

**Tigers Realm Coal Limited**  
(ABN 50 146 752 561)

**Annual Financial Report**  
**for the year ended 31 December 2016**

# **Tigers Realm Coal Limited**

## **Corporate Directory**

### **DIRECTORS**

Craig Wiggill (Chairman)

Owen Hegarty

Bruce Gray

Ralph Morgan

Tagir Sitdekov

### **COMPANY SECRETARY**

David Forsyth

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### **AUDITORS**

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Brisbane, Queensland 4000

### **BANKERS**

ANZ Banking Group Limited

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Melbourne, Victoria 3000

# Tigers Realm Coal Limited

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# Tigers Realm Coal Limited

## Directors' report

### For the year ended 31 December 2016

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 2016.

#### 1. Directors 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  
Chairman**  
BSc Eng.

Mr Wiggill was appointed Chairman on 1 October 2015. Mr Wiggill has served as a Non-Executive Director of the Company since being appointed 20 November 2012. Mr Wiggill continued in his role as Chairman of the Development and Finance Committee until the cessation of its tenure in September 2016 and joined the Nominations 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 two operating coal mines in its portfolio. In addition, he is the Chairman (non-executive) of globalCOAL which is a London registered company, the principal activities of which are the development of standardized 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 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. Mr Wiggill joined the Audit Risk and Compliance Committee effective 8 September 2016.

**Mr Owen  
Hegarty  
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 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. Until end 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 on 8 October 2010 and is Chairman of the Audit, Risk and Compliance Committee and of the Nomination and Remuneration Committee, and was a member of the Development and Finance Committee.

**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 and resigned on 28 March 2014. Dr Gray has been a member of the Nomination and Remuneration Committee since his appointment, effective 8 September 2016. Dr Gray established and operated a number of highly successful start-up businesses in the medical sector. He holds no other directorships with ASX listed entities.

**Tigers Realm Coal Limited**  
**Directors' report (continued)**  
**For the year ended 31 December 2016**

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

**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 on 1 April 2014. Mr Morgan is a partner at Baring Vostok Capital Partners (BVCP) with responsibility for investment projects in Russia, the CIS and Mongolia. Prior to BVCP he worked as Managing Director at Goldman Sachs in the Global Natural Resources Group from 2009-2012 and was responsible for the investment banking division's advisory work with natural resource clients in Russia and the CIS. From 2004 to 2008 Mr Morgan was a Managing Director and COO at Norilsk Nickel and prior to that role he was a partner with the Moscow office of McKinsey and Company for 9 years. Mr Morgan holds a BA (Political Science, Yale University) and MPhil (Russian and East European Studies, Oxford University). Mr Morgan is a member of the Nomination and Remuneration Committee and Audit, Risk and Compliance Committee and was a member of the Development and Finance 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 on 1 April 2014. Mr Sitdekov is currently a Director of Russia Direct Investment Fund (RDIF) and has been involved in the Russia private equity market for the last 10 years, recently as Managing Director at A-1, a direct investment arm of Alfa Group, Russia's largest private conglomerate. Mr Sitdekov has participated in a number of landmark private equity transactions across a range of industries. From 2003 to 2005 he was CFO at power generating company OJSC Sochi TES (a subsidiary of RAO Unified Energy System of Russia) and prior to that role he was a Senior Consultant at Creditanstalt Investment Bank for 2 years. Mr Sitdekov holds an MBA (University of Chicago Booth School of Business, London). Mr Sitdekov is a member of the Audit, Risk and Compliance Committee. He holds no other directorships with ASX listed entities.

**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.

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

**2. Directors' meetings**

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

**Attendance at meetings**

	<b>Directors' meetings</b>		<b>Meetings of committees of Directors</b>					
			<b>Nomination and Remuneration</b>		<b>Audit Risk &amp; Compliance</b>		<b>Development &amp; Finance</b>	
	<b>A</b>	<b>B</b>	<b>A</b>	<b>B</b>	<b>A</b>	<b>B</b>	<b>A</b>	<b>B</b>
Mr Craig Wiggill	12	12	2	2	1	1	2	2
Mr Owen Hegarty	12	12	2	2	6	6	2	2
Mr Ralph Morgan	12	12	2	2	1	1	2	2
Mr Tagir Sitdekov	12	12	-	-	6	6	-	-
Dr Bruce Gray	12	12	-	-	-	-	-	-

A = Number of meetings held

B = Number of meetings attended

# Tigers Realm Coal Limited

## Directors' report (continued)

### For the year ended 31 December 2016

#### 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 ("Russia").

#### 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, utilising existing infrastructure and supporting development of the entire Amaam Coking Coal Field; and
- Amaam: a large-scale coking coal project, with estimated production capacity of up to 6.5Mtpa of production from dedicated new infrastructure.

Amaam North, and specifically Fandyushkinsky Field Licence AND 15813 TE area ("Project F"), a part of Amaam North, has progressed significantly from the initial Resource announcement in July 2013 and the Preliminary Feasibility Report completed in September 2013, to a Feasibility Study in November 2014 and Project F Feasibility Study Update announced in April 2016. Subsequently, a non-renounceable rights issuance was successfully completed, the primary use of proceeds targeting the implementation of Phase One of Project F. Mining activities including overburden removal commenced in December 2016.

Project F Phase One production is initially estimated to reach approximately 250,000t per annum in the 2016-2017 production cycle, with sales expected to commence in mid-2017. Production is expected to potentially rise to 600,000t per annum in the 2017-2018 production cycle. Project F Phase Two includes the upgrade of Beringovsky Port's capacity and the construction of a CHPP, with production and sales forecast to increase to approximately 1,000,000t per annum. Phase Two requires a significant further capital investment, for which the Group currently is assessing alternative financing solutions.

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 coal handling and preparation plant ("CHPP") and associated infrastructure, a coal terminal with loading facilities on the nearby Arinay Lagoon and an all-weather 25km rail line or road to connect them. A Feasibility Study was released in April 2013 and since then the Group has completed further drilling and exploration activities, updated the resource estimate and obtained Exploration Licence extensions through to 2019, which enables the Company to continue its resource drilling programs, feasibility studies and works required to convert its Coal Resource to Extraction and Mining Licences. 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 Projects – World Location Map



## **Tigers Realm Coal Limited**

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

### **For the year ended 31 December 2016**

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

##### **Operating Performance**

During the year ended 31 December 2016 the Group had no income from coal sales and minimal operating income, primarily from Beringovsky Port operations. Operating expenditure of \$0.174 million relating to stripping of waste was incurred, with no commercial coal inventory produced in December 2016. Operating expenses include costs incurred in Beringovsky Port, exploration and evaluation costs, mining related expenses and administration, staff and corporate costs.

During the year ended 31 December 2016, operational highlights were:

- Completed 2015-2016 winter drilling programme;
- Completed and released Amaam North, Project F reserves update on 12 April 2016;
- Completed and released the Project F Phase One Feasibility Study on 22 April 2016;
- On 29 June 2016, TIG signed two heads of agreements (HOAs) with its joint venture partners - one in relation to the Amaam North Project, the other in relation to the Amaam Project. The new conditions described in the HOAs will improve Amaam North Project's value and fundability and simplify ongoing corporate and approval processes for the Amaam Project, work continuing on the implementation of the HOAs as of 31 December 2016, completion expected to take place in the second quarter of the 2017 calendar year;
- Successfully completed the fully underwritten non-renounceable rights issuance ("RI" or "Entitlement Offer") in September 2016. Further details of the Entitlement Offer are in Note 21 to the consolidated financial statements;
- Submitted an application to take part in a closed tender for coal supply to Chaunskaya Power Station in Pevek for 2016-2018. As part of this, coal tests were completed and certificates of the mined coal in compliance with GOST (Russian Federal Government Technical Standards) standards were received. TIG has now pre-qualified for future tenders. Following additional larger scale coal testing planned to be undertaken in 2017, this will allow TIG to participate in tenders from 2017 onwards;
- Completed mine development works in December 2016, including construction of the road from the port to the open pit, upgrading, procuring and constructing other new and existing infrastructure (including construction of workshop, office and laboratory in addition to upgrade of existing accommodation camp and expanding the mobile fleet); and
- Commenced mining activities in the second half of December 2016, performing an excavation of an initial waste pre-strip.

The Group's net loss for the year ended 31 December 2016 was \$12.744 million (for the year ended 31 December 2015: loss of \$107.970 million). Despite an improvement in short-term coal prices in the second half of 2016, longer-term macroeconomic and Company specific conditions have not sufficiently improved to recognise a reversal of either Amaam North or Amaam write-downs. Accordingly, neither further asset write-downs nor reversal of prior period write-downs were recorded as a result of impairment testing performed during the year ended 31 December 2016 (During the year ended 31 December 2015, \$160.407 million in write-downs were recognised).

As at 31 December 2016 the Group had a cash position of \$17.109 million (December 2015: \$7.074 million). The Group had no bank debt. For the year ended 31 December 2016 the Group incurred cash outflows from operations of \$9.195 million (for the year ended 31 December 2015 \$11.888 million). Cash outflows for the year ended 31 December 2016 from investing activities totalled \$2.274 million (for the year ended 31 December 2015 \$2.938 million).

Notwithstanding the asset write-down in the year ended 31 December 2015, TIG's shareholders continued to show their support for the Group's potential through supporting the Entitlement Offer completed in September 2016, the primary use of the funds being for the implementation of Phase One of the Project F Feasibility Study Update announced in April 2016.

##### **Financial Position**

The Group's cash balance increased by \$10.035 million over the year to \$17.109 million at 31 December 2016, primarily from the receipt of Entitlement Offer proceeds of \$23.062 million.

##### **Finance Leases**

On 19 July 2016, the Group executed two finance lease arrangements to acquire 8 Scania trucks. The value of the trucks subject to the finance leases was Russian Rubles ("RUB") 81.165 million (A\$1.837 million). The value of advance payments made was RUB 28.407 million (A\$0.643 million) and total lease payments from inception through to 2020 are RUB 103.599 million (A\$2.346 million). The acquisition cost of the coal haulage trucks was RUB 81.165 million (A\$1.837 million).

##### **Lapse of Options**

On 29 July and 18 November 2016, TIG announced that 5,402,000 and 1,702,000 options, respectively, lapsed and had been removed from the Company's option register.

## **Tigers Realm Coal Limited**

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

### **For the year ended 31 December 2016**

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

##### **Significant Business Risks**

TIG's annual budget and related activities are subject to a range of assumptions and expectations all of which contain a level 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.

##### ***Country Risk***

TIG's projects are located in Russia. Investing in Russia involves greater risk than investing in 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 the Russian Federation.

##### ***Uncertainty in the Estimation of Mineral Resources***

Estimating the quantity and quality of Mineral Resources is an inherently uncertain process and the 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 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 (ANFS) was completed in November 2014 and consequently updated in April 2016 ("ANFSU").

TIG is at the preliminary stage of determining the economic and technical viability of the Amaam project. To date TIG has completed a Feasibility Study (AFS). There is a risk that the 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 are incorrect. TIG must also proceed through a number of steps before 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 project will be subject to many uncertainties, including the timing and cost of construction, the receipt of required government permits and the availability of financing for the projects. There is a risk that unexpected challenges or delays will arise, or that coal quality and quantity results will differ from the estimates on which TIG's cost estimates are based, increasing the costs of production and/or resulting in lower sales.

##### ***Capital Management***

With the completion of the ANFSU, TIG launched the Entitlement Offer, it being successfully completed in September 2016 (Refer to Note 21 of the consolidated financial statements for further details) Funds raised from the Entitlement Offer are to be used to:

- Commencement Phase 1 of development and construction of Project F;
- General corporate purposes and working capital requirements; and
- Compliance works required to be undertaken to ensure continued tenure of TIG's exploration and mining licences,

in order to successfully deliver on the Project F development programme outlined in the Project F Feasibility study, including the upgrade of the Beringovsky port and the construction of a CHPP, for which TIG will need to secure additional sources of funding in the foreseeable future.

TIG's Amaam project is at 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***

For Project F Amaam North, the Mining Licence was granted in December 2014 and work has been completed on obtaining all Construction and Commissioning Permits. In addition to these mining related approvals, other approvals are required for the development of Project F. These are for the CHPP, road development from the Project F mine-site to Beringovsky Port and for the capital upgrades to be completed at the Beringovsky Port.

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.



## **Tigers Realm Coal Limited**

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

### **For the year ended 31 December 2016**

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

##### *Licenses, Permits and Titles (continued)*

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 in obtaining such licenses, permits and approvals occur, and 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 Actualisation Update*

Work on "Actualisation" (a process to bring all Licence holders into compliance with new legislation) of the Company's exploration and mining licences was completed in the fourth quarter of 2016, resulting in:

- Amaam North (Alkatvaam) Exploration Licence AND01203TP – actualisation is complete and the company was granted a two year extension of the Licence to 31 December 2018 with drilling obligations through May 2018 reduced to 3,420 metres;
- Project F Mining Licence AND15813TE – this Licence was granted following recent changes to legislation (and does not need to be "actualised"), mining rights granted until December 2034;
- Amaam Exploration Licence AND13867TP – during the quarter, actualisation was completed and the company was granted a two-year extension of the Licence to 1 December 2019. Drilling obligations through 30 November 2017 were reduced to 2,000 metres and a pre-feasibility study is required to be completed and submitted to regulatory authorities by 31 December 2017; and
- Amaam Mining Licence AND01225TE – during the quarter, actualisation was completed and TIG's drilling obligations were cancelled. Mining is permitted through March 2033 inclusive.

##### *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, 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 a long-term sales prices in accordance with average 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 will 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 coke quality test work conducted has confirmed the main product as a semi-soft coking coal with very low sulphur and low phosphorus levels. TIG has conducted 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.

#### **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 state of affairs of the Group during the financial period ended 31 December 2016 not otherwise reflected in accompanying consolidated financial statements.

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

In the opinion of the Company's directors, no transaction or event of a material or unusual nature have arisen in the interval between the end of the financial year and the date of this report that is likely to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

**Tigers Realm Coal Limited**  
**Directors' report (continued)**  
**For the year ended 31 December 2016**

**7. Dividends paid or recommended**

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

**8. Likely developments**

Mining activities will continue at the Amaam North Project, with sales commencing in the first half of 2017 and production expected to increase up to 600Kt by 2019. Ongoing enhancement of port, road and other mine infrastructure is expected during 2017 and Project F Phase Two funding alternatives will be investigated. The Group will further progress exploration, appraisal and development of its Amaam project.

**9. Environmental regulation**

The Group's exploration and development 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.

**10. Directors' interests**

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

	<b>Tigers Realm Coal Limited</b>	
	<b>Ordinary shares</b>	<b>Options over ordinary shares</b>
C Wiggill	1,200,000	2,500,000
OL Hegarty	30,191,006	3,500,000
R Morgan	-	1,500,000
T Sitdekov	-	1,500,000
B Gray	378,001,865	-

**11. Share Options**

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

The 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.

During or since the end of the 2016 financial year, no options were issued to directors, executives and employees and 7,104,000 options lapsed, thus bringing the options issued over ordinary shares in the Company to 24,302,000 as at 31 December 2016.

***Unissued shares under options***

Unissued shares under options as of the date of this report are detailed in Note 22 to the consolidated financial statements.

**Tigers Realm Coal Limited**  
**Directors' report (continued)**  
**For the year ended 31 December 2016**

**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 2016.

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

<b>Name</b>	<b>Position</b>	<b>Commencement Date</b>
<b>Directors</b>		
Craig Wiggill	Chairman, Director (Non-executive)	20 November 2012
Owen Hegarty	Director (Non-executive)	8 October 2010
Ralph Morgan	Director (Non-executive)	1 April 2014
Bruce Gray	Director (Non-executive)	1 October 2015
Tagir Sitdekov	Director (Non-executive)	1 April 2014
<b>Senior Executives</b>		
Peter Balka	Interim Chief Executive Officer	1 January 2011
Denis Kurochkin	Chief Financial Officer	21 July 2014
Scott Southwood	General Manager Marketing	13 October 2013
Anatoly Nikolaev	General Manager Operations, Project F	7 November 2016
David Forsyth	Company Secretary	8 October 2010

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

**Directors**

There were no changes to the Directors during 2016.

**Executives**

On 7 November 2016, Anatoly Nikolaev was appointed General Manager, Operations Project F.

There were no other changes during 2016.

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

Key management personnel ("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.

**Tigers Realm Coal Limited**  
**Directors' report (continued)**  
**For the year ended 31 December 2016**

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

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

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

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

	2016	2015	2014	2013	2012
Net (loss) attributable to equity holders of the parent (\$ million)	\$(10.511)	\$(86.170)	\$(29.629)	\$(22.080)	\$(24.742)
Closing share price (\$)	\$0.073	\$0.03	\$0.12	\$0.165	\$0.16

**(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 Remuneration and Nomination 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 (15% STI and 35% LTI). For the CEO, the LTI element of remuneration was determined at the time of initial appointment, reflected in his employment agreement. The General Manager Marketing is engaged on a contractor basis and is only eligible to the 35% LTI.

**Tigers Realm Coal Limited**  
**Directors' report (continued)**  
**For the year ended 31 December 2016**

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

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

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

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

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

For the LTI element of remuneration, 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 22. 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 accruing to the 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 entitlements of accrued annual and long service leave, together with any superannuation benefits. Employees whose services are provided on secondment from TRM, may be terminated on one month’s notice.

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

The employment contract outlines the components of compensation but does not prescribe how compensation levels are modified year to year. The Nomination and Remuneration Committee reviews 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 employment contracts with Directors have no fixed term.

Non-executive Director remuneration is reviewed annually by the Board. Non-executive Directors receive a base fee for being a Director and may receive additional fees for either chairing or being a member of a Board committee, working on special committees, and / or serving on special committees and / or special boards. Non-executive Directors’ fees are determined within an aggregate Directors’ fee pool limit, which has been established at \$1,500,000.

**Tigers Realm Coal Limited**  
**Directors' report (continued)**  
**For the year ended 31 December 2016**

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

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

Non-executive Directors receive a fixed base fee. In addition to this fixed base fee all resident non-executive Directors and receive 9.50 per cent in superannuation contributions. No retirement or other long term benefits are provided to any Director other than superannuation. The Non-Executive Directors can claim reimbursement of out-of-pocket expenses incurred on behalf of the Company. During the year ended 31 December 2016, the base fee for Directors was \$30,000 per annum. The Chairman is entitled to \$100,000 per annum and a per diem of the AUD equivalent of GBP 1,000 is payable whilst travelling in respect of the Group's business. In addition to the base fee, \$20,000 per annum is also paid to the Director who performs the duties of Chairman of the Audit, Risk and Compliance Committee. Tagir Sitdekov and Ralph Morgan waived their director fee entitlements for the year ended 31 December 2016, Owen Hegarty and Bruce Gray waiving their entitlements for the nine months from 1 April through 31 December 2016, inclusive. No remuneration paid to Non-Executive Directors during the financial year was results based.

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

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

2016	Short - term			Post employment		Share - based payments		
Name	Cash Salary and fees \$	Non-Monetary Benefits (1) \$	STI cash bonus (2) \$	Super-annuation \$	Other entitlements \$	LTI (3) \$	Total Remuneration \$	Proportion of remuneration comprising options %
<b>2016</b>								
<b>Non-executive Directors</b>								
C Wiggill	132,089	-	-	-	-	18,095	150,184	12.05%
OL Hegarty	12,500	-	-	1,188	-	18,095	31,783	56.93%
R Morgan	-	-	-	-	-	8,774	8,774	100.00%
T Sitdekov	-	-	-	-	-	8,774	8,774	100.00%
B Gray	7,500	-	-	713	-	-	8,213	0.00%
<b>Sub total</b>	<b>152,089</b>	<b>-</b>	<b>-</b>	<b>1,901</b>	<b>-</b>	<b>53,738</b>	<b>207,728</b>	
<b>Other key management personnel</b>								
P Balka	411,071	51,214	101,293	-	140,826	53,537	757,941	7.06%
D Kurochkin	413,429	1,272	59,666	-	-	44,948	519,315	8.66%
S Southwood	170,000	-	19,426	-	-	33,711	223,137	15.11%
D Forsyth	126,000	-	15,263	-	-	19,800	161,063	12.29%
A Nikolaev	38,404	-	-	-	-	-	38,404	0.00%
<b>Sub total</b>	<b>1,158,904</b>	<b>52,486</b>	<b>195,648</b>	<b>-</b>	<b>140,826</b>	<b>151,996</b>	<b>1,699,860</b>	
<b>Total key management personnel</b>								
<b>personnel</b>	<b>1,310,993</b>	<b>52,486</b>	<b>195,648</b>	<b>1,901</b>	<b>140,826</b>	<b>205,734</b>	<b>1,907,588</b>	

- Includes the value of fringe benefits and other allowances.
- In respect of 2016.
- In accordance with the requirements of Accounting Standards, remuneration includes a proportion of the fair value of equity compensation granted or outstanding during the year (i.e. options granted under LTIP that remained unvested as at 31 December 2016). The fair value of equity instruments is determined at the grant date and is progressively allocated over the vesting period. The amount included as remuneration is not necessarily related to or indicative of the benefit (if any) that senior executives may ultimately realise should the equity instruments vest. The fair value of the options at the date of their grant has been determined in accordance with AASB 2 *Share-based Payments*. All options granted under the LTIP are equity settled.

During the year ended 31 December 2016, 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 2016**

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

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

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

2015	Short - term			Post employ- ment		Share - based payments		
Name	Cash Salary and fees \$	Non- Monetary Benefits (1) \$	STI cash bonus (2) \$	Super- annuation \$	Termin- ation benefits \$	LTI (3) \$	Total Remun- eration \$	Proportion of remun- eration comprising options %
<b>2015</b>								
<b>Non-executive Directors</b>								
C Wiggill <sup>4</sup>	105,269	-	-	8,592	-	26,716	140,577	19.00%
OL Hegarty	68,750	-	-	6,531	-	27,498	102,779	26.75%
R Morgan	63,544	-	-	-	-	23,362	86,906	26.88%
T Sitdekov	63,631	-	-	-	-	23,362	86,993	26.86%
B Gray <sup>5</sup>	7,500	-	-	713	-	-	8,213	0.00%
AJ Manini <sup>6</sup>	82,088	-	-	-	-	16,428	98,516	16.68%
Andrew Gray <sup>7</sup>	56,250	-	-	5,344	-	18,496	80,090	23.09%
<b>Sub total</b>	<b>447,032</b>	<b>-</b>	<b>-</b>	<b>21,180</b>	<b>-</b>	<b>135,862</b>	<b>604,074</b>	
<b>Other key management personnel</b>								
P Balka	400,461	-	-	17,500	-	195,237	613,198	31.84%
D Kurochkin	447,309	-	-	-	-	81,520	528,829	15.42%
S Southwood <sup>8</sup>	317,600	-	-	-	-	42,146	359,746	11.72%
D Forsyth	118,587	-	-	8,119	-	80,110	206,816	38.74%
C Parry <sup>9</sup>	250,574	6,555	-	29,702	242,906	76,525	606,262	12.62%
C McFadden <sup>10</sup>	138,530	-	-	18,790	160,032	44,843	362,195	12.38%
<b>Sub total</b>	<b>1,673,061</b>	<b>6,555</b>	<b>-</b>	<b>74,111</b>	<b>402,938</b>	<b>520,381</b>	<b>2,677,046</b>	
<b>Total key management</b>								
<b>Personnel</b>	<b>2,120,093</b>	<b>6,555</b>	<b>-</b>	<b>95,291</b>	<b>402,938</b>	<b>656,243</b>	<b>3,281,120</b>	

- Includes the value of fringe benefits and other allowances
- In respect of 2015.
- In accordance with the requirements of Accounting Standards, remuneration includes a proportion of the fair value of equity compensation granted or outstanding during the year (i.e. options granted under LTIP that remained unvested as at 31 December 2015). The fair value of equity instruments is determined at the grant date and is progressively allocated over the vesting period. The amount included as remuneration is not necessarily related to or indicative of the benefit (if any) that senior executives may ultimately realise should the equity instruments vest. The fair value of the options at the date of their grant has been determined in accordance with AASB 2 Share-based Payments. All options granted under the LTIP are equity settled.
- Appointed as Independent Chairman on 1 October 2015.
- Appointed as Non-Executive Director on 1 October 2015.
- Resigned as Chairman on 1 October 2015.
- Resigned as Non-Executive Director on 1 October 2015.
- Became a KMP as of 1 August 2015, upon the cessation of employment of C McFadden.
- Ceased as Chief Executive Officer on 1 October 2015.
- Ceased as General Manager - Head of Commercial, Strategy & Corporate Development on 1 August 2015.

**Tigers Realm Coal Limited**  
**Directors' report (continued)**  
**For the year ended 31 December 2016**

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

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

The following table shows the relative proportions of remuneration packages of the Executive Directors and KMP during the year ended 31 December 2016, 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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**2016**

**Other key management personnel**

Peter Balka, Interim CEO	79.58	13.36	7.06	20.42
Denis Kurochkin, CFO	79.86	11.49	8.66	20.15
Scott Southwood, General Manager Marketing	76.19	8.71	15.11	23.82
David Forsyth, Company Secretary	78.23	9.48	12.29	21.77
Anatoly Nikolaev, General Manager Project F	100.00	0.00	0.00	0.00

**2015**

**Other key management personnel**

Peter Balka, Interim CEO	68.16	0.00	31.84	31.84
Denis Kurochkin, CFO	84.58	00.0	15.42	15.42
Scott Southwood, General Manager Marketing	88.28	0.00	11.72	11.72
David Forsyth, Company Secretary	61.26	0.00	38.74	38.74
Craig Parry, CEO until his resignation on 1 October 2015	87.38	0.00	12.62	12.62
Chris McFadden, Head of Commercial Strategy & Corporate Development until resignation on 1 August 2015	87.62	0.00	12.38	12.38

- 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 2016 results were approved by the Board of Directors on 15 February 2017.

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 2016**

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

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

During and in respect of the years ended 31 December 2016 and 2015, there were \$195,648 and Nil, respectively in short-term incentive (STI) cash bonuses awarded as remuneration to key management personnel of the Company.

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

No options over ordinary shares in the Company were granted during the year ended 31 December 2016 (Year ended 31 December 2015: 2,084,074). Further details of the Option Plan are included in Note 22 to the consolidated financial statements.

Options over ordinary shares in the Company which vested during the reporting period are as follows:

	Number of options vested during year	Grant date	Fair value of option at grant date \$	Exercise price per option \$	Vesting date start	Vesting date finish	Expiry date	Option vesting performance hurdle \$
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**2016**

**Directors**

C Wiggill	1,000,000	11/06/2015	0.021	0.50	11/06/2015	11/06/2016	11/06/2020	0.000
O Hegarty	1,000,000	11/06/2015	0.021	0.50	11/06/2015	11/06/2016	11/06/2020	0.000

**Executives**

P Balka	1,291,000	19/12/2014	0.036	0.17	19/12/2014	28/02/2016	28/02/2016	0.000
P Balka	1,051,500	17/04/2015	0.049	0.23	17/04/2015	17/04/2016	17/04/2020	0.000
D Kurochkin	1,000,000	17/04/2015	0.049	0.23	17/04/2015	17/04/2016	17/04/2020	0.000
S Southwood	750,000	17/04/2015	0.049	0.23	17/04/2015	17/04/2016	17/04/2020	0.000
D Forsyth	541,000	19/12/2014	0.036	0.17	19/12/2014	28/02/2016	28/02/2016	0.000
D Forsyth	382,000	17/04/2015	0.049	0.23	17/04/2015	17/04/2016	17/04/2020	0.000

	Number of options vested during year	Grant date	Fair value of option at grant date \$	Exercise price per option \$	Vesting date start	Vesting date finish	Expiry date	Option vesting performance hurdle \$
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**2015**

**Executives**

P Balka	422,222	17/04/2015	0.013	0.0000	17/04/2015	17/05/2015	17/05/2015	0.000
D Kurochkin	194,815	17/04/2015	0.013	0.0000	17/04/2015	17/05/2015	17/05/2015	0.000
D Forsyth	197,778	17/04/2015	0.013	0.0000	17/04/2015	17/05/2015	17/05/2015	0.000
C Parry	611,111	17/04/2015	0.013	0.0000	17/04/2015	17/05/2015	17/05/2015	0.000
C McFadden	354,444	17/04/2015	0.013	0.0000	17/04/2015	17/05/2015	17/05/2015	0.000

**Tigers Realm Coal Limited**  
**Directors' report (continued)**  
**For the year ended 31 December 2016**

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

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

Details of options granted during the year ended 31 December 2015 are as follows:

	Number of options granted during year	Grant date	Fair value of option at grant date \$	Exercise price per option \$	Vesting date start	Vesting date finish	Expiry date	Option vesting performance hurdle \$
<b>2015</b>								
<b>Directors</b>								
C Wiggill	1,000,000	11/06/2015	0.021	0.500	11/06/2015	11/06/2016	11/06/2020	0.000
C Wiggill	500,000	11/06/2015	0.035	0.230	11/06/2015	11/06/2017	11/06/2020	0.000
O Hegarty	1,000,000	11/06/2015	0.021	0.500	11/06/2015	11/06/2016	11/06/2020	0.000
O Hegarty	500,000	11/06/2015	0.035	0.230	11/06/2015	11/06/2017	11/06/2020	0.000
R Morgan	500,000	11/06/2015	0.035	0.230	11/06/2015	11/06/2017	11/06/2020	0.000
T Sitdekov	500,000	11/06/2015	0.035	0.230	11/06/2015	11/06/2017	11/06/2020	0.000
A Gray	500,000	11/06/2015	0.035	0.230	11/06/2015	11/06/2017	11/06/2020	0.000
A Manini	1,000,000	11/06/2015	0.021	0.500	11/06/2015	11/06/2016	11/06/2020	0.000
A Manini	500,000	11/06/2015	0.035	0.230	11/06/2015	11/06/2017	11/06/2020	0.000
<b>Executives</b>								
P Balka	1,051,500	17/04/2015	0.049	0.2300	17/04/2015	17/04/2016	17/04/2020	0.000
P Balka	1,051,500	17/04/2015	0.061	0.1700	17/04/2015	17/04/2017	17/04/2020	0.000
P Balka	422,222	17/04/2015	0.013	0.0000	17/04/2015	17/05/2015	17/05/2015	0.000
D Kurochkin	1,000,000	17/04/2015	0.049	0.2300	17/04/2015	17/04/2016	17/04/2020	0.000
D Kurochkin	1,000,000	17/04/2015	0.061	0.1700	17/04/2015	17/04/2017	17/04/2020	0.000
D Kurochkin	194,815	17/04/2015	0.013	0.0000	17/04/2015	17/05/2015	17/05/2015	0.000
S Southwood	750,000	17/04/2015	0.049	0.2300	17/04/2015	17/04/2016	17/04/2020	0.000
S Southwood	750,000	17/04/2015	0.061	0.1700	17/04/2015	17/04/2017	17/04/2020	0.000
D Forsyth	382,000	17/04/2015	0.049	0.2300	17/04/2015	17/04/2016	17/04/2020	0.000
D Forsyth	382,000	17/04/2015	0.061	0.1700	17/04/2015	17/04/2017	17/04/2020	0.000
D Forsyth	197,778	17/04/2015	0.013	0.0000	17/04/2015	17/05/2015	17/05/2015	0.000
C Parry	1,117,500	17/04/2015	0.049	0.2300	17/04/2015	17/04/2016	17/04/2020	0.000
C Parry	1,117,500	17/04/2015	0.061	0.1700	17/04/2015	17/04/2017	17/04/2020	0.000
C Parry	611,111	17/04/2015	0.013	0.0000	17/04/2015	17/05/2015	17/05/2015	0.000
C McFadden	700,500	17/04/2015	0.049	0.2300	17/04/2015	17/04/2016	17/04/2020	0.000
C McFadden	700,500	17/04/2015	0.061	0.1700	17/04/2015	17/04/2017	17/04/2020	0.000
C McFadden	354,444	17/04/2015	0.013	0.0000	17/04/2015	17/05/2015	17/05/2015	0.000

**Tigers Realm Coal Limited**  
**Directors' report (continued)**  
**For the year ended 31 December 2016**

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

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

**2016**

**Directors**

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

**Other key management personnel**

P Balka	5,965,000	-	-	-	5,965,000	3,862,000	3,862,000	-
D Forsyth	2,092,000	-	-	-	2,092,000	1,710,000	1,710,000	-
D Kurochkin	2,000,000	-	-	-	2,000,000	1,000,000	1,000,000	-
S Southwood	1,500,000	-	-	-	1,500,000	750,000	750,000	-
A Nikolaev	-	-	-	-	-	-	-	-

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

**2015**

**Directors**

OL Hegarty	2,000,000	1,500,000	-	-	3,500,000	1,000,000	1,000,000	-
C Wiggill	1,000,000	1,500,000	-	-	2,500,000	1,000,000	1,000,000	-
R Morgan	1,000,000	500,000	-	-	1,500,000	1,000,000	1,000,000	-
T Sitdekov	1,000,000	500,000	-	-	1,500,000	1,000,000	1,000,000	-
AJ Manini	3,000,000	1,500,000	-	4,500,000	-	-	-	-
A Gray	1,000,000	500,000	-	1,500,000	-	-	-	-
B Gray	-	-	-	-	-	-	-	-
B Jamieson	-	-	-	-	-	-	-	-

**Other key management personnel**

P Balka	3,862,000	2,525,222	422,222	-	5,965,000	2,571,000	2,571,000	-
D Forsyth	1,328,000	961,778	961,778	-	2,092,000	787,000	787,000	-
D Kurochkin	-	2,194,815	194,815	-	2,000,000	-	-	-
S Southwood	-	1,500,000	-	-	1,500,000	-	-	-
C Parry	10,729,000	2,846,111	611,111	12,964,000	-	-	-	-
C McFadden	1,282,000	1,755,444	-	3,037,444	-	-	-	-

**Tigers Realm Coal Limited**  
**Directors' report (continued)**  
**For the year ended 31 December 2016**

**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 \$	Value of options exercised in year \$	Value of options lapsed in year \$	Remuneration consisting of options for the year %
<b>2016</b>				
<b>Directors</b>				
O Hegarty	-	-	-	56.9
C Wiggill	-	-	-	12.5
R Morgan	-	-	-	100.0
T Sitdekov	-	-	-	100.0
B Gray	-	-	-	0.0
<b>Other Key Management Personnel</b>				
P Balka	-	-	-	9.1
D Forsyth	-	-	-	12.3
D Kurochkin	-	-	-	8.7
S Southwood	-	-	-	15.1
A Nikolaev	-	-	-	0.0
<b>2015</b>				
<b>Directors</b>				
O Hegarty	38,500	-	-	33.8
C Wiggill	38,500	-	-	25.3
R Morgan	17,500	-	-	21.6
T Sitdekov	17,500	-	-	21.6
A Manini	38,500	-	304,546	31.9
A Gray	17,500	-	47,866	22.1
<b>Other Key Management Personnel</b>				
P Balka	170,554	54,889	-	28.5
D Forsyth	67,731	25,711	-	34.8
D Kurochkin	135,326	25,326	-	23.3
S Southwood	82,500	-	-	20.6
C Parry	202,369	79,444	492,222	27.6
C McFadden	123,133	46,078	113,997	27.9

For details on the valuation of options, including models and assumptions used, refer to Note 22.

**Tigers Realm Coal Limited**  
**Directors' report (continued)**  
**For the year ended 31 December 2016**

**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	-	-	03/05/13	03/05/14
	1,000,000	11/06/15	1,000,000	-	11/06/15	11/06/16
	500,000	11/06/15	-	-	11/06/15	11/06/17
O Hegarty	1,000,000	28/03/12	-	-	28/03/12	28/03/14
	1,000,000	03/05/13	-	-	03/05/13	03/05/15
	1,000,000	11/06/15	1,000,000	-	11/06/15	11/06/16
	500,000	11/06/15	-	-	11/06/15	11/06/17
R Morgan	1,000,000	04/06/14	-	-	04/06/14	04/06/15
	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	-	-	15/02/13	15/02/15
	562,000	22/02/12	-	-	22/02/12	22/02/14
	1,291,000	19/12/14	-	-	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	-	-	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	-	-	17/04/15	17/04/17
D Forsyth	103,000	22/02/12	-	-	22/02/12	22/02/14
	143,000	15/02/13	-	-	15/02/13	15/02/15
	541,000	19/12/14	-	-	19/12/14	19/12/15
	541,000	19/12/14	541,000	-	19/12/14	28/02/16
	197,778	17/04/15	-	-	17/04/15	17/05/15
	382,000	17/04/15	382,000	-	17/04/15	17/04/16
	382,000	17/04/15	-	-	17/04/15	17/04/17
D Kurochkin	194,815	17/04/15	-	-	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	-	-	17/04/15	17/04/17
S Southwood	750,000	17/04/15	750,000	-	17/04/15	17/04/16
	750,000	17/04/15	-	-	17/04/15	17/04/17

**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.

**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.

**Tigers Realm Coal Limited**  
**Directors' report (continued)**  
**For the year ended 31 December 2016**

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

At the Company's Annual General Meeting ("AGM") on 12 May 2016, KPMG tendered their resignation and Deloitte were appointed the Group auditor. Deloitte confirmed their independence at the AGM.

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 (for the year ended 31 December 2015, KPMG), the Group's auditor for audit and non-audit services provided during the year are outlined in Note 33 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 33, 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.

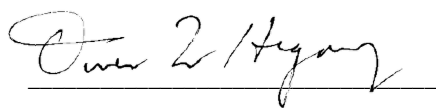
**17. Auditor's Independence Declaration**

The auditor's independence declaration is included on page 72 and forms part of the Directors' report for the year ended 31 December 2016.

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

Dated at Melbourne this 23<sup>rd</sup> day of March 2017.

Signed in accordance with a resolution of the Directors:



Owen Hegarty  
Director

**Tigers Realm Coal Limited**  
**Directors' report (continued)**  
**For the year ended 31 December 2016**

**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 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 23 March 2017 and has been approved by the Board. A description of the Group's corporate governance practices set out below. Where changes have occurred during the 2016 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 three committees to assist in the execution of its duties and to allow detailed consideration of complex issues. Current committees of the Board are the Nomination and Remuneration Committee and the Audit, Risk and Compliance Committee. The Development and Finance Committee, whose tenure ceased in September 2016 after fulfilling its intended purpose of reviewing and establishing Company strategy and guiding the successful completion of the Entitlement Offer. 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 2016 financial year. The Company awarded bonuses to senior executives in respect of the 2016 financial year. Refer to Section 12 of the Directors' Report for details.

# **Tigers Realm Coal Limited**

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

### **For the year ended 31 December 2016**

#### **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 ("Recommendations") in that the majority of Directors should be independent. Currently one of the five Directors is independent, Craig Wiggill. 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**

Coal Industry Experience

Strategy, leadership and risk management

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

###### **Professional Qualifications**

Engineering

Finance/Economics

###### *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.

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.



## **Tigers Realm Coal Limited**

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

### **For the year ended 31 December 2016**

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

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

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

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

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

A performance evaluation of the Board, its committees and the Directors was completed in 2016. The outcomes of the evaluation were discussed and considered by all the Directors and specific performance goals agreed upon for the coming year.

##### *Development and Finance Committee*

The Development and Finance Committee consisted of not less than three non-executive directors appointed by Board. The purpose of the Committee was to review and make recommendations on strategy, business development, budgeting, finance, sales agreements and TIG member agreements with substantial shareholders, the Board retaining decision making powers. As of 8 September 2016, the Board resolved that the Development and Finance Committee's objectives had been successfully executed and accordingly its tenure was completed.

#### **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.

## **Tigers Realm Coal Limited**

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

### **For the year ended 31 December 2016**

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

##### *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 2016, women comprised 15% (31 December 2015: 35%) 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. The Chairman of the Committee is a Non-Executive Director. The membership of the Committee does not fully meet the Good Corporate Governance Recommendations ("Recommendations") in that the Committee does not consist of a majority of independent Directors, with one 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 member of the Audit Committee of OJSC Magnitorgorsk Iron & Steel Works and Board experience with 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.

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.

**Tigers Realm Coal Limited**  
**Directors' report (continued)**  
**For the year ended 31 December 2016**

**Corporate Governance Statement (continued)**

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 Interim 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 2016 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 Interim 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 2016.

*External auditor*

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

The Company and the Committee policy is to appoint external auditors who clearly demonstrate quality and independence. KPMG resigned as Group auditors at the AGM on 12 May 2016 and at same date Deloitte was appointed as the Group's auditors. Deloitte has provided an independence declaration to the Board for the financial year ended 31 December 2016. The Committee has considered the nature of the non-audit and assurance related services provided by the external auditor during the year and determined that the services provided and the amount paid for those services are compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Committee has examined detailed material provided by the external auditor and by management and has satisfied itself that the standards of auditor independence and associated issues have been fully complied with.

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

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

# **Tigers Realm Coal Limited**

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

### **For the year ended 31 December 2016**

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

##### **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.

##### **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 2016**

	Note	31 December 2016 \$'000	31 December 2015 \$'000
<b>Current Assets</b>			
Cash and cash equivalents	11	17,109	7,074
Trade and other receivables	13	1,390	807
Inventories	15	965	792
Prepayments		566	578
Other current assets	14	728	686
<b>Total current assets</b>		<b>20,758</b>	<b>9,937</b>
<b>Non-current assets</b>			
Property, plant and equipment	16	7,498	2,909
Other non-current assets	14	-	717
<b>Total non-current assets</b>		<b>7,498</b>	<b>3,626</b>
<b>Total assets</b>		<b>28,256</b>	<b>13,563</b>
<b>Current Liabilities</b>			
Lease liability	19	2,011	2,296
Trade and other payables	17	651	410
Royalty liability	20	216	-
Employee benefits	18	433	154
<b>Total current liabilities</b>		<b>3,311</b>	<b>2,860</b>
<b>Non-current liabilities</b>			
Employee benefits	18	141	-
Lease liability	19	828	1,722
Royalty liability	20	3,465	-
<b>Total non-current liabilities</b>		<b>4,434</b>	<b>1,722</b>
<b>Total liabilities</b>		<b>7,745</b>	<b>4,582</b>
<b>Net assets</b>		<b>20,511</b>	<b>8,981</b>
<b>Equity</b>			
Share capital	21	173,747	151,185
Reserves		35,729	32,009
(Accumulated losses)		(157,731)	(146,963)
<b>Total equity attributable to equity holders of the Company</b>		<b>51,745</b>	<b>36,231</b>
Non-controlling interest		(31,234)	(27,250)
<b>Total equity</b>		<b>20,511</b>	<b>8,981</b>

The notes on pages 33 to 70 are an integral part of these consolidated financial statements.

**Tigers Realm Coal Limited**  
**Consolidated statement of comprehensive income**  
**For the year ended 31 December 2016**

	Note	31 December 2016 \$'000	31 December 2015 \$'000
Other income		95	71
Share based payments	22	(248)	(1,120)
Administrative and other operating expenses	7	(4,640)	(5,437)
Exploration and evaluation expenses		(4,174)	(7,297)
Stripping costs		(174)	-
Write-down of assets	8	-	(160,407)
(Loss) / gain resulting from change in royalty agreement liability	20	(3,681)	40,468
<b>Results from operating activities</b>		<b>(12,822)</b>	<b>(133,722)</b>
Net foreign exchange gain		656	1,850
Finance income		10	3
Finance costs		(350)	-
<b>Net finance income</b>		<b>316</b>	<b>1,853</b>
<b>(Loss) before income tax</b>		<b>(12,506)</b>	<b>(131,869)</b>
Income tax (expense) / credit	9	(238)	23,899
<b>Net (Loss)</b>		<b>(12,744)</b>	<b>(107,970)</b>
<b>Other comprehensive income</b>			
<b>Items that may subsequently be reclassified to the profit or loss</b>			
Foreign currency translation differences for foreign operations		1,464	731
<b>Total comprehensive (loss) for the period</b>		<b>(11,280)</b>	<b>(107,239)</b>
<b>Net (Loss) is attributable to:</b>			
Owners of the Company		(10,511)	(86,170)
Non-controlling interest		(2,233)	(21,800)
<b>Net (Loss) for the period</b>		<b>(12,744)</b>	<b>(107,970)</b>
<b>Total comprehensive (loss) is attributed to:</b>			
Owners of the Company		(7,296)	(86,384)
Non-controlling interest		(3,984)	(20,855)
<b>Total comprehensive (loss) for the period</b>		<b>(11,280)</b>	<b>(107,239)</b>
<b>(Loss) per share (cents per share)</b>			
basic (loss) per share (cents)	10	(0.86)	(12.06)
diluted (loss) per share (cents)	10	(0.86)	(12.06)

The notes on pages 33 to 70 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 2016**

	<i>Notes</i>	Share Capital	(Accumulated Losses)	Share based payments reserve	Foreign Currency Translation Reserve	Other Reserve	Total	Non-controlling Interest	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance as at 1 January 2015</b>		151,185	(60,793)	5,235	7,286	18,582	121,495	(6,395)	115,100
Net (loss)		-	(86,170)	-	-	-	(86,170)	(21,800)	(107,970)
Other comprehensive income		-	-	-	(214)	-	(214)	945	731
Total comprehensive (loss) for the period		-	(86,170)	-	(214)	-	(86,384)	(20,855)	(107,239)
Share based payment transactions	22	-	-	1,120	-	-	1,120	-	1,120
<b>Balance as at 1 January 2016</b>		151,185	(146,963)	6,355	7,072	18,582	36,231	(27,250)	8,981
Net (loss)		-	(10,511)	-	-	-	(10,511)	(2,233)	(12,744)
Other comprehensive income		-	-	-	3,215	-	3,215	(1,751)	1,464
Total comprehensive (loss) for the period		-	(10,511)	-	3,215	-	(7,296)	(3,984)	(11,280)
Issue of ordinary shares	21	23,296	-	-	-	-	23,296	-	23,296
Costs of raising equity	21	(734)	-	-	-	-	(734)	-	(734)
Other changes in equity			(257)	-	257	-	-	-	-
Share based payment transactions	22	-		248	-	-	248	-	248
<b>Balance at 31 December 2016</b>		173,747	(157,731)	6,603	10,544	18,582	51,745	(31,234)	20,511

The notes on pages 33 to 70 are an integral part of these consolidated financial statements.

**Tigers Realm Coal Limited**  
**Consolidated statement of cash flows**  
**For the year ended 31 December 2016**

	Note	31 December 2016 \$'000	31 December 2015 \$'000
<b>Cash flows from operating activities</b>			
Cash receipts from customers		96	71
Interest income received		10	3
Cash paid to suppliers and employees		(4,632)	(5,715)
Exploration and evaluation expenditure		(4,234)	(6,247)
Interest paid		(316)	(275)
Income taxes paid		(119)	-
<b>Net cash (used in) operating activities</b>	12	<b>(9,195)</b>	<b>(12,163)</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(2,274)	(1,464)
<b>Net cash (used in) investing activities</b>		<b>(2,274)</b>	<b>(1,464)</b>
<b>Cash flows from financing activities</b>			
Repayment of finance lease liabilities		(2,479)	(2,095)
Security deposit		600	896
Proceeds from issue of shares		23,062	-
Share issue costs		(500)	-
<b>Net cash received from (used in) financing activities</b>		<b>20,683</b>	<b>(1,199)</b>
<b>Net movement in cash and cash equivalents</b>		<b>9,214</b>	<b>(14,826)</b>
Cash and cash equivalents at beginning of the period		7,074	20,465
Effects of exchange rate changes on cash and cash equivalents		821	1,435
<b>Cash and cash equivalents at the end of the period</b>	11	<b>17,109</b>	<b>7,074</b>

Non-cash investing and financing activities are disclosed in Note 12 to the consolidated financial statements.

The notes on pages 33 to 70 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 2016**

#### **1. Reporting entity**

Tigers Realm Coal Limited (the “Company” or “TIG”) is a company domiciled in Australia. The address of the Company’s registered office is Level 7, 333 Collins St, Melbourne, Victoria, 3000. The consolidated financial statements of the Company as at and for the year ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the “Group”). The Group is a for-profit entity and primarily is involved in coal exploration and mining development.

#### **2. Basis of preparation**

##### **(a) Statement of compliance**

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 23<sup>rd</sup> March 2017.

##### **(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 8 – Carrying value of non-current assets
- Note 20 – Royalty liability

##### **(d) Comparative information**

Comparative figures have been reclassified to conform to changes in presentation in the current financial year as follows.

	<b>31 December 2015</b>		<b>31 December 2015</b>
<b>Consolidated statement of financial position at 31 December 2015</b>	<b>As previously reported \$’000</b>	<b>Effect of change in classification</b>	<b>As reclassified \$’000</b>
<b>Current assets</b>			
Trade and other receivables	1,428	(621)	807
Inventories	-	792	792
Other current assets	857	(171)	686
<b>Total current assets</b>	<b>9,937</b>	<b>-</b>	<b>9,937</b>

**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2016**

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

**(d) Comparative information (continued)**

**Consolidated statement of financial position at 31 December 2015**

**Non-current assets**

Other receivables

Other assets

**Total non-current assets**

31 December 2015 As previously reported \$'000	Effect of change in classification	31 December 2015 As reclassified \$'000
717	(717)	-
-	717	717
3,626	-	3,626

**Consolidated statement of comprehensive income for the year ended 31 December 2015**

Operating activities

Loss on sale of assets

Administrative expenses

**Results from operating activities**

31 December 2015 As previously reported \$'000	Effect of change in classification	31 December 2015 As reclassified \$'000
(281)	281	-
(43)	43	-
(5,113)	(324)	(5,437)
(133,722)	-	(133,722)

**Consolidated statement of cash flows for the year ended 31 December 2015**

Interest paid

**Net cash (used in) operating activities**

Acquisition of property, plant and equipment

Security deposit

**Net cash (used in) investing activities**

Repayment of finance lease liabilities

Security deposit

**Net cash (used in) in financing activities**

**Net movement in cash and cash equivalents**

31 December 2015 As previously reported \$'000	Effect of change in classification	31 December 2015 As reclassified \$'000
-	(275)	(275)
(11,888)	(275)	(12,163)
(3,834)	2,370	(1,464)
896	(896)	-
(2,938)	1,674	(1,464)
-	(2,095)	(2,095)
-	896	896
-	(1,199)	(1,199)
(14,826)	-	(14,826)

**3. Significant accounting policies**

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

**(a) Going concern basis of accounting**

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

For the year ended 31 December 2016 the Group had a net loss of \$12.744 million (31 December 2015: loss \$107.970 million) and net cash outflows from operating activities of \$9.195 million (31 December 2015: \$11.888 million).

As at 31 December 2016 the Group had cash and cash equivalents of \$17.109 million (31 December 2014: \$7.074 million) and net current assets of \$17.447 million (31 December 2015: \$7.077 million).

Following the completion of the fund raising from the fully underwritten, one for one rights issuance in September 2016 (details of which are in Note 21), the Group commenced the implementation of Project F (Fandyushkinsky Field Licence AND 15813 TE area of Amaam North), Phase One, mining activities commencing in December 2016.

## **Tigers Realm Coal Limited**

### **Notes to the consolidated financial statements**

### **For the year ended 31 December 2016**

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

##### **(a) Going concern basis of accounting (continued)**

Based on the Group's forecast cash flows, the Group will have a surplus of liquidity throughout the 12 months to 31 December 2017. This forecast, however, is dependent upon a successful implementation of Project F, Phase One, which is primarily dependent upon:

- Actual coal quality being consistent with that indicative quality identified in testing performed to date and incorporated into the sales budget and commensurately actual coal prices achieved are at levels, or in excess of, those prices utilised in management forecasting;
- Actual mining and production levels being achieved and implemented within the expected cost levels, structure and timing;
- Coal shipments being realised within the forecast scheduling parameters, which are subject to a number of factors including but not limited to transshipment efficiency and weather conditions;
- Compliance with ongoing drilling obligations in accordance with the terms of the Amaam and Amaam North licences; and
- Macroeconomic factors including the commodity (specifically coal) prices, exchange rates and the financial markets.

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 by coal testing and 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 income from sales of coal will meet those expectations reflected in cash flow forecasts;
- Mining related activities commenced in December 2016 as contemplated by the Project F Phase One Feasibility Study Update. With the exception of a materially adverse unforeseen event transpiring, there have been no initial indicators in the coal production process to date which would suggest coal qualities and volumes and the cost of production being materially greater than those assumptions utilised in the cash flow forecasts through 31 December 2017;
- The completion of the Licence Actualisation process, whereby drilling obligations for both the Amaam and Amaam North tenements have been restructured, provides the Group short term relief from the material drilling obligations in the year to 31 December 2017. Those minimal remaining obligations in the year to 31 December 2017 are either expected to be achieved or deferred to 2018 with minimal, or no additional cost or risk of non-compliance with licence terms and conditions. There is, therefore, a reasonable expectation that the Group will be able to successfully be compliant with licence drilling obligations, as reflected in the 2017 forecast;
- Coal shipments have been forecast after consideration of 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; and
- The Group retains the right to develop Phase 2 and beyond of Project F only upon the existence of those internal and macroeconomic conditions, including but not limited to favourable coking coal price outlook, which would allow the Group to raise that additional funding required to finance the capital investment and operational requirements of the implementation of Phase 2 of Project F by making such a development commercially viable.

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

##### **(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.

**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2016**

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

**(b) Basis of consolidation (continued)**

**(ii) Business combinations (continued)**

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

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

The assets, liabilities and contingent liabilities recognised at 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.

**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2016**

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

**(c) Foreign currency (continued)**

**(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.

**(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 and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The Group has the following non-derivative financial assets:

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

**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2016**

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

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

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

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

**(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) 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.

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

**(i) Recognition and measurement**

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.

**(ii) Subsequent costs**

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

**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2016**

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

**(iii) 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:

- Land & 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.

**(h) Stripping costs and overburden**

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 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.

**(i) 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.



**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2016**

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

**(j) 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 write-down are disclosed in Note 8.

**(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, as explained below in Note 3(k) Impairment. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. In the year ended 31 December 2015 all goodwill was written-down. Details of the write-down are disclosed in Note 8.

**(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 lives for the current and comparative years for computer software is three to five years.

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

**(k) Impairment**

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

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

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

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



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

**(k) Impairment (continued)**

**(ii) Non-financial 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 then 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.

No impairment charges nor reversals were recognised during the year ended 31 December 2016 (\$160.407 million impairment charge for the year ended 31 December 2015). Details of the write-down are disclosed in Note 8.

**(l) 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.

**(m) 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(k) 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 ("Indicative Probability Weighting"), 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);

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

**(m) Royalty liabilities (continued)**

- 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

**(n) Employee benefits**

**(i) Short term employee benefits**

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

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

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

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

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

**(o) 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.

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.

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.

**(p) Income Tax**

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

**(i) Current tax**

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

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

**(p) Income taxes (continued)**

**(ii) Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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.

**(iii) Tax exposure**

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

**(iv) Tax consolidation**

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

**(v) Goods and services tax**

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

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

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**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

Date issued	Standard/Interpretation	Effective for annual reporting periods beginning on or after
		1 July 2015
August 2014	AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
August 2014	AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
December 2014	AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	1 January 2016
January 2015	AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle	1 January 2016
January 2015	AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	1 January 2016
January 2015	AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception	1 January 2016

The adoption of these standards only affects disclosures and had no impact on the 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 2016

**(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 2016, and have not been applied in preparing these consolidated financial statements.

Standard/Interpretation	Effective for annual reporting periods beginning on or after
AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses	Applicable to annual reporting periods beginning on or after 1 January 2017
AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	Applicable to annual reporting periods beginning on or after 1 January 2017
AASB 9 Financial Instruments, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010), AASB 2014-1 Amendments to Australian Accounting Standards [Part E – Financial Instruments], AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)	Applies on a modified retrospective basis to annual periods beginning on or after 1 January 2018

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**4. Application of new and revised accounting standards (continued)**

**(b) Standard and interpretations in issue not yet adopted (continued)**

Standard/Interpretation	Effective for annual reporting periods beginning on or after
AASB 15 Revenue from Contracts with Customers, AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15, AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15, and AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15	Applicable to annual reporting periods beginning on or after 1 January 2018
AASB 16 Leases	Applicable to annual reporting periods beginning on or after 1 January 2019
AASB 2016-5 Amendments to Australian Accounting Standards - Classification and Measurement of Share-based Payment Transactions	Applicable to annual reporting periods beginning on or after 1 January 2018

The directors of the Company anticipate that the application of AASB 15 and AASB 16 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of AASB 15 and AASB 16 until the Group performs a detailed review.

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

**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 23 Risk management and financial instruments.

**6. Segment reporting**

The Group has two reportable segments, as described below, which are its main mineral exploration and development projects. The Group has identified these segments based on the internal reports used and reviewed by the Group's Chief Executive Officer (the chief operating decision maker), in assessing performance and determining the allocation of resources. The accounting policies used by the Group in reporting segments internally are the same as those contained in Note 3.

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**6. Segment reporting (continued)**

The Group's reportable segments are outlined below.

<b><i>Amaam North Project</i></b>	The Amaam North Project is located in the Bering Basin in Chukotka province, Russia and consists of the Amaam North tenement. The Amaam North Project also includes transport and infrastructure assets associated with the Beringovsky Port and Coal Terminal acquired by the Company in June 2014. This Project currently is solely comprised of Project F, which has moved from exploration & evaluation to mining and production phase. Project F is a component of the larger Amaam North tenement, where there is significant potential additional exploration and evaluation works to be undertaken.
<b><i>Amaam Project</i></b>	The Amaam Project is located in the Bering Basin in Chukotka province, Russia and consists of the Amaam tenement. This project is currently in the exploration and evaluation phase.
<b><i>Other</i></b>	Consists of corporate and office expenses primarily incurred at the Group's Melbourne offices, including the costs of liquidating non-operating entities. This is not a reportable segment.

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

	<b>Amaam North Project \$'000</b>	<b>Amaam Project \$'000</b>	<b>Total Reportable Segments \$'000</b>	<b>Other \$'000</b>	<b>Total \$'000</b>
<b>31 December 2016</b>					
Total segment revenue (interest and other income)	80	15	95	10	105
Inventory losses	(504)	-	(504)	-	(504)
Depreciation and amortisation	(284)	-	(284)	-	(284)
(Loss) resulting from change in royalty agreement liability	(3,681)	-	(3,681)	-	(3,681)
Other segment expense	(7,782)	(604)	(8,386)	(412)	(8,798)
Net foreign exchange gain / (loss)	220	(41)	189	477	656
<b>Segment result</b>	<b>(11,951)</b>	<b>(630)</b>	<b>(12,581)</b>	<b>75</b>	<b>(12,506)</b>
<b>Segment assets</b>	<b>13,403</b>	<b>133</b>	<b>13,536</b>	<b>14,720</b>	<b>28,256</b>
<b>Segment liabilities</b>	<b>(7,603)</b>	<b>(28)</b>	<b>(7,631)</b>	<b>(114)</b>	<b>(7,745)</b>
<b>31 December 2015</b>					
Total segment revenue (interest and other revenue)	71	-	71	3	74
Write-down of assets	(15,769)	(144,638)	(160,407)	-	(160,407)
Depreciation and amortisation	(328)	-	(328)	(97)	(425)
Other segment expense	(2,185)	(2,681)	(4,866)	(8,563)	(13,429)
Gain resulting from change in royalty agreement liability	-	40,468	40,468	-	40,468
Net foreign exchange gain	-	-	-	1,850	1,850
<b>Segment result</b>	<b>(18,211)</b>	<b>(106,851)</b>	<b>(125,062)</b>	<b>(6,807)</b>	<b>(131,869)</b>
<b>Segment assets</b>	<b>7,784</b>	<b>611</b>	<b>8,395</b>	<b>5,168</b>	<b>13,563</b>
<b>Segment liabilities</b>	<b>(4,400)</b>	<b>(33)</b>	<b>(4,433)</b>	<b>(149)</b>	<b>(4,582)</b>

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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, being Russia.

	<b>2016</b>		<b>2015</b>	
	<b>Revenues (interest and other income)</b>	<b>Non-current assets</b>	<b>Revenues ( interest and other income)</b>	<b>Non-current assets</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Russia	<b>95</b>	<b>7,498</b>	71	3,626
<b>Total</b>	<b>95</b>	<b>7,498</b>	71	3,626

**7. Administrative and other operating expenses**

	<b>31 December 2016 \$'000</b>	<b>31 December 2015 \$'000</b>
Wages, salaries and other personnel costs	(1,306)	(2,338)
Contractors and consultants' fees	(599)	(619)
Legal fees and compliance costs	(434)	(284)
Repairs and maintenance	(406)	(15)
Inventory losses	(504)	-
Port operating expenses	(322)	(281)
Accounting and audit fees	(216)	(460)
Office accommodation costs	(121)	(108)
Transportation and freight costs	(144)	(2)
Travel	(115)	(515)
IT and communication costs	(104)	(62)
Insurance	(86)	(94)
Other	(283)	(335)
	<b>(4,640)</b>	<b>(5,113)</b>

**8. Carrying value of non-current assets**

During the year ended 31 December 2015, the Group recognised write-down of non-current assets of both Amaam North Project and Amaam Project CGUs, due primarily to a further, and significant, deterioration in coal price forecasts during that period, as follows:

	<b>Amaam North Project CGU \$'000</b>	<b>Amaam Project CGU \$'000</b>	<b>Total \$'000</b>
Goodwill	(809)	(26,309)	(27,118)
Mineral rights	(758)	(116,998)	(117,756)
Other intangible assets	(2,119)	-	(2,119)
Property, plant and equipment	(12,083)	-	(13,414)
<b>Total write-down of assets</b>	<b>(15,769)</b>	<b>(144,638)</b>	<b>(160,407)</b>
<b>Carrying value as of 31 December 2015</b>	<b>2,909</b>	<b>-</b>	<b>2,909</b>



## **Tigers Realm Coal Limited**

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#### **8. Carrying value of non-current assets (continued)**

##### ***Amaam North Project CGU***

During the year ended 31 December 2016, with the progression of Phase One of Project F, non-current assets of Amaam North Project CGU increased to A\$7.498 million as of 31 December 2016 (refer to Note 16 for details).

As at 31 December 2016, the Group concluded that due to:

- completion of Project F Feasibility Study Update in April 2016;
- sufficient funding raised to finance Phase One of Project F Amaam North;
- the improvement in mid and long term coal price forecasts; and
- commencement of mining activities in late December 2016

there are indications that an impairment loss recognised in prior periods for Amaam North Project CGU may no longer exist or may have decreased, and accordingly, estimated the recoverable amount of Amaam North Project CGU non-current assets as their carrying value.

Based on the work performed, the Group concluded that the increase in the estimated service potential of Amaam North CGU due to discussed above factors is not yet sufficient to warrant reversal of an impairment loss 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.

The calculation of value-in-use is sensitive to a number of assumptions:

- Short, mid and long term commodity prices;
- Discount rate;
- Operating expenditure and capital cost; and
- Foreign exchange rates.

*Short, mid and long term commodity prices:* The Group considered information available from industry analysts and commentators in relation to commodity price forecasts. It continued to use a leading industry specialist's forecast real prices across the anticipated mine life as its preferred source of data when analysing price forecasts due to the level of detail they supply for their 20-year forecast prices. It also considered the short-term forecasts of other market commentators to ensure a degree of consistency with the commodity price forecasts adopted. As at 31 December 2016, the range of the coal price forecasts adopted by the Group over the estimated mine life for Amaam North Project is US \$81 to US \$100 per ton.

*Discount rate:* In calculating the value-in-use, a real pre-tax discount rate of 12.79% for the Amaam North Project CGU was applied to the pre-tax cash flows expressed in real terms. These discount rates were derived from the Group's pre-tax weighted average cost of capital (WACC), with appropriate adjustments made to reflect the risks specific to the particular CGU and to determine the pre-tax rate. The WACC takes into account returns on both debt and equity.

*Operating expenditure and capital costs:* The Group engaged a number of external consultants to assist with the cost estimates, as part of the process of completing the Amaam North Project BFS. The reasonableness of the information provided is assessed internally before making informed decisions on estimates.

*Foreign exchange rates:* Foreign exchange rates (USD: RUB) are estimated with reference to existing conditions and external market forecasts, updated at least annually.

##### ***Amaam Project CGU***

During the year ended 31 December 2016, 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 2016. As the development of the Amaam Project is not expected in the foreseeable future, as at 31 December 2016, 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. Income tax expense**

A reconciliation between tax expense and the product of accounting profit multiplied by Australia's domestic tax rate for the years ended 31 December 2016 and 2015 is set out below:

	<b>31 December 2016 \$'000</b>	<b>31 December 2015 \$'000</b>
Loss before tax from continuing operations	<b>(12,506)</b>	(131,869)
Income tax (credit) using the domestic corporation tax rate of 30%	<b>(3,752)</b>	(10,690)
<b>Changes in income tax expense due to:</b>		
Effect of tax rates in foreign jurisdictions	<b>1,439</b>	20,620
Non-assessable income – royalty liability	-	(5,059)
Non-deductible expenses-royalty liability	<b>460</b>	-
Assessable imputed interest income	<b>57</b>	-
Non-deductible expenses-impairment	-	21,446
Non-deductible expenses-other	<b>(217)</b>	(780)
Reversal of deferred tax liability on mineral rights	-	(23,400)
Adjustments to prior periods' assessable income	<b>184</b>	-
Current period tax losses for which no deferred tax asset was recognised	<b>2,067</b>	2,835
<b>Total income tax (credit) expense on pre-tax net profit</b>	<b>238</b>	(23,899)

	<b>31 December 2016 \$'000</b>	<b>31 December 2015 \$'000</b>
Current tax expense	<b>238</b>	5
Deferred tax (credit)	-	(23,904)
<b>Total income tax (credit) expense</b>	<b>238</b>	(23,899)

**Unrecognised deferred tax assets**

	<b>31 December 2016 \$'000</b>	<b>31 December 2015 \$'000</b>
Net deferred tax assets not recognised in respect of the tax losses	<b>26,665</b>	21,088

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 2016 and 2015, no deferred tax assets have not 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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**10. (Loss) per share**

		<b>31 December 2016 Cents</b>	<b>31 December 2015 cents</b>
<b>(Loss) per share</b>			
Basic (loss) per share – cents	a	<b>(0.86)</b>	(9.62)
Diluted (loss) per share – cents	b	<b>(0.86)</b>	(9.62)

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

The calculation of basic loss per share (EPS) at 31 December 2016 was based on the loss attributable to ordinary equity holders of the Company of \$10.511 million (At 31 December 2014: loss of \$86.170 million) and a weighted average number of ordinary shares outstanding during the period ended 31 December 2016 of 1,222,438,179 (for the year ended 31 December 2015: 895,084,897).

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

The calculation of diluted loss per share at 31 December 2016 is the same as basic loss per share. The Company had issued 24,302,000 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.

**11. Cash and cash equivalents**

	<b>31 December 2016 \$'000</b>	<b>31 December 2015 \$'000</b>
Bank balances	<b>17,109</b>	7,074
<b>Cash and cash equivalents</b>	<b>17,109</b>	7,074

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

**12. Reconciliation of loss for the year to net cash flows from operating activities**

		<b>31 December 2016 \$'000</b>	<b>31 December 2015 \$'000</b>
<b>Cash flows from operating activities</b>			
(Loss) for the period		<b>(12,744)</b>	(107,970)
Foreign exchange (gain)		<b>192</b>	(1,850)
Share based payments	<b>22</b>	<b>248</b>	1,120
Administration expenditure		<b>16</b>	172
Loss / (gain) resulting from change in royalty agreement liability	<b>20</b>	<b>3,681</b>	(40,468)
Write down of assets	<b>8</b>	-	160,407
Income tax expense/(benefit)	<b>9</b>	<b>238</b>	(23,899)
		<b>(8,369)</b>	(12,488)
<b>Movements in working capital</b>			
Change in trade and other receivables		<b>(579)</b>	(191)
Change in inventory		<b>(677)</b>	-
Change in other assets		<b>90</b>	-
Change in prepayments		<b>(16)</b>	1,922
Change in provisions		<b>420</b>	-
Change in trade and other payables		<b>(64)</b>	(1,131)
<b>Net cash (used in) operating activities</b>		<b>(9,195)</b>	(11,888)

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**12. Reconciliation of loss for the year to net cash flows from operating activities (continued)**

*Non cash investing activities*

On 19 July 2016, the Group executed two finance lease arrangements to acquire 8 Scania trucks. The value of the trucks acquired under these finance lease arrangements was Russian Rubles ("RUB") 81.165 million (A\$1.837 million).

*Non cash financing activities*

During the year ended 31 December 2016, A\$0.234 million in underwriting fees were offset against the proceeds from rights issue.

**13. Trade and other receivables**

	<b>31 December 2016 \$'000</b>	<b>31 December 2015 \$'000</b>
Trade and other receivables	174	52
GST and VAT receivable	1,216	755
	<b>1,390</b>	<b>807</b>

**14. Other assets**

	<b>31 December 2016 \$'000</b>	<b>31 December 2015 \$'000</b>
Security deposit	722	1,338
Other assets	6	65
	<b>728</b>	<b>1,403</b>
Current	728	686
Non-current	-	717

In 2014, the Group issued a bank guarantee in favour of CAT as part of the arrangement to acquire a small fleet of mobile equipment. In 2015, the CAT finance lease payment terms were renegotiated, including the value of the guarantee, which was reduced to US \$0.523 million or AUD \$0.722 million at 31 December 2016 (31 December 2015: USD 0.976, AUD \$1.338 million) from an initial amount of US \$1.607 million.

**15. Inventories**

	<b>31 December 2016 \$'000</b>	<b>31 December 2015 \$'000</b>
Fuel, net of provisions of \$0.087 million (At 31 December 2015 nil)	388	324
Other consumables, net of provisions of \$0.417 million (At 31 December 2015 nil)	577	468
	<b>965</b>	<b>792</b>

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**16. Property, plant and equipment**

	Assets in construction	Land & Buildings	Mine infrastructure	Plant& Equipment	Fixtures & Fittings	Total
	\$'000	\$'000	\$'000s	\$'000	\$'000	\$'000
<i>Cost</i>						
<b>As at 1 January 2015</b>	<b>9,534</b>	<b>4,080</b>	-	<b>2,445</b>	<b>240</b>	<b>16,299</b>
Additions	1,276	15	-	103	-	1,394
Transfers	(5,586)	-	-	5,586	-	-
Asset write-down	(6,030)	(4,229)	-	(5,820)	(240)	(16,319)
Effect of movement in exchange rates	806	134	-	595	-	1,535
<b>As at 1 January 2016</b>	-	-	-	<b>2,909</b>	-	<b>2,909</b>
Additions	4,171	-	-	-	-	4,171
Transfers	(3,929)	-	1,569	2,360	-	-
Effect of movement in exchange rates	113	-	118	790	-	1,021
<b>As at 31 December 2016</b>	<b>355</b>	-	<b>1,687</b>	<b>6,059</b>	-	<b>8,101</b>
<i>Depreciation and impairment</i>						
<b>As at 1 January 2015</b>	-	(1,193)	-	(768)	(106)	(2,067)
Depreciation charge for the period	-	(265)	-	(202)	(48)	(515)
Disposals	-	-	-	-	-	-
Asset write-down	-	1,610	-	1,141	154	2,905
Effect of movement in exchange rates	-	(152)	-	(171)	-	(323)
<b>As at 1 January 2016</b>	-	-	-	-	-	-
Depreciation charge for the period	-	-	(21)	(514)	-	(535)
Effect of movement in exchange rates	-	-	(1)	(67)	-	(68)
<b>As at 31 December 2016</b>	-	-	(22)	(581)	-	(603)
<b>Net book value:</b>						
<b>At 31 December 2016</b>	<b>355</b>	-	<b>1,665</b>	<b>5,478</b>	-	<b>7,498</b>
<b>At 31 December 2015</b>	-	-	-	<b>2,909</b>	-	<b>2,909</b>

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**17. Trade & other payables**

	<b>31 December 2016 \$'000</b>	<b>31 December 2015 \$'000</b>
Other trade payables and accrued expenses	536	410
Taxes payable	149	-
	<b>685</b>	<b>410</b>

**18. Employee Benefits**

	<b>31 December 2016 \$'000</b>	<b>31 December 2015 \$'000</b>
Annual leave	131	75
Provision for other employee costs	44	79
Provision for other long-term benefits	141	-
Provision for bonuses	258	-
	<b>574</b>	<b>154</b>
Current	433	79
Non-current	141	-

**19. Lease Liability**

	<b>31 December 2016 \$'000</b>	<b>31 December 2015 \$'000</b>
Lease expenditure contracted and provided for:		
Payable not later than one year	2,304	2,296
Payable later than one year, not later than five years	1,052	1,722
	<b>3,356</b>	<b>4,018</b>
Future finance charges	(517)	(344)
Total lease liabilities	<b>2,839</b>	<b>3,674</b>
Current	2,011	2,296
Non-current	828	1,722
	<b>2,839</b>	<b>4,018</b>

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.

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

	<b>Currency</b>	<b>Effective interest rate</b>	<b>Year of maturity</b>	<b>31 December 2016</b>	
				<b>Value at inception '000</b>	<b>Carrying amount \$'000</b>
CAT finance lease liabilities	USD	10.29%	2017	USD 10,095	USD 1,020
Scania finance lease liabilities	RUB	20.24%	2020	RUB 81,165	RUB 51,310

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**19. Lease Liability (continued)**

***CAT finance lease***

In 2014, the Group entered into a finance lease with CAT to acquire a small fleet of mobile equipment to commence early stage development at Project F Amaam North.

In 2015, the terms of the CAT finance lease payment schedule and the security deposit were renegotiated, as a result of which the term of the lease was extended until 2017 and the terms of the guarantee changed and the sum reduced. Details of the guarantee are presented in Note 14. The CAT finance lease liability outstanding as at 31 December 2016 is USD \$1.020 million (AUD \$1.415 million), with advances paid of \$Nil.

***Scania finance leases***

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

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

**20. Royalty Liability**

	<b>31 December 2016 \$'000</b>	<b>31 December 2015 \$'000</b>
Opening balance of royalty agreement liability	-	37,261
(Loss) / gain resulting from change in royalty agreement liability	(3,681)	(40,468)
Effect of movement in exchange rates	-	3,207
<b>Total royalty agreement liability recognised at end of year</b>	<b>(3,681)</b>	<b>-</b>

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 a royalty payments of up to 5% of the free on board (FOB) coal sales revenues.

***Amaam North Royalty Liability***

Following the raising of funds and commencement of 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 is required for the obligations under existing royalty agreements with BS Chukchi and Siberian Tigers.

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 successful implementation of Phase One of Project F and commencement of Phase Two;
- the probability of the HoAs' realisation;
- the likelihood of achieving forecast coal sales prices; and
- the Australian Dollar to US Dollar exchange rate.

***Amaam Royalty Liability***

No liability was recognised at 31 December 2016 (31 December 2015 Nil) in relation to Amaam Project royalty arrangements with Bering and Siberian Tigers due to the ongoing adverse impact of coal price forecasts on the ability to realise the project on a commercially viable basis.

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**21. Share capital**

	<b>31 December 2016</b>	<b>31 December 2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Share Capital	<b>188,197</b>	164,901
Costs of raising equity	<b>(14,450)</b>	(13,716)
	<b>173,747</b>	151,185

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

	<b>No of shares</b>	<b>Issue price \$</b>	<b>\$'000</b>
<b>Opening balance at 1 January 2015</b>	<b>893,750,861</b>		<b>164,901</b>
<i>Movements in 2015</i>			
Issue of ordinary shares – Share Purchase Plan	<b>2,084,074</b>	<b>0.00</b>	-
<b>Closing share capital balance at 31 December 2015</b>	<b>895,834,935</b>		<b>164,901</b>
<b>Opening balance at 1 January 2016</b>	<b>895,834,935</b>		<b>164,901</b>
<i>Movements in 2016</i>			
Issue of ordinary shares – fully underwritten entitlement offer	<b>895,834,935</b>	<b>0.026</b>	<b>23,296</b>
<b>Closing share capital balance at 31 December 2016</b>	<b>1,791,669,870</b>		<b>188,197</b>

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

	<b>31 December 2016</b>	<b>31 December 2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Opening balance</b>	<b>(13,716)</b>	(13,716)
Costs incurred	<b>(734)</b>	-
<b>Closing balance</b>	<b>(14,450)</b>	(13,716)

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.

**Issue of ordinary shares – year ended 31 December 2016**

On 29 June 2016, the Company announced the launch of a 1 for 1 pro-rata non-renounceable entitlement offer of TIG ordinary shares ("New Shares") at an offer price of A\$0.026 per New Share ("Offer Price") to raise up to A\$23.3 million ("Entitlement Offer").

The Entitlement Offer was fully underwritten by the Company's substantial shareholders: BV Mining Holding Limited ("BVMHL"), Hanate Pty Ltd as trustee for Hanate Trust ("Hanate"), an entity controlled by Bruce Gray, and Limited Liability Company RDIF Investment Management ("RDIF").

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**21. Share capital (continued)**

On 3 August 2016, pursuant to the Entitlement Offer, 570,099,821 ordinary shares were issued and allotted to those shareholders who took up their entitlement in accordance with the terms of the Entitlement Offer and a further 44,900,743 unconditional underwriting shares were issued, being the Hanate Group's portion of the Entitlement Offer shortfall for which no shareholder approval was required, the total shares issued and allotted being 615,000,564 ordinary shares.

On 19 September, 2016, the allotment of the remaining shares was approved at an extraordinary general shareholders' meeting, as a result of which on 26 September 2016, the following shares were allotted:

- 120,893,457 BVMHL underwriting shares and 23,501,472 BVMHL Entitlement Offer shares;
- 75,992,714 Hanate underwriting shares; and
- 93,396,204 RDIF underwriting shares.

**Issue of ordinary shares – year ended 31 December 2015**

During the year ended 31 December 2015, the Company issued 2,084,074 fully paid ordinary shares at a nil price as part of the Employee Share Purchase Scheme. There were no other movements for the year.

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

During the year ended 31 December 2016, 7,104,000 options lapsed, resulting in options on issue at 31 December 2016 of 24,302,000.

**22. Share based payments**

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

Expense arising from equity settled share based payment transactions

31 December 2016 \$'000	31 December 2015 \$'000
248	1,120

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

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

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

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



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

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

The options outstanding at 31 December 2016 have an exercise price in the range of \$0.17 to \$0.75 (2015: \$0.17 to \$0.75). The weighted average remaining contractual life for options outstanding at 31 December 2016 is 3.52 years (31 December 2015: 3.47 years). There were no options granted during the year ended 31 December 2016, the fair value of options granted during the year ended 31 December 2015 was \$0.058. There are 19,123,500 vested and exercisable options at 31 December 2016 (31 December 2015: 12,493,000). There were no options exercised during the year ended 31 December 2016 (During the year ended 31 December 2015: 2,084,074).

**Movements in outstanding options**

	2015		2015	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Balance at the beginning of the year	31,406,000	0.300	38,292,000	0.410
Granted	-	0.000	27,133,518	0.213
Forfeited/lapsed	(7,104,000)	0.239	(31,935,444)	0.375
Exercised	-	0.000	(2,084,074)	0.000
<b>Balance at the end of the year</b>	<b>24,302,000</b>	<b>0.318</b>	<b>31,406,000</b>	<b>0.300</b>
<b>Vested and exercisable at year end</b>	<b>19,123,500</b>	<b>0.309</b>	<b>12,493,000</b>	<b>0.409</b>

Details of share options outstanding at 31 December 2016 are detailed below:

	2016		2015	
Date of issue	Number of Options	Average Exercise Price \$	Number of Options	Average Exercise Price \$
22 February 2012	665,000	0.500	1,267,000	0.500
28 March 2012	1,000,000	0.750	1,000,000	0.750
15 February 2013	150,000	0.260	150,000	0.260
15 February 2013	150,000	0.260	150,000	0.260
15 February 2013	861,000	0.340	1,525,000	0.340
22 March 2013	200,000	0.340	200,000	0.340
3 May 2013	1,000,000	0.500	1,000,000	0.500
3 May 2013	1,000,000	0.600	1,000,000	0.600
4 June 2014	2,000,000	0.500	2,000,000	0.500
19 December 2014	2,544,000	0.230	4,201,000	0.230
19 December 2014	2,544,000	0.170	4,201,000	0.170
17 April 2015	4,094,000	0.230	5,356,000	0.230
17 April 2015	4,094,000	0.170	5,356,000	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
<b>Balance at the end of the year</b>	<b>24,302,000</b>	<b>0.318</b>	<b>31,406,000</b>	<b>0.300</b>

During the year to 31 December 2016, no options were issued, 7,104,000 options lapsed and no options exercised, bringing the options issued over ordinary shares in the Company to 24,302,000 as at 31 December 2016.

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.

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

**(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 grant date of the options granted under the Staff Option Plan and outstanding at 31 December 2016 are outlined below:

Option Grant Date	Fair value at grant date	Share price at grant date	Exercise price	Performance hurdle	Performance period	Expiry date	Risk free interest rate
22 Feb 2012	\$0.160	\$0.325	\$0.500	C	F	22 Feb 2017	3.76%
28 Mar 2012	\$0.127	\$0.310	\$0.750	C	F	28 Mar 2017	3.71%
15 Feb 2013	\$0.056	\$0.220	\$0.260	A	E	15 Feb 2018	3.05%
15 Feb 2013	\$0.079	\$0.220	\$0.260	A	F	15 Feb 2018	3.05%
15 Feb 2013	\$0.115	\$0.220	\$0.340	C	F	15 Feb 2018	3.05%
22 Mar 2013	\$0.100	\$0.200	\$0.340	C	F	22 Mar 2018	3.17%
3 May 2013	\$0.064	\$0.170	\$0.500	B	E	3 May 2018	2.69%
3 May 2013	\$0.065	\$0.170	\$0.600	C	F	3 May 2018	2.69%
4 June 2014	\$0.043	\$0.140	\$0.500	B	E	4 June 2019	2.69%
19 Dec 2014	\$0.030	\$0.099	\$0.230	B	E	28 Feb 2019	2.32%
19 Dec 2014	\$0.036	\$0.099	\$0.170	D	G	28 Feb 2019	2.32%
17 Apr 2015	\$0.049	\$0.130	\$0.230	B	E	17 Apr 2020	1.84%
17 Apr 2015	\$0.061	\$0.130	\$0.170	C	F	17 Apr 2020	1.84%
11 Jun 2015	\$0.021	\$0.100	\$0.500	B	E	11 Jun 2020	2.09%
11 Jun 2015	\$0.035	\$0.100	\$0.230	C	F	11 Jun 2020	2.09%

Note

- A. Performance hurdle: options vest if share price exceeds \$0.50
- B. Performance hurdle: options vest 12 months after grant date.
- C. Performance hurdle: options vest 24 months after grant date.
- D. Performance hurdle: options vest 437 days after grant date.
- E. Performance period: 12 months after grant date.
- F. Performance period: 24 months after grant date.
- G. Performance period: 437 days after grant date.

**23. 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.

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**23. Risk management and financial instruments (continued)**

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

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

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

**(i) Credit risk**

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

**(ii) Liquidity risk**

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

**(iii) Market risk**

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

**(iv) Operational risk**

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

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

**(b) Capital management**

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

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

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

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

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

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**23. Risk management and financial instruments (continued)**

**(c) Financial instruments**

The Group holds the following financial instruments:

	<b>31 December 2016 \$'000</b>	<b>31 December 2015 \$'000</b>
<b>Financial assets</b>		
Cash and cash equivalents	17,109	7,074
Trade and other receivables	1,390	2,145
	<b>18,499</b>	<b>9,219</b>
<b>Financial liabilities</b>		
Trade and other payables	651	410
Finance leases	2,839	4,018
	<b>3,490</b>	<b>4,428</b>

The Royalty Agreement Liability represents a financial liability that is exposed to currency risk and market price risk and is carried at fair value. For details refer to Note 20.

**23. Risk management and financial instruments (continued)**

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

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

<b>31 December 2016</b>	<b>Carrying amount</b>		
	<b>Loans &amp; Receivables</b>	<b>Other financial liabilities</b>	<b>Total</b>
	<b>\$'000</b>		
<b>Financial assets not measured at fair value</b>			
Cash and cash equivalents	17,109	-	17,109
Trade and other receivables	1,390	-	1,390
	<b>18,499</b>		<b>18,499</b>
<b>Financial liabilities not measured at fair value</b>			
Trade and other payables	-	651	651
Finance lease	-	2,839	2,839
	<b>-</b>	<b>3,490</b>	<b>3,490</b>
<b>31 December 2015</b>	<b>\$'000</b>		
<b>Financial assets not measured at fair value</b>			
Cash and cash equivalents	7,074	-	7,074
Trade and other receivables	2,145	-	2,145
	<b>9,219</b>	<b>-</b>	<b>9,219</b>
<b>Financial liabilities not measured at fair value</b>			
Trade and other payables	-	410	410
Finance lease	-	4,018	4,018
	<b>-</b>	<b>4,428</b>	<b>4,428</b>

**(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.

**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2016**

**23. Risk management and financial instruments (continued)**

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

	Carrying amount	
	2016	2015
	\$'000	\$'000
Cash and cash equivalents	17,109	7,074
Trade and other receivables	1,390	2,145
	18,499	9,219

**Geographical information**

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

Europe and the Russian Federation	1,372	2,135
Australasia	18	10
	1,390	2,145

**Counterparty information**

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

	2016	2015
	\$'000	\$'000
Other	1,390	2,145
	1,390	2,145

**Impairment losses**

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

	Gross 2016 \$'000	Impaired 2016 \$'000	Gross 2015 \$'000	Impaired 2015 \$'000
Not past due	1,390	-	2,145	-
Past due 0-30 days	-	-	-	-
Past due 31-120 days	-	-	-	-
Past due 121 days to one year	-	-	-	-
More than one year	-	-	-	-
	1,390	-	2,145	-

There was no provision for impairment at 31 December 2016 (At 31 December 2015: \$Nil).

**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2016**

**23. 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 \$'000	Total \$'000	6 months or less \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000
<b>31 December 2016</b>							
<b>Non-derivative financial liabilities</b>							
Trade and other payables	651	651	651	-	-	-	-
Finance Lease	2,839	3,356	1,373	932	492	559	-
	<b>3,490</b>	<b>4,007</b>	<b>2,024</b>	<b>932</b>	<b>492</b>	<b>559</b>	<b>-</b>
<b>31 December 2015</b>							
<b>Non-derivative financial liabilities</b>							
Trade and other payables	410	410	410	-	-	-	-
Finance Lease	4,018	4,018	1,148	1,148	1,722	-	-
	<b>4,428</b>	<b>4,428</b>	<b>1,558</b>	<b>1,148</b>	<b>1,722</b>	<b>-</b>	<b>-</b>

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 ('USD') and the Russian Rouble ('RUB').

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

	USD 2016 \$'000	RUB 2016 \$'000	USD 2015 \$'000	RUB 2015 \$'000
Cash and cash equivalents	14,032	38	6,610	338
Receivables	-	1,372	1,338	787
Trade and other payables	-	(534)	-	(208)
Finance Lease	(1,673)	(1,166)	(4,018)	-
Gross exposure	12,359	(290)	3,930	917
Forward exchange contracts	-	-	-	-
Net exposure	12,359	(290)	3,930	917

**Exchange rates used**

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

	Average rate		Reporting date spot rate	
	2016	2015	2016	2015
USD	1.3383	1.3312	1.3876	1.3699
RUB	0.0201	0.0219	0.0226	0.0187

**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements**  
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**23. Risk management and financial instruments (continued)**

**Sensitivity analysis**

A weakening of the AUD, as indicated, against the USD and RUB at 31 December 2015 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.

	<b>Strengthening</b>		<b>Weakening</b>	
	<b>Equity</b>	<b>Profit or loss</b>	<b>Equity</b>	<b>Profit or loss</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>31 December 2016</b>				
USD (10% movement)	1,375	1,375	(1,125)	(1,125)
RUB (10% movement)	(34)	(34)	28	28
<b>31 December 2015</b>				
USD (10% movement)	437	437	(357)	(357)
RUB (10% movement)	102	102	(83)	(83)

**(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:

	<b>Carrying amount</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Fixed rate instrument</b>		
Financial assets	-	-
Financial liabilities	2,839	4,018
	<b>2,839</b>	<b>4,018</b>
<b>Variable rate instruments</b>		
Financial assets		
Cash and cash equivalents	17,109	7,074
Financial liabilities	-	-
	<b>17,109</b>	<b>7,074</b>

**Interest rates used**

The following significant interest rates have been applied.

	<b>Average rate</b>	<b>Reporting date spot rate</b>
	<b>%</b>	<b>%</b>
<b>2016</b>		
Australian cash deposit rate	1.73	1.50
<b>2015</b>		
Australian cash deposit rate	2.09	2.00

**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2016**

**23. Risk management and Financial instruments (continued)**

**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.

	<b>Group</b>	
	<b>Equity \$'000</b>	<b>Profit or loss \$'000</b>
<b>31 December 2016</b>		
Australian cash deposit rate (100 basis points increase)	<b>6</b>	<b>6</b>
<b>31 December 2015</b>		
Australian cash deposit rate (100 basis points increase)	6	6

**24. Operating Leases**

**Leases as lessee**

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

Less than one year

Between one and five years

More than five years

	<b>31 December 2016 \$'000</b>	<b>31 December 2015 \$'000</b>
Less than one year	<b>95</b>	211
Between one and five years	<b>31</b>	11
More than five years	<b>7</b>	-
	<b>133</b>	222
<b>Lease expense recognised in profit or loss</b>		
Operating lease expense	<b>50</b>	105
	<b>50</b>	105

The Group leases office space under operating leases.

**25. 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 2016, the Group is in compliance with those exploration obligations defined in the respective licences.

**Other commitments**

Other commitments as at 31 December 2016 totalled A\$0.187 million.

**26. Contingencies**

Under the terms of the ASIC Class Order 98/1418, the Company and certain subsidiary have entered into an approved deed of cross guarantee of liabilities with the subsidiary identified in Note 30.



**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2016**

**27. Related parties disclosure**

**(a) Identity of related parties**

The Group has a related party relationship with its subsidiaries (refer Note 29), key management personnel (“KMP”) (refer Note 28) and Tigers Realm Minerals Pty Ltd (“TRM”). TRM was a related party as TRM was a substantial shareholder of the Company until the in specie distribution of its shareholding in the Group to its shareholder in November 2016 and as the Group transacted with TRM in the reporting period. Pursuant to a services agreement dated 27 May 2011, TIG has a services agreement with TRM for the provision of services including the secondment of staff and the provision of office accommodation.

By means of being substantial shareholders, BV Mining Holding Limited, RDIF Investment Management LLC and HSBC Custody Nominees (Australia) Limited, holding shares beneficially for Bruce Gray, had related party relationships during the year, each earning an underwriting fee of A\$93.6 thousand, A\$46.8 thousand and A\$93.6 thousand, respectively.

It is the Group’s policy that the transactions are undertaken on an arm’s length basis.

**(b) Other related party transactions**

In AUD	Note	Transactions value period ended 31 December	Receivable/ payable as at 31 December	Transactions value period ended 31 December	Receivable/ payable as at 31 December
		2016 \$	2016 \$	2015 \$	2015 \$
<b>Group</b>					
TRM services provided	(i)	(107,733)	-	(525,479)	(14,200)

Notes

- (i) The Group had an unsecured payable to TRM at 31 December 2015. It is the Group’s policy that this outstanding balance is priced on an arms-length basis and was settled in 2016.

**28. Key Management Personnel Disclosures**

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

The key management personnel compensation included in “Administration expenses” (see Note 7) and “Share-based payments” (see Note 22) is as follows:

	2015 \$	2014 \$
Short-term employee benefits	1,561,028	2,126,648
Post-employment benefits	-	95,921
Termination benefits	140,826	402,938
Share-based payments	205,734	656,243
	<b>1,907,588</b>	<b>3,281,120</b>

**(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 2016**

**28. 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
<b>2016</b>						
<b>Directors</b>						
OL Hegarty		17,290,482	12,900,524	-	-	30,191,006
C Wiggill		600,000	600,000	-	-	1,200,000
B Gray		116,681,418	261,320,447	-	-	378,001,865
R Morgan		-	-	-	-	-
T Sitdekov		-	-	-	-	-
<b>Other key management personnel</b>						
D Kurochkin		308,695	308,695	-	-	617,390
S Southwood		136,700	-	-	-	136,700
P Balka		1,242,593	2,238,487	-	-	3,481,080
D Forsyth		9,611,807	9,655,866	-	-	19,267,673
A Nikolaev		-	-	-	-	-

	Note	Balance at 1 January	Acquisitions	Sales	Other Changes	Balance at 31 December
<b>2015</b>						
<b>Directors</b>						
AJ Manini		19,787,183	-	-	-	19,787,183
OL Hegarty		17,290,482	-	-	-	17,290,482
C Wiggill		600,000	-	-	-	600,000
A Gray		-	-	-	-	-
B Gray		8,333,334	108,348,084	-	-	116,681,418
R Morgan		-	-	-	-	-
T Sitdekov		-	-	-	-	-
<b>Other key management personnel</b>						
C Parry		4,414,728	611,111	(95,853)	-	4,929,986
D Kurochkin		-	308,695	-	-	308,695
S Southwood		-	136,700	-	-	136,700
P Balka		820,371	422,222	-	-	1,242,593
C McFadden		400,000	-	(30,000)	-	370,000
D Forsyth		9,414,029	197,778	-	-	9,611,807

**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2016**

**29. Group entities**

**Significant subsidiaries**

	<b>Country of Incorporation</b>	<b>Ownership Interest</b>	
		<b>2016</b>	<b>2015</b>
<b>Parent entity</b>			
Tigers Realm Coal Limited	Australia		
<b>Subsidiaries</b>			
TR Coal International Limited	Australia	100%	100%
Tigers Realm Coal (Cyprus) Pty Ltd	Cyprus	100%	100%
Greaterbay Larnaca Finance (Cyprus) Pty Ltd	Cyprus	100%	100%
Eastshore Coal Holding Limited	Cyprus	80%	80%
Northern Pacific Coal Company	Russia	80%	80%
Rosmiro Investments Limited	Cyprus	80%	80%
Beringpromugol LLC	Russia	80%	80%
Beringtranscoal LLC <sup>3</sup>	Russia	80%	80%
Port Ugolny LLC	Russia	80%	80%
Bering Ugol Investments LLC	Russia	80%	N/A
Anadyrsky Investments Limited	Cyprus	100%	100%
Tigers Realm Coal Spain, SL <sup>1</sup>	Spain	100%	100%
Tigers Coal Singapore No. 1 PTE Limited <sup>1</sup>	Singapore	100%	100%

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

<sup>2</sup> Founded in 2016

**30. Parent entity disclosures**

As at, and throughout the financial year ended 31 December 2016, the parent entity of the Group was Tigers Realm Coal Limited. Information relating to the parent entity follows:

	<b>31 December 2016 \$'000</b>	<b>31 December 2015 \$'000</b>
<b>Results of parent entity</b>		
(Loss) for the period	(239)	(130,161)
Total comprehensive income	(239)	(130,161)
<b>Financial position of parent entity</b>		
Current assets	31,587	9,016
Total assets	31,587	9,016
Current liabilities	-	-
Total liabilities	-	-
<b>Net Assets</b>	<b>31,587</b>	<b>9,016</b>
<b>Total equity of the parent entity comprising</b>		
Share capital	173,747	151,185
Reserves	6,603	6,355
(Accumulated losses)	(148,763)	(148,524)
<b>Total equity</b>	<b>31,587</b>	<b>9,016</b>

**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 31.

**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**  
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**31. Deed of cross guarantee**

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

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

The entities subject to the Deed of Cross Guarantee are:

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

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

A consolidated statement of comprehensive income and consolidated statement of financial position, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee for the year ended 31 December 2016 is set out below.

**Statement of comprehensive income and retained earnings**

	<b>31 December 2016 \$'000</b>	<b>31 December 2015 \$'000</b>
Asset write-downs	-	(150)
Exploration and evaluation expenses	(53)	(36)
Share based payments	(248)	(1,120)
Administrative expenses	(1,101)	(4,499)
Impairment on related party receivable	-	(120,872)
<b>Results from operating activities</b>	<b>(1,402)</b>	<b>(126,677)</b>
Net foreign exchange gain / (loss)	<b>464</b>	1,755
Finance income	<b>10</b>	3
<b>Net finance income/(expense)</b>	<b>474</b>	1,758
<b>(Loss) before income tax</b>	<b>(928)</b>	(124,919)
Income tax (expense)	-	-
<b>Net (Loss)</b>	<b>(928)</b>	(124,919)
<b>Other comprehensive income</b>		
Foreign currency translation differences for foreign operations	-	-
Income tax on other comprehensive income	-	-
<b>Total comprehensive (loss) for the period</b>	<b>(928)</b>	(124,919)
(Accumulated losses) at beginning of year	<b>(180,025)</b>	(55,106)
<b>(Accumulated losses) at end of year</b>	<b>(180,953)</b>	(180,025)

**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2016**

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

	<b>31 December 2016 \$'000</b>	<b>31 December 2015 \$'000</b>
<b>Current Assets</b>		
Cash and cash equivalents	14,598	5,016
Trade and other receivables	-	10
Prepayments	75	98
<b>Total current assets</b>	<b>14,673</b>	<b>5,124</b>
<b>Non-current assets</b>		
Related party receivables	17,746	4,000
<b>Total non-current assets</b>	<b>17,746</b>	<b>4,000</b>
<b>Total assets</b>	<b>32,419</b>	<b>9,124</b>
<b>Current Liabilities</b>		
Trade and other payables	114	123
Employee provisions	-	-
<b>Total current liabilities</b>	<b>114</b>	<b>123</b>
<b>Total liabilities</b>	<b>114</b>	<b>123</b>
<b>Net assets</b>	<b>32,305</b>	<b>9,001</b>
<b>Equity</b>		
Share capital	173,747	151,185
Reserves	39,511	37,841
(Accumulated losses)	(180,953)	(180,025)
<b>Total equity</b>	<b>32,305</b>	<b>9,001</b>

**32. Non-controlling interest**

There are no changes in the Group's ownership interest in either Eastshore or Rosmiro during the year ended 31 December 2016.

On 29 June 2016, the Group signed two heads of agreements (HoAs) with its joint venture partners - one in relation to the Amaam North Project, the other in relation to the Amaam Project. HoAs, which upon execution, will result in the Group acquiring the remaining 20% non-controlling interest in Rosmiro and restructuring the Rosmiro royalty obligations.

**Tigers Realm Coal Limited**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2016**

**33. Auditors' Remuneration**

Details of the amounts paid to the auditor, Deloitte (for the year ended 31 December 2015, KPMG), and its related practices for audit and non-audit services provided during the year are set out below.

	<b>31 December 2016 \$</b>	<b>31 December 2015 \$</b>
<b>Audit services:</b>		
Audit and review of financial reports (2016: Deloitte Australia. 2015: KPMG Australia)	<b>105,000</b>	<b>210,000</b>
Audit and review of financial reports (2016: Overseas Deloitte firms. 2015: Overseas KPMG firms)	<b>80,000</b>	<b>77,809</b>
	<b>185,000</b>	<b>287,809</b>
<b>Services other than statutory audit</b>		
<b>Other services</b>		
Agreed-upon procedures in relation to rights issuance reports (2016: Deloitte Australia. 2015: KPMG Australia)	<b>20,110</b>	-
Taxation compliance and advisory services (2016: Deloitte Australia. 2015: KPMG Australia)	-	<b>50,796</b>
Taxation compliance services (2016: Overseas Deloitte firms. 2015: Overseas KPMG firms)	-	<b>2,242</b>
	<b>20,110</b>	<b>53,038</b>
	<b>20,110</b>	
<b>Total Services Provided</b>	<b>205,110</b>	<b>340,847</b>

**34. Events after the reporting period**

There has not arisen in the interval between the end of the financial year and the date of this report, any transaction or event of a material or unusual nature likely in the opinion of the directors of the Company to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

## Tigers Realm Coal Limited

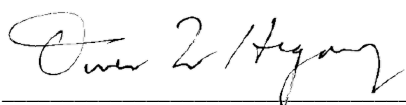
### Directors' declaration

#### For the year ended 31 December 2016

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 29 to 70 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 2016 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 31 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 2016.
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 23<sup>rd</sup> day of March 2017.



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Owen Hegarty  
Director

The Board of Directors  
Tigers Realm Coal Limited  
333 Collins St  
Melbourne  
VIC 3000

23 March 2017

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 2016, 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



**Colin Brown**  
Partner  
Chartered Accountants



## 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 2016, 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 2016 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.

## 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 Matter	How the scope of our audit responded to the Key Audit Matter
<p><i>Carrying value of property, plant and equipment</i></p> <p>The assessment of the carrying value of property, plant and equipment totalling \$7.498 million as disclosed in Note 16 is a key audit matter.</p> <p>As outlined in Note 8 the recoverable amount of property, plant and equipment is estimated using a value-in-use model. The value-in-use model requires the exercise of significant judgement in determining the assumptions, the most significant of which include:</p> <ul style="list-style-type: none"> <li>• forecast sales quantities</li> <li>• forecast long-term coal prices</li> <li>• forecast capital expenditure</li> <li>• forecast costs of production and distribution; and</li> <li>• the discount rate.</li> </ul>	<p>Our procedures, performed in conjunction with our valuation experts, included but were not limited to:</p> <ul style="list-style-type: none"> <li>• evaluating management's assessment whether an impairment indicator existed or whether an impairment loss recognised in the prior year has reversed;</li> <li>• obtaining an understanding of the management's processes to assess the carrying value of the assets;</li> <li>• evaluating management's methodologies and their documented basis for key assumptions utilised in the model;</li> <li>• assessing and challenging the key assumptions for forecast sales quantities, forecast long-term coal prices, forecast capital expenditure and forecast costs of production and distribution by comparing them to economic and industry forecasts and the Board approved forecasts;</li> <li>• performing an assessment of the reasonableness of the discount rate applied by assessing whether it fell within the discount rate range we determined independently; and</li> <li>• evaluating the adequacy of the disclosures.</li> </ul>
<p><i>Estimation of the amount of royalty obligations in relation to Amaam and Amaam North Projects</i></p> <p>As disclosed in Note 20, the Group has entered into a number of royalty arrangements as part of obtaining interests in 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. Accordingly it was identified as a key audit matter.</p>	<p>Our procedures included but were not limited to:</p> <ul style="list-style-type: none"> <li>• assessing the Group's methodology to estimate the amount of the obligation, challenging its appropriateness and obtaining an understanding of the key processes associated with the preparation of models supporting the estimate;</li> <li>• checking the consistency of forecasted cash flows from the revenue derived from the sale of coal produced used in estimating the amount of royalty obligations with the forecasts used in the model prepared to determine the recoverable amount of the property, plant and equipment; and</li> <li>• evaluating the adequacy of the disclosures.</li> </ul>

## **Other Information**

The directors are responsible for the other information. The other information comprises the Directors' Report 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 2016, Chairman's Letter, Interim Chief Executive Officer's Report, Resources and Additional Exploration Targets and Operations Review which are expected to be made available to us after that date.

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 2016, Chairman's Letter, Interim Chief Executive Officer's Report, Resources and Additional Exploration Targets and Operations Review which are expected to be made available to us after that date 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.

## **Directors' Responsibilities 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 has 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's 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's 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 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 2016.

In our opinion, the Remuneration Report of Tigers Realm Coal Limited, for the year ended 31 December 2016, 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 Tomatsu*

DELOITTE TOUCHE TOHMATSU



Colin Brown  
Partner  
Chartered Accountants  
Brisbane, 23 March 2017

## SHAREHOLDER INFORMATION

### 1. Top 20 Shareholders as at 13 March 2017

		Number of shares	% of Total
1	BV MINING HOLDING LIMITED	559,421,427	31.22%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	359,486,307	20.06%
3	RDIF INVESTMENT MANAGEMENT LLC	243,817,623	13.61%
4	NAMARONG INVESTMENTS PTY LTD <HANSEN INVESTMENT FUND A/C>	100,952,582	5.63%
5	PINE RIDGE HOLDINGS PTY LTD <PINE RIDGE SUPERANNUATION FUND A/C>	42,805,378	2.39%
6	SHIMMERING BRONZE PTY LIMITED	29,691,006	1.66%
7	ANTMAN HOLDINGS PTY LTD	21,378,272	1.19%
8	FOREMOST MANAGEMENT SERVICES PTY LIMITED <SUPER FUND A/C>	18,868,970	1.05%
9	J P MORGAN NOMINEES AUSTRALIA LIMITED	18,307,843	1.02%
10	SENNEN TROVE PTY LTD <BETA SUPER FUND A/C>	15,046,133	0.84%
11	ASIPAC GROUP PTY LIMITED	14,280,300	0.80%
12	AJM INVESTCO PTY LTD <MANINI FAMILY SUPERFUND A/C>	13,079,823	0.73%
13	REGENT PACIFIC GROUP LTD	12,700,000	0.71%
14	CO-INVESTMENT PARTNERSHIP I LP	12,190,921	0.68%
15	LEONPARK PTY LTD <SILLAW FAMILY A/C>	10,994,184	0.61%
16	SPORTING NOMINEES PTY LIMITED	10,680,830	0.60%
17	ROMADAK PTY LTD <JOMAR A/C>	10,417,046	0.58%
18	GP SECURITIES PTY LTD	9,635,393	0.54%
19	INTEGRATED MINING SOLUTIONS PTY LTD	8,497,856	0.47%
20	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	7,829,613	0.44%
	TOTAL FOR TOP 20	1,520,081,507	84.83%

### 2. Voting rights of ordinary shares

On a show of hands one vote for each shareholder, and  
On a poll, one vote for each fully paid ordinary share.

## Tigers Realm Coal Limited

### SHAREHOLDER INFORMATION (Continued)

#### 3. Distribution of Shareholders and Shareholdings as at 13 March 2017

Holding and Distribution	No. of Holders	Securities	%
1 to 1000	30	5,302	.00
1001 to 5000	49	177,783	.01
5001 to 10000	59	502,968	.03
10001 to 100000	379	17,414,982	.97
100001 and Over	345	1,773,568,835	98.99
<b>Total</b>	<b>862</b>	<b>1,791,669,870</b>	<b>100.00</b>

#### 4. Tigers Realm Coal Substantial Shareholders as at 13 March 2017

Holder	No. of Shares	% of Total
BV Mining Holding Limited	559,421,427	31.22%
Bruce N Gray	378,001,865	21.10%
Limited Liability Company <RDIF Investment Management>	258,446,728	14.42%
Namarong Investments Pty Ltd <Hansen Investment Fund A/C>	100,952,582	5.63%

#### 5. Shareholdings of less than a marketable parcel as at 13 March 2017

105 holding a total of 361, 649 shares.

#### 6. Unquoted Securities as at 13 March 2017

24,220,000 Unlisted options on issue.