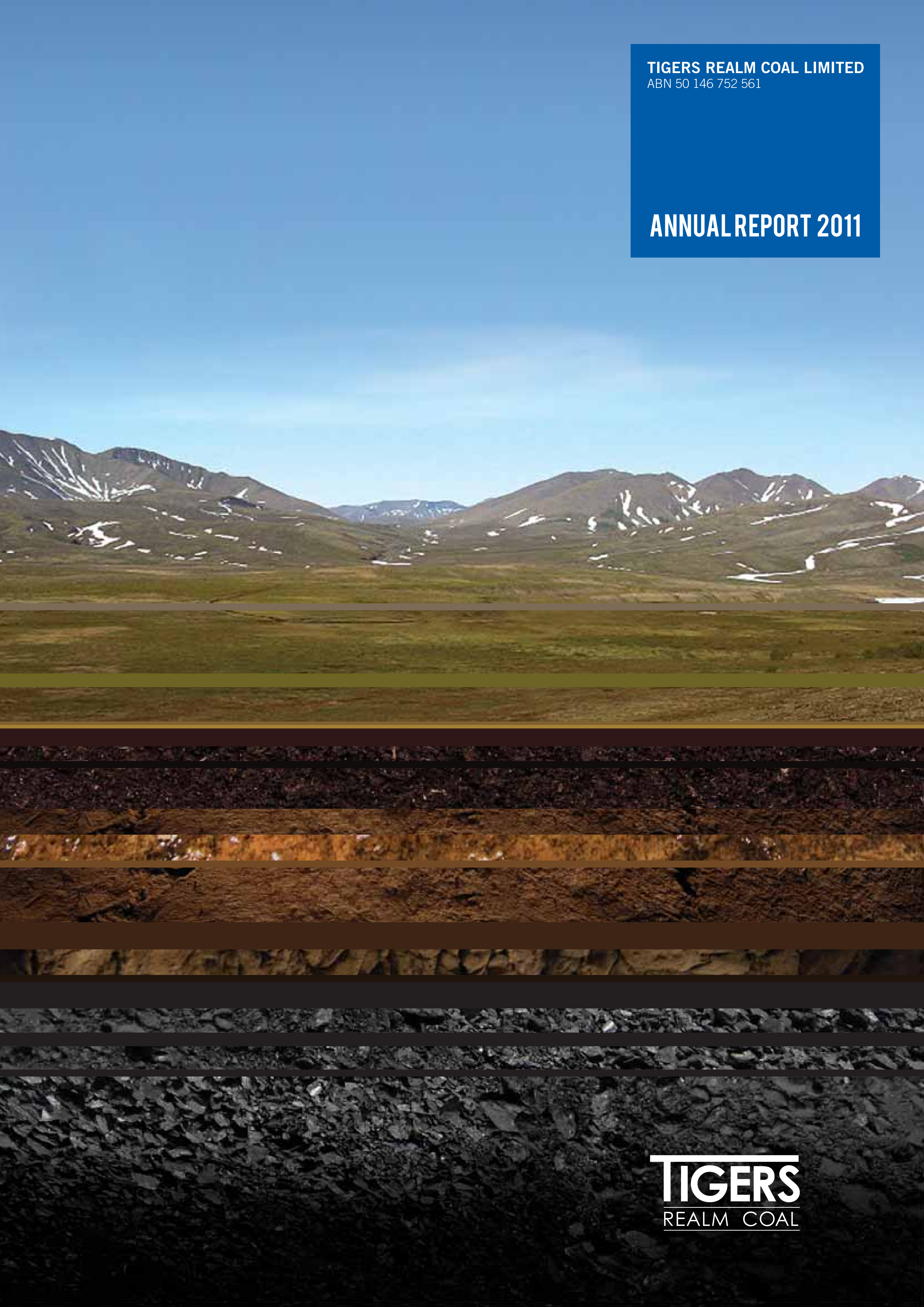

TIGERS REALM COAL LIMITED
ABN 50 146 752 561

ANNUAL REPORT 2011

TIGERS REALM COAL

Tigers Realm Coal Limited

Tigers Realm Coal Limited (Tigers Realm Coal, TIG or the Company) is an ASX-listed coking coal company.

The Company is developing two coking coal projects, the Amaam project in the Chukotka Autonomous Okrug of far eastern Russia, and the Landazuri project in central Colombia.

Tigers Realm Coal is aiming to become a significant participant in the seaborne coking coal market through the development of its projects. The Company is focused on delivering superior returns to its shareholders through the acquisition, exploration, development and operation of high quality coking coal deposits and mines. Tigers Realm Coal is committed to creating long term sustainable benefits for the communities and regions in which it operates.

The Company's head office is located in Melbourne and regional offices have been established in Moscow and Bogota.

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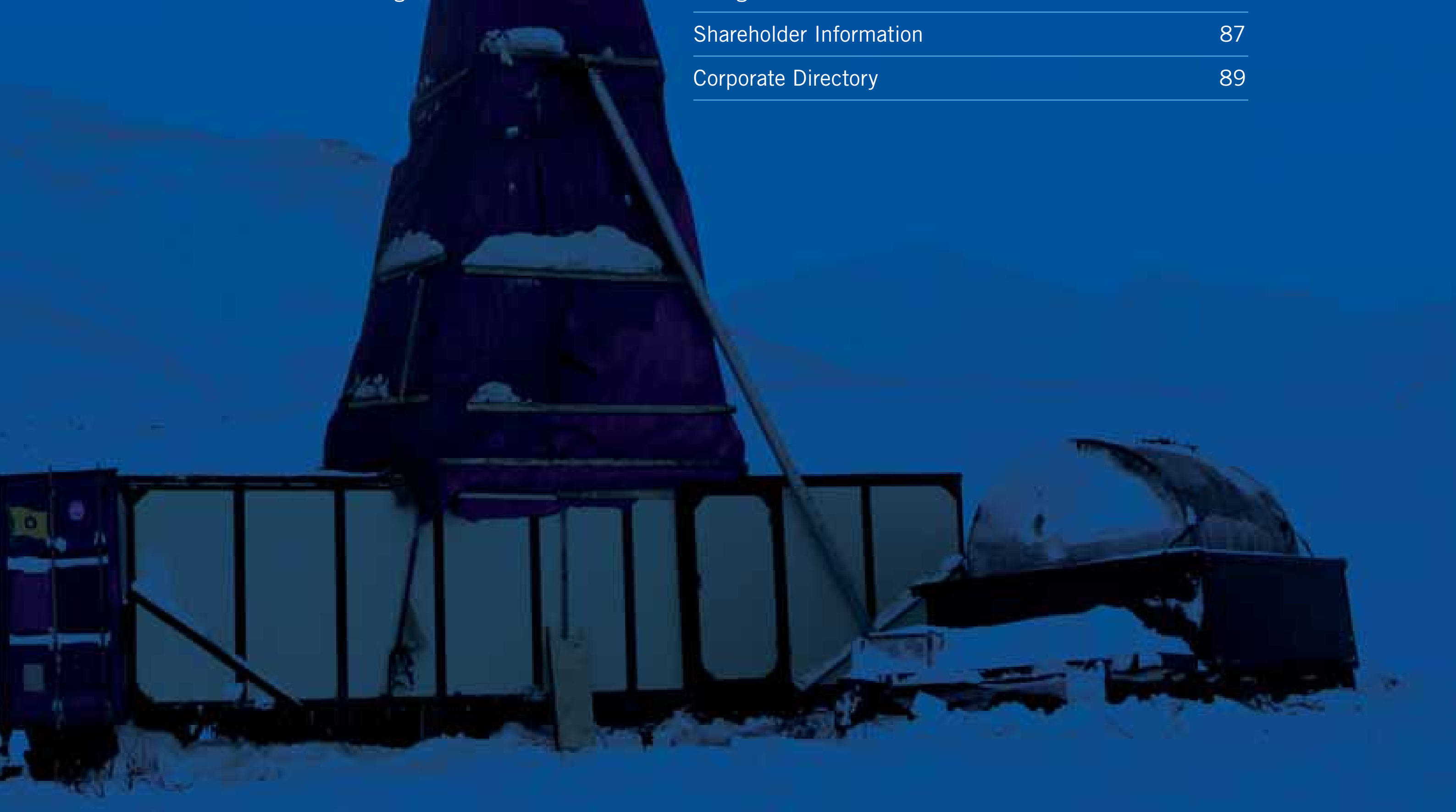


Our Values – Four core values underpin everything we do:

- **Respect** – treating our people, communities and stakeholders with respect and understanding.
- **Care** – for our people and the environment. An overriding commitment to ensuring our people finish work each day without suffering injury or harm. Minimising our impact on the environment.
- **Integrity** – being honest and open in the way we communicate and work. Doing what we say we will do.
- **Delivery** – Empowering our people to excel. Consistently delivering on our plans and goals.

CHAIRMAN'S LETTER

Dear Shareholders,

Over the course of 2011 the Tigers Realm Coal team established a solid foundation from which to unlock the significant value inherent in our portfolio of coking coal assets.

Intensive exploration drilling during the first half of 2011 delineated 198Mt of quality coking coal resources at Amaam and Landazuri, and scoping level technical studies significantly advanced our understanding of the potential for mine development at both projects.

In August 2011, the IPO of Tigers Realm Coal (TIG) was completed on the Australian Securities Exchange (ASX), raising $37.5 million in one of the largest resources IPOs in Australia for 2011. This achievement during challenging market conditions is a positive reflection on the quality of the Amaam and Landazuri coking coal assets and the Tigers Realm Coal team.

Post IPO, our field activities continue to make excellent progress towards meeting our objectives in resource definition and expansion at both projects. At Amaam, we are advancing pre-feasibility studies and permitting for mine and port infrastructure.

The acquisition of an 80% interest in the Amaam North tenement in January 2012 is highly strategic. Located only 30km from our existing tenement at Amaam, Amaam North more than doubles the size of our landholdings in the highly prospective Bering Coal Basin and significantly increases the scale of the Company's activities and potential resource endowment in the Chukotka Province of far eastern Russia.

We are very excited by the potential at both Amaam and Amaam North. We have a large drill program in progress at Amaam. Geological mapping planned for Amaam North will be used to prioritise target areas for drilling. With increasing focus on far eastern Russia, the Company has initiated a strategic review of its portfolio to ensure resources are allocated to maximise shareholder value. Results of the strategic review are expected in April 2012.

The Company is well positioned to expand and upgrade its resources, progress technical studies and permitting at Amaam and advance its understanding of the resource potential at Amaam North and Landazuri.

As we continue on our path towards development, I am confident that 2012 will be an exciting and defining year for Tigers Realm Coal and we look forward to updating you on our progress. On behalf of the Board of Directors, I would like to thank our shareholders, partners and stakeholders for their patience and support, and our highly valued employees for their dedication and hard work.

The Board and management welcome your comments at: IR@tigersrealmcoal.com.

Sincerely

Antony Manini Non-Executive Chairman

MANAGING DIRECTOR AND CEO'S REPORT

One of our primary goals in 2011 was to raise sufficient funds to advance our projects to the next level of definition. This was achieved by way of IPO on the ASX.

The fact that this significant milestone was achieved in August 2011 is particularly pleasing considering the highly volatile market conditions that prevailed throughout the second half of the year. Completing the IPO in such a challenging environment is a positive reflection on the quality of our coking coal projects and the Tigers Realm Coal team. At IPO we raised $37.5 million, the majority of which will be applied towards progressing the development of our projects – Amaam and Landazuri.

In addition to completing the IPO, we made excellent progress at our coking coal projects during the year by significantly increasing resources, completing important scoping level technical studies and making good progress on the permitting front at both Amaam and Landazuri.

At Amaam, we began 2011 with a 63Mt Inferred Resource. The first half of the 2010/11 Russian winter drilling program resulted in this resource increasing to 177Mt prior to IPO. The completion of the 2010/2011 program resulted in a further increase in the Inferred Resource to 294Mt. This 467% increase in Inferred Resources at Amaam demonstrates the large scale of the deposit and our commitment to rapidly advance the project through the development phase.

Positive results were also recorded at Landazuri, where we reported a maiden Inferred Resource of 21Mt prior to IPO. This resource was subsequently increased to 28Mt in October 2011.

The Company also made an important strategic step in relation to consolidating our position in the highly prospective Bering Coal Basin through the acquisition of 80% of Amaam North – a coal deposit located only 30km to the north of Amaam. The Amaam North tenement increases the Company's total landholding in the Bering Coal Basin to 709km^2 and offers the potential to increase significantly the Company's coking coal endowment in this emerging coal basin in far eastern Russia, close to the Bering Sea coast and key Asian markets.

Drill core from the Amaam deposit

Logging drill core from the Amaam deposit

Resources

The Company drilled a total of 8,348m at the Amaam project in 2011, 5,367m during the second half of the 2010/11 field season and 2,981m during the fourth quarter of 2011. In Chukotka, drilling programs are undertaken during the Russian winter. At this time of year, when the ground is snow covered, conditions are ideal for moving drill rigs around on site.

The 2010/11 drill program focused on increasing the overall size of the Inferred Resource. With the significant increase to the resource already achieved, the 2011/12 drilling campaign has been devised to increase the confidence level of the deposit, as well as continuing to increase its size.

Construction of a new 80 man field camp began in the fourth quarter of 2011 to accommodate the personnel required to continue the rapid pace of drilling and technical studies being undertaken on site. The field camp is now complete and fully operational.

At Landazuri the 2011 drill program focused on delineating a resource in an area which the Company considered had the best potential for proving up an economic deposit of open pittable coking coal. From this drilling program, a total Inferred Resource of 28Mt has now been estimated. In January 2012, we commenced a 2,000m open hole drill program to better define the coal host sequence and structural setting. The objective of the program is to identify areas within the existing resource that have the greatest potential for lower strip ratio, open pittable coal.

Completed scoping level technical studies

A number of scoping level technical studies were completed for both Amaam and Landazuri during the year including: coal quality and washability test work, open pit mining, coal transport, port facilities and associated infrastructure.

The Amaam technical studies assessed the development of a large scale, owner operator, open pit mine, coal handling and preparation plant (CHPP), and associated site, transport and port infrastructure.

The studies assumed a base case conceptual mine plan as follows:

- Production rate of 10Mtpa ROM coal (inclusive of dilution) via conventional truck and shovel operations with in-pit overburden disposal
- Stripping ratio of 12:1 (BCM:ROMt)
- Coking coal production of 5.3Mtpa for 20+ years

The Company also completed preliminary engineering studies focused on infrastructure and coal transport at Landazuri to determine the potential viability of a two stage development:

- **Stage 1:** small scale contract mining operation (open pit) utilising truck haulage of coal to existing ports on the Caribbean coast; and
- **Stage 2:** production ramp-up (assuming additional resources defined) utilising rail transport.

Permitting

During 2011 we made good progress on the permitting process in Russia. An important permitting milestone was achieved with the Amaam resource being recognised in the official records of the Russian Federal Subsoil Agency (Rosnedra). The approval is a significant milestone on the path to converting the Amaam Exploration License to an Exploration and Extraction (mining) License. Team members from Tigers Realm Coal's 40% owned Russian company Northern Pacific Coal Company (NPCC) were instrumental in submitting the required documentation in Q3 2011, which resulted in the Amaam resource being confirmed by the Russian Federal Subsoil Agency. Recognition of the Amaam coal resource allows NPCC (the Amaam Exploration License holder) to progress to the next phase of the mine permitting process, which is for NPCC to apply for a Discovery Certificate over the deposit.

Following receipt of the Discovery Certificate, NPCC will make an application for an Exploration and Extraction (mining) License which can take up to up to six months from the date of application. Through conversion of the Amaam Exploration License to an Exploration and Extraction (mining) License, NPCC will confirm legal tenure over the deposit for a period of 25 years. Upon conversion of the license TIG will move from 40% to 60% ownership of the Amaam coking coal project. TIG's ownership level of the Amaam project will increase to 80% upon completion of a bankable feasibility study.

Tigers Realm Coal's in country Russian team also made good progress on the preparation of documentation to be submitted to the Russian Ministry of Transport and the Prime Minister's Department for approval to move to the detailed design phase for the proposed port within the deep water Arinay Lagoon. The proposed port site is located 30km from the Amaam deposit. TIG's Russian team will submit key initial documents with regional government support in the first half of 2012.

Logging drill core from the Amaam deposit

Corporate

2011 was a watershed year for TIG with the successful completion of our IPO and listing on the ASX to raise $37.5m at a price of $0.50 per share. The Company commenced trading on the ASX under ticker code TIG on 29 August 2011. The majority of the proceeds from the IPO will continue to be applied towards progressing the development of the Amaam and Landazuri projects with the ultimate goal of mine development to establish profitable operations.

In addition to the IPO, we made an important strategic step in relation to consolidating our position in the highly prospective Bering Coal Basin through the acquisition of 80% of Amaam North – a coal deposit located only 30km to the north of Amaam. The program for Amaam North in 2012 will see us complete detailed field mapping and outcrop sampling in preparation for drilling in 2013.

The acquisition of the Amaam North tenement significantly increases the scale of the Company's activities and potential resource endowment in Chukotka. With the increasing focus on far eastern Russia, we are undertaking a strategic review of our project portfolio to ensure that resources are allocated in a manner which will maximise shareholder value. Results of the strategic review are expected in April 2012.

At Landazuri, mapping and coal quality sampling at the Corinto exploration area indicated a wide range of coal types, from semi-soft and hard coking through to semi-anthracite. Modelling of coal seam outcrop data in the Corinto tenements indicated that tonnages were likely to be at the lower end of the range of the Company's exploration target. The Corinto joint venture agreement required TIG to commit project related expenditure of approximately US$6M during 2011-2013 and to make vendor option payments totalling US$7.75M to earn an interest in the tenements of up to 60%. Given the results of the mapping and modelling, the Company determined that its resources should be prioritised to the Rio Blanco and Popayan exploration areas where coal qualities are higher and the best potential exists to delineate economic open pit coking coal resources. As such, TIG withdrew from and terminated the option agreement relating to the Corinto tenements.

Tigers Realm Coal is committed to ensuring that it has a strong team in place. We established a core team of experienced personnel during the year in order to drive our project and corporate activities. That team will be expanded during 2012 to resource the increasing scope and scale of our operations.

Health, Safety, Environment & Community

During 2011, we developed a strategy detailing the design and implementation of the Health, Safety, Environment and Community (HSEC) framework for the Company. The initial priority has been on identifying and implementing controls for significant HSEC risks for our projects, implementing elements of our Integrated HSEC Management System and engaging with our stakeholders.

At Amaam, activities focused on the successful completion of the 2010/2011 drilling campaign and the commencement of the 2011/2012 drilling program. Safety audits were completed on all rigs with a drilling expert mobilised to site. The key focus of this work was to ensure safety practices are effective and equipment is to standard. An audit of the site aviation service provider was also completed.

The key focus for the Landazuri project during 2011 was on community engagement, to ensure local support for the current phase of drilling is maintained. Our community engagement program, initially focused on the immediate project area, was extended to surrounding regional community areas and a community consultation committee was formed.

With a strong commitment to sustainable operations, stakeholder engagement was a focus for the Company during the year, with regular and positive engagement made with regional stakeholders. Over the course of the year, Tigers Realm Coal contributed approximately $100,000 to selected community infrastructure and education and engagement initiatives in the regions where we operate.

Outlook

The long term market fundamentals for coking coal remain strong. Growth in emerging economies is expected to continue to drive demand for coking coal over the foreseeable future. Infrastructure challenges will continue to restrict new supply from existing and emerging coking coal basins. In addition, many of the existing supply basins will struggle to maintain product quality as the higher quality coking coals are progressively depleted and more lower quality coals are produced. Tigers Realm Coal believes it is well positioned to capitalise on the positive long term outlook for the seaborne coking coal market by progressing the development of our projects which are close to tide water or existing infrastructure.

We look forward to the year ahead. Our major goals for 2012 are:

Amaam Coking Coal Project

Amaam Tenement

- Increase the existing Inferred Resource and increase the confidence level of our resource by upgrading some Inferred Resources to the Measured and Indicated categories
- Obtain approval for a Discovery Certificate at the Amaam tenement
- Apply for and have granted a mining license over Area 3 of the Amaam tenement
- Complete the Amaam pre-feasibility study (PFS) in December 2012

Amaam North Tenement

- Complete project documentation required under the license
- Field mapping and outcrop sampling aimed at optimising initial drill programs
- Execute contracts for drilling in 2013

Arinay Port

- Obtain government approval to undertake detailed port design

Landazuri Coking Coal Project

- Complete the current drilling program
- Confirm the existing geological interpretation to identify areas within the current resource that have the highest potential to support open pit mining operations

In conclusion, the Company has made excellent progress in advancing Amaam and Landazuri during the course of 2011 and is well positioned to execute on our future project development programs. As we continue our journey through resource delineation and completion of technical studies, I am confident that 2012 will be an exciting year and we look forward to updating you on our progress.

To our shareholders, thank you for the continued support of your Company.

Martin Grant Managing Director & CEO

RESOURCES AND ADDITIONAL EXPLORATION TARGETS

Amaam Tenement

Inferred Resources and additional exploration target

The tables below outline the Inferred Resource and additional exploration target of the Amaam tenement by area. The open pit Inferred Resource comprises seams greater than 30cm thick to a depth of 400m. Below a depth of 400m, the underground Inferred Resource is based on seams 1 and 2 only with thicknesses greater than 1.2m. The exploration target includes open pit and underground tonnages. Totals below may not sum due to rounding.

Inferred Resources for the Amaam tenement (100% basis):

AREA	OPEN PIT (MT)	UNDERGROUND (MT)	TOTAL (MT
Area 2	8	0	8
Area 3	151	3	154
Area 4E	72	1	73
Area 4C	36	21	57
Total (rounded)	**268**	**26**	**294**

Exploration target for the Amaam tenement (100% basis):

	EXPLORATION TARGET (MT)	
AREA	LOWER RANGE	UPPER RANGE
Area 1	2	3
Area 2	21	33
Area 3	30	47
Area 4E	14	23
Area 4C	66	104
Area 4W	86	135
Total (rounded)	**220**	**345**

Note: Exploration targets were estimated assuming a relative density of 1.55g/cm^3 and -30%/+10% values for the lower and upper ranges respectively.

Raw coal analysis (air dried basis, unless specified):

	OPEN PIT	UNDERGROUND
Relative density g/cm3	1.55	1.51
Air dried moisture %	2.31	2.47
In situ moisture %	5.24	5.46
Ash %	32.19	27.63
Volatile matter %	25.74	26.50
Fixed Carbon %	40.11	43.63
Sulphur %	1.32	0.47
Calorific value kcal/kg	5,917	6,311
Free Swelling Index	9	9

Landazuri Project

Inferred Resources and additional exploration target

The open pit Inferred Resource at the Landazuri project comprises seams greater than 30cm thick to a depth of 200m. Between 200m to 400m depth, the underground Inferred Resource is based on seams with thicknesses greater than 1.2m. The exploration target includes open pit and underground tonnages. The tables below outline the Inferred Resource by fault block and the exploration target by tenement. Totals may not sum due to rounding.

Inferred Resources for the Landazuri project (100% basis):

TENEMENT	OPEN PIT (MT)	UNDERGROUND (MT)	TOTAL (MT
Dantas North Block	2.6	0.0	2.6
Dantas Block	4.7	0.2	4.9
Rio Blanco Block	17.1	3.8	20.9
Total	**24**	**4**	**28**

Exploration target for the Landazuri project (100% basis):

	EXPLORATION TARGET (MT)	
AREA	LOWER RANGE	UPPER RANGE
FHD-161 – Rio Blanco	70	110
GFN-141B – La Libia	8	12
GE3-083 – Rio Blanco East	0	1
F12-161 – Popayan	90	140
Total (rounded)	**168**	**263**

Note: Exploration targets were estimated assuming a relative density of 1.34g/cm^3 and -30%/+10% values for the lower and upper ranges respectively.

Raw coal analysis (air dried basis, unless specified):

	RIO BLANCO	DANTAS	DANTAS NORTH
Relative density g/cm3	1.34	1.37	1.33
Moisture (as received) %	6.11	3.98	5.91
Ash %	9.86	6.27	5.03
Volatile matter %	18.81	29.94	28.42
Fixed Carbon %	65.21	59.81	60.65
Sulphur %	1.14	1.16	0.77
Calorific value kcal/kg	7,332	7,768	7,830
Free Swelling Index	9	9	9

Competent Person's Statement The information compiled in this release relating to coal resources within the Landazuri tenements and the Amaam tenement is based on information provided by Tigers Realm Coal Limited and compiled by Neil Biggs, who is a Chartered Professional Member of the Australasian Institute of Mining and Metallurgy and who is employed by Resolve Geo Pty Ltd. Neil has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Neil Biggs consents to the inclusion in the release of the matters based on his information in the form and context in which it appears. The competent person accepts no responsibility for any statements or figures contained within this release concerning Amaam North.

Inferred Resources According to the commentary accompanying the JORC Code, "the Inferred category is intended to cover situations where a mineral concentration or occurrence has been identified and limited measurements and sampling completed, but where the data are insufficient to allow the geological and/or grade continuity to be confidently interpreted. Commonly, it would be reasonable to expect that the majority of Inferred Mineral Resources would upgrade to Indicated Mineral Resources with continued exploration. However, due to the uncertainty of Inferred Mineral Resources, it should not be assumed that such upgrading will always occur. Confidence in the estimate of Inferred Mineral Resources is usually not sufficient to allow the results of the application of technical and economic parameters to be used for detailed planning. For this reason, there is no direct link from an Inferred Resource to any category of Ore Reserves. Caution should be exercised if this category is considered in technical and economic studies."

Exploration target The potential quantity of the exploration target is estimated by Resolve Geo Pty Ltd, based on drilling and associated exploration studies undertaken so far. The potential quantity of the exploration target is conceptual in nature, and there has been insufficient exploration to date to define a mineral resource within the meaning of the JORC Code. Furthermore, it is uncertain if further exploration at its exploration target will result in the determination of a mineral resource.

OPERATIONS REVIEW

The Amaam Coking Coal Project consists of two tenements: Amaam and Amaam North.

AMAAM COKING COAL PROJECT

Amaam Tenement

2011 Highlights:

- Completed a total of 8,348m drilling
- Inferred Resources increased from 63Mt to 294Mt
- Additional exploration target estimated at 220-345Mt
- Completion of a number of preliminary technical studies focused on coal quality and washability test work, open pit mining, coal transport, port facilities and associated infrastructure
- Coal quality testwork indicates Amaam coal has high CSN, high vitrinite and reactive content (>90%), and strong fluidity
- New 80 man field camp construction completed
- Exploration License extended for 3 years
- Amaam resource recognised in the official records of the Russian Federal Subsoil Agency (Rosnedra)

Amaam Tenement Overview

The Amaam tenement comprises the tenement License No. AND 13867 TP. The License was extended in September 2011 by three years to December 2014 by the Russian licensing authority. The Amaam tenement is 231km^2, measuring approximately 32km east-west and 9km north-south.

The Amaam tenement is located in the Beringovsky Basin of the Chukotka Autonomous Okrug (District) in far eastern Russia, approximately 230km south of the regional capital of Anadyr and the administrative centre of Ugolnye Kopi, and some 40km to the south of the existing coal mining operations of Nagornaya and its supporting town at Beringovsky.

The tenement is located 30km from the Bering Sea coast and a proposed deep water port site.

The Chukotka provincial government is supportive of regional development and TIG enjoys a favourable fiscal regime including a 20% corporate tax rate and accelerated tax depreciation. A federal government royalty of RUB57/tonne (approximately US$2/tonne) is applied to sales of coking coal. TIG's in country management team has well established relationships with the provincial government and extensive experience in regulatory approval processes. Western mining companies have operated successfully in Chukotka since 2002, including Kinross Gold Corporation. Kinross Gold Corporation's Kupol gold mine has been in production since May 2008.

Tigers Realm Coal holds a 40% interest in the Amaam tenement through a shareholding in Eastshore, which owns 100% of Northern Pacific Coal Company (NPCC), the Russian incorporated license holder. Tigers Realm Coal's joint venture partner in Eastshore is Bering Coal Investments Ltd (Bering), a Cyprus incorporated company. Agreements between the Company, Bering and Eastshore grant Tigers Realm Coal the right to appoint the majority of the board of directors of Eastshore.

TIG has a conditional right to subscribe for an additional 40% shareholding in Eastshore in two tranches as follows:

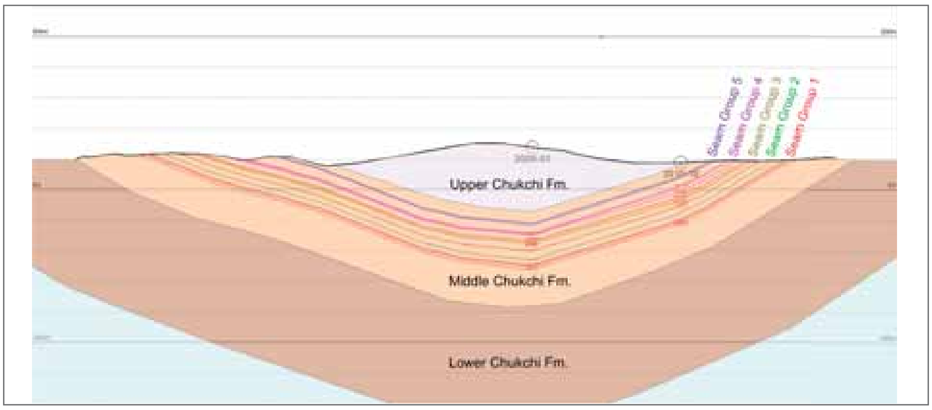
Tranche 1: an additional 20% interest in Eastshore (taking TIG's interest to 60%) for the nominal value of such shares upon a license being issued that grants NPCC (or another Eastshore subsidiary) the right to explore and extract coal from Amaam (NPCC currently holds a geological study license that permits exploration but not production); and

Tranche 2: a further 20% interest in Eastshore (taking TIG's interest to 80%) upon completion of a BFS and cancellation of all loans made by TIG and its subsidiaries to Eastshore (TIG is funding exploration and development expenditure by way of loans to Eastshore). TIG is required to fund all work on the Amaam Project through to completion of the BFS. Upon achieving the milestones described above, TIG will have the right to increase its shareholding in Eastshore to 80% and Bering will own the remaining 20%. Following completion of the BFS, TIG and Bering are required to fund the development of the Amaam tenement in proportion to their respective shareholdings in Eastshore.

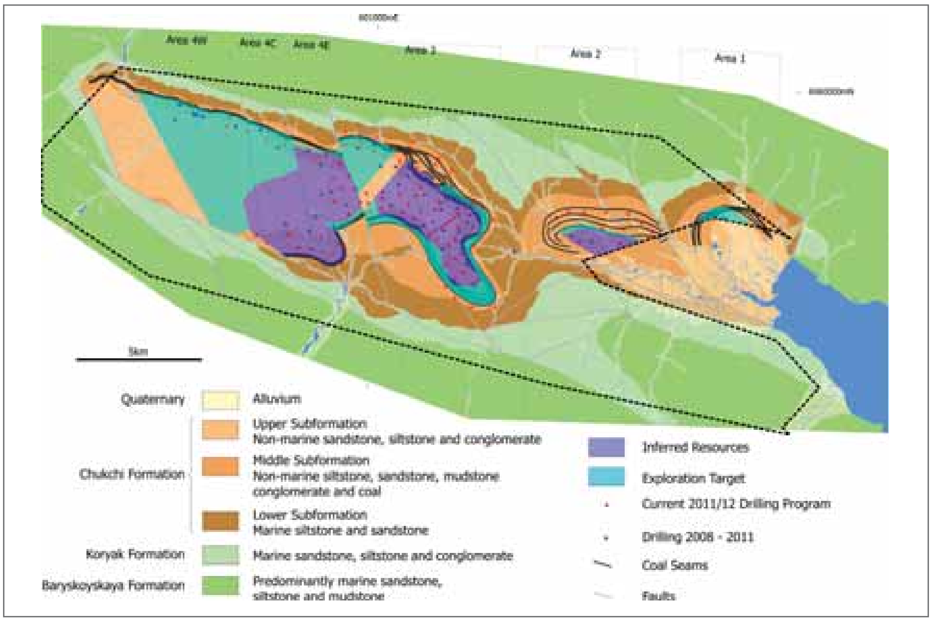
Amaam Tenement Geology

The Amaam tenement area has a long history of exploration with the first geological survey of the area conducted in 1935/36. Exploration in the area commenced in the late 1940's when a Russian program of mapping, channel sampling and trenching indicated the presence of coal seams with coking potential. From 2008 to 2010, NPCC completed a diamond drilling exploration program of 28 drill holes (totalling 7,478m) mostly in Area 3.

TIG commenced exploration activities in 2010 and completed 7,720m of drilling during the 2010/2011 Russian winter season across the entire tenement, but predominantly in Areas 3 and 4. The Amaam Project is a multi-seam, moderate dipping deposit within a synclinal basin. Coal is in the Middle Chukchi formation and is divided into four main areas by north-west trending faults. To date, exploration activities have identified that the highest tonnages of coal are within Areas 3 and 4.



Typical Amaam Tenement Cross-Section



Amaam Tenement Geological Plan

Amaam Tenement Development Plan

TIG completed a number of preliminary technical studies during 2011 focused on coal quality and washability test work, open pit mining, coal transport, port facilities and associated infrastructure.

Consultants and engineering companies utilised to complete the studies included:

- Resolve Geo Pty Ltd – Resources
- Runge Limited (Minarco-MineConsult) – Mining
- Bob Leach Pty Ltd – Coal Quality
- Ausenco Sandwell – Coal transport, port and infrastructure
- AME Consulting – Coal marketing

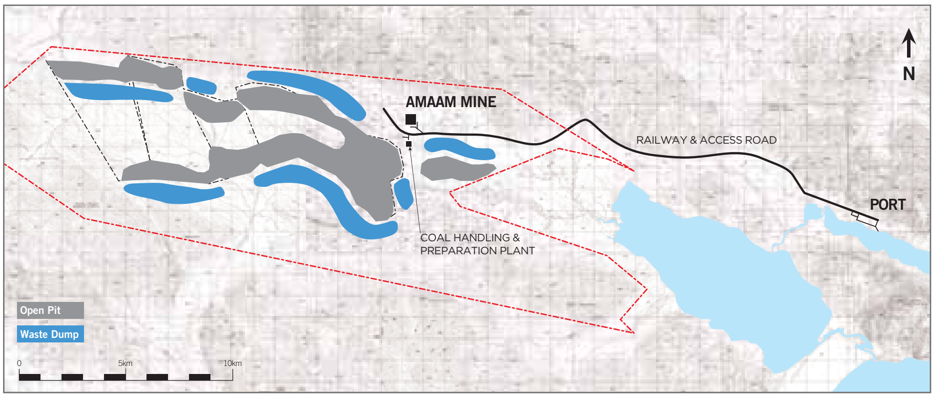
These studies assessed the development of an owner operator large scale, open pit mine, coal handling and preparation plant (CHPP), and associated site, transport and port infrastructure. The studies concluded the potential mine would have conventional truck and shovel operations with in-pit overburden disposal.

The studies proposed a base case conceptual mine plan as follows:

- Production rate of 10Mtpa ROM coal (inclusive of dilution)
- Stripping ratio of 12:1 (BCM:ROMt)
- Coking coal production of 5.3Mtpa for 20+ years

The studies identified the potential for a larger scale project. Based on initial pit optimisation studies, a 5% increase in coal prices above those assumed in the base case mine plan results in the potential to increase available coking coal tonnages by over 30% with a small increase in the stripping ratio to 13:1. Ongoing feasibility studies will optimise pit size and production rates.

The study results included an estimated project development cost of US$1,448m with site operating costs of US$47/t ROM coal and US$88/t saleable coal (excluding royalties).



Amaam tenement conceptual mine plan

Permitting

TIG achieved an important permitting milestone during the year when the Amaam coking coal resource (determined in accordance with the Russian mineral classification system) was recognised in the official records of the Russian Federal Subsoil Agency (Rosnedra). The approval is an important milestone on the path to converting the Amaam Exploration License to an Exploration and Extraction (mining) License. Team members from TIG's 40% owned Russian company NPCC were instrumental in submitting the required documentation in Q3 2011, which successfully resulted in the resource being confirmed by the Russian Federal Subsoil Agency.

Recognition of the Amaam coal resource allows NPCC (the Amaam Exploration License holder) to progress to the next phase in the mine permitting process, which is for NPCC to apply for a Discovery Certificate over the deposit.

The Discovery Certificate will register NPCC's rights in respect of the Amaam deposit and provide NPCC with the ability to apply for an Exploration and Extraction (mining) License. The application for a Discovery Certificate has now been lodged with Rosnedra. Award of the Discovery Certificate is expected to take up to 60 days from the date of application.

Following receipt of the Discovery Certificate, NPCC will make an application for an Exploration and Extraction (mining) License which can take up to up to six months from the date of application. Through conversion of the Amaam Exploration License to an Exploration and Extraction (mining) License, NPCC will confirm legal tenure over the deposit for a period of 25 years. Upon conversion of the license TIG will move from 40% to 60% ownership of the Amaam coking coal project. TIG's ownership level of the Amaam project will increase to 80% upon completion of a bankable feasibility study.

AMAAM – PERMITTING MILESTONES	ACHIEVED	TARGET	ACTUAL
Exploration license – 3 year extension	✓	Q3-10	Sep-10
Amaam deposit registered with Rosnedra	✓	Q1-12	Dec-11
Application for Discovery Certificate	✓	Q1-12	Jan-12
Award of Discovery Certificate		Q2-12	
Application for mining license		Q2-12	
Award of mining license		**Q4-12**	

TIG's in country Russian team has made good progress on the preparation of documentation to be submitted to the Russian Ministry of Transport and Prime Minister's Department for approval to move to the detailed design phase for the Arinay Port within the deep water Arinay Lagoon, 30km from the Amaam deposit. TIG's Russian team plans on submitting key initial documents with regional government support in the coming months.

ARINAY PORT – PERMITTING MILESTONES	ACHIEVED	TARGET	ACTUAL
Base-line environmental assessment	✓	Q4-11	Oct-11
Obtain regional government support for the federal government port submission	✓	Q1-12	Jan-12
Submit application for federal government approval to commence detailed port design		Q1-12	
Receive federal government approval to commence detailed port design		Q3-12	

Amaam North Tenement

In December 2011, TIG made an important strategic step in relation to consolidating the Company's position in the highly prospective Bering Coal Basin through the acquisition of 80% of Amaam North – a coal deposit only 30km to the north of Amaam. The Amaam North tenement increases the Company's total landholding in the Bering Coal Basin to 709km^2, and offers the potential to significantly increase Tigers Realm Coal's coking coal endowment in this emerging coal basin in far eastern Russia, close to the Bering Sea coast and key Asian markets.

Under the terms of the agreement completed in January 2012, the Company paid US$400,000 for an 80% interest in the Russian company which owns the Amaam North exploration license, Beringpromugol LLC, by acquiring 80% of Cyprus company Rosmiro Investments Limited from its current owner BS Chuchki Investments LLC (BSCI). TIG is also required to fund all project expenditure until the completion of a bankable feasibility study. After completion of a bankable feasibility study, each joint venture party is required to contribute to further project expenditure on a pro-rata basis. BSCI is also entitled to receive a royalty of 3% gross sales revenue from coal produced from within the Amaam North license.

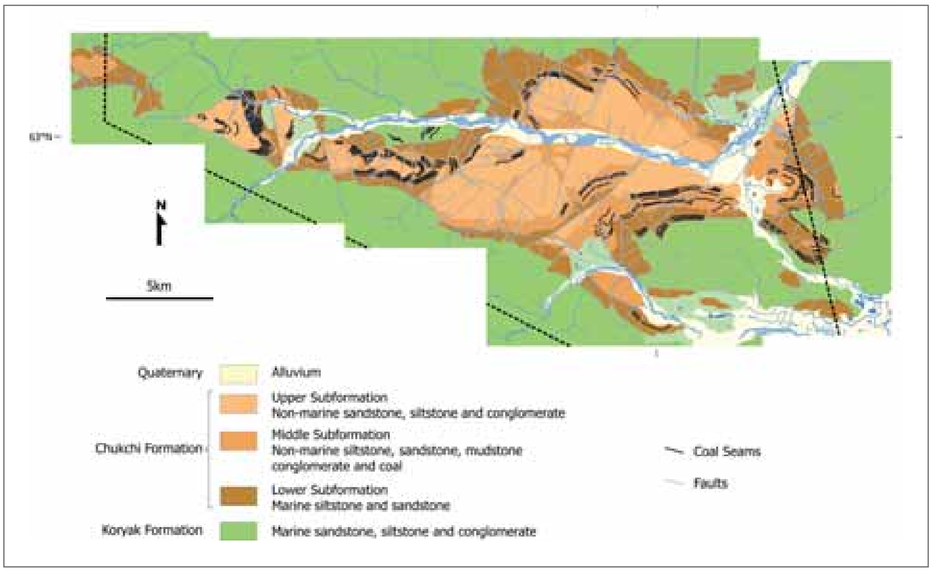
The Amaam North and Amaam deposits are located within separate structural blocks of the Bering Coal Basin. The Bering Coal Basin covers an area of approximately 7,500km^2 and extends from north of Beringovsky (Nargornaya mine) to the southern coast line. The primary coal host sequence at Amaam North and Amaam is the Middle Chukchi Formation of Palaeogene age.

The coal formation at Amaam North is synclinal in structure with longitudinal and cross cutting faults, moderate dips at the margins, flatter dips along the axis. Mapping of the deposit has identified multiple coal exposures, 30 of which are >2m true seam thickness. Based on outcrop sampling, cumulative coal thicknesses are expected to be similar to Amaam.

Amaam North coal seam out crop

Available information indicates the coal at North Amaam is a high volatile A bituminous coal based on the ASTM classification standard. TIG considers Amaam North to be prospective for high volatile semi soft to semi hard coking coal.

In the first half of 2012, Tigers Realm Coal plans to conduct field reconnaissance and preliminary coal quality analysis to confirm the geological interpretation of the deposit in order to short-list target areas for drilling with the intention of delineating an initial JORC compliant resource.



Amaam North Geological Plan

Environment and Community

In line with the strategic HSEC framework developed for the Company, the focus at the Amaam project during 2011 was on identifying significant HSEC risks and implementing effective mitigating controls. These risks and controls were detailed in a risk assessment, project management plan and induction for the project.

Specific activities included:

- Completing audits of all drill rigs prior to commencing work on site. The project appointed a drilling consultant to review the performance of the drilling fleet; a key focus of this work was to ensure safety practices are effective and equipment is to the required standard
- Engaging an independent aviation expert to audit the site aviation service provider
- Developing standard requirements for vehicle operations and remote work
- Development of emergency response plans and the appointment of an experienced medic for the drilling season

Community engagement in Chukotka, Russia

A detailed program of environmental and heritage baseline studies were completed during the year. Further studies will be carried out in 2012 as part of the project's pre-feasibility study. Golder, an international environmental consulting firm with extensive experience in successfully completing Russian projects, has been appointed to assist with these environmental and social studies and to ensure that Russian approvals for the project are obtained, and that the Environmental and Social Impact Assessment and other project studies which are to be completed as part of the PFS and BFS comply with the Equator Principles and International Finance Corporation standards.

Regular stakeholder engagement was carried out during the year. Stakeholder engagement is a key focus for our project team. Effort in this area will be increased during 2012 in line with the development of the project.

Doing business in Russia

Russia has undergone significant change since the collapse of the Soviet Union, moving from a globally-isolated, centrally-planned economy to a market-based and globally-integrated economy. Economic reforms in the 1990s privatised most industry, with notable exceptions in some energy and defence-related sectors. Russian industry is primarily split between globally-competitive commodity producers – in 2009 Russia was the world's largest exporter of natural gas, the second largest exporter of oil, and the third largest exporter of steel and primary aluminium – and other less competitive heavy industries that remain dependent on the Russian domestic market. As at the end of 2010 Russia was estimated to host around 12% of global bituminous coal and anthracite reserves.

LANDAZURI COKING COAL PROJECT

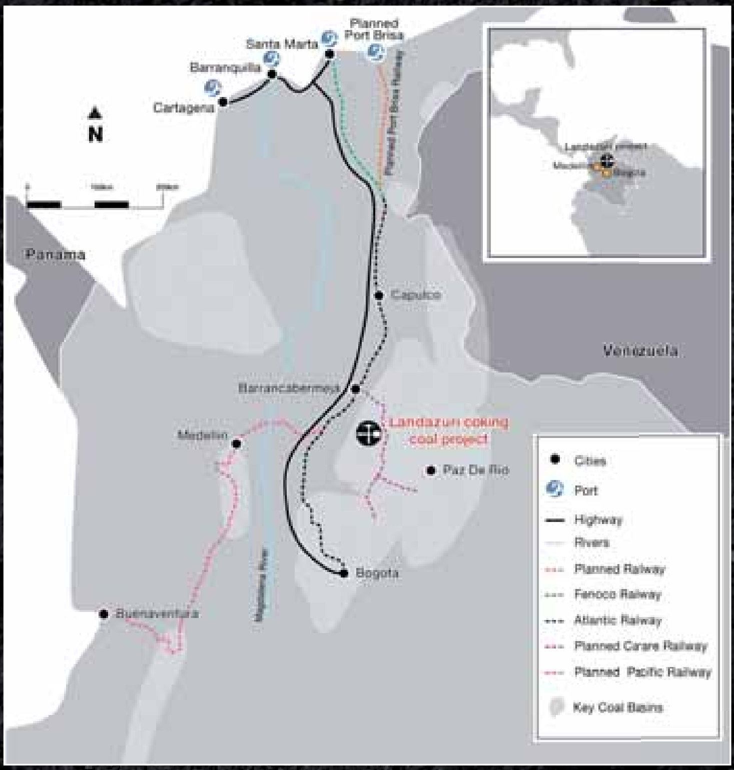
2011 Highlights:

- Completed a total of 4,380m drilling
- Delineation of a maiden Inferred Resource at Landazuri of 21Mt which was subsequently increased to 28Mt
- Additional exploration target estimated of 168-263Mt
- Completed scoping level technical studies focused on coal transport and infrastructure
- Preliminary coal quality testwork indicates Landazuri coal has excellent coking properties and has the potential to be sold on an unwashed basis due to low ash content

Landazuri Project Overview

The Landazuri Project is located in the Santander Department, Colombia, approximately 40km north-east of the town of Cimitarra and 200km north of Colombia's capital, Bogotá. The region is serviced by the Magdalena Transport Corridor, which supports rail, road and river transport infrastructure linking the Landazuri Project to Caribbean coal ports approximately 600km to the north. The largest operating coal terminals are located at Puerto Bolívar and along the coast between Santa Marta and the town of Ciénaga. Smaller amounts of coal are exported from multipurpose ports in the cities of Barranquilla and Cartagena on the Caribbean coast, and Buenaventura on the Pacific coast.

The Landazuri project comprises four tenements over which TIG has entered into two farm-in option agreements with the vendors of these tenements. In each case, the vendors are private Colombian parties with interests in the Colombian coal mining industry. TIG is the operator and holds a 60% and 70% interest in the two joint venture companies: Jaguar 1 and Las Palmas.



Landazuri Project tenement details

EXPLORATION AREA	TENEMENT	NUMBER	KM²	JV	ENVIRONMENTAL LICENSE
Rio Blanco	Rio Blanco	FHD-161	43.9	Jaguar 1	Yes
	Rio Blanco East	GE3-083	6.8	Jaguar 1	No
	La Libia	GFN-141B	3.9	Las Palmas	No
Popayan	Popayan	F12-161	37.1	Jaguar 1	Yes

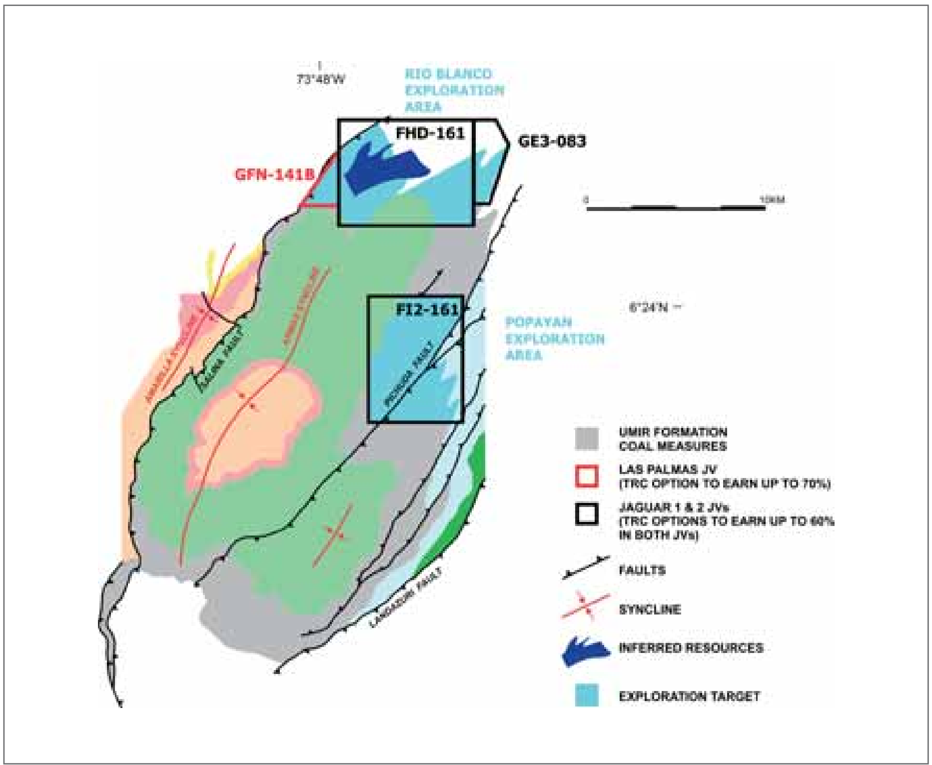
Landazuri Project Geology

The Landazuri Coal Basin is situated in the middle Magdalena Valley Basin, a broad river valley located between the central and eastern Cordilleras of the Colombian Andes. The stratigraphy of the Magdalena Valley Basin consists primarily of Simitit Shale, La Luna and Umir Formations.

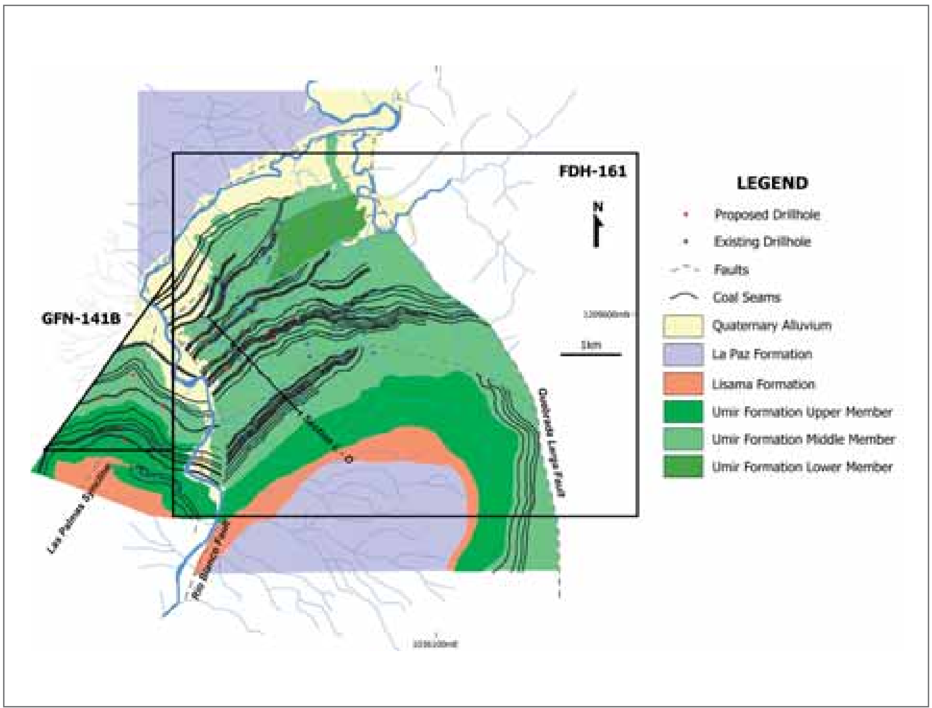
The Armas Syncline is the major structure evident in the Landazuri Coal Basin. The Rio Blanco tenements reside within the northern close of the syncline and the Popayan tenement is on the eastern flank of the syncline. The sediments within the syncline are, from oldest to youngest, the La Luna, Umir, Lisama, La Paz and Esmeraldas formations.

Tigers Realm Coal is targeting the coal bearing Middle and Upper Members of the Cretaceous Umir Formation where drilling within the tenements has returned coal intersections of greater than 4m.

TIG initiated exploration in 2010 including detailed geological mapping over the northern and eastern section of the Landazuri Coal Basin tenements, and a concurrent drilling program on the Rio Blanco Tenement.



Landazuri Project Geological Plan



Rio Blanco and La Libia Geological Plans

Drilling at Landazuri

Landazuri Project Development Plan

The project area is within 60km of an existing railway line, national highway and the Magdalena River which link the project to existing coal export terminals on the Caribbean coast. Concept studies indicate the potential to produce a single unwashed coking coal product through a staged development:

- **Stage 1:** small scale contract mining operation (open pit) utilising truck haulage of coal to existing ports on the Caribbean coast; and
- **Stage 2:** production ramp-up (assuming additional resources defined) utilising rail transport.

A 2,000m drill program is currently underway to confirm TIG's geological interpretation and identify open pit mining potential.

Community engagement in Colombia

Health, Safety, Environment and Community

In line with TIG's strategic Health, Safety, Environment and Community (HSEC) framework, the focus at the Landazuri project in 2011 was on ensuring that significant HSEC risks for the project were identified and that effective mitigating controls were in place.

Specific actions included carrying out a review of the HSEC management system utilised by our contract exploration services provider to ensure there was alignment with TIG's requirements.

A key focus for the project was community engagement. The community engagement program, initially focused on the immediate project area, was extended during the year to surrounding regional community areas and a community consultation committee was formed.

A number of community development programs commenced, including:

- Supporting sanitation upgrades in local schools (water quality and kitchen/water drinking points)
- Offers of further education opportunities for local school teachers
- Assisting communities to prepare project design and business cases to lobby local governments for the extension of electricity supply to their areas
- Supporting local communities carrying out road improvements

Doing Business in Colombia

Colombia has a long tradition of constitutional government, is the fourth largest economy in South America and is the third largest exporter of oil to the United States. Colombia's main exports are petroleum, coffee, coal, nickel, emeralds, apparel, bananas and cut flowers.

Coal production in Colombia has increased steadily over the past 15 years and the country is now the fifth largest coal exporter worldwide. Colombia is host to a number of globally significant coal mines including El Cerrejon (BHP Billiton Ltd, Anglo American plc, Xstrata plc), La Loma (Drummond Company Inc) and La Jagua (Glencore International plc). Coking coal production of approximately 4Mt is presently produced in small scale mines located in Cundinamarca, Boyaca and the North Santander Department, and trucked to Caribbean ports.

DIRECTORS AND MANAGEMENT

Tigers Realm Coal's management team has significant experience in all facets of exploring, developing, operating and financing large scale natural resources projects. The team has a balanced set of skills in the areas of geology, mining operations, infrastructure and regulatory, environmental and financial affairs.

All senior operational managers have worked previously in the minerals and mining sector and are well equipped to manage both the development project and the third party contractor workforce that will be involved in the construction of TIG's mining operations.

Members of TIG's management team are either employed directly by TIG or seconded from Tigers Realm Minerals Pty Limited (TRM). In addition, under a services agreement, TRM agrees to provide or procure certain services to TIG, including business development, company secretarial and legal services.

Biographies of the management team are provided below:

Mr Antony Manini Chairman (1)
BSc(Hons), FAusIMM, FSEG

Mr Manini has over 24 years of global resource industry experience across a diverse range of commodities in over 20 countries. His experience includes 14 years with the Rio Tinto Group and 8 years with Oxiana Limited (now OZ Minerals Limited) covering various technical, commercial, senior management and executive roles in exploration, project evaluation, 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 Limited (TRM) and TIG and has been Managing Director of TRM since inception of TRM. 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 Martin Grant Managing Director & CEO (2)
MSc, BSc (Hons)

Mr Grant has over 20 years experience in the resources industry. Over the past 7 years, he has held a number of senior executive roles in the international coal sector, including Chief Development Officer for BHP Billiton Energy Coal and Vice President Business Development for BHP Billiton Mitsubishi Alliance, the world's largest seaborne supplier of hard coking coal. Prior to specialising in coal, Mr Grant was a senior corporate finance advisor with UBS and Goldman Sachs. During this time, he worked on numerous mining merger and acquisition transactions, including BHP Limited's merger with Billiton plc. Mr Grant has a background in minerals exploration and holds a Masters degree in Mineral Economics from the Colorado School of Mines.

Mr Brian Jamieson Independent Non-Executive Director (3)
FCA

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 Non-Executive Chairman of Mesoblast Limited and Sigma Pharmaceuticals, a Non-Executive Director of Tatts Group Limited and Oz Minerals Limited. He is a fellow of the Institute of Chartered Accountants in Australia.

Mr Owen Hegarty Non-Executive Director (4)
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, 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 and Executive Vice Chairman of CST Mining Group Limited, also a Hong Kong listed mining company with a copper focus. He is a Non-Executive Director of Fortescue Metals Group Limited, a Director of the AusIMM, a member of the South Australian Minerals and Petroleum Experts Group advising the Premier on mining in that State, and a Director of the WA based Mining Hall of Fame Foundation – a mining educational foundation. He is Founding Patron of CEEC (Coalition for Eco-Efficient Comminution) – a not-for-profit organisation aimed at increasing energy efficiencies in mining and minerals processing.

Mr David Forsyth Company Secretary (5)
FCIS, FCPA

Mr Forsyth has over 40 years experience in the engineering, project development and mining field. His most recent positions were with Oxiana Limited (now OZ Minerals Limited), where he was Company Secretary and Manager Administration from 1996 to 2008.

Mr Paul Smith Chief Financial Officer (6)
BCom, CPA

Mr Smith is a finance professional with over 20 years experience in the resources sector. Paul joined TIG from Golding Contractors Pty Ltd, where he was CFO. Prior to joining Golding he spent 20 years with BHP Billiton in Finance and Business Development roles across a number of commodities including iron ore, coking coal, and manganese.

Mr Peter Balka (7)
General Manager – Projects and Studies (TRM Secondee)
B.E (Mining Eng), MAUSIMM

Mr Balka is a mining engineer with over 25 years of extensive experience in open cut and underground mining operations, project management, feasibility studies and due diligence. Most recently Mr Balka worked for 4 years with OZ Minerals Limited (formerly Oxiana Limited) as Group Mining Engineer, managing feasibility studies and providing engineering services and oversight to the operations including those at Prominent Hill, Sepon, Golden Grove, Century and Rosebery. Prior to this, Mr Balka held key technical and management roles with AMC Consultants Pty Ltd, Newcrest Limited and BHP Billiton Limited, for the feasibility studies and development of Prominent Hill, Ridgeway, Cannington, Callie open cut and underground, Iron Duke – Whyalla, Gosowong and Tarnagulla. His international experience also includes projects in Russia, Indonesia, India, New Zealand and Africa.

Mr Leonid Skoptsov (8)
General Director – NPCC – Russia

Mr Skoptsov has more than 20 years of resource exploration, development and operational experience in Russia. He became a Director of Ovoca Gold Plc in June 2006 and later became Chief Executive Officer from 2006 to 2009. Mr Skoptsov was also Chairman of OAO Pervaya Gornorudnaya Companiya, a zinc-lead asset developer, from 2001 to 2005 and Chairman of OAO Volganeft, a mid-tier oil producer in Russia which was successfully sold to Russneft, from 2000 to 2004.

Mr Nelson Amaya (9)
Country-President – Colombia (TRM Secondee)
Lawyer MS. Management

Mr Amaya has more than 30 years of coal, private and public sector experience in Colombia. He was President of Carbocol Inc, a stated owned company joint venture with Exxon Corporation that developed the El Cerrejon mine in Colombia (the largest open cut coal operation in South America), and during this time he played a key role in the privatisation of the company in 2000. As Vice-President of Carbocol Inc, Mr Amaya had strong participation in promoting Colombia’s coal deposits to investors, and helped drive the government’s efforts to promote the development of the industry. Recently, Mr Amaya was President of Fiduciaria La Previsora SA (a Colombian trust company). In the Colombian public sector Mr Amaya has served as a Member of the House of Representatives leading the development and approval of the National Development Plan, as Vice-minister of Economic Development, and as Vice-minister of Internal Affairs.

The Directors present their report together with the interim financial report of the Group, being Tigers Realm Coal Limited ("the Company" or "TIG") and its subsidiaries, for the year ended 31 December 2011.

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 24 years of global resource industry experience across a diverse range of commodities in over 20 countries. His experience includes 14 years with the Rio Tinto Group and 8 years with Oxiana Limited (now OZ Minerals Limited) covering various technical, commercial, senior management and executive roles in exploration, project evaluation, 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 Limited (TRM) and TIG and has been Managing Director of TRM since inception of TRM. 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 as a Director and Chairman on 8 October 2010, and is a member of the Audit, Risk and compliance Committee and of the Nomination and Remuneration Committee. He holds no other directorships with ASX listed entities.
Mr Martin Grant **Managing Director & CEO** MSc, BSc (Hons)	Mr Grant has over 20 years experience in the resources industry. Over the past 7 years, he has held a number of senior executive roles in the international coal sector, including Chief Development Officer for BHP Billiton Energy Coal and Vice President Business Development for BHP Billiton Mitsubishi Alliance, the world's largest seaborne supplier of hard coking coal. Prior to specialising in coal, Mr Grant was a senior corporate finance advisor with UBS and Goldman Sachs. During this time, he worked on numerous mining merger and acquisition transactions, including BHP Limited's merger with Billiton plc. Mr Grant has a background in minerals exploration and holds a Masters degree in Mineral Economics from the Colorado School of Mines. Mr Grant was appointed a Director on 7 March 2011. 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, 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 and Executive Vice Chairman of CST Mining Group Limited, also a Hong Kong listed mining company with a copper focus. He is a Non-Executive Director of Fortescue Metals Group Limited, a Director of the AusIMM, a member of the South Australian Minerals and Petroleum Experts Group advising the Premier on mining in that State, and a Director of the WA based Mining Hall of Fame Foundation – a mining educational foundation. He is Founding Patron of CEEC (Coalition for Eco-Efficient Comminution) – a not-for-profit organisation aimed at increasing energy efficiencies in mining and minerals processing. He is also Chairman of TRM. Mr Hegarty was appointed a Director on 8 October 2010 and is a member of the Audit, Risk and compliance Committee and of the Nomination and Remuneration Committee. In the past three years Mr Hegarty was a director of the following ASX listed entities: Range River Gold Limited (from July 1994 to June 2010), Oz Minerals Limited (resigned as Non-Executive Director in December 2008).
Mr Brian Jamieson **Independent Non-Executive Director** FCA	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 a 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 Ltd. Mr Jamieson was appointed as a Non-Executive Director of the Company on 25 February 2011 and is Chairman of the Audit, Risk and Compliance Committee and of the Nomination and Remuneration Committee.
Mr David Forsyth **Executive Director** FCIS, FCPA	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 Director of The Company on 8 October 2010 and resigned on 7 March 2011.

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

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		MEETING OF COMMITTEES OF DIRECTORS			
			Nomination and Remuneration		Audit Risk & Compliance	
	A	B	A	B	A	B
Mr Antony Manini	16	16	1	1	2	2
Mr Martin Grant *(appointed 7 March 2011)*	13	13	–	–	–	–
Mr Owen Hegarty	16	16	1	1	2	2
Mr Brian Jamieson *(appointed 25 February 2011)*	14	14	1	1	2	2
Mr David Forsyth *(resigned 7 March 2011)*	3	3	–	–	–	–

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, development and mining of international coal deposits.

4. Operating and financial review

The operating profit after income tax of the Group for the year ending 31 December 2011 was $12,840,502 (2010: $(585,528)). The prior period comparative covers the period from incorporation 8 October 2010 to the 31 December 2010. As at 31 December 2011 the Group had a cash position of $21,029,887 (2010: $3,934). The Group had no bank debt. Operating activities incurred cash outflows from operations for the year of $8,530,348 (2010 $Nil). There were cash outflows from exploration and evaluation expenditure of $8,220,804, (2010 $Nil) for the year.

5. Significant changes in the state of affairs

The Company was incorporated on 8 October 2010. The Company was initially financed by advances from an associated entity Tigers Realm Minerals Pty Ltd ("TRM").

On 1 January 2011 the Company entered into a Services Agreement with TRM for the provision of services, and a Business Development Deed for the provision of business development services.

On 19 January 2011 a subsidiary entity in Indonesia, PT Tigers Realm Coal Indonesia was established.

A successful capital raising took place from 18 January to 7 February 2011 with the Company issuing 36,000,000 shares at 50 cents each to sophisticated investors raising funds of $17,152,098 net of offer costs.

On 12 August 2011 the Company settled the outstanding payables to TRM of $4,369,585 through the issue of 8,739,170 ordinary shares in the Company to TRM prior to listing on ASX.

On 29 August 2011 the Company successfully listed on the Australian Stock Exchange ("ASX") via an Initial Public Offering ("IPO") of 75,000,000 Company shares on 29 August 2011, raising funds of $37,500,000.

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

Eastshore transaction

On 6 May 2011, a wholly owned subsidiary of the Company, Tigers Realm Coal (Cyprus) Pty Ltd ("TRC Cyprus"), Eastshore Coal Holding Ltd ("Eastshore"), Bering Coal Investments Ltd ("Bering") and Siberian Tigers International Corporation ("Siberian") executed a series of agreements in relation to the management of Eastshore, CJSC Northern Pacific Coal Company ("NPCC") and the Russian subsoil licenses being the Dalniy Subsoil License (Russian subsoil license numbered AND 13868 TP) and the Zapadniy Subsoil Lincense (Russian subsoil license numbered AND 13867 TP) (the "Eastshore Transaction").

As a result of these agreements TRC Cyprus is entitled to appoint the majority of the members of the board of Eastshore (i.e. three out of five), providing it with the power to govern the financial and operating policies of Eastshore so as to obtain the benefits from Eastshore's activities. As a result, TIG has consolidated Eastshore and its subsidiary NPCC, from 6 May 2011 in accordance with AASB 3 Business Combinations. In accounting for the business combination, TIG has assessed the fair value of the consideration, and the fair value of the assets acquired and liabilities and contingent liabilities assumed at that date.

The Consolidated Entity's existing 40% equity interest in Eastshore had a carrying value of nil prior to acquisition. Accordingly its re-measurement to fair value as part of accounting for the business combination with the Eastshore group, which as at 6 May 2011 comprised Eastshore and its controlled entity, NPCC, resulted in the recognition of a profit in the consolidated financial statements. Additionally the fair value of the assets, liabilities and contingent liabilities of Eastshore and its controlled entity, NPCC, the related deferred tax impacts and the non-controlling interest of 60% held by Bering measured as its proportionate interest in the fair value of the identifiable assets, liabilities and contingent liabilities of Eastshore and its controlled entity NPCC, have been recognised in the consolidated financial statements. Any excess of the fair value of the consideration over the fair value of the assets acquired and liabilities and contingent liabilities assumed (including related deferred tax impacts), after taking into account the non-controlling interest therein, has been recognised as goodwill.

The accounting for the Eastshore transaction is described in note 32 to the financial statements.

The financial statements for the year ended 31 December 2011 were impacted by the Eastshore Transaction as follows:

Statement of comprehensive income:

- recognition of a gain on TIG's existing 40% equity interest in Eastshore as at 6 May 2011 of $29,084,683 (gain on recognising fair value of investment);
- recognition of an increase in the fair value of the option (liability) inherent in the Bering Royalty Agreement between 6 May 2011 and 31 December 2011 of $6,756,618 (loss on revaluation of Bering option); and
- the Bering Option will be re-valued at each future balance date with any resulting movement being recognised as a gain or loss in the statement of comprehensive income.

Statement of financial position:

- recognition of 100% of mineral rights attributable to the Amaam project of $89,950,856 and related deferred tax liability of $17,128,205 pursuant to the Eastshore Transaction;
- recognition of goodwill of $20,227,142 arising from the Eastshore Transaction representing the excess of the fair value of the consideration over the fair value of the consolidated entity's share of the identifiable assets acquired and liabilities and contingent liabilities assumed;
- de-recognition of loans receivable by TIG from Eastshore as these became intra-group following the 6 May 2011 business combination; and
- recognition of a liability for the fair value of the option inherent in the Bering Royalty Agreement of $16,872,332 as at 31 December 2011.

6. Events subsequent to reporting date

On 18 January 2012 the Group paid US$400,000 for the acquisition of 80% Rosmiro Investments Limited, which through its wholly owned subsidiary Beringpromugol LCC, holds the Amaam North tenement. The additional Bering Basin coking coal tenement in far eastern Russia at Amaam North is located 30 kilometres north of the Group's existing tenement at Amaam.

On 6 February 2012 the Group achieved a milestone in the process of converting the Amaam Exploration License at its Amaam tenement in Russia, to an Exploration Extraction (mining) Licence. The Amaam coking coal resource has been recognised in the official records of the Russian Federal Subsoil Agency. Recognition of the Amaam coal resource allows the Group to progress the next phase in the mine permitting process, which is to apply for a Discovery Certificate over the deposit.

Other than the events noted above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the result 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 continue minerals exploration on the tenements held by entities in which it has a controlling interest or significant influence.

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. 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, at the date of this report is as follows:

	TIGERS REALM COAL LIMITED	
	Ordinary shares	Options over ordinary shares
A. Manini	17,857,183	7,631,000
O. Hegarty	13,434,336	4,315,500
B. Jamieson	400,000	1,000,000
M. Grant	200,000	4,088,877

10. 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, and the five highest remunerated executives of the Group and the Company.

(a) Details of key management personnel

NAME	POSITION	COMMENCEMENT DATE
Directors		
Antony Manini	Chairman (Non-executive)	8 October 2010
Owen Hegarty	Director (Non-executive)	8 October 2010
Brian Jamieson	Independent Director (Non-executive)	25 February 2011
Martin Grant	Chief Executive Officer and Managing Director	1 February 2011 7 March 2011
David Forsyth	Director & Company Secretary (Executive)	8 October 2010 (Resigned as Director 7 March 2011)
Senior Executives		
Paul Smith	Chief Financial Officer	17 October 2011
David Forsyth	Company Secretary	8 October 2010
Peter Balka	General Manager – Projects and Studies	1 January 2011
Ben Stockdale	General Manager Corporate Finance and Investor Relations	2 May 2011

(b) Changes to key management personnel

Directors

The Company was established on 8 October 2010.

The Directors of the Company at the date of establishment were Mr Antony Manini, Mr Owen Hegarty, and Mr David Forsyth.

In February 2011 the Company announced the appointment of Mr Brian Jamieson as an independent non-executive Director.

Also in February 2011 Mr Martin Grant was appointed as Managing Director.

In March 2011 Mr Grant was appointed to the Board and Mr David Forsyth resigned the position of Director of the Company at that time; he remains as Company Secretary.

Executives

In January 2011 Mr Peter Balka joined the Company in the role of General Manager – Projects and Studies.

10. Remuneration report – audited (cont.)

In February 2011 Mr Martin Grant was appointed as Chief Executive Officer ("CEO").

In July 2011 Mr Ben Stockdale appointed Acting Chief Financial Officer, and resigned from that role on 17 October 2011. Mr Stockdale remains with the Company as General Manager Corporate Finance and Investor Relations.

In October 2011 Mr Paul Smith joined the Company in the role of Chief Financial Officer.

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

This remuneration report sets out information about the remuneration of Tigers Realm Coal Limited's Directors and its key management personnel for the financial year ended 31 December 2011.

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group, including Directors of the Company and other executives. Key management personnel comprise the Directors of the Company and senior executives for the Group including the five most highly remunerated Company and Group employees.

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.

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.

(d) Consequence of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, when determining compensation for key management personnel the Remuneration and Nomination Committee and the Board have regard to the geological finds and the progress of operations based on goals set by the Remuneration and Nomination Committee and the Board throughout the year. Refer to the Operating and Financial Review for details of the Group's performance.

In addition, the Board has regard to the following indices in respect of the financial year and previous financial years.

	2011	2010
Net profit/(loss) attributable to equity holders of the parent	$17,642,762	$(585,528)
Closing share price	$0.27	$0.50*

*2010 Share price estimated by Management based on share price used for equity raisings.

(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 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; and
- 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. Cash incentives (bonuses) are payable in February each year; and the
- Long Term Incentive ('LTI') Program under which employees, at the discretion of the Board, are offered options over ordinary shares in the Company under the Company's Option Plan.

  The Company made initial grants of options to certain senior executives as part of their individual employment contracts.

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 Managing Director, and are 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 23.

The following table shows the relative proportions of remuneration packages of the Senior Executives, including executive Key Management Personnel ('KMP'), during the year ended 31 December 2011, 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.

2011 **Name**	**Fixed Annual Remuneration (including superannuation contributions) %**	**At Risk – STI as percentage of Total Remuneration %**	**At Risk – LTI as percentage of Total Remuneration* %**	**At Risk – Total as percentage of Total Remuneration* %**
Executive Directors				
Martin Grant, MD & CEO	39.1	15.8	45.1	60.9
Other key management personnel				
David Forsyth, Co Sec	55.3	3.8	40.9	44.7
Peter Balka	68.8	15.7	15.5	31.2
Paul Smith, CFO	73.6	12.2	14.2	26.4
Ben Stockdale	59.6	20.1	20.3	40.4

*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.

(f) Senior executives' employment arrangements

The remuneration arrangements for senior executives are formalised in employment contracts. Each of these agreements 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 employment contract outlines the components of remuneration paid to key management personnel but does not prescribe how remuneration levels are modified year to year. Remuneration levels are reviewed each year 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 remuneration policy.

The employment contracts with Directors and senior executives have no fixed term. 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.

10. Remuneration report – audited (cont.)

The remuneration and other terms of employment for key management personnel are formalised in their employment contracts. The key provisions of the employment contracts for key management personnel are set out in the table below:

NAME	M GRANT	P SMITH	P BALKA	B STOCKDALE	D FORSYTH
Role	Managing Director and Chief Executive Officer	Chief Financial Officer	General Manager Projects and Studies	General Manager Corporate Finance and Investor Relations	Company Secretary
Length of contract and expiry date where applicable	Four years to 1 February 2015.	Open ended	Open ended	Open ended	Open ended
Base Salary	$420,000	$315,000	$240,800	$192,600	$250,000
Superannuation	$37,800	$25,000	$21,672	$17,334	$22,500
Short-term incentive	Maximum cash bonus of 50% of base salary	Maximum cash bonus of 30% of base salary	Maximum cash bonus of 30% of total remuneration	Maximum cash bonus of 30% of total remuneration	Maximum cash bonus of 20% of total remuneration
Long-term incentive	Eligible to participate in Company Share Option Plan	Eligible to participate in Company Share Option Plan	Eligible to participate in Company Share Option Plan	Eligible to participate in Company Share Option Plan	Eligible to participate in Company Share Option Plan
Employer-initiated termination	12 months notice or payment in lieu of notice	3 months notice or payment in lieu of notice	1 months notice or payment in lieu of notice	3 months notice or payment in lieu of notice	1 months notice or payment in lieu of notice
Termination due to serious misconduct	No notice required	No notice required	No notice required	No notice required	No notice required
Employee-initiated termination	6 months notice	3 months notice	1 months notice	3 months notice	1 months notice

(g) Remuneration of Non-Executive Directors

On appointment to the Board, all 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.

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 Director's fees are determined within an aggregate Directors' fee pool limit, which has been established at $1,000,000.

Non-executive Directors receive a fixed fee remuneration consisting of a base fee rate and nine percent superannuation contributions. No retirement or other long term benefits are provided to any Director other than superannuation to those Directors who are also employees resident in Australia at the rate of nine per cent. 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 $100,000 per annum. No remuneration paid to NEDs during the financial year was results based.

Mr Brian Jamieson was appointed as a Director of the Company effective 25 February 2011. In accordance with Mr Jamison's terms of appointment, (as outlined in his letter of appointment with the Company dated 11 January, 2011), Mr Jamieson was issued 1,000,000 Options in the Company. These options have been issued at an exercise price $0.425 cents and vest 12 months after the IPO date. All the options have a five year expiry from grant date.

(h) Directors' and executive officers' remuneration

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

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

2011	SHORT-TERM			POST EMPLOY-MENT	LONG-TERM		SHARE -BASED PAYMENTS		
Name	Cash Salary and fees $	Non-Monetary Benefits[1] $	STI cash bonus[2] $	Super-annuation $	Long Service Leave $	Termin-ation benefits $	LTI[3] $	Total Remun-eration $	Proportion of remun-eration comprising options %
Non-executive Directors									
AJ Manini	34,041	–	–	3,404	–	–	280,579	318,024	88.2%
OL Hegarty	17,742	–	–	2,298	–	–	155,748	175,788	88.6%
B Jamieson	17,742	–	–	2,298	–	–	159,173	179,213	88.8%
Sub total	**69,525**	**–**	**–**	**8,000**	**–**	**–**	**595,500**	**673,025**	
Executive Directors									
MA Grant	385,000	–	169,063	34,650	–	–	483,249	1,071,962	45.1%
D Forsyth	131,618	–	9,900	11,846	–	–	106,048	259,412	40.9%
Other key management personnel									
P Balka	227,636	–	59,900	34,836	–	–	59,091	381,463	15.5%
P Smith	78,750	–	14,100	6,250	–	–	16,345	115,445	14.2%
B Stockdale	96,300	–	35,400	8,667	–	–	35,698	176,065	20.3%
Total key manage–ment personnel	**988,829**	**–**	**288,363**	**104,249**	**–**	**–**	**1,295,931**	**2,677,372**	
Other Group executives									
N Amaya	201,375	1,629	41,395	–	–	–	30,917	275,316	11.2%
L Skoptsov	207,588	–	24,761	–	8,747	–	–	241,096	–
J Brooker	244,286	34,847	36,405	–	13,891	–	29,670	359,099	8.3%

1. Includes the value of fringe benefits and other allowances
2. Paid in February 2012 in respect of FY11
3. In accordance with the requirements of the 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 2011). The fair value of equity instruments is determined as at the grant date and is progressively allocated over the vesting period. The amount included a remuneration is not 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*.

10. Remuneration report – audited (cont.)

(i) 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, the key management personnel (as defined in AASB 124 Related Party Disclosures) and the five highest paid executives of the Company and the Group are set out in the following table.

	SHORT-TERM INCENTIVE BONUSES		
2011	**Included in remuneration $(A)**	**Vested in year %**	**Forfeited in year %(B)**
Executive Directors			
MA Grant	169,063	78%	22%
D Forsyth	9,900	55%	45%
Executives			
P Balka	59,900	76%	24%
P Smith	14,100	60%	40%
B Stockdale	35,400	95%	5%
N Amaya	41,395	86%	14%
L Skoptsov	24,761	47%	53%
J Brooker	36,405	77%	23%

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 2011 financial year.

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

(j) Share Options

Details on options over ordinary shares in the Company that were granted as compensation for no consideration to each key management person, including the five most highly remunerated executives of the company, 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 perform-ance hurdle $	Options vested in year	
									No.	%
2011										
Directors										
B Jamieson	1,000,000	17/03/11	0.292	0.425	29/08/12	17/03/16	17/03/16	0.625	–	–
Executives										
M Grant	2,039,000	01/02/11	0.259	0.500	01/02/12	01/02/16	01/02/16	0.625	–	–
P Smith	500,000	17/10/11	0.157	0.415	17/10/12	17/10/12	17/10/16	0.415	–	–
B Stockdale	250,000	02/05/11	0.285	0.425	29/08/12	02/05/16	02/05/16	0.625	–	–
2010										
Directors										
A Manini	4,631,000	23/11/10	0.071	0.078	29/08/12	23/11/15	23/11/15	0.625	–	–
	3,000,000	20/12/10	0.052	0.195	29/08/12	20/12/15	20/12/15	0.625	–	–
O Hegarty	2,315,500	23/11/10	0.071	0.078	29/08/12	23/11/15	23/11/15	0.625	–	–
	2,000,000	20/12/10	0.052	0.195	29/08/12	20/12/15	20/12/15	0.625	–	–
	1,000,000	20/12/10	0.052	0.195	29/08/12	20/12/15	20/12/15	0.625	–	–
Executives										–
P Balka	694,650	23/11/10	0.071	0.078	29/08/12	23/11/15	23/11/15	0.625	–	–
	1,000,000	20/12/10	0.052	0.195	29/08/12	20/12/15	20/12/15	0.625	–	–
J Brooker	731,550	23/11/10	0.071	0.078	29/08/12	23/11/15	23/11/15	0.625	–	–
N Amaya	1,000,000	20/12/10	0.052	0.195	29/08/12	20/12/15	20/12/15	0.625	–	–

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 at the time of vesting.

Further details of the Option Plan are included in note 23.

10. Remuneration report – audited (cont.)

(k) 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 and each of the five named Company executives and relevant Group executives

	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 %
2011				
Directors				
B Jamieson	292,200	–	–	88.8
Key Management Personnel				
M Grant	528,101	–	–	53.5
P Smith	78,500	–	–	14.2
B Stockdale	71,250	–	–	20.3
2010				
Directors				
A Manini	328,801	–	–	100
	156,000	–	–	100
O Hegarty	164,401	–	–	100
	104,000	–	–	100
D Forsyth	131,520	–	–	100
	52,000	–	–	100
Key Management Personnel				
P Balka	49,320	–	–	100
	52,000	–	–	100
J Brooker	51,940	–	–	100
N Amaya	52,000	–	–	100

No shares were issued as a result of the exercise of options during the year ended 31 December 2011.

For details on the valuation of options, including models and assumptions used, refer to note 23.

(l) 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 five named Company executives and relevant Group executives are detailed below.

	Options granted		Vested in year	Forfeit in year	Vesting date	Vesting date
	Number	Grant date	%	%	start	finish
Directors						
A Manini	4,631,000	23/11/10	–	–	29/08/12	23/11/15
	3,000,000	20/12/10	–	–	29/08/12	20/12/15
O Hegarty	2,315,500	23/11/10	–	–	29/08/12	23/11/15
	2,000,000	20/12/10	–	–	29/08/12	20/12/15
B Jamieson	1,000,000	17/03/11	–	–	29/08/12	17/03/16
D Forsyth	1,852,400	23/11/10	–	–	29/08/12	23/11/15
	1,000,000	20/12/10	–	–	29/08/12	20/12/15
Executives						
M Grant	2,039,000	01/02/11	–	–	01/02/12	01/02/16
P Smith	500,000	17/10/11	–	–	17/10/12	17/10/12
B Stockdale	250,000	02/05/11	–	–	29/08/12	02/05/16
P Balka	694,650	23/11/10	–	–	29/08/12	23/11/15
	1,000,000	20/12/10	–	–	29/08/12	20/12/15
J Brooker	731,550	23/11/10	–	–	29/08/12	23/11/15
N Amaya	1,000,000	20/12/10	–	–	29/08/12	20/12/15

The percentage forfeited in the year represents the reduction from the maximum number of options available to vest due to performance criteria not being achieved.

11. 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 comprehensive 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 incorporating the 2010 Amendments 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 those financial objectives;

11. Corporate Governance Statement (cont.)

- 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 two 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 and the Audit, Risk and Compliance Committee. The committee structure and membership is 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. The 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 2011 financial year.

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 one independent non-executive Director, two non-executive Directors including the Chairman, and one executive Director. The composition of the Board is determined in accordance with the following principles outlined in the Board Charter:

- a minimum of three Directors; and
- the intention that the majority of Directors will be independent within two years of listing on the ASX;
- 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

  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 start up 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. The role of the Chairman is separate from that of the Chief Executive Officer and Managing Director, Mr Martin Grant. The CEO is responsible for implementing Group strategies and policies.

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. 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 three non-executive Directors, one of whom is independent. 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 Brian Jamieson, an independent 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:

- 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 has not taken place during the financial year ended 31 December 2011. The Board considers that due to the size of the Company and of the Board, and the start up nature of the Company, and the relatively short "Public" life of the Board, a formal review of performance is not appropriate at this point in time.

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.

11. Corporate Governance Statement (cont.)

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 interest 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 Policy includes a requirement for the Company to implement measurable objectives within two years from incorporation to achieve gender diversity, and for the Board to assess annually both the objectives and the Group's progress in achieving them. The Group has not established these measurable gender objectives at 31 December 2011. As at 31 December 2011 women comprised 25% of employees throughout the Group, and occupied no senior management positions. 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.

Principle 4: Safeguard integrity in financial reporting

Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee consists of three non-executive Directors, of whom one is independent. The Chairman of the Committee is an independent non-executive Director, and is not Chair of the Board. 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 Jamieson has relevant qualification and experience by virtue of being a Chartered Accountant, a former partner of a major accounting firm, and is 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 it does 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, the Company's financial reports for the financial year ended 31 December 2011 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 operating effectively in all material aspects in relation to financial reporting risks for the financial year ended 31 December 2011.

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 2011. 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 are fully complied with.

The roles of lead partner and review audit 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. This role also oversees and coordinates information disclosure to analysts, brokers, 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 or 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.

11. Corporate Governance Statement (cont.)

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.

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 an independent 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.

12. 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.

13. 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 2011, or to the date of this report.

14. 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 34, 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 2011 $	31 December 2010 $
Audit services:		
Audit and review of financial reports (KPMG Australia)	**315,000**	80,000
Audit and review of financial reports (Overseas KPMG firms)	**66,392**	–
	381,392	**80,000**
Services other than statutory audit		
Other assurance services		
Investigating accountants report services	**828,510**	–
Other services		
Taxation compliance services (KPMG Australia)	**28,500**	–
Taxation compliance services (Overseas KPMG firms)	**33,338**	–
	890,348	
Total Services Provided	**1,271,740**	**80,000**

15. 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.

16. Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 84 and forms part of the Directors' report for the year ended 31 December 2011.

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

Dated at Melbourne this 22nd day of February 2012.

Signed in accordance with a resolution of the Directors:

Antony Manini Chairman

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	Note	**31 December 2011 $**	31 December 2010 $
CURRENT ASSETS			
Cash and cash equivalents	11	**21,029,887**	3,934
Trade and other receivables	12	**2,126,830**	17,055
Prepayments		**4,077,617**	–
TOTAL CURRENT ASSETS		**27,234,334**	20,989
NON-CURRENT ASSETS			
Trade and other receivables	12	**–**	12,762,892
Deferred exploration, evaluation and development	13	**14,289,126**	6,157,319
Investments in equity accounted investees	14	**–**	–
Property, Plant and Equipment	15	**3,859,355**	–
Intangible assets	16	**110,224,133**	–
TOTAL NON-CURRENT ASSETS		**128,372,614**	18,920,211
TOTAL ASSETS		**155,606,948**	18,941,200
CURRENT LIABILITIES			
Trade and other payables	17	**2,805,942**	7,441,980
Employee provisions	18	**502,442**	–
TOTAL CURRENT LIABILITIES		**3,308,384**	7,441,980
NON-CURRENT LIABILITIES			
Deferred tax liabilities	19	**20,101,304**	61,993
Royalty agreement liability	20	**16,872,332**	–
TOTAL NON-CURRENT LIABILITIES		**36,973,636**	61,993
TOTAL LIABILITIES		**40,282,020**	7,503,973
NET ASSETS		**115,324,928**	11,437,227
EQUITY			
Share capital	21	**64,406,142**	13,181,781
Reserves	22	**2,440,031**	(1,159,026)
Retained earnings	22	**17,057,234**	(585,528)
Total equity attributable to equity holders of the Company		**83,903,407**	11,437,227
Non-controlling interest		**31,421,521**	–
TOTAL EQUITY		**115,324,928**	11,437,227

The notes on pages 42 to 82 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	Note	**31 December 2011 $**	31 December 2010 $
CONTINUING OPERATIONS			
Other income	7	**29,084,683**	–
Exploration and evaluation expenses		**(2,335,363)**	(291,573)
Share based payments	23	**(1,692,479)**	(75,547)
Administrative expenses	8	**(4,134,980)**	(35,769)
Loss on revaluation of Royalty Option Liability	20	**(6,756,618)**	–
RESULTS FROM OPERATING ACTIVITIES		**14,165,243**	(402,889)
Net foreign exchange gain/(loss)	8	**(595,325)**	(319,508)
Finance income	8	**653,987**	206,644
NET FINANCE INCOME/(EXPENSE)		**58,662**	(112,864)
Share of loss of equity accounted investee (net of income tax)	14	**–**	(7,782)
GAIN/(LOSS) BEFORE INCOME TAX		**14,223,905**	(523,535)
Income tax (expense)/benefit	9	**(1,383,403)**	(61,993)
GAIN/(LOSS) FROM CONTINUING OPERATIONS		**12,840,502**	(585,528)
OTHER COMPREHENSIVE INCOME			
Foreign currency translation differences for foreign operations		**1,906,578**	(1,234,573)
Income tax on other comprehensive income		**–**	–
TOTAL COMPREHENSIVE GAIN/(LOSS) FOR THE PERIOD		**14,747,080**	(1,820,101)
GAIN/(LOSS) IS ATTRIBUTABLE TO:			
Owners of the Company		**17,642,762**	(585,528)
Non-controlling interest		**(4,802,260)**	–
GAIN/(LOSS) FOR THE PERIOD		**12,840,502**	(585,528)
TOTAL COMPREHENSIVE GAIN/(LOSS) IS ATTRIBUTED TO:			
Owners of the Company		**19,549,340**	(1,820,101)
Non-controlling interest		**(4,802,260)**	–
TOTAL COMPREHENSIVE GAIN/(LOSS) FOR THE PERIOD		**14,747,080**	(1,820,101)
GAIN/(LOSS) PER SHARE (CENTS PER SHARE)			
basic gain per share (cents)	10	**5.77**	(0.96)
diluted gain per share (cents)	10	**5.42**	(0.86)

The Group was established on 8 October 2010.

The notes on pages 42 to 82 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011

2011	Note	Share Capital $	Retained Earnings $	Share based payments reserve $	Foreign Exchange Reserve $	Total $	Non-controlling Interest $	Total $
BALANCE AS AT 1 JANUARY 2011		13,181,781	(585,528)	75,547	(1,234,573)	11,437,227	–	**11,437,227**
TOTAL COMPREHENSIVE INCOME PROFIT OR LOSS		–	17,642,762	–	–	17,642,762	(4,802,260)	**12,840,502**
Other comprehensive income								
Foreign currency translation differences for foreign operations	22	–	–	–	1,906,578	1,906,578	–	**1,906,578**
Total other comprehensive income		–	–	–	1,906,578	1,906,578	–	**1,906,578**
Total comprehensive income for the period		–	17,642,762	–	1,906,578	19,549,340	(4,802,260)	**14,747,080**
TRANSACTIONS WITH OWNERS, RECORDED DIRECTLY IN EQUITY								
Issue of ordinary shares	21	59,869,585	–	–	–	59,869,585	–	**59,869,585**
Costs of raising equity	21	(8,645,224)	–	–	–	(8,645,224)	–	**(8,645,224)**
Share based payment transactions	22	–	–	1,692,479	–	1,692,479	–	**1,692,479**
Acquisition reserve in relation to Eastshore		–	–	–	–	–	36,223,781	**36,223,781**
Total transactions with owners		51,224,361	–	1,692,479	–	52,916,840	36,223,781	**89,140,621**
BALANCE AT 31 DECEMBER 2011		64,406,142	17,057,234	1,768,026	672,005	83,903,407	31,421,521	**115,324,928**

2010	Note	Share Capital	Retained Earnings	Share based payments reserve	Foreign Exchange Reserve	Total	Non-controlling Interest	Total $
BALANCE AT 8 OCTOBER 2010		–	–	–	–	–	–	**–**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD PROFIT OR LOSS		–	(585,528)	–	–	(585,528)	–	**(585,528)**
Other comprehensive income								
Foreign currency translation differences for foreign operations	22	–	–	–	(1,234,573)	(1,234,573)	–	**(1,234,573)**
Total other comprehensive income		–	–	–	(1,234,573)	(1,234,573)	–	**(1,234,573)**
Total comprehensive income for the period		–	(585,528)	–	(1,234,573)	(1,820,101)	–	**(1,820,101)**
TRANSACTIONS WITH OWNERS, RECORDED DIRECTLY IN EQUITY								
Issue of ordinary shares following incorporation	21	13,181,781	–	–	–	13,181,781	–	**13,181,781**
Share based payment transactions	22	–	–	75,547	–	75,547	–	**75,547**
Total transactions with owners		13,181,781	–	75,547	–	13,257,328	–	**13,257,328**
BALANCE AT 31 DECEMBER 2010		13,181,781	(585,528)	75,547	(1,234,573)	11,437,227	–	**11,437,227**

The notes on pages 42 to 82 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2011

	Note	**31 December 2011 $**	31 December 2010 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) for the period		**12,840,502**	(585,528)
Items not affecting cash:			
Unrealised foreign exchange		**595,325**	319,507
Share based payments	23	**1,692,479**	75,547
Interest income		**(171,603)**	(206,644)
Exploration and evaluation expenditure		**–**	291,573
Administration expenditure		**–**	35,770
Impairment loss on equity accounted investees	14	**–**	7,782
Gain on fair value of investment	7	**(29,084,683)**	–
Loss on revaluation of royalty	20	**6,756,618**	–
Income tax expense/(benefit)	9	**1,383,403**	61,993
		(5,987,959)	–
CHANGES IN WORKING CAPITAL			
(Increase)/decrease in trade and other receivables		**(73,465)**	(3,178,092)
(Increase)/decrease in prepayments		**(4,077,617)**	–
(Increase)/decrease in deferred exploration and evaluation expenditure		**–**	(3,537,868)
(Decrease)/increase in trade and other payables		**1,608,693**	6,715,960
NET CASH FROM (USED IN) FROM OPERATING ACTIVITIES		**(8,530,348)**	–
CASH FLOWS FROM INVESTING ACTIVITIES			
Exploration and evaluation expenditure		**(8,220,804)**	–
Cash acquired in business combination	32	**286,087**	–
Acquisition of other investments	14	**–**	(7,782)
Property, plant and equipment		**(1,924,465)**	–
NET CASH FROM (USED IN) INVESTING ACTIVITIES		**(9,859,182)**	(7,782)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of issue of shares		**55,500,000**	–
Share issue costs		**(8,763,647)**	–
Repayment of loans to related parties – TRM		**(5,250,000)**	–
Loans received from related parties – TRM		**–**	11,939,249
Loans made to associated entities		**(2,070,870)**	(11,927,533)
NET CASH FROM (USED IN) FINANCING ACTIVITIES		**39,415,483**	11,716
NET INCREASE IN CASH AND CASH EQUIVALENTS		**21,025,953**	3,934
Cash and cash equivalents at beginning of the period		**3,934**	–
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	11	**21,029,887**	3,934

The Group was established on 8 October 2010.

The notes on pages 42 to 82 are an integral part of these financial statements.

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 2011 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in jointly controlled entities. The Group 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 condensed 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 22 February 2012.

(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.

The prior period comparative information covers the period from the Company incorporation on 8 October 2010 to the 31 December 2010.

(c) Going concern basis of accounting

The consolidated financial report 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 year ended 31 December 2011 the Group had a net profit of $12,840,502 (2010: loss ($585,528)) and had net equity of $115,324,928 (2010: $11,437,227). As at 31 December 2011 the Group had cash and cash equivalents of $21,029,887. The Group had current assets of $27,234,334 and current liabilities of $3,308,384. The net profit includes the impact of the Eastshore transaction; in particular the gain of $29,084,683 arising from the fair valuation of the 40% equity interest in Eastshore; offset by the loss of $6,756,618 on the valuation of the Bering option liability (refer note 20).

During the year ended 31 December 2011 the cash outflow from operations was $8,530,348. There were cash outflows from exploration and evaluation expenditure of $8,220,804 for the year.

During the period 18 January to 7 February 2011 the Company issued a total of 36 million shares at 50 cents per share to sophisticated investors to raise capital of $18,000,000. The Group was listed on the Australian Securities Exchange ("ASX") on 29 August 2011 via an Initial Public Offering ("IPO") of 75 million shares, raising funds of $37,500,000.

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 are adequate resources in place to meet the planned corporate expenses and working capital requirements for at least 12 months following the date of this report;
- In the event that exploration and operating activities exceed the planned cashflow forecasts, or continue beyond 12 months following the date of this report, 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 Group believes that its current cash on hand will be sufficient to:

- Fund current drilling programs at its Amaam and Landazuri Projects;
- Progress the Amaam pre-feasibility study; and
- Fund corporate expenses and working capital requirements other than those listed above through to 31 March 2013.

Additional funding will be required by the Group to continue these activities and complete the Amaam pre-feasibility study and the Landazuri Stage 1 feasibility study. The Board of Directors is aware, having prepared a cash flow forecast, of the Group's working capital requirements and the need to access additional equity funding within the next 12 months. Accordingly the ability of the Group to fund the ongoing working capital requirements of the Group is uncertain. 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 Group. 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.

(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.

(e) Use of estimates and judgements

The preparation of financial statements in conformity with accounting standards issued by the AASB 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 9 – income tax
- note 13 – deferred exploration, evaluation and development
- note 16 – intangible assets (goodwill and mineral rights)
- note 20 – royalty agreement liability

Information about critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- note 32 – acquisition of business

(f) Removal of parent entity financial statements

The Group has applied amendments to the Corporations Act (2001) that remove the requirement to lodge parent entity financial statements. Parent entity financial statements have been replaced by the specific parent entity disclosures in note 31.

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.

(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 acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange. Acquisition costs are as expensed as incurred, and included in non-operating expenses.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

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.

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.

3. Significant accounting policies (cont.)

If the business combination is achieved in stages, the acquisition date fair value of the Group's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

Acquired mineral rights comprise identifiable exploration and evaluation assets including mineral reserves and mineral resources acquired as part of a business combination are recognised at fair value at the date of acquisition. The acquired 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 Group has applied estimates and judgements in order to determine the fair value of assets acquired and liabilities and contingent liabilities assumed by way of a business combination.

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.

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. 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. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(iii) Investment in associates and jointly controlled entities (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Jointly controlled entities are those entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in associates and jointly controlled entities are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The cost of the investment includes transaction costs.

The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long term investments, is reduced to nil, and the recognition of any further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(iv) Jointly controlled operations

A jointly controlled operation is a joint venture carried on by each venturer using its own assets in pursuit of the joint operations. The consolidated financial statements include the assets the Group controls and the liabilities that it incurs in the course of pursuing the joint operation, and the expenses that the Group incurs and its share of the income that it earns from the joint operation.

(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. Unrealised gains arising from transactions with equity accounted investees are eliminated to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same was as unrealised gains, but only to the extent that there is no evidence of impairment.

(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.

(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 transaction 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**
  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.

3. Significant accounting policies (cont.)

(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.

- **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.

(iii) Derivative financial instruments – non-trading derivatives

Where a derivative financial instrument is not held designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

(iv) 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.

(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

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.

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, evaluation and development assets

Exploration, evaluation and development costs, including the costs of acquiring licences, are capitalised as deferred exploration, evaluation and development 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, evaluation and development 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, evaluation and development costs, including the costs of acquiring licences, are capitalised as deferred exploration, evaluation and development 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 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.

(ii) Mineral Rights

Acquired mineral rights comprise identifiable exploration and evaluation assets including ore 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 will be 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.

In respect of equity-accounted investees, the carrying amount is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee.

(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 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.

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.

3. Significant accounting policies (cont.)

(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) Wages, salaries and annual leave

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.

(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.

Finance costs comprise interest expense on borrowings. Interest expense is recognised as it accrues in profit and loss, using the effective interest rate method.

(k) 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.

(l) Income Tax

(i) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income 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.

Deferred tax is recognised using the balance sheet method, providing for 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 the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

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.

A deferred tax asset is recognised 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.

(ii) 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.

(iii) 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 Managing Director, 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 Managing Director 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 Managing Director 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) Presentation of financial statements

The Group applies revised AASB 101 Presentation of Financial Statements (2007). The Group presents in the consolidated statement of changes in equity all owner changes in equity. All non-owner changes in equity are presented in the consolidated statement of comprehensive income.

(p) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing this financial report:

- AASB 9 *Financial Instruments* includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 will become mandatory for the Group's 30 June 2014 financial statements. Retrospective application is generally required, although there are exceptions, particularly if the entity adopts the standard for the year ended 31 December 2012 or earlier. The Group has not yet determined the potential effect of the standard.

3. Significant accounting policies (cont.)

- AASB10 *Consolidated Financial Statements* – introduces a new approach to determining which investees should be consolidated. An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The amendments are not expected to have any impact on the financial statements.
- AASB11 Joint Arrangements – clarifies that if parties have rights to and obligations for underlying assets and liabilities, the joint arrangement is considered a joint operation and partial consolidation is applied. Otherwise the joint arrangement is considered a joint venture and the equity method must be used to account for the interest. The amendments are not expected to have any impact on the financial statements.
- AASB 12 *Disclosures of Interests in Other Entities* – contains enhanced disclosure requirements for entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated entities. Changes may increase the level of disclosure in the financial statements.
- AASB 13 *Fair Value Measurement* – explains how to measure fair value when required to by other AASBs. It does not introduce new fair value measurements, nor does it eliminate the practicality exceptions to fair values that currently exist in certain standards. The amendments are not expected to have any impact on the financial statements.
- AASB 24 *Related Party Disclosures* (revised December 2009) simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities. The amendments, which will become mandatory for the Group's 31 December 2012 financial statements, are not expected to have a significant impact on the financial statements.
- AASB119 *Employee Benefits* – changes the definition of short-term and other long-term employee benefits and some disclosure requirements. Changes may increase the level of disclosure in the financial statements.
- AASB 128 *Investments in Associates and Joint Ventures* – amendments include the application of AASB5 Non-current assets held for sale and discontinued operations to interests in associates and joint ventures and how to account for changes in interests in joint ventures and associates. The amendments are not expected to have any impact on the financial statements.
- AASB 127 *Separate Financial Statements* – carries forward the existing accounting and disclosure requirements for separate financial statements with some minor clarifications. The amendments are not expected to have any impact on the financial statements.
- AASB 1054 *Australian Additional Disclosures* – this standard removes many of the additional disclosures previously required under standards to align the requirements of accounting standards for publically accountable for-profit entities in Australia and New Zealand. The amendments will become mandatory for the Group's 2012 financial statements. The amendments are not expected to have any impact on the financial statements.
- AASB 2010-6 *Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets:-* introduces new disclosure requirements about transfers of financial assets including disclosures for financial assets that are not derecognised in their entirety; and financial assets that are derecognised in their entirety but for which the entity retains continuing involvement. The amendments will become mandatory for the Group's 2012 financial statements. The amendments are not expected to have any impact on the financial statements.
- AASB 2010-8 *Amendments to Australian Accounting Standards – Deferred Tax Recovery of Underlying Assets* – clarifies that the tax base of investment property measured using the fair value model in accordance with AASB 140 Investment Property is based on the premise that the carrying amount will be recovered entirely through sale rather than through use. The amendments will become mandatory for the Group's 2012 financial statements. The amendments are not expected to have any impact on the financial statements.
- AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements* – removes the requirements to include individual key management personnel disclosure in the notes to the financial statements. The Company will still need to provide these disclosures in the Remuneration Report under S300A of the *Corporations Act 2001*. The amendments, which will become mandatory for the Group's 2014 financial statements, are not expected to have any impact on the financial statements, other than disclosures.
- AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income* – makes a number of changes to the presentation of other comprehensive income including presenting separately those items that would be reclassified to profit or loss in the future and those that would never be classified to profit or loss and the impact of tax on those items. The Group has not yet determined the potential effect of the standard.

- Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine* – This interpretation applies to stripping costs incurred in the production phase of a surface mine. Production stripping costs are to be capitalised as part of an asset if an entity can demonstrate that it is probable future economic benefits will be realised, the costs can be reliably measured and the entity can identify the component of an ore body for which access has been improved. This asset is to be called the "stripping activity asset.

  The stripping activity asset shall be depreciated or amortised on a systematic basis over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity. The units of production method shall be applied unless another method is more appropriate. The Group has not yet determined the potential effect of the standard.

4. 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. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(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 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.

(c) Derivatives

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 values of the Bering Option are based on 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 market rate of interest at the reporting date.

(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 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.

5. 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.

5. Financial risk management (cont.)

(i) Credit risk

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

(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), Russian roubles (RUB) and Colombian Pesos (COP). 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 arises from the valuation of the Royalty Agreement Liability.

(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.

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.

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

6. Segment reporting

The Group has four 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 the 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 2010 the Group managed the business in one business segment. In 2011 the mineral exploration activities of the Group are managed in four reportable operating segments, two Projects, and Other Exploration Projects.

Amaam Project

The Amaam Project is located in the Bering Basin in Chukotka province, Russia.

Landazuri Project

The Landazuri Project in Colombia comprises seven tenements prospective for coking coal. The Landazuri Project is located 200 km NNE of Bogota.

Other Exploration Projects

Other exploration projects are the other projects within the Group's portfolio in which exploration and evaluation activities are being conducted.

Other

Consists of corporate and office expenses primarily incurred at the Group's Melbourne offices.

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 not allocated to the reportable segments.

31 December 2011	Amaam Project $	Landazuri Project $	Exploration Projects $	Other $	Total $
TOTAL SEGMENT REVENUE (INCLUDING INTEREST REVENUE)	–	–	–	653,987	**653,987**
SEGMENT EXPENSE	(666,577)	(1,285,781)	(382,448)	(5,825,052)	**(8,159,858)**
Depreciation and amortisation	–	(556)	–	(2,408)	**(2,964)**
SEGMENT RESULT	(666,577)	(1,286,337)	(382,448)	(5,173,473)	**(7,508,835)**
SEGMENT ASSETS	121,935,482	11,930,330	129,676	581,573	**134,577,061**
Segment assets include:					
Additions to non-current assets	121,023,484	6,685,009	129,676	581,573	**128,419,742**
SEGMENT LIABILITIES	(38,953,363)	(312,888)	–	(1,015,769)	**(40,282,020)**
31 December 2010					
TOTAL SEGMENT REVENUE (INCLUDING INTEREST REVENUE)	–	–	–	206,644	**206,644**
SEGMENT EXPENSE	–	–	(291,573)	(111,316)	**(402,889)**
SEGMENT RESULT	–	–	(291,573)	95,328	**(196,245)**
SEGMENT ASSETS	911,998	5,245,321	–	–	**6,157,319**
Segment assets include:					
Additions to non-current assets	911,998	5,245,321	–	–	**6,157,319**
SEGMENT LIABILITIES	(911,998)	(5,245,320)	(291,573)	–	**(6,448,891)**

The reconciliation of the segment result to the gain/(loss) before income tax is as follows:

	31 December 2011 $	31 December 2010 $
SEGMENT RESULT	**(7,508,835)**	(196,245)
Net foreign exchange gain/(loss)	**(595,325)**	(319,508)
Gain on fair value of investment	**29,084,683**	
Loss on revaluation of Royalty Option Liability	**(6,756,618)**	
Share of loss of equity accounted investee (net of income tax)	**–**	(7,782)
RESULT BEFORE INCOME TAX	**14,223,905**	(523,535)

6. Segment reporting (cont.)

The reconciliation of the segment assets to total assets is as follows:

	31 December 2011 $	31 December 2010 $
SEGMENT ASSETS	**134,577,061**	6,157,319
Cash and cash equivalents	**21,029,887**	3,934
Trade and other receivables	–	12,779,947
TOTAL ASSETS PER CONSOLIDATED STATEMENT OF FINANCIAL POSITION	**155,606,948**	18,941,200

The reconciliation of the segment liabilities to total liabilities is as follows:

	31 December 2011 $	31 December 2010 $
Segment liabilities	**40,282,020**	6,448,891
Trade and other payables	–	993,089
Deferred tax liabilities	–	61,993
TOTAL LIABILITIES PER CONSOLIDATED STATEMENT OF FINANCIAL POSITION	**40,282,020**	7,503,973

Geographical information

The Group manages its business on a worldwide basis but holds assets in three geographic segments, Europe & Russia, Americas and Australasia.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the segment. Segment assets are based on the geographical location of the assets.

	2011		2010	
	Revenues $	Non-current assets $	Revenues $	Non-current assets $
Europe & Russia	–	**121,935,482**	–	911,998
Americas	–	**11,930,330**	–	5,245,321
Australasia	–	**711,249**	–	–
Total	–	**134,577,061**	–	6,157,319

7. Other income

	31 December 2011 $	31 December 2010 $
Gain on fair value of investment	**29,084,683**	–
OTHER INCOME	**29,084,683**	–

Refer to note 32 “Acquisition of business” for additional information.

8. Expenses

Administration expenses	31 December 2011 $	31 December 2010 $
Wages and salaries, including superannuation	**(810,495)**	–
Contractors and consultants	**(1,608,472)**	–
Accounting and audit	**(501,971)**	–
Other	**(1,214,042)**	(35,769)
TOTAL ADMINISTRATION EXPENSE	**(4,134,980)**	(35,769)
Finance income/(expense)		
Net foreign exchange gain/(loss)	**(595,325)**	(319,508)
FINANCE EXPENSE	**(595,325)**	(319,508)
Finance income – external interest income	**482,174**	–
Finance income – related party interest income receivable	**171,813**	206,644
FINANCE INCOME	**653,987**	206,644
NET FINANCE INCOME/(EXPENSE)	**58,662**	(112,864)

9. Income tax expense

Numerical reconciliation between tax expense and pre-tax accounting loss	31 December 2011 $	31 December 2010 $
Gain/(loss) for the period before tax	**14,223,905**	(523,535)
Income tax using the domestic corporation tax rate of 30%	**4,267,172**	(157,061)
DECREASE IN INCOME TAX EXPENSE DUE TO:		
Effect of tax rates in foreign jurisdictions	**(4,186,969)**	–
Non-deductible expenses-royalty liability	**675,662**	–
Exempt income – fair value gain on investment	**(2,908,468)**	–
Non-deductible expenses – other	**192,333**	208,323
Current period tax losses for which no deferred tax asset was recognised	**3,343,673**	10,731
TOTAL INCOME TAX EXPENSE ON PRE-TAX NET PROFIT	**1,383,403**	61,993
Unrecognised deferred tax assets		
Net deferred tax assets have not been recognised in respect of the following:		
Opening balance	**10,731**	–
Current period tax losses	**3,343,673**	10,731
TOTAL TAX ASSETS/(LIABILITIES) NOT RECOGNISED	**3,354,404**	10,731

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 because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

10. Gain/(Loss) per share

Numerical reconciliation between tax expense and pre-tax accounting loss	Notes	31 December 2011 cents	31 December 2010 cents
GAIN/(LOSS) PER SHARE			
Basic gain/(loss) per share – cents	a	**5.77**	(0.96)
Diluted gain/(loss) per share – cents	b	**5.42**	(0.86)
NET TANGIBLE ASSETS PER SHARE			
Net tangible assets per share – cents	c	**1.40**	4.68

(a) Basic gain/(loss) per share

The calculation of basic earnings per share (EPS) at 31 December 2011 was based on the gain attributable to ordinary equity holders of the Company of $17,642,762 (2010: loss $585,528) and a weighted average number of ordinary shares outstanding during the period ended 31 December 2011 of 306,024,788 (2010: 61,050,075).

(b) Diluted gain/(loss) per share

The calculation of diluted earnings per share at 31 December 2011 after adjustment for the effects of all dilutive ordinary shares of 325,460,606 (2010: 68,256,526).

Weighted average number of ordinary shares (diluted)	31 December 2011 No.	31 December 2010 No.
Weighted average number of ordinary shares (basic)	**306,024,788**	61,050,075
Effect of share options on issue	**19,435,818**	7,206,451
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES (DILUTED)	**325,460,606**	68,256,526

(c) Net tangible assets per share

In accordance with chapter 19 of the ASX Listing Rules, net tangible assets per share represents total assets less intangible assets less liabilities, divided by the number of shares on issue at year end of 363,939,170 (2010: 244,200,000).

11. Cash and cash equivalents

	31 December 2011 $	31 December 2010 $
Bank balances	**21,029,887**	3,934
CASH AND CASH EQUIVALENTS	**21,029,887**	3,934

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

12. Trade and other receivables

	31 December 2011 $	31 December 2010 $
Interest bearing receivables due from related parties-Equity accounted investee*	–	12,762,892
Other receivables	**1,705,081**	17,055
Receivables due from related parties – TRM	**421,749**	–
	2,126,830	12,779,947
Current	**2,126,830**	17,055
Non-current	–	12,762,892
	2,126,830	12,779,947

*The interest bearing receivable now eliminates on consolidation as part of the business combination, where an associate has become a subsidiary.

13. Deferred exploration, evaluation and development

	31 December 2011 $	31 December 2010 $
COST		
Opening balance	**6,157,319**	–
Capitalised costs received on restructure	–	2,619,451
Expenditure incurred	**8,131,807**	3,537,868
EXPLORATION, EVALUATION AND DEVELOPMENT	**14,289,126**	6,157,319
Impairment	–	–
TOTAL EXPLORATION, EVALUATION AND DEVELOPMENT	**14,289,126**	6,157,319

The rights to the benefits of the capitalised costs were acquired from TRM as part of the restructure where TRM sold its coal assets to the Company on 23 November 2010. The exploration rights were assigned to the Company.

The Group's accounting policy is to capitalise expenditure on exploration, evaluation and development on an area of interest basis. The capitalised expenditure is tested for impairment periodically.

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.

14. Equity accounted investees

	31 December 2011 $	31 December 2010 $
Investment in equity accounted investee	–	7,782
Share of losses	–	(7,782)
	–	–

15. Property, plant and equipment

	Note	Land & Buildings $	Plant & Equipment $	Fixtures & Fittings $	Total $
Cost					
AS AT 1 JANUARY 2011		–	–	–	**–**
Additions		3,828,268	32,475	1,236	**3,861,979**
Disposals		–	–	–	**–**
Effect of movement in exchange rates		–	–	–	**–**
AS AT 31 DECEMBER 2011		3,828,268	32,475	1,236	**3,861,979**
Amortisation and impairment					
AS AT 1 JANUARY 2011		–	–	–	**–**
Charge for the period		–	(2,561)	(63)	**(2,624)**
Disposals		–	–	–	**–**
Effect of movement in exchange rates		–	–	–	**–**
AS AT 31 DECEMBER 2011		–	(2,561)	(63)	**(2,624)**
NET BOOK VALUE:					
AT 31 DECEMBER 2011		**3,828,268**	**29,914**	**1,173**	**3,859,355**
AT 31 DECEMBER 2010		–	–	–	**–**

16. Intangible assets

	Note	Goodwill $	Mineral Rights $	Other $	Total $
Cost					
AS AT 1 JANUARY 2011		–	–	–	**–**
Additions		–	–	46,453	**46,453**
Acquisition of Eastshore	32	19,257,996	85,641,026	–	**104,899,022**
Effect of movement in exchange rates		969,146	4,309,830	–	**5,278,976**
AS AT 31 DECEMBER 2011		20,227,142	89,950,856	46,453	**110,224,451**
*Amortisation and impairment**					
AS AT 1 JANUARY 2011		–	–	–	**–**
Charge for the period		–	–	(318)	**(318)**
AS AT 31 DECEMBER 2011		–	–	(318)	**(318)**
Net book value:					
AT 31 DECEMBER 2011		**20,227,142**	**89,950,856**	**46,135**	**110,224,133**

*The goodwill arising as a result of the acquisition of Eastshore is determined on a provisional basis.

Other intangible assets consist of computer software.

Goodwill has been accounted for as a direct result of the transaction which took place on 6 May 2011, whereby Tigers Realm Coal (Cyprus) Pty Ltd ("TRC Cyprus"), Eastshore Coal Holding Ltd ("Eastshore"), Coal Investments Ltd ("Bering") and Siberian Tigers International Corporation ("Siberian") executed a series of agreements in relation to the management of Eastshore, CJSC Northern Pacific Coal Company ("NPCC") and the Russian subsoil licenses being the Dalniy Subsoil License (Russian subsoil license numbered AND 13868 TP) and the Zapadniy Subsoil Lincense (Russian subsoil license numbered AND 13867 TP). As a result of these agreements TIG Cyprus became entitled to appoint the majority of the members of the board of Eastshore (i.e. three out of five), providing it with the power to govern the financial and operating policies of Eastshore so as to obtain the benefits from Eastshore's activities. As a result the Group has consolidated Eastshore and its subsidiary NPCC, from 6 May 2011.

Goodwill of $19,257,996 represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable assets acquired and liabilities and contingent liabilities assumed of the acquired subsidiary at the date of acquisition. Refer to note 32 which relates to the business combination for support regarding the calculation of goodwill.

Applying *AASB 3 Business Combinations*, the fair value of the consideration has been measured as the fair value of TIG's existing 40% equity interest in Eastshore as at 6 May 2011, plus the fair value of loans made by TIG to Eastshore as at 6 May 2011, plus the fair value as at 6 May 2011 of TIG's 40% attributable share of the option inherent in the Eastshore Transaction, whereby Bering may choose to fund its proportion of the expenditure after completion of the bankable feasibility study or have its interest diluted in return for a royalty stream.

The Mineral Rights acquired as part of the Eastshore acquisition 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, evaluation and development assets.

(i) Impairment testing for goodwill

Goodwill is allocated to the Group's cash generating units (CGUs) identified according to the Group's operating segments for impairment testing purposes.

Segment	31 December 2011 $	31 December 2010 $
Amaam Project	**20,227,142**	–
Landazuri Project	**–**	–
	20,227,142	–

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. Given the nature of the Group's activities, information on the fair value of an asset is usually difficult to obtain unless negotiations with potential purchasers or similar transactions are taking place. Consequently, unless indicated otherwise, the recoverable amount used in assessing asset impairment is the value in use.

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, 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.

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 and other non-current assets to exceed their recoverable amount.

The Group generally estimates value in use using a discounted cash flow model. The future cash flows are adjusted for risks specific to the asset and discounted using a pre-tax discount rate of 15.7%. 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.

17. Trade & other payables

	31 December 2011 $	31 December 2010 $
Payables due to related parties – TRM	**165,817**	7,300,862
Other trade payables and accrued expenses	**2,640,125**	141,118
	2,805,942	7,441,980
Current	**2,805,942**	7,441,980
Non-current	**–**	–
	2,805,942	7,441,980

18. Employee Provisions

	31 December 2011 $	31 December 2010 $
Annual Leave	**23,692**	–
Provision for annual bonus	**478,750**	–
	502,442	–

19. Deferred Tax Liabilities

	31 December 2011 $	31 December 2010 $
The balance comprises temporary differences attributable to:		
Exploration and evaluation assets	**2,111,132**	–
Mineral rights acquired on business combination	**17,128,205**	–
Accrued interest income	**–**	61,993
Effect of movements in exchange rates	**861,967**	–
TOTAL DEFERRED TAX LIABILITIES RECOGNISED	**20,101,304**	61,993
Deferred tax liabilities to be settled in within 12 months	**–**	–
Deferred tax liabilities to be settled after 12 months	**20,101,304**	61,993
TOTAL DEFERRED TAX LIABILITIES RECOGNISED	**20,101,304**	61,993
MOVEMENT IN DEFERRED TAX LIABILITY		
At beginning of period	**61,993**	–
Exploration and evaluation assets	**2,111,132**	–
Mineral rights acquired on business combination	**17,128,205**	–
Accrued interest	**(61,993)**	61,993
Effects of movement in exchange rates	**861,967**	–
AT END OF PERIOD	**20,101,304**	61,993

20. Royalty Agreement Liability

	31 December 2011 $	31 December 2010 $
Liability for option inherent in the Bering Royalty Agreement taken up on acquisition	**9,533,034**	–
Fair value adjustment to option liability as at 31 December 2011	**6,756,618**	–
Effect of movement in exchange rates	**582,680**	–
TOTAL ROYALTY LIABILITY RECOGNISED	**16,872,332**	–

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 as the fair value of TIG's existing 40% equity interest in Eastshore at the 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 and had a right to subscribe for shares equivalent to an additional 40% interest in two tranches subject to achievement of certain milestones, the final milestone being completion of a bankable feasibility study in respect of the area of the Russian Subsoil Licenses or any other subsoil license issued to Eastshore or its controlled subsidiaries ("the Eastshore Group"). 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 must be recorded as consideration at fair value in relation to the acquisition.

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

Valuation Date	31 December 2011	6 May 2011
Expiry Date	1 January 2014	1 January 2014
Current price (US$m)[(a)]	30.29	4.41
Exercise price of option (US$m)[(b)]	37.33	14.94
Time to expiration (days)	732	971
Volatility (%/100)[(c)]	80%	80%
Risk free rate (%/100)[(d)]	1.90%	3.40%

(a) 20% of Amaam Asset Valuation, post 3% royalty

(b) Value of 2% Royalty on an NPV basis

(c) Estimated share price volatility based on volatility of comparable public companies.

(d) 10 Year US bond yield

Any movements in the fair value of the option inherent in the Bering Royalty Agreement between 6 May 2011 and its expiry will be recognised in profit or loss at each reporting date.

At 31 December 2011 the fair value of the liability was revalued to $16,872,332. This resulted in a loss being taken to the profit or loss of $6,756,618 for the year ended 31 December 2011. The fair value was recalculated based on information available at 31 December 2011. The Bering Option will be re-valued at each future balance date with any resulting movement being recognised as a gain or loss in the statement of comprehensive income.

21. Share capital

(i) Movements in shares on issue:

	No. of shares	Issue price $	$
OPENING BALANCE 2010	–	–	–
Issue of ordinary shares	244,200,000	0.054	**13,181,781**
CLOSING BALANCE AT 31 DECEMBER 2010	244,200,000		**13,181,781**
OPENING BALANCE AT 1 JANUARY 2011	244,200,000		**13,181,781**
Issue of ordinary shares	44,739,170	0.50	**22,369,585**
Issue of ordinary shares – Initial Public Offer	75,000,000	0.50	**37,500,000**
ORDINARY SHARES CLOSING BALANCE AT 31 DECEMBER 2011	363,939,170		**73,051,366**
Less costs of raising equity			**(8,645,224)**
CLOSING SHARE CAPITAL BALANCE AT 31 DECEMBER 2011			**64,406,142**

Fully paid ordinary shares carry one vote per share at meetings of the Company and are entitled to receive dividends as declared.

(ii) Movements in options on issue:

	Date of issue	Number of options	Exercise Price $	Expiry date
OPENING BALANCE AS AT 1 JANUARY 2010				
Issue of options	23 November 2010	16,782,300	0.078	23 November 2015
Issue of options	20 December 2010	10,000,000	0.195	20 December 2015
CLOSING BALANCE AS AT 31 DECEMBER 2010		26,782,300		
OPENING BALANCE AS AT 1 JANUARY 2011		26,782,300		
Issue of options	1 February 2011	2,039,000	0.500	1 February 2016
Issue of options	17 March 2011	1,000,000	0.425	17 March 2016
Issue of options	2 May 2011	250,000	0.425	2 May 2016
Issue of options	17 October 2011	750,000	0.415	17 October 2016
CLOSING BALANCE AS AT 31 DECEMBER 2011		**30,821,300**		

(iii) Capital Management

Management controls the capital of the Group in order to maintain stable cash reserves, reduce 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 financial liabilities. There is no non-current external debt. There are no externally imposed capital requirements.

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.

22. Reserves and accumulated losses

(a) Reserves

	31 December 2011 $	31 December 2010 $
Share based payments reserve	**1,768,026**	75,547
Foreign currency translation reserve	**672,005**	(1,234,573)
TOTAL RESERVES	**2,440,031**	(1,159,026)
MOVEMENTS		
SHARE BASED PAYMENTS RESERVE		
Opening balance	**75,547**	–
Share options expense arising during the year	**1,692,479**	75,547
Closing balance	**1,768,026**	75,547
FOREIGN CURRENCY TRANSLATION RESERVE		
Opening balance	**(1,234,573)**	–
Currency translation differences arising during the year	**1,906,578**	(1,234,573)
Closing balance	**672,005**	(1,234,573)

Share based payments reserve

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

Foreign currency translation reserve

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

(b) Retained earnings

	31 December 2011 $	31 December 2010 $
Retained earnings at the beginning of the year	**(585,528)**	–
Net gain/ (loss) attributable to members of the Company	**17,642,762**	(585,528)
Retained earnings at the end of the year	**17,057,234**	(585,528)

23. Share based payments

(a) Recognised share based payment expense

	31 December 2011 $	31 December 2010 $
Expense arising from equity settled share based payment transactions	**1,692,479**	75,547
Total employee expense arising from share-based payment transactions	**1,692,479**	75,547

(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. 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 based on the Black-Scholes methodology to produce 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

Details of the share options outstanding at 31 December 2011 are detailed below:

	2011		2010	
	Number of Options	**Weighted Average Exercise Price $**	Number of Options	Weighted Average Exercise Price $
BALANCE AT THE BEGINNING OF THE YEAR	**26,782,300**	**0.122**	–	–
Granted – 23 November 2010	**–**	**–**	16,782,300	0.078
Granted – 20 December 2010	**–**	**–**	10,000,000	0.195
Granted – 1 February 2011	**2,039,000**	**0.500**	–	–
Granted – 17 March 2011	**1,000,000**	**0.425**	–	–
Granted – 2 May 2011	**250,000**	**0.425**	–	–
Granted – 17 October 2011	**750,000**	**0.415**	–	–
Exercised	**–**	**–**	–	–
BALANCE AT THE END OF THE YEAR	**30,821,300**	**0.166**	26,782,300	0.122
VESTED AND EXERCISABLE AT YEAR END	**–**	**–**	–	–

The options outstanding at 31 December 2011 have an exercise price in the range of $0.078 to $0.50 (2010: $0.078 to $0.195). The weighted average remaining contractual life for options outstanding at 31 December 2011 is 3.97 years (2010: 4.925 years). The weighted average fair value of options granted during the year was $0.250 (2010: $0.064).

No options have vested at 31 December 2011 (2010: nil) and no options are exercisable (2010: nil). No options were exercised in 2011 or 2010.

(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. As the Company listed on 29 August 2011 there is insufficient daily share price data to undertake meaningful historic price volatility analysis of the Company's shares. Therefore share price volatility has been based on the historical volatility of a group of comparable companies, based on their principal activities, for volatility estimation purposes. The risk free rate is derived from the yield on Australian Government Bonds of appropriate terms.

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

Option Grant Date	23 Nov 2010	20 Dec 2010	**1 Feb 2011**	**17 Mar 2011**	**2 May 2011**	**17 Oct 2011**
Fair value at grant date	$0.071	$0.052	**$0.259**	**$0.292**	**$0.285**	**$0.157**
Share price at grant date	$0.115	$0.115	**$0.50**	**$0.50**	**$0.50**	**$0.33**
Exercise price	$0.078	$0.195	**$0.500**	**$0.425**	**$0.425**	**$0.415**
Assumed IPO date	31 July 2011	31 July 2011	**N/A**	**N/A**	**N/A**	**N/A**
Performance hurdle	A	A	**A**	**A**	**A**	**B**
Performance period	C	C	**D**	**C**	**C**	**E**
Expiry date	23 Nov 2015	20 Dec 2015	**1 Feb 2016**	**17 Mar 2016**	**2 May 2016**	**17 Oct 2016**
Option life in years	5	5	**5**	**5**	**5**	**5**
Risk Free Interest Rate	5.27%	5.34%	**5.23%**	**5.32%**	**5.25%**	**4.13%**
Expected Dividend Yield	0%	0%	**0%**	**0%**	**0%**	**0%**
Volatility	80%	80%	**80%**	**80%**	**80%**	**80%**
Post-vesting Withdrawal Rate	0%	0%	**0%**	**0%**	**0%**	**0%**
Early exercise Provision	F	F	**F**	**F**	**F**	**F**

Notes

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 12 months after grant date.

C Performance period: 12 months after Initial Public Offer date, until the option expiry date.

D Performance period: 12 months after grant date, until option expiry date.

E Performance period: 12 months after grant date

F Sell price multiple: 2 x exercise price.

24. Financial instruments

The Group holds the following financial instruments:	31 December 2011 $	31 December 2010 $
FINANCIAL ASSETS		
Cash and cash equivalents	**21,029,887**	3,934
Trade and other receivables	**2,126,830**	12,779,947
	23,156,717	12,783,881
FINANCIAL LIABILITIES – CURRENT		
Trade and other payables	**2,805,942**	7,441,980
DERIVATIVE FINANCIAL INSTRUMENTS		
Royalty option liability	**16,872,332**	–
	19,678,274	7,441,980

(a) 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 Company 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 Company's minimum credit rating required by the approved treasury policy.

	Carrying amount	
The Group holds the following financial instruments:	2011 $	2010 $
Cash and cash equivalents	**21,029,887**	3,934
Trade and other receivables	**2,126,830**	12,779,947
	23,156,717	12,783,881
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 Russia	**1,347,474**	12,779,947
Americas	**311,432**	–
Australasia	**467,924**	–
	2,126,830	12,779,947
Counterpart information		
The Group's maximum exposure to credit risk for Trade and other receivables at the reporting date by type of counterparty was:		
Associated entity – Equity accounted investee	**–**	12,762,892
Related party	**421,749**	–
Other	**1,705,081**	17,055
	2,126,830	12,779,947

Impairment losses

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

	Gross 2011 $	**Impaired 2011 $**	Gross 2010 $	Impaired 2010 $
Not past due	**2,126,830**	**–**	12,779,947	–
Past due 0-30 days	**–**	**–**	–	–
Past due 31-120 days	**–**	**–**	–	–
Past due 121 days to one year	**–**	**–**	–	–
More than one year	**–**	**–**	–	–
	2,126,830	**–**	12,779,947	–

There was no provision for impairment at 31 December 2011 (2010: $nil); therefore there has been no movement in the provision for impairment for the year ended 31 December 2011.

(b) Liquidity risk

Exposure to liquidity risk

Management monitors the exposure to liquidity risk on an ongoing 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.

31 December 2011	**Carrying amount**	**Contractual cashflows**	**6 mths or less**	**6-12 mths**	**1-2 yrs**	**2-5 yrs**	**More than 5 yrs**
NON-DERIVATIVE FINANCIAL LIABILITIES							
Trade and other payables	2,805,942	2,805,942	2,805,942	–	–	–	–
	2,805,942	2,805,942	2,805,942	–	–	–	–
31 DECEMBER 2010							
NON-DERIVATIVE FINANCIAL LIABILITIES							
Trade and other payables	7,441,980	7,441,980	321,567	7,120,413	–	–	–
	7,441,980	7,441,980	321,567	7,120,413	–	–	–

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

24. Financial instruments (cont.)

(c) 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 are exposed to foreign exchange risk arising from various currencies, primarily with respect to the US dollar and currencies linked to the US dollar ('USD') – the Russian Rouble ('RUB') and the Colombian Peso ('COP').

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

	USD 2011	**RUB 2011**	**COP 2011**	USD 2010
Cash and cash equivalents	**5,536,395**	**21,244**	**120,259**	
Receivables	**–**	**1,347,474**	**311,432**	13,021,301
Trade and other payables	**–**	**(1,979,727)**	**(313,055)**	
Gross exposure	**5,536,395**	**(611,009)**	**118,636**	13,021,301
Forward exchange contracts	**–**	**–**	**–**	–
Net exposure	**5,536,395**	**(611,009)**	**118,636**	13,021,301

Exchange rates used

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

	Average rate		**Reporting date spot rate**	
AUD	**2011**	2010	**2011**	2010
USD 1	**0.9687**	0.9811	**0.9827**	1.0203
RUB 1	**0.0329**	–	**0.0305**	–
COP 1	**0.0005**	–	**0.0005**	–

Sensitivity analysis

A strengthening of the AUD, as indicated below, against the USD, RUB and COP at 31 December 2011 would have decreased profit and 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. A weakening of the AUD against these currencies at 31 December 2011 would have had the equal but opposite effect to the amounts shown below, on the basis that all other variables remain constant.

	Strengthening		**Weakening**	
	Equity $	**Profit or loss $**	**Equity $**	**Profit or loss $**
31 DECEMBER 2011				
USD (10% movement)	**615,155**	**615,155**	**(503,309)**	**(503,309)**
RUB (10% movement)	**(67,890)**	**(67,890)**	**55,546**	**55,546**
COP (10% movement)	**13,182**	**13,182**	**(10,785)**	**(10,785)**
31 DECEMBER 2010				
USD (10% movement)	–	(129,945)	–	–

(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.

The Group does have commodity price risk in relating to the derivative instrument; refer Note 24(f) below.

(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 (2010: receivable from its equity accounted investee linked to Libor). At the reporting date the interest rate profile of the company's and the Group's interest bearing financial instruments was:

	Carrying amount	
FIXED RATE INSTRUMENT	**2011 $**	2010 $
Financial assets	**–**	–
Financial liabilities	**–**	–
	–	–
VARIABLE RATE INSTRUMENTS		
Financial assets		
Cash and cash equivalents	**21,029,887**	3,934
Interest bearing receivables due from related parties-Equity accounted investee	**–**	10,044,872
Financial liabilities	**–**	–
	21,029,887	10,048,806

Interest rates used

The following significant interest rates have applied.

	Average rate %	Reporting date spot rate %
2011		
Australian cash deposit rate	4.69	4.25
2010		
LIBOR – 12 month	0.7802	0.7839

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 $
31 DECEMBER 2011		
Australian cash deposit rate (100 basis points increase)	25,314	25,314
31 DECEMBER 2010		
LIBOR (2.5% increase)	–	2,009

24. Financial instruments (cont.)

(d) Fair values

With the exception of those listed in the table below the fair values of financial assets and liabilities are the same as their carrying amounts shown in the statement of financial position.

IN AUD **GROUP**	Notes	**Fair Value** **$**	**Carrying Value** **$**
31 DECEMBER 2011		–	–
31 DECEMBER 2010			
Receivable from equity accounted investees	(a)	1,339,655	1,429,399
Receivable from equity accounted investees	(a)	8,058,905	8,615,474
Receivable from equity accounted investees	(a)	2,331,191	2,236,107

(a) The fair value amounts in the table above include both the principle and projected interest cash flows, discounted by a risk adjusted interest rate.

(e) Derivative financial instruments

The Group has entered into the following non-trading derivative financial instrument.

As a consequence of the Group acquiring the business of the Eastshore Coal Holding Ltd ("Eastshore") on 6 May 2011, as disclosed in Note 32, the Group became a party to the Bering Royalty Agreement. The Bering Royalty Agreement contains an inherent option 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, ("Bering Option").

The fair value of the Bering Option inherent was valued at $9,533,034 at 6 May 2011. The fair value of the Bering Option liability was determined via Black and Scholes option valuation methodology and was also impacted by the level of risk assumed in the agreement. The Bering Option has the characteristics of a put option over the balancing 20% of the shares in the Northern Pacific Coal Company ("NPCC").

The fair value of the Bering Option liability will be re-valued at each reporting date and the adjustment recognised in the profit or loss.

At 31 December 2011 the fair value of the liability was re-valued to $16,872,332. This resulted in a loss to the profit or loss of $6,756,618. The fair value was recalculated based on the information available at 31 December 2011. Some of the assumptions that changed were the identification of additional resources and the change in the risk adjustment that flowed from the increased likelihood of commercialisation of the project. The Bering Option will be re-valued at each future balance date with any resulting movement being recognised as a gain or loss in the statement of comprehensive income.

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).

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

Note	Level 1 $	Level 2 $	Level 3 $	Total $
31 DECEMBER 2011				
FINANCIAL LIABILITIES	–	–	–	**–**
Bering Option	–	–	16,872,332	**16,872,332**
	–	–	16,872,332	**16,872,332**

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:

The Group holds the following financial instruments:	**31 December 2011 $**	31 December 2010 $
BALANCES AT 1 JANUARY 2011		
Bering Option		
Arising on business combination	**9,533,034**	–
Change in fair value of option	**6,756,618**	–
Effect of movement in exchange rates	**582,680**	–
BALANCE AT 31 DECEMBER 2011	**16,872,332**	–

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 and discount rates. 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 Option listed in Level 3 above, changing the long term commodity price assumption by 10%, and changing the discount rate by 1% would have the following effects:

	Effect on profit or loss	
Bering Option	**Favourable impact $**	**Unfavourable impact $**
Discount rate assumption (100 basis point movement))		
(100 basis point decrease has a favourable impact on profit)	1,474,587	
(100 basis point increase has an un-favourable impact on profit)		(2,336,673)
Commodity price assumption (10% movement)		
(10% increase has a favourable impact on profit)	7,297,368	
(10% decrease has a favourable impact on profit as the option value is zero)	16,872,332	

25. Operating Leases

Leases as lessee

Non-cancellable operating lease rentals are payable in:	31 December 2011 $	31 December 2010 $
Less than one year	**122,994**	–
Between one and five years	**54,900**	–
More than five years	**2,492**	–
	180,386	–
LEASE EXPENSE RECOGNISED IN PROFIT OR LOSS		
Operating lease expense	**–**	–
	–	–

The Group leases office space under operating leases.

26. Exploration expenditure commitments

There are no commitments as at reporting date.

In order to maintain current rights of tenure to exploration tenements, the Group is required to make option payments and perform minimum exploration work to meet the minimum expenditure requirements. 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 governments have the authority to defer, waive or amend the minimum expenditure requirements.

27. Contingencies

The Directors are of the opinion that there are no contingent liabilities or contingent assets as at 31 December 2011, and none were incurred in the interval between the year end and the date of this report.

28. Related parties disclosure

(a) Identity of related parties

The Group has a related party relationship with its subsidiaries (refer note 30), key management personnel ('KMP") (refer note 29) and Tigers Realm Minerals Limited ("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.

As a result of the 6 May 2011 event that took place in relation to the control of Eastshore Coal Holdings Limited (formerly Zinodol Coal Holdings Limited), this particular entity is no longer equity accounted for but consolidated along with its 100% owned subsidiary Northern Pacific Coal Corporation (NPCC).

(b) Other related party transactions

The equity accounted investee referred to below represents Eastshore and its subsidiary NPCC, which are now consolidated in the TIG Group.

IN AUD	Note	**Transactions value period ended 31 December 2011**	**Balance outstanding as at 31 December 2011**	Transactions value period ended 31 December 2010	Balance outstanding as at 31 December 2010
Group					
Trade payable to TRM	(i)	**(3,648,587)**	**(165,817)**	(7,300,862)	(7,300,862)
Trade receivable from TRM	(ii)	**421,749**	**421,749**	–	–
Shares issued to TRM	(iii)	**4,369,585**	**–**	–	–
Receivable from equity accounted investee	(iv)	**–**	**–**	1,429,399	1,429,399
Receivable from equity accounted investee	(iv)	**–**	**–**	8,627,409	8,627,409
Receivable from equity accounted investee	(v)	**–**	**–**	2,224,835	2,224,835
Receivable from equity accounted investee	(vi)	**–**	**–**	481,249	481,249
Interest income from equity accounted investee	(vii)	**–**	**–**	196,962	196,962

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 Group has a receivable from 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.

(iii) On 12 August 2011 the Company issued 8,739,170 ordinary shares to settle the outstanding payable to TRM of $4,369,585 prior to the Company listing on the ASX.

(iv) Loans were made to the equity accounted investee to fund its exploration activities. The balance is interest bearing at Libor plus 4% and is unsecured.

(v) Loans were made to the equity accounted investee to fund its exploration activities. The balance is non-interest bearing for the first three years of the long term loan and is unsecured.

(vi) This balance relates to recharge of costs under a management services agreement. These costs are non-interest bearing.

(vii) This relates to interest on the loan described in (iv). Interest is payable on maturity of the loan.

29. 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
Non-executive Directors		
Antony Manini	Chairman (Non-executive)	8 October 2010
Owen Hegarty	Director (Non-executive)	8 October 2010
Brian Jamieson	Independent Director (Non-executive)	25 February 2011
Executive Directors		
Martin Grant	Managing Director and Chief Executive Officer	17 October 2011 1 February 2011
David Forsyth	Director & Company Secretary (Executive)	8 October 2010 (Resigned as Director 7 March 2011)
Senior Executives		
Paul Smith	Chief Financial Officer	17 October 2011
David Forsyth	Company Secretary	8 October 2010
Peter Balka	General Manager – Projects and Studies	1 January 2011
Ben Stockdale	General Manager Corporate Finance and Investor Relations	2 May 2011

(a) Compensation of key management personnel

The key management personnel compensation included in "Administration expenses" (see Note 8) and "Deferred exploration, evaluation and development" (see Note 13) is as follows:

	2011 **$**	2010 $
Short-term employee benefits	**1,277,192**	–
Post-employment benefits	**104,249**	–
Long-term employment benefits	**–**	–
Termination benefits	**–**	–
Share-based payments	**1,295,931**	43,764
	2,677,372	43,764

(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 are provided in the Remuneration Report; Section 10 of the Directors' Report.

(c) 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	Note	Held at 1 January	Granted as remun-eration	Exercised during year	Held at 31 December	Vested at 31 December Total	Exercisable	Not exercisable
2011								
Non-executive Directors								
AJ Manini	–	7,631,000	–	–	7,631,000	–	–	–
OL Hegarty	–	4,315,500	–	–	4,315,500	–	–	–
B Jamieson	–	–	1,000,000	–	1,000,000	–	–	–
Executive Directors								
MA Grant	–	–	2,039,000	–	2,039,000	–	–	–
D Forsyth	–	2,852,400	–	–	2,852,400	–	–	–
Other key management personnel								
P Smith	–	–	500,000	–	500,000	–	–	–
P Balka	–	1,694,650	–	–	1,694,650	–	–	–
B Stockdale	–	–	250,000	–	250,000	–	–	–
2010								
Non-executive Directors								
AJ Manini	–	–	7,631,000	–	7,631,000	–	–	–
OL Hegarty	–	–	4,315,500	–	4,315,500	–	–	–
Executive Directors								
D Forsyth	–	–	2,852,400	–	2,852,400	–	–	–
Other key management personnel								
P Balka	–	–	1,694,650	–	1,694,650	–	–	–

29. Key Management Personnel Disclosures (cont.)

(d) 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	Balance at 31 December
2011					
NON-EXECUTIVE DIRECTORS					
AJ Manini	–	17,657,183	46,448	–	17,703,631
OL Hegarty	–	9,934,336	3,500,000	–	13,434,336
B Jamieson	–	–	400,000	–	400,000
EXECUTIVE DIRECTORS					
MA Grant	–	–	200,000	–	200,000
D Forsyth	–	8,942,061	100,000	–	9,042,061
OTHER KEY MANAGEMENT PERSONNEL					
P Smith	–	–	–	–	–
P Balka	–	324,197	80,000	–	404,197
B Stockdale	–	–	–	–	–
OTHER EXECUTIVES					
N Amaya	–	–	50,000	–	50,000
L Skoptsov	–	–	–	–	–
2010					
NON-EXECUTIVE DIRECTORS					
AJ Manini	–	–	17,657,183	–	17,657,183
OL Hegarty	–	–	9,934,336	–	9,934,336
EXECUTIVE DIRECTORS					
D Forsyth	–	–	8,942,061	–	8,942,061
OTHER KEY MANAGEMENT PERSONNEL					
P Balka	–	–	324,197	–	324,197
OTHER EXECUTIVES					
N Amaya	–	–	–	–	–

(e) Key management personnel and director transactions

A number of key management persons hold positions in TRM that result in them having control or significance 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 28(b) above.

30. Group entities

Significant subsidiaries

	Country of Incorporation	Ownership Interest 31 December 2011
PARENT ENTITY		
Tigers Realm Coal Limited	Australia	
SUBSIDIARIES		
Tigers Realm Coal International Limited	Australia	100%
TR Coal Holdings Spain SL	Spain	100%
Tigers Realm Coal (Cyprus) Pty Ltd (formerly Tigers Realm Minerals (Cyprus) Pty Ltd)	Cyprus*	100%
Tigers Realm Coal Spain, SL	Spain	100%
Tigers Coal Singapore No. 1 PTE Limited	Singapore*	100%
Eastshore Coal Holding Pty Limited	Cyprus	40%
PT Tigers Realm Coal Indonesia	Indonesia	100%
Northern Pacific Coal Company	Russia*	40%

*Required to prepare financial statements.

Eastshore Coal Holding Pty Limited and it's 100% owned subsidiary Northern Pacific Coal Corporation (NPCC), have been included from 6 May 2011. A series of agreements were executed on this date, which resulted in TRC Cyprus being entitled to appoint the majority of the members of the board of Eastshore (i.e. three out of five), which in turn provided it with the power to govern the financial and operating policies of Eastshore so as to obtain the benefits from Eastshore's activities. As a result the Group has consolidated Eastshore and its subsidiary NPCC, from 6 May 2011.

The Australian subsidiary has not prepared financial statements to date.

31. Parent entity disclosures

As at, and throughout the financial year ended 31 December 2011 the parent entity of the Group was Tigers Realm Coal Limited. Information relating to the parent entity follows.

	31 December 2011 $	31 December 2010 $
RESULTS OF PARENT ENTITY		
(Loss) for the period	**(1,285,894)**	–
Other comprehensive income	**–**	–
Total comprehensive income	**(1,285,894)**	–
FINANCIAL POSITION OF PARENT ENTITY		
Current assets	**–**	–
Total assets	**65,354,574**	13,181,781
Current liabilities	**–**	–
Total liabilities	**–**	–
NET ASSETS	**65,354,574**	13,181,781
TOTAL EQUITY OF THE PARENT ENTITY COMPRISING		
Share capital	**64,406,142**	13,181,781
Reserves	**1,768,026**	–
Retained earnings/(loss)	**(819,594)**	–
TOTAL EQUITY	**65,354,574**	13,181,781

Contingent liabilities of the parent entity

The parent entity has no known contingent liabilities as at balance date that have not already been reflected in the above financial statements.

Capital commitments of the parent entity

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

32. Acquisition of business

On 6 May 2011, Tigers Realm Coal (Cyprus) Pty Ltd ("TRC Cyprus"), Eastshore Coal Holding Ltd ("Eastshore"), Bering Coal Investments Ltd ("Bering") and Siberian Tigers International Corporation ("Siberian") executed a series of agreements in relation to the management of Eastshore, CJSC Northern Pacific Coal Company ("NPCC") and the Russian subsoil licenses being the Dalniy Subsoil License (Russian subsoil license numbered AND 13868 TP) and the Zapadniy Subsoil Lincense (Russian subsoil license numbered AND 13867 TP). As a result of these agreements TRC Cyprus is entitled to appoint the majority of the members of the board of Eastshore (i.e. three out of five), providing it with the power to govern the financial and operating policies of Eastshore so as to obtain the benefits from Eastshore's activities. As a result the Group has consolidated Eastshore and its subsidiary NPCC from 6 May 2011. Two of the agreements may give rise to future royalty obligations for Eastshore as follows:

- Bering Royalty Agreement: Prior to 6 May 2011, TRC Cyprus held a 40% interest in Eastshore and had a right to subscribe for shares equivalent to an additional 40% interest in two tranches subject to achievement of certain milestones, the final milestone being completion of a bankable feasibility study in respect of the area of the Russian Subsoil Licenses or any other subsoil license issued to Eastshore or its controlled subsidiaries ("the Eastshore Group"). If Bering fails to fund its proportion of expenditure after completion of the bankable feasibility study, its remaining 20% shareholding will 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.
- Siberian Royalty Agreement: Under this agreement, Siberian is entitled to a royalty of 3% of gross sales revenue from the sale of coal produced from the area of the Zapadniy Subsoil License. The royalty payable under the Siberian Royalty Agreement is in substance a "finder's fee" payable to Siberian in compensation for originating the project. Accordingly, it will be accounted for as an acquisition related cost under AASB 3 Business Combinations and recognised as an expense in the period incurred. Further, as the royalty is contingent on the sale of coal produced from the area of the Zapadniy Subsoil License, it will not be given accounting recognition until such sales occur or it is subject to early settlement by mutual agreement between the parties.

The Group has accounted for the acquisition of control of Eastshore as a business combination effective 6 May 2011. In accounting for the business combination, the Group has recognised and measured the fair value of the consideration, the fair value of the assets acquired and liabilities and contingent liabilities assumed, and the resulting non-controlling interest, at that date.

Under *AASB 3 Business Combinations*, the fair value of the consideration is measured as:

(a) the fair value of the Group's existing 40% equity interest in Eastshore at 6 May 2011, which has been valued at $29,084,683, as the acquisition date fair value of the acquirer's interest in the acquiree is substituted for the consideration when no consideration is paid; and,

(b) the fair value of loans made by TIG to Eastshore as at 6 May 2011 valued at $14,322,500; and,

(c) the fair value of 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, ("Bering Option") valued at $9,533,034 at 6 May 2011. The Bering Option was subsequently re-valued to $16,872,332 as at 31 December 2011. The movement consisted of $6,756,618 being reflected in the statement of comprehensive income and $582,680 in the foreign currency translation reserve which represented the revaluation of the 6 May 2011 value.

32. Acquisition of business (cont.)

The Group's existing 40% equity interest in Eastshore had a carrying value of nil and accordingly its re-measurement to fair value as part of the consolidation of the Eastshore group, which as at 6 May 2011 comprised Eastshore and its controlled entity, NPCC, resulted in the recognition of a profit in the consolidated financial statements. Additionally the fair value of the assets, liabilities and contingent liabilities of Eastshore and its controlled entity, NPCC the related deferred tax impacts and the non-controlling interest of 60% held by Bering measured as its proportionate interest in the fair value of the identifiable assets, liabilities and contingent liabilities of Eastshore and its controlled entity NPCC, were recognised in the consolidated financial statements. Any excess of the fair value of the consideration over the fair value of the assets acquired and liabilities and contingent liabilities assumed (including related deferred tax impacts), after taking into account the non-controlling interest therein, was recognised as goodwill. The loan balances receivable from NPCC at 6 May 2011, were eliminated in the consolidated financial statements as post consolidation of Eastshore and its controlled entity, NPCC, these balances were intra-group balances within the Group.

The net effect of the above transactions is an increase in net assets of $69,906,002, an increase in retained earnings of $29,084,683 (excluding the fair value adjustment of $6,756,618 that took place on 31 December 2011) and recognition of a non-controlling interest of $36,223,781 ($31,421,521 as at 31 December 2011). The majority of the increase in net assets is attributable to mineral rights (an intangible asset) which 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, evaluation and development assets.

Under AASB 3, the final accounting must be completed within 12 months of the date of acquisition. For the purpose of these financial statements the Group has presented provisional fair values of the assets acquired and liabilities and contingent liabilities assumed.

Any movements in the fair value of the option inherent in the Bering Royalty Agreement between 6 May 2011 and its expiry will be recognised in profit or loss.

The provisional fair values of identifiable assets and liabilities of Eastshore and its subsidiaries as at the date of acquisition were:

	Carrying Value acquisition date $	Fair Value at acquisition date $
ASSETS		
Cash and cash equivalents	286,087	286,087
Other current assets	398,659	398,659
Trade and other receivables	1,903,605	1,903,605
Property, plant and equipment	18,697	18,697
Exploration, evaluation and development	8,935,870	–
Mineral rights (including exploration, evaluation and development)	–	85,641,025
TOTAL ASSETS	11,542,918	88,248,073
LIABILITIES		
Trade and other payables	(571,705)	(571,705)
Deferred tax liabilities	(642,161)	(17,770,366)
TOTAL LIABILITIES	(1,213,866)	(18,342,071)
TOTAL IDENTIFIABLE NET ASSETS AT FAIR VALUE		69,906,002
Gain on fair value of business acquired		29,084,683
Interest-bearing liabilities		14,322,500
Bering Option liability		
Bering Option liability recognised by Eastshore Group		9,533,034
Non-controlling interest in Bering Option liability		(5,719,820)
Sub-total: Bering Option liability		3,813,214
CONSIDERATION		47,220,397
Cash paid		–
TOTAL CONSIDERATION		47,220,397
Non-controlling interest in assets acquired		41,943,601
Fair value of identifiable net assets		(69,906,002)
Total consideration		47,220,397
Goodwill		19,257,996
Non-controlling interest in consideration (Bering Option liability)		(5,719,820)
Non-controlling interest in net assets acquired		41,943,601
Net non-controlling interest		36,223,781
The cash flow on acquisition is as follows:		
Net cash acquired with the subsidiary		286,087
Cash paid		–
NET CONSOLIDATED CASH INFLOW		286,087

From the date of acquisition, Eastshore and its subsidiaries contributed nil to the Group revenue and a $277,979 gain to the overall Group gain of $12,840,502. If the acquisition of Eastshore and its subsidiaries had been completed at the beginning of the annual reporting period, the consolidated statement of comprehensive income would have included nil revenue and a loss of $5,165.

32. Acquisition of business (cont.)

The fair values are based on a discounted cash flow estimate for the Amaam Project at the date of acquisition 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.

The fair value of the Bering Option liability was determined via Black and Scholes option valuation methodology and was also impacted by the level of risk assumed in the agreement. The Bering Option has the characteristics of a put option over the balancing 20% of the shares in NPCC.

The fair value of the Bering Option liability will be re-valued at each reporting date and the adjustment recognised in the profit or loss.

The deferred tax liability balance arises as a result of the requirement to recognise the difference between the fair value of the assets and liabilities acquired and their tax bases.

The goodwill will be tested annually for impairment and if evident, the impairment will be recognised in the profit or loss.

There were nil transaction costs in relation to this acquisition.

33. Subsequent events

Subsequent to 31 December 2011 the following events have occurred which are items, transactions or events considered to be of a material or unusual nature, which in the opinion of the Directors of the Company, are likely 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:

- On 18 January 2012 the Group paid US$400,000 for the acquisition of 80% Rosmiro Investments Limited, which through its wholly owned subsidiary Beringpromugol LCC, holds the Amaam North tenement. The additional Bering Basin coking coal tenement in far eastern Russia at Amaam North is located 30 kilometres north of the Group's existing tenement at Amaam.
- On 6 February 2012 the Group achieved a milestone in the process of converting the Amaam Exploration License at its Amaam tenement in Russia, to an Exploration Extraction (mining) Licence. The Amaam coking coal resource has been recognised in the official records of the Russian Federal Subsoil Agency. Recognition of the Amaam coal resource allows the Group to progress the next phase in the mine permitting process, which is to apply for a Discovery Certificate over the deposit.

34. Auditors' Remuneration

	31 December 2011 $	31 December 2010 $
Audit services:		
Audit and review of financial reports (KPMG Australia)	**315,000**	80,000
Audit and review of financial reports (Overseas KPMG firms)	**66,392**	–
	381,392	80,000
Services other than statutory audit		
Other assurance services		
Investigating accountants report services	**828,510**	–
Other services		
Taxation compliance services (KPMG Australia)	**28,500**	–
Taxation compliance services (Overseas KPMG firms)	**33,338**	–
	890,348	–
Total Services Provided	**1,271,740**	80,000

DIRECTORS' DECLARATION

For the year ended 31 December 2011

1. In the opinion of the Directors of Tigers Realm Coal Limited ('the Company'):

   (a) the consolidated financial statements 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 2011 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. 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 2011.

3. The Directors draw attention to Note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Dated at Melbourne this 22nd day of February 2012.

Signed in accordance with a resolution of the Directors:

Antony Manini Chairman

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

KPMG

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 2011 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

22 February 2012

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

KPMG

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 31December 2011, and consolidated income statement and 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 34 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 2a, 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.

Independence

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TIGERS REALM COAL LIMITED (CONTINUED)

KPMG

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 2011 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 2a.

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 10 of the directors' report for the year ended 31 December 2011. 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 2011, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Michael Bray
Partner

Melbourne

22 February 2012

1. Top 20 Shareholders as at 21 February 2012

	Number of Shares	% of Total
1 TIGERS REALM MINERALS PTY LTD	119,739,170	32.90%
2 JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	16,280,000	4.47%
3 SHIMMERING BRONZE PTY LIMITED	12,934,336	3.56%
4 NEFCO NOMINEES PTY LTD	12,700,000	3.49%
5 ANTMAN HOLDINGS PTY LIMITED	11,867,943	3.27%
6 FOREMOST MANAGEMENT SERVICES PTY LIMITED <SUPER FUND A/C>	8,924,694	2.45%
7 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,490,975	2.06%
8 PROFESSOR BRUCE NATHANIEL GRAY	6,000,000	1.65%
9 PROFESSOR BRUCE NATHANIEL GRAY	6,000,000	1.65%
10 AJM INVESTCO PTY LIMITED <SUPER FUND A/C>	5,989,240	1.64%
11 NAMARONG INVESTMENTS PTY LTD <THE HANSEN INVESTMENT A/C>	5,789,240	1.59%
12 TAYCOL NOMINEES PTY LTD	5,789,240	1.59%
13 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	5,763,902	1.58%
14 VIRTUAL MENU PTY LTD <GARRY MCKENZIE FAMILY A/C>	4,724,020	1.30%
15 RESOURCE CAPITAL FUND V L P	3,705,114	1.02%
16 MR TERENCE CHUN KIAT TAN	3,580,000	.98%
17 MRS SONEDALA ALBERT	3,107,664	.85%
18 MR CRAIG ANDREW PARRY	2,997,288	.82%
19 UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	2,950,042	.81%
20 INTEGRATED MINING SOLUTIONS PTY LTD	2,894,620	.80%
TOTAL FOR TOP 20:	**249,227,488**	**68.48%**

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

3. Distribution of Shareholders and Shareholdings as at 21 February 2012

Holding & Distribution	No. of Holders	Securities	%
1 to 1000	6	2,929	.00
1001 to 5000	55	169,482	.05
5001 to 10000	93	805,463	.22
10001 to 100000	433	19,479,212	5.35
100001 and Over	193	343,482,084	94.38
Total	**780**	**363,939,170**	**100.00**

4. Tigers Realm Coal Substantial Shareholder as at 21 February 2012

	No. of Shares	% of Total
Tigers Realm Minerals Pty Ltd	119,739,170	32.9%

5. Shareholdings of less than a marketable parcel as at 21 February 2012

13 holders holding a total of 11,393 shares

6. Restricted Securities as at 21 February 2012

141,994,989 Ordinary Shares in Escrow until 29 August 2013

17,837,900 Unlisted options in Escrow until 29 August 2013

2,049,877 Unlisted options in Escrow until 31 January 2013

7. Unquoted Securities as at 21 February 2012

a) 32,871,177 Unlisted options on issue

b) Holder with more than 20%

A Manini 7,631,000 options – 23.2%

8. Compliance with Listing rule 1.3.2 (b)

The Company confirms that it used its cash, and assets in a form readily convertible to cash, from the time of admission on 29 August 2011 to 31 December 2011 in a way consistent with its business objectives.

CORPORATE DIRECTORY

DIRECTORS

Antony Manini (Chairman)

Owen Hegarty

Brian Jamieson

Martin Grant
(Managing Director & CEO)

COMPANY SECRETARY

David Forsyth

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