

Tigers Realm Coal Limited
(ABN 50 146 752 561)

Annual Financial Report
for the year ended 31 December 2018

Tigers Realm Coal Limited

Corporate Directory

DIRECTORS

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

COMPANY SECRETARY

David Forsyth

PRINCIPAL & REGISTERED OFFICE

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AUDITORS

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BANKERS

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Tigers Realm Coal Limited

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Tigers Realm Coal Limited

Directors' report

For the year ended 31 December 2018

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 2018.

1. Directors, Alternate Director and Company Secretary

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

Name qualifications and independence status	Experience, special responsibilities and other directorships
Mr Craig Wiggill Independent Chairman BSc Eng.	Mr Wiggill was appointed Independent Chairman of the Company on 1 October 2015. Mr Wiggill has served as a Non-Executive Director of the Company since being appointed 20 November 2012. Mr Wiggill joined the Nomination and Remuneration Committee commencing 10 December 2015. Mr Wiggill has extensive experience in the global mining industry including over 25 years in the coal sector, the majority of his experience being within the Anglo- American Plc group. Mr Wiggill is currently the Chairman (non-executive) at Buffalo Coal Corp (CVE: BUF) which has its operating entities in South Africa. In addition, he is the Chairman (non-executive) of globalCOAL, a company registered in London, the principal activities of which are the development of standardised contracts for the international coal market and the provision and management of screen-based brokerage services for the trading of physical and financial coal contracts. His most recent executive role was as Chief Executive Officer ("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 responsibilities, corporate strategy and business development for Anglo American. He holds no other directorships with ASX listed entities.
Dr Bruce Gray Non-executive Director MB, BS, MS, PhD, FRACS	Dr Gray was appointed as a Non-Executive Director of the Company on 1 October 2015. Prior to this, Dr Gray had been appointed as a Non-Executive Director of the Company on 25 October 2013, resigning on 28 March 2014. Dr Gray established and operated two highly successful start-up businesses in the medical sector. Prior to that he was Professor at the University Western Australia and has held numerous administrative positions with regional, national and international organisations. He has published more than 200 articles in the global scientific press and has received numerous awards for contributions in the medical field and for Australian entrepreneurship. Dr Gray currently manages a private investment fund. Dr Gray has been a member of the Nomination and Remuneration Committee since 8 September 2016. He holds no other directorships with ASX listed entities.
Mr Owen Hegarty Independent Non-executive Director BEc (Hons), FAusIMM	Mr Hegarty has more than 40 years' experience in the mining industry. He had 24 years with the Rio Tinto Group, then founded and led Oxiana Ltd, now OZ Minerals Limited, for 12 years. He is a founder of Tigers Realm Coal Ltd. He founded and is currently Executive Chairman of EMR Capital, a mining private equity firm. Through to the end of 2016, he was Vice Chairman and Non-Executive Director of Fortescue Metals Group Ltd. Mr Hegarty has received a number of awards recognising his service to the mining industry and presently serves on a number of Government and industry advisory groups. Mr Hegarty was appointed a Director of the Company on 8 October 2010 and is Chairman of the Audit, Risk and Compliance Committee and of the Nomination and Remuneration Committee. Mr Hegarty is a Non-Executive Director of ASX listed Highfield Resources Ltd. He holds no other directorships with ASX listed entities.

Tigers Realm Coal Limited

Directors' report

For the year ended 31 December 2018

1. Directors, Alternate Director and Company Secretary

Name qualifications and independence status	Experience, special responsibilities and other directorships
Mr Ralph Morgan Non-executive Director BA, MPhil	Mr Morgan was appointed Non-Executive Director of the Company on 1 April 2014. Mr Morgan is a partner at Baring Vostok Capital Partners Group Limited ("BVCP") with responsibility for investment projects in the Russian Federation ("Russia"), the Commonwealth of Independent States ("CIS") and Mongolia. Prior to BVCP, Mr Morgan was Managing Director at Goldman Sachs in the Global Natural Resources Group from 2009 to 2012 and was responsible for the investment banking division's advisory work with natural resource clients in Russia and CIS. From 2004 to 2008, Mr Morgan was a Managing Director and Chief Operating Officer at PJSC MMK Norilsk Nickel and prior to that role he was a partner with the Moscow office of McKinsey and Company. Mr. Morgan is a Non-Executive Director of PJSC Magnitogorsk Iron & Steel Works and a Director of the U.S.-Russia Business Council. Mr Morgan holds a BA (Political Science, Yale University) and MPhil (Russian and East European Studies, Oxford University). Mr Morgan is a member of the Nomination and Remuneration Committee and the Audit, Risk and Compliance Committee. He holds no other directorships with ASX listed entities.
Mr Tagir Sitdekov Non-executive Director MBA	Mr Sitdekov was appointed a Non-Executive Director of the Company on 1 April 2014. Mr Sitdekov is currently a First Deputy General Director of Russia Direct Investment Fund ("RDIF") and has been involved in the Russian private equity market for over 11 years. Mr Sitdekov's most recent executive role was as Managing Director at A-1, a direct investment arm of Alfa Group, Russia's largest private conglomerate. Mr Sitdekov has participated in a number of landmark private equity transactions across a range of industries. From 2003 to 2005 he was CFO at power generating company OJSC Sochi TES (a subsidiary of RAO Unified Energy System of Russia) and prior to that role he was a Senior Consultant at Creditanstalt Investment Bank for 2 years. Mr Sitdekov holds an MBA (University of Chicago Booth School of Business, London). Mr Sitdekov is a member of the Audit, Risk and Compliance Committee. He holds no other directorships with ASX listed entities.

The Directors have all been in office since the start of the financial year to the date of this report.

Alternate Director

Mr Nikolay Ishmetov Alternate Director MSc in Finance	Mr Ishmetov was appointed as an alternate director to Tagir Sitdekov on 1 July 2017. Mr Ishmetov is currently a Senior Associate at RDIF and has been involved in the Russian private equity market for over 7 years. Mr Ishmetov has been serving for over 6 years as an alternate director on the Board of Directors of MD Medical Group, a leading healthcare operator in Russia. Prior to joining RDIF, Mr Ishmetov worked in the M&A department of Societe Generale, where he participated in a number of cross border M&A deals in various sectors.
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Company Secretary

Mr David Forsyth Company Secretary FGIA, FCIS, FCPA	Mr Forsyth has over 40 years' experience in engineering, project development and mining. 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 Tigers Realm Minerals Pty Ltd as Director and Company Secretary in 2009. Mr Forsyth was appointed Company Secretary on 8 October 2010.
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Tigers Realm Coal Limited
Directors' report (continued)
For the year ended 31 December 2018

2. Directors' meetings

The number of Directors' 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:

	Directors' meetings		Meetings of committees of Directors			
	A	B	Nomination and Remuneration		Audit, Risk & Compliance	
			A	B	A	B
Mr Craig Wiggill	9	9	3	3	6	6
Dr Bruce Gray	9	8	3	3	-	-
Mr Owen Hegarty	9	9	3	3	6	5
Mr Ralph Morgan	9	9	3	3	6	6
Mr Tagir Sitdekov	9	6	-	-	6	3
Mr Nikolay Ishmetov*	9	9	-	-	-	-

A = Number of meetings held

B = Number of meetings attended

* The number of meetings attended by the Alternate Director in his capacity as a standing invitee. Mr Ishmetov is not obliged to attend.

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. Operating and financial review

Business Strategies and Group Objectives

The Group's objectives encompass the development of the Amaam Coking Coal Field, comprising its 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, leveraging infrastructure investments made to date and supporting the development of the entire Amaam Coking Coal Field; and
- Amaam: a large-scale coking coal project, with estimated production capacity of up to 6.5 million tonnes per annum ("Mtpa") of production from dedicated new infrastructure.

Amaam North

Amaam North, and specifically the Fandyushkinskoye Field Licence AND 15813 TE area ("Project F"), a part of Amaam North, has progressed significantly from the initial Resource announcement in July 2013. An Amaam North Project F Feasibility Study Update, doubling mine life and reserves, was completed in April 2016, subsequent to which a non-renounceable rights issuance was successfully completed in 2016, the primary use of proceeds being for the development of Project F Phase One. After completing the necessary initial construction works in the second half of 2016, commercial mining commenced in January 2017.

During the year ended 31 December 2018, the Company achieved a production level of 576 thousand tonnes ("kt"), of which 528kt were delivered to our Beringovskiy Port and Coal Terminal ("Beringovskiy Port"). Coal sales for the year ended 31 December 2018 were 393kt.

The Project F Feasibility Study Update of 2016 forecasted production and sales of 500kt and 600kt in 2018 and 2019, respectively. Based on 2018 actual results and expected 2019 operational and logistical performance, the Company currently expects coal mined and coal sold in the year ended 31 December 2019 to be within the range of 680kt to 750kt and 650kt to 720kt, respectively.

Tigers Realm Coal Limited
Directors' report (continued)
For the year ended 31 December 2018

4. Operating and financial review

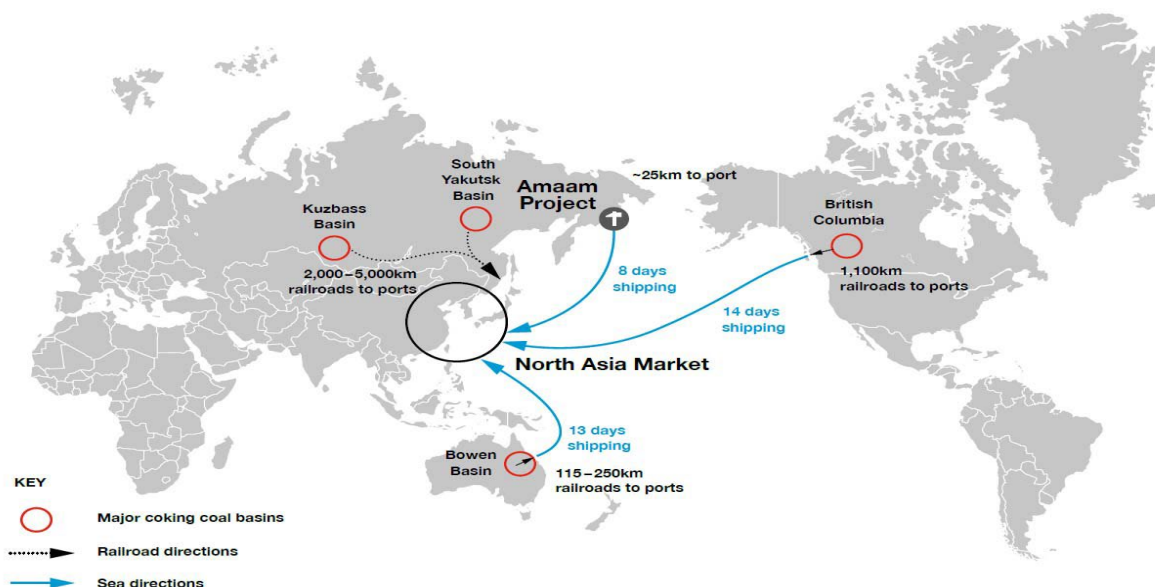
Business Strategies and Group Objectives (continued)

Amaam North Phase Two is planned to increase coal production and sales to in excess of one million tonnes per annum, via the upgrade of mine site infrastructure, the Beringovsky Port and supplemented by the construction of a coal handling and preparation plant (“CHPP”). The Group has, during 2018, commenced a reassessment of the size, nature and timing of the Company’s expansion and business development programme, the process expected to be completed by the end of 2019.

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 Preliminary Feasibility Study was released in April 2013 and subsequently 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, whilst also extending the Exploration Licence. The Company continues to be compliant with all relevant licence terms. Further details on the current status of the Group’s licences are disclosed below in *Significant Business Risks: Licenses, Permits and Titles*.

Amaam Coking Coal Field– World Location Map



Tigers Realm Coal Limited
Directors' report (continued)
For the year ended 31 December 2018

4. Operating and financial review (continued)

Operating Performance

Key Operating Indicators for the years ended 31 December 2018 ("2018") and 2017 ("2017"):

Operating Indicators (rounded to the nearest thousand tonnes, unless otherwise stated)	Results for 2018	Results for 2017
Coal mined	576	249
Overburden removed	1,900 bcm	943 bcm
Stripping ratio	3.3:1	3.8:1
Coal stocks at 31 December	268	85
Coal sales	393	165
Thermal coal sales	214	123
Semi soft coal sales	179	42
Employees at 31 December	208*	178*

*Full time equivalent staff

Key Financial Indicators	Results for 2018 (A\$ '000s unless otherwise stated)	Results for 2017 (A\$ '000s unless otherwise stated)
Revenue from the sale and shipment of coal	52,277	15,926
Cost of coal sold	(31,337)	(13,039)
Gross Margin on coal sold	20,940	2,887
EBITDA*	15,269	(5,696)
Profit / (loss) before income tax	10,918	(6,987)
Average free on board Beringovsky ("FOB") coal sales price	A\$109.37 (US\$79.20)	A\$85.71 (US\$66.78)
Average cost of coal mined and sold per tonne	A\$35.51 (US\$25.71)	A\$38.76 (US\$30.09)
Average cost of port handling and stevedoring costs per tonne sold	A\$14.53 (US\$10.52)	A\$22.89 (US\$17.72)
Total FOB cost of coal sold**	A\$51.98 (US\$37.63)	A\$61.65 (US\$47.81)

*Earnings before interest tax, depreciation and amortisation is calculated as the result before net finance costs and income tax expense, adjusted for depreciation of property, plant and equipment.

** 2018 includes A\$1.94 (US\$1.39) per tonne of other FOB costs of coal sold.

During the year ended 31 December 2018, the Group's second coal shipping season, the Group realised 393kt of coal sales (165kt in 2017) and generated A\$52.277 million in total revenue from the sale and shipment of coal (For the year ended 31 December 2017: A\$15.926 million).

The Group generated A\$8.017 million of cash from operations for the year ended 31 December 2018 (For the year ended 31 December 2017, A\$7.007 million net cash outflow was incurred). Cash outflows of A\$4.994 million on investing activities were incurred for the year ended 31 December 2018 (For the year ended 31 December 2017: A\$6.923 million). The Group's net profit for the year ended 31 December 2018 was A\$10.880 million (For the year ended 31 December 2017: net loss of A\$7.107 million).

The improvement in operational performance was driven by the 131% increase in coal production and 138% increase in sales during 2018 over 2017, as a result of which a gross margin of A\$20.940 million was contributed to the results from operations for the year ended 31 December 2018 (For the year ended 31 December 2017: A\$2.887 million).

Tigers Realm Coal Limited

Directors' report (continued)

For the year ended 31 December 2018

4. Operating and financial review (continued)

Operating Performance

The average margin per tonne of coal sold during the year ended 31 December 2018 was A\$57.39 (US\$41.57) (For the year ended 31 December 2017: A\$24.06 (US\$18.97)), the weighted average FOB sales price per tonne of coal mined and sold ("FOB/t") being A\$109.37 (US\$79.20) (For the year ended 31 December 2017: A\$96.75 (US\$79.21)). The primary factors influencing the FOB/t sales price and margins during the year ended 31 December 2018 include, but are not limited to:

- ◇ General coal market conditions;
- ◇ Product Mix: The proportion of semi-soft coal relative to thermal coal sold in 2018 was greater than in 2017;
- ◇ Product delineation with both on spec and high ash semi-soft coal sold in addition to thermal coal;
- ◇ Expansion of the breadth of markets and range of customers into which and to whom our coal products were sold;
- ◇ Focus on maintaining understandable and reliable coal quality management procedures from pit to port;
- ◇ The positive effect of repeat business and overall development of customer relationships;
- ◇ Influence of weather on loading conditions, loading capability and laycan times. Demurrage of A\$1.633 million was incurred in 2018, primarily in respect of the last two cargoes of the shipping season, where upon sailing, 14kt of semi soft and 24kt of high-ash semi soft coals were unable to be loaded due to poor weather-related loading conditions;
- ◇ Timing and ability to ship coal mined. Contract breakage costs of A\$0.692 million were incurred in the latter stages of the shipping season as the opportunity was taken to sell a higher valued cargo of semi soft coal in lieu of a lower value thermal coal cargo previously contracted.

Other significant operational activities during the year ended 31 December 2018 included but are not limited to:

- A long-term rental agreement with Rosmorport, the Russian government-controlled owner of core port infrastructure, was signed for the rent of certain infrastructure integral to operations at the Beringovsky Port. The rental agreement is for 49 years with annual payments of RUB 3.590 million (A\$ 0.073 million), the total contract value being RUB 175.914 million (A\$ 3.584 million);
- In June 2018, the customs checkpoint upgrade at the Beringovsky Port was completed and commissioned;
- Investments in our fleet, including two Scania haulage trucks received at the end of June 2018 and two more in September 2018, a Liebherr bulldozer and excavator, a Komatsu Bulldozer D375A-5D, a Komatsu mobile coal crusher and a Hyundai R1200-9 excavator;
- An agreement for the construction of two 500 tonne barges to be used in the Beringovsky Port to increase port loading capacity in 2019 was executed in September 2018. The barges are contracted for delivery to Beringovsky Port at the end of the first half of 2019;
- There were a number of activities associated with TIG's licences during 2018, the details of which are disclosed in Section 4: "Licence Update".
- In December 2018, TIG's wholly owned subsidiary LLC Beringpromugol ("BPU") repaid the outstanding balance of the RUB 600 million working capital financing obtained in 2017 ("2018 WC Facility"). Furthermore, BPU signed a new working capital facility ("2019 WC Facility") with Sberbank Russia with the following key terms:
 - ✓ RUB 900 million (A\$18.336 million), to be drawn down no later than September 2019;
 - ✓ Nominal interest rate of between 10.2% and 11.2%, dependent upon compliance with certain terms and conditions;
 - ✓ Security comprising the pledge of TIG owned mining fleet, security over promissory notes acquired and the provision of cross guarantees by TIG's other Russian subsidiaries;
 - ✓ Loan repayment schedule from September through December 2019; and
 - ✓ Covenants in respect of the levels of lending able to be attained by BPU, various profitability and sundry covenants ordinarily expected in such financing. Furthermore, there is a covenant in respect of the requirement of three of TIG's major shareholders to retain their shareholdings at or above certain minimum levels throughout the term of the facility.

Tigers Realm Coal Limited

Directors' report (continued)

For the year ended 31 December 2018

4. Operating and financial review (continued)

Financial Position

Cash balances

The Group's cash balance increased by A\$1.543 million over the year to A\$3.554 million at 31 December 2018 (For the year ended 31 December 2017: Decrease of A\$15.098 million to A\$2.011 million). This increase in 2018 arose primarily from cash generated from operating activities, offset by further investment in the Company's mining and logistics infrastructure of A\$4.859 million and the utilisation/repayment of the 2018 WC Facility.

As of 31 December 2018, the Company has RUB 825.606 million (A\$16.821 million) in unused, available credit lines (A\$11.964 million as at 31 December 2017).

Inventory on hand

The lower of cost and net realisable value of the Group's inventories on hand at 31 December 2018 is A\$17.231 million (31 December 2017: A\$4.929 million), including A\$8.801 million in coal inventories, A\$4.985 million in fuel and oils and A\$3.445 million of other consumables. Management performs a regular review of the recoverability of inventories, including coal inventories on hand, to assess the Company's ability to recover their cost. Accordingly, a provision of A\$0.830 million was recognised for the recoverability of coal stocks at 31 December 2018 (At 31 December 2017: A\$0.850 million), primarily in respect of 67kt (At 31 December 2017: 22.2kt) of coal stocks maintained at the Company's interim coal stockpile, requiring further processing prior to commercial realisation.

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. Management have concluded that in 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. Refer to Note 9 to the consolidated financial statements for further details.

Finance Leases

During the year ended 31 December 2018, the Group executed a number of finance lease agreements with equipment vendors for the acquisition of four haulage trucks, an excavator and a bulldozer. The cost of the property, plant and equipment was RUB 73.882 million (A\$1.505 million). The value of the finance leases, after advance payments of RUB 5.753 million (A\$0.117 million), was RUB 65.194 million (A\$1.328 million) upon inception and RUB 54.629 million (A\$1.113 million) at 31 December 2018.

During the year ended 31 December 2018, the Group also executed a number of finance lease agreements with domestic Russian finance providers for the acquisition of a Komatsu D375A bulldozer, a Hyundai R1200-9 excavator and a Komatsu mobile coal crusher. The cost of the property, plant and equipment was RUB 146.058 million (A\$2.976 million). The value of the finance leases, after advance payments of RUB 28.167 million (A\$0.574 million), was RUB 112.669 million (A\$2.296 million) upon inception and RUB 99.541 million (A\$2.028 million) at 31 December 2018.

The Komatsu mobile coal crusher was delivered to Anadyr Port in October 2018. As weather did not permit the on-shipment and unloading of the equipment prior to the closure of the Beringovsky Port for shipping, the equipment remains in Anadyr and is expected to be delivered to Beringovsky Port in the first half of 2019.

Lapse of Options

During the year ended 31 December 2018, 3,361,000 and 22,407,000 options, respectively, lapsed or were forfeited and have been removed from the Company's option register.

Options Granted

In the year ended 31 December 2018, no options were granted. In the year ended 31 December 2017, 37,074,000 options were granted, of which 12,605,000 with an exercise price of A\$0.08, vesting period of 24 months and an expiry period of five years from grant date and 24,469,000 with an exercise price of A\$0.13, vesting period of 36 months and an expiry period of five years from grant date.

Significant Business Risks

TIG's annual budget and related activities are subject to a range of assumptions and expectations all of which contain various levels of uncertainty. TIG adopted a risk management framework in order to identify, analyse, treat and monitor the risks applicable to the Group. The risks are reviewed at least twice a year by the Audit, Risk and Compliance Committee and, following each review, are formally reported and discussed by the Board. Risks are analysed and reported using risk registers.

Detailed below are risk areas 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.

Tigers Realm Coal Limited

Directors' report (continued)

For the year ended 31 December 2018

4. Operating and financial review (continued)

Country Risk

TIG's projects are located in Russia. Investing in Russia involves greater risk than investing in some other 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 Russia.

Uncertainty in the Estimation of Mineral Resources

Estimating the quantity and quality of Mineral Resources is an inherently uncertain process and the Mineral Resources stated, as well as 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 or quality of coal that TIG has identified or that it will be able to extract.

Project Assessment and Development Risk

A Feasibility Study on the Project F section of the Amaam North licence area was completed in November 2014 and consequently updated and announced in April 2016 ("ANFSU"). The Company commenced commercial operations in the year ended 31 December 2017. The long-term mine development principles outlined in the ANFSU will be subject to significant macroeconomic and company specific risks, the mitigation of which is essential to the ANFSU's realisation.

TIG is at the preliminary stage of determining the economic and technical viability of the Amaam project, TIG having completed a Feasibility Study ("AFS") in 2013. There is a risk that more detailed studies in relation to the Amaam project may disprove assumptions or conclusions reached in the AFS, may reveal additional challenges or complexities and may indicate initial cost estimates as being incorrect. TIG must complete a number of steps prior to making a final investment decision with respect to the project, conduct definitive feasibility studies, convert Resources to Reserves, obtain government approvals and permits and obtain adequate and appropriate financing.

If TIG decides to proceed to production, the process of developing and constructing the Amaam project will be subject to further 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.

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, any or all of which may negatively impact the amount of coal produced, delay coal deliveries or increase the estimated cost of production, any or all 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 global economic, political, social, stock market and business conditions. Deterioration or an extended period of adversity in any of these conditions could have an adverse impact on TIG's financial position and/or financial performance.
- **Coal Market and Demand:** TIG intends to earn future profits from the production and sale of coal and a decline in prices or lower demand for coal than expected by TIG may adversely impact the feasibility of the Company's development and mine plans, and the economic viability of the projects. There is commodity price risk, with the Company, when valuing its projects, having adopted long-term sales price estimates in accordance with independent third-party external forecasts, validated against long-term market expectations.
- **Exchange Rate Variations:** Significant changes in the Australian/US Dollar, US Dollar/Russian Rouble and the Australian Dollar/Russian Rouble exchange rates may have a significant impact on TIG's ability to fund the capital expenditure required to construct these projects.
- **Product Quality:** For Project F Amaam North, the coal quality test work conducted has to date confirmed over the project's life the main product as a semi-hard type coking coal with low sulphur and low phosphorus levels. TIG has also conducted initial coal quality analysis on a number of drill cores recovered from Amaam. In the absence of extended coke test work, no guarantee can be given as to the quality of coking coal that could ultimately be produced at Amaam. If the quality of the Amaam coking coal 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 2018

4. Operating and financial review (continued)

Capital Management

The nature of the Company's Project F mining operations is such that coal production continues throughout the year, whilst sales are only realised during the Beringovsky Port shipping season, which historically commences in June and continues as late as November. The length of the shipping season is limited and unpredictable, resulting in the necessity to engage equipment vendors and other suppliers in the first half of the calendar year prior to the generation of operating cashflows from coal sales, impacting both on the nature, level and timing of funding required for capital investments.

The Company is therefore required to ensure that its liquidity levels are managed in between shipping seasons. Consideration is also given to the extent and timing of capital expenditures and the related forward funding commitments contracted, prior to the commencement of the shipping season, necessary to achieve the Company's forecasted production targets. The Company obtained short-term working capital facility in December 2018 of up to RUB 900 million (A\$18.336 million), to be drawn down no later than 30 September 2019 and settled not later than 27 December 2019. This financing is one of a number of measures available to address any liquidity and funding shortfalls. (At 31 December 2017, working capital facility of up to RUB 600 million (A\$13.308 million).

Amaam North's expansion, as outlined in the ANFSU, will require further investment so as to upgrade the Beringovsky Port and construct a CHPP. Management conducted preliminary discussions during 2018 with potential financial partners which are ongoing in 2019.

TIG's Amaam project is at the pre-development stage and will require additional drilling, evaluation and feasibility study work prior to a development decision. Should TIG proceed to develop the Amaam project upon completion of further definitive studies, significant capital expenditure will be required.

Licenses, Permits and Titles

TIG requires certain licenses, permits and approvals to develop the Amaam North and Amaam projects. There are three main approvals required to commence the construction and operation of a mining project in Russia. These are a) an Exploration and Extraction Licence (Mining Licence); b) a Construction Permit; and c) a Commissioning Permit. Due to the current stage of the Amaam project, the majority of the required licences, permits and approvals to construct and operate have not yet been applied for.

For Amaam North Project F, a Mining Licence was granted in December 2014 and work has been completed in obtaining all relevant Construction and Commissioning Permits. In addition to these mining related approvals, other approvals are required for the project's development. These permits include for the construction and commissioning of the CHPP, construction of the haulage road from the mine site to the port and its development and for capital upgrades to be completed at the Beringovsky Port.

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. In the event that TIG fails to obtain, or delays occur in obtaining such licenses, permits and approvals or there arises a failure to meet tenement licence commitments, such events may adversely affect TIG's ability to proceed with the projects as currently planned.

Licence Update

TIG was granted Exploration and Mining licence ("the Zvonkoye Mining Licence") No AND 01314 TE in September 2018 over the previously disclosed Zvonkoye deposit, geographically located next to and an eastern extension of the existing Fandyushkinskoye Mining Licence. The Zvonkoye Mining Licence is for a tenure of 20 years, ending in 2038. The Licence provides for an initial period of further drilling and on its basis, TIG will develop and have approved a Mining and Excavation Plan ("TPRM"), outlining the expected mining approach and volumes from the Licence area. This process is expected to take up to a maximum of three years.

The existing Amaam North exploration licence No AND 01203 was extended in December 2018 until 2025. During the licence term, TIG has certain annual exploratory drilling obligations, including but not limited to 1,500m through March 2019 and 14,010m in total over the course of seven years.

During the December quarter, project works commenced in respect of the Amaam Zapadny licence No AND 012785 TE and are expected to be completed in the second half of 2019.

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Directors' report (continued)
For the year ended 31 December 2018

5. Significant changes in the state of affairs

In the opinion of the Directors, except as disclosed in the review of operations, there were no further significant changes in the Group's state of affairs during the year ended 31 December 2018 not otherwise reflected in the accompanying consolidated financial statements.

6. Events subsequent to reporting date

On 18 February 2019, the Company entered into an agreement in accordance with which 100kt of thermal coal is to be sold to JFE Shoji Trade Corporation on CFR Incoterms during 2019, with a provisional pricing mechanism established, to be adjusted upon confirmation of coal qualities and final shipping terms. A prepayment of US\$3.000 million was received in March 2019 on the aforementioned agreement.

On 20 March 2019, the Company executed term sheets with its two largest beneficial shareholders, namely BV Mining Holding Limited through its affiliate BV Mining Investment Limited, and Dr. Bruce Gray, through a controlled entity, in accordance with which each will make available to the Group an unsecured non-revolving loan facility of up to US\$2.5 million ("Shareholder Loan Facility"), providing total shareholder funding of up to US\$5 million. Each Shareholder Loan Facility will have a one-year tenure and incur interest at 12% per annum, payable quarterly. The loan agreements are expected to be executed substantially on the aforementioned terms during April 2019.

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 (Year ended 31 December 2017: Nil).

8. Likely developments

Mining activities will continue at the Amaam North Project, with 2019 production forecasted to be between 680kt and 750kt, whilst sales volumes are currently forecast to be in the range of 650kt to 720kt for 2019.

Ongoing enhancement of the port, road and other mine infrastructure is expected during 2019 and Amaam North Phase Two expansion and funding alternatives will continue to be investigated further. The Group will also progress exploration, appraisal and development of its Amaam project.

9. Environmental regulation

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

Tigers Realm Coal Limited
Directors' report (continued)
For the year ended 31 December 2018

10. Directors' interests

The relevant interest of each Director and Alternate 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
C Wiggill	1,200,000	1,500,000
B Gray	379,333,637	-
O Hegarty	30,412,029	1,500,000
R Morgan ⁽¹⁾	-	500,000
T Sitdekov	-	1,500,000
N Ishmetov	-	-

(1) R Morgan's holding of 500,000 options is after the transfer of 1,000,000 options to B. V. Mining Holding Limited during 2014

11. Share Options

Options granted to directors and executives of the Company

The option plan offers individuals the opportunity to acquire 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.

During the year ended 31 December 2018, there were no options issued, 3,361,000 options forfeited and 22,407,000 lapsed, bringing options issued over ordinary shares in the Company to 33,669,000 at 31 December 2018 (For the year ended 31 December 2017: 37,074,000 options issued to executives and employees and 274,000 options forfeited and 1,665,000 lapsed, thus bringing the options issued over ordinary shares in the Company to 59,437,000 at 31 December 2017).

Unissued shares under options

Unissued shares under options as of the date of this report are detailed in Note 24 to the consolidated financial statements.

Tigers Realm Coal Limited
Directors' report (continued)
For the year ended 31 December 2018

12. Remuneration report – audited

This remuneration report, which forms part of the directors' report, sets out the remuneration information for Tigers Realm Coal Limited's non-executive directors and other key management personnel ("KMP") for the financial year ended 31 December 2018.

(a) Details of key management personnel

Name	Position	Commencement Date
Directors		
Craig Wiggill	Chairman (Non-Executive)	20 November 2012
Bruce Gray	Director (Non-executive)	1 October 2015
Owen Hegarty	Director (Non-executive)	8 October 2010
Ralph Morgan	Director (Non-executive)	1 April 2014
Tagir Sitdekov	Director (Non-executive)	1 April 2014
Nikolay Ishmetov	Alternate Director for Mr Sitdekov	1 July 2017
Senior Executives		
Dmitry Gavrilin	Chief Executive Officer ("CEO")	1 June 2018
Dale Bender	Chief Financial Officer ("CFO")	1 October 2018
Peter Balka (1)	Interim Chief Executive Officer	1 January 2011
Denis Kurochkin (2)	Chief Financial Officer	21 July 2014
Scott Southwood	General Manager Marketing	13 October 2013
Sergey Efanov	General Manager Operations, Project F	15 November 2017
David Forsyth	Company Secretary	8 October 2010

(1) Ceased his employment as Interim CEO from 31 May 2018, after which and until his resignation effective 31 August 2018, acted in his capacity as Chief Operating Officer

(2) Ceased his employment as CFO effective from 31 May 2018.

(b) Changes to key management personnel

Directors

There were no changes to either Directors or to the Alternate Director during 2018.

Executives

On 31 May 2018, Peter Balka resigned as Interim CEO, resuming his role as Chief Operating Officer until his departure on 31 August 2018.

On 1 June 2018, Dmitry Gavrilin commenced his tenure as CEO.

On 31 May 2018, Denis Kurochkin, CFO, completed his tenure and was subsequently replaced by Dale Bender effective 1 October 2018.

There were no other changes during 2018.

Tigers Realm Coal Limited
Directors' report (continued)
For the year ended 31 December 2018

12. Remuneration report – audited (continued)

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

KMP have authority and responsibility for planning, directing and controlling the Group's activities and include the Company's Directors and Senior executives.

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 and motivate senior executives 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.

(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 Nomination and Remuneration Committee and the Board have regard to funding, resource development, project advancement and development, and other objectives, based on goals set by the Nomination and Remuneration 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 four financial years.

	2018	2017	2016	2015	2014
Net profit / (loss) attributable to equity holders of the parent <i>(A\$ million)</i>	\$10.959	\$(6.213)	\$(10.511)	\$(86.170)	\$(29.629)
Closing share price <i>(A\$)</i>	\$0.04	\$0.057	\$0.073	\$0.03	\$0.12

(e) Remuneration policy and structure for senior executives

The objective of the Group's executive remuneration policy is to ensure reward for performance is market 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 structure provides a mix of fixed and variable remuneration and for the variable, or "at-risk", remuneration a blend of short-term and long-term incentives. As executives gain seniority within the Group, the balance of this mix shifts to a higher proportion of "at-risk" rewards.

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

- Fixed Remuneration, which is the total base salary and includes employer superannuation contributions. The fixed remuneration reflects the job level, role, responsibilities, knowledge, experience and accountabilities of the individual executive and is set at a level which is competitive, aligned with the business needs and based on current market conditions in the mining industry and countries in which the Company does business.
 Compensation levels are reviewed each year by the Nomination and Remuneration Committee to take into account cost-of-living changes, any change in the scope of the role performed by the senior executive and any changes required to meet the principles of the remuneration policy. The review process considers individual and overall performance of the Group.
- Short-Term Incentive ("STI"), which is at-risk remuneration. This is an annual incentive award based on the achievement of pre-determined Company and individual objectives. These short-term incentives are available to executives and other eligible participants and are at the discretion of the Board. The STI is an at-risk bonus provided in the form of cash, which is payable subsequent to Board ratification of recommendations made by the Nomination and Remuneration Committee each year.
- Long-Term Incentive ("LTI") Program 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 and General Manager Marketing, the target remuneration mix in the current year is 50% fixed, and 50% at risk. The target remuneration-mix for 2019 and beyond is currently the subject of review and approval.

Tigers Realm Coal Limited

Directors' report (continued)

For the year ended 31 December 2018

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 executives under the STI programme. Key Performance Indicators (“KPIs”) 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 CEO and is subject to Board discretion. The performance framework develops individual KPIs in the following proportions:

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

For the LTI element of remuneration, any options granted under the Company’s Option Plan, are approved by the Board in advance. Further details of the Option Plan are included in Note 24 to the consolidated financial statements. 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 and a benefit which accrued to the interim CEO upon termination of his employment, 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 and services contracts.

(f) Employment contracts

The Group has entered into employment arrangements with each senior executive, other than the General Manager Marketing, who is engaged on an external contractor basis, 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 and contractual entitlements of accrued annual and long service leave, together with any superannuation benefits.

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 50% of total remuneration for senior executives, and up to 85% of base salary for the CEO.

Employment contracts may outline the components of compensation but does not prescribe how compensation levels are modified year to year. The Nomination and Remuneration Committee reviews and makes any recommendations to the Board annually on compensation levels, assessing the necessity or otherwise of any changes required so as to meet the principles of the Group’s compensation policy.

(g) Remuneration of Executive and Non-Executive Directors

On appointment to the Board, 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 service agreements with Directors have no fixed term.

Non-executive Director remuneration is reviewed annually by the Board. Non-executive Directors are eligible for a fixed 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 A\$1,500,000.

In addition to being eligible for a fixed base fee, non-executive Directors are eligible for 9.50 per cent in superannuation contributions. No retirement or other long-term benefits are provided to any Director other than superannuation. Non-Executive Directors can claim reimbursement of out-of-pocket expenses incurred on behalf of the Company. During the year ended 31 December 2018, the base fee for Directors was \$30,000 per annum. The Alternate Director is not entitled to any directors fees. The Chairman is entitled to A\$100,000 per annum and a per diem of the AUD equivalent of British Pounds Sterling (“GBP”) 1,000 is payable whilst travelling in respect of the Group’s business. In addition to the base fee, A\$20,000 per annum is also payable to the Director who performs the duties of Chairman of the Audit, Risk and Compliance Committee. With the exception of the independent Chairman, all directors waived their director fee entitlements for the year ended 31 December 2018.

Tigers Realm Coal Limited
Directors' report (continued)
For the year ended 31 December 2018

12. Remuneration report – audited (continued)

(h) Details of the remuneration of the Group's key management personnel

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.

Name	Short – term			Post-employment		Share - based payments	Total Remuneration A\$	Proportion of remuneration comprising options %
	Cash Salary and fees A\$	Non-Monetary Benefits (1) A\$	STI cash bonus (2) A\$	Super-annuation A\$	Termination benefits A\$	LTI (3) A\$		
2018								
Non-executive Directors								
C Wiggill	131,458	-	-	12,511	-	-	143,969	0.00%
B Gray	-	-	-	-	-	-	-	0.00%
O Hegarty	-	-	-	-	-	-	-	0.00%
R Morgan	-	-	-	-	-	-	-	0.00%
T Sitdekov (8)	-	-	-	-	-	-	-	0.00%
Sub total	131,458	-	-	12,511	-	-	143,969	
Other key management personnel								
D Gavrilin (5)	265,314	-	95,774	-	-	-	361,088	0.00%
P Balka (4)	274,313	38,818	24,300	-	-	(12,208)	325,223	0.00%
D Bender (7)	62,710	-	-	-	-	-	62,710	0.00%
D Kurochkin (6)	143,797	-	-	-	-	(12,047)	131,750	0.00%
S Southwood	187,200	-	23,400	-	-	37,805	248,405	15.22%
D Forsyth	84,000	-	10,080	-	-	29,099	123,179	23.53%
S Efanov	296,289	-	63,307	-	-	55,231	414,827	13.31%
Sub total	1,313,623	38,818	216,861	-	-	97,880	1,667,182	
Total key management personnel								
	1,445,081	38,818	216,861	12,511		97,880	1,811,151	

1. Includes the value of fringe benefits and other allowances.

2. In respect of 2018.

3. In accordance with the requirements of Accounting Standards, remuneration includes a proportion of the fair value of equity compensation granted or outstanding during the year (i.e. options granted under the LTI programme that remained unvested as at 31 December 2018). The fair value of equity instruments is determined at the grant date and is progressively allocated over the vesting period. The amount included as remuneration is not necessarily related to or indicative of the benefit (if any) that senior executives may ultimately realise should the equity instruments vest. The fair value of the options at the date of their grant has been determined in accordance with AASB 2 Share-based Payments. All options granted under the LTI programme are equity settled.

4. Ceased as Interim CEO effective 31 May 2018 and as Chief Operating Officer from 31 August 2018

5. Commenced as CEO effective 1 June 2018.

6. Ceased as CFO effective 31 May 2018.

7. Commenced as CFO effective 1 October 2018.

8. N Ishmetov, Alternate to T Sitdekov, received no remuneration for the year ended 31 December 2018.

Tigers Realm Coal Limited
Directors' report (continued)
For the year ended 31 December 2018

12. Remuneration report – audited (continued)

(h) Details of the remuneration of the Group's key management personnel

Name	Short – term			Post-employment		Share - based payments	Total Remuneration A\$	Proportion of remuneration comprising options %
	Cash Salary and fees A\$	Non-Monetary Benefits (1) A\$	STI cash bonus (2) A\$	Super-annuation A\$	Termination benefits A\$	LTI (3) A\$		
2017								
Non-executive Directors								
C Wiggill	135,395	-	-	19,000	-	3,878	158,273	2.45%
B Gray	-	-	-	-	-	-	-	0.00%
O Hegarty	-	-	-	-	-	3,878	3,878	100%
R Morgan	-	-	-	-	-	3,878	3,878	100%
T Sitdekov ⁽⁶⁾	-	-	-	-	-	3,878	3,878	100%
Sub total	135,395	-	-	19,000	-	15,512	169,907	
Other key management personnel								
P Balka	414,126	62,307	87,778	-	-	21,672	585,883	3.70%
D Kurochkin	379,734	-	53,084	-	-	21,047	453,865	4.64%
S Southwood	162,902	-	21,129	-	-	12,650	196,681	6.43%
D Forsyth	101,500	-	8,478	-	-	7,995	117,973	6.78%
S Efanov ⁽⁵⁾	34,686	-	8,765	-	-	8,709	52,160	16.70%
A Nikolaev ⁽⁴⁾	179,877	-	-	-	19,117	-	198,994	0.00%
Sub total	1,272,825	62,307	179,234	-	19,117	72,073	1,605,556	
Total key management personnel								
	1,408,220	62,307	179,234	19,000	19,117	87,585	1,775,463	

1. Includes the value of fringe benefits and other allowances.

2. In respect of 2017.

3. In accordance with the requirements of Accounting Standards, remuneration includes a proportion of the fair value of equity compensation granted or outstanding during the year (i.e. options granted under the LTI programme that remained unvested as at 31 December 2017). The fair value of equity instruments is determined at the grant date and is progressively allocated over the vesting period. The amount included as remuneration is not necessarily related to or indicative of the benefit (if any) that senior executives may ultimately realise should the equity instruments vest. The fair value of the options at the date of their grant has been determined in accordance with AASB 2 Share-based Payments. All options granted under the LTI programme are equity settled.

4. Ceased as General Manager Project F on 31 August 2017.

5. Commenced as General Manager Operations Project F on 15 November 2017.

6. N Ishmetov, Alternate to T Sitdekov, received no remuneration for the year ended 31 December 2017.

During the years ended 31 December 2018 and 2017, other than the remuneration detailed above, key management personnel were neither entitled to nor did they receive loans or other benefits.

Tigers Realm Coal Limited
Directors' report (continued)
For the year ended 31 December 2018

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 KMP during the year ended 31 December 2018, 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.

Name	Fixed Annual Remuneration (including superannuation contributions) %	At Risk - STI as percentage of Total Remuneration 2 %	At Risk - LTI as percentage of Total Remuneration 1 %	At Risk - Total as percentage of Total Remuneration %
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2018

Other key management personnel

Dmitry Gavrilin, CEO (6)	73.5	26.5	-	26.5
Peter Balka, Interim CEO (5)	92.5	7.5	-	7.5
Dale Bender, CFO (8)	100.0	-	-	-
Denis Kurochkin, CFO (7)	100.0	-	-	-
Scott Southwood, General Manager Marketing	75.4	9.4	15.2	24.6
David Forsyth, Company Secretary	68.0	8.5	23.5	32.0
Sergey Efanov, General Manager Project F (4)	71.4	15.3	13.3	28.6

2017

Other key management personnel

Peter Balka, Interim CEO	81.3	15.0	3.7	18.7
Denis Kurochkin, CFO	83.7	11.7	4.6	16.3
Scott Southwood, General Manager Marketing	82.8	10.8	6.4	17.2
David Forsyth, Company Secretary	86.0	7.2	6.8	14.0
Sergey Efanov, General Manager Project F (4)	66.5	16.8	16.7	33.5
Anatoly Nikolaev, General Manager Project F (3)	100.0	-	-	-

- 1 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.
- 2 Bonuses in respect of 2018 results were approved by the Board of Directors on 26 February 2018.
- 3 Ceased as General Manager Project F on 31 August 2017.
- 4 Commenced as General Manager Project F on 15 November 2017.
5. Ceased as Interim CEO effective 31 May 2018 and as Chief Operating Officer from 31 August 2018
6. Commenced as CEO effective 1 June 2018.
7. Ceased as CFO effective 31 May 2018.
8. Commenced as CFO effective 1 October 2018

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 2018

12. Remuneration report – audited (continued)

(j) Analysis of bonuses included in remuneration

During and in respect of the years ended 31 December 2018 and 2017, there were A\$216,861 and A\$179,234, respectively, in short-term incentive (STI) cash bonuses awarded as remuneration to key management personnel.

(k) Share Options granted as remuneration

During the year ended 31 December 2018, there were no options granted (For the year ended 31 December 2017: 37,074,000 options, of which 15,672,000 were granted to key management personnel). Further details of the Option Plan are included in Note 24 to the consolidated financial statements.

During the year ended 31 December 2018, no options vested. For the year ended 31 December 2017: 2,000,000 options over ordinary shares in the Company vested as follows:

	Number of options vested during year	Grant date	Fair value of option at grant date A\$	Exercise price per option A\$	Vesting date start	Vesting date finish	Expiry date	Option vesting performance hurdle A\$
2017								
Directors								
C Wiggill	500,000	11/06/2015	0.035	0.23	11/06/2015	11/06/2017	11/06/2020	0.000
O Hegarty	500,000	11/06/2015	0.035	0.23	11/06/2015	11/06/2017	11/06/2020	0.000
R Morgan	500,000	11/06/2015	0.035	0.23	11/06/2015	11/06/2017	11/06/2020	0.000
T Sitdekov	500,000	11/06/2015	0.035	0.23	11/06/2015	11/06/2017	11/06/2020	0.000

There were no options granted to key management personnel during the year ended 31 December 2018. During the year ended 31 December 2017, the following options were granted to members of key management personnel:

	Number of options granted during year	Grant date	Fair value of option at grant date A\$	Exercise price per option A\$	Vesting date start	Vesting date finish	Expiry date	Option vesting performance hurdle A\$
2017								
Executives								
P Balka	1,736,000	18/10/2017	0.031	0.08	18/10/2017	18/10/2019	18/10/2022	0.00
P Balka	3,371,000	18/10/2017	0.030	0.13	18/10/2017	18/10/2020	18/10/2022	0.00
D Kurochkin	1,713,000	18/10/2017	0.031	0.08	18/10/2017	18/10/2019	18/10/2022	0.00
D Kurochkin	3,325,000	18/10/2017	0.030	0.13	18/10/2017	18/10/2020	18/10/2022	0.00
D Forsyth	648,000	18/10/2017	0.031	0.08	18/10/2017	18/10/2019	18/10/2022	0.00
D Forsyth	1,258,000	18/10/2017	0.030	0.13	18/10/2017	18/10/2020	18/10/2022	0.00
S Southwood	842,000	18/10/2017	0.031	0.08	18/10/2017	18/10/2019	18/10/2022	0.00
S Southwood	1,633,000	18/10/2017	0.030	0.13	18/10/2017	18/10/2020	18/10/2022	0.00
S Efanov	1,231,000	18/10/2017	0.031	0.08	18/10/2017	18/10/2019	18/10/2022	0.00
S Efanov	2,390,000	18/10/2017	0.030	0.13	18/10/2017	18/10/2020	18/10/2022	0.00

Tigers Realm Coal Limited
Directors' report (continued)
For the year ended 31 December 2018

12. Remuneration report – audited (continued)

(i) Analysis of movement in Share Options

The movement during the reporting period in the number of options over ordinary shares of 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/ Lapsed during year	Held at 31 December	Vested at 31 December		
						Total	Exercisable	Not exercisable

2018

Directors

C Wiggill	2,500,000	-	-	(1,000,000)	-	1,500,000	1,500,000	-
B Gray	-	-	-	-	-	-	-	-
O Hegarty	2,500,000	-	-	(1,000,000)	-	1,500,000	1,500,000	-
R Morgan (1)	500,000	-	-	-	-	500,000	500,000	-
T Sitdekov (2)	1,500,000	-	-	-	-	1,500,000	1,500,000	-

Other key management personnel

P Balka	10,510,000	-	-	(10,510,000)	-	-	-	-
D Forsyth	3,895,000	-	-	(143,000)	3,752,000	1,846,000	1,846,000	-
D Kurochkin	7,038,000	-	-	(7,038,000)	-	-	-	-
S Southwood	3,975,000	-	-	-	3,975,000	1,500,000	1,500,000	-
S Efanov	3,621,000	-	-	-	3,621,000	-	-	-

(1) R Morgan's holding of 500,000 options is after the transfer of 1,000,000 options to B. V. Mining Holding Limited during 2014

(2) N Ishmetov, alternate to T Sitdekov, neither holds nor is entitled to options in the Company.

Name	Held at 1 January	Granted as remuneration	Exercised during year	Forfeited/ Lapsed during year	Held at 31 December	Vested at 31 December		
						Total	Exercisable	Not exercisable

2017

Directors

C Wiggill	2,500,000	-	-	-	2,500,000	2,500,000	2,500,000	-
B Gray	-	-	-	-	-	-	-	-
O Hegarty	3,500,000	-	-	(1,000,000)	2,500,000	2,500,000	2,500,000	-
R Morgan	500,000	-	-	-	500,000	500,000	500,000	-
T Sitdekov	1,500,000	-	-	-	1,500,000	1,500,000	1,500,000	-

Other key management personnel

P Balka	5,965,000	5,107,000	-	(562,000)	10,510,000	5,403,000	5,403,000	-
D Forsyth	2,092,000	1,906,000	-	(103,000)	3,895,000	1,989,000	1,989,000	-
D Kurochkin	2,000,000	5,038,000	-	-	7,038,000	2,000,000	2,000,000	-
S Southwood	1,500,000	2,475,000	-	-	3,975,000	1,500,000	1,500,000	-
A Nikolaev	-	-	-	-	-	-	-	-
S Efanov	-	3,621,000	-	-	3,621,000	-	-	-

Tigers Realm Coal Limited
Directors' report (continued)
For the year ended 31 December 2018

12. Remuneration report – audited (continued)

(m) Analysis of Movement in Share Options, by value

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 A\$	Value of options exercised in year A\$	Value of options lapsed in year A\$	Remuneration consisting of options for the year %
2018				
Directors				
C Wiggill	-	-	(64,000)	0.0
B Gray	-	-	-	0.0
O Hegarty	-	-	-	0.0
R Morgan	-	-	(65,000)	0.0
T Sitdekov (1)	-	-	-	0.0
	-	-	-	0.0
Other Key Management Personnel				
P Balka	-	-	(82,570)	0.0
D Forsyth	-	-	(16,445)	23.4
D Kurochkin	-	-	-	0.0
S Southwood	-	-	-	16.0
S Efanov	-	-	-	12.9
2017				
Directors				
C Wiggill	-	-	-	2.4
B Gray	-	-	-	100.0
O Hegarty	-	-	(127,000)	100.0
R Morgan	-	-	-	100.0
T Sitdekov	-	-	-	100.0
Other Key Management Personnel				
P Balka	154,946	-	(89,920)	18.6
D Forsyth	57,828	-	(16,480)	16.3
D Kurochkin	152,853	-	-	17.1
S Southwood	75,092	-	-	13.9
A Nikolaev	-	-	-	0.0
S Efanov	109,861	-	-	33.5

(1) N Ishmetov, alternate to T Sitdekov, neither holds nor is entitled to options in the Company.

For details on the valuation of options, including models and assumptions used, refer to Note 24 to the consolidated financial statements.

Tigers Realm Coal Limited
Directors' report (continued)
For the year ended 31 December 2018

12. Remuneration report – audited (continued)

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

Option vesting profiles over the Company's ordinary shares granted as remuneration to each KMP and executive are detailed below:

	Options granted		Vested in year	Forfeited/ Lapsed in year	Vesting date start	Vesting date finish
	Number	Grant date				
Directors						
C Wiggill	1,000,000	03/05/13	-	(1,000,000)	03/05/13	03/05/14
	1,000,000	11/06/15	-	-	11/06/15	11/06/16
	500,000	11/06/15	-	-	11/06/15	11/06/17
O Hegarty	1,000,000	03/05/13	-	(1,000,000)	03/05/13	03/05/15
	1,000,000	11/06/15	-	-	11/06/15	11/06/16
	500,000	11/06/15	-	-	11/06/15	11/06/17
R Morgan (1)	500,000	11/06/15	-	-	11/06/15	11/06/17
T Sitdekov	1,000,000	04/06/14	-	-	04/06/14	04/06/15
	500,000	11/06/15	-	-	11/06/15	11/06/17
Executives						
P Balka	718,000	15/02/13	-	(718,000)	15/02/13	15/02/15
	1,291,000	19/12/14	-	(1,291,000)	19/12/14	19/12/15
	1,291,000	19/12/14	-	(1,291,000)	19/12/14	28/02/16
	422,222	17/04/15	-	(422,222)	17/04/15	17/04/15
	1,051,500	17/04/15	-	(1,051,500)	17/04/15	17/05/16
	1,051,500	17/04/15	-	(1,051,500)	17/04/15	17/04/17
	1,736,000	18/10/17	-	(1,736,000)	18/10/17	18/10/19
	3,371,000	18/10/17	-	(3,371,000)	18/10/17	18/10/20
	-	-	-	-	-	-
D Forsyth	143,000	15/02/13	-	(143,000)	15/02/13	15/02/15
	541,000	19/12/14	-	-	19/12/14	19/12/15
	541,000	19/12/14	-	-	19/12/14	28/02/16
	197,778	17/04/15	-	-	17/04/15	17/05/15
	382,000	17/04/15	-	-	17/04/15	17/04/16
	382,000	17/04/15	-	-	17/04/15	17/04/17
	648,000	18/10/17	-	-	18/10/17	18/10/19
	1,258,000	18/10/17	-	-	18/10/17	18/10/20
	-	-	-	-	-	-
D Kurochkin	194,815	17/04/15	-	(194,815)	17/04/15	17/05/15
	1,000,000	17/04/15	-	(1,000,000)	17/04/15	17/04/16
	1,000,000	17/04/15	-	(1,000,000)	17/04/15	17/04/17
	1,713,000	18/10/17	-	(1,713,000)	18/10/17	18/10/19
	3,325,000	18/10/17	-	(3,325,000)	18/10/17	18/10/20
S Southwood	750,000	17/04/15	-	-	17/04/15	17/04/16
	750,000	17/04/15	-	-	17/04/15	17/04/17
	842,000	18/10/17	-	-	18/10/17	18/10/19
	1,633,000	18/10/17	-	-	18/10/17	18/10/20
S Efanov	1,231,000	18/10/17	-	-	18/10/17	18/10/19
	2,390,000	18/10/17	-	-	18/10/17	18/10/20

(1) R Morgan's holding of 500,000 options is after the transfer of 1,000,000 options to B. V. Mining Holding Limited during 2014

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

Tigers Realm Coal Limited
Directors' report (continued)
For the year ended 31 December 2018

14. Rounding and ASIC relief

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 Directors' Report have been presented in Australian dollars and rounded to the nearest thousand dollars, unless otherwise indicated.

15. 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 Deloitte, the Group's auditor, for audit and non-audit services provided during the year are outlined in Note 35 to the consolidated financial statements.

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 35, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved by the Board to ensure they do not impact the integrity 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'.

16. 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.

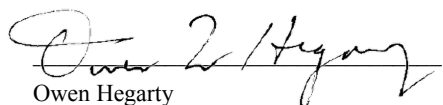
17. Auditor's Independence Declaration

The auditor's independence declaration is included on page 82 and forms part of the Directors' report for the year ended 31 December 2018.

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

Dated at Melbourne this 20th day of March 2019.

Signed in accordance with a resolution of the Directors:


Owen Hegarty
Director

Tigers Realm Coal Limited

Corporate governance statement

The Board of Directors are responsible for the Company's corporate governance. 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 ("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.

This Corporate Governance Statement is current as at 20 March 2019 and has been approved by the Board. A description of the Group's corporate governance practices are set out below. Where changes have occurred during the 2018 year, the dates of these changes are shown. 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; 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 had 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 necessity for and structures and memberships of the respective committees are reviewed regularly.

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

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

Management Performance Evaluation

The Board, in conjunction with the Nomination and Remuneration Committee, is responsible for approving the performance objectives and measures for the CEO and other senior executives and providing input into the evaluation of performance against them. Performance evaluations of senior executives and management were completed for the 2018 financial year. The Company approved bonuses to senior executives in respect of the 2018 financial year in February 2019. Refer to Section 12 of the Directors' Report for details.

Tigers Realm Coal Limited

Corporate governance statement (continued)

Principle 2: Structure of the Board

Composition of the Board

The names of the Company's Directors 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 four Non-Executive Directors and one Non-Executive Chairman. The composition of the Board is determined in accordance with the following principles outlined in the Board Charter:

- a minimum of three Directors;
- the intention that as the Group develops the majority of Directors will be independent; and
- the requirement for the Board is 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 in that the majority of Directors should be independent. Currently two of the five Directors are independent, Craig Wiggill and Owen Hegarty. On 6 February 2018, the Board reviewed the independence of Owen Hegarty and approved a change in his status to that of independent rather than non-independent.

Given the developmental nature of the Company and the experience of the Directors, the Board considers the composition of the Board to be appropriate at this time. In due course, consideration will be given to increasing the number of independent Directors on the Board.

Board Skills

The Nomination and Remuneration Committee is responsible for developing and implementing processes to identify and assess necessary and desirable competencies and characteristics for Board members.

The Board considers that collectively the Directors have the necessary skills, knowledge and experience to direct the Company as outlined in the following Skills Matrix:

Experience and Competencies	Professional Qualifications
Coal Industry Experience	Engineering
Strategy, leadership and risk management	Finance/Economics
Commercial, trading and marketing	
Financial analysis and capital markets experience	
Corporate Governance and regulatory	
Project development and construction	
Stakeholder communication and engagement	
Safety, environment and social responsibility	

Director Independence

The Board has adopted specific principles in relation to Directors' independence. These state that when determining independence, a Director must be 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; and
- 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.

Tigers Realm Coal Limited

Corporate governance statement (continued)

Director Independence (continued)

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 its Non-Executive Directors to be the 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. The current Chairman, Mr Craig Wiggill satisfies the independence recommendation. The role of the Chairman is separate from that of the CEO. The CEO is responsible for implementing Group strategies and policies.

Orientation Program

The orientation program provided to new Directors and senior executives enables them to actively participate in Board decision making as soon as possible. It ensures that they have a full understanding of the Group's financial position, strategies operations, culture, values and risk management policies. 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 three Non-Executive Directors and the Chairman, who is independent. The Committee has a documented charter, approved by the Board which is available on the Company's website. Details of the qualifications of members of the Nomination and Remuneration Committee and their attendance at meetings of the Committee are set out in the Directors' Report. The Chairman of the Committee is Mr Owen Hegarty.

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

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

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

A performance evaluation of the Board, its committees and the Directors was completed for 2018. The outcomes of the evaluation were discussed and considered by all the Directors and specific performance goals were agreed upon for the coming year.

Tigers Realm Coal Limited

Corporate governance statement (continued)

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 all Group personnel at all times act with utmost integrity, objectivity and in compliance with the letter and the spirit of the law and Group policies.

Whistleblowers' Policy

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

Securities Trading

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

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

Workplace Diversity

The Board is committed to having an appropriate blend of diversity on the Board, and in the Group's senior executive positions. The Group values diversity and recognises the benefits it can bring to the Group's ability to achieve its goals. The Group has adopted a diversity policy which outlines the Group's diversity objectives in relation to gender, age, cultural background and ethnicity. The Group has not established specific measurable gender and diversity objectives due to the start-up nature of its situation in the exploration and development of coking coal projects. However, the Group remains committed to recruiting the best candidates for roles at all levels within the Group at every operation. As at 31 December 2018, women comprised 17 % (31 December 2017: 17%) of employees throughout the Group. There are currently no female members of the Board.

Copies of the Code of Conduct, 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 currently consists of three Non-Executive Directors and the Chairman, who is Independent. The Chairman of the Committee is a Non-Executive Director. The membership of the Committee does not fully meet the Good Corporate Governance Recommendations in that the Committee does not consist of a majority of independent Directors, with two of the four Directors being independent. Given the size of the Group and the Board, and straight forward structure of the Group, the Directors consider that the Audit, Risk and Compliance Committee is of sufficient size, independence and technical expertise to discharge its mandate effectively.

All members of the Committee are financially literate and have an appropriate understanding of the mining industry. The Chairman, Mr Owen Hegarty has relevant qualifications with a Bachelor of Economics (Hons) and experience by virtue of being a director on other ASX listed companies. Mr Ralph Morgan has relevant qualifications, holding a BA (Political Science, Yale University) and MPhil (Russian and East European Studies, Oxford University) and relevant experience gained through being a board member of PJSC Magnitogorsk Iron & Steel Works, where he serves on the Audit Committee and the Committee for Nominations and Remuneration and previously as an executive Board member at PJSC MMK Norilsk Nickel. Mr Tagir Sitdekov has relevant qualifications with an MBA (University of Chicago Booth School of Business, London) and experience as a CFO at power generating company OJSC Sochi TES (a subsidiary of RAO Unified Energy System of Russia), and prior to that role he was a Senior Consultant at Creditanstalt Investment Bank for 2 years.

Tigers Realm Coal Limited

Corporate governance statement (continued)

Principle 4: Safeguard integrity in financial reporting

Audit, Risk and Compliance Committee

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

The main responsibilities of the Committee are to:

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

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

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

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

CEO and CFO certification

The Chief Executive Officer and the Chief Financial Officer have declared in writing to the Board in accordance with Section 295 of the *Corporations Act 2001* that the financial records of the Company for the financial year have been properly maintained, and that the Company's financial reports for the financial year ended 31 December 2018 comply with accounting standards and present a true and fair view of the Company's financial condition and operational results. The statement is required both annually and semi-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 2018.

Tigers Realm Coal Limited

Corporate governance statement (continued)

Principle 4: Safeguard integrity in financial reporting

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. Deloitte has provided an independence declaration to the Board for the financial year ended 31 December 2018. 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 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 quality review partner are rotated every five years.

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

Principle 5: Make timely and balanced disclosure

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

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

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

Principle 6: Shareholder communications

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

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

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

Principle 7: Recognise and manage risk

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

The Committee is responsible for ensuring that there are adequate policies in relation to risk management, compliance and internal control systems. The Committee monitors the Company's risk management by overseeing management's actions in the evaluation, management, monitoring and reporting of material operational, corporate, 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.

In relation to risk management the Committee regularly reviews the adequacy and effectiveness of the Company's risk management framework including assessment of any material exposure to economic, environmental and social sustainability risks, how it manages or intends to manage and plans for managing each identified risk. It also reviews the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

Tigers Realm Coal Limited

Corporate governance statement (continued)

Principle 8: Remunerate fairly and responsibly

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

The Nomination and Remuneration Committee is chaired by a Non-Executive Director and has four members, three being the recommended size. 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.

Tigers Realm Coal Limited
Consolidated statement of financial position
As at 31 December 2018

	Note	31 December 2018 A\$'000	31 December 2017 A\$'000
Current Assets			
Cash and cash equivalents	12	3,554	2,011
Trade and other receivables	14	2,586	2,898
Inventories	16	15,772	4,929
Prepayments		1,103	1,453
Investments in restricted financial instruments	15	935	861
Other assets		27	85
Total current assets		23,977	12,237
Non-current assets			
Inventories	16	1,459	-
Property, plant and equipment	17	19,523	15,600
Total non-current assets		20,982	15,600
Total assets		44,959	27,837
Current Liabilities			
Trade and other payables	18	6,246	3,767
Lease liability	21	2,223	739
Bank loans payable	19	1,516	1,357
Royalty liability	22	638	86
Employee benefits	20	1,316	1,137
Total current liabilities		11,939	7,086
Non-current liabilities			
Trade and other payables	18	196	140
Lease liability	21	2,526	1,757
Royalty liability	22	7,602	5,292
Provision for site restoration costs		156	64
Total non-current liabilities		10,480	7,253
Total liabilities		22,419	14,339
Net assets		22,540	13,498
Equity			
Share capital	23	173,747	173,747
Reserves		21,662	22,693
(Accumulated losses)		(152,985)	(163,944)
Total equity attributable to equity holders of the Company		42,424	32,496
Non-controlling interest		(19,884)	(18,998)
Total equity		22,540	13,498

The notes on pages 37 to 80 are an integral part of these consolidated financial statements.

Tigers Realm Coal Limited
Consolidated statement of comprehensive income
For the year ended 31 December 2018

	Note	31 December 2018 A\$'000	31 December 2017 A\$'000
Revenue from the sale and shipment of coal	7	52,277	15,926
Mining and related costs of coal sold		(14,657)	(9,271)
Transshipment and other port costs		(16,609)	(3,768)
Sales commissions		(71)	-
Gross margin on coal sold		20,940	2,887
Other income	7	88	68
Administrative and other operating expenses	8	(5,690)	(5,766)
Share based payments	24	(324)	(126)
Exploration and evaluation expenses		(354)	(65)
Change in provisions for current assets	16	(369)	(812)
Royalty expenses	22	(2,384)	(2,126)
Results from operating activities		11,907	(5,940)
Net foreign exchange gain/(loss)		566	(670)
Finance income		10	5
Finance costs		(1,565)	(382)
Net finance costs		(989)	(1,047)
Profit/(Loss) before income tax		10,918	(6,987)
Income tax expense	10	(38)	(120)
Net Profit/(Loss)		10,880	(7,107)
Other comprehensive income/(loss)			
Items that may subsequently be reclassified to the profit or loss			
Foreign currency translation differences for foreign operations		(2,162)	(32)
Total comprehensive income/(loss) for the period		8,718	(7,139)
Net Profit/(Loss) is attributable to:			
Owners of the Company		10,959	(6,213)
Non-controlling interest		(79)	(894)
Net Profit/(Loss) for the period		10,880	(7,107)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		9,604	(7,102)
Non-controlling interest		(886)	(37)
Total comprehensive income/(loss) for the period		8,718	(7,139)
Earnings/(Loss) per share (cents per share)			
basic	11	0.61	(0.35)
diluted	11	0.61	(0.35)

The notes on pages 37 to 80 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 2018

	Note	Share Capital	(Accumulated Losses)	Share based payments reserve	Foreign Currency Translation Reserve	Other Reserve	Total	Non-controlling Interest	Total
		AS'000	AS'000	AS'000	AS'000	AS'000	AS'000	AS'000	AS'000
Balance as at 1 January 2017		173,747	(157,731)	6,603	10,544	18,582	51,745	(31,234)	20,511
Net (loss)		-	(6,213)	-	-	-	(6,213)	(894)	(7,107)
Other comprehensive income		-	-	-	(889)	-	(889)	857	(32)
Total comprehensive (loss) for the period		-	(6,213)	-	(889)	-	(7,102)	(37)	(7,139)
Acquisition of non-controlling interests	34	-	-	-	-	(12,273)	(12,273)	12,273	-
Share based payments	24	-	-	126	-	-	126	-	126
Balance at 1 January 2018		173,747	(163,944)	6,729	9,655	6,309	32,496	(18,998)	13,498
Net profit		-	10,959	-	-	-	10,959	(79)	10,880
Other comprehensive loss		-	-	-	(1,355)	-	(1,355)	(807)	(2,162)
Total comprehensive income/(loss) for the period		-	10,959	-	(1,355)	-	9,604	(886)	8,718
Share based payments	24	-	-	324	-	-	324	-	324
Balance at 31 December 2018		173,747	(152,985)	7,053	8,300	6,309	42,424	(19,884)	22,540

The notes on pages 37 to 80 are an integral part of these consolidated financial statements.

Tigers Realm Coal Limited
Consolidated statement of cash flows
For the year ended 31 December 2018

	Note	31 December 2018 A\$'000	31 December 2017 A\$'000
Cash flows from operating activities			
Cash receipts from customers		54,396	13,983
Interest income received		13	8
Cash paid to suppliers and employees		(44,851)	(20,465)
Exploration and evaluation expenditure		(111)	(65)
Interest and financing costs paid		(1,376)	(429)
Income taxes paid		(54)	(39)
Net cash generated/(used) in operating activities	13	8,017	(7,007)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(4,859)	(6,020)
Acquisition of restricted financial instruments		(948)	(948)
Proceeds from the disposal of restricted financial instruments		813	-
Proceeds from the disposal of property, plant and equipment		-	45
Net cash used in investing activities		(4,994)	(6,923)
Cash flows from financing activities			
Repayment of finance lease liabilities		(1,919)	(2,655)
Proceeds from borrowings		13,421	1,365
Repayment of borrowings		(12,640)	-
Security deposit		-	658
Net cash used in financing activities		(1,138)	(632)
Net movement in cash and cash equivalents			
		1,885	(14,562)
Cash and cash equivalents at beginning of the period		2,011	17,109
Effects of exchange rate changes on cash and cash equivalents		(342)	(536)
Cash and cash equivalents at the end of the period	12	3,554	2,011

Non-cash investing activities for the year ended 31 December 2018: Finance leases

During the year ended 31 December 2018, the Group executed a number of finance lease agreements with equipment vendors for the acquisition of 4 haulage trucks, an excavator and a bulldozer. The cost of the property, plant and equipment was RUB 73.882 million (A\$1.505 million). The value of the finance lease, after advance payments of RUB 5.753 million (A\$0.117 million), was RUB 65.194 million (A\$1.328 million) upon inception.

During the year ended 31 December 2018, the Group executed a number of finance lease agreements with domestic Russian finance providers for the acquisition of a Komatsu D375A bulldozer, a Hyundai R1200-9 excavator and a Komatsu mobile coal crusher. The cost of the property, plant and equipment was RUB 146.058 million (A\$2.976 million). The value of the finance lease, after advance payments of RUB 28.167 million (A\$0.574 million), was RUB 112.669 million (A\$2.296 million) upon inception.

Non-cash investing activities for the year ended 31 December 2017: Finance leases

During the year ended 31 December 2017, the Group executed a number of finance lease agreements with equipment vendors for the acquisition of five haulage trucks, three excavators and a bulldozer. The cost of the property, plant and equipment was RUB 107.522 million (A\$2.347 million). The value of the finance lease, after advance payments of RUB 21.050 million (A\$0.473 million), was RUB 82.227 million (A\$1.843 million) upon inception.

The notes on pages 37 to 80 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 2018

1. Reporting entity

Tigers Realm Coal Limited (the “Company” or “TIG”) is domiciled in Australia. During the year ended 31 December 2018, the Company’s registered office continued to be located at 151 Wellington Parade South, Melbourne Victoria, 3002. The consolidated financial statements of the Company as at and for the year ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as the “Group”). The Group is a for-profit entity and primarily involved in coal exploration and evaluation, mining and sales activities.

2. Basis of preparation

(a) Statement of compliance

These consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued 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 20th March 2019.

(b) Basis of preparation

The consolidated financial statements have 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. Further details on how the Group estimates fair values of an asset or a liability are included in Note 5.

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 statements have been presented in Australian dollars and rounded to the nearest thousand dollars, unless otherwise indicated.

(c) Significant accounting judgements, estimates and assumptions

The application of the Group’s accounting policies, which are described in Note 3, requires management to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

- Note 3 Going concern basis of accounting
- Note 16 Inventories
- Note 22 Royalty liability

Tigers Realm Coal Limited

Notes to the consolidated financial statements

For the year ended 31 December 2018

3. Significant accounting policies

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

(a) Going concern basis of accounting

The consolidated annual financial statements have 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 year ended 31 December 2018, the Group generated a net profit of A\$10.880 million (2017: Net loss of A\$7.107 million), net cash inflows from operating activities of A\$8.017 million (net cash outflows for year ended 31 December 2017: A\$7.007 million).

As at 31 December 2018, the Group had cash and cash equivalents of A\$3.554 million (31 December 2017: A\$2.011 million) and net current assets of A\$12.038 million (31 December 2017: Net current assets of A\$5.151 million). As of 31 December 2018, the Company has RUB 825.606 million (A\$16.821 million) in unused, available credit lines (A\$11.964 million as at 31 December 2017).

Based on the Group's forecasted cash flows, the Group will have a surplus of liquidity throughout the twelve-month period from the date of signing these consolidated annual financial statements. The achievement of the Group's forecast is primarily dependent, amongst other matters, upon:

- the Group's ability to secure financing necessary to address temporary cash shortfalls expected to arise during the period through 20 March 2020, primarily resulting from the seasonality of the Group's operations and plans for further discretionary capital investment in the expansion of operating capacity. Management have engaged and continue to engage potential providers of funding. Based on the actual achievements to date, including the renewal of the working capital loan with Sberbank, the execution of unsecured short-term shareholder financing facilities and the servicing of any and all financing obtained to date of signing these consolidated financial statements, the Group reasonably expects it will be able to raise that funding necessary and within the timeframe needed; and
- the successful implementation of the production, pit to port haulage, shipping and coal loading 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 mine planning and testing performed to date and incorporated into the sales budget;
 - Actual coal prices achieved are at or in excess of those prices utilised in management forecasting;
 - Actual mining and production levels being achieved and implemented within the expected cost levels, structure and timing;
 - Coal loading and shipments are realised within the forecast scheduling parameters, which are subject to a number of factors including but not limited to barge availability, transshipment efficiency and unpredictable weather conditions;
 - Compliance with ongoing drilling obligations in accordance with the terms of the Amaam and Amaam North licences;
 - Macroeconomic factors including 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 19, 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 receipts from coal sales will meet those expectations reflected in cash flow forecasts;
- Commercial mining operations continue in line with expectations and where necessary, mining expectations have been amended to reflect the most recent coal mining results. 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 20 March 2020;
- Licence Compliance obligations for both the Amaam and Amaam North tenements 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 and that no material sanctions arising from any licence breaches will be levied;

Tigers Realm Coal Limited

Notes to the consolidated financial statements

For the year ended 31 December 2018

3. Significant accounting policies (continued)

(a) Going concern basis of accounting

- Coal shipments have been forecasted after consideration of actual port operating performance through 31 December 2018, anticipated increased coal loading capacity achievable through the completion of port infrastructure acquisitions 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 the Amaam North project only upon the existence of those internal and macroeconomic conditions supporting its justification, including but not limited to a favourable coking coal price outlook, allowing the Group to raise that additional funding required to finance the capital investment and operational requirements of the Amaam North development plan making it 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 covenants through to the loan's settlement; and
- There is no indication that the Group will not be able to obtain that funding which is necessary to maintain the Group's liquidity position through to 20 March 2020.

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.

(b) Basis of consolidation

(i) 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.

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

All intra-group balances and transactions, and any unrealised gains and losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(ii) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. 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.

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, settlement being accounted for in equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2018

3. Significant accounting policies (continued)

(b) Basis of consolidation

(ii) Business combinations

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 the 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.

(iii) Non-controlling interests

For each business combination, the Group elects to measure any 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 an 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.

(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

(c) Foreign currency

(i) 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.

(ii) 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.

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.

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2018

3. Significant accounting policies (continued)

(c) Foreign currency

(iii) Foreign operations

For the purpose of presenting these consolidated financial statements, the assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Company's functional currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used.

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 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.

(d) 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, 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.
Refer to Note 14 for details of trade and other receivables and Note 15 for Investments in restricted financial instruments
- **Cash and cash equivalents**
Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less from the acquisition date that are subject to insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments.

(ii) Non-derivative financial liabilities

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

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

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2018

3. Significant accounting policies (continued)

(e) 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.

(f) Intangible assets

(i) 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. In the year ended 31 December 2015 all mineral rights were written-down. Details of the policy on assessing the carrying value of non-current assets are disclosed in Note 9.

(ii) 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(b)(ii) (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. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. In the year ended 31 December 2015 all goodwill was written-down. Details of the policy on assessing the carrying value of non-current assets are disclosed in Note 9.

(iii) 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.

(iv) 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 profit or loss as incurred.

(v) 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 life 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.

(g) Impairment of 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.

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2018

3. Significant accounting policies (continued)

(h) 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. The probability of an outflow of economic benefits is one of the key criteria in determining the recognition and measurement of legal and constructive obligations:

- If the likelihood of an outflow of economic resources is remote, neither disclosure of a contingency nor the recognition of a provision is made;
- If the likelihood of an outflow of economic resources is possible, a contingent liability is disclosed in the financial statements, unless the acquisition method of accounting for business combinations in Note 3(b)(ii) are applied and a liability equivalent to the fair value of the future outflows of economic benefits is able to be determined; or
- If the likelihood of an outflow of economic resources is probable, a provision is recognised.

Provisions are determined by assessing the present value of the expected future outflow of economic benefits. The discounting of the expected (probable) future cash flows 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 charge.

(i) Leases

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

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.

(j) Exploration and evaluation costs

Exploration and evaluation expenditure comprises costs directly attributable to:

- Research and analysing exploration data;
- Conducting geological studies, exploratory drilling and sampling;
- Examining and testing extraction and treatment methods;
- Compiling pre-feasibility and definitive feasibility studies; and
- Exploration and evaluation costs, including the costs of acquiring licences.

Exploration and evaluation expenditure is charged against profit and loss as incurred, except for expenditure incurred after a decision to proceed to development is made, in which case the expenditure is capitalised as an asset.

(k) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services and similar value added taxes (VAT in Russia and GST in Australia), except where the amount of VAT/GST incurred is not recoverable from the taxation authority. In these circumstances, the VAT/GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated excluding the amount of VAT/GST included. The net amount of VAT/GST recoverable from, or payable to, the relevant tax authorities 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 VAT/GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the relevant tax authorities are classified as operating cash flows.

(l) Other significant accounting policies

Significant accounting policies that summarise the measurement and recognition basis used and which are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2018

4. Application of new and revised accounting standards

(a) New and amended standards adopted

The Group has adopted the following new and revised standards and interpretations issued by AASB that are relevant to their operations and effective for the current year

Standard/Interpretation

AASB 9 Financial Instruments

AASB 15 Revenue from Contracts with Customers

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 2017-3 Amendments to Australian Accounting Standards – Clarifications to AASB 4

AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments

AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

In the current year, the Group has applied AASB 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. AASB 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in AASB 15 to deal with specific scenarios. The Group's accounting policies for its revenue streams are disclosed in detail in Note 7 below. Apart from providing more extensive disclosures for the Group's revenue transactions, the application of AASB 15 has not had a significant impact on the financial position and/or financial performance of the Group.

The application of above other standards and amendments has had no impact on the Group's consolidated financial statements.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective for the year ended 31 December 2018.

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4. Application of new and revised accounting standards

(b) Standard and interpretations in issue not yet adopted

A number of new standards, amendments to standards and interpretations are issued but not yet effective for annual periods beginning after 1 January 2018 and have not been applied in preparing these consolidated financial statements.

Standard/Interpretation	Effective for annual reporting periods beginning on or after
AASB 16 Leases	Applicable to annual reporting periods beginning on or after 1 January 2019
AASB 2017-4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments	Applicable to annual reporting periods beginning on or after 1 January 2019
AASB 17 Insurance Contracts	Applicable to annual reporting periods beginning on or after 1 January 2019
AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation	Applicable to annual reporting periods beginning on or after 1 January 2019
AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures	Applicable to annual reporting periods beginning on or after 1 January 2019
AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle	Applicable to annual reporting periods beginning on or after 1 January 2019
AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business	Applicable to annual reporting periods beginning on or after 1 January 2020
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material	Applicable to annual reporting periods beginning on or after 1 January 2020

AASB 16 will change how the Group accounts for leases previously classified as operating leases under AASB 117, which were off-balance sheet. On initial application of AASB 16, for all leases (except as noted below), the Group will recognise right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group will opt to recognise a lease expense on a straight-line basis as permitted by AASB 16.

As at 31 December 2018, the Group has non-cancellable operating lease commitments of A\$3.716 million, as disclosed in Note 26. A preliminary assessment indicates that A\$3.656 million relates to leases other than short-term leases and leases of low-value assets, and hence the Group will recognise a right-of-use asset and a corresponding lease liability of A\$0.623 million.

The directors of the Company do not anticipate that the application of other standards and amendments will have a material impact on the Group's consolidated financial statements.

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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.

(a) 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.

Further information about the assumptions made in measuring fair values is included in Note 25.

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6. 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. For the year ended 31 December 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 AS'000	Amaam Project AS'000	Total Reportable Segments AS'000	Other AS'000	Total AS'000
31 December 2018					
Revenue from the shipment and sale of coal	52,277	-	52,277	-	52,277
Interest and other income	88	-	88	-	88
Cost of coal sold	(31,337)	-	(31,337)	-	(31,337)
Change in provisions for current assets	(369)	-	(369)	-	(369)
Depreciation and amortisation	(306)	-	(306)	-	(306)
Exploration and evaluation expenses	(85)	(269)	(354)	-	(354)
Royalty expenses	(2,384)	-	(2,384)	-	(2,384)
Finance costs	(1,565)	-	(1,565)	-	(1,565)
Other segment expenses	(4,208)	(111)	(4,319)	(1,379)	(5,698)
Net foreign exchange gain	520	-	520	46	566
Segment result	12,631	(380)	12,251	(1,333)	10,918
Segment assets	40,809	70	40,879	4,080	44,959
Segment liabilities	(22,106)	(188)	(22,294)	(125)	(22,419)
31 December 2017					
Revenue from the shipment and sale of coal	15,926	-	15,926	-	15,926
Interest and other income	68	-	68	5	73
Cost of coal sold	(13,039)	-	(13,039)	-	(13,039)
Change in provisions for current assets	(812)	-	(812)	-	(812)
Depreciation and amortisation	(279)	-	(279)	-	(279)
Royalty expense	(2,126)	-	(2,126)	-	(2,126)
Finance costs	(382)	-	(382)	-	(382)
Other segment expenses	(4,376)	(174)	(4,550)	(1,128)	(5,678)
Net foreign exchange gain / (loss)	77	-	77	(747)	(670)
Segment result	(4,943)	(174)	(5,117)	(1,870)	(6,987)
Segment assets	26,238	35	26,273	1,564	27,837
Segment liabilities	(14,052)	(3)	(14,055)	(284)	(14,339)

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6. Segment reporting (continued)

Geographical information

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

	2018		2017	
	Revenues	Non-current assets	Revenues	Non-current assets
	A\$'000	A\$'000	A\$'000	A\$'000
Asia	52,277	-	15,578	-
Russia	88	20,982	416	15,600
Total	52,365	20,982	15,994	15,600

Customer information

Included in revenues from the sale and shipment of coal are revenues of A\$45.378 million (2017: A\$14.375 million) which arose from sales to customers from whom at least 10% of the total revenues from the shipping and sale of coal were individually derived. No other single customers contributed 10% or more to the Group's revenue in either 2018 or 2017.

7. Revenue

	31 December 2018 A\$'000	31 December 2017 A\$'000
Revenue from thermal coal sales	20,017	9,820
Revenue from semisoft coal sales	23,000	4,290
Revenue from shipment of coal	9,260	1,816
Total revenue from the sale and shipment of coal	52,277	15,926
Other income	88	68
Total revenue	52,365	15,994

Recognition and measurement: Revenue

Revenue from the sale of coal is recognised when all the following conditions have been satisfied:

- (a) the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;
- (b) the Company can identify each party's rights regarding the goods or services to be transferred;
- (c) the Company can identify the payment terms for the goods or services to be transferred;
- (d) the contract has commercial substance (ie the risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract); and
- (e) it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the Company considers only the customer's ability and intention to pay that amount of consideration when it is due. The amount of consideration to the Company will be entitled may be less than the price stated in the contract if the consideration is variable because a price concession may be offered to the customer.

Revenue is recognised when (or as) the Company satisfies a performance obligation by transferring a promised good or service to a customer. An asset is transferred when (or as) the customer obtains control of that asset. Revenue is measured at the fair value of the consideration received or receivable, reflecting contractually defined terms of payment and excluding taxes, levies or duties collected on behalf of the government/ other statutory bodies.

Coal products are sold in accordance with internationally recognised shipping terms (INCO terms), primarily on either free on board ("FOB"), Beringovsky Port or cost and freight ("CFR") terms. Where sales are made on the FOB basis, the satisfaction of the performance obligation in respect of coal delivery is achieved after the time the goods have been delivered on board the vessel. Sales made in accordance with CFR terms differ to FOB as the Company is obliged to pay for the cost of shipping and other costs necessary to bring the product to the destination port. In CFR sales, the performance obligations arise from the delivery of coal on board the vessel and provision of shipping services to the customer.

Preliminary volume and quality of coal shipped are independently measured upon loading the vessel at the Beringovsky Port. Coal sales contracts include terms in accordance with which the sales price is defined with reference to the initial coal quality parameters, as adjusted for the results of coal quality tests performed upon delivery of the product to the destination port. If coal does not meet minimum standards, the shipment may be either rejected or an adjustment made up or down to the initial contract price. Accordingly, the Company recognises revenue on coal sales at the earlier of when loaded on to the vessel or when the coal quality tests at the destination port affirm both the mass and quality characteristics, dependent upon the specific terms of each sales agreement.

Revenue from the shipment of coal is recognised at the point of delivery on shore at the destination port.

Advances received from the customers are reported as customer's deposits unless the above conditions are satisfied.

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8. Administrative and other operating expenses

	31 December 2018 A\$'000	31 December 2017 A\$'000
Wages, salaries and other personnel costs	(2,585)	(2,242)
Contractors and consultants' fees	(707)	(1,124)
Legal fees and compliance costs	(264)	(907)
Depreciation expense	(306)	(279)
Repairs and maintenance	(10)	-
Port operating expenses	(313)	(18)
Accounting and audit fees	(250)	(244)
Office accommodation costs	(220)	(166)
Transportation and freight costs	(19)	(2)
Travel	(257)	(191)
IT and communication costs	(58)	(97)
Insurance	(100)	(100)
Other	(601)	(396)
	(5,690)	(5,766)

9. Carrying value of non-current assets

Amaam North Project CGU

During the year ended 31 December 2018, the carrying value of non-current assets of the Amaam North Project CGU, net of accumulated depreciation, increased by A\$3.923 million to A\$19.523 million (As of 31 December 2017: A\$15.600 million) (refer to Note 17 for details).

As at 31 December 2018, the Group concluded that due to:

- Continued realisation of Phase One of the Amaam North Feasibility Study Update's principles;
- Profits generated from the coal sales realised during 2018;
- The absence of significant adverse changes in mid and long-term coal price forecasts; and
- The completion of the asset procurement and infrastructure development activities in 2018 sufficient to advance expected production and sales volumes in 2019,

there is no necessity to recognise further impairment losses for the Amaam North Project CGU and accordingly the assets are measured at their carrying value.

Management also believe that 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.

Methodology

The Group assessed the recoverable amount of Amaam North Project CGU primarily through determining its value-in-use. The Group estimates the value-in-use of the Amaam North Project CGU using a discounted cash flow model for the life of the project. The projected cash flows are for a period in excess of five years and represent management's estimate of the life of mine.

Amaam Project CGU

During the year ended 31 December 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 2018. As the development of the Amaam Project is not expected in the foreseeable future, as at 31 December 2018, the Group concluded that there are no indications that asset write-downs recognised in prior periods for Amaam Project CGU require reversal.

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9. Carrying value of non-current assets

Recognition and measurement: Non-current assets

The carrying amounts of the Group's non-financial assets excluding goodwill are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest groups of assets that generate 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 recognised in respect of cash-generating units are allocated first to reduce the carrying value of any goodwill allocated to the cash generating units and then to reduce the carrying amount of the other assets in the cash generating 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.

10. Income tax expense

A reconciliation between tax expense and accounting profit multiplied by Australia's domestic tax rate for the years ended 31 December 2018 and 2017 is set out below:

	31 December 2018 AS'000	31 December 2017 AS'000
Profit/(Loss) before tax from continuing operations	10,918	(6,987)
Income tax expense/(benefit) using the domestic corporation tax rate of 30%	3,275	(2,096)
Changes in income tax expense due to:		
Effect of tax rates in foreign jurisdictions	(1,041)	1,033
Non-deductible royalty expenses	287	258
Tax deductible expenses not recognised for accounting purposes	-	(317)
Assessable imputed interest income	80	80
Non-assessable income	(3,338)	-
Non-deductible expenses-other	-	106
Adjustments to prior periods' assessable income	-	44
Current period tax losses for which no deferred tax asset was recognised	775	1,002
Total income tax expense on pre-tax net profit	38	120

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10. Income tax expense (continued)

	31 December 2018 AS'000	31 December 2017 AS'000
Current tax expense	38	120
Deferred tax (benefit)	-	-
Total income tax expense	38	120

Unrecognised deferred tax assets

	31 December 2018 AS'000	31 December 2017 AS'000
Net deferred tax assets not recognised in respect of tax losses	23,722	23,845

Recognition and measurement: Income taxes

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.

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.

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10. Income tax expense (continued)

Recognition and measurement: Income taxes (continued)

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.

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.

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.

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.

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.

The tax losses incurred in Australia do not expire under current tax legislation. In overseas jurisdictions, tax losses can be carried forward for varying periods. As at 31 December 2018 and 2017, no deferred tax assets have been recognised for carried forward tax losses as it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

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11. Earnings / (Loss) per share

		31 December 2018 Cents	31 December 2017 cents
Earnings / (Loss) per share			
Basic earnings / (loss) per share – cents	a	0.61	(0.35)
Diluted earnings / (loss) per share – cents	b	0.61	(0.35)

(a) Basic earnings / (loss) per share

The calculation of basic earnings per share (EPS) at 31 December 2018 was based on the profit attributable to ordinary equity holders of the Company of A\$10.959 million (At 31 December 2017: loss of A\$6.213 million) and a weighted average number of ordinary shares outstanding during the period ended 31 December 2018 of 1,791,669,870 (For the year ended 31 December 2017: 1,791,669,870).

(b) Diluted profit / (loss) per share

The calculation of diluted earnings per share at 31 December 2018 is the same as basic earnings per share. The Company had issued 33,669,000 options over ordinary shares, which have been excluded from the calculation of diluted earnings per share because they are anti-dilutive for the reporting period.

12. Cash and cash equivalents

	31 December 2018 A\$'000	31 December 2017 A\$'000
Bank balances	3,554	2,011
	3,554	2,011

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

13. Reconciliation of profit/(loss) for the year to net cash flows from operating activities

	31 December 2018 A\$'000	31 December 2017 A\$'000
Cash flows from operating activities		
Profit/ (Loss) for the period	10,880	(7,107)
Foreign exchange gain	11	15
Share based payments	324	126
Royalty expenses	2,384	1,996
Depreciation expensed	2,797	279
Change in provisions for current assets	369	812
Income tax expense	38	81
	16,803	(3,798)
Movements in working capital		
Change in trade and other receivables	312	(1,541)
Change in inventory	(12,220)	(4,010)
Change in other assets	58	(80)
Change in prepayments	350	(998)
Change in employee provisions	179	369
Change in trade and other payables	2,535	3,051
Net cash generated/(used) in operating activities	8,017	(7,007)

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14. Trade and other receivables

	31 December 2018 A\$'000	31 December 2017 A\$'000
Trade and other receivables	226	1,184
VAT and GST receivable	2,360	1,714
	2,586	2,898

15. Investments in restricted financial instruments

	31 December 2018 A\$'000	31 December 2017 A\$'000
Alfa Bank promissory notes	935	861
	935	861

On 26 December 2018, the Company acquired six promissory notes issued by Alfa Bank, a leading Russian commercial bank, with a nominal value of RUB 7,650,000 (A\$0.156 million) as a condition precedent to the completion of the Sberbank loan. These promissory notes are at call after their maturity on 30 January 2019 and accrue interest at the rate of 6.45% 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 such time as all amounts due to Sberbank have been settled. For further details of the Sberbank loan, refer to Note 19.

On 21 December 2017, the Group acquired twelve promissory notes issued by Alfa Bank as a condition precedent to the completion of the Sberbank loan. These promissory notes were at call after their maturity on 31 January 2018 and accrued interest at the rate of 5.9% per annum. The promissory notes were redeemed throughout the course of 2018 in accordance with the terms of the Sberbank loan.

16. Inventories

	31 December 2018 A\$'000	31 December 2017 A\$'000
Coal inventories: net of provision of A\$0.830 million for recognition of inventories at the lower of cost and their net realisable value (At 31 December 2017: A\$ 0.850 million)	8,801	2,386
Fuel: net of provision of A\$0.032 (At 31 December 2017 Nil)	4,985	462
Other consumables: net of provision of A\$0.266 million (At 31 December 2017 A\$0.417 million)	3,445	2,081
	17,231	4,929
Current	15,772	4,929
Non-current	1,459	-
	17,231	4,929

Management performs a regular review of the recoverability of inventories, including coal stocks, to assess the Company's ability to recover the cost of inventories on hand. Accordingly, a provision of A\$0.830 million was recognised for the recoverability at 31 December 2018 of 67kt of non-current inventories of coal stockpiled at the Company's interim coal stockpile, requiring further processing prior to commercial realisation.

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16. Inventories

Recognition and measurement: Inventories

Inventories are valued at the lower of cost and net realisable value and upon initial recognition on the weighted average cost basis. The cost of raw materials and consumable stores is the purchase price. The cost of partly-processed and saleable products is generally the cost of production, including:

- labour costs, materials and contractor expenses which are directly attributable to the extraction and processing of ore;
- the depreciation of mining properties and leases and of property, plant and equipment used in the extraction and processing of ore; and
- production overheads.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Inventories are periodically assessed for the existence of slow moving and obsolete stocks and adjustments to the recoverable amount recognised as necessary.

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17. Property, plant and equipment

	Assets in construction	Land & Buildings	Mine infrastructure	Plant & Equipment	Fixtures & Fittings	Total
	AS'000	AS'000	AS'000s	AS'000	AS'000	AS'000
<i>Cost</i>						
As at 1 January 2017	355	-	1,687	6,059	-	8,101
Additions	10,076	-	-	17	42	10,135
Transfers	(8,238)	528	4,195	3,515	-	-
Effect of movement in exchange rates	(10)	(6)	(74)	(151)	-	(241)
As at 1 January 2018	2,183	522	5,808	9,440	42	17,995
Additions	8,888	-	-	-	2	8,890
Transfers	(7,284)	1,280	1,077	4,907	20	-
Effect of movement in exchange rates	(275)	(97)	(561)	(783)	(4)	(1,720)
As at 31 December 2018	3,512	1,705	6,324	13,564	60	25,165
<i>Depreciation and impairment</i>						
As at 1 January 2017	-	-	(22)	(581)	-	(603)
Depreciation charge for the period	-	(48)	(518)	(1,253)	(3)	(1,822)
Effect of movement in exchange rates	-	-	7	23	-	30
As at 1 January 2018	-	(48)	(533)	(1,811)	(3)	(2,395)
Depreciation charge for the period	-	(155)	(1,293)	(2,114)	(19)	(3,246)
Transfers	-	(19)	19	-	-	-
Effect of movement in exchange rates	-	10	92	231	1	328
As at 31 December 2018	-	(212)	(1,715)	(3,694)	(21)	(5,642)
Net book value:						
At 31 December 2018	3,512	1,493	4,609	9,870	39	19,523
At 31 December 2017	2,183	474	5,275	7,629	39	15,600

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17. Property, plant and equipment (continued)

Recognition and measurement: Property, plant and equipment

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

Once an undeveloped mining project has been determined as commercially viable and approval to mine has been given, expenditure other than that on land, buildings, fixtures and fittings, plant and equipment and capital work in progress is capitalised under “Mine Infrastructure”. Ore reserves may be declared for an undeveloped mining project before its commercial viability has been fully determined. Development costs incurred after the commencement of production are capitalised to the extent they are expected to give rise to a future economic benefit.

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.

Depreciation

Property, plant and equipment is depreciated over the lesser of its useful life or over the remaining life of the mine where there is no reasonable alternative use for the asset. The useful lives and residual values for material assets and categories of assets are reviewed annually and changes are reflected prospectively. Depreciation commences when an asset is available and ready for its intended use. The major categories of property, plant and equipment are depreciated on a straight-line basis, except for mining assets, which are depreciated on a units of production basis.

Straight-line basis

Assets within operations for which production is not expected to fluctuate significantly from one year to another or which have a physical life shorter than the related mine are depreciated on a straight-line basis.

The estimated useful lives are as follows:

- Buildings 10 – 20 years
- Plant & equipment 3 – 10 years
- Fixtures & fittings 3 – 10 years

Units of production basis

For mining assets, consumption of the economic benefits of the asset is linked to production. These assets are depreciated on the lesser of the respective assets’ useful lives and the life of the ore body in respect of which the assets are being used. Where the useful life of the assets is greater than the life of the ore body for which they are being utilised, depreciation is determined on a units of production basis. In applying the units of production method, depreciation is normally calculated based on production in the period as a percentage of total expected production in current and future periods based on ore reserves and other mineral resources.

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17. Property, plant and equipment (continued)

Recognition and measurement: Property, plant and equipment

Stripping Costs

In open pit mining operations, overburden and other waste materials must be removed to access ore from which minerals can be extracted economically. The process of removing overburden and waste materials is referred to as stripping. Stripping costs during the development of a mine (or pit), before production commences, are generally expensed as incurred except when capitalised as part of the cost of construction of the mine (or pit) and subsequently amortised over the life of the mine (or pit) on a units of production basis only where the below criteria are all met:

- it must be probable that there will be an economic benefit in a future accounting period because the stripping activity has improved access to the orebody;
- it must be possible to identify the “component” of the orebody for which access has been improved; and
- it must be possible to reliably measure the costs that relate to the stripping activity.

Production phase stripping can give rise to two benefits: the extraction of ore in the current period and improved access to ore which will be extracted in future periods. When the cost of stripping which has a future benefit is not distinguishable from the cost of producing current inventories, the stripping cost is allocated to each of these activities based on a relevant production measure using a life-of-component strip ratio. The ratio divides the tonnage of waste mined for the component for the period either by the quantity of ore mined for the component or by the quantity of minerals contained in the ore mined for the component. Stripping costs for the component are deferred to the extent that the current period ratio exceeds the life of component ratio.

18. Trade and other payables

	31 December 2018 AS'000	31 December 2017 AS'000
Trade payables and accrued expenses	6,251	3,796
Taxes payable	191	111
	6,442	3,907
Current	6,246	3,767
Non-current	196	140
	6,442	3,907

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19. Bank loans payable

	31 December 2018 A\$'000	31 December 2017 A\$'000
Bank loans payable	1,516	1,357
	1,516	1,357

Movement in bank loans:

	31 December 2018 A\$'000	31 December 2017 A\$'000
Opening balance of bank loans	1,357	-
Borrowings during the year	13,421	1,365
Repayment of borrowings	(12,640)	-
Net effect of movement in exchange rates	(622)	(8)
Total bank loans at end of the year	1,516	1,357

On 28 December 2018, the Group entered into a non-revolving credit line to be settled by no later than 27 December 2019, in accordance with which it borrow up to RUB 900 million (A\$18.336 million). As of 31 December 2018, RUB 74.393 million (A\$1.516 million) has been drawn down. The interest on outstanding balances accrues at between 10.2% and 11.2% per annum and a fee for unused facilities accrues at 0.5% per annum.

The loan was secured by a pledge over moveable tangible assets with a carrying value as at 31 December 2018 of A\$2.700 million (RUB 132.545million) on 28 February 2019. The outstanding balance is also secured by cross guarantees provided by the Company's Russian subsidiaries and the subordination of intragroup loans.

An arrangement fee of RUB 5.4 million (A\$0.110 million) was paid to activate the loan and is amortised over the period during which the loan is available for drawdown, through 30 September 2019.

As an integral component of the agreement, the Group is required to guarantee interest payments under the loan by acquiring a promissory note which is also pledged as collateral to the bank. The Group acquired Alfa Bank promissory notes to the value of RUB 45.9 million (A\$0.935 million) to this end, the details of which are disclosed in Note 15.

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.

On 22 December 2017, the Group entered into a RUB 600 million (A\$13.308 million) non-revolving credit line to be settled by no later than 21 December 2018. As of 31 December 2017, RUB 61.157 million (A\$1.357 million) was drawn down. Interest on outstanding balances accrued at 9.9% per annum and a fee for unused facilities accrues at 0.5% per annum.

The loan was secured by a pledge over moveable tangible assets with a carrying value as at 31 December 2017 of A\$2.479 million. The outstanding balance was secured by cross guarantees provided by Russian subsidiaries and subordination of intragroup loans.

Throughout 2018, the balance of this loan was drawn down, the outstanding balance was fully repaid in December 2018.

An arrangement fee of RUB 3 million (A\$0.067 million) was paid to activate the loan and is amortised over the period during which the loan was available for drawdown, through 31 August 2018.

Recognition and measurement: Loans payable and financing costs

Loans payable are recorded at their fair value after consideration of their terms and conditions. Any fees and commissions associated with the execution of loans payable are amortised over the term in respect to which they relate. These fees include, but are not limited to, arrangement fees and fees on unused and available credit lines. Interest on unpaid balances is accrued as incurred.

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20. Employee Benefits

	31 December 2018 A\$'000	31 December 2017 A\$'000
Provision for annual leave	260	242
Provision for salary and related costs payable	359	434
Provision for other employment benefits	104	162
Provision for bonuses	593	299
	1,316	1,137

Recognition and measurement: 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 resulting from past service provided by the employee, and the obligation can be estimated reliably.

21. Lease Liability

	31 December 2018 A\$'000	31 December 2017 A\$'000
Lease expenditure contracted and provided for:		
Payable not later than one year	2,931	1,126
Payable later than one year, not later than five years	3,000	2,113
	5,931	3,239
Future finance charges	(1,182)	(743)
Total lease liabilities	4,749	2,496
Current	2,223	739
Non-current	2,526	1,757
	4,749	2,496

Movement in finance lease liabilities are as follows

	31 December 2018 A\$'000	31 December 2017 A\$'000
Opening balance of finance lease liability	2,496	2,839
New finance lease agreements entered during the year	4,530	2,316
Finance lease payments	(1,919)	(2,655)
Net effect of movement in exchange rates	(358)	(4)
Total finance lease liability recognised at end of year	4,749	2,496

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21. Lease Liability (continued)

The terms and conditions of finance leases are as follows:

	Currency	Effective interest rate	Year of maturity	31 December 2018	
				Value at inception	Carrying amount
Vendor finance lease liabilities	RUB	13.10%- 20.24%	2020-2022	RUB 255,563	RUB 133,766
Russian Financing Company lease liabilities	RUB	19.36%- 21.55%	2021	RUB 140,837	RUB 99,541

Vendor finance leasing in 2018

During the year ended 31 December 2018, the Group executed a number of finance lease agreements with equipment vendors for the acquisition of 4 haulage trucks, an excavator and a bulldozer. The cost of the property, plant and equipment was RUB 73.882 million (A\$1.505 million). The value of the finance lease, after advance payments of RUB 5.753 million (A\$0.117 million), was RUB 65.194 million (A\$1.328 million) upon inception and RUB 54.629 million (A\$1.113 million) at 31 December 2018.

Russian Finance Company finance leasing in 2018

During the year ended 31 December 2018, the Group executed a number of finance lease agreements with domestic Russian finance providers for the acquisition of a Komatsu D375A bulldozer, a Hyundai R1200-9 excavator and a Komatsu mobile coal crusher. The cost of the property, plant and equipment was RUB 146.058 million (A\$2.976 million). The value of the finance lease, after advance payments of RUB 28.167 million (A\$0.574 million), was RUB 112.669 million (A\$2.296 million) upon inception and RUB 99.541 million (A\$2.028 million) at 31 December 2018.

The Komatsu mobile coal crusher were delivered to Anadyr Port in October 2018. As weather did not permit the on-shipment of the equipment to Beringovsky, the equipment remains in Anadyr and is expected to be delivered to Beringovsky in the first half of 2019.

Vendor finance leasing in 2017

During the year ended 31 December 2017, the Group executed a number of finance lease agreements with equipment vendors for the acquisition of five haulage trucks, three excavators and a bulldozer. The cost of the property, plant and equipment was RUB 107.522 million (A\$2.347 million). The value of the finance lease, after advance payments of RUB 21.050 million (A\$0.473 million), was RUB 82.227 million (A\$1.843 million) upon inception and RUB 74.656 million (A\$1.660 million) at 31 December 2017.

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21. Lease Liability (continued)

Recognition and measurement: Finance leases

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.

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.

These finance lease commitments relate to the acquisition of mobile fleet used in the early development stage and subsequently in mining activities at Project F Amaam North and is based on the cost of the 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.

Finance lease related interest and other charges are recognised in the statement of comprehensive income.

22. Royalty Liability

	31 December 2018 A\$'000	31 December 2017 A\$'000
Opening balance of royalty agreement liability	5,378	3,681
Royalty expenses	2,384	2,126
Payments made during the year	(85)	(130)
Effect of movement in exchange rates	563	(299)
Total royalty agreement liability at year end	8,240	5,378
Current	638	86
Non-current	7,602	5,292
	8,240	5,378

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 between 1.5% and 3%, with a cap placed on total royalty payments of US\$25 million.

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22. Royalty Liability (continued)

Amaam North Royalty Liability

Following the raising of funds and commencement of Amaam North Project F Phase One, the Group concluded it is probable that an outflow of resources embodying economic benefits will be required to settle royalty obligations and accordingly a provision was required for the obligations under existing royalty agreements.

While 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 31 December 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.

Recognition and measurement: Royalty liabilities

The Group, from time to time, enters into legal agreements with various parties as a result of which there will be future outflows of economic benefits, including obligations which arise from the execution and realisation of sales agreements ("Royalty Agreement").

In applying the recognition and measurement criteria outlined above in respect of provisions in Note 3(h) to royalty agreements, management perform an assessment of the probability of the outflow of economic benefits, which it has deemed to be influenced by the following factors and circumstances, when assessing the disclosure, recognition and measurement of Royalty Agreement obligations:

- Existence of a licence which provides the legal capacity to mine and sell product which is the subject of Royalty Agreements;
- The performance of a feasibility study or other similar project assessment which provides an indication of the economic benefits accruing to the Group from implementing a project or part thereof, incorporating the consideration of macroeconomic factors and project specific assumptions on income and expenditures;
- General macroeconomic conditions (including but not limited to financial and commodity markets -specifically the market for coal);
- Economic resources are in place which enable the realisation of a plan to extract and sell ore, as defined in a feasibility study (as amended and updated). Economic resources include both financial, human & other resources necessary to realise strategic plans;
- Board approves the decision to commence those activities necessary to develop and mine ore with the view of commencing commercial production; and
- Actual operations confirm those assumptions upon which the decision made to commence mining operations were made (including the ability to realise any sales agreements executed).

As noted above, where the likelihood of an outflow of economic benefits is deemed to be remote, no disclosures are made. Where possible, disclosure is made of a contingent liability and where probable a provision is recognised and measured.

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23. Share capital

	31 December 2018	31 December 2017
	AS'000	AS'000
Share Capital	188,197	188,197
Costs of raising equity	(14,450)	(14,450)
	173,747	173,747

(i) Movements in shares on issue:

	No of shares	Issue price A\$	AS'000
Opening balance at 1 January 2017	1,791,669,870		188,197
<i>Movements in 2017</i>	-	-	-
Opening balance at 1 January 2018	1,791,669,870		188,197
<i>Movements in 2018</i>	-	-	-
Closing share capital balance at 31 December 2018	1,791,669,870		188,197

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.

(ii) Movements in options on issue:

During the year ended 31 December 2018 no options were granted, 3,361,000 lapsed and 22,407,000 were forfeited, resulting in options on issue at 31 December 2018 of 33,669,000.

24. Share based payments

(a) Recognised share-based payment expense

	31 December 2018	31 December 2017
	AS'000	AS'000
Expense arising from equity settled share-based payment transactions	324	126

(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 are 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.

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24. Share based payments (continued)

(b) Description of share-based payment arrangements

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 the 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 2018 have an exercise price in the range of A\$0.08 to A\$0.50 (31 December 2017: A\$0.08 to A\$0.60). The weighted average remaining contractual life for options outstanding at 31 December 2018 is 3.92 years (31 December 2017: 3.63 years). There were no options granted during the year ended 31 December 2018 (For the year ended 31 December 2017: 37,074,000) the fair value of options granted during the year ended 31 December 2017 was A\$0.031. There are 10,634,000 vested and exercisable options at 31 December 2018 (31 December 2017: 22,363,000). There were no options exercised during the years ended 31 December 2018 and 31 December 2017.

Movements in outstanding options	2018		2017	
	Number of Options	Weighted Average Exercise Price A\$	Number of Options	Weighted Average Exercise Price A\$
Balance at the beginning of the year	59,437,000	0.242	24,302,000	0.318
Granted	-	-	37,074,000	0.113
Forfeited/lapsed	(25,768,000)	0.186	(1,939,000)	0.587
Exercised	-	-	-	-
Balance at the end of the year	33,669,000	0.256	59,437,000	0.242
Vested and exercisable at year end	10,634,000	0.260	22,363,000	0.238

Details of share options outstanding at 31 December 2018 are detailed below:

Date of issue	2018		2017	
	Number of Options	Average Exercise Price A\$	Number of Options	Average Exercise Price A\$
4 June 2014	2,000,000	0.500	2,000,000	0.500
19 December 2014	797,000	0.230	2,544,000	0.230
19 December 2014	797,000	0.170	2,544,000	0.170
17 April 2015	1,520,000	0.230	3,957,000	0.230
17 April 2015	1,520,000	0.170	3,957,000	0.170
11 June 2015	2,000,000	0.500	2,000,000	0.500
11 June 2015	2,000,000	0.230	2,000,000	0.230
18 October 2017	15,203,000	0.080	24,469,000	0.080
18 October 2017	7,832,000	0.130	12,605,000	0.130
Balance at the end of the year	33,669,000	0.242	59,437,000	0.242

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24. Share based payments (continued)

(c) Summary of options granted under the Option Plan

During the year to 31 December 2018, no options were issued, 3,361,000 options lapsed, 22,407,000 were forfeited and no options exercised, bringing the options issued over ordinary shares in the Company to 33,669,000 as at 31 December 2018.

(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 nil. 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 nil. The risk-free rate is derived from the yield on Australian Government Bonds of appropriate terms.

The inputs used in the measurement of the fair values at the grant date of the options granted under the Staff Option Plan and outstanding at 31 December 2018 are outlined below:

Option Grant Date	Fair value at grant date (A\$)	Share price at grant date (A\$)	Exercise price	Performance hurdle	Performance period	Expiry date	Risk free interest rate
4 June 2014	\$0.043	\$0.140	\$0.500	A	D	4 June 2019	2.69%
19 Dec 2014	\$0.030	\$0.099	\$0.230	A	D	28 Feb 2019	2.32%
19 Dec 2014	\$0.036	\$0.099	\$0.170	C	F	28 Feb 2019	2.32%
17 Apr 2015	\$0.049	\$0.130	\$0.230	A	D	17 Apr 2020	1.84%
17 Apr 2015	\$0.061	\$0.130	\$0.170	B	E	17 Apr 2020	1.84%
11 Jun 2015	\$0.021	\$0.100	\$0.500	A	D	11 Jun 2020	2.09%
11 Jun 2015	\$0.035	\$0.100	\$0.230	B	E	11 Jun 2020	2.09%
18 Oct 2017	\$0.031	\$0.060	\$0.080	A	D	18 Jun 2022	2.32%
18 Oct 2017	\$0.030	\$0.060	\$0.130	B	E	18 Jun 2022	2.32%

Note

- A. Performance hurdle: options vest 12 months after grant date.
- B. Performance hurdle: options vest 24 months after grant date.
- C. Performance hurdle: options vest 437 days after grant date.
- D. Performance period: 12 months after grant date.
- E. Performance period: 24 months after grant date.
- F. Performance period: 437 days after grant date.

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24. Share based payments (continued)

Recognition and measurement: Share based payments

Equity-based compensation is recognised as an expense in respect of the services received.

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 the grant date and recognised over the period during which the employees became unconditionally entitled to the options. The fair value at the 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.

25. Risk management and financial instruments

(a) Risk management framework

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

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

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

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

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

(i) Credit risk

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

(ii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

(iii) Market risk

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

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25. Risk management and financial instruments (continued)

(iv) Operational risk

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

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

(b) Capital management

The Company and Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration, evaluation and development of its projects. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, or issue new shares. The Group's focus historically has been to raise sufficient funds through equity to fund exploration and evaluation activities. In December 2018, the Group raised its second working capital facility, a fixed interest rate working capital Russian Rouble denominated loan, detailed further in Note 19 and has a number of finance lease obligations detailed further in Note 21.

The Board has not set a target for employee ownership of the Company's ordinary shares and has not yet set a debt to capital target for the Group.

Russian Law provides that Russian subsidiaries in the Group need to maintain a level of net assets higher than their charter capital. As of 31 December 2018, all Russian subsidiaries are in compliance with this requirement. Management monitors this requirement and act accordingly when required.

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

(c) Financial instruments

The Group holds the following financial instruments:

	31 December 2018 AS'000	31 December 2017 AS'000
Financial assets		
Cash and cash equivalents	3,554	2,011
Investments in restricted financial instruments	935	861
Trade and other receivables	2,586	2,898
	7,075	5,770
Financial liabilities		
Trade and other payables	6,442	3,907
Bank loans payable	1,516	1,357
Finance lease liability	4,749	2,496
	12,707	7,760

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25. Risk management and financial instruments (continued)

(d) Accounting classifications and fair values

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

31 December 2018

	Carrying amount		
	Loans & Receivables	Other financial liabilities	Total
	A\$'000		
Financial assets not measured at fair value			
Cash and cash equivalents	3,554	-	3,554
Investment in restricted financial instruments	935	-	935
Trade and other receivables	2,586	-	2,586
	7,075	-	7,075
Financial liabilities not measured at fair value			
Trade and other payables	-	6,442	6,442
Bank loans payable	-	1,516	1,516
Finance lease liability	-	4,749	4,749
	-	12,707	12,707

31 December 2017

	Carrying amount		
	Loans & Receivables	Other financial liabilities	Total
	A\$'000		
Financial assets not measured at fair value			
Cash and cash equivalents	2,011	-	2,011
Investment in restricted financial instruments	861	-	861
Trade and other receivables	2,898	-	2,931
	5,770	-	5,803
Financial liabilities not measured at fair value			
Trade and other payables	-	3,907	3,907
Bank loans payable	-	1,357	1,357
Finance lease liability	-	2,496	2,496
	-	7,760	7,760

(e) 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 the 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	
	2018 A\$'000	2017 A\$'000
Cash and cash equivalents	3,554	2,011
Investment in restricted financial instruments	935	861
Trade and other receivables	2,586	2,898
	7,075	5,770

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2018

25. Risk management and financial instruments (continued)

Geographical information

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

	Carrying amount	
	2018	2017
	AS'000	AS'000
Asia and the Russian Federation	2,586	3,759
Australasia	-	-
	2,586	3,759

Counterparty information

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

	2018	2017
	AS'000	AS'000
Coal customers	346	1,144
Other	2,240	2,615
	2,586	3,759

Impairment losses

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

	Gross	Impaired	Gross	Impaired
	2018	2018	2017	2017
	AS'000	AS'000	AS'000	AS'000
Not past due	2,586	-	3,759	-
Past due 0-30 days	-	-	-	-
Past due 31-120 days	-	-	-	-
Past due 121 days to one year	-	-	-	-
More than one year	-	-	-	-
	2,586	-	3,759	-

There was no provision for impairment at 31 December 2018 (At 31 December 2017: \$Nil).

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2018

25. Risk management and financial instruments (continued)

(f) Liquidity risk

Exposure to liquidity risk

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

The following are the contractual maturities of financial liabilities.

	Contractual cashflows						
	Carrying amount AS'000	Total AS'000	6 months or less AS'000	6-12 months AS'000	1-2 years AS'000	2-5 years AS'000	More than 5 years AS'000
31 December 2018							
Non-derivative financial liabilities							
Trade and other payables	6,442	6,492	6,176	70	70	176	-
Bank loan payable	1,516	1,684	84	1,600	-	-	-
Finance lease liability	4,749	5,931	640	2,291	2,026	974	-
	12,707	14,107	6,900	3,961	2,096	1,150	-
31 December 2017							
Non-derivative financial liabilities							
Trade and other payables	3,907	3,907	3,767	-	70	70	-
Bank loan payable	1,357	1,480	67	1,413	-	-	-
Finance lease liability	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.

(g) 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.

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

	2018		2017	
	USD AS'000	RUB AS'000	USD AS'000	RUB AS'000
Cash and cash equivalents	1,636	1,911	117	1,789
Receivables	346	2,239	1,144	1,754
Investment in restricted promissory notes	-	935	-	861
Trade and other payables	(1,995)	(4,211)	(976)	(2,554)
Bank loan payable	-	(1,516)	-	(1,357)
Finance lease liability	-	(4,749)	-	(2,495)
Net exposure	(13)	(5,391)	285	(2,002)

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2018

25. Risk management and financial instruments (continued)

(g) Market risk

(i) Currency risk

Exchange rates used

The following significant exchange rates were applied during the year relative to one Australian dollar:

	Average rate		Reporting date spot rate	
	2018	2017	2018	2017
USD	1.3390	1.3049	1.4174	1.2809
RUB	0.0214	0.0224	0.0204	0.0222

Sensitivity analysis

A weakening of the AUD, as indicated, against the USD and RUB at 31 December 2018 would have the impact in equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Strengthening		Weakening	
	Equity	Profit or loss	Equity	Profit or loss
	AS'000	AS'000	AS'000	AS'000
31 December 2018				
USD (10% movement)	(1)	(1)	1	1
RUB (10% movement)	(599)	(599)	490	490
31 December 2017				
USD (10% movement)	32	32	(10)	(10)
RUB (10% movement)	(222)	(222)	170	170

(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.

(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	
	2018	2017
	AS'000	AS'000
Fixed rate instrument		
Financial assets	935	861
Financial liabilities	(4,749)	(3,853)
	(3,814)	(2,992)
Variable rate instruments		
Cash and cash equivalents	3,554	2,011
Financial liabilities	(1,516)	-
	2,038	2,011

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2018

25. Risk management and financial instruments (continued)

(iii) Interest rate risk (continued)

Interest rates used

The following significant interest rates have been applied.

	Average rate %	Reporting date spot rate %
2018		
Australian cash deposit rate	1.50	1.50
2017		
Australian cash deposit rate	1.50	1.50

Sensitivity analysis

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

	Equity AS'000	Group Profit or loss AS'000
31 December 2018		
Australian cash deposit rate (100 basis points increase)	6	6
31 December 2017		
Australian cash deposit rate (100 basis points increase)	3	3

26. Operating Leases

Leases as lessee

Non-cancellable operating lease rentals are payable in:

	31 December 2018 AS'000	31 December 2017 AS'000
Less than one year	208	50
Between one and five years	309	139
More than five years	3,199	493
	3,716	682

Lease expense recognised in profit or loss

Operating lease expense	220	162
	220	162

The Group leases office space in Melbourne, Australia and Moscow, Russia in addition to land and port infrastructure on site in Chukotka under operating leases.

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2018

27. 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 various country and state governments have the authority to defer, waive or amend the minimum expenditure requirements. As of and for the year ended 31 December 2018, the Group is in compliance with those exploration obligations defined in the respective licences.

Port and other commitments

Subsequent to the termination of the agreement with the Seaport of Anadyr in December 2018, there are no port commitments as of 31 December 2018 (At 31 December 2017: A\$11.167 million).

Other commitments of A\$3.428 million (At 31 December 2017: A\$1.159 million) are comprised primarily of A\$2.763 million in commitments to Liaoyo Group Co Ltd for the construction of two 500 tonne barges. Construction is expected to be completed by the end of the second quarter of 2019.

28. Contingencies

Under the terms of the ASIC Class Order 98/1418, the Company has entered into an approved deed of cross guarantee of liabilities with the subsidiary identified in Note 33.

29. Related parties' disclosure

During the years ended 31 December 2018 and 2017, the Group has a related party relationship with its subsidiaries (refer Note 31) and key management personnel (refer Note 30).

There were no transactions with other related parties during the years ended 31 December 2018 and 2017.

It is the Group's policy that where transactions are undertaken with related parties, they are done so on an arm's length basis.

30. Key Management Personnel Disclosures

(a) Compensation of key management personnel

The key management personnel compensation included in "Administration expenses" (see Note 8) and "Share-based payments" (see Note 24) is as follows:

	2018	2017
	A\$	A\$
Short-term employee benefits	1,700,760	1,649,761
Post-employment benefits	12,511	19,000
Termination benefits	-	19,117
Share-based payments	97,880	87,585
	1,811,151	1,775,463

(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 in Section 12 of the Directors' Report.

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2018

30. Key Management Personnel Disclosures (continued)

(c) 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
2018						
Directors						
C Wiggill		1,200,000	-	-	-	1,200,000
B Gray		378,001,865	1,331,772	-	-	379,333,637
O Hegarty		30,412,029	-	-	-	30,412,029
R Morgan		-	-	-	-	-
T Sitdekov		-	-	-	-	-
Other key management personnel						
D Kurochkin		617,390	-	(227,760)	-	389,630
S Southwood		136,700	-	-	-	136,700
P Balka		3,481,080	606,730	-	-	4,087,810
D Forsyth		19,267,673	-	-	-	19,267,673
D Gavrilin		-	-	-	-	-
D Bender		-	-	-	-	-

	Note	Balance at 1 January	Acquisitions	Sales	Other Changes	Balance at 31 December
2017						
Directors						
C Wiggill		1,200,000	-	-	-	1,200,000
B Gray		378,001,865	-	-	-	378,001,865
O Hegarty		30,191,006	221,023	-	-	30,412,029
R Morgan		-	-	-	-	-
T Sitdekov		-	-	-	-	-
Other key management personnel						
D Kurochkin		617,390	-	-	-	617,390
S Southwood		136,700	-	-	-	136,700
P Balka		3,481,080	-	-	-	3,481,080
D Forsyth		19,267,673	-	-	-	19,267,673
S Efanov		-	-	-	-	-
A Nikolaev		-	-	-	-	-

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2018

31. Group entities

Significant subsidiaries

	Country of Incorporation	Ownership Interest	
		2018	2017
Parent entity			
Tigers Realm Coal Limited	Australia		
Subsidiaries			
TR Coal International Limited	Australia	100%	100%
Tigers Realm Coal (Cyprus) Pty Ltd	Cyprus	100%	100%
Greaterbay Larnaca Finance (Cyprus) Pty Ltd	Cyprus	100%	100%
Eastshore Coal Holding Limited	Cyprus	80%	80%
Telofina Holdings Ltd ²	Cyprus	100%	100%
Rosmiro Investments Limited	Cyprus	100%	100%
Anadyrsky Investments Limited	Cyprus	100%	100%
Northern Pacific Coal Company	Russia	80%	80%
Beringpromugol LLC	Russia	100%	100%
Beringtranscoal LLC ³	Russia	N/A	100%
Port Ugolny LLC	Russia	100%	100%
Bering Ugol Investments LLC	Russia	100%	100%
Tigers Realm Coal Spain, SL ¹	Spain	100%	100%
Tigers Coal Singapore No. 1 PTE Limited ¹	Singapore	100%	100%

¹ Currently in liquidation.

² Founded in 2017

³ Merged into Beringpromugol LLC effective 11 March 2018.

32. Parent entity disclosures

As at and throughout the financial year ended 31 December 2018, the parent entity of the Group was Tigers Realm Coal Limited. Information relating to the parent entity follows:

	31 December 2018 AS'000	31 December 2017 AS'000
Results of parent entity		
Loss for the period	(324)	(146)
Total comprehensive income	(324)	(146)
Financial position of parent entity		
Current assets	31,567	31,567
Total assets	31,567	31,567
Current liabilities	-	-
Total liabilities	-	-
Net Assets	31,567	31,567
Total equity of the parent entity comprising		
Share capital	173,747	173,747
Reserves	7,053	6,729
Accumulated losses	(149,233)	(148,909)
Total equity	31,567	31,567

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 33.

Capital commitments of the parent entity

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

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2018

33. Deed of cross guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned subsidiary listed below is 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 the subsidiary 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 the subsidiary 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 subsidiary has 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 entity 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 2018 is set out below.

Statement of comprehensive income and retained earnings

	31 December 2018 A\$'000	31 December 2017 A\$'000
Depreciation expense	(1)	-
Share based payments	(324)	(126)
Administrative expenses	(1,027)	(1,003)
Results from operating activities	(1,352)	(1,129)
Net foreign exchange gain /(loss)	46	(745)
Finance income	-	5
Net finance income /(expense)	46	(740)
Loss before income tax	(1,306)	(1,869)
Income tax (expense)	-	-
Net Loss	(1,306)	(1,869)
Other comprehensive income		
Foreign currency translation differences for foreign operations	-	-
Income tax on other comprehensive income	-	-
Total comprehensive loss for the period	(1,306)	(1,869)
Accumulated losses at beginning of year	(182,822)	(180,953)
Accumulated losses at end of year	(184,128)	(182,822)

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2018

33. Deed of cross guarantee (continued)

	31 December 2018 AS'000	31 December 2017 AS'000
Current Assets		
Cash and cash equivalents	15	148
VAT and other receivables	12	-
Prepayments	52	68
Total current assets	79	216
Non-current assets		
Property, plant and equipment	2	-
Related party receivables	34,750	19,607
Total non-current assets	34,752	19,607
Total assets	34,831	19,823
Current Liabilities		
Trade and other payables	331	74
Employee provisions	29	-
Total current liabilities	360	74
Total liabilities	360	74
Net assets	34,471	19,749
Equity		
Share capital	173,747	173,747
Reserves	44,852	28,824
(Accumulated losses)	(184,128)	(182,822)
Total equity	34,471	19,749

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2018

34. Non-controlling interest

No change in the non-controlling interests in the Amaam project (Eastshore Coal Holding Limited and Northern Pacific Coal Company) occurred during the years ended 31 December 2018 and 2017.

Completion of transaction with Partners

During 2017, the Group acquired the remaining 20% interest in the Amaam North project from its partners, terminated the shareholders agreement of January 2012 and in parallel restructured the related royalty arrangements, as a result of which the royalty obligations were capped at US\$25 million, to be payable no later than 20 years from the date of the completion.

The primary consequences of the completion in respect of the Amaam North Project were:

- The Group acquired its partner’s 20% interest in the Amaam North project; and
- The existing royalty structure was redefined as a result of which the royalties payable to the Group’s partner are reduced from a maximum of 5% of coal sales revenue, as follows:
 - ◊ For annual coal sales in excess of 100,000 tonnes per year, annual payments are 1.5% of gross sales revenues for the first five years, 2.25% of gross sales revenues for the three subsequent years, and 3% of gross sales revenues thereafter;
 - ◊ Under certain circumstances, TIG may elect to pay up to 50% of the amount due for any year in TIG shares;
 - ◊ Total royalty payments are capped at US\$25 million and are accrued and payable for a period of no more than 20 years from the date of executing the documentation to realise the heads of agreement (“HOA”); and
 - ◊ Irrespective of the amount paid, annual payments will cease after 2037.

The abovementioned transaction also implemented amendments to the Amaam shareholders’ agreement (“SHA”) to simplify the processes governing the Amaam Project partners’ decision to develop and mine coal at the Amaam Project and corporate reporting and board processes, work program approval and other management processes.

The effect of the aforementioned transaction was the reduction in the Group’s general reserves by A\$12.273 million, being the carrying value of the non-controlling interest acquired at the date of closing.

35. Auditors’ Remuneration

Details of the amounts paid to the auditor, Deloitte, and its affiliated entities for audit and non-audit services provided during the year are set out below.

	31 December 2018 A\$	31 December 2017 A\$
Audit services:		
Audit and review of financial reports –Deloitte Australia	121,800	122,100
Audit and review of financial reports - Deloitte Overseas	115,900	118,700
	237,700	240,800
Services other than statutory audit		
<i>Other services</i>		
Taxation compliance and advisory services – Deloitte Australia	12,400	29,400
Taxation compliance services and advisory services – Deloitte Overseas	24,700	32,600
	37,100	62,000
Total Services Provided	274,800	302,800

Tigers Realm Coal Limited
Notes to the consolidated financial statements
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37. Events after the reporting period

On 18 February 2019, the Company entered into an agreement in accordance with which 100kt of thermal coal is to be sold to JFE Shoji Trade Corporation on CFR Incoterms during 2019, with a provisional pricing mechanism established, to be adjusted upon confirmation of coal qualities and final shipping terms. A prepayment of US\$3.000 million was received in March 2019 on the aforementioned agreement.

On 20 March 2019, the Company executed term sheets with its two largest beneficial shareholders, namely BV Mining Holding Limited through its affiliate BV Mining Investment Limited, and Dr. Bruce Gray, through a controlled entity, in accordance with which each will make available to the Group an unsecured non-revolving loan facility of up to US\$2.5 million (“Shareholder Loan Facility”), providing total shareholder funding of up to US\$5 million. Each Shareholder Loan Facility will have a one-year tenure and incur interest at 12% per annum, payable quarterly. The loan agreements are expected to be executed substantially on the aforementioned terms during April 2019.

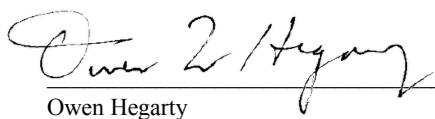
Tigers Realm Coal Limited

Directors' declaration For the year ended 31 December 2018

1. In the opinion of the Directors of Tigers Realm Coal Limited ('the Company'):
 - (a) the attached consolidated financial statements and notes that are set out on pages 33 to 80 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 2018 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 2018.
4. The Directors also 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 20th day of March 2019.



Owen Hegarty
Director

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

20 March 2019

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 audit of the financial statements of Tigers Realm Coal Limited for the financial year ended 31 December 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely,

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU



Colin Brown
Partner
Chartered Accountants

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Tigers Realm Coal Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the scope of our audit responded to the Key Audit Matter
<p><i>Availability of future funding</i></p> <p>Note 3 explains how the directors have determined that it is appropriate for the Group to continue to adopt the going concern basis in preparing the financial report. However, the directors concluded that the Group's ability to continue is dependent, amongst other matters, on the Group having a continued appropriate level of funding from its existing lenders and/or other sources for at least the next twelve months from the date of this report.</p> <p>This assessment involves a consideration of future events and significant judgment on the ability to generate future cash flows.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • inquiring of management and the directors in relation to events and conditions that may impact the assessment of the Group's ability to raise the funding required to address temporary cash shortfalls expected to arise during the next twelve months from the date of this report; • evaluating management's plans for future actions in relation to its ability to raise funding from its existing lenders and/or other sources and whether such plans are feasible, • challenging the assumptions contained in management's cash flow forecast in relation to the Group's ability to continue as a going concern; and • assessing the appropriateness of the disclosure in Note 3 to the financial statements.
<p><i>Estimation of the amount of royalty obligations in relation to Amaam and Amaam North Projects</i></p> <p>As disclosed in Note 23, the Group has entered into a number of royalty arrangements as part of obtaining interests in the Amaam and Amaam North Projects.</p> <p>Management is required to make a number of judgements to estimate the amount of the obligation, including identifying an appropriate methodology, the probability and timing of expected future cash flows from the revenue derived from the sale of coal produced and the discount rate. As the estimate is sensitive to these judgments, there is a risk that changes in key assumptions can have a significant impact on the estimate and therefore reported results.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • assessing the Group's methodology to estimate the amount of the obligation, obtaining an understanding of the key processes associated with the preparation of the model supporting the estimate and challenging its appropriateness; • assessing in conjunction with our valuation experts, the reasonableness of key market assumptions including forecast long-term coal prices, foreign exchange rate forecasts and the discount rate applied. This assessment took into consideration forecasts from third party financial institutions and market analysts; • performing an assessment of the historical accuracy of forecasting by the management; and • assessing the appropriateness of the disclosures in the notes to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, Corporate Governance Statement and Shareholder Information, which we obtained prior to the date of this auditor's report, the other information also includes the following documents which will be included in the annual report (but does not include the financial report and our auditor's report thereon): Highlights 2018, Chairman's Letter, Chief Executive Officer's Report, Resources and Additional Exploration Targets and Operations Review.

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

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

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

When we read the Highlights 2018, Chairman's Letter, Chief Executive Officer's Report, Resources and Additional Exploration Targets and Operations Review, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in paragraph 12 of the Directors' Report for the year ended 31 December 2018.

In our opinion, the Remuneration Report of Tigers Realm Coal Limited, for the year ended 31 December 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Colin Brown
Partner
Chartered Accountants
Brisbane, 20 March 2019

Tigers Realm Coal Limited

SHAREHOLDER INFORMATION

1. Top 20 Shareholders as at 15 February 2019

	Number of shares	% of Total
BV MINING HOLDING LIMITED	559,421,427	31.22%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	356,198,222	19.88%
RDIF INVESTMENT MANAGEMENT LLC	243,817,623	13.61%
NAMARONG INVESTMENTS PTY LTD <THE HANSEN INVESTMENT A/C>	100,952,582	5.63%
PINE RIDGE HOLDINGS PTY LTD <PINE RIDGE SUPERANNUATION FUND A/C>	42,805,378	2.39%
SHIMMERING BRONZE PTY LIMITED	29,912,029	1.67%
ANTMAN HOLDINGS PTY LTD	21,428,272	1.20%
FOREMOST MANAGEMENT SERVICES PTY LIMITED <SUPER FUND A/C>	18,868,970	1.05%
ASIPAC GROUP PTY LTD	18,846,246	1.05%
SENNEN TROVE PTY LTD <BETA SUPER FUND A/C>	15,046,133	0.84%
AJM INVESTCO PTY LTD <MANINI FAMILY SUPERFUND A/C>	13,509,823	0.75%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	13,101,494	0.73%
REGENT PACIFIC GROUP LTD	12,700,000	0.71%
CO-INVESTMENT PARTNERSHIP I LP	12,190,921	0.68%
ROMADAK PTY LTD <JOMAR A/C>	11,188,745	0.62%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	10,110,280	0.56%
GP SECURITIES PTY LTD	9,316,393	0.52%
LEONPARK PTY LTD <SILLAW FAMILY A/C>	8,705,860	0.49%
INTEGRATED MINING SOLUTIONS PTY LTD	8,497,856	0.47%
MRS SONEDALA ALBERT	8,448,164	0.47%
Total in this report	1,515,066,418	84.56%

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

3. Distribution of Shareholders and Shareholdings as at 15 February 2019

Holding and Distribution	No. of Holders	Securities	%
1 to 1000	42	6,734	.00
1001 to 5000	40	148,611	.01
5001 to 10000	58	502,804	.03
10001 to 100000	355	16,674,401	.93
100001 and Over	345	1,774,337,320	99.03
Total	840	1,791,669,870	100.00

4. Tigers Realm Coal Substantial Shareholders as at 15 February 2019

Holder	No. of Shares	% of Total
BV Mining Holding Limited	559,421,427	31.22%
Bruce N Gray	379,333,637	21.17%
Limited Liability Company <RDIF Investment Management>	258,446,728	14.42%
Namarong Investments Pty Ltd <The Hansen Investment A/C>	100,952,582	5.63%

5. Shareholdings of less than a marketable parcel as at 15 February 2019

147 holding a total of 734,382 shares.

6. Unquoted Securities as at 15 February 2019

33,669,000 unlisted options on issue.