

Tigers Realm Coal Limited
Appendix 4D – Half year report
For the six months ended 30 June 2018

1. Details of the reporting period and the previous corresponding period.

Current Period: 1 January 2018 to 30 June 2018
Previous corresponding period 1 January 2017 to 30 June 2017

2. Results for announcement to the market

	30 June 2018 ‘000s	30 June 2017 ‘000s	Change %
2.1 Revenue	95	58	64%
2.2 Net (Loss) from ordinary activities	(4,312)	(6,276)	31%
2.3 Net (Loss) attributable to owners of the Company	(4,247)	(5,429)	22%

2.4 Dividends

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to 30 June 2018.

2.5 Commentary

Net loss from ordinary activities decreased by \$1,964 thousand (31%) for the six months to 30 June 2018 compared to the corresponding six-month period to 30 June 2017 as a result of the decrease of A\$1,192 thousand in amounts charged to the statement of comprehensive income for changes in the provision for current assets and a decrease of A\$531 thousand in the loss resulting from a change in the royalty agreement liability.

3. Net consolidated tangible assets per ordinary share

	30 June 2018 cents	30 June 2017 cents	Change %
Ordinary shares	0.46	0.81	(50%)

4. Details of entities over which control has been gained or lost during the period:

No entities were acquired or disposed of during the six months ended 30 June 2018.

5. Details of associates and joint venture entities:

No investments in associates or joint ventures are held by the Group.

6. Foreign entities

Not applicable

7. Audit dispute or qualification

The interim financial statements for the six-month period ended 30 June 2018 have no audit dispute nor qualification.

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Tigers Realm Coal Limited

(ABN 50 146 752 561)

Interim Financial Report

For the six months ended 30 June 2018

Tigers Realm Coal Limited

Corporate Directory

DIRECTORS

Craig Wiggill (Chairman)
Owen Hegarty
Bruce Gray
Ralph Morgan
Tagir Sitdekov
Nikolay Ishmetov (Alternate for Tagir Sitdekov)

COMPANY SECRETARY

David Forsyth

PRINCIPAL & REGISTERED OFFICE

151 Wellington Parade South, East Melbourne
Melbourne, Victoria, 3002

Tel: 03 8644 1300

Email: investorrelations@tigersrealmcoal.com

AUDITORS

Deloitte Touche Tohmatsu
123 Eagle Street,
Brisbane, Queensland 4000

BANKERS

Commonwealth Bank of Australia Limited
727 Collins Street,
Melbourne, Victoria 3008

Tigers Realm Coal Limited

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Tigers Realm Coal Limited
Directors' Report
For the six months ended 30 June 2018

1. Directors, Alternate Director and Company Secretary

The Directors, Alternate Director and Company Secretary of Tigers Realm Coal Limited are:

Name	Role
Mr Craig Wiggill (Chairman) BSc Eng	Independent Non-Executive Director
Mr Owen Hegarty BEc (Hons), FAusIMM	Independent Non-Executive Director
Mr Bruce Gray MB, BS, MS, PhD, FRACS	Non-Executive Director
Mr Ralph Morgan BA, MPhil	Non-Executive Director
Mr Tagir Sitdekov MBA	Non-Executive Director
Mr Nikolay Ishmetov MSc in Finance	Alternate Director to Tagir Sitdekov
Mr David Forsyth FGIA, FCIS, FCPA	Company Secretary

All Directors and the Alternate Director have been in office from 1 January 2018 through to the date of this report.

2. Directors' meetings

During the six-month period to 30 June 2018, 5 Directors' meetings were held for Tigers Realm Coal Limited ("TIG" or "the Company").

3. Principal activities

The principal activities of the Group are the identification, exploration, development, mining and sale of coal from deposits in the Far East of the Russian Federation.

4. Review of Operations

Business Strategies and Group Objectives

The Group's objectives encompass the development of the Amaam Coking Coal Field, comprising two, well-located, large coking coal projects in the Far East of Russia:

- Amaam North: a low-cost starter project providing a fast track to production and earnings, utilising existing infrastructure; and
- Amaam: a large-scale coking coal project, with estimated production capacity of up to 6.5Mtpa of production from dedicated new infrastructure.

Amaam North

Amaam North, and specifically the Fandyushkinsky Field Licence AND 15813 TE area ("Project F"), which is a part of Amaam North and has progressed significantly from the initial Resource announcement in July 2013 and subsequent Preliminary Feasibility Report for Project F, which was completed in September 2013. In November 2014, a Project F Feasibility Study was completed and in April 2016 a Project F Feasibility Study Update, doubling mine life and reserves, was completed.

Tigers Realm Coal Limited
Directors' Report
For the six months ended 30 June 2018

4. Review of Operations

Business Strategies and Group Objectives (continued)

Amaam North (Continued)

A non-renounceable rights issuance was successfully completed during 2016, the primary use of proceeds being the development of Phase One of Project F. Commercial mining commenced in January 2017 after completing the necessary initial mine infrastructure construction works in the second half of 2016.

During the six months ended 30 June 2018, the Company achieved coal production of 244.1 thousand tonnes (115.3 thousand tonnes in the six months ended 30 June 2017).

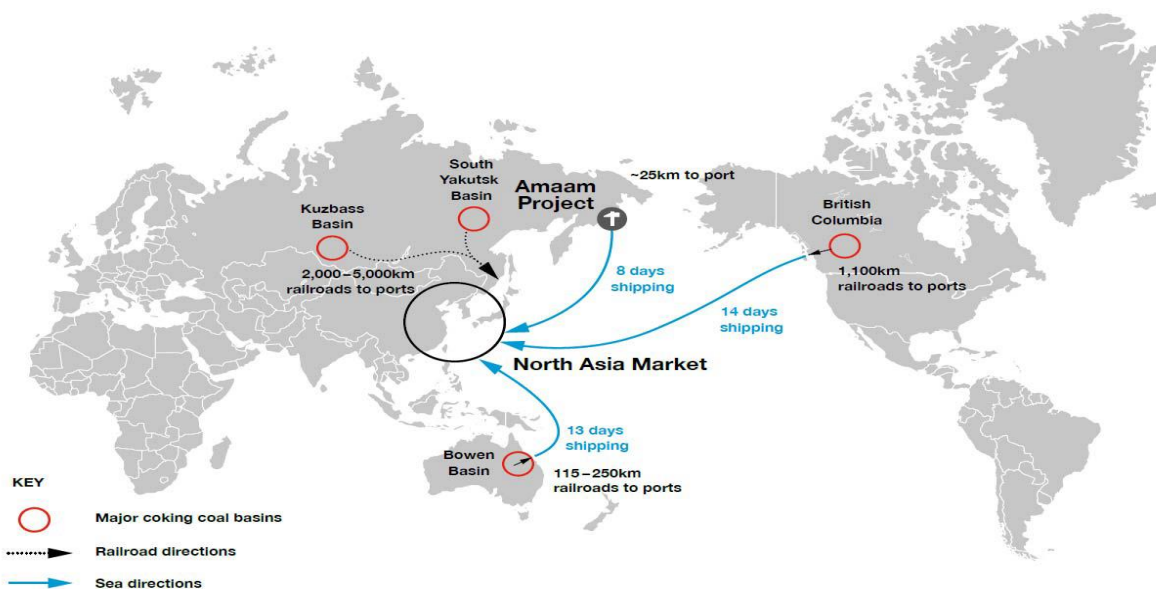
Management is currently forecasting, based on actual mining results for the six months ended 30 June 2018 and present operational capacity, 2018 coal production in the range of 530 to 575 thousand tonnes and a stripping ratio of 3.7:1. Coal sales are expected to be between 440 and 495 thousand tonnes.

Project F Phase Two is planned to increase coal sales to over 1 million tonnes per annum via the upgrade of mine infrastructure, the Beringovsky Port and Coal Terminal and the construction of a coal handling and preparation plant ("CHPP"). The Group continues to assess alternative project development and funding solutions for the further capital investment required to realise Project F Phase Two.

Amaam

Amaam is a core asset of the Group, being a potentially 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 an estimated 20-year life of mine. It involves the construction of a CHPP and associated infrastructure, a year-round coal terminal with loading facilities on the nearby Arinay Lagoon and a 25km rail line or road to connect them. A Preliminary Feasibility Study was released in April 2013 and since then the Group has completed further drilling and exploration activities, updated the resource estimate and obtained two long-term (20 year) Extraction and Exploration Licences over parts of the deposit, and extended the Exploration Licence. The Company plans to commence an update of the Amaam development model to assess the most efficient means by which to develop this significant coal resource. Further details on the current status of the Group's licences are disclosed below in *Licence Update*.

Amaam Coking Coal Field– World Location Map



Tigers Realm Coal Limited
Directors' Report
For the six months ended 30 June 2018

Operating Performance

Key Indicators of Operational performance are as follows:

Operating Indicators (tonnes unless otherwise stated)	Results for 6 months to 30 June 2018	Results for the year ended 31 December 2017	Results for 6 months to 30 June 2017
Coal mined	244.1	249.4	115.3
Overburden removed	904.1 bcm	942.9 bcm	309.7 bcm
Stripping ratio	3.7:1	3.8:1	2.7:1
ROM coal stocks at period end	328.7	84.8	115.3
Cost of coal produced per tonne	A\$36.46 (US\$28.30)	A\$38.76 (US\$30.09)	A\$39.97 (US\$30.03)

For the six months ended 30 June 2018 the Group had a net loss of A\$4.312 million (six months to 30 June 2017: loss A\$6.276 million) and at 30 June 2018 had net equity of A\$8.252 million (31 December 2017: A\$14.594 million). The Group's primary operational focus during the six months ended 30 June 2018 was coal mining and the negotiation of coal sales agreements. As a result of the mining activities undertaken during the six months ended 30 June 2018, the Group mined 244.1 thousand tonnes of coal. The Group concluded its first two coal sales agreements in the six months ended 30 June 2018, received its first advance payment of A\$2.576 million in June 2018 and commenced loading the first coal shipment of the season in June 2018 (as of 30 June 2018, the cargo was partially loaded with 28.9 thousand tonnes of coal), the shipment of 44 thousand tonnes completed in the first week of July 2018.

During the six months ended 30 June 2018, cash outflows from operating activities were A\$8.194 million (six months to 30 June 2017: outflows of A\$7.040 million).

Financial Position

Cash balances

The Group's cash balance increased by A\$1.298 million to A\$3.309 million over the six-month period to 30 June 2018, from A\$2.011 million at 31 December 2017. Cash balances increased due to a combination of the full utilisation of the working capital facility, settlement of outstanding receivables, partial redemption of promissory notes and the receipt of an advance on the second shipment of the 2018 shipping season in the amount of A\$2.576 million, offset by production costs, coal stocks increasing by 244.1 tonnes or A\$8.670 million to 328.7 thousand tonnes or A\$11.075 million, net of A\$0.831 million in a provision for the lower of cost and net realisable value.

Furthermore, the Group paid A\$2.206 million for the investment in acquisition of property, plant and equipment in addition to paying finance lease obligations of A\$0.194million.

As of 30 June 2018, the Company has a fully utilised credit line, the balance of which at 30 June 2018 is RUB 597 million (A\$12.901 million). At 31 December 2017, A\$11.964 million was available and unused.

Inventory on hand

The lower of cost and net realisable value of the Group's inventories on hand at 30 June 2018 is A\$13.163 million (31 December 2017 is A\$4.929 million), including A\$11.075 million of coal inventories, A\$0.348 million in fuel and oils and A\$1.740 million of other consumables (31 December 2017 is A\$2.386 million of coal inventories, A\$0.462 million in fuel and oils and A\$2.081 million of other consumables). Management performs a regular review of the recoverability of inventories, including coal inventories, to assess the Company's ability to recover the cost of coal inventories on hand. Accordingly, a provision of A\$0.831 million was recognised for the recoverability of coal inventories at 30 June 2018 (31 December 2017 is A\$0.850 million), primarily in respect of coal inventories requiring washing, crushing and sizing prior to commercial realisation.

Tigers Realm Coal Limited
Directors' Report
For the six months ended 30 June 2018

4. Operating and financial review (continued)

Financial Position

Non-current assets

The Company performs at a minimum twice annually a review for the existence of conditions indicating either the necessity to perform an impairment review or to consider the necessity to reverse previously recognised write-downs, as a result of which management have concluded that in the six months to 30 June 2018 neither further asset write-downs nor reversal of prior period write-downs recorded as a result of impairment testing performed in prior periods will be recognised.

Finance Leases

On 29 May 2018, the Group executed a finance lease agreement to acquire two additional Scania haulage trucks. The cost of the coal haulage trucks recognised in property, plant and equipment was RUB 22.309 million (A\$0.480 million). The value of the finance lease, after an advance payment of RUB 2.108 million (A\$0.045 million), was RUB 18.785 million (A\$0.405 million) upon inception and RUB 18.994 million (A\$0.409 million) at 30 June 2018.

On 2 May 2018, the Group executed two finance lease agreements with Liebherr to acquire an excavator and a bulldozer ("2018 Liebherr Acquisitions"). The cost of the 2018 Liebherr Acquisitions recognised in property, plant and equipment was RUB 29.461 million (A\$0.635 million). The value of the finance lease liability, after an advance payment of RUB 1.576 million (A\$0.034 million), was RUB 27.768 million (A\$0.599 million) upon inception and RUB 28.081 million (A\$ 0.605 million) at 30 June 2018.

Lapse of Options

During the six months ended 30 June 2018, 15,268,000 options were removed from the Company's option register as follows: 11,907,000 options forfeited on 28 June, 2,000,000 options lapsed on 4 May, 200,000 options lapsed on 22 March and 1,161,000 options lapsed on 15 February. Total number of options as of 30 June 2018 is 44,169,000.

Royalty Agreement liability

After the assessment of the provision for the obligations under the Royalty Agreement liability at 30 June 2018, the Group increased the royalty liability by A\$0.531 million to A\$6.112 million (At 31 December 2017: A\$5.378 million).

Licence Update

During the six months ended 30 June 2018, TIG was issued a discovery certificate for the Zvonky deposit within Project F, being an integral step in the process of obtaining an Extraction and Exploration Licence (Mining Licence)

5. Events subsequent to reporting date

Finance Lease agreement

On 13 July 2018, the Group entered into a finance lease agreement with Scania to acquire 2 haulage trucks, to be delivered to Beringovsky Port in August 2018. An advance payment of RUB 2.069 million (A\$0.045 million) was made in July 2018 and total contractual payments over 42 months from the date of commissioning of the equipment will be RUB 26.291 million (A\$0.567 million).

On 21 August 2018, the Group entered into a finance lease agreement with Universal Leasing Company to acquire a Komatsu D375A bulldozer, to be delivered to Vladivostok Port by 14 September 2018. An advance payment of RUB 13.568 million (A\$0.292 million) is to be made by 12 September 2018 and total contractual payments over 36 months from the date of taking delivery of the equipment will be RUB 70.199 million (A\$1.513 million).

Lapse of Options

On 10 August 2018, 708,000 options were forfeited and removed from the Company's option register.

Tigers Realm Coal Limited
Directors' Report
For the six months ended 30 June 2018

6. 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.

7. Directors' interests

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

	Tigers Realm Coal Limited	
	Ordinary shares	Options over ordinary shares
OL Hegarty	30,412,029	1,500,000
C Wiggill	1,200,000	1,500,000
B Gray	378,001,865	-
R Morgan	-	500,000
T Sitdekov	-	1,500,000
N Ishmetov (Alternate to T Sitdekov)	-	-

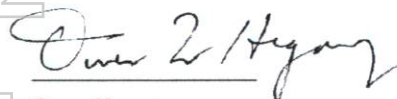
8. Auditor's Independence Declaration

The auditor's independence declaration is set out on page 26 and forms part of the Directors' report for the six-month period to 30 June 2018.

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

Dated at Melbourne this 30th day of August 2018.

Signed in accordance with a resolution of the Directors:



Owen Hegarty
Non-Executive Director

Tigers Realm Coal Limited
Condensed consolidated interim statement of financial position
As at 30 June 2018

	Note	30 June 2018 A\$'000	31 December 2017 A\$'000
Current Assets			
Cash and cash equivalents		3,309	2,011
Trade and other receivables		1,349	2,898
Inventories	12	13,163	4,929
Investment in restricted financial instruments	11	627	861
Prepayments		1,036	1,453
Other current assets		48	85
Total current assets		19,532	12,237
Non-current assets			
Property, plant and equipment	13	16,823	15,600
Total non-current assets		16,823	15,600
Total assets		36,355	27,837
Current Liabilities			
Trade and other payables		2,300	3,767
Bank loan payable	14	12,901	1,357
Advances for future coal sales received		2,576	-
Lease liability	15	1,002	739
Royalty liability	16	822	86
Employee benefits		543	1,137
Total current liabilities		20,144	7,086
Non-current liabilities			
Trade and other payables		273	140
Lease liability	15	2,333	1,757
Provision for site restoration		63	64
Royalty liability	16	5,290	5,292
Total non-current liabilities		7,959	7,253
Total liabilities		28,103	14,339
Net assets		8,252	13,498
Equity			
Share capital	17	173,747	173,747
Reserves		22,122	22,693
(Accumulated losses)		(168,191)	(163,944)
Total equity attributable to equity holders of the Company		27,678	32,496
Non-controlling interest		(19,426)	(18,998)
Total equity		8,252	13,498

The notes on pages 13 to 24 are an integral part of the condensed consolidated interim financial report.

Tigers Realm Coal Limited

Condensed consolidated interim statement of comprehensive income For the six months ended 30 June 2018

	Note	30 June 2018 A\$'000	30 June 2017 A\$'000
Revenue from coal sales		-	-
Mining and related costs of coal sold		-	-
Transshipment and other port costs		(438)	-
Gross margin on coal sold		(438)	-
Other income		95	58
Administrative and other operating expenses	8	(2,433)	(3,097)
Share based payments		(72)	(61)
Exploration and evaluation expenses		(274)	-
Change in provision for current assets		(92)	(1,284)
Loss resulting from change in royalty agreement liability	16	(531)	(1,062)
Results from operating activities		(3,745)	(5,446)
Finance income		-	5
Finance costs		(721)	(165)
Net foreign exchange gain/(loss)		154	(667)
Net finance (costs)		(567)	(827)
(Loss) before income tax		(4,312)	(6,273)
Income tax (expense)		-	(3)
Net (Loss)		(4,312)	(6,276)
Other comprehensive (loss)/income			
Items that may subsequently be reclassified to profit or loss			
Foreign currency translation differences for foreign operations		(1,006)	298
Total comprehensive (loss) for the period		(5,318)	(5,978)
Net (Loss) is attributable to:			
Owners of the Company		(4,247)	(5,429)
Non-controlling interest		(65)	(847)
(Loss) for the period		(4,312)	(6,276)
Total comprehensive gain/(loss) attributable to:			
Owners of the Company		(4,890)	(5,987)
Non-controlling interest		(428)	9
Total comprehensive (loss) for the period		(5,318)	(5,978)
(Loss) per share (cents per share)			
Basic (loss) per share (cents)	10	(0.24)	(0.30)
Diluted (loss) per share (cents)	10	(0.24)	(0.30)

The notes on pages 13 to 24 are an integral part of the condensed consolidated interim financial report.

Tigers Realm Coal Limited
Condensed consolidated interim statement of changes in equity
For the six-month period ended 30 June 2018

<i>Notes</i>	Share Capital AS'000	(Accumulated Losses) AS'000	Share based payments reserve AS'000	Foreign Currency Translation Reserve AS'000	Other Reserve AS'000	Total AS'000	Non- controlling Interest AS'000	Total AS'000
Balance as at 1 January 2018	173,747	(163,944)	6,729	9,655	6,309	32,496	(18,998)	13,498
Net (Loss) for the period	-	(4,247)	-	-	-	(4,247)	(65)	(4,312)
Other comprehensive income/(loss) for the period	-	-	-	(643)	-	(643)	(363)	(1,006)
Total comprehensive income/(loss) for the period	-	(4,247)	-	(643)	-	(4,890)	(428)	(5,318)
Share based payment transactions	-	-	72	-	-	72	-	72
Balance at 30 June 2018	173,747	(168,191)	6,801	9,012	6,309	27,678	(19,426)	8,252
Balance as at 1 January 2017	173,747	(157,731)	6,603	10,544	18,582	51,745	(31,234)	20,511
Net (Loss) for the period	-	(5,429)	-	-	-	(5,429)	(847)	(6,276)
Other comprehensive income/(loss) for the period	-	-	-	(558)	-	(558)	856	298
Total comprehensive income/(loss) for the period	-	(5,429)	-	(558)	-	(5,987)	9	(5,978)
Share based payment transactions	-	-	61	-	-	61	-	61
Balance at 30 June 2017	173,747	(163,160)	6,664	9,986	18,582	45,819	(31,225)	14,594

The notes on pages 13 to 24 are an integral part of the condensed consolidated interim financial report.

Tigers Realm Coal Limited
Condensed consolidated interim statement of cash flows
For the six months period ended 30 June 2018

	30 June 2018 A\$'000	30 June 2017 A\$'000
Cash flows from operating activities		
Cash receipts from customers	3,763	-
Interest income received	-	5
Cash paid to suppliers and employees	(11,256)	(6,884)
Exploration and evaluation expenditure	(111)	-
Interest and financing costs paid	(550)	(161)
Income taxes paid	(40)	-
Net cash used in operating activities	(8,194)	(7,040)
Cash flows from investing activities		
Payments for property, plant and equipment	(2,206)	(2,810)
Redemption of restricted financial instruments	208	-
Proceeds from the disposal of property, plant and equipment	-	-
Net cash used in investing activities	(1,998)	(2,810)
Cash flows from financing activities		
Repayment of finance lease liabilities	(194)	(1,392)
Proceeds from borrowings	11,891	-
Repayment of borrowings	(117)	-
Share issue costs	-	(15)
Net cash received (used in) from financing activities	11,580	(1,407)
Net movement in cash and cash equivalents	1,388	(11,257)
Cash and cash equivalents at beginning of the period	2,011	17,109
Effects of exchange rate changes on cash and cash equivalents	(90)	(770)
Cash and cash equivalents at the end of the period	3,309	5,082

Non-cash investing activities for the six months ended 30 June 2018: Finance leases

On 29 May 2018, the Group executed a finance lease agreement to acquire two additional Scania haulage trucks. The cost of the coal haulage trucks recognised in property, plant and equipment was RUB 22.309 million (A\$0.480 million). The value of the finance lease, after an advance payment of RUB 2.108 million (A\$0.045 million), was RUB 18.785 million (A\$0.405 million) upon inception and RUB 18.994 million (A\$0.409 million) at 30 June 2018.

On 2 May 2018, the Group executed two finance lease agreements with Liebherr to acquire an excavator and a bulldozer ("2018 Liebherr Acquisitions"). The cost of the 2018 Liebherr Acquisitions recognised in property, plant and equipment was RUB 29.461 million (A\$0.635 million). The value of the finance lease liability, after an advance payment of RUB 1.576 million (A\$0.034 million), was RUB 27.768 million (A\$0.599 million) upon inception and RUB 28.081 million (A\$ 0.605 million) at 30 June 2018.

Non-cash investing activities for the six months ended 30 June 2017: Finance leases

In March 2017, the Group entered into an agreement with Scania for the purchase of 5 trucks and paid an advance of RUB 13.129 million (A\$0.288 million), the total contract value upon inception being RUB 59.883 million (A\$1.409 million). As of 30 June 2017, the equipment was in transit, with remaining contractual payments at 30 June 2017 of RUB 46.519 million (A\$1.020 million).

In June 2017, the Group entered into an agreement with Liebherr to purchase 1 dump truck in accordance with which an advance of RUB 2.041 million (A\$0.044 million) was paid of a total contract value upon inception of RUB 17,474 (A\$0.383 million). As of 30 June 2017, the truck was in transit, with remaining contractual obligations of RUB 15,432 million (A\$0.339 million).

The notes on pages 13 to 24 are an integral part of the condensed consolidated interim financial report.

Tigers Realm Coal Limited

Notes to the condensed consolidated interim financial report

For the six-month period ended 30 June 2018

1. Reporting entity

Tigers Realm Coal Limited (the “Company” or “TIG”) is a company domiciled in Australia. The Company’s registered office during the six months to 30 June 2018 was 151 Wellington Parade South, East Melbourne, 3002. The condensed consolidated interim financial report as at and for the six months ended 30 June 2018 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 evaluation, mining and sales activities.

The consolidated annual financial report for the year ended 31 December 2017 is available on request at the Company’s registered office at 151 Wellington Parade South, East Melbourne, 3002, Victoria, Australia or from the Company’s website at www.tigersrealmcoal.com.

2. Statement of compliance

The condensed consolidated interim financial report has been prepared on a going concern basis in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001 and in compliance with IAS 34 *Interim Financial Reporting*.

The condensed consolidated interim financial report does not include all of the information and disclosures required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report as at and for the year ended 31 December 2017.

The condensed consolidated interim financial report was authorised for issue by the Board of Directors on 30 August 2018.

3. Basis of preparation

The condensed consolidated interim financial report has been prepared on the historical cost basis except for certain financial instruments which are carried at fair value and share based payment expenses which are recognised at fair value. Historical cost is based on the fair values of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financials/Directors’ Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the financial report have been presented in Australian dollars and rounded to the nearest thousand dollars, unless otherwise indicated.

Going concern basis of accounting

The condensed consolidated interim financial report has been prepared on the 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 six months ended 30 June 2018, the Group incurred a net loss of A\$4.312 million (30 June 2017: loss A\$6.276 million) and net cash outflows from operating activities of A\$8.194 million (30 June 2017: A\$7.040 million).

As at 30 June 2018, the Group had cash and cash equivalents of A\$3.309 million (31 December 2017: A\$2.011 million) and net current liabilities of A\$0.612 million (31 December 2017: net current assets of A\$5.151 million) and no unused and available credit lines (31 December 2017: an unused available credit line of A\$11.96 million).

Based on the Group’s forecast cash flows, the Group will have a surplus of liquidity throughout the twelve-month period from the date of signing this condensed consolidated interim financial report. The achievement of the Group’s forecast is primarily dependent, amongst other matters, upon:

- the Group’s ability to secure working capital financing to address temporary cash shortfalls expected to arise during the first half of 2019 period (i.e. during in-between shipping seasons), resulting from the seasonality of the Group’s operations and plans for further expansion in operating capacity. Management have engaged and continue to engage potential providers of working capital funding and based on the actual achievement to date, including the servicing of the existing working capital facility, the Group reasonably expects it will be able to raise that funding necessary within the timeframe needed.; and
- the successful implementation of the production and sales and other key assumptions applied in determining the Group’s expected future cashflows, which include but are not limited to the following:
 - Actual coal quality being consistent with that indicative quality identified in testing performed to date and incorporated into the sales budget and commensurately actual coal prices achieved are at levels, or in excess of, those prices utilised in management forecasting;

Tigers Realm Coal Limited

Notes to the condensed consolidated interim financial report

For the six-month period ended 30 June 2018

3. Basis of preparation (Continued)

Going concern basis of accounting

- Actual mining and production levels being achieved and implemented within the expected cost levels, structure and timing;
- Coal shipments being realised within the forecast scheduling parameters, which are subject to a number of factors including but not limited to transshipment efficiency and weather conditions;
- Compliance with ongoing drilling obligations in accordance with the terms of the Amaam and Amaam North licences;
- Macroeconomic factors including the commodity (specifically coal) prices, exchange rates and the financial markets; and
- Compliance with those terms and conditions of the Sberbank loan referred to in Note 14, including but not limited to maintaining adequate liquidity and compliance with the relevant loan settlement terms and other covenants.

After making enquiries, and considering the uncertainties described above, the Directors are of the view that the continued application of the going concern basis of accounting is appropriate due to the following factors:

- The quality of coal required to realise the volume of production and sales contemplated in the Group's forecasts is sufficiently verified for its reasonableness by coal mining activities conducted to date. This, in conjunction with recent and forecast current thermal and coking coal prices, provides management with a reasonable basis to conclude that revenue from sales of coal will meet those expectations reflected in cash flow forecasts;
- Commercial mining operations continue in line with expectations. With the exception of a materially adverse unforeseen event transpiring, there have been no indicators in the coal production process to date, which would suggest coal qualities and volumes and the cost of production being materially different than those assumptions utilised in the cash flow forecasts through 30 June 2019;
- Licence Compliance obligations for both the Amaam and Amaam North tenements were restructured in accordance with the Licence Actualisation process, as a result of which there are drilling obligations which have been planned for and are expected to be achieved with minimal risk of non-compliance with licence terms and conditions. There is, therefore, a reasonable expectation that the Group will continue to be compliant with licence drilling obligations;
- Coal shipments have been forecast after consideration of actual port operating performance to date and those climactic and other conditions which would be reasonably expected to occur and influence the Group's shipping capabilities. The occurrence of materially adverse conditions in excess of reasonable conditions may influence the Group's ability to meet the expected shipping schedules;
- The Group retains the right to develop Phase 2 and beyond of Project F only upon the existence of those internal and macroeconomic conditions, including but not limited to favourable coking coal price outlook, which would allow the Group to raise that additional funding required to finance the capital investment and operational requirements of the implementation of Phase 2 of Project F by making such a development commercially viable;
- There are no indicators that the Group will not be able to service the Sberbank loan as and when required and remain compliant with the loan's covenant through to the loan's settlement; and
- There is no indication that the Group will not be able to obtain that working capital funding which is necessary to maintain the Group's liquidity position until the commencement of the 2019 shipping season.

Accordingly, the Directors have determined that it is appropriate for the Group to continue to adopt the going concern basis in preparing this financial report. However, in the event that the Group is unable to achieve successful outcomes in relation to the matters described above, material uncertainty would exist that may cast significant doubt as to the ability of the Group to continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business. The condensed consolidated interim financial report does not include adjustments relating to the carrying value and classification of assets and the amount and classification of liabilities that may be required if the Group does not continue as a going concern.

Tigers Realm Coal Limited

Notes to the condensed consolidated interim financial report

For the six-month period ended 30 June 2018

4. Significant accounting policies

The accounting policies applied by the Group in this condensed consolidated interim financial report are consistent with those applied by the Group in its consolidated annual financial report as at and for the year ended 31 December 2017, except for the adoption of the new standards and interpretations as of 1 January 2018, noted below.

The Group has adopted all the following new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 January 2018:

- AASB 9 Financial Instruments and related amending Standards
- AASB 15 Revenue from Contracts with Customers and related amending Standards
- AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions
- AASB 2016-6 Amendments to Australian Accounting Standards – Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts
- AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments
- AASB 2017-3 Amendments to Australian Accounting Standards – Clarifications to AASB 4
- Interpretation 22 Foreign Currency Transactions and Advance Consideration

AASB 9 Financial Instruments (July 2014)

The Group's trade and other receivables are subject to the impairment provisions of AASB 9 and the Group applied the simplified approach to recognise lifetime expected credit losses for them. The application of the expected credit loss model of AASB 9 did not result in material changes in the amount of loss allowance recognised, given the low exposure to counterparty default risk.

AASB 15 Revenue from Contracts with Customers

On adoption of AASB 15, the Group have concluded that the coal sales and coal shipping represent two separate performance obligations from the sale of the coal made in accordance with CFR terms and accordingly, revenue will be recognised for each of these performance obligations when control over the corresponding goods and services is transferred to the customer. This approach and the timing of revenue recognition of each of these performances are assessed to be consistent with the practice the Group used when applying AASB 118. Accordingly, the application of AASB 15 did not have a significant impact on the financial position and/or financial performance of the Group, but the Group is expecting to provide more extensive disclosures on the Group's revenue transactions in its annual report for the year ending 31 December 2018.

The application of other amendments has had no impact on the Group's consolidated financial report.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

5. Use of estimates and judgements

In preparing the condensed consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial report as and for the year ended 31 December 2017.

6. Financial risk management framework

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial report as at and for the year ended 31 December 2017.

Tigers Realm Coal Limited

Notes to the condensed consolidated interim financial report

For the six-month period ended 30 June 2018

7. Segment reporting

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

The accounting policies used by the Group in reporting segments internally are the same as the Group accounting policies. In the six months ended 30 June 2018, the activities of the Group are managed in two reportable operating segments outlined below, consistent with how they were managed in the 2017 financial year:

<i>Amaam North Project</i>	The Amaam North Project is located in the Bering Basin in the Chukotka province, Russia and consists of the Amaam North tenement. The Project also includes infrastructure assets associated with the Beringovsky Port and Coal Terminal.
<i>Amaam Project</i>	The Amaam Project is in the Bering Basin in the Chukotka province, Russia and consists of the Amaam tenement.
<i>Other</i>	Consists of corporate and office expenses primarily incurred at the Group's Moscow and Melbourne offices. This is not a reportable segment.

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

	Amaam North Project	Amaam Project	Total Reportable Segments	Other	Total
	AS'000	AS'000	AS'000	AS'000	AS'000
30 June 2018					
Interest and other income	95	-	95	-	95
Change in provision for current assets	(92)	-	(92)	-	(92)
Depreciation	(162)	-	(162)	-	(162)
Loss resulting from change in royalty agreement liability	(531)	-	(531)	-	(531)
Other segment expense	(2,160)	(317)	(2,477)	(578)	(3,055)
Finance costs	(721)	-	(721)	-	(721)
Net foreign exchange gain / (loss)	119	-	119	35	154
Segment result	(3,452)	(317)	(3,769)	(543)	(4,312)
Segment assets	34,104	26	34,130	2,225	36,355
Segment liabilities	(27,634)	(134)	(27,768)	(335)	(28,103)
30 June 2017					
Interest and other income	53	-	53	5	58
Change in provision for current assets	(1,284)	-	(1,284)	-	(1,284)
Depreciation	(86)	-	(86)	-	(86)
Loss resulting from change in royalty agreement liability	(1,062)	-	(1,062)	-	(1,062)
Other segment expense	(1,775)	(79)	(1,854)	(1,213)	(3,067)
Finance costs	(165)	-	(165)	-	(165)
Net foreign exchange gain / (loss)	102	(3)	99	(766)	(667)
Segment result	(4,217)	(82)	(4,299)	(1,974)	(6,273)
Segment assets	18,877	54	18,931	3,717	22,648
Segment liabilities	(7,703)	(40)	(7,743)	(311)	(8,054)

Tigers Realm Coal Limited
Notes to the condensed consolidated interim financial report
For the six-month period ended 30 June 2018

8. Administrative and other operating expenses

	For six months ended 30 June	
	2018 A\$'000	2017 A\$'000
Wages and salaries and other personnel costs	(1,092)	(1,154)
Contractors and consultants' fees	(394)	(583)
Depreciation	(162)	(86)
Legal fees and compliance costs	(146)	(561)
Travel costs	(106)	(59)
Port operating expenses, net	(89)	(28)
Office accommodation and other rental expense	(68)	(121)
Insurance	(43)	(51)
IT and communications	(25)	(94)
Transportation and freight costs	(22)	(76)
Accounting and audit fees	(7)	(60)
Other	(279)	(224)
Total	(2,433)	(3,097)

9. Carrying value of non-current assets

As at 30 June 2018, management performed an assessment of the carrying value of non-current assets in order to determine whether there is any indication that non-current assets may be impaired or an impairment loss recognised in prior periods may no longer exist or may have decreased.

Amaam North Project Cash Generating Unit ("CGU")

During the period ended 30 June 2018, with the operational development of Phase One of Project F, the carrying value of non-current assets of Amaam North Project CGU, net of accumulated depreciation, increased by A\$1.223 million to A\$16.823 million (A\$15.600 million at 31 December 2017).

As at 30 June 2018, the Group concluded that due to:

- continued successful realisation of Phase One of the Project F Feasibility Study Update's principles during 2018;
- the profits generated from the coal sales realised during 2017 and expected during 2018; and
- the absence of significant adverse changes in mid and long-term coal price forecasts,

there is no necessity to recognise further impairment losses for the Amaam North Project CGU and accordingly estimated the recoverable amount through the value in use of Amaam North Project CGU non-current assets and accordingly the assets are measured at their carrying value.

Management also believe that at this early stage of Amaam North's development, until both production and sales levels and related financial performance assumptions currently included in deriving the Amaam North CGU's positive recoverable amount, are verified by sufficient observable indications of the ability to achieve these assumptions on an ongoing basis, there is no necessity for the reversal of impairment losses recognised in prior periods.

Amaam Project CGU

During the period ended 30 June 2018, there were minimal activities undertaken at the Amaam Project CGU, there being no additions to the carrying value of non-current assets, their carrying value remaining at \$Nil (as at 31 December 2017 A\$Nil). As the development of the Amaam Project is not expected in the foreseeable future, as at 30 June 2018, the Group concluded that there are no indications that asset write-downs recognised in prior periods for Amaam Project CGU require reversal.

Tigers Realm Coal Limited
Notes to the condensed consolidated interim financial report
For the six-month period ended 30 June 2018

10. (Loss) per share

(Loss) per share

Basic (loss) per share – cents
Diluted (loss) per share – cents

For the six months ended 30 June	
2018 in cents	2017 in cents
(0.24)	(0.30)
(0.24)	(0.30)

Basic and diluted (loss) per share

The calculation of basic and diluted (loss) per share (EPS) at 30 June 2018 was based on the loss attributable to ordinary equity holders of the Company of A\$4.247 million (six months to 30 June 2017: loss of A\$ 5.429 million) and a weighted average number of ordinary shares outstanding during the period ended 30 June 2018 of 1,791,669,870 (six months to 30 June 2017: 1,791,669,870). The Company had 44,169,000 options over ordinary shares outstanding as at 30 June 2018 (30 June 2017: 24,302,000), which have been excluded from the calculation of diluted earnings per share because they are anti-dilutive for the reporting period.

11. Investment in restricted financial instruments

Alfa Bank promissory notes

30 June 2018 A\$'000	31 December 2017 A\$'000
627	861
627	861

On 21 December 2017, the Group acquired 12 promissory notes issued by Alfa Bank, a leading Russian commercial bank, as a condition precedent to the completion of the Sberbank loan (refer to Note 14 for details of Sberbank loan). These promissory notes are at call after their maturity on 31 January 2018 and accrue interest at the rate of 5.9% per annum. The promissory notes' fair value approximates their nominal value and accordingly are measured at their fair value. The promissory notes are pledged as collateral to the Sberbank loan and are therefore effectively not redeemable until either consent from Sberbank is obtained to release the pledges over the promissory notes or the settlement of amounts due to Sberbank.

During the six months ended 30 June 2018, the Group redeemed 3 promissory notes amounting to RUB 9.7million (A\$0.208 million) subsequent to obtaining Sberbank's consent.

12. Inventories

Coal inventories, net of provisions of A\$0.831 million for recognition of inventories at the lower of cost and their net realisable value (At 31 December 2017: A\$0.850 million)
Fuel, net of provisions of A\$ 0.033 million (At 31 December 2017 A\$ nil)
Other consumables, net of provisions of A\$0.208 million (At 31 December 2017 A\$0.098 million)

30 June 2018 A\$'000	31 December 2017 A\$'000
11,075	2,386
348	462
1,740	2,081
13,163	4,929

Tigers Realm Coal Limited

Notes to the condensed consolidated interim financial report

For the six-month period ended 30 June 2018

13. Property, plant and equipment

As at 30 June 2018, the carrying value of property, plant and equipment is A\$16.823 million, primarily comprised of assets under construction of A\$1.787 million, mine infrastructure of A\$5.593 million and plant and equipment of A\$7.746 million, land and buildings A\$1.655 million and furniture and fittings A\$0.042 million (31 December 2017: the carrying value of property, plant and equipment was A\$15.600 million, primarily comprised of assets under construction of A\$2.183 million, mine infrastructure of A\$5.275 million and plant and equipment of A\$7.629 million, land and buildings A\$0.474 million and furniture and fittings A\$0.039 million).

During the six months to 30 June 2018, the Group had additions of A\$3.522 million, of which the most significant additions were in respect of: A\$1.064 million on mine infrastructure additions, works on a customs checkpoint of A\$1.106 million, a Liebherr bulldozer and excavator were acquired for A\$0.635 million in total and 2 Scania coal haulage trucks were acquired for A\$0.480 million.

14. Bank loans payable

	30 June 2018 A\$'000	31 December 2017 A\$'000
Bank loans payable	12,901	1,357
	12,901	1,357

On 22 December 2017, the Group entered into a RUB 600 million (A\$13.308 million) non-revolving credit line which must be settled by no later than 21 December 2018. As of 30 June 2018, RUB 600 million has been drawn down and RUB 3.207 million settled, resulting in an outstanding balance of RUB 596.793 million or A\$12.901 million at 30 June 2018, (31 December 2017: RUB 61.157 million, A\$1.357 million outstanding). The interest on outstanding balances accrues at 9.9% per annum and a fee for unused facilities accrues at 0.5% per annum.

The loan is secured by a pledge over moveable tangible assets with a carrying value as at 30 June 2018 of A\$2.166 million (31 December 2017: A\$2.479 million). The outstanding balance is also secured by cross guarantees provided by the Company's Russian subsidiaries and the subordination of certain intragroup loans.

An arrangement fee of RUB 3 million (A\$0.065 million) was paid to activate the loan and is amortised over the period during which the loan is available for drawdown, through 31 August 2018. As an integral component of the agreement, the Group is required to guarantee payments under the loan by acquiring promissory notes which are also pledged as collateral to the bank. The Group acquired Alfa Bank promissory notes to satisfy this requirement.

The loan has a number of covenants, which are generally expected in such transactions, which the Company is required to comply with until the settlement of all outstanding amounts.

Tigers Realm Coal Limited
Notes to the condensed consolidated interim financial report
For the six-month period ended 30 June 2018

15. Lease Liability

	30 June 2018 A\$'000	31 December 2017 A\$'000
Finance Lease		
Lease expenditure contracted and provided for:		
Payable not later than one year	1,441	1,126
Payable later than one year, not later than five years	2,688	2,113
	4,129	3,239
Future finance charges		
	(794)	(743)
Total lease liabilities	3,335	2,496
Current	1,002	739
Non-current	2,333	1,757
	3,335	2,496

The terms and conditions of the finance leases at 30 June 2018 are as follows:

				30 June 2018	
	Currency	Effective interest rate	Year of maturity	Value at inception	Carrying amount
Scania finance lease liabilities	RUB	15.9-20.24%	2020-2021	RUB 149,652	RUB 83,003
Liebherr finance lease liabilities	RUB	13.10-14.50%	2021-2022	RUB 85,029	RUB 70,714

The terms and conditions of the finance leases at 31 December 2017 were as follows:

				31 December 2017	
	Currency	Effective interest rate	Year of maturity	Value at inception	Carrying amount
Scania finance lease liabilities	RUB	18.74-20.24%	2020-2021	RUB 128,758	RUB 68,750
Liebherr finance lease liabilities	RUB	13.10-14.50%	2021	RUB 55,684	RUB 43,494

Scania finance leases

In August 2016, the Group entered into two finance lease agreements with Scania to acquire eight haulage trucks. The value of the coal haulage trucks recognised in property, plant and equipment was RUB 81.165 million (A\$1.837 million). The value of the finance lease, after advance payment of RUB 28.407 million, was RUB 52.757 million (A\$1.194 million) upon inception and RUB 37.588 million (A\$0.836 million) at 31 December 2017 and RUB 51.283 million (A\$1.151 million) at 31 December 2016.

On 31 March 2017, the Group executed a finance lease agreement to acquire five additional Scania haulage trucks. The cost of the coal haulage trucks recognised in property, plant and equipment was RUB 49.354 million (A\$1.096 million). The value of the finance lease, after an advance payment of RUB 13.364 million (A\$0.302 million), was RUB 34.229 million (A\$0.776 million) upon inception and RUB 31.162 million (A\$0.691 million) at 31 December 2017.

On 29 May 2018, the Group executed a finance lease agreement to acquire two additional Scania haulage trucks. The cost of the coal haulage trucks recognised in property, plant and equipment was RUB 22.309 million (A\$0.480 million). The value of the finance lease, after an advance payment of RUB 2.108 million (A\$0.045 million), was RUB 18.785 million (A\$0.405 million) upon inception and RUB 18.994 million (A\$0.409 million) at 30 June 2018.

Tigers Realm Coal Limited

Notes to the condensed consolidated interim financial report

For the six-month period ended 30 June 2018

15. Lease Liability (continued)

Liebherr finance leases

In June 2017, the Group executed four finance lease agreements with Liebherr to acquire 3 excavators and a bulldozer ("Liebherr fleet"). The cost of the Liebherr fleet recognised in property, plant and equipment was RUB 58.168 million (A\$1.251 million). The value of the finance lease, after an advance payment of RUB 7.686 million (A\$0.171 million), was RUB 47.998 million (A\$1.067 million) upon inception and RUB 43.494 million (A\$ 0.969 million) at 31 December 2017.

On 2 May 2018, the Group executed two finance lease agreements with Liebherr to acquire an excavator and a bulldozer ("2018 Liebherr Acquisitions"). The cost of the 2018 Liebherr Acquisitions recognised in property, plant and equipment was RUB 29.461 million (A\$0.635 million). The value of the finance lease liability, after an advance payment of RUB 1.576 million (A\$0.034 million), was RUB 27.768 million (A\$0.599 million) upon inception and RUB 28.081 million (A\$ 0.605 million) at 30 June 2018.

16. Royalty Agreement Liability

	30 June 2018 A\$'000	31 December 2017 A\$'000
Royalty agreement liability at 1 January	5,378	3,681
Change in royalty agreement liability due to change in estimates	531	1,062
Payments made during the period	(85)	-
Effect of movement in exchange rates	288	(229)
Royalty agreement liability at 30 June	6,112	4,514
Current	822	287
Non-current	5,290	4,227
	6,112	4,514

The Group entered into a number of royalty agreements as part of obtaining interests in the Amaam North and Amaam Projects. These royalty agreements are dependent upon the performance of a number of conditions precedent, the realisation of which may result in royalty payments of up to 3% and 5% of the FOB coal sales revenues generated by the Amaam North and Amaam projects, respectively. Total royalty payments in relation to the Amaam North Project is capped to US\$25 million.

Amaam North Royalty Liability

The amount of provision recognised represents the best estimate of the expenditure required to settle the obligations under existing royalty agreements, this estimate is based on estimates of possible outcomes and financial effect, which were determined by the application of management's judgement on a number of key assumptions used in determining the amount of provision, including:

- the discount rate used;
- the probability of revenue cash flows from successful implementation of Project F Phase One and commencement of Phase Two;
- the likelihood of achieving forecast coal sales prices; and
- the forecast for Australian Dollar to US Dollar exchange rate.

Amaam Royalty Liability

No liability was recognised at 30 June 2018 (31 December 2017 Nil) in relation to Amaam Project royalty arrangements due to the impact of coal price forecasts on the ability to realise the project on a commercially viable basis.

Tigers Realm Coal Limited

Notes to the condensed consolidated interim financial report

For the six-month period ended 30 June 2018

17. Share capital

	30 June 2018	31 December 2017
	A\$'000	A\$'000
Share Capital	188,197	188,197
Costs of raising equity	(14,450)	(14,450)
	173,747	173,747

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

Costs of raising equity are recognised when they are incurred.

Movements in options on issue:

During the six months ended 30 June 2018, 15,268,000 options were removed from the Company's option register as follows: 11,907,000 options forfeited on 28 June, 2,000,000 lapsed on 4 May, 200,000 lapsed on 22 March and 1,161,000 lapsed on 15 February. Total options as of 30 June 2018 is 44,169,000.

18. Financial instruments

Exposure to liquidity risk

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

The following are the contractual maturities of financial liabilities.

	Contractual cashflows						
	Carrying amount	Total	6 mths or less	6-12 mths	1-2 yrs	2-5 yrs	More than 5 yrs
30 June 2018	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Non-derivative financial liabilities							
Trade and other payables	2,573	2,607	2,300	-	70	70	167
Bank loan payable	12,901	13,209	13,209	-	-	-	-
Lease liability	3,335	4,129	1,036	405	1,384	1,304	-
	18,809	19,945	16,545	405	1,454	1,374	167
31 December 2017							
Trade and other payables	3,907	3,907	3,767	-	70	70	-
Bank loan payable	1,357	1,480	67	1,413	-	-	-
Finance Lease	2,496	3,238	317	808	1,125	988	-
	7,760	8,625	4,151	2,221	1,195	1,058	-

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

Tigers Realm Coal Limited

Notes to the condensed consolidated interim financial report

For the six-month period ended 30 June 2018

19. 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

30 June 2018 A\$'000	31 December 2017 A\$'000
118	50
440	139
3,878	493
4,436	682

Lease commitments includes port infrastructure lease commitments of A\$3.780 million in respect of 3 piers, coal pier and breakwater infrastructure at the Beringovsky Port, annual rental of A\$0.077 million, for a period of 49 years from its commencement on 13 March 2018 and various office space and land leases.

20. Expenditure commitments

Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet its licence obligations. In the Russian Federation, this minimum exploration work is defined by the performance of a minimum number of drilling metres 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 respective federal and state governments have the authority to defer, waive or amend the minimum expenditure requirements. As of and for the period ended 30 June 2018, the Group is in compliance with those exploration obligations defined in the respective licences.

Port and other commitments

Port and other commitments as at 30 June 2018 totalled A\$16.053 million (As at 31 December 2017: A\$12.326 million) and expected to be settled as follows:

Expected to be settled not later than one year
Expected to be settled later than one year, not later than five years
Expected to be settled later than five years

Total commitments

30 June 2018 A\$'000	31 December 2017 A\$'000
10,274	6,655
5,779	5,671
-	-
16,053	12,236

Port commitments are comprised of port handling and stevedoring contract fees committed for future shipments handled by the Sea Port of Anadyr (Anadyrmorport) of A\$11.916 million, of which A\$6.291 million is expected to be settled in the 12 months subsequent to 30 June 2018 and A\$5.625 million in the 12-month period ending 30 June 2020 (31 December 2017: A\$11.167 million).

Other commitments as at 30 June 2018 totalled A\$4.137 million (31 December 2017: A\$1.159 million).

Tigers Realm Coal Limited

Notes to the condensed consolidated interim financial report

For the six-month period ended 30 June 2018

21. 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.

The Directors are of the opinion that no other material contingent obligations exist.

22. Subsequent events

Finance Lease agreement

On 13 July 2018, the Group entered into a finance lease agreement with Scania to acquire 2 haulage trucks, to be delivered to Beringovsky Port in August 2018. An advance payment of RUB 2.069 million (A\$0.045 million) was made in July 2018 and total contractual payments over 42 months from the date of commissioning of the equipment will be RUB 26.291 million (A\$0.567 million).

On 21 August 2018, the Group entered into a finance lease agreement with Universal Leasing Company to acquire a Komatsu D375A bulldozer, to be delivered to Vladivostok Port by 14 September 2018. An advance payment of RUB 13.568 million (A\$0.292 million) is to be made by 12 September 2018 and total contractual payments over 36 months from the date of taking delivery of the equipment will be RUB 70.199 million (A\$1.513 million).

Lapse of Options

On 10 August 2018, 708,000 options were forfeited and were removed from the Company's option register.

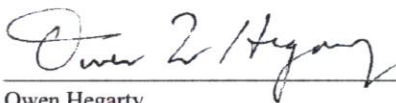
Tigers Realm Coal Limited
Directors' declaration
For the six months ended 30 June 2018

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

- a) the condensed consolidated interim financial report and notes set out on pages 9 to 24 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* 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.

Signed in accordance with a resolution of the Directors:

Dated at Melbourne this 30th day of August 2018.



Owen Hegarty
Non-Executive Director

The Board of Directors
Tigers Realm Coal Limited
151 Wellington Parade South,
East Melbourne
VIC 3002

30 August 2018

Dear Board Members,

Tigers Realm Coal Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Tigers Realm Coal Limited.

As lead audit partner for the review of the financial statements of Tigers Realm Coal Limited for the six-month period ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely,

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Colin Brown
Partner
Chartered Accountants

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Independent Auditor's Review Report to the Members of Tigers Realm Coal Limited

We have reviewed the accompanying half-year financial report of Tigers Realm Coal Limited, which comprises the condensed consolidated statement of financial position as at 30 June 2018, and the condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 9 to 25.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Tigers Realm Coal Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Tigers Realm Coal Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

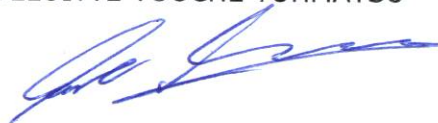
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Tigers Realm Coal Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

We draw attention to Note 3 in the condensed consolidated interim financial report, which indicates that for the six months ended 30 June 2018, the consolidated entity had a net loss of A\$4.312 million, net cash outflows from operating activities of A\$8.194 million and as of that date, the consolidated entity's current liabilities exceeded its current assets by A\$0.612 million. These conditions, along with other matters as set forth in Note 3 indicate that a material uncertainty exists which may cast significant doubt about the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect to this matter.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU



Colin Brown
Partner
Chartered Accountants
Brisbane, 30 August 2018