

Explore  
Develop  
Operate

Annual Report  
2013

**TIGERS**  
REALM COAL





## Contents

- 01 Highlights 2013
- 02 Chairman's Letter
- 04 Managing Director's Report
- 09 Resources and Additional Exploration Targets
- 12 Operations Review
- 18 Financial Report

## Our Company

### 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: Amaam and Amaam North in the Chukotka Autonomous Okrug (District) of far eastern Russia, both within 35km of port access and close to targeted North Asian steel markets.

TIG 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. TIG 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 with a regional office in Moscow.

### 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.



---

## Highlights 2013

- Major new coking coal discovery at Amaam North.
  - Initial Resource of 26.8Mt delineated at Project F – Amaam North.
  - Prefeasibility study completed on Project F demonstrated very strong economics for a low capital and operating cost 1Mtpa operation capable of being fast-tracked with production targeted from H2 2015.
  - Bankable Feasibility Study on Project F well advanced and due for completion in Q2 2014.
  - Amaam on track with prefeasibility study completed and demonstrating strong economics from a large scale 6.5Mtpa, low cost operation with production targeted for 2018.
  - Mining licence granted over the core area of the Amaam Resource.
  - Outstanding exploration and resource growth potential defined in addition to the current 491Mt total combined coking coal resource.
  - Successful capital raising of \$21.2 million completed and a placement for of \$62.5 million being progressed.
  - Experienced and focused management team in place and ready to move into project development in 2014.
  - Outlook for coking coal strong.
- 



## Chairman's Letter



“Although the primary focus of Company activities moved to the Amaam North project early in 2014, a number of critical path works and significant permitting milestones were achieved at Amaam during the year.”

Dear Shareholders,

In 2013 excellent progress was made at both the Amaam and Amaam North projects and your Company achieved a number of significant milestones in its progression from coking coal explorer to a developer and producer.

The Amaam Prefeasibility Study (PFS) completed in April demonstrated an economically robust, large scale, long life coking coal project that is expected to deliver strong returns to shareholders when in production. However, developing the mine and associated infrastructure to commence production requires a large capital investment of around US\$1.3 billion.

Given the large capital requirements and timeframes for developing Amaam, and the broader market outlook for coal explorers and developers generally, the TIG Board approved a strategic shift in focus towards assessing the potential for developing a low capital and operating cost start up mine at the Amaam North licence.

Following early drilling success at Amaam North, an initial near surface resource of 27Mt was estimated for a small part of the exploration licence, known as Deposit F, in mid-2013. Prefeasibility studies commenced immediately to assess the potential for developing a mine at Deposit F utilising existing nearby port infrastructure. The results of the PFS announced in early September highlighted an excellent opportunity for the development of a low capital and operating cost coking coal mine with initial production targeted for late 2015 and first shipments of coal product in 2016. The proposed early starter mine would produce up to 1Mtpa of coking coal over an 11 year life and ship coal through an existing nearby port. Project economics defined by the PFS are highly attractive with an initial capital investment of US\$52 million required to commence production, and an Internal Rate of Return of 37% on life-of-mine capital investment.

Immediately following delivery of the Amaam North Project F PFS and its associated attractive financial metrics, a Bankable Feasibility Study (BFS) commenced. Completion is expected in the first half of 2014.

Although the primary focus of Company activities moved to the Amaam North project early in 2014, a number of critical path works and significant permitting milestones were achieved at Amaam during the year. In early March, Rosnedra, the Russian Federal Subsoil Agency granted the Company a mining licence over part of the Amaam deposit scheduled for initial open pit production. Soon after the Company's proposal to construct a 15Mtpa coal terminal at Arinay lagoon was included in the Russian Federal Government's Scheme of Territorial Planning. This important achievement enables the Company to proceed with detailed engineering and design of the Arinay coal terminal as part of the Amaam BFS.

Receipt of the first mining licence for Amaam only two years after the initial discovery, triggered an increase in ownership of the Amaam licence from 40% to 60% under the Company's joint venture agreement. Tigers Realm Coal's ownership of Amaam subsequently lifted to 80% later in the year following negotiations which removed the requirement for the Company to complete a BFS as a pre-condition to earning an additional 20% interest.

The timely receipt of these and several other important permitting milestones since commencing work on the Amaam Project in 2009 clearly demonstrates a strong level of stakeholder support for the Company's activities in Chukotka, and our ability to effectively operate within the Russian business environment.

While 2013 was a highly productive year operationally, the Company also made significant advances on the corporate front.





Amaam North  
Project F Coal  
Outcrop

In December an equity funding package of A\$62.5 million was announced, with completion anticipated in early 2014. This package is expected to provide a material part of the equity funding required to bring Project F into initial production, progress critical path items for the Amaam BFS and to meet statutory licence obligations through to the end of 2014.

The package comprises a placement to two highly regarded international institutional investors – Baring Vostok Fund V (A\$36.2 million) and Russian Direct Investment Fund (A\$16.3 million), coupled with a parallel placement of A\$7.85 million to new and existing shareholders of the Company, and a Shareholder Purchase Plan of A\$1.65 million.

Attracting significant investments in the Company and its projects from these two highly successful institutional funds with extensive experience and strong linkages in Russia, is considered an important development in the evolution of Tigers Realm Coal as we progress from explorer-developer to producer status. I look forward to welcoming them to the register and their representatives to the Board.

The significant advances made by the Company in 2013, both operationally and financially, could not have been achieved without the dedication and hard work of our employees and ongoing support of our shareholders, partners and stakeholders. On behalf of the Board, I would like to extend my sincere thanks to all.

Tigers Realm Coal is now well positioned for an exciting year of developments in 2014 as it progresses Project F through development studies and into construction. I look forward to keeping you well informed on our progress throughout the year.

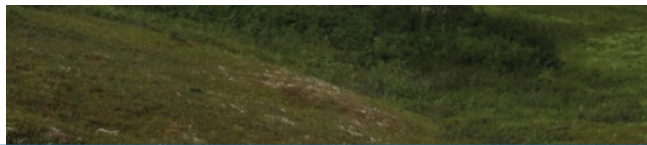
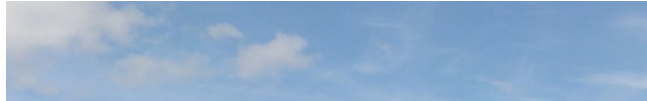
Regards

**Antony Manini**  
Chairman

# Managing Director's Report



“Our path to becoming a major coking coal exporter became clearer in 2013 through the completion of PFS on both Amaam and Amaam North. Both projects were proven in the PFS to be very attractive investments in their own right with strong economics on a number of measures.”



I am very pleased to report that 2013 was a year of strong and rapid progress on both the operational and corporate fronts for Tigers Realm Coal. Our efforts continue to confirm that the Company has two of the best undeveloped coking coal deposits in the world: Amaam and Amaam North, in Chukotka Province, Pacific east Russia.

Our exploration and resource drilling continues to see the discovery of significantly greater tonnes of coal and the solid growth of our resource base. Our PFS work has confirmed that the projects have the potential to be developed into two of the world's lowest cost coking coal producers, in no small part due to their exceptional location on the Pacific coast and near existing coal export facilities. We continue to benefit from the great support of the Chukotka Government having received its commitment to assist in accelerating the development of our projects. Furthermore, our studies have

demonstrated the opportunity to develop the projects in a staged, complementary manner that will allow the Company to optimise the great resource base we are proving up on our way to becoming a large scale, world class coking coal exporter. Our path to becoming a major coking coal exporter became clearer in 2013 through the completion of PFS on both Amaam and Amaam North. Key financial metrics are presented in the operational review, but I am very pleased to highlight here that both projects were proven in the PFS to be very attractive investments in their own right with strong economics on a number of measures.

As I highlighted in last year's report, the discovery of a major new coking coal deposit at Amaam North afforded us an opportunity to shift focus to a low capital and operating expenditure early starter project option, given its close proximity to an existing coal terminal, just 35km to the east.

## In summary our key achievements were:

<b>Change of strategy; optimising potential and growth</b>	Having reviewed our assets and opportunities, we decided to undertake a major shift in strategy from focusing on development of a single large scale project to a staged approach to basin wide development that takes into account the scalability of our projects versus the current high cost of capital and difficulties in funding large projects.
<b>A major new and growing discovery</b>	In late 2012 we moved to rapidly explore an area of thick coal outcrops on the Amaam North licence block, which resulted in the discovery of a major new coking coal deposit – Deposit F.
<b>Fast tracking production</b>	Focus shifted to a low capital cost, starter mine project – Project F – that has put TIG on a fast track to production. The team very quickly advanced Project F, proving up an initial Resource from discovery in less than six months and then completing a PFS in under 12 months. The time to undertake this work is almost unparalleled for a project of this nature globally and despite recent challenges we remain on track to bring the project into production around two years after the discovery of Deposit F.
<b>Funding secured; strategic investors on board</b>	The quality of our projects and team have attracted the interest of major new investors that provide the potential for ongoing support in coming years, and who bring great strategic benefit to TIG as investors with an outstanding track record of success in Russia.





Landscape  
of Project F  
area

We have concentrated our drilling activities on Amaam North to quickly prove up an initial small Resource that would justify a 1Mtpa operation which could be in production by late 2015, some two years earlier than would be possible for the large scale Amaam project.

Following that intensive drilling program we were pleased to announce in July an initial Resource for Deposit F of 27Mt, comprising 11.7Mt in the Measured and Indicated category and 15.1Mt in the Inferred category. Some 78% of this coal is in the open pit domain and a third of that lies within 50m from the surface, pointing to the potential for a low strip ratio and low mining cost operation.

Work began on the PFS immediately and was completed very quickly with the results announced to the ASX in September. The PFS demonstrated Project F to be very attractive – total FOB cash costs (excluding government royalties) of US\$73.3/t; very low capital cost to initial production of US\$52 million; a large Net Present Value (NPV<sub>10</sub>) of US\$177 million; and an outstanding Internal Rate of Return (IRR) of 37%. These financial metrics would rank it as one of the most attractive, lowest cost coking coal mines in the world. However, it is early days in our work at Amaam North and the exploration upside we see there is expected to yield further larger tonnages of shallow coking coal which will further enhance project economics and scale over time.

With such a strong investment opportunity presented to it, the Board quickly approved ongoing investment in a BFS on Project F which is currently underway and due for completion in Q2 2014. We look forward to announcing the results of the BFS when they become available. A key positive feature of the Project F coking coal that will make it such a low operating cost operation is that approximately 55% of the product coal over the life-of-mine will have an average ash content of 10.5%, meaning that it will bypass the wash plant thereby eliminating significant costs.

“A key positive feature of the Project F coking coal that will make it such a low operating cost operation is that approximately 55% of the product coal over the life-of-mine will have an average ash content of 10.5%, meaning that it will bypass the wash plant thereby eliminating significant costs.”

## Managing Director's Report continued

Based on Landsat mapping activity close to the southern, eastern and north western perimeters of the Amaam North licence, our exploration team believes that, potentially, a high proportion of the Exploration Target is the same low ash Lower Chukchi coal we see at Deposit F. This will be tested by the current and future drilling campaigns and if proven, it would greatly enhance the value of the Amaam North deposit.

Complementary to Project F and Amaam North is Amaam, our large scale coking coal deposit with Total Resources of 464Mt, located 40km from Amaam North and 25km from the deep water port site proposed at Arinay Lagoon. Amaam is an important long term value driver for the company, both as an operation in its own right and as part of an integrated Amaam-Amaam North operation, with the potential to produce more than 10Mt of coal per annum.

During 2013, we progressed our work on Amaam from the Scoping Study that was released in 2012 to a PFS which was released in April 2013. The Amaam PFS demonstrated it to be a very robust large project: saleable product coal peaking at 6.5Mtpa for 10 years of the projected 20 year life-of-mine; total FOB cash costs (excluding government royalties) of US\$98/t which would rank it in the second quartile of the seaborne global cost curve; an NPV<sub>10</sub> of US\$885 million; and an attractive IRR of 19%.

Understandably, a project of this size does require a significant investment, which the PFS estimated to be US\$1.34 billion to first production and US\$2.11 billion to full production (including US\$0.4 billion for the underground mine). While this presents a significant challenge for a company the size of TIG, the strong returns that it will generate make it a compelling investment opportunity, and the Company continues to investigate ways to reduce the capital required and various funding options for the project.

During the year we were also pleased to report that we renegotiated the terms of our agreement with our partner at Amaam that saw the Company move to owning 80% of the project without the need to complete a BFS. In doing so, we now own an 80% interest in both of our Amaam and Amaam North projects.

With the Company focused on the low capital expenditure, low operating expenditure early starter opportunity at Project F, the work program at Amaam has concentrated on critical path items for the BFS and drilling to upgrade Resource confidence.

Longer term, the Company will assess options to realise significant further value by integrating the two projects via a rail or road connection. Conceptually this has the potential to result in combined production of over 10Mtpa, comprising 1Mtpa Project F coal through the existing port, 3–4Mtpa from an expanded Amaam North via a transport link to the Arinay Lagoon port, and 5–6Mtpa from Amaam.

During 2013, the Company undertook an extensive search for Project F funding. Whilst capital markets for resource projects remain constrained, we were pleased to announce the signing of Subscription Agreements for placements with two highly regarded international funds in December. The placements are with Baring Vostok Fund V (BV) for A\$36.2 million and the Russian Foreign Direct Investment Fund (RDIF) for A\$16.3 million. In addition, there will be a Parallel Placement to new and existing sophisticated investors of up to A\$7.85 million and a Shareholder Purchase Plan (SPP) of up to A\$1.65 million. All placements and the SPP are at A\$0.165/share. In total A\$62.5 million is expected to be raised. These capital raisings were approved by shareholders at a General Meeting in March.

This is a significant event for TIG: it brings to the share register two large institutional investors with extensive experience investing in Russia; it brings to the Board representatives from each fund; and it is expected to provide a material part of the equity component of the funding required for the development of Project F, and funds required for the critical path items of the Amaam BFS and licence obligations.

Last year I reported that we were finding business conditions in Russia very favourable, particularly in the far east where the Russian Government is keen to encourage economic development. We continue to find Russia, and particularly Chukotka, to be outstanding jurisdictions for the development of our business. Investors and analysts on our site visit in July 2013 experienced first-hand the support we receive from the Chukotka Government. In Anadyr, a number of meetings were held between our visiting group and the Deputy Vice Governors, whilst in Moscow, the Governor of Chukotka, Mr Roman Kopin, took time out of his busy schedule in an election campaign to attend a reception held for TIG and its visitors at the residence of the Australian Ambassador to Russia, Mr Paul Myler. These meetings provided a forum for the Government of Chukotka to voice its strong support for our projects and their development.

In 2013, we saw further indication that Russia is open for business with the announcement of a planned investment in TIG by the Russian Direct Investment Fund (RDIF) of A\$16.3 million. The US\$10 billion Russian Direct Investment Fund established by the Russian Federal Government to attract foreign investment has partnerships with a number of sovereign and private funds including: China Investment Corporation, Kuwait Investment Authority, Mubadala Development Company, Japan Bank for International Cooperation, Korea Investment Corporation, Blackrock, Franklin Templeton and Goldman Sachs.

In every respect, TIG continues to see Russia, and specifically Chukotka, as favourable places to do business. We have been pleased with the strong level of interest in our projects from government at all levels and appreciate their strong support and assistance through the various permitting processes.





Amaam North  
Project F Coal  
Outcrop

I continue to believe we are at the vanguard of a major push by mineral sector investors, including Chinese and western entities into this last great frontier for mineral exploration and discovery and in that, we have an early mover advantage.

The outlook for TIG in 2014 is very positive as we continue to progress at the rapid pace set in 2013. Our goals include:

- Project F Resource upgrade;
- Amaam Resource upgrade;
- completion of Amaam North Project F BFS, targeted for Q2, 2014;
- advance Amaam North Project F mining licence application;
- undertake key tasks for Amaam and Arinay Port BFS;
- continue drilling to meet licence commitments;
- continue drilling to grow and upgrade Resource base; and
- commence early development work on Project F in Q3, 2014.

I look forward to keeping you up to date on our progress through regular announcements as the milestones are achieved.

“During the year we were also pleased to report that we renegotiated the terms of our agreement with our partner at Amaam that saw the Company move to owning 80% of the project without the need to complete a BFS. In doing so, we now own an 80% interest in both of our Amaam and Amaam North projects.”

## Managing Director's Report continued

In conclusion, 2013 was a year of tremendous progress, with prefeasibility studies completed on both Amaam and Project F at Amaam North, the commencement of the BFS on Project F, and a major fund raising cornerstoned by the investments of BV and RDIF. I fully expect 2014 to be another year of significant progress for the Company as we pursue the development of Project F and capitalise on the exceptional exploration potential of our projects. Crucially, by the end of 2014, TIG aims to be only 12 months away from first coal production. A number of recent reports by coking coal analysts suggest that by that time, late 2015, the market will have moved back into supply deficit, with the supply increases in 2013 and 2014 fully absorbed by the expected ongoing coking coal import growth of China, which has trended at 17% per annum for the last three years. Coupled with the declining supply of high quality coking coal in China and globally, this bodes well for coking coal prices in coming years and as the Company moves into production.

I would like to thank and congratulate the Tigers Team for their huge effort during a year that has thrown up many challenges but yielded great success.

I thank our shareholders for their continued support of our Company.

Go the mighty Tiger!



**Craig Parry**  
Managing Director and Chief Executive Officer



Investors, analysts  
and Board site visit  
– July 2013



# Resources and Exploration Targets

## Amaam Resource Estimate

Totals below may not sum due to rounding.

### Indicated Resources<sup>B</sup> for the Amaam Project (100% Basis)

Area	Open Pit <sup>1</sup> (Mt)	Underground <sup>2</sup> (Mt)	Total (Mt)
Area 3	51	0.9	52
Area 4EC	26	0.3	26
<b>Total (rounded)</b>	<b>76</b>	<b>1.0</b>	<b>78</b>

### Inferred Resources<sup>A</sup> for the Amaam Project (100% basis)

Area	Open Pit <sup>1</sup> (Mt)	Underground <sup>2</sup> (Mt)	Total (Mt)
Area 2	8	0	8
Area 3	133	20	153
Area 4EC	124	101	224
<b>Total (rounded)</b>	<b>265</b>	<b>121</b>	<b>386</b>

### Total Resources for the Amaam Project (100% Basis)

Area	Open Pit <sup>1</sup> (Mt)	Underground <sup>2</sup> (Mt)	Total (Mt)
Area 2	8	0	8
Area 3	185	20	205
Area 4EC	150	101	251
<b>Total (rounded)</b>	<b>343</b>	<b>121</b>	<b>464</b>

### Coal Quality by Area (Air Dried Basis)

	Area 2	Area 3	Area 4EC	Total
<b>Mt</b>	<b>8</b>	<b>206</b>	<b>250</b>	<b>464</b>
Relative density g/cm <sup>3</sup>	1.63	1.63	1.59	1.61
Air dried moisture %	1.0	1.0	1.1	1.0
Ash %	34.5	34.5	32.4	33.8
Volatile matter %	22.6	22.6	25.1	23.4
Fixed Carbon %	42.0	42.0	41.3	41.7
Sulphur %	0.9	0.9	1.0	1.0
Calorific value kcal/kg	5,320	5,320	5,630	5,425

## Amaam North Resource Estimate

Totals below may not sum due to rounding.

### Coal Resources for the Amaam North – Project F (100% Basis)

Resource Category	Open Pit <sup>3</sup> (Mt)	Underground <sup>4</sup> (Mt)	Total (Mt)
Measured <sup>C</sup> – coking	7.16	0	7.16
Indicated – coking	3.29	1.27	4.56
Inferred – coking	8.69	4.58	13.27
Inferred – thermal	1.79	0	1.79
<b>Total</b>	<b>20.93</b>	<b>5.85</b>	<b>26.78</b>

## Resources and Exploration Targets continued

By Depth	Coking (Mt)	Thermal (Mt)	Total (Mt)
Surface to 50m	5.46	1.76	7.22
50 to 100m	7.46	–	7.46
100 to 150m	6.22	–	6.22
Greater than 150m	5.85	–	5.85
<b>Total</b>	<b>24.99</b>	<b>1.76</b>	<b>26.75</b>

### Coal Quality by Depth (Air Dried Basis)

	Open Pit <sup>3</sup>	Underground <sup>4</sup>	Total
<b>In-Situ Tonnes (Mt)</b>	<b>20.93</b>	<b>5.85</b>	<b>26.78</b>
In-situ relative density (ISD) g/cm <sup>3</sup>	1.4	1.33	1.38
Air dried moisture (ADM) % ad	1.1	1.17	1.12
Ash % ad	16.8	10.92	15.5
Volatile matter (VM) % ad	25.19	26.49	25.47
Fixed carbon (FC) % ad	56.93	61.5	57.93
Sulphur (S) % ad	0.31	0.26	0.30
Calorific value (CV) kcal/kg ad	6,819	7,359	6,937

### Amaam and Amaam North Exploration Targets<sup>D</sup>

The tables below outline the additional Exploration Target by area for the Project's two licences, Amaam and Amaam North. The total Exploration Target is 175Mt to 695Mt, comprising an Exploration Target of 120Mt to 205Mt tonnes at Amaam and an Exploration Target of 55Mt to 490Mt tonnes at Amaam North. Totals below may not sum due to rounding. The potential quantity and grade of the Exploration Target is conceptual in nature, and there has been insufficient exploration to estimate a Coal Resource. It is uncertain if further exploration will result in the estimation of a Coal Resource.

#### Exploration Target Amaam

Amaam Middle Chukchi	Open Pit <sup>1</sup> (Mt)	Underground <sup>2</sup> (Mt)	Total (Mt)
Area 1	2 to 3	0	2 to 3
Area 2	21 to 33	0	21 to 33
Area 4EC	1 to 5	1 to 5	2 to 10
Area 4W	50 to 79	36 to 56	86 to 135
Cretaceous	2 to 6 <sup>5</sup>	8 to 19 <sup>6</sup>	10 to 25
<b>Total (rounded)</b>	<b>75 to 125</b>	<b>45 to 80</b>	<b>120 to 205</b>

#### Exploration Target Amaam North

	Lower Chukchi Coal (Mt)	Middle Chukchi Coal (Mt)	Total (Mt)
Open Pit <sup>7</sup>	25 to 140	20 to 210	45 to 350
Underground <sup>8</sup>	10 to 75	0 to 65	10 to 140
<b>Total</b>	<b>35 to 215</b>	<b>20 to 275</b>	<b>55 to 490</b>

All Areas	Open Pit (Mt)	Underground (Mt)	Total (Mt)
<b>Total (rounded)</b>	<b>120 to 475</b>	<b>55 to 220</b>	<b>175 to 695</b>

1. Assumes coal seams greater than 0.3m to a depth of 400m.
2. Assumes coal seams greater than 1.2m below 400m depth.
3. Assumes coal seams greater than 0.3m to a depth of 150m.
4. Assumes coal seams greater than 1.2m deeper than 150m.
5. Assumes a coal seam of 1.5m to a depth of 50m.
6. Assumes a coal seam of 1.5m from 50m to 200m depth.
7. Assumes coal seams greater than 0.3m to a depth of 250m.
8. Assumes coal seams greater than 1.5m from 250m to 400m.



### Competent Persons Statement

The information compiled in this announcement relating to exploration results, exploration targets or Coal Resources at Amaam or Amaam North is based on information provided by TIG and compiled by Neil Biggs, who is a member of the Australasian Institute of Mining and Metallurgy and who is employed by Resolve Coal Pty Ltd, and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the JORC Code. Neil Biggs consents to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.

### Note A – Inferred Resources

According to the commentary accompanying the JORC Code an 'Inferred Mineral Resource' is that part of a Mineral Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to an Ore Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

### Note B – Indicated Resources

According to the commentary accompanying the JORC Code an 'Indicated Mineral Resource' is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of modifying factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to assume geological and grade (or quality) continuity between points of observation where data and samples are gathered.

### Note C – Measured Resources

According to the commentary accompanying the JORC Code a 'Measured Mineral Resource' is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to confirm geological and grade (or quality) continuity between points of observation where data and samples are gathered. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proved Ore Reserve or under certain circumstances to a Probable Ore Reserve.

### Note D – Exploration Target

According to the commentary accompanying the JORC Code an Exploration Target is a statement or estimate of the exploration potential of a mineral deposit in a defined geological setting where the statement or estimate, quoted as a range of tonnes and a range of grade (or quality), relates to mineralisation for which there has been insufficient exploration to estimate a Mineral Resource. Any such information relating to an Exploration Target must be expressed so that it cannot be misrepresented or misconstrued as an estimate of a Mineral Resource or Ore Reserve. The terms Resource or Reserve must not be used in this context.



# Operations Review

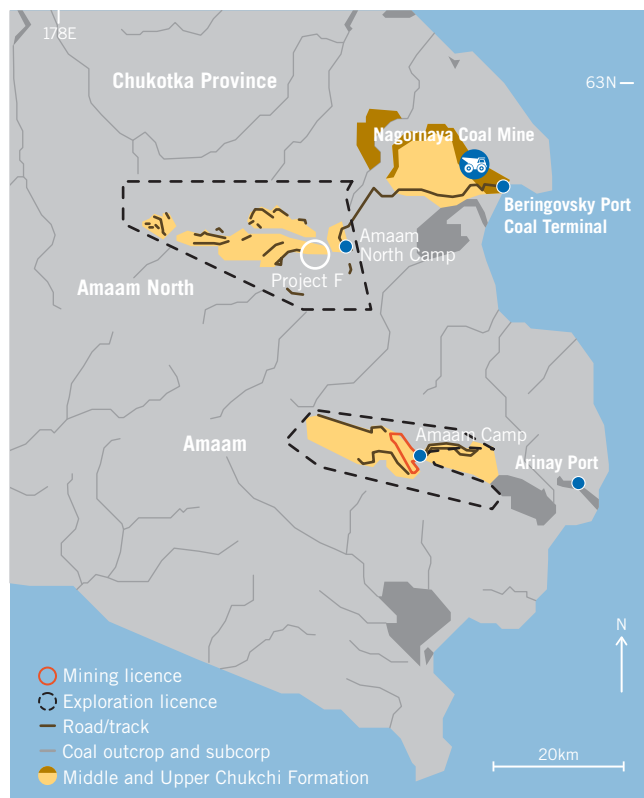


## Amaam Coking Coal Project

The Amaam Coking Coal Project consists of two tenements, Amaam and Amaam North. The tenements, covering an area of 709km<sup>2</sup> are located in the Bering Coal Basin in the Chukotka Autonomous Okrug (District) in far eastern Russia, approximately 230km south of the regional capital of Anadyr, and some 40km to the south of the existing coal mining operations of Nagornaya and its supporting town at Beringovskiy.

The Bering Coal Basin covers an area of approximately 7,500km<sup>2</sup> and extends from north of Beringovskiy (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. However, the initial Resource at Amaam North, Deposit F, is within the Lower Chukchi Formation, which is characterised by large seam cumulative coal thicknesses over 10m and a significant proportion of low ash, bypass coal.

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. North Pacific Coal Company (NPCC) management 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, and it commissioned its second mine, Dvoynoye, in 2013.





## Amaam North Tenement

### 2013 Highlights

- Initial Resource of 26.8Mt (Deposit F) was announced in July.
- A PFS on Project F was completed in September 2013.
- A BFS was commenced and is due for completion in Q2, 2014.
- Completed a total of 5,460m drilling.
- Submission of technical documentation required for state assessment prior to the granting of a Discovery Certificate.

TIG owns 80% of Amaam North. Under the terms of the acquisition agreement with its joint venture partner, BS Chukchi Investments LLC (BSCI), TIG is required to fund all project expenditure until the completion of a BFS. After completion of a BFS, 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 licence.

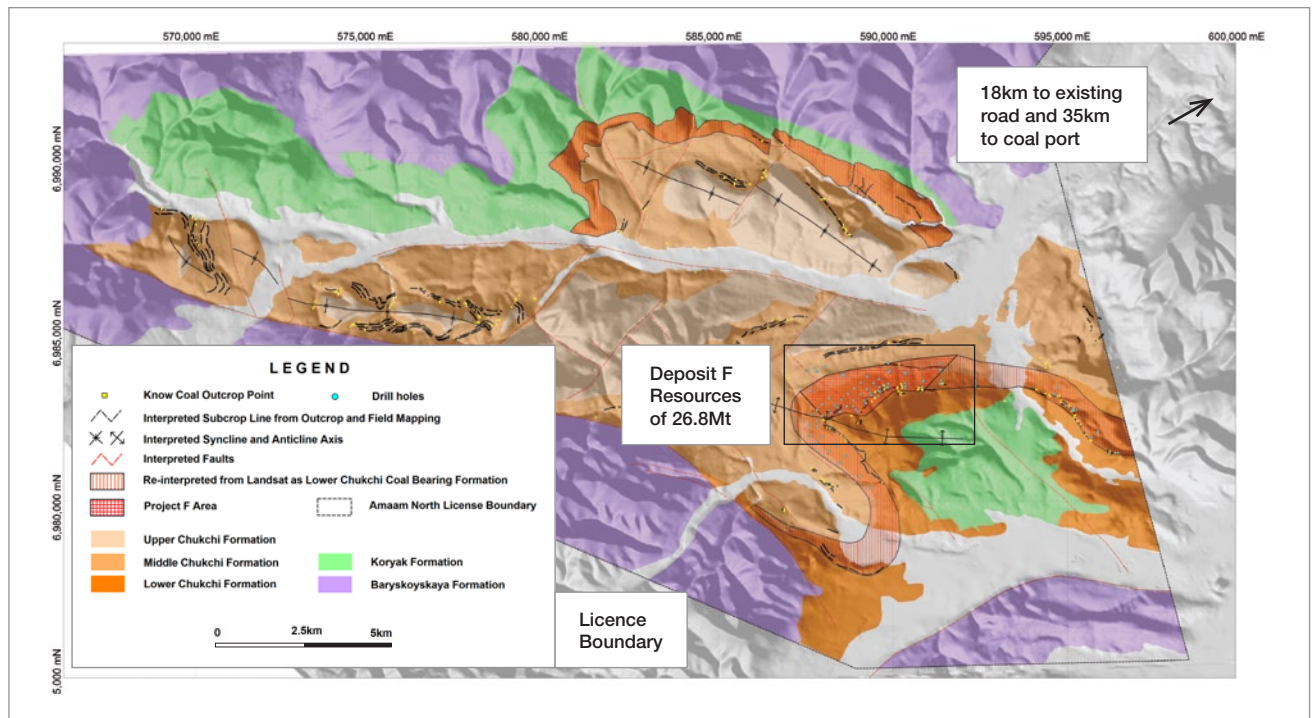
### Initial Resource at Amaam North

In July 2013, TIG announced an initial Resource of 26.8Mt at Project F, the first of several areas to be tested on the highly prospective Amaam North licence block. The Project F area was the target of the first major drilling campaign at Amaam North due to the presence of outcropping, thick, shallow dipping coking coal seams only 18km from an existing road and 35km from the operating coal port on the Pacific coast.

Resource consultant, Resolve Coal Pty Ltd, has estimated 26.8Mt of Coal Resources at Deposit F in the Amaam North licence block. This includes Measured Resources of 7.2Mt, Indicated Resources of 4.6Mt and Inferred Resources of 15.0Mt. 20.9Mt of the total Coal Resource is in the open pit domain less than 150m from surface. Below 150m, the Resource totals 5.9Mt, providing significant potential upside from future underground operations.

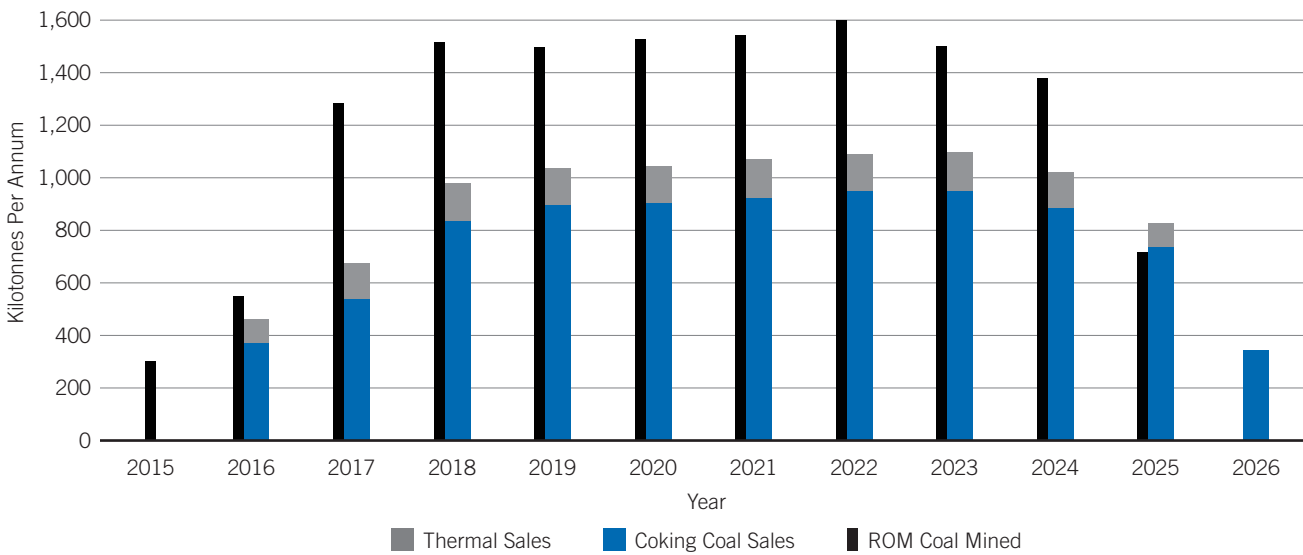
The Resource estimate is based on 40 drill holes (totalling 3,087m) completed in April 2013, outcrop mapping and sampling, and structural interpretations of satellite photography and Landsat imagery. With large areas of undrilled outcropping coal seams in occurrence and the first drilling campaign already resulting in a significant Resource being delineated, there is excellent exploration upside potential on the Amaam North licence block.

### Amaam North Tenement Geological Plan



## Operations Review continued

### Project F Production and Shipping Schedule



### Amaam North Project F Prefeasibility Study (PFS)

In September 2013, TIG announced the results of the PFS for a low capital and operating cost starter project at Amaam North. The Project F PFS focused on the open pit potential of the Project F Resource. This open pit project comprises three main components:

- **The mine site** comprising an open pit mine, coal handling and processing plant (CHPP), and associated infrastructure.
- **The coal transport chain** comprising a 35km winter road from the mine site to port for coal transport and mine site supplies, and a service road for personnel and supplies transport during the summer period.
- **The coal terminal** comprising the construction of port area coal stockpiles, and an upgrade to the existing transshipment facilities.

The key objective of the PFS was to deliver a low capital, low risk, high value operation, which will provide TIG's initial coal production. The study designs take into account:

1. The potential for increased production from further exploration success at Amaam North.
2. The future development of Amaam and the Arinay port facilities to the south.

The Project F Base Case encompasses an open pit containing 13.4Mt of ROM coal at a stripping ratio of 5:1, and mined at rate of 1.5Mtpa ROM coal. Base Case production is 9.6Mt of product coal, comprising 8.3Mt of Coking Coal and 1.3Mt of Thermal Coal at an average cost of US\$73.30/tonne. Mining is to be conducted year round, with product coal trucked on a winter road 35km to the existing coal terminal at Beringovsky where it will be stockpiled and shipped out in the summer months. 4.4Mt (46%) of product coal will be mined as a direct

shipping (bypass) product from the low ash (4 Group) seams at the top of the coal formation. 3.9Mt (40%) of product will be produced after washing the seams (1 to 3 Group) in the lower part of the formation. 1.3Mt (14%) of product coal, comprising all unwashed near surface oxidised coal, will be sold as a high calorific value thermal coal. Capital cost required to commence production is US\$52 million.

### Amaam North Project F Bankable Feasibility Study (BFS)

Following the completion of the Project F PFS, work commenced immediately on the Project F BFS. Key areas of work and progress to date include:

- The commencement of drilling in November 2013 to extend and upgrade Resource confidence:
  - Of the 6,000m planned for completion by Q2 2014, 2,374m was completed by December 31, 2013.
- Bulk sampling drilling for coal washability assessment was completed in December 2013 with 1200kg of coal extracted for test work by the end of the month.
- Base case open pit mine design confirmed the PFS mining Inventory and stripping ratios and Project F underground mine design commenced.
- Coal quality, beneficiation and marketing studies:
  - Washability testwork was completed and assessment of the data progressed.
  - Beneficiation plant, stockpiles earthworks and structural design scopes progressed.
- Infrastructure, utilities and services planning and design commenced with design work for the mine industrial complex, road and fuel storage facilities completed.



- Transportation and port facilities planning and design:
  - Logistics simulation model was completed.
  - Port upgrade and transshipment studies progressed.
  - Road design work, including route optimisation, clarification of environmental and regulatory issues, and optimisation studies of ice road vs a conventional road progressed.
- Construction of the Amaam North exploration camp completed.

The Project F BFS is expected in Q2, 2014.

## Amaam Tenement

### 2013 Highlights

- PFS completed and announced to the ASX in April. Strong economics confirmed.
- Completed a total of 5,941m drilling.
- Award of a mining licence for Area 3.
- The construction of a seaport and coal terminal at Arinay Lagoon was included in the Russian Federal Government Territorial Planning Scheme.
- Bulk sample of over 4,000kg was collected for washability and clean coal test work.

### Amaam Tenement Overview

The Amaam tenement comprises the tenement Licence Number AND 13867 TP. The licence is 231km<sup>2</sup>, measuring approximately 32km east-west and 9km north-south, and located 30km from the Bering Sea coast and a proposed deepwater port site at Arinay Lagoon.

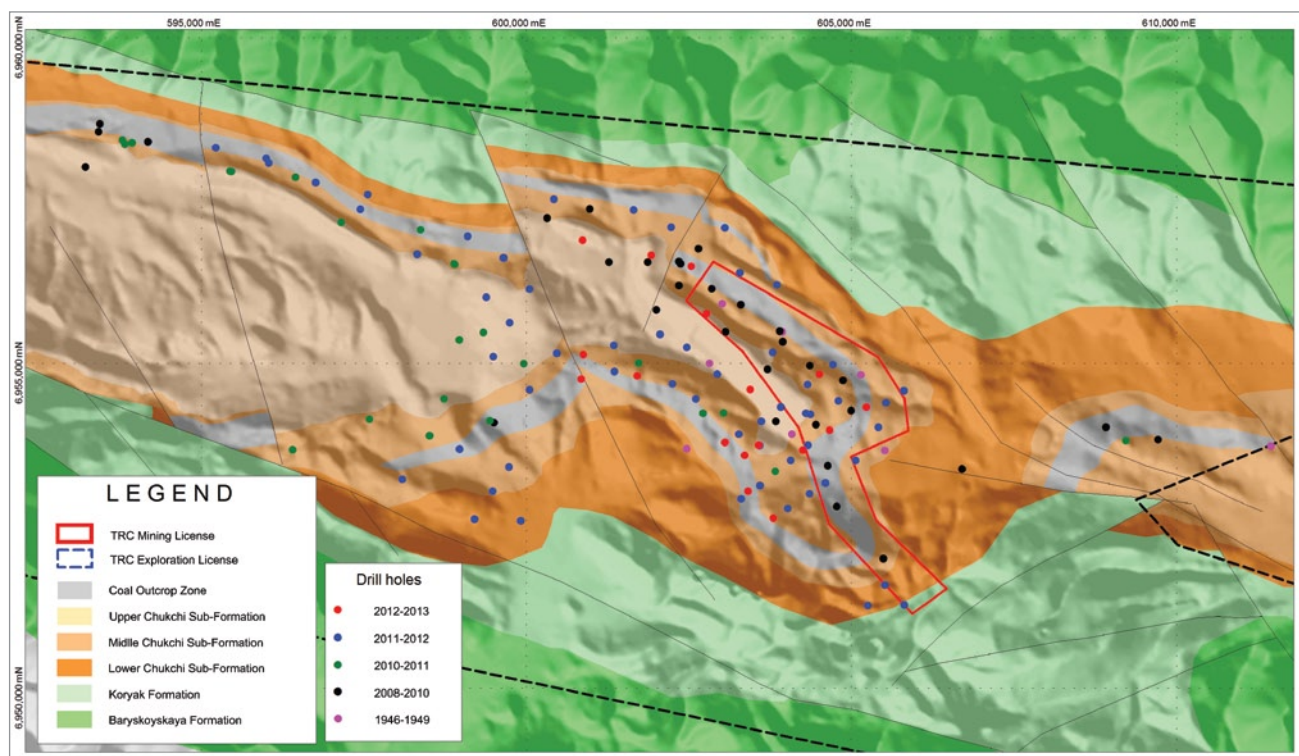
TIG holds an 80% interest in the Amaam tenement. During 2013, TIG was granted a mining licence for part of Area 3 on the Amaam tenement, which satisfied the required condition for its ownership to move from 40% to 60%. Subsequent to that, TIG renegotiated its ownership agreement with its JV partner Bering, which resulted in TIG's ownership increasing to 80%.

### Amaam Tenement Geology

TIG commenced exploration activities in 2010 and completed 7,720m of drilling during the 2010-11 Russian winter drilling season and 14,413m during the 2011-12 season across the entire tenement, but predominantly in Areas 3 and 4. In the 2012-13 drilling season TIG completed 6,967m of drilling, and a further 2,580m has been completed in the 2013-14 season to December 2013.

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.

## Amaam Tenement Geological Plan



## Operations Review continued

### Amaam Prefeasibility Study (PFS)

The Amaam Project PFS primarily focused on the open pit potential of the Amaam Resource comprising three main components:

1. An open pit mine, coal handling and preparation plant (CHPP), and associated infrastructure on the Amaam Licence.
2. A 25km all-weather road and rail line to a coal terminal located on the north shore of Arinay Lagoon.
3. A coal terminal with loading facilities for shipment of coking coal to export markets.

In addition, the PFS addressed (at a lower level of study accuracy) the potential for coking coal production from the remaining Resources and Exploration Target across both licences.

The PFS demonstrates capacity for production of 6.5Mtpa of coking coal comprising 5Mtpa from the open pit and 1.5Mtpa from underground mining over the 20 year life-of-mine (LOM). Total free-on-board (FOB) costs, including mining, washing, administration, rail and port, are estimated to average US\$98.01/t of saleable product over LOM.

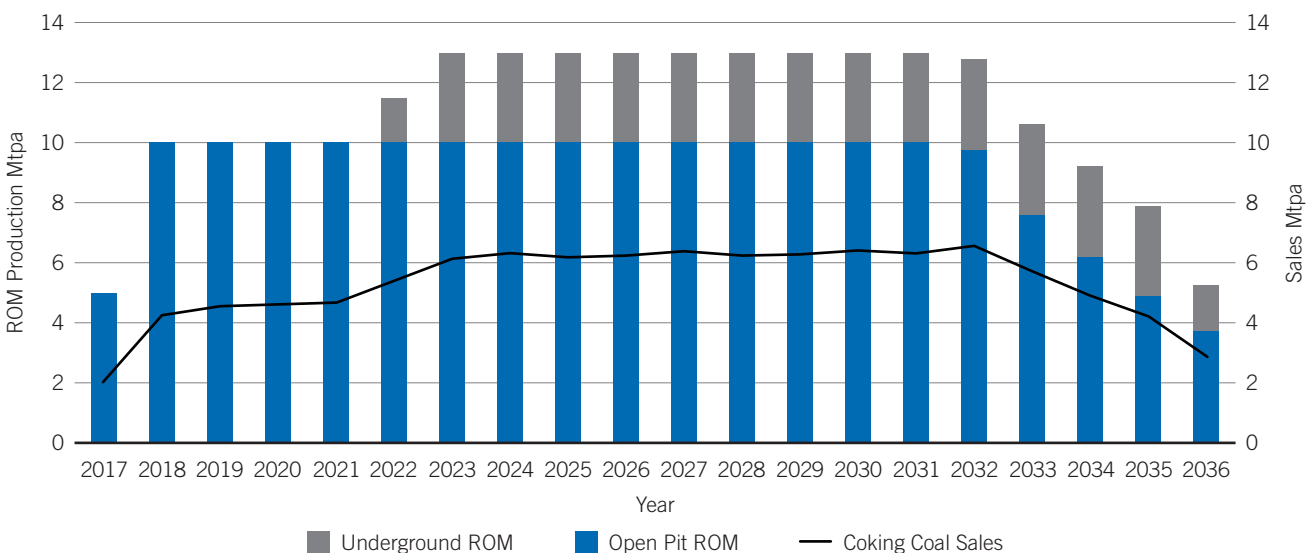
Key PFS metrics are summarised in the table below:

	Open Pit	Underground	Combined
<b>Saleable product (Mtpa)</b>	<b>5.0</b>	<b>1.5</b>	<b>6.5</b>
ROM production (Mtpa)	10.0	3.0	13.0
Strip ratio (BCM:t)	12.3:1	n/a	n/a
Pre-production Capex (US\$bn):	1.34	0.4	1.74
– Mining fleet and pre-strip (US\$bn)	0.25		0.25
– Port and Rail (US\$bn)	0.42		0.42
– CHPP, mine, other (US\$bn)	0.67		0.67
Ramp up capex – mine fleet (US\$bn)	0.37		0.37
<b>Total Cash costs (US\$/t FOB)</b>	<b>100.55</b>	<b>78.50</b>	<b>98.01</b>

### Amaam Bankable Feasibility Study (BFS)

Following completion of the PFS, work commenced on the BFS, with ongoing work programs aimed at assessing options to further enhance project value, including increasing open pit resources from further drilling at Amaam, extending the underground mine life beyond the initial 20 year LOM and improving coking coal yields by further processing of coarse middlings.

### Amaam Base Case Project Production Schedule





Specific work programs in 2013 included:

- Drilling to extend and upgrade the Resource:
  - The 2012-13 season was completed and 9,000m is planned for completion in the 2013-14 season. 2,580 million was completed by 31 December 2013.
- Raw coal quality test work on samples from the 2012-2103 drilling program. Work on the Resource upgrade continued and an update is expected in Q1 2014. Work on the Resources upgrade continued in 2013 resulting in an announcement in Q1 2014 of an increase in Total Resources from 412Mt to 464Mt, of which 78Mt was upgraded from Inferred status to Indicated status.
- Collection of a bulk sample for pilot scale washability, and clean coal and coke test work was completed.
- Summer season climate and marine studies required for the development of the Arinay Port were completed. Winter season climate and marine studies commenced Q1 2014.

### Permitting

TIG achieved an important permitting milestone in being awarded a mining licence for part of the Amaam deposit. During the March quarter, Chukotnedra, the Chukotka Subsoil Resource Management Agency, formally advised TIG's Russian subsidiary, North Pacific Coal Company (NPCC) of its decision to issue NPCC a licence to mine and explore for coal in the part of the Amaam deposit covered by TIG's initial mining licence application. This initial application covered approximately 40% of Area 3 which is targeted for early life open pit mining. Area 3 contains 52Mt of Indicated Resources and 153Mt of Inferred Resources.

As sufficient additional drilling and study work is completed to convert Resources into Reserves for inclusion in the mine plan, TIG will apply for a mining licence(s) covering the remainder of the Amaam coking coal deposit.

A further significant milestone achieved in 2013, was the inclusion of NPCC's proposal to construct a specialised 15Mtpa coal terminal at Arinay Lagoon to service the Amaam project in the Russian Federal Government's most recent Scheme of the Territorial Planning (STP) of the Russian Federation covering federal transport (railway, air, sea and inland water transport) and federal roads.

This is a key milestone for TIG and supports its plan to proceed to the detailed design and engineering phase of the Arinay coal terminal development as part of the Amaam BFS.

### Environment and Community

During 2013, we continued to enhance the development of our HSEC Management System across the business. Significant progress was made on the implementation of our HSEC Management System Standards, which were developed

in 2012. The Standards meet current industry best practice and are aligned with key international standards such as ISO 14001 (Environmental Management) and OHSAS 18001 (Occupational Health and Safety). The purpose of these Standards is to embed a structured and systematic approach to identifying and managing the organisation's HSEC risks and opportunities, with a focus on continuous improvement. The ongoing focus on hazard identification, management of risks and Standards implementation at our projects resulted in the successful completion of exploration and baseline studies programs during the year.

A major achievement in 2013 was the development of our HSEC Performance Standards. These Standards specify specific management controls to be implemented for significant risks in the Health and Safety, Environment and Community areas.

As per the approach used for the Management System Standards, the Performance Standards were developed to meet industry best practice and align with key international guidelines. The Standards are progressively being implemented at our Project sites in Chukotka and incorporated in the Studies and Detailed Design process.

During the year, in conjunction with Golder Associates, significant progress was made on the development of the Project F Environmental and Social Impact Assessment (ESIA). The ESIA is designed to meet Russian requirements and International Finance Corporation (IFC) Performance Standards on Environmental and Social Sustainability. The key components of the Project F environmental and social baseline studies program were completed. The social baseline studies program involved an experienced Social Scientist from Golder Associates and our Community Liaison Officer visiting settlements nearest to the Project to gather baseline data through a series of interviews, focus groups and meetings. These meetings will be reflected in the final Stakeholder Engagement Report, which will form part of the Project's ESIA Report.

Regular engagement with government officials and communities continued during the year. A formal agreement on social investment was signed between TIG's Russian subsidiary joint venture company, Beringpromugol and the Anadyr municipality.

In line with our commitment to assist and support regional development, training, community based projects and small business opportunities within our host communities, two programs were commenced in the year. The first program involved contracting local agricultural enterprises for the supply of food to our camps. The second program involved geology students from Anadyr University who worked with our mapping and sampling teams during the summer exploration season.

# Financial Report

19	Directors' Report
48	Consolidated Statement of Financial Position
49	Consolidated Statement of Comprehensive Income
50	Consolidated Statement of Changes in Equity
52	Consolidated Statement of Cash Flows
53	Notes to the Financial Statements
102	Directors' Declaration
103	Lead Auditor's Independence Declaration Under Section 307C of the <i>Corporations Act 2001</i>
104	Independent Auditor's Report to the Members of Tigers Realm Coal Limited
106	Shareholder Information
108	Corporate Directory



# Tigers Realm Coal Limited

## Directors' report For the year ended 31 December 2013

The Directors present their report together with the financial report of the Group, being Tigers Realm Coal Limited ("the Company" or "TIG") and its subsidiaries, for the year ended 31 December 2013.

### 1. Directors and Company Secretary

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

<b>Name qualifications and independence status</b>	<b>Experience, special responsibilities and other directorships</b>
<b>Mr Antony Manini</b> Chairman BSc(Hons), FAusIMM, FSEG	Mr Manini has over 25 years of global resource industry experience across a diverse range of commodities in over 20 countries. His experience includes 14 years with Rio Tinto and 8 years with Oxiana Limited (now OZ Minerals Limited) covering various technical, commercial, senior management and executive roles in exploration, project development and business development. As a foundation member of the Oxiana Limited executive team he was responsible for establishing and managing the company's highly successful exploration and resources group and closely involved in the discovery and/or acquisition and development of Oxiana Limited/OZ Minerals Limited's four operating mines. Mr Manini is a founder of Tigers Realm Minerals Pty Ltd ("TRM") and TIG and has been Managing Director of TRM since inception of TRM. He holds an Honours Degree in Geology and is a Fellow of the Australian Institute of Mining and Metallurgy and the Society of Economic Geologists. Mr Manini was appointed a Director and Chairman on 8 October 2010, and was Executive Chairman from 12 November 2012 until 1 July 2013. Mr Manini is a member of the Audit, Risk and Compliance Committee and of the Nomination and Remuneration Committee. He holds no other directorships with ASX listed entities.
<b>Mr Craig Parry</b> Managing Director & Chief Executive Officer BSc(Hons), MAusIMM	Mr Parry is an exploration and business development geologist who has worked internationally across a broad range of commodities with Tigers Realm Minerals, G-Resources Group Limited, Oxiana Limited (now OZ Minerals Limited), Rio Tinto Limited and RSG Consulting Pty Ltd over the past 14 years. He is a founder of TIG and has been responsible for TIG's business development activities since inception, including the acquisition of the Amaam Project. Mr Parry has held a number of executive roles in the resources industry, including Business Development Manager for G-Resources Group Limited responsible for mergers and acquisitions and Principal Geologist – New Business at Oxiana Limited responsible for strategy and business development initiatives in bulk and energy commodities. At Rio Tinto Limited, Mr Parry led exploration programs for iron ore, copper, diamonds, coal and bauxite in Australia, Asia and South America and was Principal Geologist for the Kintyre Uranium project pre-feasibility study. Mr Parry is a graduate of The University of New South Wales, holds a Bachelor of Science (Applied Geology) with first class Honours and the University Medal. He is a Member of the AusIMM. Mr Parry is a Director of TRM. Mr Parry was appointed a Director on 1 July 2013. He holds no other directorships with ASX listed entities.
<b>Mr Owen Hegarty</b> Non-executive Director BEc(Hons), FAusIMM	Mr Hegarty has over 40 years experience in the global mining industry, including 25 years with the Rio Tinto group where he was Managing Director of Rio Tinto Asia and also Managing Director of the Australian copper and gold business. He was the founder and Chief Executive Officer of Oxiana Limited (now OZ Minerals Limited) which grew from a small exploration company to a multi-billion dollar Australia, Asia and Pacific focused, base and precious metals explorer, developer and producer. Mr Hegarty is Executive Vice Chairman of Hong Kong listed G Resources Group Limited, a gold mining company. He is a Non-executive Director of ASX listed Fortescue Metals Group Limited and Highfield Resources Limited. Mr Hegarty is a Director of the AusIMM and a member of a number of Government and industry advisory groups. He was awarded the AusIMM Institute Medal in 2006, and the G.J. Stokes Memorial Award in 2008. Mr Hegarty is Chairman of TRM and Chairman of EMR Capital, a private equity investment manager focused on resources. Mr Hegarty was appointed a Director on 8 October 2010 and is a member of the Audit, Risk and Compliance Committee and of the Nomination and Remuneration Committee.

**Tigers Realm Coal Limited**  
**Directors' Report (continued)**  
**For the year ended 31 December 2013**

**1. Directors and Company Secretary (continued)**

Name qualifications and independence status	Experience, special responsibilities and other directorships
<p><b>Mr Brian Jamieson</b> Independent Non-executive Director FCA</p>	<p>Mr Jamieson was Chief Executive of Minter Ellison Melbourne from 2002 until he retired at the end of 2005. Prior to joining Minter Ellison, he was with KPMG for over 30 years holding the positions of Chief Executive Officer Australia, Managing Partner and Chairman of KPMG Melbourne. He was also a KPMG Board Member in Australia and Asia Pacific and a member of the KPMG USA Management Committee. Mr Jamieson is a fellow of the Institute of Chartered Accountants in Australia. Mr Jamieson is Non-Executive Chairman of Mesoblast Limited, Non-Executive Chairman of Sigma Pharmaceuticals Limited, Non-executive Director of Tatts Group Limited and Non-executive Director of OZ Minerals Limited. Mr Jamieson is Deputy Chairman and Treasurer of the Bionics Institute and a Director and Treasurer of the Sir Robert Menzies Foundation. 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.</p>
<p><b>Mr Craig Wiggill</b> Non-executive Director BSc Eng.</p>	<p>Mr Wiggill has extensive experience in the global mining industry including over 23 years in the coal sector, the majority of such being within the Anglo American Plc group. His most recent executive role was as CEO – Coal Americas at Anglo Coal, where he established and developed the Peace River operation in Canada and co-managed joint venture projects at Cerrejón and Guasare. He has also held leadership roles covering commercial, trading and marketing responsibility, corporate strategy and business development for Anglo American. In addition to corporate and advisory work for a number of companies in the mining industry, he is currently Chairman at Forbes &amp; Manhattan Coal Corp (TSX:FMC). Mr Wiggill was appointed as a Non-executive Director of the Company on 20 November 2012. He holds no other directorships with ASX listed entities.</p>
<p><b>Dr Bruce Gray</b> Non-executive Director MB, BS, MS, PhD, FRACS.</p>	<p>Dr Gray was appointed as a Non-executive Director of the Company on 25 October 2013 and resigned on 28 March 2014. Dr Gray established and operated a number of highly successful start-up businesses in the medical sector. Dr Gray brings to the Board extensive experience in business and financing strategy. He holds no other directorships with ASX listed entities.</p>
<p><b>Mr Andrew Gray</b> Non-executive Director BEng. MBA</p>	<p>Mr Andrew Gray is the nominated Alternate Director for Dr Bruce Gray, who was appointed as a Non-executive Director of the Company on 25 October 2013. Mr Gray was appointed as a Non-executive Director on 28 March 2014 following the resignation of Dr Bruce Gray. Mr Gray is a professional investor with investment interests spanning technology, healthcare and HCIT globally. Most recently, Mr Gray was the Managing Director of Archer Capital, having joined that firm in 2007. Archer Capital is an Australian based private equity firm with in excess of \$3 billion in capital under management. Prior to joining Archer, Mr Gray was a partner at Francisco Partners, leading their European activities from London. Francisco Partners is a \$5bn private equity manager focused on technology companies including software, ICT and media. Prior to joining Francisco Partners, Mr Gray co-founded and was COO of software firm Abilizer Solutions in San Francisco and London (sold to BEA/Oracle). Early in his career, Mr Gray was a principal with Genstar Capital. Mr Gray was also a consultant with McKinsey &amp; Company and an investment banker with James D. Wolfensohn in New York. Mr Gray holds a B.Eng (Aeronautical) degree from The University of Sydney, with First Class Honours, and a Masters of Business Administration from the Harvard Business School. Mr Gray is a Director of V8 Supercars. He holds no other directorships with ASX listed entities.</p>
<p><b>Mr David Forsyth</b> Company Secretary FCIS, FCPA</p>	<p>Mr Forsyth has over 40 years experience in the engineering, project development and mining field. His most recent position was with Oxiana Ltd, now OZ Minerals Limited, where he was Company Secretary and Manager Administration from 1996 to 2008. Mr Forsyth joined TRM as Director and Company Secretary in 2009. Mr Forsyth was appointed a Company Secretary of the Company on 8 October 2010.</p>



# Tigers Realm Coal Limited

## Directors' Report (continued)

### For the year ended 31 December 2013

#### 2. Directors' meetings

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

##### Attendance at meetings

	Directors' meetings		Meetings of committees of Directors			
	A	B	Nomination and Remuneration		Audit Risk & Compliance	
	A	B	A	B	A	B
Mr Antony Manini	13	13	3	3	6	6
Mr Craig Parry ( <i>appointed 1 July 2013</i> )	8	8	-	-	-	-
Mr Owen Hegarty	13	13	3	2	6	6
Mr Brian Jamieson	13	13	3	3	6	6
Mr Craig Wiggill	13	13	-	-	-	-
Dr Bruce Gray ( <i>appointed 25 October 2013</i> )	5	-	-	-	-	-
Mr Andrew Gray ( <i>appointed 25 October 2013</i> )	5	5	-	-	-	-

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

B = Number of meetings attended

#### 3. Principal activities

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

#### 4. Operating and financial review

##### Operating Performance

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

The operating loss after income tax of the Group for the year ended 31 December 2013 was \$18.307 million (2012: loss of \$18.410 million). As at 31 December 2013 the Group had a cash position of \$3.749 million (2012: \$8.528 million). The Group had no bank debt. Operating activities incurred cash outflows from operations for the year of \$8.244 million (2012 \$3.546 million). There were cash outflows from investing activities of \$17.853 million (2012 \$18.145 million) for the year.

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

The Amaam North Project F provides a low capex, low opex, path to the early production of coal.

- In July 2013 TIG announced an initial Resource for Amaam North of 26.8Mt;
- In September 2013 the Preliminary Feasibility Report ("PFS") for Project F was completed, confirming the potential for a low capex, low opex, fully integrated operation producing over 1Mtpa of primarily coking coal;
- Project F involves using the existing Beringovsky Port and infrastructure 35km to the east; and
- The PFS indicates production would commence from H2 2015, with an initial mine life of 11 years.

The Amaam Project continues to be a core asset of the Group:

- PFS released on 15 April 2013 confirmed Amaam as potentially an economically viable project;
- The Amaam Project is a long life project, with capacity for up to 6.5Mtpa of high quality coking coal product from a combination of open pit and underground mining over the 20 year life of mine; and
- The project involves the construction of a coal handling and preparation plant and associated infrastructure, and a coal terminal with loading facilities on the nearby Arinay Lagoon and an all-weather 25km rail line or road to connect them.

# Tigers Realm Coal Limited

## Directors' Report (continued)

### For the year ended 31 December 2013

#### 4. Operating and financial review (continued)

##### Financial Position

The Group's financial position improved in 2013 with the successful completion of an equity raising for \$21.200 million in March 2013. These funds enabled the Group to continue with the development and exploration activities. The Group's financial position has been improved subsequent to year end with the completion of a placement of equity on 28 March 2014 which raised \$62.020 million before costs. Further details of this equity raising are contained in Section 6 of this Directors' Report entitled "Subsequent Events".

The Group's cash balance has declined by \$4.779 million over the year to \$3.749 million at year end. During 2013 the Group invested significant funds in the completion of further drilling and technical studies at both the Amaam and Amaam North coal deposits.

Fixed assets balances have increased by \$2.459 million, with expenditure on assets (primarily reflecting the acquisition of camp assets and vehicles) partially offset by amortisation and depreciation. The most significant increase in non-current assets is the increase in capitalised exploration, evaluation and development expenditure, which has increased by \$17.464 million.

The movements in the asset categories of mineral rights and goodwill relate to the impact of foreign exchange movements on these assets, which are non-cash movements.

There has been a \$7.664 million increase in the royalty agreement liability arising from the revaluation of that liability at year end. This is a non-cash movement.

Equity has increased by a net amount of \$20.851 million as a result of the equity raising during the year. The Group has created an Other Reserve during the year which now stands at \$18.582 million. This reserve relates to the increase in the Group's ownership interest in the Amaam Project during the year from 40% to 80%.

##### Business Strategies and Group Objectives

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

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

There is further exploration upside across both of these two major coking coal basins. The business objectives for 2014 will be the completion of further drilling at Amaam and Amaam North to grow and update the Resource bases for these projects. Priority has been given to the further development of Project F at Amaam North, with

- the completion of the Bankable Feasibility Study ("BFS");
- completion of mine project design;
- progressing the application for a mining licence; and the
- commencement of development and construction of Project F, following completion of the BFS.

Further details of the business objectives for 2014 are included in Section 7 of this Directors' Report "Likely Developments".

##### *The Far East of the Russian Federation – Bering Coking Coal Conceptual Development Possibilities*

##### *World Location Map*

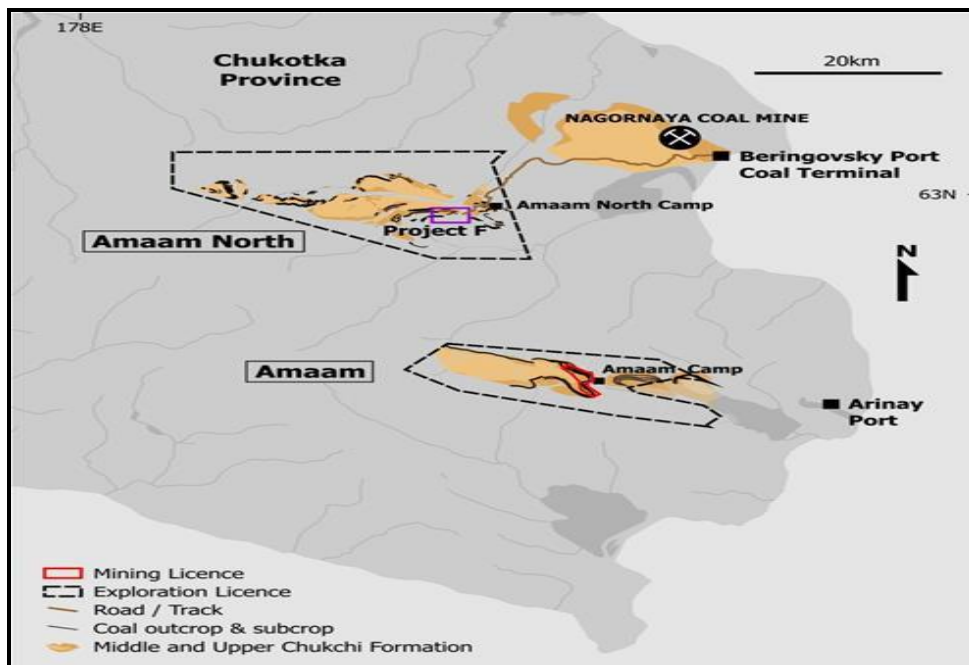




**Tigers Realm Coal Limited  
Directors' Report (continued)  
For the year ended 31 December 2013**

**4. Operating and financial review (continued)**

*The Far East of the Russian Federation – Coking Coal Projects*



**Significant Developments**

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

**Significant Business Risks**

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

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

**Country Risk**

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

**Uncertainty in the Estimation of Mineral Resources**

Estimating the quantity and quality of Mineral Resources is an inherently uncertain process and the Minerals Resources stated and any Mineral Resources or Reserves TIG states in the future are and will be estimates, and may not prove to be an accurate indication of the quantity of coal that TIG has identified or that it will be able to extract. At Amaam TIG does not have any Reserves under the JORC Code, and 85% of its Mineral Resources are in the Inferred Mineral Resources category, which is the lowest of three Resources categories under the JORC Code, reflecting limited sampling and a relatively low level of geological certainty. At Project F at Amaam North, TIG does not have any Reserves, and 56% of its Resources are in the Inferred Resources category. TIG reviews its resources on a regular basis, and is performing further drilling which provides further information on which to estimate the Mineral Resources at both Amaam and Amaam North.

# Tigers Realm Coal Limited

## Directors' Report (continued)

### For the year ended 31 December 2013

#### 4. Operating and financial review (continued)

##### Significant Business Risks (continued)

###### *Project Assessment and Development Risk*

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

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

###### *Capital Management*

TIG's projects are at pre-development stage and will require additional drilling, evaluation and feasibility study work prior to a development decision. TIG has completed a PFS on both the Amaam project and the Amaam North project, and is in the process of completing a BFS on the Amaam North project. Should TIG proceed to develop the projects it is likely that significant capital expenditure will be incurred.

The ability of TIG to fund the ongoing working capital requirements of the Group beyond 2014 is uncertain. A material uncertainty exists in regards to the ability of the Group to continue to operate as a going concern beyond 2014 and, therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. There can be no assurance that the Group will be able to obtain or access additional funding when required, or that the terms associated with the funding will be acceptable to the Directors. If the Group is unable to obtain such additional funding, it may be required to reduce the scope of its operations, which could adversely affect its business, financial condition and operating results. Further details on the going concern issue are included in Note 2(c) to the Financial Statements.

###### *Licenses, Permits and Titles*

TIG will require certain licenses, permits and approvals to develop the projects, including in relation to the proposed Arinay Lagoon port at Amaam to be constructed by TIG, and upgrade of the existing port at Beringovsky for initial shipments from Amaam North. TIG has not yet obtained a majority of the required licenses, permits and approvals to construct and operate the projects. There are also a number of conditions and regulatory requirements that TIG must satisfy with respect to its tenements to maintain its interests in those tenements in good standing, including meeting specified drilling and reporting commitments. There is a risk that TIG may fail to obtain or be delayed in obtaining the licences, permits and approval, or meet the conditions required to maintain its interests in the tenements. Failure to obtain, or delays in obtaining such licenses, permits and approvals, and failure to meet the tenement licence commitments may adversely affect TIG's ability to proceed with the projects.

###### *Operational Risks*

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

- **General Economic Risks:** TIG's ability to obtain funding for the projects, financial performance and ability to execute its business strategy will be impacted by a variety of general global economic, political, social, stock markets and business conditions. Deterioration in any of these conditions could have an adverse impact on TIG's financial position and/or financial performance.
- **Coal Market and Demand:** TIG intends to earn future profits from the production and sale of coal and a decline in prices or lower demand for coal than expected by TIG may adversely impact the feasibility of the Company's development and mine plans, and the economic viability of the projects.
- **Exchange Rate Variations:** Significant decreases in the Australian / US Dollar and the Australian Dollar / Russian Rouble exchange rate will have a significant impact on TIG's ability to fund the capital expenditure required to construct these projects.
- **Product Quality:** TIG has conducted coal quality analysis on a number of drill cores recovered from Amaam and Project F at Amaam North, however TIG has yet to undertake any coke test work. In the absence of coke test work, no guarantee can be given as to the type of coking coal that could ultimately be produced at Amaam and Amaam North. If the quality of the Amaam coking coals is lower than currently anticipated, TIG's prospects, value, project and financial condition may be materially adversely affected.

## **Tigers Realm Coal Limited**

### **Directors' Report (continued)**

### **For the year ended 31 December 2013**

#### **5. Significant changes in the state of affairs**

- On 22 February 2013 the Group concluded a placement of 106,000,000 fully paid ordinary shares to raise gross proceeds of \$21.200 million at a price of \$0.20 per share.
- On 27 March 2013 the Group received notice that TIG's Russian subsidiary company NPCC had been issued with a Mining Licence over an area within the Amaam tenement. The Mining Licence was issued by Chukotnedra, the Chukotka Branch of the Federal Subsoil Agency (Rosnedra). As a consequence of receiving this Mining Licence, TIG exercised its right to increase its ownership of Eastshore Coal Holding Limited from 40% to 60%, and consequently the Group's ownership interest in NPCC, and the Amaam Coking Coal Project from 40% to 60%.
- On 3 April 2013 the Group announced the completion of a step in the Arinay Lagoon port permitting process for the Amaam project, with the port coal terminal proposal for the construction of a 15 million tonne per annum capacity terminal having been included in the Russian Federal Government's Scheme of Territorial Planning. TIG is now able to proceed with the detailed engineering and design of the coal terminal at the Arinay Lagoon as part of the Amaam Bankable Feasibility Study ("BFS").
- On 15 April 2013 the Group announced the completion of Preliminary Feasibility Study ("PFS") on the Amaam Coking Coal project, which confirms the strong project economics and highlights the potential for a large scale long life open pit mine with dedicated transport infrastructure.
- On 23 April 2013 the Group announced the successful completion of the initial drilling programme at Amaam North. The drilling programme consisted of forty holes totalling 3,087 metres which confirmed the continuity of coal seams with a shallow dip over a strike length of 3.1 kilometres, and 600 metres down-dip from the sub-crop. The drilling revealed cumulative coal seam thicknesses ranging from 2 metres to 11 metres, with approximate depth of cover from 5 metres to 115 metres.
- On 4 July 2013 the Group announced the delineation of an initial JORC compliant coking coal Resource of 26.8 million tonnes, including Measured and Indicated Resources of 11.8 million tonnes for Project F at Amaam North. This initial Resource at Project F represents a small part of the Amaam North tenement with thick, near surface, shallow dipping coking coal seams.
- On 18 July 2013 the Group paid US\$0.450 million for the acquisition of 100% of Nagornaya Investments Limited, renamed as Anadyrsky Investments Limited ("Anadyrsky"), a Cyprus based entity. Anadyrsky held an option agreement to purchase mining and infrastructure assets in the Chukotka Autonomous District in the Far East of the Russian Federation.
- Mr Craig Parry was appointed as Managing Director on 1 July 2013, and the role of the Chairman, Mr Antony Manini reverted to a non-executive role on 1 July 2013 also.
- On 2 September 2013 the Group announced the successful completion of the PFS on Project F at the Amaam North tenement. Project F is a low capital and operating cost, open pit coking coal mine, which has the potential to produce over 1Mtpa of primarily coking coal product from a low strip ratio (5:1) open pit over an initial 11 year mine life. The capital cost to initial production is estimated to be US\$52 million.
- On 22 October 2013 the Company announced that the Groups' ownership interest in Eastshore Coal Holding Limited had increased from 60% to 80% following successful re-negotiation of the terms of its agreement with Bering Coal Investments Ltd. These negotiations removed the requirement for the completion of a BFS on the Amaam Project in order to achieve this increase in ownership. This increases the Group's ownership interest in NPCC and the Amaam Coking Coal Project from 60% to 80%.
- Dr Bruce Gray, was appointed as a Non-executive Director of the Company on 25 October 2013. Mr Andrew Gray was nominated as Dr Bruce Gray's Alternate Director on that date.
- On 12 December 2013 the Company announced details of an equity raising of \$62 million in the form of fully paid ordinary shares at a price of \$0.165 per share. The equity raising was not completed by 31 December 2013.

#### **6. Events subsequent to reporting date**

On 16 January 2014 the short term unsecured interest loan facility of \$0.500 million with a Director, Mr A Manini was cancelled. The loan facility was not utilised by the Group. On 16 January 2014 the short term unsecured interest loan facility of \$0.500 million with a Director, Mr O Hegarty was cancelled. The loan facility was not utilised by the Group.

On 14 February 2014 the short term unsecured loan facility with Tigers Realm Minerals Pty Limited was increased by \$0.500 million to \$2.500 million.

On 3 March 2014 the Company issued 23,484,848 fully paid ordinary shares at a share price of \$0.165 to raise gross proceeds of \$3.875 million as part of the placement of shares to existing and new shareholders under the proposed capital raising to be held on 21 March 2014. These funds are to be applied essentially to continue to the drilling at Amaam and Amaam North.

On 20 March 2014 the Company announced the results of its winter drilling season. At Amaam over 6,000 metres of a planned 9,000 metre drilling campaign was completed. This drilling identified new coal seams over a strike length of 2.2 km with a cumulative coal thickness averaging 8.3 metres. At Amaam North 6,000 metres of drilling was completed which increased the strike length of the Project F coal seam by 8.6 km. The drilling also discovered further coal seams to the north of Project F, and also to the east of Project F.



# **Tigers Realm Coal Limited**

## **Directors' Report (continued)**

### **For the year ended 31 December 2013**

#### **6 Events subsequent to reporting date (continued)**

On 21 March 2014 the Company held an extraordinary general meeting to obtain shareholder agreement to the completion of the equity raising of \$62.020 million in the form of fully paid ordinary shares at a price of \$0.165 per share. The \$0.165 share price represents a 5.8% discount to the five day volume weighted average trade price of TIG's shares prior to the trading halt announcement date on 5th December 2013. The equity raising consisted of the following elements.

- A placement of 219,263,985 fully paid ordinary shares to raise gross proceeds of \$36.179 million to Baring Vostok Private Equity Fund V, through BV Mining Holding Limited (BVMHL);
- A placement of 99,000,000 fully paid ordinary shares to raise gross proceeds of \$16.335 million to the Russian Direct Investment Fund (RDIF);
- A placement of 47,612,290 fully paid ordinary shares to raise gross proceeds up to \$7.856 million to existing and new shareholders. Of this placement amount, 23,484,848 shares were issued on 3 March 2014 raising gross proceeds of \$3.785 million.
- A Share Purchase Plan to existing shareholders for 10,000,000 shares to raise gross proceeds of up to \$1.650 million.

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

As at the date of this report the Company has received \$56.632 million of the proceeds of equity raising.

At the Extraordinary General Meeting on 21 March 2014, shareholders approved the acquisition by Dr Bruce Gray, a Director, of a relevant interest in the 55,730,814 shares held by TRM under an Option Deed between Hanate Pty Ltd, a company controlled by Dr Gray, with TRM.

On 28 March 2014 Dr Bruce Gray resigned as a Non-executive Director of the Company, and Mr Andrew Gray was appointed as a Non-executive Director of the Company.

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 progress the development of the projects at Amaam and Amaam North, with further drilling and exploration activity. The Group will continue minerals exploration on the tenements in the Russian Federation held by entities in which it has a controlling interest. The developmental objectives for the Group in 2014 are to:

- Announce a Resource upgrade for Project F at Amaam North;
- Announce a Resource upgrade for Amaam;
- Complete the BFS for Project F at Amaam North;
- Advance the Amaam North mining licence application;
- Undertake key tasks for the Amaam BFS and the Arinay Port BFS;
- Continue drilling to meet exploration licence commitments;
- Continue drilling to grow and upgrade the Resource base; and
- Commence early development work on Project F.

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.

**Tigers Realm Coal Limited**  
**Directors' Report (continued)**  
**For the year ended 31 December 2013**

**9. Environmental regulation**

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

**10. Directors' interests**

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

	<b>Tigers Realm Coal Limited</b>	
	<b>Ordinary shares</b>	<b>Options over ordinary shares</b>
AJ Manini	19,687,183	10,631,000
C Parry	4,354,728	10,852,400
OL Hegarty	16,712,114	6,315,500
B. Jamieson	1,021,528	3,000,000
C Wiggill	500,000	1,000,000
A Gray	-	-

**11. Share Options**

***Options granted to directors and executives of the Company***

During or since the end of the 2013 financial year, the Company granted options for no consideration over unissued shares in the Company to the following directors and key management personnel as part of their remuneration:

	<b>Number of options granted</b>
<b>Directors</b>	
AJ Manini	1,500,000
C Parry	-
OL Hegarty	1,000,000
B Jamieson	1,000,000
C Wiggill	1,000,000
B Gray	-
A Gray	-
<b>Executives</b>	
P Balka	718,000
C McFadden	-
D Forsyth	143,000

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

**Tigers Realm Coal Limited**  
**Directors' Report (continued)**  
**For the year ended 31 December 2013**

**11. Share Options (continued)**

*Unissued shares under options*

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

<b>Expiry date</b>	<b>Exercise price</b>	<b>Number of shares</b>
23 November 2015	0.078	15,356,100
20 December 2015	0.195	10,000,000
17 March 2016	0.425	1,000,000
17 October 2016	0.415	250,000
22 February 2017	0.500	1,989,000
28 March 2017	0.750	3,500,000
12 July 2017	0.250	250,000
27 July 2017	0.500	300,000
12 November 2017	0.250	2,000,000
12 November 2017	0.500	2,000,000
12 November 2017	0.750	2,000,000
12 November 2017	1.000	2,000,000
15 February 2018	0.250	375,000
15 February 2018	0.250	375,000
15 February 2018	0.260	150,000
15 February 2018	0.260	150,000
15 February 2018	0.260	150,000
15 February 2018	0.340	2,982,000
22 March 2018	0.340	200,000
3 May 2018	0.500	1,000,000
3 May 2018	0.600	3,500,000
		<b>49,527,100</b>

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

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

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

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



## Tigers Realm Coal Limited

### Directors' Report (continued)

### For the year ended 31 December 2013

#### 12. Remuneration report – audited

This remuneration report sets out the remuneration information for Tigers Realm Coal Limited's Non-executive Directors, executive Directors and other key management personnel ("KMP") for the financial year ended 31 December 2013.

##### (a) Details of key management personnel

Name	Position	Commencement Date
<b>Directors</b>		
Antony Manini	Chairman	8 October 2010
Craig Parry	Chief Executive Officer & Managing Director	12 November 2012 & 1 July 2013
Owen Hegarty	Director (Non-executive)	8 October 2010
Brian Jamieson	Independent Director (Non-executive)	25 February 2011
Craig Wiggill	Director (Non-executive)	20 November 2012
Bruce Gray	Director (Non-executive)	25 October 2013
Andrew Gray	Alternate Director (to Bruce Gray)	25 October 2013
<b>Senior Executives</b>		
Peter Balka	Chief Operating Officer	1 January 2011
Chris McFadden	General Manager - Head of Commercial, Strategy & Corporate Development	1 January 2013
David Forsyth	Company Secretary	8 October 2010

##### (b) Changes to key management personnel

###### Directors

In July 2013 Mr Craig Parry was appointed as Managing Director. On the same day Mr Antony Manini moved from Executive Chairman to Non-executive Chairman.

In October 2013 Dr Bruce Gray was appointed as a Non-executive Director, and Mr Andrew Gray was appointed as Dr Bruce Gray's nominated Alternate Director.

###### Executives

In October 2013 Mr Peter Balka, Chief Operating Officer and Mr Chris McFadden, Head of Commercial, Strategy and Corporate Development, became full time employees of the Company. These executives had previously fulfilled their roles on secondment from TRM.

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

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

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

**Tigers Realm Coal Limited**  
**Directors' Report (continued)**  
**For the year ended 31 December 2013**

**12. Remuneration report – audited (continued)**

**(d) Consequence of performance on shareholder wealth**

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

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

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

**(e) Remuneration policy and structure for senior executives**

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

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

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

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

# **Tigers Realm Coal Limited**

## **Directors' report (continued)**

### **For the year ended 31 December 2013**

#### **12. Remuneration report – audited (continued)**

##### **(e) Remuneration policy and structure for senior executives (continued)**

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

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

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

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

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

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

##### **(f) Employment contracts**

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

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

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

##### **(g) Remuneration of Executive and Non-executive Directors**

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

Executive and Non-executive Director remuneration is reviewed annually by the Board. Non-executive Directors receive a base fee for being a Director and may receive additional fees for either chairing or being a member of a Board committee, working on special committees, and / or serving on special committees and / or special boards. Non-executive Directors’ fees are determined within an aggregate Directors’ fee pool limit, which has been established at \$1,500,000. Executive Director remuneration is formalised in a contract in the same manner as senior executives, (refer section 11(f) above).

Non-executive Directors receive a fixed fee consisting of a base fee plus 9.25 per cent 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 9.25 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 \$109,450 per annum. No remuneration paid to Non-executive Directors during the financial year was results based.



**Tigers Realm Coal Limited**  
**Directors' report (continued)**  
**For the year ended 31 December 2013**

**12. Remuneration report – audited (continued)**

**(h) Directors' and executive officers' remuneration**

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

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

2013	Short - term			Post employ-ment	Other long - term	Termination benefits	Share - based payments	Total Remuneration	Proportion of remuneration comprising options
	Cash Salary and fees	Non-Monetary Benefits (1)	STI cash bonus (2)	Super-annuation	(3)		LTI (4)		
Name	\$	\$	\$	\$	\$	\$	\$	\$	%
<b>2013</b>									
<b>Non-executive Directors</b>									
AJ Manini <sup>5</sup>	54,725	-	-	-	-	-	238,315	293,040	81.3%
OL Hegarty	75,000	-	-	6,844	-	-	284,384	366,228	77.7%
B Jamieson	75,000	-	-	6,844	-	-	111,394	193,238	57.7%
C Wiggill <sup>6</sup>	154,063	-	-	8,449	-	-	42,432	204,944	20.7%
B Gray <sup>8</sup>	5,577	-	-	516	-	-	-	6,093	0.0%
<b>Sub total</b>	<b>364,365</b>	<b>-</b>	<b>-</b>	<b>22,653</b>	<b>-</b>	<b>-</b>	<b>676,525</b>	<b>1,063,543</b>	
<b>Executive Directors</b>									
AJ Manini <sup>5</sup>	54,725	-	-	-	-	-	247,841	302,566	81.9%
C Parry <sup>7</sup>	302,000	16,639	-	25,000	20,928	-	383,761	748,328	51.3%
<b>Other key management personnel</b>									
P Balka	268,625	-	-	22,605	5,825	-	156,992	454,047	34.6%
C McFadden	164,717	-	-	15,129	1,439	-	54,116	235,401	23.0%
D Forsyth	158,265	-	-	14,422	-	-	142,625	315,312	45.2%
<b>Total key management personnel</b>	<b>1,312,697</b>	<b>16,639</b>	<b>-</b>	<b>99,809</b>	<b>28,192</b>	<b>-</b>	<b>1,661,860</b>	<b>3,119,197</b>	

- Includes the value of fringe benefits and other allowances
- Bonuses in respect of FY13 were not finalised or paid by the date of this report. The bonus pool has been approved by the Directors for the KMP's disclosed in this Remuneration Report. The performance review process for KMPs has been performed, however individual bonus pool allocations to the KMPs have yet to be ratified. As a consequence no STI figures have been included in the Remuneration Report for KMP. The Group has a Provision for Annual Bonus at 31 December 2013 of \$914,000 (refer note 21).
- As disclosed in Note 2(f) the Group changed its accounting policy in respect of employee benefits with adoption of the revisions to AASB 119 Employee Benefits. One of the impacts of this change is that annual leave has changed from a short-term employee benefit to an other long-term employee benefit. Consistent with that change, annual leave is now classified as other long term benefits in the remuneration table in both current and prior periods.
- In accordance with the requirements of Accounting Standards, remuneration includes a proportion of the fair value of equity compensation granted or outstanding during the year (i.e. options granted under LTIP that remained unvested as at 31 December 2013). The fair value of equity instruments is determined at the grant date and is progressively allocated over the vesting period. The amount included as remuneration is not necessarily related to or indicative of the benefit (if any) that senior executives may ultimately realise should the equity instruments vest. The fair value of the options at the date of their grant has been determined in accordance with AASB 2 *Share-based Payments*. All option granted under the LTIP are equity settled.
- Ceased role as Executive Chairman from 1 July 2013.
- Mr Wiggill's short-term cash, salary and fees remuneration includes the payments for services under a 12 month Consultancy Agreement with Mr Wiggill's nominated consultancy company, with an impact of the GBP50,000. This Consultancy Agreement expired in December 2013 and was not renewed.
- Appointed as Managing Director from 1 July 2013.
- Appointed October 2013. Mr Gray elected to receive compensation of \$30,000 per annum.

**Tigers Realm Coal Limited**  
**Directors' report (continued)**  
**For the year ended 31 December 2013**

12. Remuneration report – audited (continued)

(h) Directors' and executive officers' remuneration (continued)

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

2012	Short - term			Post employ-ment	Other long - term		Share - based payments		
	Cash Salary and fees \$	Non-Monetary Benefits (1) \$	STI cash bonus (2) \$	Super-annuation \$	\$	Termination benefits \$	LTI (3) \$	Total Remuneration \$	Proportion of remuneration comprising options %
<b>2012</b>									
<b>Non-executive Directors</b>									
AJ Manini <sup>4</sup>	86,575	-	-	-	-	-	291,466	378,041	77.1%
OL Hegarty	75,000	-	-	6,750	-	-	185,529	267,279	69.4%
B Jamieson	75,000	-	-	6,750	-	-	185,935	267,685	69.5%
C Wiggill <sup>5</sup>	8,659	-	-	-	-	-	-	8,659	0.0%
<b>Sub total</b>	<b>245,234</b>	<b>-</b>	<b>-</b>	<b>13,500</b>	<b>-</b>	<b>-</b>	<b>662,930</b>	<b>921,664</b>	
<b>Executive Directors</b>									
AJ Manini <sup>4</sup>	13,425	-	-	-	-	-	27,978	41,403	67.6%
<b>Other key management personnel</b>									
C Parry	25,167	-	-	2,083	-	-	37,052	64,302	57.6%
P Balka	261,062	-	61,500	37,500	-	-	90,554	450,616	20.1%
D Forsyth	96,679	-	22,600	8,701	-	-	100,316	228,296	43.9%
<b>Total key management personnel</b>	<b>641,567</b>	<b>-</b>	<b>84,100</b>	<b>61,784</b>	<b>-</b>	<b>-</b>	<b>918,830</b>	<b>1,706,281</b>	

1. Includes the value of fringe benefits and other allowances
2. Paid in February 2013 in respect of FY12
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 2012). The fair value of equity instruments is determined as at the grant date and is progressively allocated over the vesting period. The amount included as remuneration is not necessarily related to or indicative of the benefit (if any) that senior executives may ultimately realise should the equity instruments vest. The fair value of the options at the date of their grant has been determined in accordance with AASB 2 *Share-based Payments*.
4. Appointed as Executive Chairman from 12 November 2012.
5. Appointed 20 November 2012.

**Tigers Realm Coal Limited**  
**Directors' report (continued)**  
**For the year ended 31 December 2013**

**12. Remuneration report – audited (continued)**

**(i) Analysis of performance related elements of remuneration**

The following table shows the relative proportions of remuneration packages of the Executive Directors and KMP during the year ended 31 December 2013, 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.

<b>2013</b>	<b>Fixed Annual Remuneration (including superannuation contributions)</b>	<b>At Risk - STI as percentage of Total Remuneration 1</b>	<b>At Risk - LTI as percentage of Total Remuneration 2</b>	<b>At Risk - Total as percentage of Total Remuneration 2</b>
<b>Name</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>2013</b>				
<b>Executive Directors</b>				
Antony Manini, Executive Chairman <i>(Executive Director to 1 July 2013)</i>	18.4	0.0	81.9	81.9
Craig Parry, MD & CEO <i>(appointed MD 1 July 2013)</i>	48.7	0.0	51.3	51.3
<b>Other key management personnel</b>				
Peter Balka	65.4	0.0	34.6	34.6
Chris McFadden	77.0	0.0	23.0	23.0
David Forsyth	54.8	0.0	45.2	45.2
<b>2012</b>				
<b>Executive Directors</b>				
Antony Manini, Executive Chairman	23.8	0.0	76.2	76.2
<b>Other key management personnel</b>				
Craig Parry	42.4	0.0	57.6	57.6
Peter Balka	66.3	13.6	20.1	33.7
David Forsyth	46.2	9.9	43.9	53.8

Note 1 Bonuses in respect of FY13 were not finalised or paid by the date of this report. The maximum amount of the bonus pool has been approved by the Directors for the KMP's disclosed in this Remuneration Report. The performance review process for KMPs has been performed, however individual bonus pool allocations to the KMPs have yet to be ratified. The Group has a Provision for Annual Bonus at 31 December 2013 of \$914,000 (refer note 21). As a consequence no STI figures have been included in the Remuneration Report for KMP.

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

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



**Tigers Realm Coal Limited**  
**Directors' report (continued)**  
**For the year ended 31 December 2013**

**12. Remuneration report – audited (continued)**

**(j) Analysis of bonuses included in remuneration**

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

	Short-term incentive bonuses		
	Included in remuneration \$ (A)	Vested in year %	Forfeited in year % (B)
<b>2013</b>			
<b>Executive Directors</b>			
C Parry	-	-	-
<b>Executives</b>			
P Balka	-	-	-
C McFadden	-	-	-
D Forsyth	-	-	-
<hr/>			
<b>2012</b>			
<b>Executive Directors</b>			
<b>Executives</b>			
C Parry	-	0%	100%
P Balka	61,500	74%	26%
D Forsyth	22,600	91%	9%

Bonuses in respect of FY13 were not finalised or paid by the date of this report. The bonus pool has been approved by the Directors for the KMP's disclosed in this Remuneration Report. The performance review process for KMPs has been performed, however individual bonus pool allocations to the KMPs have yet to be ratified. The Group has a Provision for Annual Bonus at 31 December 2013 of \$914,000 (refer note 21). As a consequence no STI figures have been included in the Remuneration Report for KMP.

- 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 2013 financial year.
- B The amounts forfeited are due to the performance or service criteria not being met in relation to the current financial year.

**Tigers Realm Coal Limited**  
**Directors' report (continued)**  
**For the year ended 31 December 2013**

**12. Remuneration report – audited (continued)**

**(k) Share Options granted as remuneration**

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

	Number of options granted during year	Grant date	Fair value of option at grant date \$	Exercise price per option \$	Vesting date start	Vesting date finish	Expiry date	Option vesting performance hurdle \$
<b>2013</b>								
<b>Directors</b>								
AJ Manini	1,500,000	3/05/13	0.065	0.600	3/05/13	3/05/15	3/05/18	0.000
OL Hegarty	1,000,000	3/05/13	0.065	0.600	3/05/13	3/05/15	3/05/18	0.000
B Jamieson	1,000,000	3/05/13	0.065	0.600	3/05/13	3/05/15	3/05/18	0.000
C Wiggill	1,000,000	3/05/13	0.064	0.500	3/05/13	3/05/14	3/05/18	0.000
<b>Executives</b>								
P Balka	718,000	15/02/13	0.115	0.340	15/02/13	15/02/15	15/02/18	0.000
D Forsyth	143,000	15/02/13	0.115	0.340	15/02/13	15/02/15	15/02/18	0.000
<b>2012</b>								
<b>Directors</b>								
AJ Manini	1,500,000	28/03/12	0.127	0.750	28/03/12	28/03/14	28/03/17	0.000
OL Hegarty	1,000,000	28/03/12	0.127	0.750	28/03/12	28/03/14	28/03/17	0.000
B Jamieson	1,000,000	28/03/12	0.127	0.750	28/03/12	28/03/14	28/03/17	0.000
<b>Executives</b>								
C Parry	2,000,000	12/11/12	0.058	0.250	12/11/12	12/11/13	12/11/17	0.000
	2,000,000	12/11/12	0.045	0.500	12/11/12	12/11/13	12/11/17	0.000
	2,000,000	12/11/12	0.038	0.750	12/11/12	12/11/14	12/11/17	0.000
	2,000,000	12/11/12	0.032	1.000	12/11/12	12/11/14	12/11/17	0.000
P Balka	562,000	22/02/12	0.160	0.500	22/02/12	22/02/14	22/02/17	0.000
D Forsyth	103,000	22/02/12	0.160	0.500	22/02/12	22/02/14	22/02/17	0.000

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

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

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

**Tigers Realm Coal Limited**  
**Directors' report (continued)**  
**For the year ended 31 December 2013**

**12. Remuneration report – audited (continued)**

**(k) Share Options (continued)**

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

	Number of options vested in year	Grant date	Fair value of option at grant date \$	Exercise price per option \$	Vesting date start	Vesting date finish	Expiry date	Option vesting performance hurdle \$	Options vested in year %
<b>2013</b>									
<b>Directors</b>									
C Parry	2,000,000	12/11/12	0.058	0.250	12/11/12	12/11/13	12/11/17	0.000	100
	2,000,000	12/11/12	0.045	0.500	12/11/12	12/11/13	12/11/17	0.000	100

**(l) Analysis of Movement in Share Options**

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

	Value of options granted during year \$	Value of options exercised in year \$	Value of options lapsed in year \$	Remuneration consisting of options for the year %
<b>2013</b>				
<b>Directors</b>				
AJ Manini	97,500	-	-	81.6
OL Hegarty	65,000	-	-	77.7
B Jamieson	65,000	-	-	57.7
C Wiggill	64,000	-	-	20.7
C Parry	-	-	-	51.3
<b>Other Key Management Personnel</b>				
P Balka	82,570	-	-	34.6
C McFadden	-	-	-	23.0
D Forsyth	16,445	-	-	45.2
<b>2012</b>				
<b>Directors</b>				
AJ Manini	378,537	-	-	77.1
OL Hegarty	231,519	-	-	69.4
B Jamieson	141,000	-	-	69.5
<b>Other Key Management Personnel</b>				
C Parry	346,000	-	-	57.6
P Balka	129,676	-	-	20.1
D Forsyth	87,495	-	-	43.9

No shares were issued as a result of the exercise of options during the year ended 31 December 2013. For details on the valuation of options, including models and assumptions used, refer to note 26.



**Tigers Realm Coal Limited**  
**Directors' report (continued)**  
**For the year ended 31 December 2013**

**12. Remuneration report – audited (continued)**

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

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

	Options granted		Vested in year	Forfeited in year	Vesting date start	Vesting date finish
	Number	Grant date				
<b>Directors</b>						
A Manini	4,631,000	23/11/10	-	-	23/11/10	29/08/14
	3,000,000	20/12/10	-	-	20/12/10	29/08/14
	1,500,000	28/03/12	-	-	28/03/12	28/03/14
	1,500,000	3/05/13	-	-	3/05/13	3/05/15
O Hegarty	2,315,500	23/11/10	-	-	23/11/10	29/08/14
	2,000,000	20/12/10	-	-	20/12/10	29/08/14
	1,000,000	28/03/12	-	-	28/03/12	28/03/14
	1,000,000	3/05/13	-	-	3/05/13	3/05/15
B Jamieson	1,000,000	17/03/11	-	-	17/03/11	29/08/14
	1,000,000	28/03/12	-	-	28/03/12	28/03/14
	1,000,000	3/05/13	-	-	3/05/13	3/05/15
C Wiggill	1,000,000	3/05/13	-	-	3/05/13	3/05/14
C Parry	1,852,400	23/11/10	-	-	23/11/10	29/08/14
	1,000,000	20/12/10	-	-	20/12/10	29/08/14
	2,000,000	12/11/12	2,000,000	-	12/11/12	12/11/13
	2,000,000	12/11/12	2,000,000	-	12/11/12	12/11/13
	2,000,000	12/11/12	-	-	12/11/12	12/11/14
	2,000,000	12/11/12	-	-	12/11/12	12/11/14
<b>Executives</b>						
P Balka	694,650	23/11/10	-	-	23/11/10	29/08/14
	1,000,000	20/12/10	-	-	20/12/10	29/08/14
	562,000	22/02/12	-	-	22/02/12	22/02/14
	718,000	15/02/13	-	-	15/02/13	15/02/15
C McFadden	463,100	23/11/10	-	-	23/11/10	29/08/14
	500,000	20/12/10	-	-	20/12/10	29/08/14
	128,000	22/02/12	-	-	22/02/12	22/02/14
D Forsyth	1,852,400	23/11/10	-	-	23/11/10	29/08/14
	1,000,000	20/12/10	-	-	20/12/10	29/08/14
	103,000	22/02/12	-	-	22/02/12	22/02/14
	143,000	15/02/13	-	-	15/02/13	15/02/15

**Tigers Realm Coal Limited**  
**Directors' report (continued)**  
**For the year ended 31 December 2013**

**12. Remuneration report – audited (continued)**

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

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

*Details of Option Modifications*

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

Note

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

*Modified Options Held by Key Management Personnel*

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

*This marks the end of the Remuneration Report.*

# Tigers Realm Coal Limited

## Directors' report (continued)

### For the year ended 31 December 2013

#### 13. Corporate Governance Statement

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

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

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

#### Principle 1: Lay solid foundations for management and oversight

##### *Role of the Board*

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

The Board is responsible for:

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

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

##### *Board committees*

The Board has established 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. A performance evaluation process for senior executives and management has been established. In accordance with that process a performance evaluation of senior executives and management has been completed for the 2013 financial year.



# Tigers Realm Coal Limited

## Directors' report (continued)

### For the year ended 31 December 2013

#### 13. Corporate Governance Statement (continued)

##### Principle 2: Structure of the Board

###### *Composition of the Board*

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

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

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

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

###### *Director Independence*

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

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

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

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

###### *Independent Professional Advice*

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

###### *Chairman*

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

# Tigers Realm Coal Limited

## Directors' report (continued)

### For the year ended 31 December 2013

#### 13. Corporate Governance Statement (continued)

##### *Orientation Program*

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

##### *Nomination and Remuneration Committee*

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

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

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

A performance evaluation of the Board, its committees and the Directors commenced during 2013.

#### **Principle 3: Promote ethical and responsible decision making**

##### *Code of Conduct*

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

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

##### *Whistleblowers Policy*

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

##### *Securities Trading*

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

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

# Tigers Realm Coal Limited

## Directors' report (continued)

### For the year ended 31 December 2013

#### 13. Corporate Governance Statement (continued)

##### *Workplace Diversity*

The Board is committed to having an appropriate blend of diversity on the Board, and in the Group's senior executive positions. The Group values diversity and recognises the benefits it can bring to the Group's ability to achieve its goals. The Group has adopted a diversity policy which outlines the Group's diversity objectives in relation to gender, age, cultural background and ethnicity. The Group has not established specific measurable gender and diversity objectives due to the start up nature of its situation in the exploration and development of coking coal projects; however the Group remains committed to recruiting the best candidates for roles at all levels within the Group at every operation. As at 31 December 2013, women comprised 24% (2012: 24%) of employees throughout the Group, and occupied one senior management position. 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 two Non-executive Directors, of whom one is independent, and the Chairman. 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 Brian Jamieson has relevant qualification and experience by virtue of being a Chartered Accountant, a former partner of a major accounting firm, and being a director on other ASX listed companies.

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

The main responsibilities of the Committee are to:

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



# Tigers Realm Coal Limited

## Directors' report (continued)

### For the year ended 31 December 2013

#### 13. Corporate Governance Statement (continued)

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

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

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

#### *CEO and CFO certification*

The Chief Executive Officer and the Chief Financial Officer have declared in writing to the Board in accordance with Section 295 of the *Corporations Act 2001* that the financial records of the Company for the financial year have been properly maintained, and that the Company's financial reports for the financial year ended 31 December 2013 comply with accounting standards and present a true and fair view of the Company's financial condition and operational results. The statement is required annually.

The Board has received and is satisfied with certification provided by the CEO and CFO that the Group's risk management and internal control systems are sound and operated effectively in all material aspects in relation to financial reporting risks for the financial year ended 31 December 2013.

#### *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 2013. The Committee has considered the nature of the non-audit and assurance related services provided by the external auditor during the year and determined that the services provided, and the amount paid for those services, are compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Committee has examined detailed material provided by the external auditor and by management and has satisfied itself that the standards of auditor independence and associated issues have been fully complied with.

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

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

#### **Principle 5: Make timely and balanced disclosure**

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

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

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

# **Tigers Realm Coal Limited**

## **Directors' report (continued)**

### **For the year ended 31 December 2013**

#### **13. Corporate Governance Statement (continued)**

##### **Principle 6: Shareholder communications**

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

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

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

##### **Principle 7: Recognise and manage risk**

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

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

##### **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.

*This marks the end of the Corporate Governance Statement.*

**Tigers Realm Coal Limited**  
**Directors' report (continued)**  
**For the year ended 31 December 2013**

**14. Indemnification and insurance of Officers**

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

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

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

**15. Environmental Regulation and Performance**

The Group operations are subject to significant environmental regulation in respect of its exploration activities. There have been no reports of breaches of environmental regulations during the financial year to 31 December 2013, or to the date of this report.

**16. Audit and non-audit services**

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

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

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

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

	<b>31 December 2013</b>	<b>31 December 2012</b>
	<b>\$</b>	<b>\$</b>
<b>Audit services:</b>		
Audit and review of financial reports (KPMG Australia)	<b>250,000</b>	240,000
Audit and review of financial reports (Overseas KPMG firms)	<b>78,582</b>	55,071
	<b>328,582</b>	295,071
<b>Other auditors – Non-KPMG firms</b>		
Audit and review of financial reports	<b>8,832</b>	24,912
	<b>337,414</b>	319,983
<b>Services other than statutory audit</b>		
<b>Other services</b>		
Taxation compliance services (KPMG Australia)	<b>62,250</b>	20,000
Taxation compliance services (Overseas KPMG firms)	<b>686</b>	6,015
	<b>62,936</b>	26,015
<b>Total Services Provided</b>	<b>400,350</b>	345,998

**Tigers Realm Coal Limited**  
**Directors' report (continued)**  
**For the year ended 31 December 2013**

**17. Proceedings on behalf of the Company**

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

**18. Lead Auditor's Independence Declaration**

The lead auditor's independence declaration is set out on page 103 and forms part of the Directors' report for the year ended 31 December 2013.

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

Dated at Melbourne this 28th day of March 2014.

Signed in accordance with a resolution of the Directors:



---

Antony Manini  
Chairman



**Tigers Realm Coal Limited**  
**Consolidated statement of financial position**  
**As at 31 December 2013**

	Note	31 December 2013 \$'000	31 December 2012 \$'000
<b>Current Assets</b>			
Cash and cash equivalents	14	3,749	8,528
Trade and other receivables	16	1,602	907
Prepayments		3,964	1,960
Other current assets		492	44
<b>Total current assets</b>		<b>9,807</b>	<b>11,439</b>
<b>Non-current assets</b>			
Deferred exploration, evaluation and development	17	36,083	18,619
Property, plant and equipment	18	6,627	4,168
Intangible assets	19	127,073	108,657
<b>Total non-current assets</b>		<b>169,783</b>	<b>131,444</b>
<b>Total assets</b>		<b>179,590</b>	<b>142,883</b>
<b>Current Liabilities</b>			
Trade and other payables	20	3,747	1,300
Employee benefits	21	1,224	605
<b>Total current liabilities</b>		<b>4,971</b>	<b>1,905</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	22	28,310	21,996
Royalty agreement liability	23	19,994	12,330
<b>Total non-current liabilities</b>		<b>48,304</b>	<b>34,326</b>
<b>Total liabilities</b>		<b>53,275</b>	<b>36,231</b>
<b>Net assets</b>		<b>126,315</b>	<b>106,652</b>
<b>Equity</b>			
Share capital	24	94,416	73,565
Reserves	25(a)	36,748	2,922
(Accumulated losses)	25(b)	(15,137)	(2,722)
<b>Total equity attributable to equity holders of the Company</b>		<b>116,027</b>	<b>73,765</b>
Non-controlling interest		10,288	32,887
<b>Total equity</b>		<b>126,315</b>	<b>106,652</b>

The notes on pages 53 to 101 are an integral part of these consolidated financial statements.

**Tigers Realm Coal Limited**  
**Consolidated statement of comprehensive income**  
**For the year ended 31 December 2013**

	Note	31 December 2013 \$'000	31 December 2012 \$'000
<b>Continuing operations</b>			
Other income	9	62	19
Exploration and evaluation expenses		-	(44)
Share based payments	26	(2,084)	(859)
Administrative expenses	10	(7,493)	(6,693)
Loss on investment		(475)	-
Gain / (loss) on revaluation of royalty agreement liability	23	(5,118)	4,228
<b>Results from operating activities</b>		<b>(15,108)</b>	<b>(3,349)</b>
Net foreign exchange (loss)	11	(121)	(137)
Finance income	11	241	365
<b>Net finance income</b>		<b>120</b>	<b>228</b>
<b>(Loss) before income tax</b>		<b>(14,988)</b>	<b>(3,121)</b>
Income tax (expense)	12	(3,319)	(2,250)
<b>(Loss) from continuing operations</b>		<b>(18,307)</b>	<b>(5,371)</b>
<b>Discontinued operation</b>			
(Loss) from discontinued operation (net of tax)	8	-	(13,039)
<b>(Loss) for the period</b>		<b>(18,307)</b>	<b>(18,410)</b>
<b>Other comprehensive income</b>			
<b>Items that may subsequently be reclassified to the income statement</b>			
Foreign currency translation differences for foreign operations		15,035	(377)
<b>Total comprehensive income for the period</b>		<b>(3,272)</b>	<b>(18,787)</b>
<b>Operating profit is attributable to:</b>			
Owners of the Company		(12,415)	(19,779)
Non-controlling interest		(5,892)	1,369
<b>(Loss) for the period</b>		<b>(18,307)</b>	<b>(18,410)</b>
<b>Total comprehensive income is attributed to:</b>			
Owners of the Company		2,267	(20,156)
Non-controlling interest		(5,539)	1,369
<b>Total comprehensive income for the period</b>		<b>(3,272)</b>	<b>(18,787)</b>
<b>(Loss) per share (cents per share)</b>			
basic (loss) per share (cents)	13	(2.48)	(5.10)
diluted (loss) per share (cents)	13	(2.48)	(5.10)
<b>(Loss) per share (cents per share) – continuing operations</b>			
basic (loss) per share (cents)	13	(2.48)	(1.74)
diluted (loss) per share (cents)	13	(2.48)	(1.74)

The notes on pages 53 to 101 are an integral part of these consolidated financial statements.

**Tigers Realm Coal Limited**  
**Consolidated statement of changes in equity**  
**For the year ended 31 December 2013**

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

The notes on pages 53 to 101 are an integral part of these consolidated financial statements.

**Tigers Realm Coal Limited**  
**Consolidated statement of changes in equity (continued)**  
**For the year ended 31 December 2013**

Notes	Share Capital \$'000	Retained Earnings / (Accumulated Losses) \$'000	Share based payments reserve \$'000	Foreign Currency Translation Reserve \$'000	Total \$'000	Non-controlling Interest \$'000	Total \$'000
<b>Balance as at 1 January 2012</b>	<b>64,406</b>	<b>17,057</b>	<b>1,768</b>	<b>672</b>	<b>83,903</b>	<b>31,422</b>	<b>115,325</b>
<b>Total comprehensive income</b>							
<b>Profit or (loss)</b>	25	-	-	-	(19,779)	1,369	(18,410)
<i>Other comprehensive income</i>							
<i>Items that may subsequently be reclassified to the income statement</i>							
Foreign currency translation differences for foreign operations	25	-	-	(377)	(377)	-	(377)
Total other comprehensive income		-	-	(377)	(377)	-	(377)
Total comprehensive income for the period		-	-	(377)	(20,156)	1,369	(18,787)
<b>Transactions with owners, recorded directly in equity</b>							
Issue of ordinary shares	24	9,677	-	-	9,677	-	9,677
Costs of raising equity	24	(518)	-	-	(518)	-	(518)
Share based payment transactions	26	-	859	-	859	-	859
Acquisition of subsidiary with non-controlling interests		-	-	-	-	96	96
Total transactions with owners		9,159	859	-	10,018	96	10,114
<b>Balance at 31 December 2012</b>	<b>73,565</b>	<b>(2,722)</b>	<b>2,627</b>	<b>295</b>	<b>73,765</b>	<b>32,887</b>	<b>106,652</b>

The notes on pages 53 to 101 are an integral part of these consolidated financial statements.



**Tigers Realm Coal Limited**  
**Consolidated statement of cash flows**  
**For the year ended 31 December 2013**

	Note	31 December 2013 \$'000	31 December 2012 \$'000
<b>Cash flows from operating activities</b>			
Cash receipts from customers		62	-
Interest income		241	365
Cash paid to suppliers and employees		(8,511)	(3,899)
Income taxes paid		(36)	(12)
<b>Net cash (used in) operating activities</b>	15	<b>(8,244)</b>	<b>(3,546)</b>
<b>Cash flows from investing activities</b>			
Exploration and evaluation expenditure		(15,479)	(14,311)
Acquisition of property, plant and equipment		(1,919)	(3,411)
Disposal of discontinued operation, net of cash disposal		-	(43)
Acquisition of a subsidiary (net of cash acquired)		(455)	(380)
<b>Net cash (used in) investing activities</b>		<b>(17,853)</b>	<b>(18,145)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		21,200	9,677
Share issue costs		(349)	(518)
<b>Net cash from financing activities</b>		<b>20,851</b>	<b>9,159</b>
<b>Net in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the period		8,528	21,030
Effects of exchange rate changes on cash and cash equivalents		467	30
<b>Cash and cash equivalents at the end of the period</b>	14	<b>3,749</b>	<b>8,528</b>

The notes on pages 53 to 101 are an integral part of these consolidated financial statements.

# Tigers Realm Coal Limited

## Notes to the consolidated financial statements

### For the year ended 31 December 2013

#### 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 2013 comprise the Company and its subsidiaries (together referred to as the “Group”). The Group is a for-profit entity and primarily is involved in coal exploration and mining development.

#### 2. Basis of preparation

##### (a) Statement of compliance

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

The consolidated financial statements were authorised for issue by the Board of Directors on 28 March 2014.

##### (b) Basis of measurement

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

##### (c) Going concern basis of accounting

The consolidated financial 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 2013 the Group had a net loss of \$18.307 million (2012 loss of \$18.410 million) and had net equity of \$126.315 million (2012: \$106.652 million). As at 31 December 2013 the Group had cash and cash equivalents of \$3.749 million (2012: \$8.528 million). The Group had current assets of \$9.807 million (2012 \$11.439 million) and current liabilities of \$4.971 million (2011: \$1.905 million).

During the year ended 31 December 2013 the cash outflow from operations was \$8.244 million (2012: outflows of \$3.546 million). There were cash outflows from investing activities of \$17.853 million for the year (2012: outflows of \$18.145 million).

During or since the end of the 2013 financial year the Company completed the following fund raising activities to meet its working capital, exploration and operating activity requirements.

On 17 March 2013 the Company concluded a two tranche placement of 106,000,000 fully paid ordinary shares to raise gross proceeds of approximately \$21.200 million at a price of \$0.20 per share. The placement price represented a 7.3% discount to the volume weighted average price over the five days trading up to and including 19 February 2013. The placement was organised in two tranches, with the initial tranche of \$12.546 million being fully completed, with 62,733,452 shares issued on 1 March 2013. The second tranche of \$8.653 million for 43,266,548 shares was approved by shareholders at the Annual General Meeting on 23 April 2013. As part of the placement the Directors subscribed for 1,500,000 shares.

In December 2013 the Company announced a fund raising of \$62.020 million through the issue of 375,876,275 new shares at \$0.165 per share. The terms of the fund raising were amended in January 2014 and was subject to shareholder approval and satisfaction of other conditions completed in March 2014. Shareholder approval was received at an Extraordinary General Meeting held on 21 March 2014.

The fund raising completed in March 2014 was made up of the following components:

- a \$36.179 million placement to Baring Vostok Fund V, through BV Mining Holding Limited, with the issue of 219,263,985 shares;
- a \$16.335 million placement to the Russian Direct Investment Fund with the issue of 99,000,000 shares;
- a \$7.856 million placement to new and existing sophisticated and institutional shareholders with the issue of 47,612,290 shares; and
- up to \$1.650 million through a Share Purchase Plan for existing shareholders for the issue of 10,000,000 shares.

The funds raised in March 2014 will be applied towards funding the Bankable Feasibility Study (“BFS”) at Project F at Amaam North, further drilling at both Amaam and Amaam North, and the commencement of development and construction of Project F following completion of the BFS. Part of the funds will be applied to compliance and corporate costs associated with these projects, and the costs of the equity raising.

## Tigers Realm Coal Limited

### Notes to the consolidated financial statements (continued)

#### For the year ended 31 December 2013

#### 2. Basis of preparation (continued)

##### (c) Going concern basis of accounting (continued)

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

- Management has reviewed the Group's consolidated cashflow requirements and has satisfied themselves that there is adequate support in place to meet the planned corporate activities 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 Directors believe that current cash on hand plus the proceeds from the capital raising completed subsequent to year end will be sufficient to:

- Fund general working capital requirements and corporate expenses through to at least 31 March 2015;
- Fund the completion of the Bankable Feasibility Study ("BFS") for Project F at Amaam North;
- Commence development and construction work at Project F following completion of the Project F BFS; and
- Complete further drilling and technical studies at its Amaam Project and at its Amaam North Project.

The ability of the Group to fund the ongoing working capital requirements of the Group beyond 31 March 2015 is uncertain. Accordingly a material uncertainty exists in regards to the ability of the Group to continue to operate as a going concern beyond 31 March 2015 and, therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. There can be no assurance that the Group will be able to obtain or access additional funding when required, or that the terms associated with the funding will be acceptable to the Directors. If the Group is unable to obtain such additional funding, it may be required to reduce the scope of its operations, which could adversely affect its business, financial condition and operating results.

##### (d) Functional and presentation currency

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

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

##### (e) Use of estimates and judgements

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

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

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

- note 17 – deferred exploration, evaluation and development
- note 19 – intangible assets (goodwill and mineral rights)
- note 23 – royalty agreement liability

## Tigers Realm Coal Limited

### Notes to the consolidated financial statements (continued)

#### For the year ended 31 December 2013

#### 2. Basis of preparation (continued)

##### (f) Changes in accounting policies

Except for the changes below, the Group has consistently applied the accounting policies set out in note 3 to all periods presented in these consolidated financial statements.

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2013.

- (i) AASB 10 *Consolidated Financial Statements*
- (ii) AASB 11 *Joint Arrangements*
- (iii) AASB 12 *Disclosure of Interests in Other Entities*
- (iv) AASB 13 *Fair Value Measurement*
- (v) AASB 119 *Employee Benefits*

##### (i) Control of subsidiaries

As a result of AASB 10, the Group has changed its accounting policy for determining whether it has control over and consequently consolidates its investees. AASB 10 introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

In accordance with the transitional provisions of AASB 10, the Group has reassessed the control conclusions for its investees at 1 January 2013. There has been no change in the method of accounting for any investees.

##### (ii) Joint Arrangements

AASB 11 replaces the existing standards, and uses the principle of control to define and determine joint control. The new standard removes the option of accounting for jointly controlled entities using proportional consolidation. While the Group has subsidiaries with material non-controlling interests, there are no joint arrangements.

##### (iii) Disclosure of interests in other entities

AASB 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. As a result of AASB 12, the Group has reviewed and where necessary expanded its disclosure about its interests in subsidiaries. While the Group has subsidiaries with material non-controlling interests, there are no associates, joint arrangements or unconsolidated structured entities. For details refer to Note 36.

##### (v) Fair value measurement

AASB 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed throughout the Australian Accounting Standards. AASB 13 does not change when an entity is required to use fair values, but subject to limited exceptions, AASB 13 is applied when fair value measurements or disclosures are required or permitted by other AASBs. AASB 13 replaces and expands the disclosure requirements about fair value measurements in other AASBs. As a result the Group has included additional disclosures in this regard.

In accordance with the transitional provisions of AASB 13, the Group has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. The fair value hierarchy is provided in Note 5. Notwithstanding the above, the change had no significant impact on the measurement of the Group's assets and liabilities

##### (vi) Employee benefits

The revised AASB 119 changes the definition of short-term employee benefits. The distinction between short-term and long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting period in which the employee rendered the service.

As a result of the change, the annual leave liability for certain of the Group's employees is now considered to be an other long-term benefit, when previously it was a short-term benefit. The Group's obligation is determined as the amount of future benefit that employees have earned in return for their service in the current and prior periods, applying actuarial assumptions, discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

The Group has applied the new policy retrospectively in accordance with the transitional provision of the standard, however there was no impact on the measurement of the short-term employee benefits in the 2012 financial year, or to the disclosure in the statement of financial position for 2012.



# Tigers Realm Coal Limited

## Notes to the consolidated financial statements (continued)

### For the year ended 31 December 2013

#### 3. Significant accounting policies

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

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

##### (a) Basis of consolidation

##### (i) Business combinations

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

The Group measures goodwill at the acquisition date as:

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

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

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

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

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

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

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

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

##### (ii) Non-controlling interests

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

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

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

##### (iii) Subsidiaries

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

# **Tigers Realm Coal Limited**

## **Notes to the consolidated financial statements (continued)**

### **For the year ended 31 December 2013**

#### **3. Significant accounting policies (continued)**

##### **(a) Basis of consolidation (continued)**

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

##### **(iv) Loss of control**

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

##### **(v) Transactions eliminated on consolidation**

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

##### **(b) Foreign currency**

###### **(i) Foreign currency transactions**

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

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

###### **(ii) Foreign operations**

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

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

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

# Tigers Realm Coal Limited

## Notes to the consolidated financial statements (continued)

### For the year ended 31 December 2013

#### 3. Significant accounting policies (continued)

##### (c) Financial instruments

###### (i) Non-derivative financial assets

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

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

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

The Group has the following non-derivative financial assets:

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

###### (ii) Non-derivative financial liabilities

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

The Group has the following non-derivative financial liabilities:

- **Trade and other payables**  
Liabilities are recognised for amounts to be paid in the future for goods and services provided to the Group prior to the end of the reporting period and are stated at amortised cost. The amounts are unsecured and are usually paid within 30 days of recognition.

###### (iii) Share capital

###### *Ordinary shares*

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

**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements (continued)**  
**For the year ended 31 December 2013**

**3. Significant accounting policies (continued)**

**(d) Property, plant and equipment**

**(i) Recognition and measurement**

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

**(ii) Subsequent costs**

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

**(iii) Depreciation**

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

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

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

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

**(e) Intangible assets**

**(i) Exploration, 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.

# Tigers Realm Coal Limited

## Notes to the consolidated financial statements (continued)

### For the year ended 31 December 2013

#### 3. Significant accounting policies (continued)

##### (e) Intangible assets (continued)

##### (ii) Mineral Rights

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

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

##### (iii) Goodwill

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

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

##### (iv) Other intangible assets

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

##### (v) Subsequent expenditure

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

##### (vi) Amortisation

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

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

##### (f) Impairment

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

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

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

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

##### (ii) Non-financial assets

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



**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements (continued)**  
**For the year ended 31 December 2013**

**3. Significant accounting policies (continued)**

**(f) Impairment (continued)**

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

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

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

**(g) Provisions**

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

**(i) Restoration and rehabilitation provision**

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

**(h) Employee benefits**

**(i) Short term employee benefits**

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

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

**(ii) Share-based payment transactions**

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

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

# Tigers Realm Coal Limited

## Notes to the consolidated financial statements (continued)

### For the year ended 31 December 2013

#### 3. Significant accounting policies (continued)

##### (i) Revenue recognition

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

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

##### (j) Finance income and finance costs

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

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

##### (k) Leases

###### (i) Leased assets

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

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

###### (i) Lease payments

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

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

##### (l) Income Tax

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

###### (i) Current tax

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

###### (ii) Deferred tax

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

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

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

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

## **Tigers Realm Coal Limited**

### **Notes to the consolidated financial statements (continued)**

#### **For the year ended 31 December 2013**

### **3. Significant accounting policies (continued)**

#### **(l) Income Tax (continued)**

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

#### **(iii) Tax exposure**

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

#### **(iv) Tax consolidation**

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

#### **(v) Goods and services tax**

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

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

#### **(m) Earnings per share**

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

#### **(n) Segment reporting**

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

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

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

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

#### **(o) Discontinued operations**

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

# Tigers Realm Coal Limited

## Notes to the consolidated financial statements (continued)

### For the year ended 31 December 2013

#### 4. New standards and interpretations not yet adopted

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

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

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

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

#### 5. Determination of fair values

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

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

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

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

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

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

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

##### (a) Trade and other receivables

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

##### (b) Non-derivative financial assets and liabilities

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

##### (c) Royalty Agreement liability

The fair value of option liabilities is determined using the Black Scholes option valuation methodology, adjusted for the level of risk assumed in the option. The fair values of the royalty agreement liability 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 Group's cost of equity at the reporting date.

**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements (continued)**  
**For the year ended 31 December 2013**

**5. Determination of fair values (continued)**

**(d) Share-based payment transactions**

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



# Tigers Realm Coal Limited

## Notes to the consolidated financial statements (continued)

### For the year ended 31 December 2013

#### 6. Financial risk management

##### (a) Risk management framework

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

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

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

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

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

##### (i) Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers 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), and Russian roubles (RUB). For the Group interest rate risk arises from the exposure to Australian cash deposit rates relating to cash and cash equivalents. For the Group commodity price risk 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.

**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements (continued)**  
**For the year ended 31 December 2013**

**7. Segment reporting**

The Group has two reportable segments, as described below, which are the Group's main mineral exploration projects. The Group has identified these segments based on the internal reports used and reviewed by the Group's Chief Executive Officer, (the chief operating decision maker) in assessing 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 2013 the mineral exploration activities of the Group are managed in two reportable operating segments. In 2012 the mineral exploration activities of the Group were managed in three reportable operating segments, with the Landazuri Project being discontinued in 2012

**2013**

***Amaam Project***

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

***Other***

Consists of corporate and office expenses primarily incurred at the Group's Melbourne offices, and other costs, including the costs of closing and liquidating non-operating entities (Indonesia and Spain).

**2012**

***Landazuri Project  
(Discontinued)***

The Landazuri Project in Colombia was discontinued in June 2012 when the Group withdrew from the Project.

Management monitors the expenditure outlays of each segment for the purpose of cost control and making decisions about resource allocation. The Group's administration and financing functions are managed on a group basis and are included in the "Other" segment.

	<b>Amaam Project \$'000</b>	<b>Landazuri Project (Discontinued 2012) \$'000</b>	<b>Other \$'000</b>	<b>Total \$'000</b>
<b>31 December 2013</b>				
<b>Total segment revenue (including interest revenue)</b>	<b>62</b>	<b>-</b>	<b>241</b>	<b>303</b>
<b>Segment expense</b>	<b>-</b>	<b>-</b>	<b>(9,976)</b>	<b>(9,976)</b>
Depreciation and amortisation	-	-	(76)	(76)
<b>Segment result</b>	<b>62</b>	<b>-</b>	<b>(9,811)</b>	<b>(9,749)</b>
<b>Segment assets</b>	<b>174,867</b>	<b>-</b>	<b>974</b>	<b>175,841</b>
Segment assets include:				
Additions to non-current assets	19,896	-	22	19,918
<b>Segment liabilities</b>	<b>(31,435)</b>	<b>-</b>	<b>(1,846)</b>	<b>(33,281)</b>
<b>31 December 2012</b>				
<b>Total segment revenue (including interest revenue)</b>	<b>19</b>	<b>-</b>	<b>365</b>	<b>384</b>
<b>Segment expense</b>	<b>-</b>	<b>(13,031)</b>	<b>(7,569)</b>	<b>(20,600)</b>
Depreciation and amortisation	-	(8)	(27)	(35)
<b>Segment result</b>	<b>19</b>	<b>(13,039)</b>	<b>(7,231)</b>	<b>(20,251)</b>
<b>Segment assets</b>	<b>133,637</b>	<b>-</b>	<b>718</b>	<b>134,355</b>
Segment assets include:				
Additions to non-current assets	16,496	-	255	16,751
<b>Segment liabilities</b>	<b>(23,170)</b>	<b>-</b>	<b>(731)</b>	<b>(23,901)</b>

**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements (continued)**  
**For the year ended 31 December 2013**

**7. Segment reporting (continued)**

	<b>31 December 2013 \$'000</b>	<b>31 December 2012 \$'000</b>
<b>The reconciliation of the segment result to the profit / (loss) before income tax is as follows:</b>		
<b>Segment result</b>	<b>(9,749)</b>	<b>(20,251)</b>
Net foreign exchange (loss)	<b>(121)</b>	<b>(137)</b>
Gain / (loss) on revaluation of royalty agreement liability	<b>(5,118)</b>	<b>4,228</b>
Elimination of discontinued operation	<b>-</b>	<b>13,039</b>
<b>Result before income tax</b>	<b>(14,988)</b>	<b>(3,121)</b>

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

<b>Segment assets</b>	<b>175,841</b>	<b>134,355</b>
Cash and cash equivalents	<b>3,749</b>	<b>8,528</b>
<b>Total assets per consolidated statement of financial position</b>	<b>179,590</b>	<b>142,883</b>

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

<b>Segment liabilities</b>	<b>33,281</b>	<b>23,901</b>
Royalty agreement liability	<b>19,994</b>	<b>12,330</b>
<b>Total liabilities per consolidated statement of financial position</b>	<b>53,275</b>	<b>36,231</b>

**Geographical information**

The Group manages its business on a worldwide basis but holds assets in two geographic segments, Europe and the Russian Federation, 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.

	<b>2013</b>		<b>2012</b>	
	<b>Revenues \$'000</b>	<b>Non-current assets \$'000</b>	<b>Revenues \$'000</b>	<b>Non-current assets \$'000</b>
Europe and the Russian Federation	<b>62</b>	<b>169,519</b>	<b>19</b>	<b>131,160</b>
Australasia	<b>241</b>	<b>264</b>	<b>365</b>	<b>284</b>
<b>Total</b>	<b>303</b>	<b>169,783</b>	<b>384</b>	<b>131,444</b>

**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements (continued)**  
**For the year ended 31 December 2013**

**8. Discontinued operation**

In June 2012 following the completion of a strategic review of the Group's exploration project portfolio, the Group withdrew from the farm-in option agreements relating to the tenements underlying the Landazuri Project, effectively ending its involvement in operations in Colombia. The Group ceased all operations in Colombia, and is in the process of liquidating its corporate entity in Colombia.

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Results of discontinued operation</b>		
Revenue	-	-
Expenses	-	(197)
<b>Results from operating activities</b>	-	(197)
Tax	-	-
<b>Results of operating activities, net of tax</b>	-	(197)
Impairment adjustment for discontinued operation	-	(12,842)
Tax on impairment of discontinued operation	-	-
<b>Loss for the year</b>	-	(13,039)
Basic loss per share (cents)	-	(3.36)
Diluted loss per share (cents)	-	(3.36)

**Prior Year Results**

The loss from the discontinued operation of \$13.039 million in 2012 is attributable entirely to the owners of the Company. Of the loss from continuing operations in 2012 of \$5.371 million, a loss of \$6.740 million was attributable to the owners of the Company. There is an unrecognised deferred tax asset of \$3.912 million which arises as a result of the discontinuation of the Landazuri Project.

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from (used in) discontinued operation</b>		
Net cash (used in) operating activities	-	(197)
Net cash (used in) investing activities	-	(1,504)
Net cash flows for the period	-	(1,701)
<b>Effect of closure on the financial position of the Group</b>		
Property, plant and equipment	-	(1)
Fixed assets	-	(498)
Prepayments	-	(3)
Deferred exploration, evaluation and development	-	(12,340)
Net assets and liabilities	-	(12,842)
Consideration received, satisfied in cash	-	-
Cash and cash equivalents disposed of	-	(43)
Net cash outflow	-	(43)

**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements (continued)**  
**For the year ended 31 December 2013**

**9. Other income**

	Note	31 December 2013 \$'000	31 December 2012 \$'000
Other income		62	19
<b>Other income</b>		<b>62</b>	<b>19</b>

**10. Expenses**

Administration expenses	31 December 2013 \$'000	31 December 2012 \$'000
Wages and salaries, including superannuation contributions	(3,059)	(2,803)
Contractors and consultants fees	(2,121)	(1,461)
Corporate travel costs	(861)	(920)
Accounting and audit fees	(363)	(338)
Other	(1,089)	(1,171)
<b>Total administration expense</b>	<b>(7,493)</b>	<b>(6,693)</b>

**11. Finance income / (expenses)**

Finance income / (expense)	31 December 2013 \$'000	31 December 2012 \$'000
Finance expense	-	-
Net foreign exchange (loss)	(121)	(137)
<b>Finance expense</b>	<b>(121)</b>	<b>(137)</b>
Finance income – external interest income	241	365
Finance income – related party interest income receivable	-	-
<b>Finance income</b>	<b>241</b>	<b>365</b>
<b>Net finance income</b>	<b>120</b>	<b>228</b>



**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements (continued)**  
**For the year ended 31 December 2013**

**12. Income tax expense**

A reconciliation between tax expense and the product of accounting profit multiplied by Australia's domestic tax rate for the years ended 31 December 2013 and 2012 is set out below

	Note	31 December 2013 \$'000	31 December 2012 \$'000
Loss before tax from continuing operations		(14,988)	(3,121)
Loss before tax before tax from discontinued operations		-	(13,039)
		<b>(14,988)</b>	<b>(16,160)</b>
Income tax using the domestic corporation tax rate of 30%		<b>(4,496)</b>	<b>(4,848)</b>
<b>Changes in income tax expense due to:</b>			
Effect of tax rates in foreign jurisdictions		<b>1,190</b>	(707)
Exempt income - other		-	(176)
Other assessable income		<b>102</b>	-
Non-deductible expenses-royalty liability		<b>640</b>	(423)
Non-deductible expenses-other		<b>621</b>	4,220
Other – accrued interest		-	217
Current period tax losses for which no deferred tax asset was recognised		<b>5,262</b>	3,967
<b>Total income tax expense on pre-tax net profit</b>		<b>3,319</b>	<b>2,250</b>
<b>Current tax expense</b>		<b>36</b>	12
<b>Deferred tax expense</b>		<b>3,283</b>	2,238
<b>Total income tax expense</b>		<b>3,319</b>	<b>2,250</b>

**Unrecognised deferred tax assets**

	Note	31 December 2013 \$'000	31 December 2012 \$'000
Net deferred tax assets have not been recognised in respect of the following:			
<b>Total tax assets not recognised</b>		<b>13,010</b>	7,748

The deferred tax assets not recognised at 31 December 2012 were previously overstated by \$3.632 million. The deferred tax assets not recognised at 31 December 2012 have been restated at \$7.748 million.

The tax losses incurred in Australia do not expire under current tax legislation. In the overseas jurisdictions the tax losses can be carried forward for varying periods. Deferred tax assets have not been recognised for deductible temporary differences or carried forward tax losses where it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements (continued)**  
**For the year ended 31 December 2013**

**13. Earnings / (loss) per share**

		<b>31 December 2013 cents</b>	<b>31 December 2012 cents</b>
<b>(Loss) per share</b>			
Basic (loss) per share – cents	a	<b>(2.48)</b>	(5.10)
Diluted (loss) per share – cents	b	<b>(2.48)</b>	(5.10)
<b>(Loss) per share – continuing operations</b>			
Basic (loss) per share – cents	a	<b>(2.48)</b>	(1.74)
Diluted (loss) per share – cents	b	<b>(2.48)</b>	(1.74)

**(a) Basic earnings / (loss) per share**

The calculation of basic earnings per share (EPS) at 31 December 2013 was based on the loss attributable to ordinary equity holders of the Company of \$12.415 million (2012: loss of \$19.779 million) and a weighted average number of ordinary shares outstanding during the period ended 31 December 2013 of 499,790,986 (2012: 387,940,517).

**(b) Diluted earnings / (loss) per share**

The calculation of diluted earnings per share at 31 December 2013 is the same as basic earnings per share. The Company had issued 49,527,100 options over ordinary shares. The options over ordinary shares could potentially dilute basic earnings per share in the future; however, they have been excluded from the calculation of diluted earnings per share because they are anti-dilutive for the reporting period.

**14. Cash and cash equivalents**

	<b>31 December 2013 \$'000</b>	<b>31 December 2012 \$'000</b>
Bank balances	<b>3,749</b>	8,528
<b>Cash and cash equivalents</b>	<b>3,749</b>	8,528

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

**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements (continued)**  
**For the year ended 31 December 2013**

**15. Reconciliation of cash flows from operating activities**

	<b>31 December</b>	<b>31 December</b>
	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
(Loss) for the period	<b>(18,307)</b>	(18,410)
Adjustments for non-cash items:		
Unrealised foreign exchange	<b>120</b>	137
Share based payments	<b>26</b>	859
Exploration and evaluation expenditure	<b>-</b>	44
Administration expenditure	<b>836</b>	197
Loss on investment	<b>475</b>	-
Discontinued operation	<b>8</b>	12,842
Gain / (loss) on revaluation of royalty agreement liability	<b>23</b>	(4,228)
Income tax expense	<b>12</b>	2,238
	<b>(6,391)</b>	(6,321)
<b>Changes in working capital</b>		
(Increase ) / decrease in trade and other receivables	<b>(30)</b>	907
(Increase ) / decrease in prepayments	<b>(1,719)</b>	2,426
(Decrease) / increase in trade and other payables	<b>(104)</b>	(558)
<b>Net cash (used in) operating activities</b>	<b>(8,244)</b>	(3,546)

**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements (continued)**  
**For the year ended 31 December 2013**

**16. Trade and other receivables**

	Note	31 December 2013 \$'000	31 December 2012 \$'000
Other receivables		1,602	907
Current		1,602	907

**17. Deferred exploration, evaluation and development**

		31 December 2013 \$'000	31 December 2012 \$'000
<b>Cost</b>			
Opening balance		18,619	14,289
Expenditure incurred		16,067	16,670
Discontinued operation	8	-	(12,340)
Effect of movement in exchange rates		1,397	-
<b>Exploration, evaluation and development</b>		<b>36,083</b>	<b>18,619</b>
Impairment		-	-
<b>Total exploration, evaluation and development</b>		<b>36,083</b>	<b>18,619</b>

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

The Landazuri Project in Colombia was discontinued in 2012, and as a consequence the deferred exploration, evaluation and development relating to Landazuri was taken to the profit or loss in 2012 (refer note 8).

**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements (continued)**  
**For the year ended 31 December 2013**

**18. Property, plant and equipment**

<i>Note</i>	<b>Land &amp; Buildings \$'000</b>	<b>Plant &amp; Equipment \$'000</b>	<b>Fixtures &amp; Fittings \$'000</b>	<b>Total \$'000</b>
<b><u>31 December 2013</u></b>				
<i>Cost</i>				
<b>As at 1 January 2013</b>	3,295	1,161	240	4,696
Additions	1,563	1,433	-	2,996
Disposals	-	-	-	-
Transfers	-	-	-	-
Effect of movement in exchange rates	283	98	-	381
<b>As at 31 December 2013</b>	<b>5,141</b>	<b>2,692</b>	<b>240</b>	<b>8,073</b>
<i>Depreciation and impairment</i>				
<b>As at 1 January 2013</b>	(428)	(91)	(9)	(528)
Depreciation charge for the period	(584)	(242)	(48)	(874)
Disposals	-	-	-	-
Effect of movement in exchange rates	(37)	(7)	-	(44)
<b>As at 31 December 2013</b>	<b>(1,049)</b>	<b>(340)</b>	<b>(57)</b>	<b>(1,446)</b>
<b>Net book value:</b>				
<b>At 31 December 2013</b>	<b>4,092</b>	<b>2,352</b>	<b>183</b>	<b>6,627</b>
<b><u>31 December 2012</u></b>				
<i>Cost</i>				
<b>As at 1 January 2012</b>	3,828	33	1	3,862
Additions	-	1,032	239	1,271
Disposals	(498)	(2)	-	(500)
Transfers	(97)	97	-	-
Effect of movement in exchange rates	62	1	-	63
<b>As at 31 December 2012</b>	<b>3,295</b>	<b>1,161</b>	<b>240</b>	<b>4,696</b>
<i>Depreciation and impairment</i>				
<b>As at 1 January 2012</b>	-	(3)	-	(3)
Depreciation charge for the period	(428)	(88)	(9)	(525)
Disposals	-	1	-	1
Effect of movement in exchange rates	-	(1)	-	(1)
<b>As at 31 December 2012</b>	<b>(428)</b>	<b>(91)</b>	<b>(9)</b>	<b>(528)</b>
<b>Net book value:</b>				
<b>At 31 December 2012</b>	<b>2,867</b>	<b>1,070</b>	<b>231</b>	<b>4,168</b>



**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements (continued)**  
**For the year ended 31 December 2013**

**19. Intangible assets**

	<i>Note</i>			
	<b>Goodwill</b>	<b>Mineral</b>	<b>Other</b>	<b>Total</b>
	<b>\$'000</b>	<b>Rights</b>	<b>\$'000</b>	<b>\$'000</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>31 December 2013</b>				
<i>Cost</i>				
<b>As at 1 January 2013</b>	19,843	88,773	53	108,669
Additions	-	-	51	51
Additions – acquisition of subsidiary	-	-	-	-
Effect of movement in exchange rates	3,350	15,035	-	18,385
<b>As at 31 December 2013</b>	<b>23,193</b>	<b>103,808</b>	<b>104</b>	<b>127,105</b>
<i>Amortisation and impairment</i>				
<b>As at 1 January 2013</b>	-	-	(12)	(12)
Amortisation charge for the period	-	-	(20)	(20)
<b>As at 31 December 2013</b>	<b>-</b>	<b>-</b>	<b>(32)</b>	<b>(32)</b>
<b>Net book value:</b>				
<b>At 31 December 2013</b>	<b>23,193</b>	<b>103,808</b>	<b>72</b>	<b>127,073</b>
<b>31 December 2012</b>				
<i>Cost</i>				
<b>As at 1 January 2012</b>	20,227	89,951	46	110,224
Additions	-	-	7	7
Additions – acquisition of subsidiary	-	531	-	531
Effect of movement in exchange rates	(384)	(1,709)	-	(2,093)
<b>As at 31 December 2012</b>	<b>19,843</b>	<b>88,773</b>	<b>53</b>	<b>108,669</b>
<i>Amortisation and impairment</i>				
<b>As at 1 January 2012</b>	-	-	-	-
Amortisation charge for the period	-	-	(12)	(12)
<b>As at 31 December 2012</b>	<b>-</b>	<b>-</b>	<b>(12)</b>	<b>(12)</b>
<b>Net book value:</b>				
<b>At 31 December 2012</b>	<b>19,843</b>	<b>88,773</b>	<b>41</b>	<b>108,657</b>

Other intangible assets consist of computer software.

On 18 January 2012 the Group completed the acquisition of an additional Bering Basin coking coal tenement in the Far East of the Russian Federation at Amaam North. This Amaam North tenement is 30 kilometres north of the Group's existing tenement at Amaam. The Group has acquired an 80% interest in Rosmiro Investments Limited which, through its wholly owned subsidiary Beringpromugol LCC, holds the Amaam North tenement, for consideration of \$0.385 million (US\$0.400 million). This acquisition has resulted in the addition of \$0.531 million of mineral rights.

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

**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements (continued)**  
**For the year ended 31 December 2013**

**19. Intangible assets (continued)**

**(i) Impairment testing for CGUs containing goodwill**

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

Segment	31 December 2013 \$'000	31 December 2012 \$'000
Amaam Project	23,193	19,843

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

***Impairment valuation technique and significant observable inputs***

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

Detailed development plans are constructed by management for each project utilising detailed life of mine plans based on estimated production volumes and operating costs. Management believes that no reasonably possible change in the assumptions would cause the carrying amount of goodwill and other non-current assets to exceed their recoverable amount.

The future cash flows are adjusted for risks specific to the asset and discounted using a pre-tax discount rate of 16.06% (2012: 15.97%). 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.

**20. Trade & other payables**

	31 December 2013 \$'000	31 December 2012 \$'000
Other trade payables and accrued expenses	3,747	1,300
	<b>3,747</b>	<b>1,300</b>
Current	3,747	1,300
	<b>3,747</b>	<b>1,300</b>

**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements (continued)**  
**For the year ended 31 December 2013**

**21. Employee Benefits**

	<b>31 December 2013 \$'000</b>	<b>31 December 2012 \$'000</b>
Annual Leave	310	82
Provision for annual bonus	914	523
	<b>1,224</b>	<b>605</b>

**22. Deferred Tax Liabilities**

	<b>31 December 2013 \$'000</b>	<b>31 December 2012 \$'000</b>
The balance comprises temporary differences attributable to:		
Exploration and evaluation assets	7,682	4,348
Mineral rights acquired	20,628	17,648
<b>Total deferred tax liabilities recognised</b>	<b>28,310</b>	<b>21,996</b>
Deferred tax liabilities to be settled in within 12 months	-	-
Deferred tax liabilities to be settled after 12 months	28,310	21,996
<b>Total deferred tax liabilities recognised</b>	<b>28,310</b>	<b>21,996</b>
<b>Movement in deferred tax liability</b>		
At beginning of period	21,996	20,101
Exploration and evaluation assets	3,283	2,238
Effects of movement in exchange rates	3,031	(343)
<b>At end of period</b>	<b>28,310</b>	<b>21,996</b>

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

**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements (continued)**  
**For the year ended 31 December 2013**

**23. Royalty Agreement Liability**

	<b>31 December 2013 \$'000</b>	<b>31 December 2012 \$'000</b>
Opening balance of royalty agreement liability	12,330	16,872
Fair value adjustment to royalty agreement liability	5,118	(4,228)
Effect of movement in exchange rates	2,546	(314)
<b>Total royalty agreement liability recognised at end of year</b>	<b>19,994</b>	<b>12,330</b>

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 6 May 2011, and in addition, the fair value of the option inherent in the Bering Royalty Agreement, whereby Bering may choose to fund its proportion of the expenditure after completion of the bankable feasibility study or to have its interest diluted in return for a royalty stream.

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

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

**Measurement of fair values**

**(i) Fair value hierarchy**

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

**(ii) Valuation technique and significant observable inputs**

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

	<b>31 December 2013</b>	<b>31 December 2012</b>
Valuation Date	1 January 2015	1 January 2014
Expiry Date		
Current price (US\$m) (a)	51.69	31.30
Exercise price of option (US\$m) (b)	55.39	36.66
Time to expiration (days)	366	366
Volatility (%/100) (c)	83%	80%
Risk free rate (%/100) (d)	3.72%	2.54%

- (a) 20% of the value of the Amaam Project, post 3% royalty
- (b) Net Present Value of Bering royalty stream
- (c) TIG share price volatility
- (d) 20 Year US bond yield

At 31 December 2013 the fair value of the liability was revalued to \$19.994 million (2012: \$12.330 million). This resulted in a loss being taken to the statement of comprehensive income for the year ended 31 December 2013 of \$5.118 million (2012: profit of \$4.228 million). The fair value was recalculated based on information available at 31 December 2013. The Bering option will be revalued at each future balance date with any resulting movement being recognised as a gain or loss in the statement of comprehensive income.

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

**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements (continued)**  
**For the year ended 31 December 2013**

**24. Share capital**

	<b>31 December 2013</b>	<b>31 December 2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Share Capital	103,928	82,728
Costs of raising equity	(9,512)	(9,163)
	<b>94,416</b>	<b>73,565</b>

**(i) Movements in shares on issue:**

	<b>No of shares</b>	<b>Issue price \$</b>	<b>\$'000</b>
<b>Opening balance at 1 January 2012</b>	<b>363,939,170</b>		<b>73,051</b>
<i>Movements in 2012</i>			
Issue of ordinary shares – placement	49,574,472	0.18	8,923
Issue of ordinary shares – Share Purchase Plan	4,709,375	0.16	754
<b>Ordinary shares closing balance at 31 December 2012</b>	<b>418,223,017</b>		<b>82,728</b>
<b>Opening balance at 1 January 2013</b>	<b>418,223,017</b>		<b>82,728</b>
<i>Movements in 2013</i>			
Issue of ordinary shares – placement	106,000,000	0.20	21,200
<b>Closing share capital balance at 31 December 2013</b>	<b>524,223,017</b>		<b>103,928</b>

**(ii) Movements in cost or raising equity:**

	<b>31 December 2013</b>	<b>31 December 2012</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Opening balance</b>	<b>(9,163)</b>	<b>(8,645)</b>
Costs incurred	(349)	(518)
<b>Closing balance</b>	<b>(9,512)</b>	<b>(9,163)</b>

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

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

**Issue of ordinary shares – current year**

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



**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements (continued)**  
**For the year ended 31 December 2013**

**24. Share capital (continued)**

**Issue of ordinary shares – prior year**

On 11 July 2012 the Company concluded a placement of fully paid ordinary shares to raise gross proceeds of \$8.923million at a price of \$0.18 per share. The placement price represented a 5% discount to the volume weighted average price over the five days trading up to and including 6 July 2012.

On 10 August 2012 the Company completed a Share Purchase Plan for shareholders in Australia and New Zealand. The Share Purchase Plan raised gross proceeds of \$0.754 million through the issue of fully paid ordinary shares at an issue price of \$0.16 per share.

**(iii) Capital Management**

Management controls the capital of the Group in order to maintain stable cash reserves, manage capital raising requirements, and ensure that the Group can fund its operations and continue as a going concern. The Group's debt and capital includes ordinary share capital and current and 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.

**(iv) Movements in options on issue:**

	<b>Date of issue</b>	<b>Number of options</b>	<b>Exercise price \$</b>	<b>Expiry date</b>
<b>Opening balance as at 1 January 2012</b>		<b>30,821,300</b>		
Issue of options	1 February 2012	2,049,877	0.400	1 February 2017
Issue of options	22 February 2012	2,909,000	0.500	22 February 2017
Issue of options	28 March 2012	3,500,000	0.750	28 March 2017
Issue of options	14 May 2012	250,000	0.320	14 May 2017
Issue of options	12 July 2012	250,000	0.250	12 July 2017
Issue of options	27 July 2012	300,000	0.500	27 July 2017
Issue of options	22 October 2012	500,000	0.195	22 October 2017
Issue of options	12 November 2012	2,000,000	0.250	12 November 2017
Issue of options	12 November 2012	2,000,000	0.500	12 November 2017
Issue of options	12 November 2012	2,000,000	0.750	12 November 2017
Issue of options	12 November 2012	2,000,000	1.000	12 November 2017
Options forfeited		(7,083,527)		
<b>Closing balance as at 31 December 2012</b>		<b>41,496,650</b>		
Issue of options	15 February 2013	375,000	0.250	15 February 2018
Issue of options	15 February 2013	375,000	0.250	15 February 2018
Issue of options	15 February 2013	150,000	0.260	15 February 2018
Issue of options	15 February 2013	150,000	0.260	15 February 2018
Issue of options	15 February 2013	150,000	0.260	15 February 2018
Issue of options	15 February 2013	2,982,000	0.340	15 February 2018
Issue of options	22 March 2013	200,000	0.340	22 March 2018
Issue of options	3 May 2013	1,000,000	0.500	3 May 2018
Issue of options	3 May 2013	3,500,000	0.600	3 May 2018
Options forfeited		(851,550)		
<b>Closing balance as at 31 December 2013</b>		<b>49,527,100</b>		

**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements (continued)**  
**For the year ended 31 December 2013**

**25. Reserves and accumulated losses**

**(a) Reserves**

	<i>Note</i>	<b>31 December 2013 \$'000</b>	<b>31 December 2012 \$'000</b>
Share based payments reserve		4,711	2,627
Other reserve		18,582	-
Foreign currency translation reserve		13,455	295
<b>Total reserves</b>		<b>36,748</b>	<b>2,922</b>
<b>Movements</b>			
<b>Share based payments reserve</b>			
Opening balance		2,627	1,768
Share options expense arising during the year	26	2,084	859
Closing balance		4,711	2,627
<b>Other reserve</b>			
Opening balance		-	-
Change in ownership of subsidiary		18,582	-
Closing balance		18,582	-
<b>Foreign currency translation reserve</b>			
Opening balance		295	672
Currency translation differences arising during the year		14,682	(377)
Change in ownership of subsidiary		(1,522)	-
Closing balance		13,455	295

**Share based payments reserve**

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

**Other reserve**

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

**Foreign currency translation reserve**

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

**(b) Retained earnings / (accumulated losses)**

	<b>31 December 2013 \$'000</b>	<b>31 December 2012 \$'000</b>
Retained earnings / (accumulated losses) at the beginning of the year	(2,722)	17,057
Net (loss) attributable to members of the Company	(12,415)	(19,779)
<b>(Accumulated losses) at the end of the year</b>	<b>(15,137)</b>	<b>(2,722)</b>

**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements (continued)**  
**For the year ended 31 December 2013**

**26. Share based payments**

**(a) Recognised share based payment expense**

*Effect in thousands of AUD*

	<b>31 December 2013 \$'000</b>	<b>31 December 2012 \$'000</b>
Expense arising from equity settled share based payment transactions	<b>2,084</b>	859

**(b) Description of share-based payment arrangements**

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

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

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

**(c) Summary of options granted under the Option Plan**

The options outstanding at 31 December 2013 have an exercise price in the range of \$0.078 to \$1.00 (2012: \$0.078 to \$1.00). The weighted average remaining contractual life for options outstanding at 31 December 2013 is 2.86 years (2012: 3.51 years). The weighted average fair value of options granted during the year was \$0.084 (2012: \$0.091). There are 4,175,000 vested and exercisable options at 31 December 2013 (2012: nil vested and nil exercisable). No options were exercised in 2013 or 2012.

<b>Movements in outstanding options</b>	<b>2013</b>		<b>2012</b>	
	<b>Number of Options</b>	<b>Weighted Average Exercise Price \$</b>	<b>Number of Options</b>	<b>Weighted Average Exercise Price \$</b>
Balance at the beginning of the year	<b>41,496,650</b>	<b>0.308</b>	30,821,300	0.166
Granted	<b>8,882,000</b>	<b>0.449</b>	17,758,877	0.579
Forfeited	<b>(851,550)</b>	<b>0.310</b>	(7,083,527)	0.372
Exercised	-	-	-	-
<b>Balance at the end of the year</b>	<b>49,527,100</b>	<b>0.333</b>	41,496,650	0.308
<b>Vested and exercisable at year end</b>	<b>4,175,000</b>	<b>0.382</b>	-	-

**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements (continued)**  
**For the year ended 31 December 2013**

**26. Share based payments (continued)**

Details of the share options outstanding at 31 December 2013 are detailed below:

Date of issue	2013		2012	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
		\$		\$
23 November 2010	15,356,100	0.078	15,587,650	0.078
20 December 2010	10,000,000	0.195	10,000,000	0.195
17 March 2011	1,000,000	0.425	1,000,000	0.425
2 May 2011	-	-	250,000	0.425
17 October 2011	250,000	0.415	250,000	0.415
22 February 2012	1,989,000	0.500	2,109,000	0.500
28 March 2012	3,500,000	0.750	3,500,000	0.750
14 May 2012	-	-	250,000	0.320
12 July 2012	250,000	0.250	250,000	0.250
27 July 2012	300,000	0.500	300,000	0.500
12 November 2012	2,000,000	0.250	2,000,000	0.250
12 November 2012	2,000,000	0.500	2,000,000	0.500
12 November 2012	2,000,000	0.750	2,000,000	0.750
12 November 2012	2,000,000	1.000	2,000,000	1.000
15 February 2013	375,000	0.250		
15 February 2013	375,000	0.250		
15 February 2013	150,000	0.260		
15 February 2013	150,000	0.260		
15 February 2013	150,000	0.260		
15 February 2013	2,982,000	0.340		
22 March 2013	200,000	0.340		
3 May 2013	1,000,000	0.500		
3 May 2013	3,500,000	0.600		
<b>Balance at the end of the year</b>	<b>49,527,100</b>	<b>0.333</b>	<b>41,496,650</b>	<b>0.308</b>

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

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

**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements (continued)**  
**For the year ended 31 December 2013**

**26. Share based payments (continued)**

The share options originally granted prior to the Initial Public Offer on 29 August 2011 were granted with a performance period of 12 months from the date of the IPO, with the ability for the Directors to extend the performance period for a further 12 month period. In 2012 the Directors extended the performance period of these options for a further 12 month period to 29 August 2013. In 2013 the Directors have extended the performance period of these options for a further 12 month period to 29 August 2014. As a consequence of each of these decisions these share options have been revalued in accordance with accounting standard requirements.

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

Option Grant Date	Fair value at grant date	Share price at grant date	Exercise price	Performance hurdle	Performance period	Expiry date	Risk free interest rate
<b>23 Nov 2010</b>	\$0.071	\$0.115	\$0.078	A	E	23 Nov 2015	5.27%
<b>(extension)</b>	\$0.027	\$0.165	\$0.078	A	F	23 Nov 2015	2.62%
<b>(extension)</b>	\$0.092	\$0.220	\$0.078	A	G	23 Nov 2015	2.83%
<b>20 Dec 2010</b>	\$0.052	\$0.115	\$0.195	A	E	20 Dec 2015	5.34%
<b>(extension)</b>	\$0.021	\$0.165	\$0.195	A	F	20 Dec 2015	2.62%
<b>(extension)</b>	\$0.072	\$0.220	\$0.195	A	G	20 Dec 2015	2.83%
<b>17 Mar 2011</b>	\$0.292	\$0.500	\$0.425	A	E	17 Mar 2016	5.32%
<b>(extension)</b>	\$0.014	\$0.165	\$0.425	A	F	17 Mar 2016	2.63%
<b>(extension)</b>	\$0.048	\$0.220	\$0.425	A	G	17 Mar 2016	2.85%
<b>17 Oct 2011</b>	\$0.157	\$0.330	\$0.415	A	H	17 Oct 2016	4.13%
<b>22 Feb 2012</b>	\$0.160	\$0.325	\$0.500	D	I	22 Feb 2017	3.76%
<b>28 Mar 2012</b>	\$0.127	\$0.310	\$0.750	D	I	28 Mar 2017	3.71%
<b>12 Jul 2012</b>	\$0.081	\$0.180	\$0.250	A	H	12 Jul 2017	2.33%
<b>27 Jul 2012</b>	\$0.055	\$0.155	\$0.500	B	I	27 Jul 2017	2.55%
<b>12 Nov 2012</b>	\$0.058	\$0.140	\$0.250	C	H	22 Nov 2017	2.68%
<b>12 Nov 2012</b>	\$0.045	\$0.140	\$0.500	C	H	22 Nov 2017	2.68%
<b>12 Nov 2012</b>	\$0.038	\$0.140	\$0.750	D	I	22 Nov 2017	2.68%
<b>12 Nov 2012</b>	\$0.032	\$0.140	\$1.000	D	I	22 Nov 2017	2.68%
<b>15 Feb 2013</b>	\$0.056	\$0.220	\$0.250	B	H	15 Feb 2018	3.05%
<b>15 Feb 2013</b>	\$0.079	\$0.220	\$0.250	B	I	15 Feb 2018	3.05%
<b>15 Feb 2013</b>	\$0.111	\$0.220	\$0.260	C	H	15 Feb 2018	3.05%
<b>15 Feb 2013</b>	\$0.056	\$0.220	\$0.260	B	H	15 Feb 2018	3.05%
<b>15 Feb 2013</b>	\$0.079	\$0.220	\$0.260	B	I	15 Feb 2018	3.05%
<b>15 Feb 2013</b>	\$0.115	\$0.220	\$0.340	D	I	15 Feb 2018	3.05%
<b>22 Mar 2013</b>	\$0.100	\$0.200	\$0.340	D	I	22 Mar 2018	3.17%
<b>3 May 2013</b>	\$0.064	\$0.170	\$0.500	C	H	3 May 2018	2.69%
<b>3 May 2013</b>	\$0.065	\$0.170	\$0.600	D	I	3 May 2018	2.69%

Note

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

**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements (continued)**  
**For the year ended 31 December 2013**

**27. Financial instruments**

The Group holds the following financial instruments:

	31 December 2013 \$'000	31 December 2012 \$'000
<b>Financial assets</b>		
Cash and cash equivalents	3,749	8,528
Trade and other receivables	1,602	907
	<b>5,351</b>	<b>9,435</b>
<b>Financial liabilities</b>		
Trade and other payables	3,747	1,300
	<b>3,747</b>	<b>1,300</b>

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

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

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying value amount is a reasonable approximation of fair value.

**31 December 2013**

	Carrying amount			Fair Value			
	Loans & Receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	Total			Level 1	Level 2	Level 3	Total
	Total			Level 1	Level 2	Level 3	Total
	Total			Level 1	Level 2	Level 3	Total
<b>Financial assets not measured at fair value</b>							
Cash and cash equivalents	3,749	-	3,749	-	-	-	-
Trade and other receivables	1,602	-	1,602	-	-	-	-
	<b>5,351</b>	<b>-</b>	<b>5,351</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities not measured at fair value</b>							
Trade and other payables	-	3,747	3,747	-	-	-	-
	<b>-</b>	<b>3,747</b>	<b>3,747</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**31 December 2012**

	Carrying amount			Fair Value			
	Loans & Receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	Total			Level 1	Level 2	Level 3	Total
	Total			Level 1	Level 2	Level 3	Total
	Total			Level 1	Level 2	Level 3	Total
<b>Financial assets not measured at fair value</b>							
Cash and cash equivalents	8,528	-	8,528	-	-	-	-
Trade and other receivables	907	-	907	-	-	-	-
	<b>9,435</b>	<b>-</b>	<b>9,435</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities not measured at fair value</b>							
Trade and other payables	-	1,300	1,300	-	-	-	-
	<b>-</b>	<b>1,300</b>	<b>1,300</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements (continued)**  
**For the year ended 31 December 2013**

**27. Financial instruments (continued)**

**(b) Credit risk**

**Exposure to credit risk**

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

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

	Carrying amount	
	2013 \$'000	2012 \$'000
Cash and cash equivalents	3,749	8,528
Trade and other receivables	1,602	907
	<b>5,351</b>	<b>9,435</b>

**Geographical information**

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

	2013 \$'000	2012 \$'000
Europe and the Russian Federation	1,536	871
Australasia	66	36
	<b>1,602</b>	<b>907</b>

**Counterparty information**

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

	2013 \$'000	2012 \$'000
Other	1,602	907
	<b>1,602</b>	<b>907</b>

**Impairment losses**

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

	Gross 2013 \$'000	Impaired 2013 \$'000	Gross 2012 \$'000	Impaired 2012 \$'000
Not past due	1,602	-	907	-
Past due 0-30 days	-	-	-	-
Past due 31-120 days	-	-	-	-
Past due 121 days to one year	-	-	-	-
More than one year	-	-	-	-
	<b>1,602</b>	<b>-</b>	<b>907</b>	<b>-</b>

There was no provision for impairment at 31 December 2013 (2012: \$nil); therefore there has been no movement in the provision for impairment for the year ended 31 December 2013.

**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements (continued)**  
**For the year ended 31 December 2013**

**27. Financial instruments (continued)**

**(c) Liquidity risk**

**Exposure to liquidity risk**

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

The following are the contractual maturities of financial liabilities.

31 December 2013	Contractual cashflows						More than 5 yrs
	Carrying amount	Total	6 mths or less	6-12 mths	1-2 yrs	2-5 yrs	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Non-derivative financial liabilities</b>							
Trade and other payables	3,747	3,747	3,747	-	-	-	-
	3,747	3,747	3,747	-	-	-	-
<b>31 December 2012</b>							
<b>Non-derivative financial liabilities</b>							
Trade and other payables	1,300	1,300	1,300	-	-	-	-
	1,300	1,300	1,300	-	-	-	-

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

The Group has put in place the following loan facilities to manage liquidity risk.

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

Changes to the loan facilities subsequent to 31 December 2013 are disclosed in Note 37.

**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements (continued)**  
**For the year ended 31 December 2013**

**27. Financial instruments (continued)**

**(d) Market risk**

**(i) Currency risk**

**Exposure to currency risk**

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

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

	<b>USD 2013 \$'000</b>	<b>RUB 2013 \$'000</b>	<b>USD 2012 \$'000</b>	<b>RUB 2012 \$'000</b>
Cash and cash equivalents	3,067	281	2,007	28
Receivables	-	1,528	-	910
Trade and other payables	(8)	(2,892)	(23)	(929)
Gross exposure	<b>3,059</b>	<b>(1,083)</b>	1,984	9
Forward exchange contracts	-	-	-	-
Net exposure	<b>3,059</b>	<b>(1,083)</b>	1,984	9

**Exchange rates used**

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

	<b>Average rate</b>		<b>Reporting date spot rate</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
AUD				
USD 1	<b>1.0362</b>	0.9658	<b>1.1268</b>	0.9640
RUB 1	<b>0.0325</b>	0.0310	<b>0.0344</b>	0.0316

**Sensitivity analysis**

A weakening of the AUD, as indicated below, against the USD and RUB at 31 December 2013 would have increased 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.

	<b>Strengthening</b>		<b>Weakening</b>	
	<b>Equity \$'000</b>	<b>Profit or loss \$'000</b>	<b>Equity \$'000</b>	<b>Profit or loss \$'000</b>
<b>31 December 2013</b>				
USD (10% movement)	<b>340</b>	<b>340</b>	<b>(278)</b>	<b>(278)</b>
RUB (10% movement)	<b>(120)</b>	<b>(120)</b>	<b>98</b>	<b>98</b>
<b>31 December 2012</b>				
USD (10% movement)	220	220	(180)	(180)
RUB (10% movement)	1	1	(1)	(1)

**(ii) Market price risk**

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

**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements (continued)**  
**For the year ended 31 December 2013**

**27. Financial instruments (continued)**

**(iii) Interest rate risk**

**Exposure to interest rate risk**

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

	Carrying amount	
	2013 \$'000	2012 \$'000
<b>Fixed rate instrument</b>		
Financial assets	-	-
Financial liabilities	-	-
	-	-
<b>Variable rate instruments</b>		
Financial assets		
Cash and cash equivalents	3,749	8,528
Financial liabilities	-	-
	<b>3,749</b>	<b>8,528</b>

**Interest rates used**

The following significant interest rates have been applied.

	Average rate %	Reporting date spot rate %
<b>2013</b>		
Australian cash deposit rate	<b>2.70</b>	<b>2.50</b>
<b>2012</b>		
Australian cash deposit rate	3.64	3.00

**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 \$'000	Profit or loss \$'000
<b>31 December 2013</b>		
Australian cash deposit rate (100 basis points increase)	<b>9</b>	<b>9</b>
<b>31 December 2012</b>		
Australian cash deposit rate (100 basis points increase)	17	17

**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements (continued)**  
**For the year ended 31 December 2013**

**28. Operating Leases**

Leases as lessee

**Non-cancellable operating lease rentals are payable in:**

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

	<b>31 December 2013 \$'000</b>	<b>31 December 2012 \$'000</b>
	<b>311</b>	162
	<b>11</b>	-
	<b>-</b>	-
	<b>322</b>	162
<b>Lease expense recognised in Profit or Loss</b>		
Operating lease expense	-	-
	-	-

The Group leases office space under operating leases.

**29. Exploration expenditure commitments**

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

There are no other commitments as at reporting date.

**30. Contingencies**

The Directors are of the opinion that there are no contingent liabilities or contingent assets as at 31 December 2013, and none were incurred in the interval between the year-end and the date of this report.

**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements (continued)**  
**For the year ended 31 December 2013**

**31. Related parties disclosure**

**(a) Identity of related parties**

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

**(b) Other related party transactions**

In AUD	Note	Transactions value period ended 31 December 2013 \$	Balance outstanding as at 31 December 2013 \$	Transactions value period ended 31 December 2012 \$	Balance outstanding as at 31 December 2012 \$
<b>Group</b>					
TRM services provided	(i)	(1,419,655)	(99,698)	(1,778,472)	(27,500)
Prepayment to TRM	(ii)	-	-	-	207,270
Payment to Director	(iii)	(84,889)	-	(6,502)	-

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

**(c) Loan facilities from related party transactions**

The Group has put in place the following loan facilities to manage liquidity risk.

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

Changes to the loan facilities subsequent to 31 December 2013 are disclosed in Note 37.



**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements (continued)**  
**For the year ended 31 December 2013**

**32. Key Management Personnel Disclosures**

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

<b>Name</b>	<b>Position</b>	<b>Commencement Date</b>
<b>Non-executive Directors</b>		
Antony Manini	Chairman	8 October 2010
Owen Hegarty	Director (Non-executive)	8 October 2010
Brian Jamieson	Independent Director (Non-executive)	25 February 2011
Craig Wiggill	Director (Non-executive)	20 November 2012
Bruce Gray	Director (Non-executive)	25 October 2013
Andrew Gray	Alternate Director to Dr Bruce Gray	25 October 2013
<b>Executive Directors</b>		
Craig Parry	Managing Director and Chief Executive Officer	1 July 2013 12 November 2012
<b>Senior Executives</b>		
Peter Balka	Chief Operating Officer	1 January 2011
Chris McFadden	General Manager - Head of Commercial, Strategy & Corporate Development	1 January 2013
David Forsyth	Company Secretary	8 October 2010

**(a) Compensation of key management personnel**

The key management personnel compensation included in “Administration expenses” (see Note 10) “Deferred exploration, evaluation and development” (see Note 17) and “Share-based payments” (see Note 26) and is as follows:

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	<b>1,329,336</b>	1,423,955
Post-employment benefits	<b>99,809</b>	109,041
Other long-term benefits	<b>28,192</b>	-
Termination benefits	-	581,635
Share-based payments	<b>1,661,860</b>	1,273,791
	<b>3,119,197</b>	3,388,422

Bonuses in respect of FY13 were not finalised or paid by the date of this report. The bonus pool has been approved by the Directors for the KMP’s disclosed in this Remuneration Report. The performance review process for KMPs has been performed, however individual bonus pool allocations to the KMPs have yet to be ratified. As a consequence no STI figures have been included in short-term employee benefits for KMP.

**(b) Key management personnel compensation disclosures**

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

**(c) Key management personnel and director transactions**

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

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

**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements (continued)**  
**For the year ended 31 December 2013**

**32. Key Management Personnel Disclosures (continued)**

**(d) Movements in options**

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

Name	Held at 1 January	Granted as remuneration	Exercised during year	Forfeited during year	Held at 31 December	Vested at 31 December		
						Total	Exercisable	Not exercisable
<b>2013</b>								
<b>Directors</b>								
AJ Manini	9,131,000	1,500,000	-	-	10,631,000	-	-	-
C Parry <sup>1</sup>	10,852,400	-	-	-	10,852,400	4,000,000	4,000,000	-
OL Hegarty	5,315,500	1,000,000	-	-	6,315,500	-	-	-
B Jamieson	2,000,000	1,000,000	-	-	3,000,000	-	-	-
C Wiggill <sup>2</sup>	-	1,000,000	-	-	1,000,000	-	-	-
B Gray	-	-	-	-	-	-	-	-
A Gray	-	-	-	-	-	-	-	-
<b>Other key management personnel</b>								
P Balca	2,256,650	718,000	-	-	2,974,650	-	-	-
C McFadden	1,091,000	-	-	-	1,091,000	-	-	-
D Forsyth	2,955,400	143,000	-	-	3,098,400	-	-	-
<b>2012</b>								
<b>Directors</b>								
AJ Manini	7,631,000	1,500,000	-	-	9,131,000	-	-	-
OL Hegarty	4,315,500	1,000,000	-	-	5,315,500	-	-	-
B Jamieson	1,000,000	1,000,000	-	-	2,000,000	-	-	-
MA Grant <sup>3</sup>	2,039,000	2,049,877	-	4,088,877	-	-	-	-
<b>Other key management personnel</b>								
C Parry <sup>1</sup>	2,852,400	8,000,000	-	-	10,852,400	-	-	-
P Balca	1,694,650	562,000	-	-	2,256,650	-	-	-
D Forsyth	2,852,400	103,000	-	-	2,955,400	-	-	-
P Smith <sup>4</sup>	500,000	729,000	-	1,229,000	-	-	-	-

<sup>1</sup> Appointed as CEO during the year ended 31 December 2012 and Managing Director in the year ended 31 December 2013.

<sup>2</sup> Appointed during the year ended 31 December 2012.

<sup>3</sup> Resigned during the year ended 31 December 2012.

<sup>4</sup> Employment ceased during the year ended 31 December 2012.

**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements (continued)**  
**For the year ended 31 December 2013**

**32. Key Management Personnel Disclosures (continued)**

**(e) Movements in shares**

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

	Note	Balance at 1 January	Acquisitions	Sales	Other Changes	Balance at 31 December
<b>2013</b>						
<b>Directors</b>						
AJ Manini		19,437,183	250,000	-	-	19,687,183
C Parry <sup>2</sup>		4,073,061	281,667	-	-	4,354,728
OL Hegarty		16,212,114	500,000	-	-	16,712,114
B Jamieson		771,528	250,000	-	-	1,021,528
C Wiggill <sup>3</sup>		-	500,000	-	-	500,000
B Gray <sup>1</sup>		-	-	-	101,529,903	101,529,903
A Gray <sup>1</sup>		-	-	-	-	-
<b>Other key management personnel</b>						
P Balka		497,947	80,000	-	-	577,947
C McFadden		400,000	-	-	-	400,000
D Forsyth		9,114,561	25,000	-	-	9,139,561
<b>2012</b>						
<b>Directors</b>						
AJ Manini		17,703,631	1,733,552	-	-	19,437,183
OL Hegarty		13,434,336	2,777,778	-	-	16,212,114
B Jamieson		400,000	371,528	-	-	771,528
MA Grant <sup>4</sup>		200,000	280,000	-	(480,000)	-
<b>Other key management personnel</b>						
C Parry <sup>2</sup>		3,553,055	520,006	-	-	4,073,061
P Balka		404,197	93,750	-	-	497,947
D Forsyth		9,042,061	72,500	-	-	9,114,561

1 Appointed during the year ended 31 December 2013.

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

3 Appointed during the year ended 31 December 2012.

4 Resigned during the year ended 31 December 2012.

**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements (continued)**  
**For the year ended 31 December 2013**

**33. Group entities**

**Significant subsidiaries**

<b>Parent entity</b>	<i>Note</i>	<b>Country of Incorporation</b>	<b>Ownership Interest</b>	
			<b>2013</b>	<b>2012</b>
Tigers Realm Coal Limited		Australia		
<b>Subsidiaries</b>				
TR Coal International Limited		Australia	100%	100%
Tigers Realm Coal (Cyprus) Pty Ltd		Cyprus	100%	100%
Greaterbay Larnaca Finance (Cyprus) Pty Ltd <sup>2</sup>		Cyprus	100%	100%
Eastshore Coal Holding Limited		Cyprus	80%	40%
Northern Pacific Coal Company		Russia	80%	40%
Rosmiro Investments Limited		Cyprus	80%	80%
Beringpromugol LLC		Russia	80%	80%
Beringtranscoal LLC		Russia	80%	46%
Anadyrsky Investments Limited <sup>3</sup>		Cyprus	100%	-
Tigers Realm Coal Spain, SL		Spain	100%	100%
Tigers Coal Singapore No. 1 PTE Limited		Singapore <sup>1</sup>	100%	100%
PT Tigers Realm Coal Indonesia		Indonesia <sup>1</sup>	100%	100%

<sup>1</sup> Currently in liquidation.

<sup>2</sup> Formerly Tigers Realm Coal Finance (Cyprus) Pty Ltd

<sup>3</sup> Formerly Nagornaya Investments Limited

Eastshore Coal Holding Limited and its 100% owned subsidiary Northern Pacific Coal Corporation (NPCC), have been consolidated 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.

**34. Parent entity disclosures**

As at, and throughout the financial year ended 31 December 2012 the parent entity of the Group was Tigers Realm Coal Limited. Information relating to the parent entity follows.

	<b>31 December 2013 \$'000</b>	<b>31 December 2012 \$'000</b>
<b>Results of parent entity</b>		
(Loss) for the period	<b>(1,843)</b>	(494)
Total comprehensive income	<b>(1,843)</b>	(494)
<b>Financial position of parent entity</b>		
Current assets	<b>750</b>	6,373
Total assets	<b>95,505</b>	74,412
Current liabilities	-	-
Total liabilities	-	-
<b>Net Assets</b>	<b>95,505</b>	74,412
<b>Total equity of the parent entity comprising</b>		
Share capital	<b>94,416</b>	73,565
Reserves	<b>4,712</b>	2,627
(Accumulated losses)	<b>(3,623)</b>	(1,780)
<b>Total equity</b>	<b>95,505</b>	74,412

**Contingent liabilities of the parent entity**

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

**Capital commitments of the parent entity**

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

**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements (continued)**  
**For the year ended 31 December 2013**

**35. Deed of cross guarantee**

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

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

The entities subject to the Deed of Cross Guarantee are:

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

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

A consolidated statement of comprehensive income and consolidated statement of financial position, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee for the year ended 31 December 2013 is set out below.

**Statement of comprehensive income and retained earnings**

	<b>31 December 2013 \$'000</b>	<b>31 December 2012 \$'000</b>
<b>Continuing operations</b>		
Other income	-	-
Exploration and evaluation expenses	-	-
Share based payments	<b>(2,084)</b>	(859)
Administrative expenses	<b>(7,219)</b>	(6,994)
Loss on revaluation of Royalty Option Liability	-	-
<b>Results from operating activities</b>	<b>(9,303)</b>	(7,853)
Net foreign exchange gain / (loss)	<b>50</b>	(27)
Finance income	<b>2,417</b>	1,459
<b>Net finance (expense)</b>	<b>2,467</b>	1,432
<b>(Loss) before income tax</b>	<b>(6,836)</b>	(6,421)
Income tax (expense)	-	-
<b>(Loss) from continuing operations</b>	<b>(6,836)</b>	(6,421)
<b>Discontinued operation</b>		
Loss from discontinued operation (net of tax)	-	(13,039)
<b>(Loss) after income tax</b>	<b>(6,836)</b>	(19,460)
<b>Other comprehensive income</b>		
Foreign currency translation differences for foreign operations	-	-
Income tax on other comprehensive income	-	-
<b>Total comprehensive (loss) for the period</b>	<b>(6,836)</b>	(19,460)
(Accumulated losses) at beginning of year	<b>(24,779)</b>	(5,319)
Transfers to and from reserves	-	-
<b>(Accumulated losses) at end of year</b>	<b>(31,615)</b>	(24,779)
<b>(Loss) is attributable to:</b>		
Owners of the Company	<b>(6,836)</b>	(19,460)
<b>(Loss) for the period</b>	<b>(6,386)</b>	(19,460)

**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements (continued)**  
**For the year ended 31 December 2013**

**35. Deed of cross guarantee (continued)**

	31 December 2013 \$'000	31 December 2012 \$'000
<b>Current Assets</b>		
Cash and cash equivalents	1,427	6,923
Trade and other receivables	66	36
Prepayments	608	360
Other current assets	26	-
<b>Total current assets</b>	<b>2,127</b>	<b>7,319</b>
<b>Non-current assets</b>		
Related party receivables	71,350	40,489
Deferred exploration, evaluation and development	2,812	2,776
Property, Plant and Equipment	192	244
Intangible assets	72	41
<b>Total non-current assets</b>	<b>74,426</b>	<b>43,550</b>
<b>Total assets</b>	<b>76,553</b>	<b>50,869</b>
<b>Current Liabilities</b>		
Trade and other payables	855	346
Employee provisions	934	361
<b>Total current liabilities</b>	<b>1,789</b>	<b>707</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	-	-
Royalty agreement liability	-	-
<b>Total non-current liabilities</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>1,789</b>	<b>707</b>
<b>Net assets</b>	<b>74,764</b>	<b>50,162</b>
<b>Equity</b>		
Share capital	94,416	73,565
Reserves	11,963	1,376
(Accumulated losses)	(31,615)	(24,779)
<b>Total equity attributable to equity holders of the Company</b>	<b>74,764</b>	<b>50,162</b>



**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements (continued)**  
**For the year ended 31 December 2013**

**36. Non-controlling interest**

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

*31 December 2013*

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

*31 December 2012*

	Eastshore Coal Holding	Rosmiro Investments Limited	Intra-group eliminations	Total
NCI percentage	60%	20%		
	\$'000	\$'000	\$'000	\$'000
Current assets	7,600	259		
Non-current assets	108,429	747		
Current liabilities	(1,171)	(19)		
Non-current liabilities	(60,242)	(399)		
<b>Net assets</b>	<b>54,616</b>	<b>588</b>		
Carrying amount of NCI	32,770	117	-	32,887
Revenue	-	-		
Profit / (loss)	(1,981)	105		
OCI	4,228	-		
<b>Total comprehensive income</b>	<b>2,247</b>	<b>105</b>		
Profit allocated to NCI	1,348	21	-	1,369
OCI allocated to NCI	-	-	-	-
Cashflows from				
Operating activities	2,274	(104)		
Investing activities	(14,913)	(184)		
Financing activities	12,281	468		
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(358)</b>	<b>180</b>		

**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements (continued)**  
**For the year ended 31 December 2013**

**36. Non-controlling interest (continued)**

**Acquisition of NCI**

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

The impact of this transaction was that the Group recognised:

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

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

The impact of this transaction was that the Group recognised:

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

The following summarises the changes in the Group’s ownership interest in Eastshore.

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

**37. Subsequent events**

Subsequent to 31 December 2013 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 16 January 2014 the short term unsecured interest loan facility of \$0.500 million with a Director, Mr A Manini was cancelled. The loan facility was not utilised by the Group. On 16 January 2014 the short term unsecured interest loan facility of \$0.500 million with a Director, Mr O Hegarty was cancelled. The loan facility was not utilised by the Group.

On 14 February 2014 the short term unsecured loan facility with Tigers Realm Minerals Pty Limited was increased by \$0.500 million to \$2.500 million.

On 20 March 2014 the Company announced the results of its winter drilling season. At Amaam over 6,000 metres of a planned 9,000 metre drilling campaign was completed. This drilling identified new coal seams over a strike length of 2.2 km with a cumulative coal thickness averaging 8.3 metres. At Amaam North 6,000 metres of drilling was completed which increased the strike length of the Project F coal seam by 8.6 km. The drilling also discovered further coal seams to the north of Project F, and also to the east of Project F.

**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements (continued)**  
**For the year ended 31 December 2013**

**37. Subsequent events (continued)**

On 21 March 2014 the Company held an extraordinary general meeting to obtain shareholder agreement to the completion of the equity raising of \$62.020 million in the form of fully paid ordinary shares at a price of \$0.165 per share. The \$0.165 share price represents a 5.8% discount to the five day volume weighted average trade price of TIG's shares prior to the trading halt announcement date on 5th December 2013. The equity raising consisted of the following elements.

- A placement of 219,263,985 fully paid ordinary shares to raise gross proceeds of \$36.179 million to Baring Vostok Private Equity Fund V, through BV Mining Holding Limited (BVMHL);
- A placement of 99,000,000 fully paid ordinary shares to raise gross proceeds of \$16.335 million to the Russian Direct Investment Fund (RDIF);
- A placement of 47,612,290 fully paid ordinary shares to raise gross proceeds up to \$7.856 million to existing and new shareholders. Of this placement amount, 23,484,848 shares were issued on 3 March 2014 raising gross proceeds of \$3.875 million.
- A Share Purchase Plan to existing shareholders for 10,000,000 shares to raise gross proceeds of up to \$1.650 million.

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

As at the date of this report the Company has received \$56.632 million of the proceeds of equity raising.

At the Extraordinary General Meeting on 21 March 2014, shareholders approved the acquisition by Dr Bruce Gray, a Director, of a relevant interest in the 55,730,814 shares held by TRM under an Option Deed between Hanate Pty Ltd, a company controlled by Dr Gray), with TRM.

On 28 March 2014 Dr Bruce Gray resigned as a Non-executive Director of the Company, and Mr Andrew Gray was appointed as a Non-executive Director of the Company.

**38. Auditors' Remuneration**

**Audit services:**

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

**Other auditors – Non-KPMG firms**

Audit and review of financial reports

**Services other than statutory audit**

**Other services**

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

**Total Services Provided**

	<b>31 December 2013 \$,000</b>	<b>31 December 2012 \$,000</b>
	<b>250</b>	240
	<b>79</b>	55
	<b>329</b>	295
	<b>9</b>	25
	<b>338</b>	320
	<b>62</b>	20
	<b>1</b>	6
	<b>63</b>	26
	<b>401</b>	346

## Tigers Realm Coal Limited

### Directors' declaration For the year ended 31 December 2013

1. In the opinion of the Directors of Tigers Realm Coal Limited ('the Company'):
  - (a) the consolidated financial statements and notes that are set out on pages 53 to 101 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 2013 and of its performance for the financial year ended on that date; and
    - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
  - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. There are reasonable grounds to believe that the Company and the group entities identified in note 33 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Class Order 98/1418.
3. The Directors have been given the declarations required by Section 259A of the *Corporations Act 2001* from the chief executive officer and the chief financial officer for the financial year ended 31 December 2013.
4. The Directors draw attention to note 2(a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

Dated at Melbourne this 28th day of March 2014.



---

Antony Manini  
Chairman



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


To: the directors of Tigers Realm Coal Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2013 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

28 March 2014

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.





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

### Report on the financial report

We have audited the accompanying financial report of Tigers Realm Coal Limited (the company), which comprises the consolidated statement of financial position as at 31 December 2013, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 38 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

#### *Directors' responsibility for the financial report*

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

#### *Auditor's responsibility*

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

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

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

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

#### *Independence*

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

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.





*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 2013 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

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

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

**Report on the remuneration report**

We have audited the Remuneration Report included in paragraph 12 of the directors' report for the year ended 31 December 2013. 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 2013 complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Michael Bray  
*Partner*

Melbourne

28 March 2014

## Tigers Realm Coal Limited

### SHAREHOLDER INFORMATION

#### 1. Top 20 Shareholders as at 26 March 2014

		Number of Shares	% of Total
1	TIGERS REALM MINERALS PTY LTD	119,832,920	21.88%
2	PROFESSOR BRUCE NATHANIEL GRAY	86,000,000	15.70%
3	NAMARONG INVESTMENTS PTY LTD <THE HANSEN INVESTMENT A/C>	19,393,939	3.54%
4	NAMARONG INVESTMENTS PTY LTD <THE HANSEN INVESTMENT A/C>	18,567,040	3.39%
5	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	18,472,575	3.37%
6	LODESTONE EQUITIES LIMITED	16,666,667	3.04%
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	14,249,863	2.60%
8	REGENT PACIFIC GROUP	12,700,000	2.32%
9	ANTMAN HOLDINGS PTY LIMITED	11,867,943	2.17%
10	SHIMMERING BRONZE PTY LIMITED	9,934,336	1.81%
11	FOREMOST MANAGEMENT SERVICES PTY LIMITED <SUPER FUND A/C>	8,924,694	1.63%
12	PINE RIDGE HOLDINGS PTY LTD <PINE RIDGE SUPERANNUATION FUND A/C>	8,333,334	1.52%
13	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	7,694,222	1.40%
14	AJM INVESTCO PTY LIMITED <MANINI FAMILY SUPER FUND A/C>	7,489,240	1.37%
15	PROFESSOR BRUCE NATHANIEL GRAY	6,000,000	1.10%
16	UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	5,977,884	1.09%
17	GP SECURITIES PTY LTD	5,789,240	1.06%
18	ASIPAC GROUP PTY LIMITED	4,506,278	.82%
19	SHIMMERING BRONZE PTY LTD	4,277,778	.78%
20	SENNEN TROVE PTY LTD <BETA SUPER FUND A/C>	4,167,499	.77%
	<b>TOTAL FOR TOP 20:</b>	<b>390,845,452</b>	<b>71.36%</b>

#### 2. Voting rights of ordinary shares

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

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

## Tigers Realm Coal Limited

### SHAREHOLDER INFORMATION (Continued)

#### 3. Distribution of Shareholders and Shareholdings as at 26 March 2014

<b>Holding &amp; Distribution</b>	<b>No. of Holders</b>	<b>Securities</b>	<b>%</b>
1 to 1000	22	2,119	.00
1001 to 5000	86	308,455	.06
5001 to 10000	75	622,574	.11
10001 to 1000000	440	20,310,665	3.71
1000001 and Over	236	526,464,052	96.12
Total	<b>859</b>	<b>547,707,865</b>	<b>100.00</b>

#### 4. Tigers Realm Coal Substantial Shareholders as at 26 March 2014

	<b>No. of Shares</b>	<b>% of Total</b>
Tigers Realm Minerals Pty Ltd	119,832,920	21.88%
Bruce N Gray	101,529,903	18.54%

#### 5. Shareholdings of less than a marketable parcel as at 26 March 2014

59 holders holding a total of 89,683 shares

#### 6. Unquoted Securities as at 26 March 2014

49,527,100 Unlisted options on issue

# Tigers Realm Coal Limited

## Corporate Directory

### DIRECTORS

Antony Manini (Chairman)

Craig Parry (MD & CEO)

Owen Hegarty

Brian Jamieson

Craig Wiggill

Andrew Gray

### COMPANY SECRETARY

David Forsyth

### PRINCIPAL & REGISTERED OFFICE

Level 7, 333 Collins St

Melbourne, Victoria, 3000

Tel: 03 8644 1300

Fax: 03 9620 5444

Email: [investorrelations@tigersrealmcoal.com](mailto:investorrelations@tigersrealmcoal.com)

### AUDITORS

KPMG

147 Collins Street

Melbourne, Victoria 3000

### BANKERS

ANZ Banking Group Limited

100 Queen St,

Melbourne, Victoria 3000





**Tigers Real Coal Limited**  
Level 7, 333 Collins Street  
Melbourne VIC 3000

**T** +61 3 8644 1326  
**F** +61 3 8644 1320

[tigersrealmcoal.com](http://tigersrealmcoal.com)