tigers Realm Coal Limited
Directors' report (continued)
For the year ended 31 December 2014

12. Remuneration report – audited (continued)

Key management personnel of the Group and other executives of the Company and the Group

2013	Short - term			Post employment	Termination benefits	Share - based payments	Total Remuneration	Proportion of remuneration comprising options
	Cash Salary and fees	Non-Monetary Benefits (1)	STI cash bonus (2)					
Name	\$	\$	\$	\$	\$	LTI (3)	\$	%
2013								
Non-executive Directors								
AJ Manini ⁴	54,725	-	-	-	-	238,315	293,040	81.3%
OL Hegarty	75,000	-	-	6,844	-	284,384	366,228	77.7%
B Jamieson	75,000	-	-	6,844	-	111,394	193,238	57.7%
C Wiggill ⁵	154,063	-	-	8,449	-	42,432	204,944	20.7%
B Gray ⁷	5,577	-	-	516	-	-	6,093	0.0%
Sub total	364,365	-	-	22,653	-	676,525	1,063,543	
Executive Directors								
AJ Manini ⁴	54,725	-	-	-	-	247,841	302,566	81.9%
C Parry ⁶	322,928	16,639	167,100	25,000	-	383,761	915,428	41.9%
Other key management personnel								
P Balka	274,450	-	92,200	22,605	-	156,992	546,247	28.7%
C McFadden	166,156	-	87,500	15,129	-	54,116	322,901	16.8%
D Forsyth	158,265	-	60,700	14,422	-	142,625	376,012	37.9%
Total key management personnel	1,340,889	16,639	407,500	99,809	-	1,661,860	3,526,697	

Note: 2013 prior year figures have been adjusted to reflect the STI cash bonuses in respect of FY13, as these were not finalised or paid by the date of last year's report.

1. Includes the value of fringe benefits and other allowances
2. Paid in April 2014 in respect of FY13.
3. In accordance with the requirements of Accounting Standards, remuneration includes a proportion of the fair value of equity compensation granted or outstanding during the year (i.e. options granted under LTIP that remained unvested as at 31 December 2013). The fair value of equity instruments is determined at the grant date and is progressively allocated over the vesting period. The amount included as remuneration is not necessarily related to or indicative of the benefit (if any) that senior executives may ultimately realise should the equity instruments vest. The fair value of the options at the date of their grant has been determined in accordance with AASB 2 *Share-based Payments*. All option granted under the LTIP are equity settled.
4. Ceased role as Executive Chairman from 1 July 2013.
5. Mr Wiggill's short-term cash, salary and fees remuneration includes the payments for services under a 12 month Consultancy Agreement with Mr Wiggill's nominated consultancy company, with an impact of the GBP50,000. This Consultancy Agreement expired in December 2013 and was not renewed.
6. Appointed as Managing Director from 1 July 2013.
7. Appointed October 2013. Mr Gray elected to receive compensation of \$30,000 per annum.

Tigers Realm Coal Limited
Directors' report (continued)
For the year ended 31 December 2014

12. Remuneration report – audited (continued)

(i) Analysis of performance related elements of remuneration

The following table shows the relative proportions of remuneration packages of the Executive Directors and KMP during the year ended 31 December 2014, that are linked to performance and those that are fixed. The STI and LTI components of each of the Senior Executive's remuneration are contingent upon the achievement of the performance criteria.

2014	Fixed Annual Remuneration (including superannuation contributions)	At Risk - STI as percentage of Total Remuneration 1	At Risk - LTI as percentage of Total Remuneration 2	At Risk - Total as percentage of Total Remuneration 2
Name	%	%	%	%
2014				
Other key management personnel				
Craig Parry, CEO <i>(resigned as MD 5 May 2014)</i>	63.39	14.19	22.42	36.61
Peter Balka	71.26	11.30	17.44	28.74
Denis Kurochkin	85.90	14.10	0.00	14.10
Chris McFadden	79.86	13.64	6.50	20.14
David Forsyth	57.18	10.98	31.84	42.82
2013				
Executive Directors				
Antony Manini, Executive Chairman <i>(Executive Director to 1 July 2013)</i>	18.09	0.00	81.91	81.91
Craig Parry, MD & CEO <i>(appointed MD 1 July 2013)</i>	39.82	18.25	41.92	60.17
Other key management personnel				
Peter Balka	54.38	16.88	28.74	45.62
Chris McFadden	56.14	27.10	16.76	43.86
David Forsyth	45.93	16.14	37.93	54.07

Note: 2013 prior year figures have been adjusted to reflect the STI cash bonuses in respect of FY13, as these were not finalised or paid by the date of last year's report.

Note 1 Paid in February 2015 in respect of FY14.

Note 2 Since the LTI is provided exclusively by way of options, the percentages disclosed also reflect the value of remuneration consisting of options, based on the value of options expensed during the year.

The Options Scheme prohibits executives from entering into arrangements to protect the value of unvested LTI Plan awards. The prohibition includes entering into contracts to hedge their exposure to options awarded as part of their remuneration package.

Tigers Realm Coal Limited
Directors' report (continued)
For the year ended 31 December 2014

12. Remuneration report – audited (continued)

(j) Analysis of bonuses included in remuneration

Details of the vesting profile of short-term incentive (STI) cash bonuses awarded as remuneration to each Executive Director of the Company, and the key management personnel of the Company are set out in the following table.

	Short-term incentive bonuses		
	Included in remuneration \$ (A)	Vested in year %	Forfeited in year % (B)
2014			
Executives			
C Parry	82,500	33%	67%
P Balka	57,000	38%	62%
D Kurochkin	26,300	37%	63%
C McFadden	47,850	36%	64%
D Forsyth	26,700	37%	63%
<hr/>			
2013			
Executive Directors			
C Parry	167,100	74%	26%
Executives			
P Balka	92,200	70%	30%
C McFadden	87,500	108%	0%
D Forsyth	60,700	96%	4%

A Amounts included in remuneration for the financial year represent the amount that vested in the financial year based on the achievement of personal goals and the satisfaction of specified performance criteria. No amounts vest in future financial years in respect of the STI bonus scheme for the 2014 financial year.

B The amounts forfeited are due to the performance or service criteria not being met in relation to the current financial year.

Note: 2013 prior year figures have been adjusted to reflect the STI cash bonuses in respect of FY13, as these were not finalised or paid by the date of last year's report.

Tigers Realm Coal Limited
Directors' report (continued)
For the year ended 31 December 2014

12. Remuneration report – audited (continued)

(k) Share Options granted as remuneration

Details on options over ordinary shares in the Company that were granted as compensation for no consideration to each key management person, during the reporting period and details on options that vested during the reporting period were as follows:

	Number of options granted during year	Grant date	Fair value of option at grant date \$	Exercise price per option \$	Vesting date start	Vesting date finish	Expiry date	Option vesting performance hurdle \$
2014								
Directors								
A Gray	1,000,000	4/06/14	0.043	0.500	4/06/14	4/06/15	4/06/2019	0.000
R Morgan	1,000,000	4/06/14	0.043	0.500	4/06/14	4/06/15	4/06/2019	0.000
T Sitdekov	1,000,000	4/06/14	0.043	0.500	4/06/14	4/06/15	4/06/2019	0.000
Executives								
C Parry	1,364,500	19/12/2014	0.030	0.2300	19/12/2014	19/12/2015	28/02/2019	0.000
C Parry	1,364,500	19/12/2014	0.036	0.1700	19/12/2014	28/02/2016	28/02/2019	0.000
P Balka	1,291,000	19/12/2014	0.030	0.2300	19/12/2014	19/12/2015	28/02/2019	0.000
P Balka	1,291,000	19/12/2014	0.036	0.1700	19/12/2014	28/02/2016	28/02/2019	0.000
C McFadden	577,000	19/12/2014	0.030	0.2300	19/12/2014	19/12/2015	28/02/2019	0.000
C McFadden	577,000	19/12/2014	0.036	0.1700	19/12/2014	28/02/2016	28/02/2019	0.000
D Forsyth	541,000	19/12/2014	0.030	0.2300	19/12/2014	19/12/2015	28/02/2019	0.000
D Forsyth	541,000	19/12/2014	0.036	0.1700	19/12/2014	28/02/2016	28/02/2019	0.000
2013								
Directors								
AJ Manini	1,500,000	3/05/13	0.065	0.600	3/05/13	3/05/15	3/05/18	0.000
OL Hegarty	1,000,000	3/05/13	0.065	0.600	3/05/13	3/05/15	3/05/18	0.000
B Jamieson	1,000,000	3/05/13	0.065	0.600	3/05/13	3/05/15	3/05/18	0.000
C Wiggill	1,000,000	3/05/13	0.064	0.500	3/05/13	3/05/14	3/05/18	0.000
Executives								
P Balka	718,000	15/02/13	0.115	0.340	15/02/13	15/02/15	15/02/18	0.000
D Forsyth	143,000	15/02/13	0.115	0.340	15/02/13	15/02/15	15/02/18	0.000

The amounts of these share options have been fair valued at the date of grant using an independent valuation firm. It is a vesting condition that the holder remains an employee or director at the time of vesting.

Further details of the Option Plan are included in note 26.

No options granted as remuneration were exercised during the reporting period.

Tigers Realm Coal Limited
Directors' report (continued)
For the year ended 31 December 2014

12. Remuneration report – audited (continued)

Details on options over ordinary shares in the Company vested during the reporting period were as follows:

	Number of options vested in year	Grant date	Fair value of option at grant date \$	Exercise price per option \$	Vesting date start	Vesting date finish	Expiry date	Option vesting performance hurdle \$	Options vested in year %
2014									
Directors									
C Wiggill	1,000,000	03/05/13	0.064	0.500	03/05/13	03/05/14	03/05/18	0.000	100
A Manini	1,500,000	28/03/12	0.127	0.750	28/03/12	28/03/14	28/03/17	0.000	100
O Hegarty	1,000,000	28/03/12	0.127	0.750	28/03/12	28/03/14	28/03/17	0.000	100
Executives									
C Parry	2,000,000	12/11/12	0.038	0.750	12/11/12	12/11/14	12/11/17	0.000	100
	2,000,000	12/11/12	0.032	1.000	12/11/12	12/11/14	12/11/17	0.000	100
P Balka	562,000	22/02/12	0.16	0.500	22/02/12	22/02/14	22/02/17	0.000	100
C McFadden	128,000	22/02/12	0.16	0.500	22/02/12	22/02/14	22/02/17	0.000	100
D Forsyth	103,000	22/02/12	0.16	0.500	22/02/12	22/02/14	22/02/17	0.000	100
2013									
Directors									
C Parry	2,000,000	12/11/12	0.058	0.250	12/11/12	12/11/13	12/11/17	0.000	100
	2,000,000	12/11/12	0.045	0.500	12/11/12	12/11/13	12/11/17	0.000	100

Tigers Realm Coal Limited
Directors' report (continued)
For the year ended 31 December 2014

12. Remuneration report – audited (continued)

(i) Analysis of Movement in Share Options

The movement during the reporting period, by value, of options over ordinary shares in the Company held by each key management person.

	Value of options granted during year \$	Value of options exercised in year \$	Value of options lapsed in year \$	Remuneration consisting of options for the year %
2014				
Directors				
A Manini	-	-	1,084,067	69.4
O Hegarty	-	-	601,533	64.0
C Wiggill	-	-	-	20.6
A Gray	43,000	-	-	28.4
R Morgan	43,000	-	-	30.6
T Sitdekov	43,000	-	-	29.6
B Jamieson	-	-	-	58.0
Other Key Management Personnel				
C Parry	90,057	-	409,827	22.4
P Balka	85,206	-	228,060	17.4
D Kurochkin	-	-	-	-
C McFadden	38,082	-	132,207	6.5
D Forsyth	35,706	-	409,827	31.8
2013				
Directors				
AJ Manini	97,500	-	-	81.6
OL Hegarty	65,000	-	-	77.7
B Jamieson	65,000	-	-	57.7
C Wiggill	64,000	-	-	20.7
C Parry	-	-	-	41.9
Other Key Management Personnel				
P Balka	82,570	-	-	28.7
C McFadden	-	-	-	16.8
D Forsyth	16,445	-	-	37.9

Note: 2013 prior year figures have been adjusted to reflect the STI cash bonuses in respect of FY13, as these were not finalised or paid by the date of last year's report.

No shares were issued as a result of the exercise of options during the year ended 31 December 2014.
For details on the valuation of options, including models and assumptions used, refer to note 26.

Tigers Realm Coal Limited
Directors' report (continued)
For the year ended 31 December 2014

12. Remuneration report – audited (continued)

(m) Analysis of options over equity instruments granted as compensation

Details of vesting profiles of the options over ordinary shares in the Company granted as remuneration to each key management person and each of the named Company executives and relevant Group executives are detailed below.

	Options granted		Vested in year	Forfeited in year	Vesting date start	Vesting date finish
	Number	Grant date				
Directors						
A Manini	4,631,000	23/11/10	-	(4,631,000)	23/11/10	29/08/14
	3,000,000	20/12/10	-	(3,000,000)	20/12/10	29/08/14
	1,500,000	28/03/12	-	-	28/03/12	28/03/14
	1,500,000	3/05/13	-	-	3/05/13	3/05/15
O Hegarty	2,315,500	23/11/10	-	(2,315,500)	23/11/10	29/08/14
	2,000,000	20/12/10	-	(2,000,000)	20/12/10	29/08/14
	1,000,000	28/03/12	-	-	28/03/12	28/03/14
	1,000,000	3/05/13	-	-	3/05/13	3/05/15
C Wiggill	1,000,000	3/05/13	1,000,000	-	3/05/13	3/05/14
A Gray	1,000,000	4/06/14	-	-	4/06/14	4/06/15
R Morgan	1,000,000	4/06/14	-	-	4/06/14	4/06/15
T Sitdekov	1,000,000	4/06/14	-	-	4/06/14	4/06/15
B Jamieson	1,000,000	17/03/11	-	(1,000,000)	17/03/11	29/08/14
	1,000,000	28/03/12	-	(1,000,000)	28/03/12	28/03/14
	1,000,000	3/05/13	-	(1,000,000)	3/05/13	3/05/15
Executives						
C Parry	1,852,400	23/11/10	-	(1,852,400)	23/11/10	29/08/14
	1,000,000	20/12/10	-	(1,000,000)	20/12/10	29/08/14
	2,000,000	12/11/12	2,000,000	-	12/11/12	12/11/14
	2,000,000	12/11/12	2,000,000	-	12/11/12	12/11/14
	1,364,500	19/12/14	-	-	19/12/14	19/12/15
	1,364,500	19/12/14	-	-	19/12/14	28/02/16
P Balka	694,650	23/11/10	-	(694,650)	23/11/10	29/08/14
	1,000,000	20/12/10	-	(1,000,000)	20/12/10	29/08/14
	562,000	22/02/12	562,000	-	22/02/12	22/02/14
	718,000	15/02/13	-	-	15/02/13	15/02/15
	1,291,000	19/12/14	-	-	19/12/14	19/12/15
	1,291,000	19/12/14	-	-	19/12/14	28/02/16
C McFadden	463,100	23/11/10	-	(463,100)	23/11/10	29/08/14
	500,000	20/12/10	-	(500,000)	20/12/10	29/08/14
	128,000	22/02/12	128,000	-	22/02/12	22/02/14
	577,000	19/12/14	-	-	19/12/14	19/12/15
	577,000	19/12/14	-	-	19/12/14	28/02/16
D Forsyth	1,852,400	23/11/10	-	(1,852,400)	23/11/10	29/08/14
	1,000,000	20/12/10	-	(1,000,000)	20/12/10	29/08/14
	103,000	22/02/12	103,000	-	22/02/12	22/02/14
	143,000	15/02/13	-	-	15/02/13	15/02/15
	541,000	19/12/14	-	-	19/12/14	19/12/15
	541,000	19/12/14	-	-	19/12/14	28/02/16

Tigers Realm Coal Limited
Directors' report (continued)
For the year ended 31 December 2014

12. Remuneration report – audited (continued)

(n) Modification of terms of options over equity instruments granted as compensation

Details of the modifications to the terms of options over equity instruments granted as compensation to key management personnel are detailed below.

Details of Option Modifications

Option Grant Date	Modification date	Fair value at grant / modification date	Share price at grant date	Exercise price	Performance hurdle	Performance period	Expiry date	Risk free interest rate
23 Nov 2010	-	\$0.071	\$0.115	\$0.078	A	B	23 Nov 2015	5.27%
(extension)	29 Aug 2012	\$0.027	\$0.165	\$0.078	A	C	23 Nov 2015	2.62%
(extension)	15 Feb 2013	\$0.092	\$0.220	\$0.078	A	D	23 Nov 2015	2.83%
20 Dec 2010	-	\$0.052	\$0.115	\$0.195	A	B	20 Dec 2015	5.34%
(extension)	29 Aug 2012	\$0.021	\$0.165	\$0.195	A	C	20 Dec 2015	2.62%
(extension)	15 Feb 2013	\$0.072	\$0.220	\$0.195	A	D	20 Dec 2015	2.83%
17 Mar 2011	-	\$0.292	\$0.500	\$0.425	A	B	17 Mar 2016	5.32%
(extension)	29 Aug 2012	\$0.014	\$0.165	\$0.425	A	C	17 Mar 2016	2.63%
(extension)	15 Feb 2013	\$0.048	\$0.220	\$0.425	A	D	17 Mar 2016	2.85%

Note

- A. Performance hurdle: options vest if share price exceeds 125% of IPO (i.e. \$0.625) price during performance period
- B. Performance period: 12 months after Initial Public Offer date.
- C. Performance period: 24 months after Initial Public Offer date.
- D. Performance period: 36 months after Initial Public Offer date.

Modified Options Held by Key Management Personnel

Key Management Personnel	Modified Options Grant Date	Number Held by KMP	Vesting date finish
Directors			
A Manini	23 Nov 2010	4,631,000	29/08/14
	20 Dec 2010	3,000,000	29/08/14
O Hegarty	23 Nov 2010	2,315,500	29/08/14
	20 Dec 2010	2,000,000	29/08/14
B Jamieson	17 Mar 2011	1,000,000	29/08/14
C Parry	23 Nov 2010	1,852,400	29/08/14
	20 Dec 2010	1,000,000	29/08/14
Executives			
P Balka	23 Nov 2010	694,650	29/08/14
	20 Dec 2010	1,000,000	29/08/14
C McFadden	23 Nov 2010	463,100	29/08/14
	20 Dec 2010	500,000	29/08/14
D Forsyth	23 Nov 2010	1,852,400	29/08/14
	20 Dec 2010	1,000,000	29/08/14

This marks the end of the Remuneration Report.

Tigers Realm Coal Limited

Directors' report (continued)

For the year ended 31 December 2014

13. Corporate Governance Statement

The Board of Directors are responsible for the corporate governance of the Company. The Board guides and monitors the business affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable. The company has adopted systems of control and accountability as the basis for administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the highest standards of corporate governance commensurate with the Company's needs. To the extent that they are appropriate and applicable the Company has adopted the Principles of Good Corporate Governance Recommendations as published by the ASX Corporate Governance Council. As the Company's activities develop in size, nature and scope, the Board will consider on an ongoing basis its corporate governance structures and whether they are sufficient given the Company's size and nature of operations.

The Company and its controlled entities together are referred to as the Group in this statement.

A description of the Group's corporate governance practices are set out below. These corporate governance practices have been in place since the Company was listed on the ASX on 29 August 2011. Copies of the corporate governance documents mentioned in this statement are available on the Company's website.

Principle 1: Lay solid foundations for management and oversight

Role of the Board

The Board's primary role is the protection and enhancement of long-term shareholder value. To fulfil this role, the Board is responsible for the overall corporate governance of the Group. The Board exercises its powers and performs its obligations in accordance with the provisions of the Company's constitution and the *Corporations Act 2001*.

The Board is responsible for:

- charting the direction, policies, strategies and financial objectives of the Company and ensuring appropriate resources are available;
- monitoring the implementation of these policies and strategies and the achievement of financial objectives;
- monitoring compliance with control and accountability systems, regulatory requirements and ethical standards;
- ensuring the preparation of accurate financial reports and statements;
- reporting to shareholders and the investment community on the performance and state of the Company; and
- reviewing on a regular and continuing basis:
 - executive succession planning (in particular the CEO); and
 - executive development activities.

Day to day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the CEO and senior executives as set out in the Group's Delegation Policy, which is available on the Company's website. These delegations of authority are reviewed on a regular basis.

Board committees

The Board has established three committees to assist in the execution of its duties and to allow detailed consideration of complex issues. Current committees of the Board are the Nomination and Remuneration Committee, the Audit, Risk and Compliance Committee and the newly established Development and Finance Committee. The committee structures and memberships are reviewed regularly.

Each committee has its own written charter setting out its role and responsibilities, composition, structure, and meeting requirements. These charters are subject to regular review and are available on the Company website. All matters determined by committees are submitted to the full Board as recommendations for Board decisions.

Minutes of committee meetings are tabled at subsequent board meetings. Additional requirements for specific reporting by the committees to the Board are addressed in the charter of the individual committee.

Management Performance Evaluation

The Board, in conjunction with the Nomination and Remuneration Committee, is responsible for approving the performance objectives and measures for the CEO and other senior executives and providing input into the evaluation of performance against them. A performance evaluation process for senior executives and management has been established. In accordance with that process a performance evaluation of senior executives and management has been completed for the 2014 financial year.

Tigers Realm Coal Limited
Directors' report (continued)
For the year ended 31 December 2014

13. Corporate Governance Statement (continued)

Principle 2: Structure of the Board

Composition of the Board

The names of the Directors of the Company in office at the date of this report, specifying which are independent, are set out in the Directors' report. At the date of this report the Board consists of five Non-executive Directors and one Non-executive Chairman. The composition of the Board is determined in accordance with the following principles outlined in the Board Charter:

- a minimum of three Directors;
- the intention that as the Group develops the majority of Directors will be independent; and
- the Board is required to undertake an annual performance evaluation and consider the appropriate mix of skills required by the Board to maximise its effectiveness and its contribution to the Group.

The Board considers the mix of skills and diversity of Board members when assessing the composition of the Board.

At the date of this report the Board does not meet the Good Corporate Governance Recommendations ("Recommendations") in that the majority of Directors should be independent, and that the Chairman should be independent. Given the developmental nature of the Company and the experience of the Directors, the Board considers the composition of the Board, and the non-independent status of the Chairman to be appropriate at this time, and is taking steps to increase the number of independent Directors on the Board.

Director Independence

The Board has adopted specific principles in relation to Directors' independence. These state that when determining independence, a Director must be a non-executive and the Board should consider whether the Director:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- is or has been employed in an executive capacity by the Company of any other Group member, within three years before commencing to serve on the Board;
- within the last three years has been a principal of a material professional advisor or a material consultant to the Company or any other Group member, or an employee materially associated with the service provided;
- is a material supplier or customer of the Company or any other Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has a material contractual relationship with the Company or other Group member other than a Director of the Company.

Family ties and cross-directorships may be relevant in considering interests and relationships which may compromise independence, and should be disclosed by Directors to the Board.

The Board regularly reviews the independence of each Director in light of interests disclosed and will disclose any change to the ASX, as required by the ASX Listing Rules.

Independent Professional Advice

All Directors may obtain independent professional advice, at the Company's cost, in carrying out their duties and responsibilities. Prior approval from the Chairman or the Board is required before seeking independent professional advice.

Chairman

The Board elects one of the Non-executive Directors to be Chairman. The Chairman is responsible for leading the Board, ensuring Directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with the Company's senior executives. The Recommendations note that the Chairman should be an independent Director. However this recommendation is currently not satisfied. The current Chairman is Mr Antony Manini, who has been Chairman since 8 October 2010. For the period from 12 November 2012 until 1 July 2013 the role of Chairman was an Executive role. On 1 July 2013 the role of the Chairman reverted to being a Non-executive role. The role of the Chairman is separate from that of the Chief Executive Officer. The CEO is responsible for implementing Group strategies and policies.

Tigers Realm Coal Limited
Directors' report (continued)
For the year ended 31 December 2014

13. Corporate Governance Statement (continued)

Orientation Program

The orientation program provided to new Directors and senior executives enables them to actively participate in Board decision making as soon as possible. It ensures that they have a full understanding of the Group's financial position, strategies operations, culture, values and risk management policies. Directors have the opportunity to visit the Group's business operations and meet with management to gain a better understanding of the Group's operations. The Group also supports Directors to undertake continuing education relevant to the discharge of their obligations as Directors of the Group.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of two Non-executive Directors and the Chairman. The Committee has a documented charter, approved by the Board which is available on the Company's website. Details of the qualifications of members of the Nomination and Remuneration Committee and their attendance at meetings of the Committee are set out in the Directors' Report. The Chairman of the Committee is Mr Owen Hegarty, a Non-executive Director.

The Nomination and Remuneration Committee operates in accordance with its charter, and the main responsibilities of the nomination activities of the Committee are to:

- review and make recommendations to the Board relating to the remuneration of the Directors and the CEO;
- assess the necessary and desirable competencies of Board members;
- review Board succession planning;
- make recommendations to the Board regarding the appointment and re-election of Directors and the CEO;
- oversee succession planning, selection and appointment practices for management and employees of the Group;
- develop a process for the evaluation of the performance of the Board, its committees and Directors; and
- consider strategies to address Board diversity and the Company's performance in respect of the Company's Diversity Policy.

The Committee is also responsible for considering and articulating the time needed to fulfil the role of Chairman and Non-executive Directors.

A performance evaluation of the Board, its committees and the Directors was completed in 2014. The outcomes of the evaluation were discussed and considered by all the Directors and specific performance goals agreed upon for the coming year.

Development and Finance Committee

The Development and Finance Committee consists of not less than three non-executive directors appointed by Board. The Chairman will be a member of the Committee as appointed by the Board. The purpose of the Committee is to review and make recommendations on strategy, business development, budgeting, finance, sales agreements and TIG member agreements with substantial shareholders.

Decision making powers are retained by the Board.

The role of the Committee is to review and make recommendations to the Board in respect of matters that are material to the TIG Group as a whole in relation to:

- strategy and business development (including any agreements or arrangements with any Government Agency or third party in relation to the TIG Group and its development of currently planned and potential future projects);
- operational and capital project budgeting and finance;
- any agreements or arrangements relating to coal marketing and sales (including off-take and related finance arrangements);
- any agreements by any member of the TIG Group with RDIF, BVMHL, TRM, Bruce Gray or any of their respective affiliates; and
- any other matters to be assigned by the TIG Board for review.

Tigers Realm Coal Limited
Directors' report (continued)
For the year ended 31 December 2014

13. Corporate Governance Statement (continued)

The responsibilities of the Committee are as follows:

- review the Company strategy and make recommendations to the Board regarding changes, having regard to such factors as pricing, costs, competition, structure, markets, TIG strengths, etc;
- review business development opportunities including agreements or arrangements with any Government Agency or third party and make recommendations on these development opportunities;
- review and make recommendations on operational and capital project budgeting;
- review and make recommendations on proposed financing for the TIG Group;
- review any agreements or arrangements relating to coal marketing and sales and make recommendations to the Board. These may include off-take and related finance arrangements;
- review agreements by members of the TIG Group with substantial shareholders RDIF, BVMHL, TRM, Bruce Gray or their respective affiliates and make recommendations to the Board; and
- review other matters as assigned by the TIG Board from time to time and make recommendations.

Principle 3: Promote ethical and responsible decision making

Code of Conduct

The Company has developed a Code of Conduct which has been endorsed by the Board and applies to all Directors, employees and contractors. The Code of Conduct is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour, professionalism and business ethics necessary to maintain confidence in the Group's integrity.

In summary the Code of Conduct requires that at all times all Group personnel act with utmost integrity, objectivity and in compliance with the letter and the spirit of the law and Group policies.

Whistleblowers Policy

The Company's Whistleblowers Policy encourages employees and contractors to report concerns in relation to illegal, unethical or improper conduct without fear of reprisal if it is reported in good faith. The Company commits to absolute confidentiality and fairness in all matters raised.

Securities Trading

Directors and employees are allowed to purchase and sell shares in the Group provided they comply with the provisions of the Group's Securities Trading Policy. The trading policy prohibits Directors and employees and their associates from trading in Group securities when they are in possession of price sensitive information which is not publicly available or during "blackout" periods.

Directors and restricted employees must seek prior written approval before undertaking any trading in Company securities. The Directors and employees must also advise the Company Secretary if they intend to enter into, or have entered into, a margin lending or other security arrangement affecting Company securities. The Company Secretary will advise the ASX of any transactions conducted by Directors in relation to the Company securities. A register of interests is maintained which record security holdings in the Company by Directors and employees.

Workplace Diversity

The Board is committed to having an appropriate blend of diversity on the Board, and in the Group's senior executive positions. The Group values diversity and recognises the benefits it can bring to the Group's ability to achieve its goals. The Group has adopted a diversity policy which outlines the Group's diversity objectives in relation to gender, age, cultural background and ethnicity. The Group has not established specific measurable gender and diversity objectives due to the start-up nature of its situation in the exploration and development of coking coal projects; however the Group remains committed to recruiting the best candidates for roles at all levels within the Group at every operation. As at 31 December 2014, women comprised 35% (2013: 24%) of employees throughout the Group. There are currently no female members of the Board.

Copies of the Code of Conduct, the Whistleblowers Policy, the Diversity Policy and the Securities Trading Policy are available on the Company's website.

Tigers Realm Coal Limited
Directors' report (continued)
For the year ended 31 December 2014

13. Corporate Governance Statement (continued)

Principle 4: Safeguard integrity in financial reporting

Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee consists of two Non-executive Directors and the Chairman. The Chairman of the Committee is a Non-executive Director. The membership of the Committee does not fully meet the Good Corporate Governance Recommendations ("Recommendations") in that the Committee does not consist of a majority of independent Directors. Given the size of the Group and the Board, and the start-up nature and straight forward structure of the Group, the Directors consider that the Audit, Risk and Compliance Committee is of sufficient size, independence and technical expertise to discharge its mandate effectively.

All members of the Committee are financially literate and have an appropriate understanding of the mining industry. The Chairman, Mr Owen Hegarty has relevant qualifications with a Bachelor of Economics (Hons) and experience by virtue of being a director on other ASX listed companies.

The Audit, Risk and Compliance Committee has a documented charter, approved by the Board. All members should be Non-executive Directors, and the Chairman should be independent. Details of the qualifications of members of the Audit, Risk and Compliance Committee and their attendance at meetings of the Committee are set out in the Directors' report. The Charter is available on the Company website and includes requirements for the Committee to consider the selection and appointment of the external auditor, and for the rotation of external audit engagement partners.

The main responsibilities of the Committee are to:

- review, assess and make recommendations to the Board on annual and half-year financial reports and all other financial information released to the market;
- assist the Board in reviewing the effectiveness of the Group's internal control environment covering:
 - effectiveness and efficiency of operations;
 - reliability of financial reporting; and
 - compliance with applicable laws and regulations.
- oversee the effective operation of the risk management framework;
- recommend to the Board the appointment, removal and remuneration of the external auditors, and review the terms of their engagement, the scope and quality of the audit and assess the performance of the auditor;
- consider the independence and competence of the external auditor on an ongoing basis; and
- review and approve the level of non-audit services provided by the external auditors and ensure that they do not adversely impact on auditor independence.

In fulfilling its responsibilities, the Audit, Risk and Compliance Committee:

- receives regular reports from management and the external auditor;
- meets with the external auditor at least twice a year without management being present, or more frequently if necessary;
- reviews the processes in place to support the CEO and CFO certification to the Board;
- reviews any significant disagreements between the auditors and management, irrespective of whether any have been resolved; and
- provides the external auditors with a clear line of direct communication at any point in time to either the Chair of the Audit, Risk and Compliance Committee or the Chairman of the Board.

The Committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

CEO and CFO certification

The Chief Executive Officer and the Chief Financial Officer have declared in writing to the Board in accordance with Section 295 of the *Corporations Act 2001* that the financial records of the Company for the financial year have been properly maintained, and that the Company's financial reports for the financial year ended 31 December 2014 comply with accounting standards and present a true and fair view of the Company's financial condition and operational results. The statement is required annually.

The Board has received and is satisfied with certification provided by the CEO and CFO that the Group's risk management and internal control systems are sound and operated effectively in all material aspects in relation to financial reporting risks for the financial year ended 31 December 2014.

Tigers Realm Coal Limited
Directors' report (continued)
For the year ended 31 December 2014

13. Corporate Governance Statement (continued)

External auditor

The role of the external auditor is to provide an independent opinion that the financial reports are true and fair and comply with applicable accounting standards.

The Company and the Committee policy is to appoint external auditors who clearly demonstrate quality and independence. KPMG has provided an independence declaration to the Board for the financial year ended 31 December 2014. The Committee has considered the nature of the non-audit and assurance related services provided by the external auditor during the year and determined that the services provided, and the amount paid for those services, are compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Committee has examined detailed material provided by the external auditor and by management and has satisfied itself that the standards of auditor independence and associated issues have been fully complied with.

The roles of lead partner and audit review partner are rotated every five years.

The external auditor will attend the annual general meeting and will be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Principle 5: Make timely and balanced disclosure

The Company has established written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Group that a reasonable person would expect to have a material effect on the price of the Company's securities. All information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX.

The Company Secretary is responsible for communications with the ASX and compliance with the continuous disclosure requirements in the ASX Listing Rules. The Company also has in place a policy to monitor media sources. This role also oversees and coordinates information disclosure to shareholders, media and to the general public.

The Company's continuous disclosure policy is available on the Company's website.

Principle 6: Shareholder communications

The Company places a high priority on communications with shareholders and aims to provide all shareholders with comprehensive, timely and equal access to balanced information about Group activities so that they can make informed investment decisions and provide undivided support to the Group. Principal communications to investors are through the provision of the annual report, financial statements, and market announcements.

The Company website enables users to provide feedback and has an option for shareholders to register their email address for direct email updates on Group matters.

The Company's communications policy is available on the Company's website.

Principle 7: Recognise and manage risk

The Board is responsible for satisfying itself that management has developed and implemented a sound system for risk management and internal control. The Board regards managing the risks that affect the Group's businesses as a fundamental activity, as they influence the Group's performance, reputation and success. Detailed work on the management of risk is delegated to the Audit, Risk and Compliance Committee and reviewed by the Board. The Committee recommends any actions it deems necessary to the Board for its consideration.

The Committee is responsible for ensuring that there are adequate policies in relation to risk management, compliance and internal control systems. The Committee monitors the Company's risk management by overseeing management's actions in the evaluation, management, monitoring and reporting of material operational, financial, compliance and strategic risks. The Board and the Committee receive regular reports from management on the effectiveness of the Group's management of material business risks. The Company has adopted a Risk Management Policy which is available on the Company's website.

Tigers Realm Coal Limited
Directors' report (continued)
For the year ended 31 December 2014

13. Corporate Governance Statement (continued)

Principle 8: Remunerate fairly and responsibly

The Nomination and Remuneration Committee operates in accordance with its charter which is available on the Company website. The Nomination and Remuneration Committee advises the Board on remuneration and incentive policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for executive Directors, other senior executives and Non-executive Directors.

The Nomination and Remuneration Committee is chaired by a Non-executive Director and has three members as recommended, however the Committee does not consist of a majority of independent Directors. Given the size of the Group and the Board, and the start-up nature and straightforward structure of the Group, the Directors consider the impact of this to be minimal, and the current structure to be sufficient.

The structure of the remuneration of Non-executive Directors is distinguished from that of executive Directors and senior executives, however, Board members are entitled to options as set out in this Annual Report having regard to the size of the Company's management team and the minimal fees paid.

The Nomination and Remuneration Committee also assumes responsibility for overseeing succession planning.

Further information on Directors' and executives' remuneration, including principles used to determine remuneration, is set out in the Remuneration Report which forms a part of the Directors' report. Details of the qualifications of members of the Nomination and Remuneration Committee and their attendance at meetings of the Committee are set out in the Directors' report.

This marks the end of the Corporate Governance Statement.

Tigers Realm Coal Limited
Directors' report (continued)
For the year ended 31 December 2014

14. Indemnification and insurance of Officers

The Company provides insurance to cover legal liability and expenses for the Directors and Executive Officers of the Company. The Directors and Officers Liability Insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the Officers in their capacity as Officers. Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

The Company has entered into an agreement with the Directors and certain Officers to indemnify these individuals against any claims and related expenses, which arise as a result of their work in their respective capacities.

The Company has not provided any insurance or indemnity for the auditor of the Company.

15. Environmental Regulation and Performance

The Group operations are subject to significant environmental regulation in respect of its exploration activities. There have been no reports of breaches of environmental regulations during the financial year to 31 December 2014, or to the date of this report.

16. Audit and non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important. Details of the amounts paid or payable to KPMG, the Group's auditor for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit, Risk and Compliance Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out in note 38, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 'Code of Ethics for Professional Accountants'.

Details of the amounts paid to the auditor, KPMG, and its related practices for audit and non-audit services provided during the year are set out below.

	31 December 2014	31 December 2013
	\$	\$
Audit services:		
Audit and review of financial reports (KPMG Australia)	233,047	250,000
Audit and review of financial reports (Overseas KPMG firms)	81,696	78,582
	314,743	328,582
Other auditors – Non-KPMG firms		
Audit and review of financial reports	12,609	8,832
	327,352	337,414
Services other than statutory audit		
<i>Other services</i>		
Taxation compliance services (KPMG Australia)	29,116	62,250
Taxation compliance services (Overseas KPMG firms)	15,081	686
	44,197	62,936
Total Services Provided	371,549	400,350

Tigers Realm Coal Limited
Directors' report (continued)
For the year ended 31 December 2014

17. Proceedings on behalf of the Company

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

18. Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 95 and forms part of the Directors' report for the year ended 31 December 2014.

This report is made in accordance with a resolution of the Directors

Dated at Melbourne this 19th day of March 2015.

Signed in accordance with a resolution of the Directors:



Antony Manini
Chairman

Tigers Realm Coal Limited
Consolidated statement of financial position
As at 31 December 2014

	Note	31 December 2014 \$'000	31 December 2013 \$'000
Current Assets			
Cash and cash equivalents	13	20,465	3,749
Trade and other receivables	15	3,541	1,602
Prepayments		4,432	3,964
Other current assets		667	492
Total current assets		29,105	9,807
Non-current assets			
Other receivables	15	1,160	-
Deferred exploration and evaluation	16	32,372	36,083
Property, plant and equipment	17	12,522	6,627
Intangible assets	18	141,120	127,073
Total non-current assets		187,174	169,783
Total assets		216,279	179,590
Current Liabilities			
Trade and other payables	19	848	3,747
Lease liability	21	6,273	-
Employee benefits	20	1,131	1,224
Total current liabilities		8,252	4,971
Non-current liabilities			
Lease liability	21	2,563	-
Deferred tax liabilities	22	30,146	28,310
Royalty agreement liability	23	37,261	19,994
Total non-current liabilities		69,970	48,304
Total liabilities		78,222	53,275
Net assets		138,057	126,315
Equity			
Share capital	24	151,185	94,416
Reserves	25(a)	18,376	36,748
(Accumulated losses)	25(b)	(35,212)	(15,137)
Total equity attributable to equity holders of the Company		134,349	116,027
Non-controlling interest		3,708	10,288
Total equity		138,057	126,315

The notes on pages 43 to 93 are an integral part of these consolidated financial statements.

Tigers Realm Coal Limited
Consolidated statement of comprehensive income
For the year ended 31 December 2014

	Note	31 December 2014 \$'000	31 December 2013 \$'000
Continuing operations			
Other income	8	-	62
Operating activities		13	-
Share based payments	26	(524)	(2,084)
Administrative expenses	9	(7,295)	(7,493)
Loss on investment		(92)	(475)
Gain / (loss) on revaluation of royalty agreement liability	23	(14,017)	(5,118)
Results from operating activities		(21,915)	(15,108)
Net foreign exchange gain/(loss)	10	1,980	(121)
Finance income	10	35	241
Net finance income		2,015	120
(Loss) before income tax		(19,900)	(14,988)
Income tax (expense)	11	(3,345)	(3,319)
(Loss) from continuing operations		(23,245)	(18,307)
Other comprehensive income			
Items that may subsequently be reclassified to the income statement			
Foreign currency translation differences for foreign operations		(22,306)	15,035
Total comprehensive income for the period		(45,551)	(3,272)
Operating profit is attributable to:			
Owners of the Company		(20,075)	(12,415)
Non-controlling interest		(3,170)	(5,892)
(Loss) for the period		(23,245)	(18,307)
Total comprehensive income is attributed to:			
Owners of the Company		(38,971)	2,267
Non-controlling interest		(6,580)	(5,539)
Total comprehensive income for the period		(45,551)	(3,272)
(Loss) per share (cents per share)			
basic (loss) per share (cents)	12	(2.48)	(2.48)
diluted (loss) per share (cents)	12	(2.48)	(2.48)
(Loss) per share (cents per share) – continuing operations			
basic (loss) per share (cents)	12	(2.48)	(2.48)
diluted (loss) per share (cents)	12	(2.48)	(2.48)

The notes on pages 43 to 93 are an integral part of these consolidated financial statements.

Tigers Realm Coal Limited
Consolidated statement of changes in equity
For the year ended 31 December 2014

	Notes	Share Capital \$'000	(Accumulated Losses) \$'000	Share based payments reserve \$'000	Foreign Currency Translation Reserve \$'000	Other Reserve \$'000	Total \$'000	Non-controlling Interest \$'000	Total \$'000
Balance as at 1 January 2014		94,416	(15,137)	4,711	13,455	18,582	116,027	10,288	126,315
Total comprehensive income									
Profit or (loss)	25	-	(20,075)	-	-	-	(20,075)	(3,170)	(23,245)
<i>Other comprehensive income</i>									
<i>Items that may subsequently be reclassified to the income statement</i>									
Foreign currency translation differences for foreign operations	25	-	-	-	(18,896)	-	(18,896)	(3,410)	(22,306)
Total other comprehensive income		-	-	-	(18,896)	-	(18,896)	(3,410)	(22,306)
Total comprehensive income for the period		-	(20,075)	-	(18,896)	-	(38,971)	(6,580)	(45,551)
Transactions with owners, recorded directly in equity									
Issue of ordinary shares	24	60,973	-	-	-	-	60,973	-	60,973
Costs of raising equity	24	(4,204)	-	-	-	-	(4,204)	-	(4,204)
Share based payment transactions	26	-	-	524	-	-	524	-	524
Total transactions with owners		56,769	-	524	-	-	57,293	-	57,293
Balance at 31 December 2014		151,185	(35,212)	5,235	(5,441)	18,582	134,349	3,708	138,057

The notes on pages 43 to 93 are an integral part of these consolidated financial statements

Tigers Realm Coal Limited
Consolidated statement of changes in equity (continued)
For the year ended 31 December 2014

	<i>Notes</i>	Share Capital \$'000	(Accumulated Losses) \$'000	Share based payments reserve \$'000	Foreign Currency Translation Reserve \$'000	Other Reserve \$'000	Total \$'000	Non- controlling Interest \$'000	Total \$'000
Balance as at 1 January 2013		73,565	(2,722)	2,627	295	-	73,765	32,887	106,652
Total comprehensive income									
Profit or (loss)	25	-	(12,415)	-	-	-	(12,415)	(5,892)	(18,307)
<i>Other comprehensive income</i>									
<i>Items that may subsequently be reclassified to the income statement</i>									
Foreign currency translation differences for foreign operations	25	-	-	-	14,682	-	14,682	353	15,035
Total other comprehensive income		-	-	-	14,682	-	14,682	353	15,035
Total comprehensive income for the period		-	(12,415)	-	14,682	-	2,267	(5,539)	(3,272)
Transactions with owners, recorded directly in equity									
Issue of ordinary shares	24	21,200	-	-	-	-	21,200	-	21,200
Costs of raising equity	24	(349)	-	-	-	-	(349)	-	(349)
Change in ownership of subsidiary		-	-	-	(1,522)	18,582	17,060	(17,060)	-
Share based payment transactions	26	-	-	2,084	-	-	2,084	-	2,084
Total transactions with owners		20,851	-	2,084	(1,522)	18,582	39,995	(17,060)	22,935
Balance at 31 December 2013		94,416	(15,137)	4,711	13,455	18,582	116,027	10,288	126,315

The notes on pages 43 to 93 are an integral part of these consolidated financial statements.

Tigers Realm Coal Limited
Consolidated statement of cash flows
For the year ended 31 December 2014

Note	31 December 2014 \$'000	31 December 2013 \$'000
Cash flows from operating activities		
Cash receipts from customers	13	62
Interest income	35	241
Cash paid to suppliers and employees	(5,447)	(8,511)
Income taxes paid	(15)	(36)
Net cash (used in) operating activities	(5,414)	(8,244)
Cash flows from investing activities		
Exploration and evaluation expenditure	(22,352)	(15,479)
Acquisition of property, plant and equipment	(6,519)	(1,919)
Security deposit	(1,841)	-
Acquisition of a subsidiary (net of cash acquired)	(5,461)	(455)
Net cash (used in) investing activities	(36,173)	(17,853)
Cash flows from financing activities		
Proceeds from issue of shares	60,973	21,200
Share issue costs	(4,204)	(349)
Net cash from financing activities	56,769	20,851
Net in cash and cash equivalents	15,182	(5,246)
Cash and cash equivalents at beginning of the period	3,749	8,528
Effects of exchange rate changes on cash and cash equivalents	1,534	467
Cash and cash equivalents at the end of the period	20,465	3,749

The notes on pages 43 to 93 are an integral part of these consolidated financial statements.

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

1. Reporting entity

Tigers Realm Coal Limited (the “Company” or “TIG”) is a company domiciled in Australia. The address of the Company’s registered office is Level 7, 333 Collins St, Melbourne, 3000. The consolidated financial statements of the Company as at and for the year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the “Group”). The Group is a for-profit entity and primarily is involved in coal exploration and mining development.

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board of Directors on 19 March 2015.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities which are carried at fair value and share based payment expenses which are recognised at fair value. Cost is based on the fair values of the consideration given in exchange for assets.

(c) Going concern basis of accounting

The consolidated financial statements has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

For the twelve month period ended 31 December 2014 the Group had a net loss of \$23.245 million (December 2013: loss \$18.307 million) and had net equity of \$138.057 million (December 2013: \$126.315 million). The net loss includes the impact of the loss of \$14.017 million (2013 loss of \$5.118 million) on the revaluation of the Royalty agreement liability (refer note 23).

As at 31 December 2014 the Group had cash and cash equivalents of \$20.465 million (December 2013: \$3.749 million). It had current assets of \$29.105 million (December 2013: \$9.807 million) and current liabilities of \$8.252 million (December 2013: \$4.971 million).

During the twelve month period ended 31 December 2014 the cash outflow from operations was \$5.414 million (31 December 2013: outflows of \$8.244 million). There were cash outflows from investing activities of \$36.173 million (31 December 2013: outflows of \$17.853 million) for the period. There were cash inflows from financing activities of \$56.769 million (31 December 2013: inflows of \$20.851 million).

During the twelve month period ended 31 December 2014 the Company completed the following fund raising activities to meet its working capital requirements. In April 2014 the fund raising announced in December 2013 by the Company was completed, with the issue of 369,527,844 new shares at \$0.165 per share. The fund raising was made up of the following components:

- a \$36.179 million placement to Baring Vostok Fund V, through BV Mining Holding Limited, with the issue of 219,263,985 shares;
- a \$16.335 million placement to the Russian Direct Investment Fund with the issue of 99,000,000 shares;
- a \$7.856 million placement to new and existing sophisticated and institutional shareholders with the issue of 47,612,290 shares; and
- \$0.603 million through a Share Purchase Plan for existing shareholders for the issue of 3,651,569 shares.

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

2. Basis of preparation (continued)

(c) Going concern basis of accounting (continued)

The Directors are satisfied with the Group's current financing position and are of the view that the continued application of the going concern basis of accounting is appropriate due to the following factors:

- Management has reviewed the Group's consolidated cashflow requirements and has satisfied themselves that there is adequate cash on hand to meet the planned corporate activities and working capital requirements for at least 12 months following the date of signing the 2014 financial statements;
- In the event that exploration and operating activities exceed the planned cashflow forecasts, or continue beyond 12 months following the date of signing the 2014 financial statements, the Group has the ability to raise additional funds, pursuant to the Corporations Act 2001;
- The ability of the Group to scale back certain parts of their exploration activities if required; and
- The Group retains the ability, if required, to wholly or in part dispose of interests in mineral exploration and development assets.

The Directors believe that current cash on hand will be sufficient to fund:

- Key Amaam North Project F permitting requirements;
- Key Exploration Licence, Mining Licence, and Rosmorport compliance obligations through to 31 March 2016;
- Port Ugolny 2015 operations; and
- General working capital requirements and corporate expenses through to at least 31 March 2016.

The ability of the Group to fund the ongoing working capital requirements of the Group beyond 31 March 2016 is uncertain. Accordingly a material uncertainty exists in regards to the ability of the Group to continue to operate as a going concern beyond 31 March 2016 and, therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. There can be no assurance that the Group will be able to obtain or access additional funding when required, or that the terms associated with the funding will be acceptable to the Directors. If the Group is unable to obtain such additional funding, it may be required to reduce the scope of its operations, which could adversely affect its business, financial condition and operating results.

No adjustments have been made to the carrying value and classification of assets and the amount and classification of liabilities that may be required if the Group does not continue as a going concern.

(d) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and the items included in the financial statements of each entity are measured using that functional currency.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand dollars unless otherwise stated.

(e) Use of estimates and judgements

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial period and that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

- note 16 – deferred exploration and evaluation
- note 17 – property, plant and equipment
- note 18 – intangible assets (goodwill and mineral rights)
- note 22 – deferred tax liabilities
- note 23 – royalty agreement liability

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

2. Basis of preparation (continued)

(f) New and amended standards adopted

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2014, noted below:

- (i) AASB 2011-4 Amendments to Australian Accounting Standards to remove Individual Key Management Personnel Disclosure Requirements and additions to Corporations Regulations 2001 Regulation 2M.3.03
- (ii) AASB 1053 Application of Tiers of Australian Accounting Standards
- (iii) AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities
- (iv) AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosure for Non-Financial Assets
- (v) AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting
- (vi) AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities
- (vii) IFRIC 21 Levies
- (viii) AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (December 2013) – Part B (Materiality)

The adoption of these standards only affects disclosures and had no impact on consolidated profit or loss. The changes have been applied retrospectively where required.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective for the year ended 31 December 2014.

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group entities.

Where required by Australian Accounting Standards, comparative figures have been reclassified to conform to changes in presentation in the current financial year.

(a) Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Group's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for in equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Subsequent to acquisition date, transactions with non-controlling interests that do not result in a loss of control are accounted for as transactions with equity owners of the Group. Any difference between the amount of the adjustment to the non-controlling interest and any consideration paid or received is recognised as a separate reserve within equity.

The assets, liabilities and contingent liabilities recognised at acquisition date are recognised at fair value. In determining fair value the consolidated entity has utilised valuation methodologies including discounted cash flow analysis. The assumptions made in performing this valuation include assumptions as to discount rates, foreign exchange rates, commodity prices, the timing of development, capital costs, and future operating costs. Any significant change in key assumptions may cause the acquisition accounting to be revised including recognition of goodwill or a discount on acquisition. Additionally, the determination of the acquirer and the acquisition date also require significant judgement to be made by the Group.

(ii) Non-controlling interests

For each business combination, the Group elects to measure any non-controlling interests (NCI) in the acquiree either:

- at fair value; or
- at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners, and are recorded in a new equity reserve called "Other Reserve". Adjustments to non-controlling interests are based on a proportionate amount of net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

(iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements of the Group from the date that control commences until the date that control ceases.

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the non-controlling interests even if doing so reduces the non-controlling interests below zero.

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost

(v) Transactions eliminated on consolidation

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

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on the retranslation are recognised in profit or loss, except for differences arising from the retranslation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges, which are recognised in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the functional currency at exchange rates at reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportional share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant portion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the translation reserve in equity.

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

3. Significant accounting policies (continued)

(c) Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in transactions in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets:

- **Trade and other receivables**
Trade and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs.
- **Cash and cash equivalents**
Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less from the acquisition date that are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments

(ii) Non-derivative financial liabilities

The Group initially recognises non-derivative financial liabilities on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

The Group has the following non-derivative financial liabilities:

- **Trade and other payables**
Liabilities are recognised for amounts to be paid in the future for goods and services provided to the Group prior to the end of the reporting period and are stated at amortised cost. The amounts are unsecured and are usually paid within 30 days of recognition.
- **Finance leases**
Finance leases to be paid in accordance with payment schedule based on the contractual agreements.

(iii) Share capital

Ordinary shares

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

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

3. Significant accounting policies (continued)

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership at the end of the lease.

The estimated useful lives for the current and comparative periods are as follows:

- Land & buildings 20 years
- Plant & equipment 5 – 10 years
- Fixtures & fittings 5 – 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(e) Intangible assets

(i) Exploration and evaluation assets

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as deferred exploration and evaluation assets on an area of interest basis. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in the income statement.

Exploration and evaluation assets are only recognised if the rights to the area of interest are current and either:

- the expenditures are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as deferred exploration and evaluation assets are assessed for impairment if:

- sufficient data exists to determine technical feasibility and commercial viability; and
- facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Expenditure which no longer satisfies the above policy is written off. In addition, a provision is raised against expenditure where the Directors are of the opinion that the carried forward net cost may not be recoverable under the above policy. The creation and increase in the provision is taken to the profit or loss for the year.

In the event that an area of interest is abandoned or if the Directors consider the expenditure to be of reduced value, any expenditure carried forward in respect of that area is written off in the period in which the decision to abandon is made, firstly against any existing provision for that expenditure, with any remaining balance being charged to earnings. Each area of interest is reviewed at the end of each accounting period and accumulated costs are written off to the extent that they are not expected to be recoverable in the future.

Expenditure is not carried forward in respect of an area of interest/mineral resource unless the Group's right to tenure to that area of interest is current.

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

3. Significant accounting policies (continued)

(e) Intangible assets (continued)

(ii) Mineral Rights

Acquired mineral rights comprise identifiable exploration and evaluation assets including mineral reserves acquired as part of a business combination and are recognised at fair value at the date of acquisition. The mineral rights will be reclassified as mine property and development from commencement of development and amortised when commercial production commences on a unit of production basis over the estimated economic reserve of the mine.

The mineral rights are subject to impairment testing in accordance with the Group's policy for exploration, evaluation and development assets.

(iii) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition refer note 3(a)(i) (business combinations).

Goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised, however its carrying value is assessed annually against its recoverable amount, as explained below under note 3(f) Impairment. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

(iv) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

(v) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the profit or loss as incurred.

(vi) Amortisation

Except for goodwill and mineral rights, intangible assets are amortised on a straight line basis in profit or loss over the estimated useful lives, from the date they are available for use. The estimated useful lives for the current and comparative years for computer software is three to five years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(f) Impairment

(i) Non-derivative financial assets (including receivables)

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be measured reliably.

All impairment losses are recognised in profit or loss. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets except for exploration and evaluation assets and mineral rights, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date. For exploration and evaluation assets and mineral rights an impairment assessment takes place when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

3. Significant accounting policies (continued)

(f) Impairment (continued)

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest groups of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit”). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying value of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(i) Restoration and rehabilitation provision

The Group has obligations to restore and rehabilitate certain areas of property. Provisions for the cost of rehabilitation programs are recognised at the time that environmental disturbance occurs (or is acquired). On an ongoing basis, additional disturbances will be recognised as a rehabilitation liability.

(h) Employee benefits

(i) Short term employee benefits

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within twelve months of the reporting date represent obligations resulting from employee’s services provided to reporting date, and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Company expects to pay as at the reporting date, including related on-costs, such as workers’ compensation insurance and payroll tax.

A liability is recognised for the amount expected to be paid under short-term incentive bonus plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(ii) Share-based payment transactions

Equity-based compensation is recognised as an expense in respect of the services received, or as capitalised exploration expenditure as appropriate.

The fair value of options granted is recognised as an asset or expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees became unconditionally entitled to the options. The fair value at grant date is independently determined using an option pricing model that takes into account the exercise price, the term of the options, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the option, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

3. Significant accounting policies (continued)

(i) Revenue recognition

Revenue is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

Revenues are recognised at fair value of the consideration received net of the amount of GST. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenue.

(j) Finance income and finance costs

Finance income comprises interest income on funds loaned to equity accounted investees and funds invested. Interest income is recognised as it accrues in profit and loss, using the effective interest rate method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(k) Leases

(i) Leased assets

Assets held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

(i) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability

(l) Income Tax

Income tax expense comprises current and deferred tax. Current and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity, or in comprehensive income.

(i) Current tax

Current tax is the expected tax payable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting or taxable profit or loss
- temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

3. Significant accounting policies (continued)

(l) Income Tax (continued)

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(iii) Tax exposure

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(iv) Tax consolidation

The Company and its wholly-owned Australian resident entity are part of a tax consolidated group. As a consequence all members of the tax consolidated group are taxed as a single entity. The head entity within the tax consolidated group is Tigers Realm Coal Limited.

(v) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(m) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(n) Segment reporting

The Group determines and presents operating segments based on the information that internally is provided to the Chief Executive Officer, who is the Group's chief operating decision maker.

An operating segment is a component of the Group that engages in business activities which incur expenses. An operating segment's expenditures are reviewed regularly by the Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment expenditure that is reported to the Chief Executive Officer includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses.

Segment capital expenditure is the total cost incurred during the period on exploration and evaluation, and to acquire property, plant and equipment and intangible assets other than goodwill.

(o) Discontinued operations

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale or distribution, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

4. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are issued but not yet effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

(a) AASB 9 Financial Instruments (2010), AASB 9 Financial Instruments (2009)

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009) financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project that may result in limited amendments to the classification and measurement requirements of AASB9 and add new requirements to address impairment of financial assets and hedge accounting.

AASB 9 Financial Instruments becomes mandatory for the Group's 2015 consolidated financial statements and could change the classification and measurement of financial assets. The Group does not plan to adopt this standard early and the extent of the impact has not been determined.

5. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value for financial assets and liabilities.

When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on inputs used in valuation techniques as follows.

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

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 23 royalty agreement liability
- Note 26 share-based payment transactions
- Note 27 financial instruments

(a) Trade and other receivables

The fair value, which is determined for disclosure purposes, is calculated based on the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(b) Non-derivative financial assets and liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

(c) Royalty Agreement liability

The fair value of option liabilities is determined using the Black Scholes option valuation methodology, adjusted for the level of risk assumed in the option. The fair value of the royalty agreement liability is based on an assessment of the probability of the project proceeding, and a discounted cash flow estimate for the underlying mining project which included various assumptions about the life of the mine including commodity prices, exchange rates, grade of resources, capital expenditure, operating costs, production recovery rates, depreciation rates, and tax rates; and is discounted at the Group's cost of equity at the reporting date.

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

5. Determination of fair values (continued)

(d) Share-based payment transactions

Equity-based compensation is recognised as an expense in respect of the services received, or as capitalised exploration expenditure as appropriate. The fair value of options granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. The fair value is measured using a Black-Scholes or Monte-Carlo Simulation Model. Measurement inputs include value on measurement date, exercise price of the instrument, expected volatility (based on comparable companies), expected life of the instruments, expected dividends and the risk free interest rate. Service conditions attached to the transactions are not taken into account in determining fair value.

6. Financial risk management

(a) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Audit, Risk and Compliance Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board.

The Group has established a Risk Management Policy to provide a framework for the management of risk within the Group. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The Group has exposure to the following risks from its operations and use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

(ii) 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.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, commodity prices and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. For the Group currency risk arises from transactions in foreign currencies, predominantly US Dollars (USD), and Russian roubles (RUB). For the Group interest rate risk arises from the exposure to Australian cash deposit rates relating to cash and cash equivalents. For the Group commodity price risk affects the valuation of the Royalty Agreement Liability, as the liability is determined starting with the value of the Amaam project, with its value determined using a Discount Cash-Flow model.

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

6. Financial risk management (continued)

(iv) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure and from external factors other than credit, liquidity and market risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness. The primary responsibility for the development and implementation of controls to address operational risk is assigned to the Group's senior management. This responsibility is supported by the development of the Group Policies and Code of Conduct.

(b) Capital management

The Company and Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration, evaluation and development of its projects. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, or issue new shares. The Group's focus has been to raise sufficient funds through equity to fund exploration and evaluation activities and currently has no external borrowings, except for finance leases.

The Board has not set a target for employee ownership of the Company's ordinary shares.

The Board has not yet set a debt to capital target for the Group.

Russian Law provides that Russian subsidiaries in the Group need to maintain a level of net assets higher than their charter capital. Management closely monitor this requirement and act accordingly when required.

Neither the Company nor remaining subsidiaries are subject to any externally imposed capital requirements.

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

7. Segment reporting

The Group has two reportable segments, as described below, which are the Group's main mineral exploration projects. The Group has identified these segments based on the internal reports used and reviewed by the Group's Chief Executive Officer (the chief operating decision maker), in assessing performance and determining the allocation of resources.

The accounting policies used by the Group in reporting segments internally are the same as those contained in note 3 to the accounts and in the prior period. In 2014 the mineral exploration and evaluation activities of the Group are managed in two reportable operating segments outlined below. In 2013 the mineral exploration activities of the Group were managed in one reportable operating segment, the Amaam Project. The Amaam Segment has now been split into two reporting segments the Amaam Project and the Amaam North Project to reflect the current management approach. Comparative information for 2013 has been restated to reflect the split of the Amaam Segment into for the Amaam Project and Amaam North Project.

2014

Amaam Project

The Amaam Project is located in the Bering Basin in Chukotka province, Russia and consists of the Amaam tenement.

Amaam North Project

The Amaam North Project is located in the Bering Basin in Chukotka province, Russia and consists of the Amaam North tenement. Also includes transport and infrastructure assets associated with the Beringovsky Port and Coal Terminal acquired by the Company in June 2014.

Other

Consists of corporate and office expenses primarily incurred at the Group's Melbourne offices, including the costs of liquidating non-operating entities (Indonesia and Spain). This is not a reportable segment.

2013 (pre adjustment)

Amaam Project

The Amaam Project is located in the Bering Basin in Chukotka province, in the Russian Federation and consists of the Amaam tenement and the Amaam North tenement.

Other

Consists of corporate and office expenses primarily incurred at the Group's Melbourne offices, and other costs, including the costs of closing and liquidating non-operating entities (Indonesia and Spain). This is not a reportable segment.

Management monitors the expenditure outlays of each segment for the purpose of cost control and making decisions about resource allocation. The Group's administration and financing functions are managed on a group basis and are included in the "Other", which is not a reportable segment.

For personal use only

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

7. Segment reporting (continued)

	Amaam Project \$'000	Amaam North Project \$'000	Total Reportable Segments \$'000	Other \$'000	Total \$'000
31 December 2014					
Total segment revenue (including interest revenue)	13	-	13	35	48
Segment expense	(14,026)	(330)	(14,356)	(7,321)	(21,677)
Depreciation and amortisation	-	(159)	(159)	(92)	(251)
Net foreign exchange gain / (loss)	-	-	-	1,980	1,980
Segment result	(14,013)	(489)	(14,502)	(5,398)	(19,900)
Segment assets	158,851	37,683	196,534	19,745	216,279
Segment liabilities	(65,596)	(11,854)	(77,450)	(772)	(78,222)
31 December 2013					
Total segment revenue (including interest revenue)	62	-	62	241	303
Segment expense	(5,181)	(73)	(5,254)	(9,840)	(15,094)
Depreciation and amortisation	-	-	-	(76)	(76)
Net foreign exchange gain / (loss)	-	-	-	(121)	(121)
Segment result	(5,119)	(73)	(5,192)	(9,796)	(14,988)
Segment assets	161,748	14,883	176,631	2,959	179,590
Segment liabilities	(48,499)	(2,988)	(51,487)	(1,788)	(53,275)

Geographical information

The Group manages its business on a worldwide basis but primarily holds assets in one geographic segment, being Russia.

	2014		2013	
	Revenues \$'000	Non-current assets \$'000	Revenues \$'000	Non-current assets \$'000
Russia	13	186,933	62	169,519
Total	13	186,933	62	169,519

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

8. Other income

Note	31 December 2014 \$'000	31 December 2013 \$'000
Other income	-	62
Other income	-	62

9. Expenses

Administration expenses

Wages and salaries, including superannuation contributions	(3,775)	(3,059)
Contractors and consultants fees	(1,311)	(2,121)
Corporate travel costs	(510)	(861)
Accounting and audit fees	(272)	(363)
Other	(1,427)	(1,089)
Total administration expense	(7,295)	(7,493)

31 December 2014 \$'000	31 December 2013 \$'000
(3,775)	(3,059)
(1,311)	(2,121)
(510)	(861)
(272)	(363)
(1,427)	(1,089)
(7,295)	(7,493)

10. Finance income / (expenses)

Finance income / (expense)

Net foreign exchange gain/(loss)	1,980	(121)
Finance expense	1,980	(121)
Finance income – external interest income	35	241
Finance income	35	241
Net finance income	2,015	120

31 December 2014 \$'000	31 December 2013 \$'000
1,980	(121)
1,980	(121)
35	241
35	241
2,015	120

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

11. Income tax expense

A reconciliation between tax expense and the product of accounting profit multiplied by Australia's domestic tax rate for the years ended 31 December 2014 and 2013 is set out below.

	Note	31 December 2014 \$'000	31 December 2013 \$'000
Loss before tax from continuing operations		(19,900)	(14,988)
		(19,900)	(14,988)
Income tax using the domestic corporation tax rate of 30%		(5,969)	(4,496)
Changes in income tax expense due to:			
Effect of tax rates in foreign jurisdictions		2,605	1,190
Other assessable income		-	102
Deduction for exploration and evaluation		(158)	-
Other deductible expense		(2)	-
Non-deductible expenses-royalty liability		1,752	640
Non-deductible expenses-other		(879)	621
Other – accrued interest		-	-
Current period tax losses for which no deferred tax asset was recognised		5,996	5,262
Total income tax expense on pre-tax net profit		3,345	3,319
Current tax expense		15	36
Deferred tax expense		3,330	3,283
Total income tax expense		3,345	3,319

Unrecognised deferred tax assets

	Note	31 December 2014 \$'000	31 December 2013 \$'000
Net deferred tax assets have not been recognised in respect of the following:			
Total tax assets not recognised		15,106	13,010

During the period the Company made changes to inter-company loan agreements between its Russian and Cyprus subsidiaries so as to enable compliance with Russian law regarding maintenance of net asset position within the Russian entities. This change affected the tax losses carried forward, as it triggered the realisation of existing unrealised foreign exchange gains on these loans for Australian tax purposes. The tax losses carried forward as at 31 December 2014 were reduced by the estimated tax effected FX gain for the Group of AUD \$3.9 million. The tax losses incurred in Australia do not expire under current tax legislation. In the overseas jurisdictions the tax losses can be carried forward for varying periods. Deferred tax assets have not been recognised for deductible temporary differences or carried forward tax losses where it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

12. Earnings / (loss) per share

		31 December 2014 cents	31 December 2013 cents
(Loss) per share			
Basic (loss) per share – cents	a	(2.48)	(2.48)
Diluted (loss) per share – cents	b	(2.48)	(2.48)
(Loss) per share – continuing operations			
Basic (loss) per share – cents	a	(2.48)	(2.48)
Diluted (loss) per share – cents	b	(2.48)	(2.48)

(a) Basic earnings / (loss) per share

The calculation of basic earnings per share (EPS) at 31 December 2014 was based on the loss attributable to ordinary equity holders of the Company of \$20.075 million (2013: loss of \$12.415 million) and a weighted average number of ordinary shares outstanding during the period ended 31 December 2014 of 807,991,613 (2013: 499,790,986).

(b) Diluted earnings / (loss) per share

The calculation of diluted earnings per share at 31 December 2014 is the same as basic earnings per share. The Company had issued 38,292,000 options over ordinary shares. The options over ordinary shares could potentially dilute basic earnings per share in the future; however, they have been excluded from the calculation of diluted earnings per share because they are anti-dilutive for the reporting period.

13. Cash and cash equivalents

	31 December 2014 \$'000	31 December 2013 \$'000
Bank balances	20,465	3,749
Cash and cash equivalents	20,465	3,749

All cash and cash equivalents are available for use by the Group.

For personal use only

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

14. Reconciliation of cash flows from operating activities

	31 December 2014 \$'000	31 December 2013 \$'000
Cash flows from operating activities		
(Loss) for the period	(23,245)	(18,307)
Adjustments for non-cash items:		
Unrealised foreign exchange (gain)/loss	(1,980)	120
Share based payments	26 524	2,084
Administration expenditure	700	836
Loss on investment	-	475
Gain / (loss) on revaluation of royalty agreement liability	23 14,017	5,118
Income tax expense	11 3,330	3,283
	(6,654)	(6,391)
Changes in working capital		
(Increase) / decrease in trade and other receivables	35	(30)
(Increase) / decrease in prepayments	2,553	(1,719)
(Decrease) / increase in trade and other payables	(1,348)	(104)
Net cash (used in) operating activities	(5,414)	(8,244)

For personal use only

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

15. Trade and other receivables

	Note	31 December 2014 \$'000	31 December 2013 \$'000
Security deposit		1,969	-
Other receivables		2,732	1,602
		3,541	1,602
Current		3,541	1,602
Non-current		1,160	-

The Group has negotiated bank guarantee in favour of Caterpillar as part of the arrangement to acquire a small fleet of mobile equipment. The total of the guarantee at 31 December 2014 was USD \$1.607 million. Security deposit is provided to the Raiffeisen Bank Moscow.

16. Deferred exploration and evaluation

	31 December 2014 \$'000	31 December 2013 \$'000
Cost		
Opening balance	36,083	18,619
Expenditure incurred	18,012	16,067
Effect of movement in exchange rates	(21,723)	1,397
Capitalised exploration and evaluation at end of year	32,372	36,083
Impairment	-	-
Total exploration and evaluation	32,372	36,083

The Group's accounting policy is to capitalise expenditure on exploration and evaluation on an area of interest basis. The recoverability of the carrying amounts of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective area of interest.

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

17. Property, plant and equipment

	Assets in construction \$'000	Land & Buildings \$'000	Plant & Equipment \$'000	Fixtures & Fittings \$'000	Total \$'000
31 December 2014					
<i>Cost</i>					
As at 1 January 2014	-	5,141	2,692	240	8,073
Additions	9,631	835	736	-	11,202
Disposals	-	-	-	-	-
Transfers	-	-	-	-	-
Effect of movement in exchange rates	(1,807)	(1,896)	(983)	-	(4,686)
As at 31 December 2014	7,824	4,080	2,445	240	14,589
<i>Depreciation and impairment</i>					
As at 1 January 2014	-	(1,049)	(340)	(57)	(1,446)
Depreciation charge for the period	-	(530)	(541)	(49)	(1,120)
Disposals	-	-	-	-	-
Effect of movement in exchange rates	-	386	113	-	499
As at 31 December 2014	-	(1,193)	(768)	(106)	(2,067)
Net book value:					
At 31 December 2014	7,824	2,887	1,677	134	12,522
31 December 2013					
<i>Cost</i>					
As at 1 January 2013	-	3,295	1,161	240	4,696
Additions	-	1,563	1,433	-	2,996
Disposals	-	-	-	-	-
Transfers	-	-	-	-	-
Effect of movement in exchange rates	-	283	98	-	381
As at 31 December 2013	-	5,141	2,692	240	8,073
<i>Depreciation and impairment</i>					
As at 1 January 2013	-	(428)	(91)	(9)	(528)
Depreciation charge for the period	-	(584)	(242)	(48)	(874)
Disposals	-	-	-	-	-
Effect of movement in exchange rates	-	(37)	(7)	-	(44)
As at 31 December 2013	-	(1,049)	(340)	(57)	(1,446)
Net book value:					
At 31 December 2013	-	4,092	2,352	183	6,627

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

18. Intangible assets

	Goodwill \$'000	Mineral Rights \$'000	Other \$'000	Total \$'000
31 December 2014				
<i>Cost</i>				
As at 1 January 2014	23,193	103,808	104	127,105
Additions	-	-	68	68
Additions – acquisition of subsidiary	780	-	3,149	3,929
Effect of movement in exchange rates	2,039	9,126	(990)	10,175
As at 31 December 2014	26,012	112,934	2,331	141,277
<i>Amortisation and impairment</i>				
As at 1 January 2014	-	-	(32)	(32)
Amortisation charge for the period	-	-	(125)	(125)
As at 31 December 2014	-	-	(157)	(157)
Net book value:				
At 31 December 2014	26,012	112,934	2,175	141,120
31 December 2013				
<i>Cost</i>				
As at 1 January 2013	19,843	88,773	53	108,669
Additions	-	-	51	51
Additions – acquisition of subsidiary	-	-	-	-
Effect of movement in exchange rates	3,350	15,035	-	18,385
As at 31 December 2013	23,193	103,808	104	127,105
<i>Amortisation and impairment</i>				
As at 1 January 2013	-	-	(12)	(12)
Amortisation charge for the period	-	-	(20)	(20)
As at 31 December 2013	-	-	(32)	(32)
Net book value:				
At 31 December 2013	23,193	103,808	72	127,073

Goodwill relates to the Amaam Project and the acquisition of the Beringovsky Port and Coal Terminal through the 100% purchase of Port Ugolny LLC in June 2014. Goodwill represents the excess of the cost of the acquisition over the fair value of the Group's share of the identifiable assets acquired and liabilities and contingent liabilities assumed at the date of acquisition.

Other intangible assets consist of computer software and Beringovsky Port leasehold rights.

The Mineral Rights acquired as part of business combinations will be amortised (as an expense) in the consolidated statement of comprehensive income over the life of the relevant areas of interest from the commencement of commercial production. The mineral rights intangible asset will be subject to impairment testing in accordance with the Group's accounting policy for exploration and evaluation assets.

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

18. Intangible assets (continued)

Impairment testing for CGUs containing goodwill

Goodwill arose in the business combination for the acquisition of a controlling interest in the Amaam Project through the acquisition of an interest in Eastshore Coal Holding Limited in 2011. It represents the excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired and contingent liabilities assumed at the date of acquisition. Goodwill is allocated to the Group's cash generating units (CGUs) identified according to the Group's operating segments for impairment testing purposes.

In addition to the goodwill that arose in relation to the Amaam Project, there was also goodwill in relation to the acquisition of the Beringovsky Port and Coal Terminal through the purchase of a 100% equity interest in Port Ugolny LLC (Amaam North Project).

Segment	31 December 2014 \$'000	31 December 2013 \$'000
Amaam Project	25,232	23,193
Amaam North Project	780	-
Total	26,012	23,193

In assessing whether an impairment adjustment is required for the carrying value of an asset, its carrying value is compared with its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. It is management's intention to continue to develop the Amaam Project. Consequently, unless indicated otherwise, the recoverable amount used in assessing asset impairment is the value in use. The fair value measurement was categorised as a Level 3 fair value based on inputs in the valuation techniques used (refer note 5).

Impairment valuation technique and significant observable inputs

The Group estimates the value in use of the Amaam Project using a discounted cash flow model for the life of the project. The projected cash flows of the project are for a period in excess of five years and represents management's estimate of the life of mine. The calculation of value in use is most sensitive to a number of assumptions, including short and long term commodity prices, foreign exchange rates, production volumes, capital expenditure, operating costs and discount rates. These assumptions can change over short periods of time which can have a significant impact on the carrying value of assets. The assumptions applied within this valuation are consistent with those applied in determining the Royalty Agreement Liability (refer to Note 23).

Detailed development plans are constructed by management for each project utilising detailed life of mine plans based on estimated production volumes and operating costs. Management believes that no reasonably possible change in the assumptions would cause the carrying amount of goodwill to be reduced in excess of the corresponding write back of the deferred tax liability (resulting from the business combination).

The future cash flows are adjusted for risks specific to the asset and discounted using a pre-tax discount rate of 17.12% (2013: 16.06%). This discount rate is derived from the Group's post-tax weighted average cost of capital. Management also believes that currently, there is no reasonably possible change in the discount rate, estimated coking coal price, and future operating costs which would reduce the Group's excess of recoverable amount over the carrying amounts of the individual CGUs to zero.

19. Trade & other payables

	31 December 2014 \$'000	31 December 2013 \$'000
Other trade payables and accrued expenses	848	3,747
	848	3,747
Current	848	3,747
	848	3,747

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

20. Employee Benefits

	31 December 2014 \$'000	31 December 2013 \$'000
Annual Leave	302	310
Provision for annual bonus	690	914
Provision for other employee costs	139	-
	1,131	1,224

21. Lease Liability

	31 December 2014 \$'000	31 December 2013 \$'000
Finance lease liabilities - current	6,273	-
	6,273	-
Finance lease liabilities – non-current	2,563	-
	2,563	-

The terms and conditions of the finance leases are as follows:

	Currency	Interest rate	Year of maturity	31 December 2014	
				Value at inception \$'000	Carrying amount \$'000
Finance lease liabilities	USD	9.95%	2016	\$10,095	\$8,836
Total interest bearing liabilities				\$10,095	\$8,836

During 2014 the Group entered into a finance lease with Caterpillar to acquire a small fleet of mobile equipment to commence early stage development at Project F Amaam North. USD \$8.217 million in equipment at cost (including VAT) was acquired, with an initial advance paid and the balanced financed. The finance lease liability for USD \$8.234 million, with advances paid of USD \$4.191 million. The advances paid unwind over a 12 month period from the commencement of the lease in September 2014. Terms and charges are determined on the net position of the lease liability and advance. In addition to this a security deposit for Caterpillar was put in place through Raiffeisen Bank for USD \$1.607 million.

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

22. Deferred Tax Liabilities

The balance comprises temporary differences attributable to:

Exploration and evaluation assets

Mineral rights acquired

Total deferred tax liabilities recognised

Deferred tax liabilities to be settled in within 12 months

Deferred tax liabilities to be settled after 12 months

Total deferred tax liabilities recognised

Movement in deferred tax liability

At beginning of period

Exploration and evaluation assets

Effects of movement in exchange rates

At end of period

	31 December 2014 \$'000	31 December 2013 \$'000
	7,705	7,682
	22,441	20,628
	30,146	28,310
	-	-
	30,146	28,310
	30,146	28,310
	28,310	21,996
	3,922	3,283
	(2,086)	3,031
	30,146	28,310

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

23. Royalty Agreement Liability

	31 December 2014 \$'000	31 December 2013 \$'000
Opening balance of royalty agreement liability	19,994	12,330
Fair value adjustment to royalty agreement liability	14,017	5,118
Effect of movement in exchange rates	3,250	2,546
Total royalty agreement liability recognised at end of year	37,261	19,994

The royalty agreement liability arose as a consequence of the shift in control of Eastshore to TRC Cyprus on 6 May 2011 and the resulting consolidation of Eastshore and its 100% owned subsidiary, NPCC.

Applying AASB 3 *Business Combinations* the fair value of the consideration for Eastshore is measured with reference to the fair value of TIG's existing 40% equity interest in Eastshore at 6 May 2011, and in addition, the fair value of the option inherent in the Bering Royalty Agreement, whereby Bering may choose to fund its proportion of the expenditure after completion of the bankable feasibility study or to have its interest diluted in return for a royalty stream.

With regards to the Bering Royalty Agreement, prior to 6 May 2011, TRC Cyprus held a 40% interest in Eastshore. TRC Cyprus now holds an 80% interest in Eastshore. If Bering fails to fund its proportion of expenditure after completion of the bankable feasibility study, its remaining 20% shareholding may be diluted in exchange for a maximum royalty of 2% of gross sales revenue from the sale of coal produced from the area of a license held by a member of the Eastshore Group.

The option inherent in the Bering Royalty Agreement whereby Bering may choose to fund its proportion of expenditure after completion of the bankable feasibility study or to have its interest diluted in return for a royalty stream, is deemed to be part of the consideration for TIG obtaining control of Eastshore. As such, the option is recorded as consideration at fair value in relation to the acquisition.

Measurement of fair values

(i) Fair value hierarchy

The fair value measurement of the royalty agreement liability has been categorized as a Level 3 fair value based on the inputs to the valuation technique used (refer note 5(c)).

(ii) Valuation technique and significant observable inputs

TIG has used the Black and Scholes formula to value the royalty agreement liability, based on the parameters set out in the table below:

	31 December 2014	31 December 2013
Valuation Date	1 January 2018	1 January 2015
Expiry Date	24.23	51.69
20% value of the Amaam Project (US\$m)	50.57	55.39
Net Present Value of the Bering royalty stream (US\$m)	1,097	366
Time to expiration (days)	75%	83%
TIG Share Price volatility (%/100)	2.47%	3.72%
20 Year US bond yield (risk free rate) (%/100)		

The value of the Royalty Agreement Liability is determined starting with the value of the Amaam project, with its value determined using a Discount Cash Flow model. At 31 December 2014 the fair value of the liability was revalued to \$37.261 million (2013: \$19.994 million). This resulted in a loss being taken to the statement of comprehensive income for the year ended 31 December 2014 of \$14.017 million (2013: loss of \$5.118 million). The fair value was recalculated based on information available at 31 December 2014. In 2014 the Royalty Agreement Liability has been impacted by an increase in the discount rate due to substantial movements in a number of elements, and a revised Bankable Feasibility Study (BFS) completion date, with the effect of the revised date pushing out the timeline for production, sales and capital expenditure by three years. The movement in the royalty agreement liability is a non-cash movement.

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

23. Royalty Agreement Liability (continued)

The expiry date for the option has been extended during the current period. Having completed the Amaam North Project F Preliminary Feasibility Study in September 2013 and the Bankable Feasibility Study in November 2014, TIG's focus is now on the development of Project F with first production expected in second half of 2015 and first sales in 2016. Recognizing this change in focus for the Group, the Amaam BFS completion date has been extended 36 months to 1 January 2018. This will be the expiry date for the option and represents the point in time that the Option-holder (Bering) must make an initial funding decision.

Due to the inherent uncertainties arising from Bering's option to dilute its interest in return for a royalty stream after the completion of the bankable feasibility study, management cannot reliably estimate the timing of any expected outflows of cash if any.

The Bering option will be revalued at each future balance date with any resulting movement being recognised as a gain or loss in the statement of comprehensive income.

24. Share capital

	31 December 2014	31 December 2013
	\$'000	\$'000
Share Capital	164,901	103,928
Costs of raising equity	(13,716)	(9,512)
	151,185	94,416

(i) Movements in shares on issue:

	No of shares	Issue price \$	\$'000
Opening balance at 1 January 2013	418,223,017		82,728
<i>Movements in 2013</i>			
Issue of ordinary shares – placement	106,000,000	0.20	21,200
Closing share capital balance at 31 December 2013	524,223,017		103,928
Opening balance at 1 January 2014	524,223,017		103,928
<i>Movements in 2014</i>			
Issue of ordinary shares – placement	365,876,275	0.165	60,370
Issue of ordinary shares – Share Purchase Plan	3,651,569	0.165	603
Closing share capital balance at 31 December 2014	893,750,861		164,901

(ii) Movements in cost or raising equity:

	31 December 2014	31 December 2013
	\$'000	\$'000
Opening balance	(9,512)	(9,163)
Costs incurred	(4,204)	(349)
Closing balance	(13,716)	(9,512)

The Company does not have authorised capital or par value in respect of its issued shares. All issued share are fully paid. All shares rank equally with regard to the Company's residual assets.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

24. Share capital (continued)

Issue of ordinary shares – current year

In March and April 2014 the Company completed an equity raising of \$60.973 million in the form of fully paid ordinary shares at a price of \$0.165 per share. The \$0.165 share price represents a 5.8% discount to the five day volume weighted average trade price of TIG's shares prior to the trading halt announcement date on 5th December 2013. The equity raising consisted of the following elements.

- A placement of 219,263,985 fully paid ordinary shares to raise gross proceeds of \$36.179 million to Baring Vostok Private Equity Fund V, through BV Mining Holding Limited (BVMHL);
- A placement of 99,000,000 fully paid ordinary shares to raise gross proceeds of \$16.335 million to the Russian Direct Investment Fund (RDIF);
- A placement of 47,612,290 fully paid ordinary shares to raise gross proceeds up to \$7.856 million to existing and new shareholders. Of this placement amount, 23,484,848 shares were issued on 3 March 2014 raising gross proceeds of \$3.875 million.
- A Share Purchase Plan to existing shareholders was completed on 24 April 2014 which resulted in 3,651,569 shares being issued to raise gross proceeds of \$0.603 million.

Issue of ordinary shares – prior year

On 22 February 2013 the Company completed a placement of 106,000,000 fully paid ordinary shares to raise gross proceeds of \$21.200 million at a price of \$0.20 per share. The placement price represented a 7.3% discount to the volume weighted average price over the five days trading up to and including 19 February 2013.

(iii) Capital Management

Management controls the capital of the Group in order to maintain stable cash reserves, manage capital raising requirements, and ensure that the Group can fund its operations and continue as a going concern. The Group's debt and capital includes ordinary share capital and current and non-current financial liabilities. There is no non-current external debt, other than finance leases.

Management effectively manages the Group's capital by assessing the Group's cashflow and capital requirements and responds to those needs. These responses include management of capital projects, acquisition of mineral licences, reduction of expenditure, and sourcing of further funds.

(iv) Movements in options on issue:

	Date of issue	Number of options	Exercise price \$	Expiry date
Opening balance as at 1 January 2013		41,496,650		
Issue of options	15 February 2013	375,000	0.250	15 February 2018
Issue of options	15 February 2013	375,000	0.250	15 February 2018
Issue of options	15 February 2013	150,000	0.260	15 February 2018
Issue of options	15 February 2013	150,000	0.260	15 February 2018
Issue of options	15 February 2013	150,000	0.260	15 February 2018
Issue of options	15 February 2013	2,982,000	0.340	15 February 2018
Issue of options	22 March 2013	200,000	0.340	22 March 2018
Issue of options	3 May 2013	1,000,000	0.500	3 May 2018
Issue of options	3 May 2013	3,500,000	0.600	3 May 2018
Options forfeited		(851,550)		
Closing balance as at 31 December 2013		49,527,100		
Issue of options	4 June 2014	3,000,000	0.500	4 June 2019
Issue of options	19 December 2014	8,035,500	0.230	28 February 2019
Issue of options	19 December 2014	8,035,500	0.170	28 February 2019
Options forfeited		(30,306,100)		
Closing balance as at 31 December 2014		38,292,000		

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

25. Reserves and accumulated losses

(a) Reserves

	<i>Note</i>	31 December 2014 \$'000	31 December 2013 \$'000
Share based payments reserve		5,235	4,711
Other reserve		18,582	18,582
Foreign currency translation reserve		(5,441)	13,455
Total reserves		18,376	36,748
Movements			
Share based payments reserve			
Opening balance		4,711	2,627
Share options expense arising during the year	26	524	2,084
Closing balance		5,235	4,711
Other reserve			
Opening balance		18,582	-
Change in ownership of subsidiary		-	18,582
Closing balance		18,582	18,582
Foreign currency translation reserve			
Opening balance		13,455	295
Currency translation differences arising during the year		(18,896)	14,682
Change in ownership of subsidiary		-	(1,522)
Closing balance		(5,441)	13,455

Share based payments reserve

The share based payments reserve is used to recognise the value of options issued but not exercised.

Other reserve

The other reserve records the impact of changes in ownership interest of subsidiaries while retaining control.

Foreign currency translation reserve

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

(b) Retained earnings / (accumulated losses)

	31 December 2014 \$'000	31 December 2013 \$'000
Retained earnings / (accumulated losses) at the beginning of the year	(15,137)	(2,722)
Net (loss) attributable to members of the Company	(20,075)	(12,415)
(Accumulated losses) at the end of the year	(35,212)	(15,137)

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

26. Share based payments

(a) Recognised share based payment expense

Effect in thousands of AUD

	31 December 2014 \$'000	31 December 2013 \$'000
Expense arising from equity settled share based payment transactions	524	2,084

(b) Description of share-based payment arrangements

In 2010 the Company established the Staff Option Plan as part of the Group's Long Term Incentive Plan to assist in the attraction, motivation and retention of senior executives and employees and to encourage their personal commitment to the Company. The plan forms a necessary part of the competitive packages offered by the Company in-light of the markets in which it operates. The plan also creates an ownership mindset among participants and ensures business decisions and strategic planning has regard to the Company's long term performance and growth. There a number of different performance hurdles, exercise prices and vesting conditions dependent on the individual's position held. It is a vesting condition that the holder of options remains an employee or director at the time of vesting. There have been no cancellations or modification to the Staff Option Plan since it was established in 2010.

The Staff Option Plan offers individuals the opportunity to acquire options over fully paid ordinary shares in the Company. Share options granted under the plan carry no dividend or voting rights. When exercised, each option is convertible into one ordinary share subject to satisfying vesting conditions and performance criteria. The shares when issued rank pari passu in all respects with previously issued fully paid ordinary shares. Option holders cannot participate in new issues of capital which may be offered to shareholders prior to exercise.

A fair value of these options is assessed at grant date using a Monte Carlo simulation model in accordance with AASB2 *Share-based Payments*. The options vest and expire at dates set out in the terms of the grant. The options cannot be transferred and are not quoted on the ASX.

(c) Summary of options granted under the Option Plan

The options outstanding at 31 December 2014 have an exercise price in the range of \$0.17 to \$1.00 (2013: \$0.078 to \$1.00). The weighted average remaining contractual life for options outstanding at 31 December 2014 is 3.51 years (2013: 2.86 years). The weighted average fair value of options granted during the year was \$0.035 (2013: \$0.084). There are 13,823,000 vested and exercisable options at 31 December 2014 (2013: 4,175,000). No options were exercised in 2014 or 2013.

Movements in outstanding options

	2014		2013	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Balance at the beginning of the year	49,527,100	0.333	41,496,650	0.308
Granted	19,071,000	0.247	8,882,000	0.449
Forfeited	(30,306,100)	0.182	(851,550)	0.310
Exercised	-	-	-	-
Balance at the end of the year	38,292,000	0.410	49,527,100	0.333
Vested and exercisable at year end	13,823,000	0.606	4,175,000	0.382

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

26. Share based payments (continued)

Details of the share options outstanding at 31 December 2014 are detailed below:

Date of issue	2014		2013	
	Number of Options	Average Exercise Price	Number of Options	Average Exercise Price
		\$		\$
23 November 2010	-	-	15,356,100	0.078
20 December 2010	-	-	10,000,000	0.195
17 March 2011	-	-	1,000,000	0.425
17 October 2011	250,000	0.415	250,000	0.415
22 February 2012	1,773,000	0.500	1,989,000	0.500
28 March 2012	2,500,000	0.750	3,500,000	0.750
12 July 2012	-	-	250,000	0.250
27 July 2012	300,000	0.500	300,000	0.500
12 November 2012	2,000,000	0.250	2,000,000	0.250
12 November 2012	2,000,000	0.500	2,000,000	0.500
12 November 2012	2,000,000	0.750	2,000,000	0.750
12 November 2012	2,000,000	1.000	2,000,000	1.000
15 February 2013	-	-	375,000	0.250
15 February 2013	-	-	375,000	0.250
15 February 2013	-	-	150,000	0.260
15 February 2013	150,000	0.260	150,000	0.260
15 February 2013	150,000	0.260	150,000	0.260
15 February 2013	2,398,000	0.340	2,982,000	0.340
22 March 2013	200,000	0.340	200,000	0.340
3 May 2013	1,000,000	0.500	1,000,000	0.500
3 May 2013	2,500,000	0.600	3,500,000	0.600
4 June 2014	3,000,000	0.500	-	-
19 December 2014	8,035,500	0.230	-	-
19 December 2014	8,035,500	0.170	-	-
Balance at the end of the year	38,292,000	0.410	49,527,100	0.333

During the financial period, an additional 3,000,000 options were issued to directors and 16,071,000 to employees as part of the Company option plan. During the period 30,306,100 options were forfeited, thus bringing the options issued over ordinary shares in the Company to 38,292,000 as at 31 December 2014.

(d) Inputs for the measurement of grant date fair values

The grant date fair values of the options granted through the Staff Option Plan utilised assumptions underlying the Black-Scholes methodology to produce a Monte Carlo simulation model which allows for incorporation of the performance hurdles that must be met before the share based payment vests to the holder. Expected volatility is estimated by considering historic average share price volatility for those options issued since February 2013. Prior to that date, due to the lack of sufficient share price history (TIG was listed on 29 August 2011) the share price volatility was based on the historical volatility of a group of comparable companies, based on their principal activities, for volatility estimation purposes. The expected dividend yield used in the valuation process has been 0%. The early exercise provision has been measured using a sell multiple of two times the exercise price. The post-vesting withdrawal rate used in the valuation of the options is 0%. The risk free rate is derived from the yield on Australian Government Bonds of appropriate terms.

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

26. Share based payments (continued)

The share options originally granted prior to the Initial Public Offer on 29 August 2011 were granted with a performance period of 12 months from the date of the IPO, with the ability for the Directors to extend the performance period for a further 12 month period. In 2012 the Directors extended the performance period of these options for a further 12 month period to 29 August 2013. In 2013 the Directors extended the performance period of these options for a further 12 month period to 29 August 2014. As a consequence of each of these decisions these share options were revalued in accordance with accounting standard requirements. These options were forfeited 29 August 2014 as a result of not meeting the required performance hurdle.

The inputs used in the measurement of the fair values at grant date of the options granted under the Staff Option Plan and outstanding at year end are outlined below:

Option Grant Date	Fair value at grant date	Share price at grant date	Exercise price	Performance hurdle	Performance period	Expiry date	Risk free interest rate
17 Oct 2011	\$0.157	\$0.330	\$0.415	A	I	17 Oct 2016	4.13%
22 Feb 2012	\$0.160	\$0.325	\$0.500	D	J	22 Feb 2017	3.76%
28 Mar 2012	\$0.127	\$0.310	\$0.750	D	J	28 Mar 2017	3.71%
27 Jul 2012	\$0.055	\$0.155	\$0.500	B	J	27 Jul 2017	2.55%
12 Nov 2012	\$0.058	\$0.140	\$0.250	C	I	12 Nov 2017	2.68%
12 Nov 2012	\$0.045	\$0.140	\$0.500	C	I	12 Nov 2017	2.68%
12 Nov 2012	\$0.038	\$0.140	\$0.750	D	J	12 Nov 2017	2.68%
12 Nov 2012	\$0.032	\$0.140	\$1.000	D	J	12 Nov 2017	2.68%
15 Feb 2013	\$0.056	\$0.220	\$0.260	B	I	15 Feb 2018	3.05%
15 Feb 2013	\$0.079	\$0.220	\$0.260	B	J	15 Feb 2018	3.05%
15 Feb 2013	\$0.115	\$0.220	\$0.340	D	J	15 Feb 2018	3.05%
22 Mar 2013	\$0.100	\$0.200	\$0.340	D	J	22 Mar 2018	3.17%
3 May 2013	\$0.064	\$0.170	\$0.500	C	I	3 May 2018	2.69%
3 May 2013	\$0.065	\$0.170	\$0.600	D	J	3 May 2018	2.69%
4 June 2014	\$0.043	\$0.140	\$0.500	C	I	4 June 2019	2.69%
19 Dec 2014	\$0.030	\$0.099	\$0.23	C	I	28 Feb 2019	2.32%
19 Dec 2014	\$0.036	\$0.099	\$0.17	E	K	28 Feb 2019	2.32%

Note

- A. Performance hurdle: options vest if share price exceeds 125% of IPO (i.e. \$0.625) price during performance period
- B. Performance hurdle: options vest if share price exceeds \$0.50
- C. Performance hurdle: options vest 12 months after grant date.
- D. Performance hurdle: options vest 24 months after grant date.
- E. Performance hurdle: options vest 437 days after grant date.
- F. Performance period: 12 months after Initial Public Offer date.
- G. Performance period: 24 months after Initial Public Offer date.
- H. Performance period: 36 months after Initial Public Offer date.
- I. Performance period: 12 months after grant date.
- J. Performance period: 24 months after grant date.
- K. Performance period: 437 days after grant date.

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

27. Financial instruments

The Group holds the following financial instruments:

	31 December 2014 \$'000	31 December 2013 \$'000
Financial assets		
Cash and cash equivalents	20,465	3,749
Trade and other receivables	4,701	1,602
	25,166	5,351
Financial liabilities		
Trade and other payables	848	3,747
Finance leases	8,836	-
	9,684	3,747

The Royalty Agreement Liability represents a financial liability that is exposed to currency risk and market price risk and is carried at fair value. For details refer to Note 23.

(a) **Accounting classifications and fair values**

The following table shows the carrying amounts of financial assets and liabilities.

31 December 2014	Carrying amount		
	Loans & Receivables	Other financial liabilities	Total
	\$'000		
Financial assets not measured at fair value			
Cash and cash equivalents	20,465	-	20,465
Trade and other receivables	4,701	-	4,701
	25,166	-	25,166
Financial liabilities not measured at fair value			
Trade and other payables	-	848	848
Finance lease	-	8,836	8,836
	-	9,684	9,684

31 December 2013	Carrying amount		
	Loans & Receivables	Other financial liabilities	Total
	\$'000		
Financial assets not measured at fair value			
Cash and cash equivalents	3,749	-	3,749
Trade and other receivables	1,602	-	1,602
	5,351	-	5,351
Financial liabilities not measured at fair value			
Trade and other payables	-	3,747	3,747
	-	3,747	3,747

Fair value hierarchy

The Group uses various methods in estimating the fair value of a financial instrument. The different levels are as follows:

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

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

27. Financial instruments (continued)

The following table presents the Group's assets and liabilities measured and recognised at fair value by valuation model.

31 December 2014	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial liabilities	-	-	-	-
Royalty Agreement Liability	-	-	37,261	37,261
Total	-	-	37,261	37,261

31 December 2013	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial liabilities	-	-	-	-
Royalty Agreement Liability	-	-	19,994	19,994
Total	-	-	19,994	19,994

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurement in Level 3 of the fair value hierarchy:

	31 December 2014 \$'000	31 December 2013 \$'000
Opening balance of royalty agreement liability	19,994	12,330
Fair value adjustment to royalty agreement liability	14,017	5,118
Effect of movement in exchange rates	3,250	2,546
Total royalty agreement liability recognised at end of year	37,261	19,994

Sensitivity analysis

The calculation of the fair value of the option is sensitive to a number of assumptions, including short and long term commodity prices, foreign exchange rates, production volumes, operating costs, discount rates and probability weighting of the project proceeding. These assumptions can change over short periods of time which can have a significant impact on the carrying value of assets. Although the Group believes that its estimate of fair value is appropriate, the use of different methodologies or assumptions could lead to a different measurement of fair value. For the fair value measurement of the Bering Royalty Agreement Option listed in Level 3 above, changing a number of the key assumptions would have the following effects:

Bering Royalty Agreement Option	Effect on profit or loss	
	Favourable impact \$'000	Unfavourable impact \$'000
Discount rate assumption (100 basis point movement) <i>(100 basis point decrease has a favourable impact on profit)</i> <i>(100 basis point increase has an unfavourable impact on profit)</i>	2,556 -	- (3,593)
Commodity price assumption (10% movement) <i>(10% increase has a favourable impact on profit)</i> <i>(10% decrease has a favourable impact on profit as the option value is zero)</i>	12,406 37,261	- -
Capital expenditure assumption (10% movement) <i>(10% increase in capital expenditure unfavourable impact on profit)</i> <i>(10% decrease in capital expenditure favourable impact on profit)</i>	- 8,866	(18,935) -
<i>Probability weighting moves from 60% to 70%</i> <i>Probability weighting moves from 60% to 50%</i>	- 8,271	(8,526) -

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

27. Financial instruments (continued)

(b) Credit risk

Exposure to credit risk

Management monitors the exposure to credit risk on an ongoing basis. The maximum exposure to credit risk on financial assets which have been recognised on the balance sheet are generally the carrying amount, net of any provisions. Current receivables net of provision for doubtful receivables are not overdue or in default. The Group does not require collateral in respect of financial assets.

The Group has treasury policies in place for deposit transactions to be conducted with financial institutions with a minimum credit rating. At reporting date, cash is held with reputable financial institutions which all meet the Group's minimum credit rating required by the approved treasury policy.

	Carrying amount	
	2014 \$'000	2013 \$'000
Cash and cash equivalents	20,465	3,749
Trade and other receivables	4,701	1,602
	25,166	5,351

Geographical information

The Group's maximum exposure to credit risk for Trade and other receivables at the reporting date by geographical region was:

Europe and the Russian Federation	4,689	1,536
Australasia	12	66
	4,701	1,602

Counterparty information

The Group's maximum exposure to credit risk for Trade and other receivables at the reporting date by type of counterparty was:

Other	4,701	1,602
	4,701	1,602

Impairment losses

The ageing of the Group's Trade and other receivables at the reporting date was:

	Gross 2014 \$'000	Impaired 2014 \$'000	Gross 2013 \$'000	Impaired 2013 \$'000
Not past due	4,701	-	1,602	-
Past due 0-30 days	-	-	-	-
Past due 31-120 days	-	-	-	-
Past due 121 days to one year	-	-	-	-
More than one year	-	-	-	-
	4,701	-	1,602	-

There was no provision for impairment at 31 December 2014 (2013: \$nil); therefore there has been no movement in the provision for impairment for the year ended 31 December 2014.

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

27. Financial instruments (continued)

(c) Liquidity risk

Exposure to liquidity risk

Management monitors the exposure to liquidity risk on an on-going basis. Prudent liquidity risk management implies maintaining sufficient cash reserves to meet the on-going operational requirements of the business. It is the Group's policy to maintain sufficient funds in cash and cash equivalents. Furthermore, the Group monitors its cash requirements and raises appropriate funding as and when required to meet such planned expenditure.

The following are the contractual maturities of financial liabilities.

	Contractual cashflows						
	Carrying amount \$'000	Total \$'000	6 mths or less \$'000	6-12 mths \$'000	1-2 yrs \$'000	2-5 yrs \$'000	More than 5 yrs \$'000
31 December 2014							
Non-derivative financial liabilities							
Trade and other payables	848	848	848	-	-	-	-
Finance Lease	8,836	9,304	3,592	3,060	2,652	-	-
	9,684	10,152	4,440	3,060	2,652	-	-
31 December 2013							
Non-derivative financial liabilities							
Trade and other payables	3,747	3,747	3,747	-	-	-	-
	3,747	3,747	3,747	-	-	-	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

27. Financial instruments (continued)

(d) Market risk

(i) Currency risk

Exposure to currency risk

Management monitors the exposure to currency risk on an ongoing basis. The Group operates internationally and is exposed to foreign exchange risk arising from various currencies, primarily with respect to the US dollar ('USD') and the Russian Rouble ('RUB').

The Group's exposure to foreign currency risk was as follows:

	USD 2014 \$'000	RUB 2014 \$'000	USD 2013 \$'000	RUB 2013 \$'000
Cash and cash equivalents	19,286	43	3,067	281
Receivables	1,969	2,712	-	1,528
Trade and other payables	-	(657)	(8)	(2,892)
Finance Lease	(8,819)	-	-	-
Gross exposure	12,436	2,098	3,059	(1,083)
Forward exchange contracts	-	-	-	-
Net exposure	12,436	2,098	3,059	(1,083)

Exchange rates used

The following significant exchange rates were applied during the year relative to 1AUD:

	Average rate		Reporting date spot rate	
	2014	2013	2014	2013
USD	1.1094	1.0362	1.2258	1.1268
RUB	0.0293	0.0325	0.0216	0.0344

Sensitivity analysis

A weakening of the AUD, as indicated, against the USD and RUB at 31 December 2014 would have the impact in equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Strengthening		Weakening	
	Equity	Profit or loss	Equity	Profit or loss
	\$'000	\$'000	\$'000	\$'000
31 December 2014				
USD (10% movement)	1,382	1,382	(1,099)	(1,099)
RUB (10% movement)	233	233	(191)	(191)
31 December 2013				
USD (10% movement)	340	340	(278)	(278)
RUB (10% movement)	(120)	(120)	98	98

(ii) Market price risk

Management monitors the exposure to commodity price risk on an on-going basis. The Group does not have any direct commodity price risk relating to its financial assets or liabilities.

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

27. Financial instruments (continued)

(iii) Interest rate risk

Exposure to interest rate risk

Management monitors the exposure to interest rate risk on an ongoing basis. The Group's exposure to interest rate risk relates primarily to its cash and cash deposits. At the reporting date the interest rate profile of the company's and the Group's interest bearing financial instruments was:

	Carrying amount	
	2014	2013
	\$'000	\$'000
Fixed rate instrument		
Financial assets	-	-
Financial liabilities	8,836	-
	8,836	-
Variable rate instruments		
Financial assets		
Cash and cash equivalents	20,465	3,749
Financial liabilities	-	-
	20,465	3,749

Interest rates used

The following significant interest rates have been applied.

	Average rate	Reporting date spot rate
	%	%
2014		
Australian cash deposit rate	2.50	2.50
2013		
Australian cash deposit rate	2.70	2.50

Sensitivity analysis

An increase in interest rates, as indicated below, at balance dates would have increased equity and profit and loss by the amounts shown below. This analysis is based on interest rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular exchange rates, remain constant. A reduction in the interest rates would have had the equal but opposite effect to the amounts shown below, on the basis that all other variables remain constant.

	Group	
	Equity	Profit or loss
	\$'000	\$'000
31 December 2014		
Australian cash deposit rate (100 basis points increase)	87	87
31 December 2013		
Australian cash deposit rate (100 basis points increase)	9	9

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

28. Operating Leases

Leases as lessee

Non-cancellable operating lease rentals are payable in:

Less than one year
Between one and five years
More than five years

Lease expense recognised in Profit or Loss

Operating lease expense

	31 December 2014 \$'000	31 December 2013 \$'000
	243	311
	12	11
	-	-
	255	322
	-	-
	-	-

The Group leases office space under operating leases. These lease costs are considered directly attributable to the projects and are therefore capitalised.

29. Expenditure commitments

Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the minimum expenditure requirements. The minimum exploration work required to be performed to maintain tenure in the exploration licences granted in the Russian Federation is the performance of a minimum number of drilling metres to be performed over the life of each exploration licence. These obligations are expected to be fulfilled in the normal course of operations. Mining interests may be relinquished or joint ventured to reduce this amount. The various country and state governments have the authority to defer, waive or amend the minimum expenditure requirements.

Finance Lease

Lease expenditure contracted and provided for:
Payable not later than one year
Payable later than one year, not later than five years
Payable later than five years

Future finance charges
Total lease liabilities

Current (Note 21)
Non-current (Note 21)

	31 December 2014 \$'000	31 December 2013 \$'000
	2,411	-
	2,563	-
	-	-
	4,974	-
	504	-
	5,478	-
	6,273	-
	2,563	-
	8,836	-

These finance lease commitments relate to the acquisition of a small fleet of mobile equipment to commence early stage development at Project F Amaam North, and is based on the cost of the assets and are payable over a period of up to 24 months at which point ownership of the assets transfers to the Group.

The finance lease liability was for USD \$8.234 million, with advances paid of USD \$4.191 million. The advances paid unwind over a 12 month period from the commencement of the lease in September 2014. Terms and charges are determined on the net position of the lease liability and advance.

There are no other commitments as at reporting date.

30. Contingencies

Under the terms of the ASIC Class Order 98/1418, the Company and certain subsidiary have entered into approved deed of cross guarantee of liabilities with the subsidiary identified in note 35.

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

31. Related parties disclosure

(a) Identity of related parties

The Group has a related party relationship with its subsidiaries (refer note 33), key management personnel ('KMP') (refer note 32) and Tigers Realm Minerals Pty Ltd ("TRM"). TRM is a related party as TRM is a substantial shareholder of the Company and as the Group transacted with TRM in the reporting period. Pursuant to a services agreement dated 27 May 2011, TIG has a services agreement with TRM for the provision of services including the secondment of staff and the provision of office accommodation.

(b) Other related party transactions

In AUD	Note	Transactions	Balance	Transactions	Balance
		value	outstanding	value	outstanding as
		period ended	as at	period ended	at
		31 December	31 December	31 December	31 December
		2014	2014	2013	2013
		\$	\$	\$	\$
Group					
TRM services provided	(i)	(792,220)	(27,619)	(1,419,655)	(99,698)
Payment to Director	(ii)	(7,801)	-	(84,889)	-

Notes

- (i) The Group has a payable to TRM. This outstanding balance is priced on an arms-length basis and is expected to be settled in cash within 12 months of the reporting date. These balances are unsecured.
- (ii) The Company signed a 12 month Consultancy Agreement to the value of GBP 50,000 with Thukela Resources Ltd, the nominated consultancy company of the Director, Mr Craig Wiggill. This amount represents the amount paid in full for services provided under that Consultancy Agreement. The Consultancy Agreement expired in December 2013, and was not renewed.

(c) Loan facilities from related party transactions

For the financial period ending 31 December 2014 there were no loan facilities from related party transactions.

In the financial period ending 31 December 2013, the Group had put in place the following loan facilities to manage liquidity risk.

- \$2.000 million short term unsecured loan facility with Tigers Realm Minerals Pty Limited. The loan facility was established on 21 November 2013 and did not attract interest. The loan facility was not drawn upon in the period to 31 December 2013. Subsequent to year end this short term unsecured loan facility with Tigers Realm Minerals Pty Limited was increased to \$2.500 million on 14 February 2014. On 14 April 2014 the \$2.500 million short term unsecured loan facility with Tigers Realm Minerals Pty Limited was cancelled. The loan facility was not utilised by the Group, and the facility was not interest bearing.
- \$0.500 million short term unsecured loan facility with a Director, Mr Antony Manini. The loan facility was established on 21 November 2013 and did not attract interest. The loan facility was not been drawn upon in the period to 31 December 2013. The loan facility was cancelled on 16 January 2014, and was not utilised in 2014.
- \$0.500 million short term unsecured loan facility with a Director, Mr Owen Hegarty. The loan facility was established on 26 November 2013 and does not attract interest. The loan facility was not been drawn upon in the period to 31 December 2013. The loan facility was cancelled on 16 January 2014, and was not utilised in 2014.

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

32. Key Management Personnel Disclosures

The following were key management personnel of the Company at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period.

Name	Position	Commencement Date
Directors		
Antony Manini	Chairman	8 October 2010
Owen Hegarty	Director (Non-executive)	8 October 2010
Craig Wiggill	Director (Non-executive)	20 November 2012
Andrew Gray	Director (Non-executive)	28 March 2014
Ralph Morgan	Director (Non-executive)	1 April 2014
Tagir Sitdekov	Director (Non-executive)	1 April 2014
Brian Jamieson (<i>resigned 5 May 2014</i>)	Independent Director (Non-executive)	25 February 2011
Mr Craig Parry (<i>resigned 5 May 2014</i>)	Managing Director	1 July 2013
Dr Bruce Gray (<i>resigned 28 March 2014</i>)	Director (Non-executive)	25 October 2013
Senior Executives		
Craig Parry	Chief Executive Officer	12 November 2012
Peter Balka	Chief Operating Officer	1 January 2011
Denis Kurochkin	Chief Financial Officer	21 July 2014
Chris McFadden	General Manager - Head of Commercial, Strategy & Corporate Development	1 January 2013
David Forsyth	Company Secretary	8 October 2010

(a) Compensation of key management personnel

The key management personnel compensation included in “Administration expenses” (see Note 9) “Deferred exploration, and evaluation” (see Note 16) and “Share-based payments” (see Note 26) and is as follows:

	2014	2013
	\$	\$
Short-term employee benefits	1,927,279	1,765,028
Post-employment benefits	108,929	99,809
Share-based payments	847,981	1,661,860
	2,884,189	3,526,697

FY13 Short-term employee benefits figure has been restated to include the bonuses in respect of FY13 which were not finalised or paid at the date of last year’s report. The impact of the restatement was an additional \$407,500 to short-term employee benefits.

(b) Key management personnel compensation disclosures

Information regarding individual Directors’ and executives, compensation and some equity instrument disclosures as permitted by Corporation Regulation 2M.3.03 and 2M.6.04 is provided in the Remuneration Report; Section 12 of the Directors’ Report.

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

32. Key Management Personnel Disclosures (continued)

(c) Key management personnel and director transactions

A number of key management persons hold positions in TRM that result in them having control or significant influence over the financial or operating policies of TRM. The terms and conditions of those transactions with TRM were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions with non-key management personnel related entities on an arms-length basis.

The aggregate value of transactions and outstanding balances relating to transactions with TRM are disclosed in Note 31(b).

(d) Movements in options

The movement during the reporting period in the number of options over ordinary shares in Tigers Realm Coal Limited shares held directly, indirectly, or beneficially by the key management personnel and their related entities are set out below.

Name	Held at 1 January	Granted as remuneration	Exercised during year	Forfeited during year	Held at 31 December	Vested at 31 December		
						Total	Exercisable	Not exercisable
2014								
Directors								
AJ Manini	10,631,000	-	-	7,631,000	3,000,000	1,500,000	1,500,000	-
OL Hegarty	6,315,500	-	-	4,315,500	2,000,000	1,000,000	1,000,000	-
C Wiggill	1,000,000	-	-	-	1,000,000	1,000,000	1,000,000	-
A Gray	-	1,000,000	-	-	1,000,000	-	-	-
R Morgan ¹	-	1,000,000	-	-	1,000,000	-	-	-
T Sitdekov ¹	-	1,000,000	-	-	1,000,000	-	-	-
B Jamieson ²	3,000,000	-	-	3,000,000	-	1,000,000	1,000,000	-
B Gray ²	-	-	-	-	-	-	-	-
Other key management personnel								
C Parry ³	10,852,400	2,729,000	-	2,852,400	10,729,000	8,000,000	8,000,000	-
P Balka	2,974,650	2,582,000	-	1,694,650	3,862,000	562,000	562,000	-
D Kurochkin ⁴	-	-	-	-	-	-	-	-
C McFadden	1,091,100	1,154,000	-	963,100	1,282,000	128,000	128,000	-
D Forsyth	3,098,400	1,082,000	-	2,852,400	1,328,000	103,000	103,000	-

¹ Appointed as Non-Executive Director during the year ended 31 December 2014.

² Resigned as Non-Executive Director during the year ended 31 December 2014.

³ Resigned as Managing Director during the year ended 31 December 2014.

⁴ Appointed as Chief Financial Officer during the year ended 31 December 2014.

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

32. Key Management Personnel Disclosures (continued)

Name	Held at 1 January	Granted as remuneration	Exercised during year	Forfeited during year	Held at 31 December	Vested at 31 December		
						Total	Exer-cisable	Not exer-cisable
2013								
Directors								
AJ Manini	9,131,000	1,500,000	-	-	10,631,000	-	-	-
C Parry ¹	10,852,400	-	-	-	10,852,400	4,000,000	4,000,000	-
OL Hegarty	5,315,500	1,000,000	-	-	6,315,500	-	-	-
B Jamieson	2,000,000	1,000,000	-	-	3,000,000	-	-	-
C Wiggill	-	1,000,000	-	-	1,000,000	-	-	-
B Gray	-	-	-	-	-	-	-	-
A Gray	-	-	-	-	-	-	-	-
Other key management personnel								
P Balka	2,256,650	718,000	-	-	2,974,650	-	-	-
C McFadden	1,091,100	-	-	-	1,091,100	-	-	-
D Forsyth	2,955,400	143,000	-	-	3,098,400	-	-	-

¹ Appointed as CEO during the year ended 31 December 2012 and Managing Director in the year ended 31 December 2013

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

32. Key Management Personnel Disclosures (continued)

(e) Movements in shares

The movement in the number of Tigers Realm Coal Limited shares held directly, indirectly, or beneficially by the key management personnel and their related entities are set out below.

	Note	Balance at 1 January	Acquisitions	Sales	Other Changes	Balance at 31 December
2014						
Directors						
AJ Manini		19,687,183	100,000	-	-	19,787,183
OL Hegarty		16,712,114	578,368	-	-	17,290,482
C Wiggill		500,000	100,000	-	-	600,000
A Gray		-	-	-	-	-
R Morgan ¹		-	-	-	-	-
T Sitdekov ¹		-	-	-	-	-
Other key management personnel						
C Parry ²		4,354,728	50,000	-	-	4,404,728
P Balka		577,947	242,424	-	-	820,371
D Kurochkin ³		-	-	-	-	-
C McFadden		400,000	-	-	-	400,000
D Forsyth		9,139,561	274,468	-	-	9,414,029
2013						
Directors						
AJ Manini		19,437,183	250,000	-	-	19,687,183
C Parry ⁴		4,073,061	281,667	-	-	4,354,728
OL Hegarty		16,212,114	500,000	-	-	16,712,114
B Jamieson		771,528	250,000	-	-	1,021,528
C Wiggill		-	500,000	-	-	500,000
B Gray		-	-	-	101,529,903	101,529,903
A Gray		-	-	-	-	-
Other key management personnel						
P Balka		497,947	80,000	-	-	577,947
C McFadden		400,000	-	-	-	400,000
D Forsyth		9,114,561	25,000	-	-	9,139,561

¹ Appointed during the year ended 31 December 2014.

² Resigned as Managing Director during the ended 31 December 2014.

³ Appointed as CFO during the year ended 31 December 2014.

⁴ Appointed as CEO during the year ended 31 December 2012 and Managing Director in the year ended 31 December 2013.

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

33. Group entities

Significant subsidiaries

	Country of Incorporation	Ownership Interest	
		2014	2013
Parent entity			
Tigers Realm Coal Limited	Australia		
Subsidiaries			
TR Coal International Limited	Australia	100%	100%
Tigers Realm Coal (Cyprus) Pty Ltd	Cyprus	100%	100%
Greaterbay Larnaca Finance (Cyprus) Pty Ltd ²	Cyprus	100%	100%
Eastshore Coal Holding Limited	Cyprus	80%	80%
Northern Pacific Coal Company	Russia	80%	80%
Rosmiro Investments Limited	Cyprus	80%	80%
Beringpromugol LLC	Russia	80%	80%
Beringtranscoal LLC	Russia	80%	80%
Port Ugolny LLC ⁵	Russia	100%	N/A
Anadyrsky Investments Limited ³	Cyprus	100%	100%
Tigers Realm Coal Spain, SL ¹	Spain	100%	100%
Tigers Coal Singapore No. 1 PTE Limited ¹	Singapore	100%	100%
PT Tigers Realm Coal Indonesia ⁴	Indonesia	N/A	100%

- 1 Currently in liquidation.
2 Formerly Tigers Realm Coal Finance (Cyprus) Pty Ltd
3 Formerly Nagornaya Investments Limited
4 Company has been liquidated
5 Acquired during 2014

34. Parent entity disclosures

As at, and throughout the financial year ended 31 December 2014, the parent entity of the Group was Tigers Realm Coal Limited. Information relating to the parent entity follows.

	31 December 2014 \$'000	31 December 2013 \$'000
Results of parent entity		
(Loss) for the period	(14,740)	(1,843)
Total comprehensive income	(14,740)	(1,843)
Financial position of parent entity		
Current assets	965	750
Total assets	138,057	95,505
Current liabilities	-	-
Total liabilities	-	-
Net Assets	138,057	95,505
Total equity of the parent entity comprising		
Share capital	151,185	94,416
Reserves	5,235	4,712
(Accumulated losses)	(18,363)	(3,623)
Total equity	138,057	95,505

Contingent liabilities of the parent entity

The parent entity has contingent liabilities arising from its guarantees to each creditor of TR Coal International Limited under the Deed of Cross Guarantee as discussed in note 35.

Capital commitments of the parent entity

There is no capital expenditure contracted for by the parent entity but not recognised as liabilities.

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

35. Deed of cross guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports, and directors' reports.

It is a condition of a Class Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The entities subject to the Deed of Cross Guarantee are:

- Tigers Realm Coal Limited; and
- TR Coal International Limited.

The Deed of Cross Guarantee was established on 22 November 2012.

A consolidated statement of comprehensive income and consolidated statement of financial position, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee for the year ended 31 December 2014 is set out below.

Statement of comprehensive income and retained earnings

	31 December 2014 \$'000	31 December 2013 \$'000
Continuing operations		
Other income	-	-
Exploration and evaluation expenses	-	-
Share based payments	(524)	(2,084)
Administrative expenses	(7,814)	(7,219)
Impairment on related party receivable	(14,240)	-
Results from operating activities	(22,578)	(9,303)
Net foreign exchange gain / (loss)	1,974	50
Finance income	450	2,417
Net finance income/(expense)	2,424	2,467
(Loss) before income tax	(20,154)	(6,836)
Income tax (expense)	-	-
(Loss) from continuing operations	(20,154)	(6,836)
Discontinued operation		
Loss from discontinued operation (net of tax)	-	-
(Loss) after income tax	(20,154)	(6,836)
Other comprehensive income		
Foreign currency translation differences for foreign operations	-	-
Income tax on other comprehensive income	-	-
Total comprehensive (loss) for the period	(20,154)	(6,836)
(Accumulated losses) at beginning of year	(31,615)	(24,779)
Transfers to and from reserves	-	-
(Accumulated losses) at end of year	(51,769)	(31,615)
(Loss) is attributable to:		
Owners of the Company	(51,769)	(6,836)
(Loss) for the period	(51,769)	(6,836)

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

35. Deed of cross guarantee (continued)

	31 December 2014 \$'000	31 December 2013 \$'000
Current Assets		
Cash and cash equivalents	19,294	1,427
Trade and other receivables	12	66
Prepayments	140	608
Other current assets	6	26
Total current assets	19,452	2,127
Non-current assets		
Related party receivables	100,257	71,350
Deferred exploration and evaluation	3,337	2,812
Property, Plant and Equipment	139	192
Intangible assets	102	72
Total non-current assets	103,835	74,426
Total assets	123,287	76,553
Current Liabilities		
Trade and other payables	271	855
Employee provisions	599	934
Total current liabilities	870	1,789
Non-current liabilities		
Deferred tax liabilities	-	-
Royalty agreement liability	-	-
Total non-current liabilities	-	-
Total liabilities	870	1,789
Net assets	122,417	74,764
Equity		
Share capital	151,185	94,416
Reserves	23,001	11,963
(Accumulated losses)	(51,769)	(31,615)
Total equity attributable to equity holders of the Company	122,417	74,764

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

36. Non-controlling interest

The following table summarises the information relating to each of the Group's subsidiaries that has a material non-controlling interest ("NCI"), before any intra-group eliminations. There are no significant restrictions on the ability of the Group to use assets and to settle liabilities.

31 December 2014

NCI percentage

	Eastshore Coal Holding	Rosmiro Investments Limited	Intra-group eliminations	Total
	20%	20%		
	\$'000	\$'000	\$'000	\$'000
Current assets	2,292	8,241		
Non-current assets	143,137	21,034		
Current liabilities	(323)	(7,874)		
Non-current liabilities	(117,220)	(26,696)		
Net assets	27,886	(5,295)		
Carrying amount of NCI	4,767	(1,059)	-	3,708
Revenue	-	-		
(Loss)	(13,904)	(1,949)		
OCI	-	-		
Total comprehensive income	(13,904)	(1,949)		
(Loss) allocated to NCI	(2,780)	(390)	-	(3,170)
OCI allocated to NCI	(2,915)	(495)	-	(3,410)
Cashflows from				
Operating activities	(344)	(59)		
Investing activities	(14,397)	(20,240)		
Financing activities	13,630	20,307		
Net increase (decrease) in cash and cash equivalents	(1,111)	8		

31 December 2013

NCI percentage

	Eastshore Coal Holding	Rosmiro Investments Limited	Intra-group eliminations	Total
	60%	20%		
	\$'000	\$'000	\$'000	\$'000
Current assets	4,463	2,877		
Non-current assets	144,927	6,877		
Current liabilities	(1,215)	(1,904)		
Non-current liabilities	(91,879)	(8,032)		
Net assets	56,296	(182)		
Carrying amount of NCI	10,325	(37)	-	10,288
Revenue	-	-		
Profit / (loss)	(6,189)	(769)		
OCI	-	-		
Total comprehensive income	(6,189)	(769)		
Profit allocated to NCI	(5,738)	(154)	-	(5,892)
OCI allocated to NCI	353	-	-	353
Cashflows from				
Operating activities	(211)	(1,434)		
Investing activities	(12,282)	(4,432)		
Financing activities	12,269	6,737		
Net increase (decrease) in cash and cash equivalents	(224)	871		

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

36. Non-controlling interest (continued)

Acquisition of NCI – 2013 Financial Year

In April 2013 the Group exercised its right to increase its ownership interest in Eastshore Coal Holdings Limited (“Eastshore”) by 20%, increasing from 40% to 60% ownership interest. The increase in ownership was a consequence of the Group obtaining a Mining Licence over an area within the Amaam tenement. A result of this increase in ownership of Eastshore is that the Group’s ownership interests in Northern Pacific Coal Company (“NPCC”) increased to 60%, and the interest in Beringtranscoal LLC (“BTC”) increased to 63%.

The impact of this transaction was that the Group recognised:

- a decrease in NCI of \$8.185 million;
- an increase in the Other Reserve of \$8.397 million; and
- a decrease in the Foreign Currency Translation Reserve of \$0.212 million.

In October 2013 the Group was able to renegotiate the terms of the ownership agreement with Bering Coal Investments Limited and increased its ownership interest in Eastshore by a further 20%, increasing from 60% to 80% ownership interest. The new terms removed the requirement to complete a bankable feasibility study before this increase in ownership could be made. As a consequence the Group’s ownership interest in both NPCC and BTC has now increased to 80%.

The impact of this transaction was that the Group recognised:

- a decrease in NCI of \$8.875 million;
- an increase in the Other Reserve of \$10.185 million; and
- a decrease in the Foreign Currency Translation Reserve of \$1.310 million.

The following summarises the changes in the Group’s ownership interest in Eastshore during the year ended 31 December 2013.

	\$’000
Group’s ownership interest at 1 January 2013	32,770
Effect of increase in Group’s ownership interest in April 2013	(8,185)
Effect of increase in Group’s ownership interest in October 2013	(8,875)
Share of comprehensive income	(5,385)
Group’s ownership interest at 31 December 2013	10,325

There are no changes in the Group’s ownership interest in Eastshore during 2014.

37. Subsequent events

There has not arisen in the interval between the end of the financial year and the date of this report, any transaction or event of a material or 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, or the state of affairs of the Group in future financial years.

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2014

38. Auditors' Remuneration

Audit services:

Audit and review of financial reports (KPMG Australia)
 Audit and review of financial reports (Overseas KPMG firms)

Other auditors – Non-KPMG firms

Audit and review of financial reports

Services other than statutory audit

Other services

Taxation compliance services (KPMG Australia)
 Taxation compliance services (Overseas KPMG firms)

Total Services Provided

	31 December 2014 \$	31 December 2013 \$
	233,047	250,000
	81,696	78,582
	314,743	328,582
	12,609	8,832
	327,352	337,414
	29,116	62,250
	15,081	686
	44,197	62,936
	371,549	400,350

For personal use only

Tigers Realm Coal Limited

Directors' declaration For the year ended 31 December 2014

1. In the opinion of the Directors of Tigers Realm Coal Limited ('the Company'):
 - (a) the consolidated financial statements and notes that are set out on pages 38 to 93 and the Remuneration report, identified within the Directors' report, are 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 2014 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; 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.
2. There are reasonable grounds to believe that the Company and the group entities identified in note 35 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Class Order 98/1418.
3. The Directors have been given the declarations required by Section 259A of the *Corporations Act 2001* from the chief executive officer and the chief financial officer for the financial year ended 31 December 2014.
4. The Directors draw attention to note 2(a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

Dated at Melbourne this 19th day of March 2015.



Antony Manini
Chairman



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Tigers Realm Coal Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2014 there have been:

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

KPMG

KPMG

Michael Bray
Partner

Melbourne
19 March 2015

For personal use only



Independent auditor's report to the members of Tigers Realm Coal Limited

Report on the financial report

We have audited the accompanying financial report of Tigers Realm Coal Limited (the company), which comprises the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 38 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

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

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

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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

For personal use only

Independence

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

Auditor's opinion

In our opinion:

- (a) the 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 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Emphasis of matter: Material uncertainty regarding continuation as a going concern

Without modification to the audit opinion expressed above, attention is drawn to the following matter. As stated in note 2(c) in the financial report, there is material uncertainty as to whether the Group will be able to continue as a going concern and, therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the remuneration report

We have audited the remuneration report included in paragraph 12 of the directors' report for the year ended 31 December 2014. 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 auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Tigers Realm Coal Limited for the year ended 31 December 2014 complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG



Michael Bray
Partner

Melbourne
19 March 2015

For personal use only

Tigers Realm Coal Limited

SHAREHOLDER INFORMATION

1. Top 20 Shareholders as at 12 March 2015

		Number of Shares	% of Total
1	BV MINING HOLDING LIMITED	219,263,985	24.53%
2	TIGERS REALM MINERALS PTY LTD	119,923,830	13.42%
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	119,743,400	13.40%
4	RDIF INVESTMENT MANAGEMENT	93,396,204	10.45%
5	NAMARONG INVESTMENTS PTY LTD <HANSEN INVESTMENT FUND A/C>	19,393,939	2.17%
6	NAMARONG INVESTMENTS PTY LTD <THE HANSEN INVESTMENT A/C>"	18,567,040	2.08%
7	J P MORGAN NOMINEES AUSTRALIA LIMITED	18,307,843	2.05%
8	LODESTONE EQUITIES LIMITED	16,666,667	1.86%
9	REGENT PACIFIC GROUP LTD	12,700,000	1.42%
10	ANTMAN HOLDINGS PTY LTD	11,867,943	1.33%
11	SHIMMERING BRONZE PTY LIMITED	10,209,674	1.14%
12	FOREMOST MANAGEMENT SERVICES <SUPER FUND A/C>	8,924,694	1.00%
13	PINE RIDGE HOLDINGS PTY LTD <PINE RIDGE SUPERANNUATION FUND A/C>	8,333,334	0.93%
14	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	7,829,613	0.88%
15	AJM INVESTCO PTY LTD <MANINI FAMILY SUPERFUND A/C>	7,489,240	0.84%
16	GP SECURITIES PTY LTD	5,789,240	0.65%
17	RDIF CO-INVESTMENT PARTNERSHIP I L.P.	4,669,830	0.52%
18	CITICORP NOMINEES PTY LIMITED	4,621,692	0.52%
19	SENNEN TROVE PTY LTD <BETA SUPER FUND A/C>	4,531,099	0.51%
20	ASIPAC GROUP PTY LIMITED	4,506,278	0.50%
	TOTAL FOR TOP 20:	716,735,545	80.19%

2. Voting rights of ordinary shares

On a show of hands one vote for each shareholder, and

On a poll, one vote for each fully paid ordinary share

Tigers Realm Coal Limited

SHAREHOLDER INFORMATION (Continued)

3. Distribution of Shareholders and Shareholdings as at 12 March 2015

Holding & Distribution	No. of Holders	Securities	%
1 to 1000	25	2,871	2.95
1001 to 5000	81	299,950	9.55
5001 to 10000	63	524,330	7.43
10001 to 1000000	403	18,775,435	47.52
1000001 and Over	276	874,148,275	32.55
Total	848	893,750,861	100.00

4. Tigers Realm Coal Substantial Shareholders as at 12 March 2015

	No. of Shares	% of Total
BV Mining Holding Limited	219,263,985	24.53%
Tigers Realm Minerals Pty Ltd	119,923,830	13.42%
Bruce N Gray	116,681,418	13.05%
Russian Direct Investment Fund	93,396,204	10.45%

5. Shareholdings of less than a marketable parcel as at 12 March 2015

72 holders holding a total of 137,380 shares

6. Unquoted Securities as at 12 March 2015

38,292,000 Unlisted options on issue