

ANNUAL REPORT 2019



TIGERS
REALM COAL



CONTENTS

Highlights 2019	1
Chairman's Review	2
Chief Executive Officer's Report	4
Reserves and Resources	6
Operations Review	8
Financial Report	15

OUR COMPANY

Tigers Realm Coal Limited

Tigers Realm Coal Limited (Tigers Realm Coal, TIG, or the Company) is an ASX-listed company producing coking and thermal coals from its operations in the Chukotka Autonomous Okrug (District) on Russia's east coast.

TIG's aim is to become a significant producer of coking coal supplying the seaborne markets in Asia. The Company is focused on the further exploration and development of its high-quality coking coal deposits and is committed to creating sustainable benefits for the communities and region in which it operates.

The Company is developing two coking coal projects. The Amaam North project has been operational for 3 years supplying unwashed coal products

to the North Asian steel and thermal coal markets through our own port at Beringovsky, some 35km from the mining operation. The immediately adjacent Amaam project remains in a pre-development stage but contains both significant reserves of quality coking coal as well being close to a potential deep water port which would allow an extended shipping season plus potential direct loading of coal cargo.

In 2019, the Company achieved annual production of 750 kt. Additionally, we mined our millionth tonne of coal from the basin and commenced transshipment operations using our own fleet of four 500-tonne barges. Other achievements during the year included continued further development of our pit-to-port coal haulage road in order to improve safety conditions and reduce wear

and tear on our fleet of haulage trucks together with the further expansion of our on-site camp to improve living conditions for our personnel.

Going forward in 2020, TIG will be focused on detailed design and engineering works for a Coal Handling and Processing Plant (CHPP). In this endeavour we will involve coal processing and engineering experts from leading firms in Australia, Great Britain and Russia. This work will lay the foundation for development of Amaam North Phase Two, the expansion of operations to increase annual run of mine production levels to 1.5+ Mtpa with the ability to ship washed coal.

The Company's registered office is located in Melbourne, Australia. Management is principally located in our offices in Moscow and on site in Chukotka.

OUR VALUES

Four core values underpin everything we do:

+ **Respect**

treating our people, communities and stakeholders with respect and understanding.

+ **Care**

for our people and the environment. An overriding commitment to ensuring our people finish work each day without suffering injury or harm. Minimising our impact on the environment.

+ **Integrity**

being honest and open in the way we communicate and work. Doing what we say we will do.

+ **Delivery**

Empowering our people to excel. Consistently delivering on our plans and goals.

HIGHLIGHTS 2019

- Mining volumes increased year-on-year by 30% from 576kt to 750kt and consisted of 506kt of thermal (63% increase from last year's 311kt) and 244kt of metallurgical (8% reduction from 265kt in 2018).
- Sales volumes increased by 48% from 393kt to 581kt.
- TIG commenced transshipment operations using its newly acquired fleet of four 500-tonne barges and now has operational control of the full cycle from pit to vessel.
- New equipment brought to site enabled increasing total mining capacity to 750kt.
- With its increased mining capacity, TIG has completed Phase One of the Amaam North development strategy.
- Substantial improvement to the road was made in 2019. The next step is completing the culverts which will prevent erosion during the flood period and generally make the road more stable.
- The Company is in material compliance with its licence obligations.
- TIG's intrinsic value was further enhanced in 2019 as a result of its continued demonstration of its ability to mine, transport & market commercially viable volumes of thermal and metallurgical coal from Amaam North deposit.
- In December 2019 TIG announced a 13:4 Accelerated Renounceable Entitlement Offer (the Offer) priced at A\$0.01 in order to raise A\$58.2 million (US\$40.0 million). The Offer closed on 5 February 2020 with a Shortfall of A\$13 million (US\$9 million). Dr. Bruce Gray, one of TIG's largest shareholders, placed a bid into the Shortfall Bookbuild for substantially all of the shortfall. His bid is subject to shareholder approval at an Extraordinary General Meeting to be held on 21 April 2020. Should his bid receive shareholder approval, TIG will have succeeded in raising the full A\$58.2 million (US\$40.0 million) through the Offer.

CHAIRMAN'S REVIEW



Craig Wiggill
Chairman

Dear Shareholders,

The TIG team achieved a number of significant milestones during 2019, the primary achievement being the completion of Phase One of our Amaam North development strategy which took us to an annual production of 750kt. We added to our mining and transport fleet with capital spend early in the year and commissioned this equipment soon after the opening of the shipping season. Substantial improvements were made to the main haulage road to the port, new workshops were initiated, and extension works continued to make the camp both bigger and better. The operational team at site was further developed with mining, managerial and marine focused skill sets.

Notwithstanding these achievements, 2019 also brought a number of serious challenges to TIG. The Company was badly affected by the dramatic decrease in internationally traded coal prices and a significant increase in shipping freight rates which, together with a change in product mix arising from in-pit geological conditions and port operator underperformance during the shipping season, had a marked effect on our

revenue and arising cash flow situation. Despite the implementation of mining cost reduction measures along with the optimization of our site operations, TIG, as a result, faced a severe threat to its ability to service its working capital loans and other cash commitments.

In order to meet all obligations and provide the Company near-term liquidity, TIG obtained bridge financing from its two largest shareholders and then followed this in December 2019 with a 13:4 Accelerated Renounceable Entitlement Offer priced at A\$0.01 per share to raise A\$58.2m (US\$40M).

In February 2020, TIG successfully completed the institutional and retail components of its Offer followed by the Shortfall Bookbuild. The Offer received strong support from existing shareholders. The institutional and retail components of the offer together raised A\$45.2m with A\$13m of shortfall bookbuild which is subject to shareholder approval.

TIG is now focused on the construction and financing of a modular CHPP to enable the Company to sell a higher-value product of consistent quality into the Semi-Hard coking coal (SHCC)



markets. This SHCC product will allow TIG to receive significantly higher average prices than those currently being achieved for the basket of unwashed coal products, but most importantly, it will allow TIG to reduce the effect of the price volatility in the thermal coal market in particular.

The Company continues to work with all stakeholders to develop a successful business creating value for our shareholders, whilst being careful about our environmental impact and respectful of the communities within which we work. The onset of the COVID-19 global pandemic has brought with it a tremendous degree of uncertainty in relation to mining and shipping operations as well as the seaborne market demand for our product. The remote location of our mining operations and the relative isolation of our workforce are both advantageous as well as risk enhancing. As such we need careful evaluation, working together with both local and state authorities, as to decisions on potential temporary suspension of mining and shipping. The global commodity and mining markets are deeply disrupted currently,

and future market direction is difficult to predict. Whilst the potential for a negative impact to our business exists in the short to medium term, the scenario of a market rebalance could well bring with it opportunity for the furtherance of our long-term development strategy. We will continue to monitor the situation closely and will make every effort to take the measures necessary to minimize negative impacts of this crisis on our business while ensuring the health and safety of our people.

On behalf of the Board, I would like to thank our team for their contribution to the Company and its shareholders, who have been consistently supportive as we build ourselves towards our goal of being a profitable coal supplier into the global market.



Craig Wiggill
Chairman



CHIEF EXECUTIVE OFFICER'S REPORT



Dmitry Gavrilin
Chief Executive Officer

2019 was for TIG a year of growth, expansion and a year during which the Company faced many challenges associated with coal market trends that affected the mining sector in general and the Company in particular.

As well as increasing mining volumes year-on-year by 30% and shipping volumes by 48%, significant progress was made during 2019, particularly in the following areas:

- acquiring four 500-tonne barges and obtaining all relevant port licences, thus enabling increased transshipment capacity and eliminating our dependence on an outside contractor to tranship our coal;
- expanding our camp to accommodate 132 staff and generally improving living conditions which we expect to enable us to continue improving staff retention;
- substantially improving road conditions which will enhance the safety of our people, increase haulage capacity and reduce wear and tear on our haulage fleet;
- preparing design and engineering works for a Coal Handling and Processing Plant (CHPP) with support from leading coal process experts and engineers from Australia, Great Britain and Russia.

Notwithstanding the above achievements, from the coal market perspective 2019 was a very challenging year. The market weakened during the second half of 2019 as general economic conditions worsened, driven by weaker growth and trade tensions between China and the United States. Chinese domestic production growth, coupled with the resumption of import quotas designed to maintain imports at 2017 levels, reduced demand for seaborne exports from Far East Russia, Indonesia and Australia.

During the 2019 Shipping Season TIG shipped 12 export coal vessels with total volume of 554kt together with 27kt for Chukotka local boilers resulting in total sold tonnage of 581kt. Four of the export cargos were of coking coal, two of which were standard SSCC and two high-ash SSCC cargos.

TIG continued to focus on quality control and the building of long-term customer relations. As a result, we experienced no quality-related claims during the year while continuing to ship increased volumes to several key customers with whom we have developed a robust and beneficial working relationship.

As a result of our focus on quality, we experienced no quality-related claims during the year while continuing to ship increased volumes to several key customers with whom we have developed a robust and beneficial working relationship.



The Company continues to work on managing the impact of its operations on the local environment. We continue to engage and support the local community on a range of issues. Local and indigenous community representatives from Alkatvaam, Beringovsky and Anadyr visited our operations throughout the year and are informed about our operations and future plans. In 2019, TIG played a leading role in a number of events and initiatives aimed at supporting and educating the local community.

In addition to the normal challenges any business faces, we are also confronting the impact of the COVID-19 global pandemic. We, of course, understand that it could potentially severely impact our business. Due to the seasonal nature of our sales, we do not yet have a clear view of the extent to which measures which may be taken to deal with COVID-19 could affect our operations. We have implemented all the measures recommended by healthcare authorities and will continue to do so as they evolve.

I would like to thank the Board for their constructive approach to working with our team, our staff for their dedication and our shareholders for their continued support.



Dmitry Gavrilin
Chief Executive Officer



RESERVES AND RESOURCES

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

Resource Category	Open Pit (Mt)	Underground (Mt)	Total (Mt)
Measured ^C – Coking	21.5	-	21.5
Indicated ^B – Coking	46.2	5.7	51.9
Inferred ^A – Coking	14.0	17.6	31.6
Indicated ^B – Thermal	2.7	-	2.7
Inferred ^A – Thermal	1.3	-	1.3
Total (Mt)	85.7	23.3	109.0

Tonnage (Mt)	Relative Density	Ash (%)	Inherent Moisture (%)	Volatile Matter (%)	Fixed Carbon (%)	Gross Calorific Value (kcal/kg)	Total Sulphur (%)
109.0	1.44	16.9	1.16	26.6	55.3	6,770	0.28

NB: Coal qualities on an air dried basis.

The Amaam North (Project F) Coal Resources are based on a Coal Resource Estimate prepared by SRK in December 2015 prior to the commencement of mining and depleted by 1.5 million tonnes of coal mined during 2017-2019.

Coal Reserves^E for Amaam North – Project F (100% basis)

Coal Type	Recoverable Reserves (Mt)			Marketable Reserves (Mt)		
	Proved	Probable	Total	Proved	Probable	Total
Coking	9.1	7.8	16.9	6.0	5.8	11.8
Thermal	-	4.1	4.1	-	3.9	3.9
Total (Mt)	9.1	11.9	21.0	6.0	9.7	15.7

The Amaam North (Project F) Coal Reserves are based on a Coal Reserve Estimate prepared by MEC Mining in February 2020.

Coal Resources for Amaam (100% Basis)

Resource Category	Open Pit (Mt)	Underground (Mt)	Total (Mt)
Measured ^C – Coking	3	-	3
Indicated ^B – Coking	89	2	91
Inferred ^A – Coking	336	91	427
Total (Mt)	428	93	521

Tonnage (Mt)	Relative Density	Ash (%)	Inherent Moisture (%)	Volatile Matter (%)	Fixed Carbon (%)	Gross Calorific Value (kcal/kg)	Total Sulphur (%)
521	1.62	33.6	1.69	23.3	39.1	5,114	0.84

NB: Coal qualities on an air dried basis.

The Amaam Coal Resource Estimate was prepared by Resolve Coal in July 2015.

Exploration Targets^D for Amaam and Amaam North (100% basis)

Amaam North (Mt)	Amaam (Mt)	Total (Mt)
90 to 370	25 to 40	115 to 410

NOTES TO RESERVES AND RESOURCES

The company is not aware of any new information or data that materially affects the information included in this report and at the time of this report all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. Coal Resources and Coal Reserves are reported in 100 percent terms (unless otherwise stated). Coal Resources are reported inclusive of the Coal Reserves that have been converted to Coal Reserves (i.e. Coal Resources are not additional to Coal Reserves).

Competent Persons Statement – Amaam

The information compiled in this announcement relating to exploration results, exploration targets or Coal Resources at Amaam is based on information provided by TIG and compiled by Neil Biggs, who is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Neil Biggs consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Competent Persons Statement – Amaam North

The Amaam North Project F Coal Resources are based on a Coal Resource Estimate prepared by SRK in December 2015, undertaken prior to the commencement of mining and extensive grade control drilling in and adjacent to the current area of open pit working. SRK's estimate has been reduced by 0.4 million tonnes Measured Resource (Coking), by 0.1 million tonnes Indicated Resource (Coking) and 0.95 million tonnes Indicated Resource (Thermal) to reflect the 1.5 million tonnes of coal sales during 2017-2019. The sales comprised a mix of thermal and coking coal to different customers. Subsequent to the preparation of the December 2015 Resource Estimate additional exploration drilling has also taken place. There are indications that a detailed examination of all data now available may potentially lead to the interpretation of a modified geological structure, including steeper seam dips, across some parts of the resource area, particularly to the east and possibly the north of the current areas planned for working. The Company is preparing to perform a Coal Resource and Reserves Update in the second half of 2020, after which the Coal Resources and Reserves, as reflected herein, will be updated and amended as required. The information presented in this report relating to Coal Resources is based on information compiled and modelled by Anna Fardell, Consultant (Resource Geology) of SRK Consulting (Kazakhstan) Ltd, who is a Fellow

of the Geological Society of London; and reviewed by Keith Philpott, Corporate Consultant (Coal Geology) of SRK Consulting (UK) Ltd, who is a Fellow and Chartered Geologist of the Geological Society of London. Keith has worked as a geologist and manager in the coal industry for over 40 years and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Keith Philpott consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report relating to the Project F Reserve Estimate is based on information compiled by Christofer Catania, General Manager Operations of MEC Mining and a Competent Person who is a Chartered Engineer of the Australasian Institute of Mining and Metallurgy. Christofer Catania is a full time employee of MEC Mining and has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Christofer Catania consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Note A – Inferred Resources

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

Note B – Indicated Resources

According to the commentary accompanying the JORC Code an 'Indicated Mineral Resource' is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of modifying factors in sufficient detail to support

mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to assume geological and grade (or quality) continuity between points of observation where data and samples are gathered. An Indicated Resource may be converted to a Probable Ore Reserve.

Note C – Measured Resources

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

Note D – Exploration Target

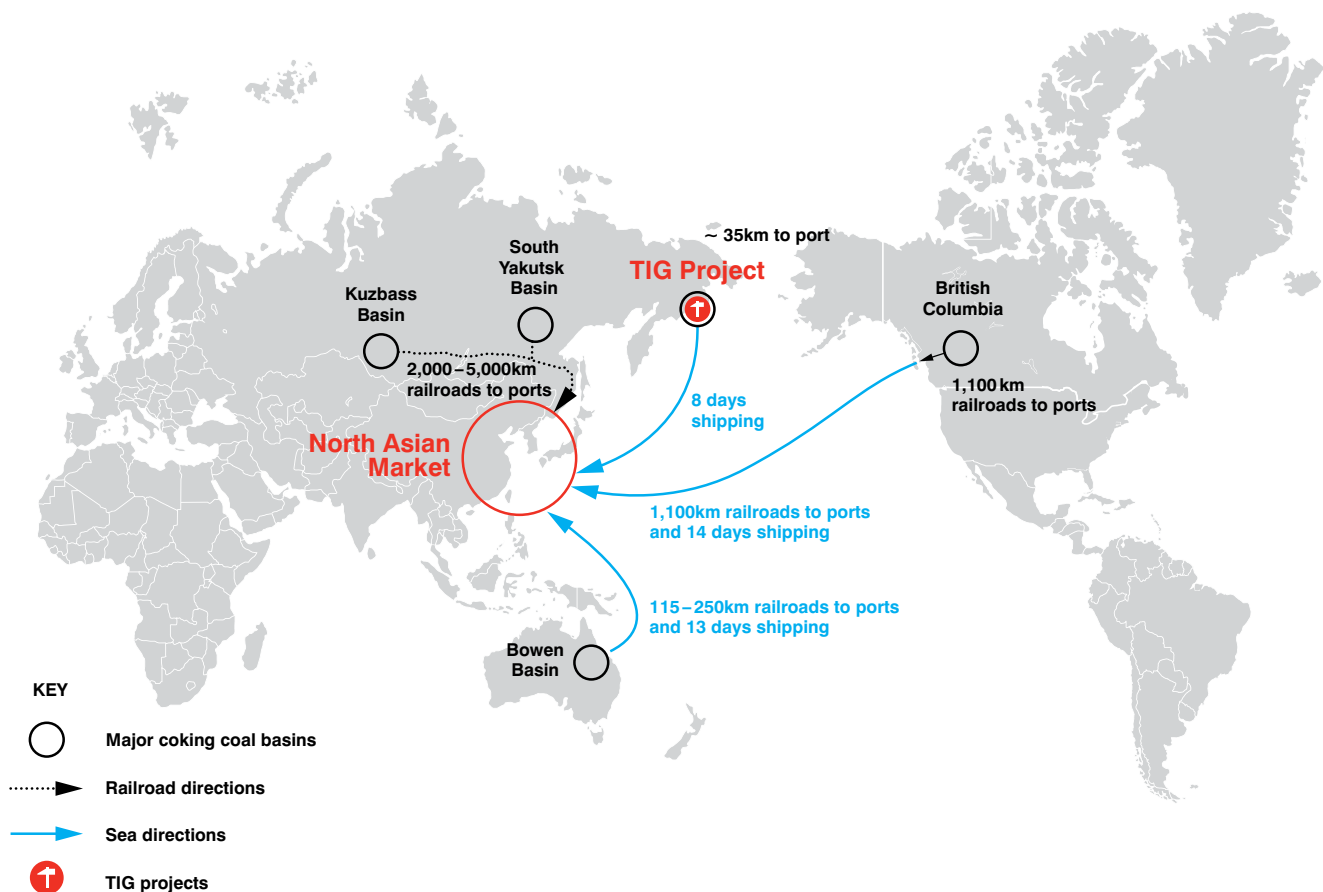
According to the commentary accompanying the JORC Code an Exploration Target is a statement or estimate of the exploration potential of a mineral deposit in a defined geological setting where the statement or estimate, quoted as a range of tonnes and a range of grade (or quality), relates to mineralisation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

Note E – Reserves

According to the commentary accompanying the JORC Code a 'Reserve' is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified.

OPERATIONS REVIEW

Tigers Realm Coal Ltd's (ASX: TIG) strategy is to become a significant supplier of coking coal to the seaborne market via the progressive development of the Amaam Coking Coal Field.



Overview of TIG's Russian Coal Project

Tigers Realm Coal Ltd's (ASX: TIG) strategy is to become a significant supplier of coking coal to the seaborne market via the progressive development of the Amaam Coking Coal Field.

The Amaam Coking Coal Field comprises two large coal resource deposits in the Far East of the Russian Federation:

- Amaam North (TIG 100% interest): a large coal basin, of which Fandyushkinskoye Field is currently in the production expansion phase. In December 2019, Rosnedra, the Russian natural resource licencing

authority, approved a Mining and Excavation Plan ("TPRM") for the integrated development of the Fandyushkinskoye and Zvonkoye licence areas. The 2020 mine plan already includes production from both areas;

- The results from Amaam North's operations potentially will support the further development of the Amaam Coking Coal Field; and
- Amaam Coal Deposit (TIG interest – 80%) a potentially large-scale coking coal project, which will enable TIG to increase overall production to 5Mtpa. Expansion to this production level will, however, require significant investment in infrastructure.

The Amaam and Amaam North licences cover an area of about 709 sq. km in the Chukotka Autonomous Okrug (District) of Russia. Our current operations are located approximately 230km south of the regional capital of Anadyr and approximately 35km to the south east of Beringovsky township and TIG's wholly owned coal terminal and port infrastructure.

Amaam North is comprised of:

- Exploration Licence No. AND 01203 TP (Levoberezhny "Left Bank" Licence), being the broader exploration licence from which the following Exploration and Extraction (Mining) Licences have been carved out to date;

- Mining Licence No. AND 15813 TE (Fandyushkinskoye Field); and
- Mining Licence No AND 01314 TE ("Zvonkoye"), issued in 2018 for a 20-year term.

Within just three years from the start of work at Amaam North TIG has progressed from an exploration company to a coal producer, exporting and competing on the global seaborne market.

TIG operates its own infrastructure with coal haulage along its own 35km, all-season pit to port road, and during the upcoming navigation period will start transshipment operations in the port itself with our four newly acquired 500-tonne barges.

Amaam North's further development contemplates the expansion of mining & logistics capabilities and the construction of a CHPP in order to maximise the resource base's value.

TIG's strategy with respect to developing the Amaam Coking Coal Field is currently envisaged in three stages:

Stage 1: Development of Amaam North up to a 1.5+Mtpa primarily coking coal operation shipped through the Beringovsky Port, split into 2 phases:

- **Phase One:** up to 0.75Mtpa utilizing existing infrastructure and mining and haulage fleet (completed);
- **Phase Two:** 1.5+Mtpa, with 225kt oxidised and 1.275Mt through CHPP to get 830kt of washed coal with 65% yield, an upgrade of mine and port infrastructure, and increasing mining and haulage fleet capacity.

Stage 2: Amaam North production increases up to 2Mtpa.

Stage 3: Development of Amaam.

TIG has successfully completed Phase One and is working on implementing Phase Two to increase Amaam North coal production and sales volumes. In order to achieve this next strategic objective at the Amaam North deposit, TIG is focussed on acquiring the processing capacity to enable the Company to sell a higher-value product of consistent quality into the Semi-Hard coking coal (SHCC) markets. This SHCC product will allow TIG to achieve significantly higher average prices than those currently being achieved for the basket of unwashed coal products.

To optimise capital spending and arrange suitable financing, TIG is evaluating the option of a modular plant design for which it is expected that design & engineering works will be completed in 2020. The first module of 150tph is targeted for delivery and commissioning to allow the first SHCC product to be sold during the 2021 shipping season.

In terms of funding options for the plant the management and board are determining the best financing structure based on a number of instruments such as equity, project, trade and vendor finance. Expected capital costs for the CHPP module will be available upon completion of the detailed design and engineering.

Management is optimistic that a material increase in production is achievable. In order to obtain sufficient geological

evidence of the additional mineable coal required to increase production, TIG will need to perform further drilling & exploration.

The ability to optimally integrate the Amaam project into the overall Amaam Coking Coal Field development and maximise the extent to which investment is made both in processing capacity and logistics infrastructure is currently under review.

Operations Update

2019 has been a year of significant growth for TIG. Mining volumes increased year-on-year from 576kt to 750kt and shipping volumes increased from 393kt to 581kt. For the first time TIG transshipped coal with its own new 500-tonne barges.

- Following the new equipment brought to site, TIG's annual mining capacity was increased to 750kt.
- By acquiring four 500-tonne barges, obtaining all relevant port licences and gaining experience in barges operations, TIG has put in place 700kt of its own transshipment capacity.
- Substantial improvement to the road was made in 2019. TIG has been investing in other site infrastructure related projects including warehouses, camp, repair workshops as well as its our fuel farm.
- TIG's intrinsic value was further enhanced in 2019 as a result of its continued demonstration of its increased ability to mine, transport & market commercially viable volumes of thermal and metallurgical coal.



OPERATIONS REVIEW continued

Health and Safety

Health and safety are at the forefront of our considerations. During 2019 the company continued to improve and support its workplace safety culture.

The company continued HSE inductions for all new employees in addition to supplementary HSE reviews for existing employees. HSE risk assessments and incident follow-up procedures were further expanded this year, emphasising working conditions throughout our operations, including but not limited to:

- Road safety culture and traffic management measures considering the effect of weather and road conditions, driver health and well-being, equipment condition and incident follow-up actions;
- Staff well-being: the role of staff scheduling, rest and the effects of fatigue and diet;
- Workplace organisation and safety;
- Guidance and awareness: Weekly safety briefings, cautioning and informative signage on all objects;
- The continued evolution of mine rescue team operational guidelines; and
- Safety passports maintained to ensure active awareness of the importance which safety plans in the execution of daily activities.

TIG's cumulative Total Reportable Injury Frequency Rate ("TRIFR") increased to 4.0 compared with 3.7 per million hours worked in 2018 as port operating procedures were still being refined.

Based on lessons learnt during 2019, the Company is committed to continuously improve its safety systems and performance via the development of a site safety culture that puts controls in place for all potential hazards.

Environment & Stakeholder Relations

Environment

The Company continues to work on managing the impact of its operations on the local environment.

In 2019, we sharpened our focus areas in which our operations may influence the surrounding environment, such as:

- Water (port operations and coal haulage);
- Overburden removal, its storage and use;
- Waste by-products and their destruction/recycling and reuse; and
- Coal dust.

During 2019, TIG continued developing water management programs covering the camp, pit and haulage road to make sure no waste escapes into local rivers and sea. The effectiveness of these programs is regularly monitored through laboratory testing.

An assessment of waste products was made with a view to identifying recycling opportunities. Some examples of recycling efforts during the year are:

- paper products;
- worn tyres are used on the barge fleet as protectors; and
- oil used by our mobile fleet is used for heating.

All production waste was recycled in accordance with regulatory requirements.

On a monthly basis, soils under and around the coal stockpiles and waste dumps are tested in order to monitor environmental regulation compliance. Additionally, a tanker was acquired to water the transport road, minimising the effect of excessive dust blow off the haulage road during the summer months.



Stakeholder Relations

Our operations are located in a remote part of the Russian Federation, and our activities need to complement the requirements of local communities and their future plans and aspirations.

We place a priority on attracting employees from the local community whenever possible and providing them with training opportunities.

In September 2019, TIG signed an Agreement of Cooperation with the Chukotka Government and Agency for Far East Investment & Export Support to facilitate further development of TIG's assets through improvements of local infrastructure including fuel farm, airport, haulage road and internet connection.

In 2019, TIG played a leading role in a number of events and initiatives aimed at supporting the local community:

- TIG sponsored the Chukotkan cultural and sports festival "Einev";
- TIG participated in several projects for children in 2019: Company employees went to school to talk about mining professions: it sponsored the Beringovsky basketball team's trip to the regional tournament of the School Basketball League and supported the organization of the children's theatre "Kergav";
- In July TIG took over the cost to clean the Beringovsky coast to celebrate Fisherman Day;
- "Eco-patrol" is one of the projects offered by the association of Chukotka indigenous peoples and sponsored by TIG to help monitoring seacoast from waste and disposals;
- Senior Citizens' day: supporting the younger generation's interaction with the older generation, a vitally important aspect of knowledge, experience and cultural transfer.

Licencing & Exploration Activities

The Company is in compliance with material licence obligations.

During 2019, licencing activities for Amaam North focused on issuance and State approval of the:

- Zvonkoye Mining and Exploration Licence and subsequent commencement of geological exploration project design works; and
- Mining and Excavation Plan ("TPRM") for the integrated development of the Fandyushkinskoye and Zvonkoye licence areas;
- Preliminary Mining Parameters (TEO Konditsy) for development of Amaam deposit licence areas AND 01278 (Zapadny) and AND 01288 (Nadezhny) was completed and approved in September 2019. Following this approval, TIG will develop and approve a Mining and Excavation Plan ("TPRM") for Zapadny licence area, outlining the expected mining approach and volumes from the licence area;
- In December 2019, TIG submitted all documentation required to renew the Amaam exploratory licence AND 01277 TP.

As at 31 December 2019, TIG has the following licences in effect:

Licence Holder	Site	Licence No.	Licence Type	Expiry Date
Amaam North				
BPU ¹	Amaam North 'Fandyushkinskoye'	AND 15813 TE	Mining	Dec 2034
BPU ¹	Amaam North 'Zvonkoye'	AND 01314 TE	Mining	Sep 2038
BPU ¹	Alkatvaam – Levoberezhny	AND 01203 TP	Exploration	Dec 2025
Amaam				
NPCC ²	'Zapadny' AND 01278 TE (formerly AND 01225 TE)		Mining	Mar 2033
NPCC ²	'Nadezhny' AND 01288 TE		Mining	July 2037
NPCC ²	General AND 01277 TP (formerly AND 13867 TP)		Exploration	Dec 2019 ³

1. LLC Beringpromugol ('BPU'), wholly owned TIG subsidiary.

2. JSC Northern Pacific Coal Company ('NPCC'), 80% beneficially owned by TIG.

3. TIG applied for renewal in December 2019. Licence expected to be received in 1Q 2020.

OPERATIONS REVIEW continued

Amaam North Snapshot

Mining volumes increased year-on-year by 30% from 576kt to 750kt comprised of 506kt of thermal (63% increase from last year's 311kt) and 244kt of coking (8% reduction from 265kt in 2018).

Mining Operations

		Q1	Q2	Q3	Q4	2019 Total
ROM coal mined	kt	77	143	242	288	750
Coal delivered to Beringovsky Port	kt	66	143	223	212	644
Coal sold	kt	0	45	400	136	581
Total coal stocks	kt	344	442	284	436	436
Waste mined	Kbcm	494	705	1,116	1,186	3,501
ROM strip ratio	bcm:t	6.4	4.9	4.6	4.1	4.7

The Company made significant investments in mining equipment to enable expanded output. These investments included:

- additional heavy equipment for overburden removal (three 100-tonne dump trucks, one 7 m3 excavator) to drive mining efficiency;
- 100-tonne bulldozer to enable stripping somewhat harder overburden;
- upgrades to in-house maintenance facilities; and
- repair workshops and spare parts warehouses for heavy machinery.

At the same time TIG has faced two major challenges in 2019:

- In the first half of the year the strip ratio was significantly higher than expected;
- Coal mix was also worse than budgeted.

The stripping ratio by the end of 2019 decreased to 4.1 in Q4 with 3,501kbcm of waste overburden removed at an average stripping ratio of 4.7bcm:t in 2019, which was slightly above expectations.

Driven by investments in new, larger pit equipment, TIG's monthly ROM production reached 110kt per month by the end of the December, an increase of 200% over the average monthly

production of 37kt for the first half of 2019 prior to the arrival of the new equipment. Average monthly ROM coal mined in Q4 2019 increased by 102% compared to Q4 2018 from 48kt to 96kt per month.

Coal has been mined throughout all sections of Fandyushkinskoye field. The proportion of metallurgical coal to thermal was approximately 33% to 67% totaling 750kt of 2019 production.

Haulage Operations

TIG carried out construction works included new culverts and river crossings as well as road water run-off discharge to improve road performance.

Haulage operations centre around our fleet of Scania trucks. At the beginning of 2019, we had 17 trucks each with a daily haulage capacity of approximately 200t. In June the haulage fleet was enlarged by a further 6 trucks, 3 trucks were impaired and written off during H1 2019, bringing the total fleet to 20 by year end. Road improvement and new trucks allowed us to increase average monthly transportation volumes from 56kt in H2 2018 to 90kt in H2 2019, a 61% increase.

Peak haulage rates were achieved in November and December with monthly haulage of about 110kt.

The Company continued to improve the condition of the road and its fleet management practices, the emphasis being on road safety culture and driving conditions to minimise traffic related incidents. TIG improved its logistics capabilities to ensure sufficient spare parts and tyres are on the ground as and when required.

Sales and Marketing

During the 2019 Shipping Season TIG shipped 12 export vessels with total volume of 554kt of coal and 27kt for Chukotka local boilers resulting in total sold tonnage of 581kt. Four of the export cargos were comprised of coking coal – two SSCC and two high-ash SSCC cargos.

TIG continued to focus on quality control and building long-term customer relations. As a result of our focus on quality, we experienced no quality-related claims during the year while continuing to ship increased volumes to several key customers with whom we have developed a robust and beneficial working relationship.

The coal market weakened during the second half of 2019 as general economic conditions worsened, driven by weaker growth and trade tensions between China and the USA. Chinese domestic production growth, coupled with the resumption of import quotas

designed to maintain imports at 2017 levels, reduced demand for seaborne exports from Far East Russia, Indonesia and Australia.

FOB Australian hard coking coal spot prices dropped from over \$200/mt earlier in the year to around \$120/mt at the low point in Q4 2019. FOB Australian semisoft coking coal prices fell from over \$120/mt in Q2 2019 to \$77/mt over the same period. TIG supplied its low ash semisoft at prices linked to Q3 2019 benchmark settlements, which provided some insulation from these price decreases.

The price of thermal coal fell throughout 2019, continuing a downward trajectory since August 2018. In the Asian region this was primarily driven by increased domestic Chinese supply and imposition of Chinese import restrictions.

There remains relatively strong demand for TIG SSCC – both its standard 9.5% ash and higher ash products. The 9.5%

ash SSCC is being primarily sold into Japan, while the higher ash SSCC is seeing demand from China and Korea. The retention of TIG's coal coking properties, even at higher ash levels, has enabled sales of SSCC with ash as high as 15%.

In terms of thermal coal, production in 2019 was mostly of higher ash material with CV below 5500 kcal/kg NAR. Irrespective of the annual import quotas imposed on some Chinese ports, this coal was sold into China as there was demand for Russian high ash thermal coal in preference to Australian.

TIG was impacted by higher freight rates at the end of the season, driven by the resumption of Brazilian iron ore exports, strong demand for smaller vessels for cargos to Vietnam (which has doubled coal imports this year) and a need to position vessels late in the year at repair ports to refit and prepare the vessels for new IMO low sulphur fuel regulations.

2019 Beringovsky Port Operations

In 2019, the Company acquired four 500-tonne barges and obtained all relevant port licences, thus enabling an increase in transshipment capacity to 700kt and eliminating the Company's dependence on an outside contractor to tranship coal. TIG now has operational control over the full cycle from pit to vessel.

During 2019, TIG also began preparing port infrastructure for the 2020 shipping season by upgrading repair shops and personnel accommodations as well as preparatory work to obtain all necessary licences.

Key figures for TIG port operations are set out in the table below:

		June	July	Aug	Sept	Oct	Nov	Total
Coal transshipped	kt	45	163	153	84	55	81	581
Number of barges in use	units	7	9	11	11	11	11	
Number of weather working days per month	days	13.4	27.3	17.0	12.8	11.8	4.1	86.4



OPERATIONS REVIEW continued

Amaam Overview

TIG holds an 80% interest in the Amaam tenement and licences covering the area of 231km², located 30km from the Bering Sea coast.

The Amaam Project is a multi-seam, moderate dipping deposit within a synclinal basin. Coal is in the Middle Chukchi coal formation and is divided into four main areas by north-west trending faults.

With the company's primary focus on Amaam North, there was no operational activity during 2019 at Amaam other than preparatory geological and project work being performed as part of future drilling activities.

Corporate Activities

During the second quarter of 2019 TIG executed and fully drew down on two one-year loans of US\$2.5 million each with Bruce Gray and an entity affiliated with BV Mining Holding Limited ("BVMHL"). These loans provided support for TIG's investment in mining and transshipment capacity.

As part of cash liquidity management, the Company obtained further US\$15 million of short-term funding from two of its major shareholders, BV Mining Holding Limited (through BV Mining Investment Limited) and Dr Bruce Gray (through Pine Ridge Holdings Pty Ltd). The funding was comprised of independent loan agreements, which have been provided by each of the shareholders.

The shareholder loans were used to prepay amounts owing under a Sberbank working capital loan agreement and provided additional working capital, whilst the Company explored longer term financing arrangements.

In December TIG launched a 13:4 Accelerated Renounceable Entitlement Offer priced at A\$0.01 per share to raise A\$58.2m (US\$40M). In February 2020, TIG successfully completed the institutional and retail components of its Offer followed by the Shortfall Bookbuild.

As of 27 February 2020, a total of A\$45.2 million (US\$31.1 million) has been raised through the Entitlement

Offer. Should the issuance of shares to Dr. Gray through the Shortfall Bookbuild be approved at the extraordinary general meeting, the total capital raise will increase to A\$58.2 million (US\$40.0 million). The proceeds from the Entitlement Offer will be used as follows:

- US\$20.5 million to settle the existing Shareholder Debt, including interest;
- up to US\$5.0m for early repayment of leasing obligations with an effective interest rate higher than 15% per year;
- up to US\$6.5 million for capital expenditures at the mine and port;
- up to US\$2.0 million for licence compliance drilling; and
- up to US\$6.0 million for working capital.





FINANCIAL REPORT

Directors' Report	16
Corporate Governance Statement	38
Consolidated Statement of Financial Position	45
Consolidated Statement of Comprehensive Income	46
Consolidated Statement of Changes in Equity	47
Consolidated Statement of Cash Flows	48
Notes to the Consolidated Financial Statements	49
Directors' Declaration	92
Auditor's Independence Declaration	93
Independent Auditor's Report	94
Shareholder Information	99
Corporate Directory	101

Tigers Realm Coal Limited

Directors' report

For the year ended 31 December 2019

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 2019.

1. Directors, Alternate Director and Company Secretary

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

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

Tigers Realm Coal Limited

Directors' report (continued)

For the year ended 31 December 2019

1. Directors, Alternate Director and Company Secretary

Name
qualifications and
independence
status

Experience, special responsibilities and other directorships

Mr Ralph Morgan
Non-executive
Director
BA, MPhil

Mr Morgan was appointed Non-Executive Director of the Company on 1 April 2014. Mr Morgan is a partner at Baring Vostok Capital Partners Group Limited ("BVCP") with responsibility for investment projects in the Russian Federation ("Russia"), the Commonwealth of Independent States ("CIS") and Mongolia. Prior to BVCP, Mr Morgan was Managing Director at Goldman Sachs in the Global Natural Resources Group from 2009 to 2012 and was responsible for the investment banking division's advisory work with natural resource clients in Russia and CIS. From 2004 to 2008, Mr Morgan was a Managing Director and Chief Operating Officer at PJSC MMK Norilsk Nickel and prior to that role he was a partner with the Moscow office of McKinsey and Company. Mr. Morgan is a Non-Executive Director of PJSC Magnitogorsk Iron & Steel Works and a Director of the U.S.-Russia Business Council. Mr Morgan holds a BA (Political Science, Yale University) and MPhil (Russian and East European Studies, Oxford University). Mr Morgan is a member of the Nomination and Remuneration Committee and the Audit, Risk and Compliance Committee. He holds no other directorships with ASX listed entities.

Mr Tagir Sitdekov
Non-executive
Director
MBA

Mr Sitdekov was appointed a Non-Executive Director on 1 April 2014. Mr Sitdekov is currently a First Deputy General Director of Russia Direct Investment Fund ("RDIF") and has been involved in the Russian private equity market for the last 10 years. Mr Sitdekov's most recent executive role was as Managing Director at A-1, a direct investment arm of Alfa Group, Russia's largest private conglomerate. Mr Sitdekov has participated in a number of landmark private equity transactions across a range of industries. From 2003 to 2005 he was CFO at power generating company OJSC Sochi TES (a subsidiary of RAO Unified Energy System of Russia) and prior to that role he was a Senior Consultant at Creditanstalt Investment Bank for 2 years. Mr Sitdekov holds an MBA (University of Chicago Booth School of Business, London). Mr Sitdekov is a member of the Audit, Risk and Compliance Committee. He holds no other directorships with ASX listed entities.

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

Alternate Director

Mr Nikolay Ishmetov
Alternate
Director
MSc in Finance

Mr Ishmetov was appointed as an alternate director to Tagir Sitdekov on 1 July 2017. Mr Ishmetov is currently a Vice-President at RDIF and has been involved in the Russian private equity market for over 8 years. Mr Ishmetov has been serving for over 6 years as an alternate director on the Board of Directors of MD Medical Group, a leading healthcare operator in Russia. Prior to joining RDIF, Mr Ishmetov worked in the M&A department of Societe Generale, where he participated in a number of cross border M&A deals in various sectors.

Company Secretary

Mr David Forsyth
Company
Secretary
FGIA, FCIS,
FCPA

Mr Forsyth has over 40 years' experience in engineering, project development and mining. His most recent position was with Oxiana Ltd, now OZ Minerals Limited, where he was Company Secretary and Manager Administration from 1996 to 2008. Mr Forsyth joined Tigers Realm Minerals Pty Ltd as Director and Company Secretary in 2009. Mr Forsyth was appointed Company Secretary on 8 October 2010.

Tigers Realm Coal Limited

Directors' report (continued)

For the year ended 31 December 2019

2. Directors' meetings

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

	Directors' meetings		Meetings of committees of Directors			
			Nomination and Remuneration		Audit, Risk & Compliance	
	A	B	A	B	A	B
Mr Craig Wiggill	28	28	3	3	6	6
Dr Bruce Gray	28	28	3	3	-	-
Mr Owen Hegarty	28	26	3	3	6	6
Mr Ralph Morgan	28	28	3	2	6	6
Mr Tagir Sitdekov	28	21	-	-	6	4
Mr Nikolay Ishmetov*	28	24	-	-	6	4

A = Number of meetings held

B = Number of meetings attended

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

3. Principal activities

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

4. Review of Operations

Business Strategies and Group Objectives

The Group's objectives encompass the development of the Amaam Coking Coal Deposits, comprising its two, well-located, large coking coal projects in the Far East of the Russian Federation.

- 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 coal resource which will enable scaling TIG production up to 5 million tonnes per annum ("Mtpa") from dedicated new infrastructure.

Amaam North

Development of Amaam North started with development of the Fandyushkinsky Field licence AND 15813 TE area ("Project F"), a part of Amaam North. A Project F Feasibility Study Update was completed in April 2016, subsequent to which the Group raised funds via a non-renounceable rights issuance, the primary use of proceeds being on the development of Project F. After completing the necessary initial construction works in the second half of 2016, commercial mining commenced in January 2017.

In September 2018, TIG was granted Exploration and Mining licence No AND 01314 TE over the Zvonkoye deposit, geographically located next to an eastern extension of Project F. As further discussed below in *Licenses, Permits and Titles*, during 2019, TIG applied for a Mining and Excavation Plan ("TPRM") for the integrated development of the Fandyushkinskoe Field and Zvonkoye license areas, which was approved in December 2019. The Group plans to start production from both areas in 2020.

Further development of Amaam North, which includes an upgrade of mine site infrastructure, the Beringovsky Port and Coal Terminal and supplemented by the construction of a coal handling and preparation plant ("CHPP"), will enable the Group to produce and sell higher-value coal and is expected to increase coal production and sales up to 1.5Mtpa. The Group is currently considering various strategies on the Company's further expansion and business development programme and expects to conclude on these matters during the first half of 2020.

Tigers Realm Coal Limited

Directors' report (continued)

For the year ended 31 December 2019

4. Review of operations

Business Strategies and Group Objectives (continued)

Amaam

Amaam is a potential long-life project of the Group with capacity to enable TIG to increase production up to 5Mtpa of high-quality coking coal product over an estimated 20-year life of mine. The Company currently holds an Exploration Licence over the Amaam deposit and two long-term (20 year) Extraction and Exploration Licences over parts of the deposit. Further details on the current status of the Group's licences are disclosed below in *Significant Business Risks: Licenses, Permits and Titles*.

Amaam Coking Coal Field– World Location Map



Operating Performance

Key Operating Indicators for the year ended 31 December 2019 ("2019") and 2018 ("2018"):

Operating Indicators (rounded to the nearest thousand tonnes, unless otherwise stated)	Results for 2019	Results for 2018
Coal mined	750	576
Overburden removed	3,501 bcm	1,900 bcm
Stripping ratio	4.7:1 bcm/t	3.3:1 bcm/t
Total saleable coal stocks at 31 December	291	268
Total coal sales, of which:	581	393
- Thermal coal sales	388	214
- Semi soft coal sales	193	179
Employees as at 31 December*	282	208

*Full time equivalent staff

Tigers Realm Coal Limited
Directors' report (continued)
For the year ended 31 December 2019

4. Review of operations

Operating performance (continued)

Key Financial Indicators (in AS '000s unless otherwise stated)	Results for 2019	Results for 2018
Revenue from coal sales	50,141	52,277
Cost of coal sold	(45,601)	(31,337)
Gross Margin on coal sold	4,540	20,940
EBITDA*	(7,743)	15,269
Net (loss)/profit before tax	(18,784)	10,918
Average coal sales price	A\$76.7 (US\$53.38)	A\$109.37(US\$79.20)
Average cost of coal mined and sold per tonne	A\$47.49 (US\$33.03)	A\$35.51 (US\$25.71)
Average cost of port handling and stevedoring costs per tonne sold	A\$16.19 (US\$11.26)	A\$14.53 (US\$10.52)
Total free on board ("FOB") cost of coal sold**	A\$64.26 (US\$44.69)	A\$51.98 (US\$37.63)

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

** Includes other costs of coal sold of A\$0.58 per tonne in 2019 (A\$1.94 per tonne in 2018).

During the year ended 31 December 2019, the Company achieved a production level of 750 thousand tonnes ("kt"), of which 644kt were delivered to Beringovsky Port and Coal Terminal (576kt and 528kt, respectively in 2018). During the year ended 31 December 2019, the Group sold 581kt (393kt in 2018) and generated A\$50.141 million in total revenue from the sale and shipment of coal (For the year ended 31 December 2018: A\$52.277 million).

The Group had A\$20.069 million net cash outflow from operations for the year ended 31 December 2019 (For the year ended 31 December 2018, A\$8.017 million net cash was generated). Cash outflows of A\$4.977 million on investing activities were incurred for the year ended 31 December 2019 (A\$4.994 million was incurred for the year ended 31 December 2018). The Group's net loss for the year ended 31 December 2019 was A\$18.828 million (For the year ended 31 December 2018: net profit of A\$10.880 million).

During 2019, operational performance was enhanced by coal production and sales increases of 30% and 48%, respectively. Unfortunately, the impact of increased coal production and sales was more than offset by a 29% decrease in average realized FOB sales price as coal prices, in general, and thermal coal prices, in particular, fell precipitously during 2019 and the Group experienced higher than anticipated ash content. Revenue was additionally impacted by underperformance at the port, resulting in decreased loading capacity. During the period FOB cost of coal sold on a per tonne basis also increased by 23%. The increase in per tonne costs were due largely to a 42% increase in the stripping ratio from 3.3 to 4.7, partially offset by increased efficiencies resulting from the use of larger equipment which began working in July 2019. The combined effect of these main factors resulted in a gross margin of A\$4.540 million for the year ended 31 December 2019 (For the year ended 31 December 2018: A\$20.940 million).

Tigers Realm Coal Limited

Directors' report (continued)

For the year ended 31 December 2019

4. Review of operations (continued)

Operating Performance (continued)

The average margin per tonne of coal sold during the year ended 31 December 2019 was A\$12.44 (US\$8.69) (for the year ended 31 December 2018: A\$57.39 (US\$41.57)), the weighted average FOB sales price per tonne ("FOB/t") being A\$76.76 (US\$53.38) (for the year ended 31 December 2018: A\$109.37 (US\$79.20)).

Driven by investments in new, larger pit equipment, TIG's monthly coal production reached 110kt per month by the end of December 2019, an increase of 200% over the average monthly production of 37kt for the first half of 2019 prior to the arrival of the new equipment. Average monthly coal mined in the fourth quarter of 2019 increased by 102% compared to fourth quarter of 2018 from 48kt to 97kt per month. The proportion of semi-soft coking coal to thermal coal was approximately 33% to 67% totalling 750k tonnes of production during 2019.

Significant investments in mining and port assets totalling A\$26,366 million during the year ended 31 December 2019 included:

- Four 500t transshipment barges – two newly built and two that have been in service at another port for two years and are nearly identical to the new barges – all were acquired to build TIG's own independent transshipment capacity;
- Three 100t Komatsu dump trucks, a 100t Komatsu bulldozer, Komatsu loader and excavators to drive mining efficiency;
- Six additional haulage trucks acquired to increase coal transport capacity from the mine to port; and
- Two additional Liebherr loaders.

Other events of noted during the year, other than the Entitlement Offer discussed separately below, included:

- On 1 January 2019, the Group recognised right of use assets and a related lease liability in respect of the agreement with Rosmorport executed in March 2018, in accordance with which the Group leases three general cargo piers, a coal pier and a breakwater pier for 49 years from the date of signing. The cost of the right of use asset and commensurately the lease liability upon initial recognition was RUB 23.593 million (A\$0.532 million). The value of the right of use lease liability at 31 December 2019 is RUB 23.533 million (A\$0.544 million);
- In April 2019 TIG obtained two loan facilities of US\$2.5 million each (US\$5 million in total) from two of its shareholders, BV Mining Holding Limited (through BV Mining Investment Limited) and Dr Bruce Gray (through Pine Ridge Holding Pty Ltd);
- In October 2019 TIG obtained additional funding of US\$15 million from BV Mining Holding Limited (through BV Mining Investment Limited) and Dr Bruce Gray (through Pine Ridge Holding Pty Ltd); and
- On 18 December 2019, TIG launched a 13:4 Accelerated Renounceable Entitlement Offer at a price of A\$0.01 per share in order to raise up to US\$40M (A\$58.2M). Refer to further details in *Events subsequent to reporting date* section below.

Financial Position

Cash balances

The Group's cash balance increased by A\$1.162 million over the year to A\$4.716 million at 31 December 2019. This increase arose primarily from proceeds from the accelerated component of the Entitlement Offer, offset by operational losses and further investment in the Company's mining and logistics infrastructure of A\$6.026 million (31 December 2018: A\$4.859 million).

As of 31 December 2019, the Company has no unused, available credit lines (RUB 825.606 million (A\$16.821 million) as at 31 December 2018).

Inventory on hand

The lower of cost and net realisable value of the Group's inventories on hand at 31 December 2019 is A\$28.805 million (31 December 2018: A\$17.231 million), including A\$11.999 million of coal stocks, A\$3.900 million in fuel and oils and A\$12.906 million of other consumables. Management performs a regular review of the recoverability of inventories, including coal stocks, to assess the Company's ability to recover the cost of coal inventories on hand. Accordingly, a provision of A\$4.432 million was recognised for the recoverability of coal stocks at 31 December 2019 (At 31 December 2018 A\$0.830 million), primarily in respect of 145kt (At 31 December 2018: 67kt) of coal stock maintained at the Company's interim coal stockpile, which requires processing prior to commercial realisation.

Tigers Realm Coal Limited

Directors' report (continued)

For the year ended 31 December 2019

4. Review of operations (continued)

Non-current assets

The Company performs at a minimum twice annually a review for the existence of conditions indicating either the necessity to perform an impairment review or to consider the necessity to reverse previously recognised write-downs, as a result of which management have concluded that in 2019 neither further asset write-downs nor reversal of prior period write-downs recorded as a result of impairment testing performed in prior periods will be recognised. Refer to Note 9 to the consolidated financial statements for further details.

Three haulage trucks with carrying value of A\$0.460 million were written off during the year ended 31 December 2019 as a result of damage arising from accidents for which repairs to restore them to their previous operational condition were assessed as not economically justifiable.

Finance Leases

During the year ended 31 December 2019, the Group executed a number of finance lease arrangements to finance the acquisition of six haulage trucks, a heavy bulldozer, a grader, three 100-tonne dump trucks and four 500-tonne barges. The cost of the property, plant & equipment was A\$16.210 million. The value of the finance leases, after advance payments of A\$3.170 million, was upon inception A\$13.040 million and A\$11.033 million at 31 December 2019.

On 1 January 2019, the Group recognised right of use of assets and a related lease liability in respect of the agreement with Rosmorport executed in March 2018, in accordance with which the Group leases three general cargo piers, a coal pier and a breakwater pier for 49 years from the date of signing. The cost of the right of use of assets and commensurately, the lease liability upon initial recognition was RUB 23.593 million (A\$0.532 million). The value of the right of use lease liability at 31 December 2019 is RUB 23.533 million (A\$0.544 million).

Other financial liabilities

The Company entered into sale and lease-back agreement with Universal Leasing Company with respect to two 500-tonne transshipment barges. TIG received RUB 192.486 million (A\$4.373 million) under this arrangement, which were included in other financial liabilities.

Options

During the year ended 31 December 2019, no options were granted. During the year ended 31 December 2019, 5,323,000 options, respectively, lapsed or were forfeited and have been removed from the Company's option register.

Significant Business Risks

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

Detailed below are risk areas identified as at the date of the Directors' Report which may affect TIG's future operating and financial performance.

Country Risk

TIG's projects are located in Russia. 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 estimation of Mineral Resources and Reserves

Estimating the quantity and quality of Mineral Resources is an inherently uncertain process and the Mineral Resources and Reserves 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.

Tigers Realm Coal Limited

Directors' report (continued)

For the year ended 31 December 2019

4. Review of operations (continued)

Project Assessment and Development Risk

The process of developing and constructing Amaam North (including the CHPP) 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.

Mining and development operations can be affected by force majeure circumstances, environmental considerations and cost overruns for unforeseen events. Any event that impacts on the production rates potentially may reduce the quantity of coal mined and thereby reduce the amount of coal available for sale.

Events that could adversely impact on production rates include, but are not limited to geotechnical and geological conditions; equipment availability, utilisation rates and failure; development rates at which relevant coal seams are exposed; weather (including flooding) and natural disasters; unexpected maintenance or technical problems; depletion of TIG's reserves; increased or unexpected reclamation costs; and interruptions due to transportation delays; interruptions to supplies of required materials and services; and the actions of potential contractors engaged by TIG to operate its projects (including any breach of contract or other action outside TIG's control).

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

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. The Company faces commodity price risk when valuing its projects, having adopted long-term sales price estimates in accordance with independent third-party external forecasts, validated against long-term market expectations.
- **Exchange Rate Variations:** Significant changes in the Australian / US Dollar, US Dollar / Russian Rouble and the Australian Dollar / Russian Rouble exchange rates may have a significant impact on TIG's ability to fund the capital expenditure required to construct these projects.

Climate-related risks

The introduction of new and/or more stringent carbon pricing mechanisms in Russia, Australia and/or Group's key coal importing countries such as China and Japan may reduce the cost competitiveness of coal as an energy source. Further, changes in government policy relating to either coal consumption or energy generation in large Asian economies could impact the longer-term outlook for global coal demand. Changes in the longer-term global coal demand outlook could have an impact on the Group's future coal revenues and the recoverability of undeveloped coal reserves.

Tigers Realm Coal Limited

Directors' report (continued)

For the year ended 31 December 2019

4. Review of operations (continued)

Capital Management

The nature of the Company's mining operations is such that coal production continues throughout the winter season, whilst sales are only realised during the Beringovsky Port shipping season. The shipping season historically commences in June and port operations may continue as late as November. The length of the shipping season is limited, resulting in the necessity of engaging vendors in the first half of the calendar year prior to the generation of operating cashflows from coal sales. This seasonality significantly impacts both on the nature, level and timing of required funding.

The Company, therefore, must ensure that its liquidity levels are managed during the period between shipping seasons. Consideration is also required of the extent and timing of capital expenditures and the related forward funding commitments necessary to achieve the Company's expected development levels.

The Company announced in March 2019 agreement with its two largest shareholders, Dr Bruce Gray (Dr. Gray) and Baring Vostok Mining Holdings Limited, through its affiliated entity Baring Vostok Mining Investments Limited (BVMHL), the terms in accordance with which each shareholder made available to the Group unsecured non-revolving loan facilities up to US\$2.5 million, up to US\$5.0 million in total, each with a one-year tenor and incurring interest at 12% per annum.

In October 2019, the Company entered into additional financing agreements with Dr. Gray and BVMHL in accordance with which each shareholder made available to the Group unsecured non-revolving loan facilities up to US\$7.5 million, up to US\$15.0 million in total, each one having a repayment date at 31 January 2020 and incurring interest at 20% per annum. The facilities in the amount of US\$15.0 million were fully drawn down by the middle of November 2019. The funds were utilized as follows:

- RUB 687 million (A\$15.880million) to repay the outstanding balance of a working capital facility provided by Sberbank in an original amount of RUB 900 million (A\$18.336 million) and
- Additional working capital to enable the Company to settle other obligations as and when they came due.

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

Licenses, Permits and Titles

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

For Project F Amaam North, the Mining Licence was granted in December 2014 and work has been completed in obtaining all relevant Construction and Commissioning Permits. In December 2019 Rosnedra, the Russian natural resource licensing authority, approved a Mining and Excavation Plan ("TPRM") for the integrated development of the Fandyushkinskoe and Zvonkoye license areas. The 2020 mine plan already includes production from both areas. Consequently, future references to Amaam North will refer to the unified development of both license areas.

In addition to specific mining-related approvals, other approvals are required for the development of Amaam North. Such approvals relate to the CHPP, road development from the Amaam North mine site to Beringovsky Port and Coal Terminal and for the capital upgrades to be completed at the Beringovsky Port and Coal Terminal.

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 licences, 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.

Feasibility Studies of Amaam deposit development for licence areas AHД 01278 (Zapadny) and AHД 01288 (Nadezhny) was completed and approved in September 2019. Following this approval, TIG will develop and have approved a Mining and Excavation Plan ("TPRM") for Zapadny licence area, outlining the expected mining approach and volumes from the licence area.

5. Significant changes in the state of affairs

In the opinion of the Directors, except as disclosed in the review of operations, there were no further significant changes in the Group's state of affairs during the financial period ended 31 December 2019 not otherwise reflected in the accompanying consolidated financial statements.

Tigers Realm Coal Limited

Directors' report (continued)

For the year ended 31 December 2019

6. Events subsequent to reporting date

Entitlement Offer

As previously discussed, on 18 December TIG launched a 13:4 Accelerated Renounceable Entitlement Offer at a price of A\$0.01 per share in order to raise up to US\$40M. The Offer has received strong support from TIG's three largest shareholders, representing 68% of outstanding shares prior to the Offer. The retail component of the Offer closed on 5 February 2020. The Shortfall Bookbuild closed on 12 February with all 1.34 billion shortfall shares taken up.

Amongst the bids received into the Bookbuild, was a bid from Hanate Pty Ltd, an entity associated with director and substantial shareholder, Dr Bruce Gray, for approximately 1.3 billion Shortfall Shares. The issue of shares to Hanate Pty Ltd will therefore be subject to shareholder approval for the purposes of ASX Listing Rule 10.11 and section 611, item 7 of the Corporations Act 2001 (Cth). The extraordinary general meeting in respect of the necessary shareholder approvals is expected to be held in April 2020.

As of 27 February 2020, a total of A\$45.2 million (US\$31.1 million) has been raised through the Entitlement Offer. Should the issuance of shares to Dr. Gray through the Shortfall Bookbuild be approved at the extraordinary general meeting, the total capital raise will increase to A\$58.2 million (US\$40.0 million). The proceeds from the Entitlement Offer will be used as follows:

- US\$20.5 million to settle the existing Shareholder Debt, including interest;
- up to US\$5.0m for early repayment of leasing obligations with an effective interest rate higher than 15% per year;
- up to US\$6.5 million for capital expenditures at the mine and port;
- up to US\$2.0 million for license compliance drilling; and
- up to US\$6.0 million for working capital.

Coal Handling and Processing Plant

On 31 January 2020, TIG announced significant progress in the design & engineering works for a coal handling and processing plant (CHPP). In particular, the Company announced that it expects to produce a semi-hard coking coal product with a CHPP yield of about 65%. The Company's primary outside coal process expert is AB Mylec (Australia). The Company is focused on employing a modular plant option which it aims to be able to bring on-line so as to ship its first semi-hard product during the 2021 shipping season. The Company's ability to do so, however, will be subject to its ability to secure sufficient financing.

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

In 2020, mining activities will continue at Amaam North, with production expected to be between 520kt and 600kt, whilst sales volumes are currently forecast to be in the range of 620kt to 700kt.

Ongoing enhancement of port, road and other mine infrastructure is expected during 2020. Amaam North expansion and funding alternatives will continue to be investigated further. The Group will progress exploration, appraisal and development of its Amaam project.

9. Environmental regulation

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

Tigers Realm Coal Limited
Directors' report (continued)
For the year ended 31 December 2019

10. Directors' interests

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

	Tigers Realm Coal Limited	
	Ordinary shares	Options over ordinary shares
C Wiggill	5,100,000	1,500,000
B Gray	1,718,047,035	-
O Hegarty	60,412,029	1,500,000
R Morgan	-	500,000
T Sitdekov	-	500,000
N Ishmetov	-	-

11. Share Options

Options granted to directors, executives and employees of the Company

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

During the year ended 31 December 2019, there were no options issued, 3,594,000 options lapsed and 1,729,000 forfeited, bringing options issued over ordinary shares in the Company to 28,346,000 at 31 December 2019 (For the year ended 31 December 2018: no options issued and 22,407,000 options lapsed and 3,361,000 options forfeited, thus bringing the options issued over ordinary shares in the Company to 33,669,000).

Unissued shares under options

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

Tigers Realm Coal Limited

Directors' report (continued)

For the year ended 31 December 2019

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 2019.

(a) Details of key management personnel

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

(b) Changes to key management personnel

Directors

There were no changes to either Directors or to the Alternate Director during 2019.

Executives

There were no changes to Executives during 2019.

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

On 1 June 2018, Dmitry Gavrilin commenced his tenure as Chief Executive Officer.

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

Tigers Realm Coal Limited

Directors' report (continued)

For the year ended 31 December 2019

12. Remuneration report – audited (continued)

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

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

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

(d) Consequence of performance on shareholder wealth

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

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

	2019	2018	2017	2016	2015
Net profit / (loss) attributable to equity holders of the parent (<i>A\$ million</i>)	\$(18.715)	\$10.959	\$(6.213)	\$(10.511)	\$(86.170)
Closing share price (<i>A\$</i>)	\$0.01	\$0.04	\$0.057	\$0.073	\$0.03

(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, CFO, General Manager Marketing and the GM operations, the target remuneration mix in the current year is 50% fixed, and 50% at risk (15% STI and 35% LTI). For the CEO and CFO, the LTI element of remuneration was determined at the time of initial appointment, reflected in their employment agreements. The target remuneration mix for 2020 and beyond is currently the subject of review and approval. The General Manager Marketing is engaged on a contract basis, being eligible to participate in both the Company's STI and LTI programmes in accordance with the terms of the Company's remuneration policy.

Tigers Realm Coal Limited

Directors' report (continued)

For the year ended 31 December 2019

12. Remuneration report – audited (continued)

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

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

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

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

For the LTI element of remuneration, any options granted under the Company’s Option Plan, are approved by the Board in advance. Further details of the Option Plan are included in Note 24 to the consolidated financial statements. The Company may make initial grants of options to certain senior executives as part of their individual employment contracts. It is a vesting condition that the holder of options remains an employee or director at the time of vesting.

Other than the provisions relating to vesting of LTI grants in certain circumstances and a benefit which accrue 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 and contractual entitlements of accrued annual and long service leave, together with any superannuation benefits.

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 50% of total remuneration for senior executives, and up to 85% 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 are eligible for a fixed base fee for being a Director and may receive additional fees for either chairing or being a member of a Board committee, working on special committees, and / or serving on special committees and / or special boards. Non-executive Directors’ fees are determined within an aggregate Directors’ fee pool limit, which has been established at A\$1,500,000.

In addition to being eligible for a fixed base fee, all resident non-executive Directors receive 9.50 per cent in superannuation contributions. No retirement or other long-term benefits are provided to any Director other than superannuation. Non-Executive Directors can claim reimbursement of out-of-pocket expenses incurred on behalf of the Company. During the year ended 31 December 2019, the base fee for Directors was \$30,000 per annum. The Chairman is entitled to A\$100,000 per annum and a per diem of the AUD equivalent of British Pounds Sterling (“GBP”) 1,000 is payable whilst travelling in respect of the Group’s business. In addition to the base fee, A\$20,000 per annum is also payable to the Director who performs the duties of Chairman of the Audit, Risk and Compliance Committee. With the exception of the independent Chairman, all directors waived their director fee entitlements for the year ended 31 December 2019.

Tigers Realm Coal Limited
Directors' report (continued)
For the year ended 31 December 2019

12. Remuneration report – audited (continued)

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

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

	Short – term			Post-employment	Share - based payments		
Name	Cash Salary and fees A\$	Non-Monetary Benefits (1) A\$	STI cash bonus (2) A\$	Super-annuation A\$	LTI (3) A\$	Total Remuneration A\$	Proportion of remuneration comprising options %
2019							
Non-executive Directors							
C Wiggill	152,895	-	-	12,639	-	165,534	0.00%
B Gray	-	-	-	-	-	-	0.00%
O Hegarty	-	-	-	-	-	-	0.00%
R Morgan	-	-	-	-	-	-	0.00%
T Sitdekov	-	-	-	-	-	-	0.00%
Sub total	152,895	-	-	12,639	-	165,534	
Other key management personnel							
D Gavrilin	467,212	-	-	-	-	467,212	0.00%
D Bender	346,498	-	-	-	-	346,498	0.00%
S Southwood	185,332	-	-	-	26,649	211,981	12.57%
D Forsyth	94,039	-	-	-	20,521	114,560	17.91%
S Efanov	389,490	-	-	-	38,986	428,476	9.10%
Sub total	1,482,571	-	-	-	86,156	1,568,727	
Total key management personnel							
	1,635,466	-	-	12,639	86,156	1,734,261	

1. Includes the value of fringe benefits and other allowances.
2. In respect of 2019.
3. In accordance with the requirements of Accounting Standards, remuneration includes a proportion of the fair value of equity compensation granted or outstanding during the year (i.e. options granted under the LTI programme that remained unvested as at 31 December 2019). The fair value of equity instruments is determined at the grant date and is progressively allocated over the vesting period. The amount included as remuneration is not necessarily related to or indicative of the benefit (if any) that senior executives may ultimately realise should the equity instruments vest. The fair value of the options at the date of their grant has been determined in accordance with AASB 2 Share-based Payments. All options granted under the LTI programme are equity settled.

During the year ended 31 December 2019, 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 2019

12. Remuneration report – audited (continued)

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

	Short – term			Post-employment	Share - based payments		
Name	Cash Salary and fees A\$	Non-Monetary Benefits (1) A\$	STI cash bonus (2) A\$	Super-annuation A\$	LTI (3) A\$	Total Remuneration A\$	Proportion of remuneration comprising options %
2018							
Non-executive Directors							
C Wiggill	131,458	-	-	12,511	-	143,968	0.00%
B Gray	-	-	-	-	-	-	0.00%
O Hegarty	-	-	-	-	-	-	0.00%
R Morgan	-	-	-	-	-	-	0.00%
T Sitdekov	-	-	-	-	-	-	0.00%
Sub total	131,458	-	-	12,511	-	143,968	
Other key management personnel							
D Gavrilin (5)	265,314	-	95,774	-	-	361,088	0.00%
P Balka (4)	274,313	38,818	24,300	-	(12,208)	325,223	0.00%
D Bender (7)	62,710	-	-	-	-	62,710	0.00%
D Kurochkin(6)	143,797	-	-	-	(12,047)	131,750	0.00%
S Southwood	187,200	-	23,400	-	37,805	248,405	15.22%
D Forsyth	84,000	-	10,080	-	29,099	123,179	23.53%
S Efanov	296,289	-	63,307	-	55,231	414,827	13.31%
Sub total	1,313,623	38,818	216,861	-	97,880	1,667,182	
Total key management personnel							
	1,445,081	38,818	216,861	12,511	97,880	1,811,151	

- Includes the value of fringe benefits and other allowances.
- In respect of 2018.
- In accordance with the requirements of Accounting Standards, remuneration includes a proportion of the fair value of equity compensation granted or outstanding during the year (i.e. options granted under the LTI programme that remained unvested as at 31 December 2018). The fair value of equity instruments is determined at the grant date and is progressively allocated over the vesting period. The amount included as remuneration is not necessarily related to or indicative of the benefit (if any) that senior executives may ultimately realise should the equity instruments vest. The fair value of the options at the date of their grant has been determined in accordance with AASB 2 Share-based Payments. All options granted under the LTI programme are equity settled.
- Ceased as Interim Chief Executive Officer effective 31 May 2018 and as Chief operating Officer from 31 August 2018
- Commenced as Chief Executive Officer effective 1 June 2018.
- Ceased as Chief Financial Officer effective 31 May 2018.
- Commenced as Chief Financial Officer effective 1 October 2018

Tigers Realm Coal Limited
Directors' report (continued)
For the year ended 31 December 2019

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 2019, 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 %	At Risk - LTI as percentage of Total Remuneration (1) %	At Risk - Total as percentage of Total Remuneration %
------	---	--	--	--

2019

Other key management personnel

Dmitry Gavrilin, CEO	100.0	-	-	-
Dale Bender, CFO	100.0	-	-	-
Scott Southwood, General Manager Marketing	87.4	-	12.6	12.6
David Forsyth, Company Secretary	82.1	-	17.9	17.9
Sergey Efanov, General Manager Project F	90.9	-	9.10	9.10

2018

Other key management personnel

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

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.

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 2019

12. Remuneration report – audited (continued)

(j) Analysis of bonuses included in remuneration

During and in respect of the years ended 31 December 2019 and 2018, there were Nil and A\$216,861, respectively, in short-term incentive (STI) cash bonuses awarded as remuneration to key management personnel.

(k) Share Options granted as remuneration

During the year ended 31 December 2019 and 2018, there were no options granted to key management personnel. Further details of the Option Plan are included in Note 24 to the consolidated financial statements.

During the year ended 31 December 2019, 2,721,000 options over ordinary shares vested (For the year ended 31 December 2018 no options vested) as follows:

	Number of options vested during year	Grant date	Fair value of option at grant date A\$	Exercise price per option A\$	Vesting date start	Vesting date finish	Expiry date	Option vesting performance hurdle A\$
2019								
Executives								
S Southwood	842,000	18/10/2017	0.031	0.08	18/10/2017	18/10/2019	18/10/2022	0.000
D Forsyth	648,000	18/10/2017	0.031	0.08	18/10/2017	18/10/2019	18/10/2022	0.000
S Efanov	1,231,000	18/10/2017	0.031	0.08	18/10/2017	18/10/2019	18/10/2022	0.000

Tigers Realm Coal Limited
Directors' report (continued)
For the year ended 31 December 2019

12. Remuneration report – audited (continued)

(I) Analysis of Movement in Share Options

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

Name	Held at 1 January	Granted as remun- eration	Exerci- sed during year	Forfeited/ Lapsed during year	Held at 31 December	Vested at 31 December		
						Total	Exercisable	Not exer- cisable
2019								
Directors								
C Wiggill	1,500,000	-	-	-	-	1,500,000	1,500,000	-
B Gray	-	-	-	-	-	-	-	-
O Hegarty	1,500,000	-	-	-	-	1,500,000	1,500,000	-
R Morgan	500,000	-	-	-	-	500,000	500,000	-
T Sitdekov	1,500,000	-	-	(1,000,000)	-	500,000	500,000	-
Other key management personnel								
D Forsyth	3,752,000	-	-	(1,082,000)	2,670,000	1,412,000	1,412,000	-
S Southwood	3,975,000	-	-	-	3,975,000	2,342,000	2,342,000	-
S Efanov	3,621,000	-	-	-	3,621,000	1,231,000	1,231,000	-

Name	Held at 1 January	Granted as remun- eration	Exerci- sed during year	Forfeited/ Lapsed during year	Held at 31 December	Vested at 31 December		
						Total	Exercisable	Not exer- cisable
2018								
Directors								
C Wiggill	2,500,000	-	-	(1,000,000)	-	1,500,000	1,500,000	-
B Gray	-	-	-	-	-	-	-	-
O Hegarty	2,500,000	-	-	(1,000,000)	-	1,500,000	1,500,000	-
R Morgan	500,000	-	-	-	-	500,000	1,500,000	-
T Sitdekov	1,500,000	-	-	-	-	1,500,000	1,500,000	-
Other key management personnel								
P Balka	10,510,000	-	-	(10,510,000)	-	-	-	-
D Forsyth	3,895,000	-	-	(143,000)	3,752,000	1,846,000	1,846,000	-
D Kurochkin	7,038,000	-	-	(7,038,000)	-	-	-	-
S Southwood	3,975,000	-	-	-	3,975,000	1,500,000	1,500,000	-
S Efanov	3,621,000	-	-	-	3,621,000	-	-	-

Tigers Realm Coal Limited
Directors' report (continued)
For the year ended 31 December 2019

12. Remuneration report – audited (continued)

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

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

	Value of options granted during year A\$	Value of options exercised during year A\$	Value of options lapsed during year A\$	Remuneration consisting of options for the year %
2019				
Directors				
C Wiggill	-	-	-	0.0
B Gray	-	-	-	0.0
O Hegarty	-	-	-	0.0
R Morgan	-	-	-	0.0
T Sitdekov	-	-	(43,000)	0.0
	-	-	-	0.0
Other Key Management Personnel				
D Forsyth	-	-	(35,706)	25.6
S Southwood	-	-	-	17.2
S Efanov	-	-	-	14.4
2018				
Directors				
C Wiggill	-	-	(64,000)	0.0
B Gray	-	-	-	0.0
O Hegarty	-	-	-	0.0
R Morgan	-	-	(65,000)	0.0
T Sitdekov	-	-	-	0.0
	-	-	-	0.0
Other Key Management Personnel				
P Balka	-	-	(82,570)	0.0
D Forsyth	-	-	(16,445)	23.4
D Kurochkin	-	-	-	0.0
S Southwood	-	-	-	16.0
S Efanov	-	-	-	12.9

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

Tigers Realm Coal Limited

Directors' report (continued)

For the year ended 31 December 2019

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 during year	Forfeited/ Lapsed during year	Vesting date start	Vesting date finish
	Number	Grant date				
Directors						
C Wiggill	1,000,000	11/06/15	-	-	11/06/15	11/06/16
	500,000	11/06/15	-	-	11/06/15	11/06/17
O Hegarty	1,000,000	11/06/15	-	-	11/06/15	11/06/16
	500,000	11/06/15	-	-	11/06/15	11/06/17
R Morgan	500,000	11/06/15	-	-	11/06/15	11/06/17
T Sitdekov	1,000,000	04/06/14	-	(1,000,000)	04/06/14	04/06/15
	500,000	11/06/15	-	-	11/06/15	11/06/17
Executives						
D Forsyth	541,000	19/12/14	-	(541,000)	19/12/14	19/12/15
	541,000	19/12/14	-	(541,000)	19/12/14	28/02/16
	382,000	17/04/15	-	-	17/04/15	17/04/16
	382,000	17/04/15	-	-	17/04/15	17/04/17
	648,000	18/10/17	648,000	-	18/10/17	18/10/19
S Southwood	1,258,000	18/10/17	-	-	18/10/17	18/10/20
	750,000	17/04/15	-	-	17/04/15	17/04/16
	750,000	17/04/15	-	-	17/04/15	17/04/17
	842,000	18/10/17	842,000	-	18/10/17	18/10/19
	1,633,000	18/10/17	-	-	18/10/17	18/10/20
S Efanov	1,231,000	18/10/17	1,231,000	-	18/10/17	18/10/19
	2,390,000	18/10/17	-	-	18/10/17	18/10/20

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 2019

15. Audit and non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important. Details of the amounts paid or payable to Deloitte, the Group's auditor, for audit and non-audit services provided during the year are outlined in Note 35 to the consolidated financial statements.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit, Risk and Compliance Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out in Note 35, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

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

16. Proceedings on behalf of the Company

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

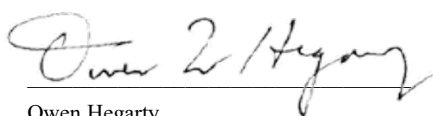
17. Auditor's Independence Declaration

The auditor's independence declaration is included on page 93 and forms part of the Directors' report for the year ended 31 December 2019.

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

Dated at Melbourne this 27th day of February 2020.

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 2019

Corporate governance statement

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

This Corporate Governance Statement is current as at 27 February 2020 and has been approved by the Board. A description of the Group's corporate governance practices are set out below. Where changes have occurred during the 2019 year the dates of these changes are shown. These corporate governance practices have been in place since the Company was listed on the ASX on 29 August 2011. Copies of the corporate governance documents mentioned in this statement are available on the Company's website.

Principle 1: Lay solid foundations for management and oversight

Role of the Board

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

The Board is responsible for:

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

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

Board Committees

The Board had established two committees to assist in the execution of its duties and to allow detailed consideration of complex issues. Current committees of the Board are the Nomination and Remuneration Committee and the Audit, Risk and Compliance Committee. The necessity for and structures and memberships of the respective committees are reviewed regularly.

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

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

Management Performance Evaluation

The Board, in conjunction with the Nomination and Remuneration Committee, is responsible for approving the performance objectives and measures for the CEO and other senior executives and providing input into the evaluation of performance against them.

Tigers Realm Coal Limited

Directors' report (continued)

For the year ended 31 December 2019

Corporate Governance Statement (continued)

Principle 2: Structure of the Board

Composition of the Board

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

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

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

At the date of this report the Board does not meet the Good Corporate Governance Recommendations in that the majority of Directors should be independent. Currently two of the five Directors are independent, Craig Wiggill and Owen Hegarty.

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

Board Skills

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

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

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

Director Independence

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

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

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

Tigers Realm Coal Limited

Directors' report (continued)

For the year ended 31 December 2019

Corporate Governance Statement (continued)

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

Independent Professional Advice

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

Chairman

The Board elects one of its Non-Executive Directors to be the Chairman. The Chairman is responsible for leading the Board, ensuring Directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with the Company's senior executives. The Recommendations note that the Chairman should be an independent Director. The current Chairman, Mr Craig Wiggill satisfies the independence recommendation. The role of the Chairman is separate from that of the CEO. The CEO is responsible for implementing Group strategies and policies.

Orientation Program

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

Nomination and Remuneration Committee

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

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

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

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

A performance evaluation of the Board, its committees and the Directors was completed for 2019. The outcomes of the evaluation are being considered by all Directors and specific performance goals are being agreed for the coming year.

Tigers Realm Coal Limited

Directors' report (continued)

For the year ended 31 December 2019

Corporate Governance Statement (continued)

Principle 3: Promote ethical and responsible decision making

Code of Conduct

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

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

Whistleblowers' Policy

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

Securities Trading

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

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

Workplace Diversity

The Board is committed to having an appropriate blend of diversity on the Board, and in the Group's senior executive positions. The Group values diversity and recognises the benefits it can bring to the Group's ability to achieve its goals. The Group has adopted a diversity policy which outlines the Group's diversity objectives in relation to gender, age, cultural background and ethnicity. The Group has not established specific measurable gender and diversity objectives due to the start-up nature of its situation in the exploration and development of coking coal projects. However, the Group remains committed to recruiting the best candidates for roles at all levels within the Group at every operation. As at 31 December 2019, women comprised 17 % (31 December 2018: 17%) of employees throughout the Group. There are currently no female members of the Board.

Copies of the Code of Conduct, Whistleblowers' Policy, the Diversity Policy and the Securities Trading Policy are available on the Company's website.

Principle 4: Safeguard integrity in financial reporting

Audit, Risk and Compliance Committee

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

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

Tigers Realm Coal Limited

Directors' report (continued)

For the year ended 31 December 2019

Corporate Governance Statement (continued)

Principle 4: Safeguard integrity in financial reporting

Audit, Risk and Compliance Committee

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

The main responsibilities of the Committee are to:

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

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

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

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

CEO and CFO certification

The Chief Executive Officer and the Chief Financial Officer have declared in writing to the Board in accordance with Section 295 of the *Corporations Act 2001* that the financial records of the Company for the financial year have been properly maintained, and that the Company's financial reports for the financial year ended 31 December 2019 comply with accounting standards and present a true and fair view of the Company's financial condition and operational results. The statement is required both annually and semi-annually.

The Board has received and is satisfied with certification provided by the CEO and CFO that the Group's risk management and internal control systems are sound and operated effectively in all material aspects in relation to financial reporting risks for the financial year ended 31 December 2019.

Tigers Realm Coal Limited

Directors' report (continued)

For the year ended 31 December 2019

Corporate Governance Statement (continued)

Principle 4: Safeguard integrity in financial reporting

External auditor

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

The Company and the Committee policy is to appoint external auditors who clearly demonstrate quality and independence. Deloitte has provided an independence declaration to the Board for the financial year ended 31 December 2019. The Committee has considered the nature of the non-audit and assurance related services provided by the external auditor during the year and determined that services provided and the amount paid for those services are compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Committee has examined detailed material provided by the external auditor and by management and has satisfied itself that the standards of auditor independence and associated issues have been fully complied with.

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

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

Principle 5: Make timely and balanced disclosure

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

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

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

Principle 6: Shareholder communications

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

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

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

Principle 7: Recognise and manage risk

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

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

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

Tigers Realm Coal Limited

Directors' report (continued)

For the year ended 31 December 2019

Corporate Governance Statement (continued)

Principle 8: Remunerate fairly and responsibly

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

The Nomination and Remuneration Committee is chaired by a Non-Executive Director and has four members, three being the recommended size. However, the Committee does not consist of a majority of independent Directors. Given the size of the Group and the Board, and the start-up nature and straightforward structure of the Group, the Directors consider the impact of this to be minimal, and the current structure to be sufficient.

The structure of the remuneration of Non-Executive Directors is distinguished from that of executive Directors and senior executives, however, Board members are entitled to options as set out in this Annual Report having regard to the size of the Company's management team and the minimal fees paid.

The Nomination and Remuneration Committee also assumes responsibility for overseeing succession planning.

Further information on Directors' and executives' remuneration, including principles used to determine remuneration, is set out in the Remuneration Report which forms a part of the Directors' report. Details of the qualifications of members of the Nomination and Remuneration Committee and their attendance at meetings of the Committee are set out in the Directors' report.

Tigers Realm Coal Limited
Consolidated statement of financial position
As at 31 December 2019

	Note	31 December 2019 A\$'000	31 December 2018 A\$'000
Current Assets			
Cash and cash equivalents	12	4,716	3,554
Trade and other receivables	14	10,196	2,586
Inventories	16	28,805	15,772
Prepayments		2,936	1,103
Investments in restricted financial instruments	15	-	935
Other assets		20	27
Total current assets		46,673	23,977
Non-current assets			
Inventories	16	-	1,459
Property, plant and equipment	17	41,100	19,523
Total non-current assets		41,100	20,982
Total assets		87,773	44,959
Current Liabilities			
Trade and other payables	18	13,976	6,246
Advances received	24	3,186	-
Lease liability	21	5,197	2,223
Loans payable	19	29,393	1,516
Royalty liability	22	690	638
Other financial liabilities	23	779	-
Employee benefits	20	1,263	1,316
Total current liabilities		54,484	11,939
Non-current liabilities			
Trade and other payables	18	134	196
Lease liability	21	9,234	2,526
Royalty liability	22	13,296	7,602
Other financial liabilities	23	2,889	-
Provision for site restoration		403	156
Total non-current liabilities		25,956	10,480
Total liabilities		80,440	22,419
Net assets		7,333	22,540
Equity			
Share capital	24	173,108	173,747
Reserves		25,660	21,662
(Accumulated losses)		(171,700)	(152,985)
Total equity attributable to equity holders of the Company		27,068	42,424
Non-controlling interest		(19,735)	(19,884)
Total equity		7,333	22,540

The notes on pages 49 to 91 are an integral part of these consolidated financial statements.

Tigers Realm Coal Limited
Consolidated statement of comprehensive income
For the year ended 31 December 2019

	Note	31 December 2019 A\$'000	31 December 2018 A\$'000
Revenue from coal sales	7	50,141	52,277
Mining and related costs of coal sold		(27,592)	(14,657)
Transshipment and other port costs		(18,009)	(16,609)
Sales commissions		-	(71)
Gross margin on coal sold		4,540	20,940
Administrative and other operating expenses	8	(8,991)	(5,690)
Share based payments	25	(248)	(324)
Exploration and evaluation expenses		(310)	(354)
Change in provisions for inventories	16	(3,363)	(369)
Write off of property, plant and equipment	17	(460)	-
Royalty expense	22	(6,304)	(2,384)
Other income		294	88
Results from operating activities		(14,842)	11,907
Net foreign exchange gain		932	566
Finance income		6	10
Finance costs		(4,880)	(1,565)
Net finance (costs)		(3,942)	(989)
(Loss)/Profit before income tax		(18,784)	10,918
Income tax expense	10	(44)	(38)
Net (Loss)/Profit		(18,828)	10,880
Other comprehensive income			
Items that may subsequently be reclassified to the profit or loss			
Foreign currency translation differences for foreign operations		4,012	(2,162)
Total comprehensive (loss)/income for the period		(14,816)	8,718
Net (Loss)/ Profit is attributable to:			
Owners of the Company		(18,715)	10,959
Non-controlling interest		(113)	(79)
Net (Loss)/ Profit for the period		(18,828)	10,880
Total comprehensive (loss)/ income attributable to:			
Owners of the Company		(14,965)	9,604
Non-controlling interest		149	(886)
Total comprehensive (loss)/income for the period		(14,816)	8,718
(Loss)/Earnings per share (cents per share)			
basic (loss)/earnings per share (cents)	11	(1.05)	0.61
diluted (loss)/earnings per share (cents)	11	(1.05)	0.61

The notes on pages 49 to 91 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 2019

	Note	Share Capital AS'000	(Accumulated Losses) AS'000	Share based Payments Reserve AS'000	Foreign Currency Translation Reserve AS'000	Other Reserve AS'000	Total AS'000	Non-controlling Interest AS'000	Total AS'000
Balance as at 1 January 2018		173,747	(163,944)	6,729	9,655	6,309	32,496	(18,998)	13,498
Net profit		-	10,959	-	-	-	10,959	(79)	10,880
Other comprehensive (loss)		-	-	-	(1,355)	-	(1,355)	(807)	(2,162)
Total comprehensive income for the period		-	10,959	-	(1,355)	-	9,604	(886)	8,718
Share based payments	25	-	-	324	-	-	324	-	324
Balance at 1 January 2019		173,747	(152,985)	7,053	8,300	6,309	42,424	(19,884)	22,540
Net (loss)		-	(18,715)	-	-	-	(18,715)	(113)	(18,828)
Other comprehensive income		-	-	-	3,750	-	3,750	262	4,012
Total comprehensive (loss) for the period		-	(18,715)	-	3,750	-	(14,965)	149	(14,816)
Share based payments	25	-	-	248	-	-	248	-	248
Costs of raising equity		(639)	-	-	-	-	(639)	-	(639)
Balance at 31 December 2019		173,108	(171,700)	7,301	12,050	6,309	27,068	(19,735)	7,333

The notes on pages 49 to 91 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 2019

Consolidated statement of cash flows
For the year ended 31 December 2019

	Note	31 December 2019 A\$'000	31 December 2018 A\$'000
Cash flows from operating activities			
Cash receipts from customers		50,057	54,396
Interest income received		-	13
Cash paid to suppliers and employees		(65,025)	(44,851)
Exploration and evaluation expenditure		(343)	(111)
Interest and financing costs paid		(4,350)	(1,376)
Income taxes paid		(408)	(54)
Net cash (used)/generated in operating activities	13	(20,069)	8,017
Cash flows from investing activities			
Acquisition of property, plant and equipment		(6,026)	(4,859)
Acquisition of restricted financial instruments		-	(948)
Proceeds from the disposal of restricted financial instruments		1,049	813
Net cash used in investing activities		(4,977)	(4,994)
Cash flows from financing activities			
Advances received for shares issuance		3,240	-
Repayment of lease liabilities		(7,249)	(1,919)
Proceeds from other financial liabilities		4,373	-
Repayment of other financial liabilities		(480)	-
Proceeds from borrowings		46,141	13,421
Repayment of borrowings		(20,445)	(12,640)
Net cash generated/(used) in financing activities		25,580	(1,138)
Net movement in cash and cash equivalents		534	1,885
Cash and cash equivalents at beginning of the period		3,554	2,011
Effects of exchange rate changes on cash and cash equivalents		628	(342)
Cash and cash equivalents at the end of the period	12	4,716	3,554

Non-cash investing activities

During, the year ended 31 December 2019, the Group executed a number of finance lease arrangements with equipment vendors, Russian banking institutions and Russian financing companies for the acquisition of various mining and port equipment. The additions to the property, plant & equipment under these arrangements were RUB 730.248 million (A\$16.210 million) (2018: RUB 193.952 (A\$4.145 million).

On 1 January 2019, following the adoption of AASB 16 Leases, the Group recognised right of use assets and a related lease liability in respect of the agreement with Rosmorport executed in March 2018, in accordance with which the Group leases three general cargo piers, a coal pier and a breakwater pier for 49 years from the date of signing. The cost of the right of use asset and commensurately the lease liability upon initial recognition was RUB 23.593 million (A\$0.481 million).

The notes on pages 49 to 91 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 2019

1. Reporting entity

Tigers Realm Coal Limited (the “Company” or “TIG”) is domiciled in Australia. During the year ended 31 December 2019, the Company’s registered office was 151 Wellington Parade South, East Melbourne, 3002, Australia and its principal office was 29 1st Brestkaya Street, Moscow, 125407, the Russian Federation. The consolidated financial statements of the Company as at and for the year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the “Group”). The Group is a for-profit entity and primarily is involved in coal exploration and evaluation, mining and sales activities.

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 27th February 2020.

(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 these consolidated 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 9 – Impairment of non-current assets
- Note 22 – Royalty liability

3. Significant accounting policies

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

(a) Going concern basis of accounting

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

For the year ended 31 December 2019, the Group incurred a net loss of A\$18.828 million (2018: net profit of A\$10.880 million) and had net cash outflows from operating activities of A\$20.069 million (2018: net cash inflows of A\$8.017 million).

As at 31 December 2019, the Group had cash and cash equivalents of A\$4.716 million (31 December 2018: A\$3.554 million) and net current liabilities of A\$7.811 million (31 December 2018: net current assets of A\$12.038 million). As of 31 December 2019, the Company has no unused, available credit lines (A\$16.821 million as at 31 December 2018).

Tigers Realm Coal Limited

Notes to the consolidated financial statements

For the year ended 31 December 2019

3. Significant accounting policies (continued)

(a) Going concern basis of accounting

Due to the seasonality of the Group's sales and receipt of the related receivables, the Directors and management have taken the following steps to ensure the Group has sufficient funding to meet its operating and capital expenditures as they fall due:

- On 18 December 2019, the Group launched a 13 to 4 accelerated renounceable entitlement offer of ordinary shares at A\$0.01 per share ("Entitlement Offer"). The Group planned to raise A\$58.229 million and to utilize proceeds to settle existing shareholders' loan and to finance planned capital expenditures and working capital. As disclosed in Note 37, the Entitlement Offer closed on 5 February 2020. Entitlements not taken up by close of the Entitlement Offer were offered for sale in a shortfall bookbuild and the Group received a bid for majority of the shortfall bookbuild from Hanate Pty Ltd, an entity associated with the Group's director and substantial shareholder, Dr Bruce Gray. The issuance of shares to Hanate Pty Ltd require shareholders' approval, and an extraordinary general meeting of shareholders is expected to be held in April 2020.

As at 31 December 2019, the Group had received A\$3.186 million (included in advances received) and as at the date of these consolidated annual financial statements the Group received a further A\$42.004 million from the issuance of shares relating to the Entitlement Offer. As stated above, the receipt of the remaining A\$13.039 million is subject to shareholders' approval. In addition, as disclosed in Note 19, the Group offset A\$27.890 million of the proceeds to settle the majority of existing loans from shareholders outstanding as at 31 December 2019.

- Management continue to hold discussions with certain customers over the receipt of pre-export financing and as such funding has been received in prior periods, they are confident that similar funding arrangements will be agreed in the first quarter of 2020.

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

- the Group's ability to obtain shareholders' approval to issue shares to Hanate Pty Ltd and to secure further advance financing from customers within the timeframe needed, which in addition to funds raised to date, will address temporary cash shortfalls expected to arise during the period through to 28 February 2021; and
- the successful implementation of the production, pit to port haulage, shipping and coal loading and sales and other key assumptions applied in determining the Group's expected future cashflows, which include but are not limited to the following:
 - Actual coal quality being consistent with that indicative quality identified in mine planning and testing performed to date and incorporated into the sales budget and commensurately actual coal prices achieved are at or in excess of those prices utilised in management forecasting;
 - Actual mining and production levels being achieved and implemented within the expected cost levels, structure and timing;
 - Coal shipments being realised within the forecast scheduling parameters, which are subject to a number of factors including but not limited to barge availability, 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 for its reasonableness by coal mining activities conducted to date. This, in conjunction with recent and forecast current thermal and coking coal prices, provides management with a reasonable basis to conclude that receipts from sales of coal will meet those expectations reflected in cash flow forecasts;
- Commercial mining operations continue in line with expectations. With the exception of a materially adverse unforeseen event transpiring, there have been no indicators in the coal production process to date, which would suggest coal qualities and volumes and the cost of production being materially different than those assumptions utilised in the cash flow forecasts through 28 February 2021;
- Licence Compliance obligations for both the Amaam and Amaam North tenements have been planned for and are expected to be achieved with minimal risk of non-compliance with licence terms and conditions. There is, therefore, a reasonable expectation that the Group will continue to be compliant with licence drilling obligations;

Tigers Realm Coal Limited

Notes to the consolidated financial statements

For the year ended 31 December 2019

3. Significant accounting policies (continued)

(a) Going concern basis of accounting

- Coal shipments have been forecast after consideration of actual port operating performance through 31 December 2019 and those climactic and other conditions which would be reasonably expected to occur and influence the Group's shipping capabilities. The occurrence of materially adverse conditions in excess of reasonable conditions may influence the Group's ability to meet the expected shipping schedules;
- The Group retains the right to develop the Amaam North project only upon the existence of those internal and macroeconomic conditions which support its justification, 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 development plan making it commercially viable;
- There is no indication that the Group will not be able to obtain the remaining amount of funding which is necessary to maintain the Group's liquidity position through to 28 February 2021.

Accordingly, the Directors have determined that it is appropriate for the Group to continue to adopt the going concern basis in preparing this financial report.

(b) Basis of consolidation

(i) Subsidiaries

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

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

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

(ii) Business combinations

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

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

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

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

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

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

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.

Tigers Realm Coal Limited

Notes to the consolidated financial statements

For the year ended 31 December 2019

3. Significant accounting policies (continued)

(b) Basis of consolidation

(ii) Business combinations

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 judgements to be made by the Group.

(iii) Non-controlling interests

For each business combination, the Group elects to measure any NCI in the acquiree either:

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

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

(iv) Loss of control

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

(c) Foreign currency

(i) Functional and presentation currency

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

(ii) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on the retranslation are recognised in profit or loss.

(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.

Tigers Realm Coal Limited

Notes to the consolidated financial statements

For the year ended 31 December 2019

3. Significant accounting policies (continued)

(c) Foreign currency

(iii) Foreign operations

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

(d) Financial instruments

(i) Non-derivative financial assets

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

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

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

- **Trade and other receivables.**
Trade and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs.
Refer to Note 14 for details of trade and other receivables and Note 15 for Investments in restricted financial instruments
- **Cash and cash equivalents**
Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less from the acquisition date that are subject to insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments.

(ii) Non-derivative financial liabilities

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

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

(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.

Tigers Realm Coal Limited

Notes to the consolidated financial statements

For the year ended 31 December 2019

3. Significant accounting policies (continued)

(f) Intangible assets

(i) Mineral Rights

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

The mineral rights are subject to impairment testing in accordance with the Group's policy for exploration, evaluation and development assets. In the year ended 31 December 2015 all mineral rights were written-down. Details of the policy on assessing the carrying value of non-current assets are disclosed in Note 9.

(ii) Goodwill

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

Goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised, however its carrying value is assessed annually against its recoverable amount, as explained below in Note 3(g) 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 policy on assessing the carrying value of non-current assets are disclosed in Note 9.

(iii) Other intangible assets

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

(iv) Subsequent expenditure

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

(v) Amortisation

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

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

(g) Impairment of non-derivative financial assets (including receivables)

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

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

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

Tigers Realm Coal Limited

Notes to the consolidated financial statements

For the year ended 31 December 2019

3. Significant accounting policies (continued)

(h) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The probability of an outflow of economic benefits is one of the key criteria in determining the recognition and measurement of legal and constructive obligations:

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

Provisions are determined by assessing the present value of the expected future outflow of economic benefits. The discounting of the expected (probable) future cash flows reflects the current market assessments of the time value of money and the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance charge.

(i) Leases

For short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

(j) Exploration and evaluation costs

Exploration and evaluation expenditure comprises costs directly attributable to:

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

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

(k) Goods and services tax

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

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

(l) Other significant accounting policies

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

Tigers Realm Coal Limited

Notes to the consolidated financial statements

For the year ended 31 December 2019

4. Application of new and revised accounting standards

(a) New and amended standards adopted

The Group has adopted all the following new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 January 2019:

Standard/Interpretation

AASB 16 Leases

AASB 2017-4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments

AASB 17 Insurance Contracts

AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation

AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures

AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle

In the current year, the Group has applied AASB 16 Leases which is effective for an annual period that begins on or after 1 January 2019. AASB 16 changed how the Group accounts for leases previously classified as operating leases under AASB 117, which were off-balance sheet. As a result of application of AASB 16, on 1 January 2019, the Group recognised right of use assets and a related lease liability in respect of the agreement with Rosmorport executed in March 2018, in accordance with which the Group leases three general cargo piers, a coal pier and a breakwater pier for 49 years from the date of signing. The cost of the right of use asset and commensurately the lease liability upon initial recognition was RUB 23.593 million (A\$0.532 million).

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

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

(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 2020 and have not been applied in preparing these consolidated financial statements.

Standard/Interpretation	Effective for annual reporting periods beginning on or after
AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business	Applicable to annual reporting periods beginning on or after 1 January 2020
AASB 2018-7 Amendment to Australian Accounting Standards – Definition of Material	Applicable to annual reporting periods beginning on or after 1 January 2020
AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework	Applicable to annual reporting periods beginning on or after 1 January 2020
AASB Conceptual Framework for Financial Reporting	Applicable to annual reporting periods beginning on or after 1 January 2020
AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform	Applicable to annual reporting periods beginning on or after 1 January 2020
AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia	Applicable to annual reporting periods beginning on or after 1 January 2020
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an investor and its Associate or Joint Venture;	Applicable to annual reporting periods beginning on or after 1 January 2022

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

Tigers Realm Coal Limited

Notes to the consolidated financial statements

For the year ended 31 December 2019

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 26.

Tigers Realm Coal Limited

Notes to the consolidated financial statements

For the year ended 31 December 2019

6. Segment reporting

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

The accounting policies used by the Group in reporting segments internally are the same as the Group accounting policies. For the year ended 31 December 2019, the activities of the Group are managed in two reportable operating segments outlined below, consistent with how they were managed in the prior periods:

Amaam North Project The Amaam North Project is located in the Bering Basin in the Chukotka province, Russia and consists of the Amaam North tenement. The Project also includes infrastructure assets associated with the Beringovsky Port and Coal Terminal.

Amaam Project The Amaam Project is in the Bering Basin in the Chukotka province, Russia and consists of the Amaam tenement.

Other Consists of corporate and office expenses primarily incurred at the Group's Moscow and Melbourne offices. This is not a reportable segment.

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

	Amaam North Project	Amaam Project	Total Reportable Segments	Other	Total
	AS'000	AS'000	AS'000	AS'000	AS'000
31 December 2019					
Revenue from the shipment and sale of coal	50,141	-	50,141	-	50,141
Finance and other income	300	-	300	-	300
Cost of coal sold	(45,601)	-	(45,601)	-	(45,601)
Change in provisions for inventories	(3,363)	-	(3,363)	-	(3,363)
Exploration and evaluation expenses	-	(310)	(310)	-	(310)
Royalty expense	(6,304)	-	(6,304)	-	(6,304)
Finance costs	(4,880)	-	(4,880)	-	(4,880)
Other segment expenses	(5,474)	-	(5,474)	(3,293)	(8,767)
Segment result	(15,181)	(310)	(15,491)	(3,293)	(18,784)
Segment assets	87,591	131	87,722	51	87,773
Segment liabilities	(80,311)	(129)	(80,440)	-	(80,440)

31 December 2018

Revenue from the shipment and sale of coal	52,277	-	52,277	-	52,277
Finance and other income	98	-	98	-	98
Cost of coal sold	(31,337)	-	(31,337)	-	(31,337)
Change in provisions for current assets	(369)	-	(369)	-	(369)
Depreciation and amortisation	(306)	-	(306)	-	(306)
Exploration and evaluation expenses	(85)	(269)	(354)	-	(354)
Royalty expense	(2,384)	-	(2,384)	-	(2,384)
Finance costs	(1,565)	-	(1,565)	-	(1,565)
Other segment expenses	(3,698)	(111)	(3,819)	(1,333)	(5,142)
Segment result	12,631	(380)	12,251	(1,333)	10,918
Segment assets	40,809	70	40,879	4,080	44,959
Segment liabilities	(22,106)	(188)	(22,294)	(125)	(22,419)

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2019

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.

	2019		2018	
	Revenues	Non-current assets	Revenues (interest and other income)	Non-current assets
	AS'000	AS'000	AS'000	AS'000
Asia	47,949	-	52,277	-
Russia	2,192	41,100	88	20,982
Total	50,141	41,100	52,365	20,982

Customer information

Included in revenues from the sale and shipment of coal are revenues of A\$48.649 million (2018: A\$45.378 million) which arose from sales to customers from whom at least 10% of the total revenues from the shipping and sale of coal were individually derived. No other single customers contributed 10% or more to the Group's revenue in either 2019 or 2018.

7. Revenue

	31 December 2019	31 December 2018
	AS'000	AS'000
Revenue from thermal coal sales	22,776	20,017
Revenue from semisoft coal sales	21,822	23,000
Revenue from shipment of coal	5,543	9,260
	50,141	52,277

Tigers Realm Coal Limited

Notes to the consolidated financial statements

For the year ended 31 December 2019

7. Revenue (continued)

Recognition and measurement: Revenue

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

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

Revenue is recognised when (or as) the Company satisfies a performance obligation by transferring a promised good or service to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

Revenue is measured at the fair value of the consideration received or receivable, reflecting contractually defined terms of payment and excluding taxes, levies or duties collected on behalf of the government/ other statutory bodies.

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

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

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

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

8. Administrative and other operating expenses

	31 December 2019 A\$'000	31 December 2018 A\$'000
Wages, salaries and other personnel costs	(3,587)	(2,585)
Contractors and consultants' fees	(898)	(707)
Port operating expenses	(612)	(313)
Depreciation expense	(474)	(306)
Taxes and charges	(441)	(24)
Legal fees and compliance costs	(422)	(264)
Bank charges	(398)	(70)
Travel	(302)	(257)
Office accommodation costs	(266)	(220)
Accounting and audit fees	(265)	(250)
IT and communication costs	(118)	(58)
ASX listing fees	(109)	(77)
Insurance	(48)	(100)
Other	(1,051)	(459)
	(8,991)	(5,690)

Tigers Realm Coal Limited

Notes to the consolidated financial statements

For the year ended 31 December 2019

9. Carrying value of non-current assets

Amaam North Project CGU

During the year ended 31 December 2019, with the operational development of Amaam North CGU, the carrying value of non-current assets of Amaam North Project CGU, net of accumulated depreciation, increased by A\$21.577 million to A\$41.100 million (As of 31 December 2018 A\$19.523 million) (refer to Note 17 for details).

As at 31 December 2019, the Group concluded that due to:

- the absence of significant adverse changes in mid and long-term coal price forecasts; and
- the maintaining of the asset procurement and infrastructure development activities in 2019 sufficient to advance expected production and sales volumes in 2020,

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

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

Amaam Project CGU

During the year ended 31 December 2019, 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 2019. As the development of the Amaam Project is not expected in the foreseeable future, as at 31 December 2019, the Group concluded that there are no indications that asset write-downs recognised in prior periods for the Amaam Project CGU require reversal.

Recognition and measurement: Non-current assets

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

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

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

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

Tigers Realm Coal Limited

Notes to the consolidated financial statements

For the year ended 31 December 2019

10. Income tax expense

A reconciliation between tax expense and accounting profit multiplied by Australia's domestic tax rate for the years ended 31 December 2019 and 2018 is set out below:

	31 December 2019 A\$'000	31 December 2018 A\$'000
(Loss)/Profit before tax	(18,784)	10,918
Income tax (credit)/expense using the domestic corporation tax rate of 30%	(5,635)	3,275
Changes in income tax expense due to:		
Effect of tax rates in foreign jurisdictions	2,223	(1,041)
Non-deductible loss resulting from change in royalty agreement liability	711	287
Assessable imputed interest income	80	80
Non-deductible expenses/(non-assessable income)	2,056	(3,338)
Current period tax losses for which no deferred tax asset was recognised	609	775
Total income tax expense on pre-tax net profit	44	38

	31 December 2019 A\$'000	31 December 2018 A\$'000
Current tax expense	44	38
Deferred tax (credit)	-	-
Total income tax expense	44	38

Unrecognised deferred tax assets

	31 December 2019 A\$'000	31 December 2018 A\$'000
Net deferred tax assets not recognised in respect of tax losses	26,868	23,722

Recognition and measurement: Income taxes

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

Current tax

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

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2019

10. Income tax expense (continued)

Recognition and measurement: Income taxes (continued)

Deferred tax

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

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

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

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

Tax exposure

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

Tax consolidation

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

The tax losses incurred in Australia do not expire under current tax legislation. In overseas jurisdictions, tax losses can be carried forward for varying periods. As at 31 December 2019 and 2018, no deferred tax assets have been recognised for carried forward tax losses as it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2019

11. (Loss)/Earnings per share

		31 December 2019 Cents	31 December 2018 cents
(Loss)/Earnings per share			
Basic (loss)/earnings per share – cents	a	(1.05)	0.61
Diluted (loss)/earnings per share – cents	b	(1.05)	0.61

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share at 31 December 2019 was based on the loss attributable to ordinary equity holders of the Company of A\$18.715 million (At 31 December 2018: profit of A\$10.959 million) and a weighted average number of ordinary shares outstanding during the period ended 31 December 2019 of 1,791,669,870 (For the year ended 31 December 2018: 1,791,669,870).

(b) Diluted (loss)/earnings per share

The calculation of diluted (loss)/earnings per share at 31 December 2019 and 2018 is the same as basic (loss)/earnings per share. As at 31 December 2019, the Company had 28,346,000 outstanding options over ordinary shares (31 December 2018: 33,669,000 options), which have been excluded from the calculation of diluted earnings per share because they are anti-dilutive for the reporting period.

12. Cash and cash equivalents

	31 December 2019 A\$'000	31 December 2018 A\$'000
Bank balances	4,716	3,554
Cash and cash equivalents	4,716	3,554

All cash and cash equivalents are available for use by the Group. As of 31 December 2019, A\$2.575 million was cash in transit.

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

		31 December 2019 A\$'000	31 December 2018 A\$'000
Cash flows from operating activities			
(Loss)/Profit for the period		(18,828)	10,880
Foreign exchange (loss)/gain		(932)	11
Share based payments	25	248	324
Royalty expense	22	6,304	2,384
Depreciation expense		6,166	2,797
Change in provisions for current assets		3,363	369
Write off of property, plant and equipment		460	-
Income tax expense	10	44	38
		(3,175)	16,803
Movements in working capital			
Change in trade and other receivables		(7,610)	312
Change in inventory		(15,270)	(12,220)
Change in other assets		8	58
Change in prepayments		(1,833)	350
Change in employee provisions		(53)	179
Change in trade and other payables		7,864	2,535
Net cash (used)/generated in operating activities		(20,069)	8,017

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2019

14. Trade and other receivables

	31 December 2019 A\$'000	31 December 2018 A\$'000
Trade and other receivables	3,311	226
VAT and GST receivable	6,885	2,360
	10,196	2,586

15. Investment in restricted financial instruments

	31 December 2019 A\$'000	31 December 2018 A\$'000
Alfa Bank promissory notes	-	935
	-	935

On 26 December 2018, the Company acquired 6 promissory notes with a nominal value of RUB 7,500,000 (A\$0.156 million) each, issued by Alfa Bank, a leading Russian commercial bank, as a condition precedent to the completion of the Sberbank loan. These promissory notes were at call after their maturity on 30 January 2019 and accrued interest at the rate of 6.45% per annum. The promissory notes' fair value approximated their nominal value and accordingly were measured at their fair value. The promissory notes were pledged as collateral to the Sberbank loan and were redeemed throughout the course of 2019 in accordance with the terms of the Sberbank loan. For further details of the Sberbank loan, refer to Note 19.

16. Inventories

	31 December 2019 A\$'000	31 December 2018 A\$'000
Coal inventories: net of provision of A\$4.432 million for recognition of inventories at the lower of cost and their net realisable value (At 31 December 2018: A\$ 0.830 million)	11,999	8,801
Fuel: net of provisions of A\$0.006 million (At 31 December 2018 0.032 million)	3,900	4,985
Other consumables: net of provisions of A\$0.391 million (At 31 December 2018 A\$0.266 million)	12,906	3,445
	28,805	17,231
Current	28,805	15,772
Non-current	-	1,459
	28,805	17,231

Management performs a regular review of the recoverability of inventories, including coal stocks, to assess the Company's ability to recover the cost of inventories on hand. Accordingly, a provision of A\$4.432 million was recognised for the recoverability of coal stocks at 31 December 2019, of which A\$3.887 million was in respect of 145kt of coal stock maintained at the Company's interim coal stockpile, requiring further processing prior to commercial realisation and A\$545 million in respect of thermal coal for which the estimated net realisable value is below is cost.

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2019

16. Inventories

Recognition and measurement: Inventories

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

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

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

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

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2019

17. Property, plant and equipment

	Assets in construction	Land & Buildings	Mine infrastructure	Plant & Equipment	Fixtures & Fittings	Total
	AS'000	AS'000	AS'000s	AS'000	AS'000	AS'000
<i>Cost</i>						
As at 1 January 2018	2,183	522	5,808	9,440	42	17,995
Additions	8,888	-	-	-	2	8,890
Transfers	(7,284)	1,280	1,077	4,907	20	-
Effect of movement in exchange rates	(275)	(97)	(561)	(783)	(4)	(1,720)
As at 1 January 2019	3,512	1,705	6,324	13,564	60	25,165
Additions	25,792	544	-	-	30	26,366
Disposals	(377)	-	-	(210)	(2)	(589)
Transfers	(20,180)	204	-	19,957	19	-
Effect of movement in exchange rates	681	235	837	2,607	10	4,370
As at 31 December 2019	9,428	2,688	7,161	35,918	117	55,312
<i>Depreciation and impairment</i>						
As at 1 January 2018	-	(48)	(533)	(1,811)	(3)	(2,395)
Depreciation charge for the period	-	(155)	(1,293)	(2,114)	(19)	(3,581)
Transfers	-	(19)	19	-	-	-
Effect of movement in exchange rates	-	10	92	231	1	334
As at 1 January 2019	-	(212)	(1,715)	(3,694)	(21)	(5,642)
Depreciation charge for the period	-	(580)	(1,486)	(5,020)	(41)	(7,127)
Disposals	-	-	-	83	-	83
Write off	-	-	-	(460)	-	(460)
Effect of movement in exchange rates	-	(50)	(288)	(724)	(4)	(1,066)
As at 31 December 2019	-	(842)	(3,489)	(9,815)	(66)	(14,212)
Net book value:						
At 31 December 2019	9,428	1,846	3,672	26,103	51	41,100
At 31 December 2018	3,512	1,493	4,609	9,870	39	19,523

Tigers Realm Coal Limited

Notes to the consolidated financial statements

For the year ended 31 December 2019

17. Property, plant and equipment (continued)

During the year ended 31 December 2019, three Scania haulage trucks with a carrying value of RUB 21.244 million (A\$0.460 million) were written-off due to their present condition.

As disclosed in detail in Note 4, on 1 January 2019, the Group recognised right of use assets and a related lease liability in respect of the agreement with Rosmorport. The right of use asset and commensurately the lease liability upon initial recognition was RUB 23.593 million (A\$0.532 million).

As disclosed in Note 21, the Group leases various mining and port equipment. The carrying value of these assets as at 31 December 2019 is RUB 858.425 million (A\$19.843 million) (31 December 2018: RUB 310.521 million (A\$6.339 million)).

Recognition and measurement: Property, plant and equipment

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

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

Subsequent costs

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

Depreciation

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

Straight-line basis

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

The estimated useful lives are as follows:

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

Units of production basis

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

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2019

17. Property, plant and equipment (continued)

Recognition and measurement: Property, plant and equipment (continued)

Stripping Costs

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

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

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

18. Trade & other payables

	31 December 2019 A\$'000	31 December 2018 A\$'000
Trade payables and accrued expenses	14,052	6,251
Taxes payable	58	191
	14,110	6,442
Current	13,976	6,246
Non-current	134	196
Total	14,110	6,442

Tigers Realm Coal Limited

Notes to the consolidated financial statements

For the year ended 31 December 2019

19. Loans payable

	31 December 2019 A\$'000	31 December 2018 A\$'000
Shareholders' loans payable	29,393	-
Bank loans payable	-	1,516
	29,393	1,516

	31 December 2019 A\$'000	31 December 2018 A\$'000
Opening balance of loans	1,516	1,357
Borrowings during the year	46,141	13,421
Repayment of borrowings	(20,445)	(12,640)
Other changes	722	-
Net effect of movement in exchange rates	1,459	(622)
Total loans at end of the year	29,393	1,516

Shareholders' loans

In June 2019, the Company executed term sheets with its two largest shareholders, Dr Bruce Gray and BV Mining Holding Limited, through its affiliated entity BV Mining Investment Limited, in accordance with which each shareholder made available to the Group unsecured non-revolving loan facilities up to US\$2.5 million, up to US\$5.0 million in total, each with a one-year tenor and incurring interest at 12% per annum. The facilities in the amount of A\$7.122 million (US\$5.0 million) were fully drawn down as of 30 June 2019.

In October 2019, the Company executed additional term sheets with Dr Bruce Gray and BV Holding Limited, through its affiliated entity BV Mining Investment Limited, in accordance with which each shareholder made available to the Group unsecured non-revolving loan facilities up to US\$7.5 million, up to US\$15.0 million in total, each one having repayment date at 31 January 2020 and incurring interest at 20% per annum. The facilities in the amount of A\$22.151 million (US\$15.0 million) were fully drawn down by the middle of November 2019.

As described in Note 3, the Group launched the Entitlement Offer on 18 December 2019. Both Dr Bruce Gray and BV Holding Limited agreed to take part in this Entitlement Offer, and in accordance with conditions of term sheets elected to set-off outstanding principal and interest amounts against their obligations to pay for the shares they agreed to purchase under the Entitlement Offer. As further disclosed in Note 37, on 2 January 2020, following the issuance of shares to BV Holding Limited, the loan payable to BV Holding Limited was settled in full. On 2 January 2020, A\$13.138 million out of A\$14.641 million loan payable to Dr Bruce Gray was settled, following the issuance of share to Dr Bruce Gray. The remaining balance of A\$1.503 million is expected to be settled in April 2020.

Bank loans

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

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

An arrangement fee of RUB 5.4 million (A\$0.110 million) was paid to activate the loan and was amortised over the period during which the loan was available for drawdown, through 30 September 2019. As an integral component of the agreement, the Group acquired Alfa Bank promissory notes to the value of RUB 45.9 million (A\$0.935 million) and provided it as a collateral to Sberbank to guarantee interest payments, the details of which are disclosed in Note 15.

In the period from 27 September 2019 through 25 November 2019 the Company fully settled the RUB 900 million (A\$18.336 million) credit facility ahead of schedule. The interest paid amounted to RUB 61.2 million (A\$1.359 million).

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2019

19. Loans payable (continued)

Recognition and measurement: Loans payable and financing costs

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

20. Employee Benefits

	31 December 2019 A\$'000	31 December 2018 A\$'000
Provision for annual leave	650	260
Provision for salary and related costs payable	580	359
Provision for other employment benefits	33	104
Provision for bonuses	-	593
	1,263	1,316

Recognition and measurement: Employee benefits

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

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

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2019

21. Lease Liability

Lease expenditure contracted and provided for:

Payable not later than one year

Payable later than one year, not later than five years

Payable later than five years

Future finance charges

Total lease liabilities

Current

Non-current

	31 December 2019 A\$'000	31 December 2018 A\$'000
Payable not later than one year	7,332	2,931
Payable later than one year, not later than five years	11,128	3,000
Payable later than five years	3,662	-
	22,122	5,931
Future finance charges	(7,691)	(1,182)
Total lease liabilities	14,431	4,749
Current	5,197	2,223
Non-current	9,234	2,526
	14,431	4,749

Movement in lease liabilities are as follows:

	31 December 2019 A\$'000	31 December 2018 A\$'000
Opening balance of lease liability	4,749	2,496
New lease agreements entered during the year	16,210	4,530
Lease payments	(7,249)	(1,919)
Net effect of movement in exchange rates	721	(358)
Total lease liability recognised at end of year	14,431	4,749

The Group leases directly from vendors, Russian banking institutions and Russian financing companies various mining and port equipment with a carrying amount of A\$19.844 million (31 December 2018: A\$7.178 million) under finance lease arrangements expiring within one to four years.

As disclosed in detail in Note 4, on 1 January 2019, the Group recognised right of use assets and a related lease liability in respect of the agreement with Rosmorport expiring in 2067 (included in other lease liabilities in the table below).

The key terms of the finance lease arrangements are as follows:

	Currency	Effective interest rate	Year of maturity
Vendor lease liabilities	RUB	15.9-22.65%	2020-2023
Banking institution lease liabilities	RUB	13.22-24.43%	2023
Russian Financing Company lease liabilities	RUB	19.36-30.44%	2024
Other lease liabilities	RUB	15.2%	2067

Tigers Realm Coal Limited

Notes to the consolidated financial statements

For the year ended 31 December 2019

21. Lease Liability (continued)

Recognition and measurement: Finance leases

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

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

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

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

22. Royalty Liability

	31 December 2019 A\$'000	31 December 2018 A\$'000
Opening balance of royalty liability	8,240	5,378
Royalty expense	6,304	2,384
Payments made during the year	(618)	(85)
Effect of movement in exchange rates	60	563
Closing balance of royalty liability	13,986	8,240
Current	690	638
Non-current	13,296	7,602
	13,986	8,240

The Group entered into a number of royalty agreements as part of obtaining interests in the Amaam North and Amaam Projects. These royalty agreements are dependent upon the performance of a number of conditions precedent, the realisation of which may result in royalty payments of between 1.5 and 3% of the FOB coal sales revenue by the Amaam North and Amaam projects, respectively. Total royalty payments in relation to the Amaam North Project is capped to US\$25 million.

Amaam North Royalty Liability

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

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

- the discount rate used;
- the probability of revenue cash flows;
- the likelihood of achieving forecast coal sales prices; and
- the forecast for Australian Dollar to US Dollar exchange rate.

Tigers Realm Coal Limited

Notes to the consolidated financial statements

For the year ended 31 December 2019

22. Royalty Liability (continued)

Amaam Royalty Liability

No liability was recognised at 31 December 2019 (31 December 2018: Nil) in relation to Amaam Project royalty arrangements as the development of the Amaam Project is not expected in the foreseeable future.

Recognition and measurement: Royalty liabilities

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

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

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

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

23. Other financial liabilities

	31 December 2019 A\$'000	31 December 2018 A\$'000
Current other financial liabilities	779	-
Non – current other financial liabilities	2,889	-
	3,668	-

Movement other financial liabilities are as follows

	31 December 2019 A\$'000	31 December 2018 A\$'000
Opening balance of other financial liabilities	-	-
New other financial liabilities during the year	4,373	-
Payments	(480)	-
Net effect of movement in exchange rates	(225)	-
Total other financial liabilities recognised at end of year	3,668	-

Tigers Realm Coal Limited

Notes to the consolidated financial statements

For the year ended 31 December 2019

23. Other financial liabilities (continued)

In December 2019 the Group has entered to a sale and lease-back agreement with Universal Leasing Company for its two 500 tonne barges. As the Group has a substantive repurchase option with respect to the underlying asset under these agreements, the Group concluded these transactions represent, in substance, a financing arrangement. Accordingly, all amounts received from Universal Leasing Company were included in other financial liabilities.

The key terms of the finance lease arrangements are as follows:

	Currency	Effective interest rate	Year of maturity
Universal Leasing Company	RUB	18.11%	2024

Recognition and measurement: Sale and leaseback transactions

The Group, from time to time, enters into legal agreements with various parties whereby it transfers an asset to another entity (the buyer-lessor) and leases that asset back.

The Group applies the requirements for determining when a performance obligation is satisfied in AASB 15 "Revenue from Contracts with Customers" to determine whether the transfer of an asset is accounted for as a sale of that asset.

If the transfer of an asset by the Group satisfies the requirements of AASB 15 to be accounted for as a sale of the asset, then the Group measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee. The Group recognises the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

If the transfer of an asset by the Group does not satisfy the requirements of AASB 15 to be accounted for as a sale of the asset, the Group continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds.

24. Share capital

	31 December 2019	31 December 2018
	A\$'000	A\$'000
Share Capital	188,197	188,197
Costs of raising equity	(15,089)	(14,450)
	173,108	173,747

(i) Movements in shares on issue:

	No of shares	Issue price A\$	A\$'000
Opening balance at 1 January 2018	1,791,669,870		188,197
Movements in 2018	-	-	-
Opening balance at 1 January 2019	1,791,669,870		188,197
Movements in 2019	-	-	-
Closing share capital balance at 31 December 2019	1,791,669,870		188,197

Tigers Realm Coal Limited

Notes to the consolidated financial statements

For the year ended 31 December 2019

24. Share capital (continued)

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

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

(ii) Movements in options on issue

During the year ended 31 December 2019, no options were granted, 5,323,000 lapsed and none were forfeited, resulting in options on issue at 31 December 2019 of 28,346,000.

(iii) Entitlement offer

On 18 December 2019, the Group launched a 13 to 4 accelerated renounceable entitlement offer of ordinary shares at A\$0.01 per share. The Group planned to raise A\$58.229 million and to utilize proceeds to settle existing shareholders' loan and to finance planned capital expenditures and working capital. As disclosed in Note 37, the Entitlement Offer closed on 5 February 2020, as a result of which the Group raised A\$45.191 million. Entitlements not taken up by close of the Entitlement Offer were offered for sale in a shortfall bookbuild and the Group received a bid for majority of the shortfall bookbuild from Hanate Pty Ltd, an entity associated with the Group's director and substantial shareholder, Dr Bruce Gray. The issuance of shares to Hanate Pty Ltd require shareholders' approval, and an extraordinary general meeting of shareholders is expected to be held in April 2020.

As at 31 December 2019, the Group had received A\$3.186 million (included in advances received) and as at the date of these consolidated annual financial statements the Group received a further A\$42.004 million from the issuance of shares relating to the Entitlement Offer. As stated above, the receipt of the remaining A\$13.039 million is subject to shareholders' approval.

25. Share based payments

(a) Recognised share-based payment expense

	31 December 2019 A\$'000	31 December 2018 A\$'000
Expense arising from equity settled share-based payment transactions	248	324

(b) Description of share-based payment arrangements

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

Tigers Realm Coal Limited

Notes to the consolidated financial statements

For the year ended 31 December 2019

25. Share based payments (continued)

(b) Description of share-based payment arrangements

The Staff Option Plan offers individuals the opportunity to acquire options over fully paid ordinary shares in the Company. Share options granted under the plan for no consideration and 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.

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

(c) Summary of options granted under the Option Plan

The options outstanding at 31 December 2019 have an exercise price in the range of A\$0.08 to A\$0.50 (2018: A\$0.08 to A\$0.50). The weighted average remaining contractual life for options outstanding at 31 December 2019 is 2.2 years (31 December 2018: 3.92 years). There were no options granted during the year ended 31 December 2019 (year ended 31 December 2018: Nil). There are 14,242,000 vested and exercisable options at 31 December 2019 (31 December 2018: 10,634,000). There were no options exercised during the years ended 31 December 2019 and 31 December 2018.

Movements in outstanding options

	2019		2018	
	Number of Options	Weighted Average Exercise Price A\$	Number of Options	Weighted Average Exercise Price A\$
Balance at the beginning of the year	33,669,000	0.256	59,437,000	0.242
Granted	-	-	-	-
Forfeited/lapsed	(5,323,000)	0.286	(25,768,000)	0.186
Exercised	-	-	-	-
Balance at the end of the year	28,346,000	0.158	33,669,000	0.256
Vested and exercisable at year end	14,242,000	0.093	10,634,000	0.260

Details of share options outstanding at 31 December 2019 are detailed below:

	2019		2018	
Date of issue	Number of Options	Average Exercise Price A\$	Number of Options	Average Exercise Price A\$
4 June 2014	-	-	2,000,000	0.500
19 December 2014	-	-	797,000	0.230
19 December 2014	-	-	797,000	0.170
17 April 2015	1,488,000	0.230	1,520,000	0.230
17 April 2015	1,488,000	0.170	1,520,000	0.170
11 June 2015	2,000,000	0.500	2,000,000	0.500
11 June 2015	2,000,000	0.230	2,000,000	0.230
18 October 2017	7,266,000	0.080	7,832,000	0.080
18 October 2017	14,104,000	0.130	15,203,000	0.130
Balance at the end of the year	28,346,000	0.223	33,669,000	0.242

Tigers Realm Coal Limited

Notes to the consolidated financial statements

For the year ended 31 December 2019

25. Share based payments (continued)

(c) Summary of options granted under the Option Plan

During the year to 31 December 2019, no options were issued, 3,594,000 options lapsed, 1,729,000 options forfeited and no options exercised, bringing the options issued over ordinary shares in the Company to 28,346,000 as at 31 December 2019.

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

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

The inputs used in the measurement of the fair values at the grant date of the options granted under the Staff Option Plan and outstanding at 31 December 2019 are outlined below:

Option Grant Date	Fair value at grant date (A\$)	Share price at grant date (A\$)	Exercise price	Performance hurdle	Performance period	Expiry date	Risk free interest rate
17 Apr 2015	\$0.049	\$0.130	\$0.230	A	C	17 Apr 2020	1.84%
17 Apr 2015	\$0.061	\$0.130	\$0.170	B	D	17 Apr 2020	1.84%
11 Jun 2015	\$0.021	\$0.100	\$0.500	A	C	11 Jun 2020	2.09%
11 Jun 2015	\$0.035	\$0.100	\$0.230	B	D	11 Jun 2020	2.09%
18 Oct 2017	\$0.031	\$0.060	\$0.080	A	C	18 Jun 2022	2.32%
18 Oct 2017	\$0.030	\$0.060	\$0.130	B	D	18 Jun 2022	2.32%

Note

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

Recognition and measurement: Share based payments

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

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

Tigers Realm Coal Limited

Notes to the consolidated financial statements

For the year ended 31 December 2019

26. Risk management and financial instruments

(a) Risk management framework

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

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

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

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

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

(i) Credit risk

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

(ii) Liquidity risk

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

(iii) Market risk

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

(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.

Tigers Realm Coal Limited

Notes to the consolidated financial statements

For the year ended 31 December 2019

26. Risk management and financial instruments (continued)

(b) Capital management

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

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

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.

(c) Financial instruments

The Group holds the following financial instruments:

	31 December 2019 A\$'000	31 December 2018 A\$'000
Financial assets		
Cash and cash equivalents	4,716	3,554
Investments in restricted financial instruments	-	935
Trade and other receivables	10,196	2,586
	14,912	7,075
Financial liabilities		
Trade and other payables	14,110	6,442
Loans payable	29,393	1,516
Leases liabilities	14,431	4,749
Other financial liabilities	3,668	-
	61,602	12,707

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2019

26. Risk management and financial instruments (continued)

(d) Accounting classifications and fair values

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

31 December 2019

	Carrying amount		
	Loans & Receivables	Other financial liabilities	Total
	AS'000		
Financial assets not measured at fair value			
Cash and cash equivalents	4,716	-	4,716
Trade and other receivables	10,196	-	10,196
	14,912	-	14,912
Financial liabilities not measured at fair value			
Trade and other payables	-	14,110	14,110
Loans payable	-	29,393	29,393
Lease liabilities	-	14,431	14,431
Other financial liabilities	-	3,668	3,668
	-	61,602	61,602

31 December 2018

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

(e) Credit risk

Exposure to credit risk

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

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

	Carrying amount	
	2019 AS'000	2018 AS'000
Cash and cash equivalents	4,716	3,554
Investment in restricted financial instruments	-	935
Trade and other receivables	10,196	2,586
	14,912	7,075

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2019

26. Risk management and financial instruments (continued)

Geographical information

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

	Carrying amount 2019 A\$'000	2018 A\$'000
Asia and the Russian Federation	10,196	2,586
Australia	-	-
	10,196	2,586

Counterparty information

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

	2019 A\$'000	2018 A\$'000
Coal customers	3,311	346
Other	6,885	2,240
	10,196	2,586

Impairment losses

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

	Gross 2019 A\$'000	Impaired 2019 A\$'000	Gross 2018 A\$'000	Impaired 2018 A\$'000
Not past due	10,196	-	2,586	-
Past due 0-30 days	-	-	-	-
Past due 31-120 days	-	-	-	-
Past due 121 days to one year	-	-	-	-
More than one year	-	-	-	-
	10,196	-	2,586	-

There was no provision for impairment at 31 December 2019 (At 31 December 2018: A\$Nil).

Tigers Realm Coal Limited

Notes to the consolidated financial statements

For the year ended 31 December 2019

26. 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						More than 5 years
	Carrying amount	Total	6 months or less	6-12 months	1-2 years	2-5 years	
31 December 2019	AS\$'000	AS\$'000	AS\$'000	AS\$'000	AS\$'000	AS\$'000	AS\$'000
Non-derivative financial liabilities							
Trade and other payables	14,110	14,110	13,976	-	-	134	-
Loans payable	29,393	29,393	29,393	-	-	-	-
Lease liabilities	14,431	18,572	2,393	4,853	5,334	5,992	-
Other financial liabilities	3,668	5,365	276	1,140	1,277	2,672	-
	61,602	67,440	46,038	5,993	6,611	8,798	-
31 December 2018							
Non-derivative financial liabilities							
Trade and other payables	6,442	6,492	6,176	70	70	176	-
Bank loan payable	1,516	1,684	84	1,600	-	-	-
Lease liabilities	4,749	5,931	640	2,291	2,026	974	-
	12,707	14,107	6,900	3,961	2,096	1,150	-

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 2019 AS\$'000	RUB 2019 AS\$'000	USD 2018 AS\$'000	RUB 2018 AS\$'000
Cash and cash equivalents	2,927	1,363	1,636	1,911
Trade and other receivables	1,791	8,405	346	2,239
Investment in restricted promissory notes	-	-	-	935
Trade and other payables	(4,010)	(10,100)	(1,995)	(4,211)
Loans payable	(29,393)	-	-	(1,516)
Lease liabilities	-	(14,431)	-	(4,749)
Other financial liabilities	-	(3,668)	-	-
Net exposure	(28,685)	(18,431)	(13)	(5,391)

Tigers Realm Coal Limited

Notes to the consolidated financial statements

For the year ended 31 December 2019

26. Risk management and financial instruments (continued)

(g) Market risk

(i) Currency risk

Exchange rates used

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

	Average rate		Reporting date spot rate	
	2019	2018	2019	2018
USD	1.4384	1.3390	1.4273	1.4174
RUB	0.0222	0.0214	0.0225	0.0204

Sensitivity analysis

A weakening of the AUD, as indicated, against the USD and RUB at 31 December 2019 would have the impact in equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Strengthening		Weakening	
	Equity	Profit or loss	Equity	Profit or loss
	AS\$'000	AS\$'000	AS\$'000	AS\$'000
31 December 2019				
USD (10% movement)	2,608	2,608	(3,187)	(3,187)
RUB (10% movement)	1,676	1,676	(2,048)	(2,048)
31 December 2018				
USD (10% movement)	(1)	(1)	1	1
RUB (10% movement)	(599)	(599)	490	490

(ii) Market price risk

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

(iii) Interest rate risk

Exposure to interest rate risk

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

	Carrying amount	
	2019	2018
	AS\$'000	AS\$'000
Fixed rate instrument		
Financial assets	-	935
Financial liabilities	(47,492)	(4,749)
	(47,492)	(3,814)
Variable rate instruments		
Cash and cash equivalents	4,716	3,554
Financial liabilities	-	(1,516)
	4,716	2,038

Tigers Realm Coal Limited

Notes to the consolidated financial statements

For the year ended 31 December 2019

26. Risk management and financial instruments (continued)

(iii) Interest rate risk (continued)

Interest rates used

The following significant interest rates have been applied.

	Average rate %	Reporting date spot rate %
2019		
Australian cash deposit rate	1.50	1.50
2018		
Australian cash deposit rate	1.50	1.50

Sensitivity analysis

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

	Group	
	Equity A\$'000	Profit or loss A\$'000
31 December 2019		
Australian cash deposit rate (100 basis points increase)	6	6
31 December 2018		
Australian cash deposit rate (100 basis points increase)	6	6

27. Expenditure commitments

Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet its licence obligations. In the Russian Federation, this minimum exploration work is defined by the performance of a minimum number of drilling metres over the life of each exploration licence. These obligations are expected to be fulfilled in the normal course of operations. Mining interests may be relinquished or joint ventured to reduce this amount. The various country and state governments have the authority to defer, waive or amend the minimum expenditure requirements. As of and for the year ended 31 December 2019, the Group is in compliance with those exploration obligations defined in the respective licences.

Lease commitments

Lease commitments includes those lease commitments which have not been recognised in the statement of financial position due to their inherent size or duration. As of 31 December 2019, the Group had A\$0.1 million operating lease commitments in respect of various assets including land upon which mining, haulage and port operations are undertaken, through to the offices in Moscow and Melbourne.

Other commitments

Other commitments of A\$5.054 million are primarily comprised of A\$2.059 million commitments to Mortransniiproject for the port project works (At 31 December 2018: A\$3.428 million comprised primarily of A\$2.763 million in commitments to Liaoyo Group Co Ltd for the construction of two 500 tonne barges).

Tigers Realm Coal Limited

Notes to the consolidated financial statements

For the year ended 31 December 2019

28. Contingencies

Deed of cross guarantee

Under the terms of the ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, the Company has entered into an approved deed of cross guarantee of liabilities with the subsidiary identified in Note 33.

Tax contingencies in the Russian Federation

Russian tax legislation is subject to varying interpretations and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activities of the Group may be challenged by the relevant regional and federal authorities. Recent changes to the tax rules and regulations to the Advanced Social and Economic Development Territory, of which the Group's subsidiaries - Beringpromugol LLC and Port Ugolny LLP are residents, introduced additional criteria, which will be required to be met by the entities to be able to continue applying reduced rates on certain taxes and payments to government agencies. Management is currently assessing the impact of this change and believes the Group has adequately provided for tax liabilities based on its interpretation of the applicable tax legislation. However, the relevant authorities may have differing interpretations, and the effect on the financial report could be significant if such interpretations are realised.

29. Related parties' disclosure

(a) Identity of related parties

Balances and transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. The remuneration of key management personnel disclosed in Note 30.

As disclosed in Note 19, during 2019 entered in term sheets with its two largest beneficial shareholders, namely BV Mining Holding Limited through its affiliate BV Mining Investment Limited, and Dr Bruce Gray, through a controlled entity, in accordance with which each made available to the Group an unsecured non-revolving loan facility of up to US\$10 million ("Shareholder Loan Facility"), providing total shareholder funding of up to US\$20 million. The facilities under these term sheets were fully drawn down by the middle of November 2019 and the outstanding loan payable amount at 31 December 2019 was A\$29.393 million. During the year ended 31 December 2019, the Group paid interest of A\$0.246 million in relation to these loans and also reimbursed to Dr Bruce Gray A\$0.087 million of legal fees incurred by him in relation to provision of the loan facility.

There were no transactions with other related parties during the years ended 31 December 2019 and 2018.

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

30. Key Management Personnel Disclosures

(a) Compensation of key management personnel

The key management personnel compensation included in "Administration expenses" (see Note 8) and "Share-based payments" (see Note 25) is as follows:

	2019 A\$	2018 A\$
Short-term employee benefits	1,635,466	1,700,760
Post-employment benefits	12,639	12,511
Termination benefits	-	-
Share-based payments	86,156	97,880
	1,734,261	1,811,151

(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 2019

30. Key Management Personnel Disclosures (continued)

(c) Movements in shares

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

	Balance at 1 January	Acquisitions	Sales	Other Changes	Balance at 31 December
2019					
Directors					
C Wiggill	1,200,000	-	-	-	1,200,000
B Gray	403,631,641	614,720	-	-	404,246,361
O Hegarty	30,412,029	-	-	-	30,412,029
R Morgan	-	-	-	-	-
T Sitdekov	-	-	-	-	-
Other key management personnel					
S Southwood	136,700	-	(136,700)	-	-
D Forsyth	19,267,673	-	-	-	19,267,673
D Gavrilin	-	-	-	-	-
D Bender	-	-	-	-	-

	Balance at 1 January	Acquisitions	Sales	Other Changes	Balance at 31 December
2018					
Directors					
C Wiggill	1,200,000	-	-	-	1,200,000
B Gray	402,299,869	1,331,772	-	-	403,631,641
O Hegarty	30,412,029	-	-	-	30,412,029
R Morgan	-	-	-	-	-
T Sitdekov	-	-	-	-	-
Other key management personnel					
D Kurochkin	617,390	-	(227,760)	-	389,630
S Southwood	136,700	-	-	-	136,700
P Balka	3,481,080	606,730	-	-	4,087,810
D Forsyth	19,267,673	-	-	-	19,267,673
D Gavrilin	-	-	-	-	-
D Bender	-	-	-	-	-

Tigers Realm Coal Limited

Notes to the consolidated financial statements

For the year ended 31 December 2019

31. Group entities

Significant subsidiaries

	Country of Incorporation	Ownership Interest	
		2019	2018
Parent entity			
Tigers Realm Coal Limited	Australia		
Subsidiaries			
TR Coal International Limited	Australia	100%	100%
Tigers Realm Coal (Cyprus) Pty Ltd	Cyprus	100%	100%
Greaterbay Larnaca Finance (Cyprus) Pty Ltd	Cyprus	100%	100%
Eastshore Coal Holding Limited	Cyprus	80%	80%
Telofina Holdings Ltd	Cyprus	100%	100%
Rosmiro Investments Limited	Cyprus	100%	100%
Anadyrsky Investments Limited	Cyprus	100%	100%
Northern Pacific Coal Company	Russia	80%	80%
Beringpromugol LLC	Russia	100%	100%
Port Ugolny LLC	Russia	100%	100%
Bering Ugol Investments LLC	Russia	100%	100%
Tigers Realm Coal Spain, SL ¹	Spain	N/A	100%
Tigers Coal Singapore No. 1 PTE Limited ¹	Singapore	N/A	100%

1. Liquidated in 2019.

32. Parent entity disclosures

As at and throughout the financial year ended 31 December 2019, the parent entity of the Group was Tigers Realm Coal Limited. Information relating to the parent entity follows:

	31 December 2019 A\$'000	31 December 2018 A\$'000
Results of parent entity		
(Loss) for the period	(248)	(324)
Total comprehensive (loss)	(248)	(324)
Financial position of parent entity		
Current assets	31,567	31,567
Total assets	31,567	31,567
Current liabilities	-	-
Total liabilities	-	-
Net Assets	31,567	31,567
Total equity of the parent entity comprising		
Share capital	173,747	173,747
Reserves	7,301	7,053
(Accumulated deficit)	(149,481)	(149,233)
Total equity	31,567	31,567

Contingent liabilities of the parent entity

The parent entity has contingent liabilities arising from its guarantees to each creditor of TR Coal International Limited under the Deed of Cross Guarantee as discussed in Note 33.

Capital commitments of the parent entity

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

Tigers Realm Coal Limited

Notes to the consolidated financial statements

For the year ended 31 December 2019

33. Deed of cross guarantee

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, the wholly-owned subsidiary listed below is relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports, and directors' reports.

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

The entities subject to the Deed of Cross Guarantee are:

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

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

A consolidated statement of comprehensive income and consolidated statement of financial position, comprising the Company and controlled entity which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee for the year ended 31 December 2019 is set out below.

Statement of comprehensive income and retained earnings

	31 December 2019 A\$'000	31 December 2018 A\$'000
Depreciation expense	-	(1)
Share based payments	(248)	(324)
Administrative expenses	(1,060)	(1,027)
Results from operating activities	(1,308)	(1,352)
Net foreign exchange gain	79	46
Finance expense	(441)	-
Finance income	93	-
Net finance (expense)/income	(269)	46
(Loss) before income tax	(1,577)	(1,306)
Income tax (expense)	-	-
Net (Loss)	(1,577)	(1,306)
Other comprehensive income		
Foreign currency translation differences for foreign operations	-	-
Income tax on other comprehensive income	-	-
Total comprehensive loss for the period	(1,577)	(1,306)
Accumulated deficit at beginning of year	(184,128)	(182,822)
Accumulated deficit at end of year	(185,705)	(184,128)

Tigers Realm Coal Limited
Notes to the consolidated financial statements
For the year ended 31 December 2019

33. Deed of cross guarantee (continued)

	31 December 2019 A\$'000	31 December 2018 A\$'000
Current Assets		
Cash and cash equivalents	630	15
VAT and other receivables	150	12
Prepayments	42	52
Total current assets	822	79
Non-current assets		
Property, plant and equipment	1	2
Related party receivables	67,180	34,750
Total non-current assets	67,181	34,752
Total assets	68,003	34,831
Current Liabilities		
Trade and other payables	677	331
Advances received	3,186	-
Loan payables	29,393	-
Employee provisions	33	29
Total current liabilities	33,289	360
Total liabilities	33,289	360
Net assets	34,714	34,471
Equity		
Share capital	173,108	173,747
Reserves	47,311	44,852
(Accumulated deficit)	(185,705)	(184,128)
Total equity	34,714	34,471

Tigers Realm Coal Limited

Notes to the consolidated financial statements

For the year ended 31 December 2019

34. Non-controlling interest

No change in the non-controlling interests in the Eastshore and the Amaam project occurred during the years ended 31 December 2019 and 2018.

35. Auditors' Remuneration

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

	31 December 2019 A\$	31 December 2018 A\$
Audit services:		
Audit and review of financial reports Deloitte Australia	138,004	121,800
Audit and review of financial reports Deloitte Overseas	143,713	115,900
	281,717	237,700
Services other than statutory audit		
<i>Other services</i>		
Taxation compliance and advisory services Deloitte Australia	-	12,400
Taxation compliance services and advisory services Deloitte Overseas	-	24,700
	-	37,100
Total Services Provided	281,717	274,800

37. Events after the reporting period

The Entitlement Offer launched on 18 December 2019 (refer to Notes 3, 24 and 19 for further details) closed on 5 February 2020, as a result of which the Group raised A\$45.190 million. Entitlements not taken up by close of the Entitlement Offer were offered for sale in a shortfall bookbuild and the Group received a bid for majority of the shortfall bookbuild from Hanate Pty Ltd, an entity associated with the Group's director and substantial shareholder, Dr Bruce Gray. The issuance of shares to Hanate Pty Ltd require shareholders' approval, and an extraordinary general meeting of shareholders is expected to be held in April 2020.

As at 31 December 2019, the Group had received A\$3.186 million (included in advances received) and as at the date of these consolidated financial statements the Group received a further A\$42.004 million from the issuance of shares relating to the Entitlement Offer. As stated above, the receipt of the remaining A\$13.039 million is subject to shareholders' approval.

On 2 January 2020, following the issuance of shares to BV Holding Limited, the loan payable to BV Holding Limited was settled in full. On 2 January 2020, A\$13.138 million out of A\$14.641 million loan payable to Dr Bruce Gray was settled, following the issuance of share to Dr Bruce Gray. Total amount of existing loans from shareholders settled amounted to A\$27.890 million.

Tigers Realm Coal Limited

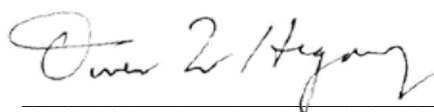
Directors' declaration

For the year ended 31 December 2019

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 45 to 91 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 2019 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 32 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 Corporations (Wholly owned Companies) Instrument 2016/785.
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 2019.
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 27th day of February 2020.



Owen Hegarty
Director



Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Riverside Centre
Level 25, 123 Eagle Street
Brisbane QLD 4000
GPO Box 1463
Brisbane QLD 4001 Australia

Tel: +61 (0) 7 3308 7000
Fax: +61 (0) 7 3308 7001
www.deloitte.com.au

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

27 February 2020

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 2019, 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

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities. DTTL (also referred to as "Deloitte Global") and each of its member firms and their affiliated entities are legally separate and independent entities. DTTL does not provide services to clients.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte Network.



Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Riverside Centre
Level 25, 123 Eagle Street
Brisbane QLD 4000
GPO Box 1463
Brisbane QLD 4001 Australia

Tel: +61 (0) 7 3308 7000
Fax: +61 (0) 7 3308 7001
www.deloitte.com.au

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 2019, 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 2019 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.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities. DTTL (also referred to as "Deloitte Global") and each of its member firms and their affiliated entities are legally separate and independent entities. DTTL does not provide services to clients.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte Network.

Key Audit Matters

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

Key Audit Matters	How the scope of our audit responded to the Key Audit Matter
<p><i>Availability of future funding</i></p> <p>As disclosed in Note 3, as at 31 December 2019, the Group had cash and cash equivalents of A\$4.716 million and net current liabilities of A\$7.811 million. Following the announcement of the Entitlement Offer of ordinary shares on 18 December 2019, to date of authorization of the accompanying financial statements, the Group raised A\$45,190 million and expects to raise a further A\$13.039 million subject to shareholders' approval. Due to the seasonality of the Group's sales management anticipates obtaining pre-export financing from customers during the first half of 2020.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • inquiring of management and the directors in relation to events and conditions that may impact the assessment of the Group's ability to address temporary cash shortfalls expected to arise during the next twelve months from the date of this report; • evaluating the feasibility of management's plans and challenging the assumptions contained in management's cash flow forecast; • reviewing the correspondence with customers in regard to potential pre-export financing; • reviewing the terms of the Entitlement Offer and assessing its results; • assessing the appropriateness of the funding disclosures in the notes to the financial statements.
<p><i>Estimation of the amount of royalty obligations in relation to Amaam and Amaam North Projects</i></p> <p>As disclosed in Note 22, the Group has entered into a number of royalty arrangements as part of obtaining interests in the Amaam and Amaam North Projects.</p> <p>Management is required to make a number of judgements to estimate the amount of the obligation, including identifying an appropriate methodology, the probability and timing of expected future cash flows from the revenue derived from the sale of coal produced and the discount rate. As the estimate is sensitive to these judgments, there is a risk that changes in key assumptions can have a significant impact on the estimate and therefore reported results.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • assessing the Group's methodology to estimate the amount of the obligation, obtaining an understanding of the key processes associated with the preparation of the model supporting the estimate and challenging its appropriateness; • assessing in conjunction with our valuation experts, the reasonableness of key assumptions including forecast coal sales volumes, forecast long-term coal prices and the discount rate applied. • performing sensitivity analysis on a number of key assumptions, including coal sales volumes and coal prices; • performing an assessment of the historical accuracy of forecasting by the management; and • assessing the appropriateness of the disclosures in the notes to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information which will be included in the Group's 2019 annual report (but does not include the financial report and our auditor's report thereon). We obtained the Directors' Report, Corporate Governance Statement and Shareholder Information, which to be included in the annual report, prior to the date of this auditor's report. The remaining sections of the annual report 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 remaining sections of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in paragraph 12 of the Directors' Report for the year ended 31 December 2019.

In our opinion, the Remuneration Report of Tigers Realm Coal Limited, for the year ended 31 December 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Colin Brown
Partner
Chartered Accountants
Brisbane, 27 February 2020

Tigers Realm Coal Limited

SHAREHOLDER INFORMATION

1. Top 20 Shareholders as at 21 February 2020

		Number of shares	% of Total
1	BV MINING HOLDING LIMITED	2,377,541,065	37.67%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED INVESTMENT	1,567,324,178	24.84%
3	RDIF MANAGEMENT LLC	1,036,224,898	16.42%
4	NAMARONG INVESTMENTS PTY LTD <THE HANSEN INVESTMENT A/C>	429,048,474	6.80%
5	PINE RIDGE HOLDINGS PTY LTD <PINE RIDGE SUPERANNUATION FUND A/C>	181,922,857	2.88%
6	SHIMMERING BRONZE PTY LIMITED	59,912,029	0.95%
7	CO-INVESTMENT PARTNERSHIP I LP	51,811,415	0.82%
8	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	32,555,480	0.52%
9	FOREMOST MANAGEMENT SERVICES – SUPER A/C	21,468,970	0.34%
10	ANTMAN HOLDINGS PTY LTD	21,428,772	0.34%
11	MR. STEPHEN ALEXANDER CHING	21,300,000	0.34%
12	MASIK ENTERPRISES PTE LTD	20,000,000	0.32%
13	ASIPAC GROUP PTY LTD	18,846,246	0.30%
14	CANCELER PTY LTD <CLARENCE SUPER FUND A/C>	18,269,063	0.29%
15	SENNEN TROVE P/L <BETA SUPER FUND A/C>	15,046,133	0.24%
16	MR. ANDREW JOHN KEMPSON	14,451,451	0.23%
17	AJM INVESTCO PTY LTD <MANINI FAMILY SUPERFUND A/C>	13,839,807	0.22%
18	REGENT PACIFIC GROUP LTD	12,700,000	0.20%
19	CO-INVESTMENT PARTNERSHIP II CV	10,362,282	0.16%
20	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED -A/C 2	9,910,280	0.16%
	Total for Top 20	5,933,963,400	94.03%

Tigers Realm Coal Limited

SHAREHOLDER INFORMATION (CONTINUED)

2. Voting rights of ordinary shares

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

3. Distribution of Shareholders and Shareholdings as at 21 February 2020

Holding and Distribution	No. of Holders	Securities	%
1 to 1000	38	4,510	.00
1001 to 5000	32	108,774	.00
5001 to 10000	50	436,741	.01
10001 to 100000	340	16,188,622	.25
100001 and Over	351	6,293,981,365	99.74
Total	811	6,310,720,012	100.00

4. Tigers Realm Coal Substantial Shareholders as at 21 February 2020

Holder	No. of Shares	% of Total
BV Mining Holding Limited	2,377,541,065	37.67%
Bruce N Gray	1,718,047,035	27.22%
Limited Liability Company <RDIF Investment Management> and co-investors*	1,098,398,595	17.41%
Namarong Investments Pty Ltd <The Hansen Investment A/C>	429,048,474	6.80%

*Including CO-INVESTMENT PARTNERSHIP I LP, CO-INVESTMENT PARTNERSHIP II CV

5. Shareholdings of less than a marketable parcel as at 21 February 2020

349 holders holding a total of 7,469,908 shares.

6. Unquoted Securities as at 21 February 2020

28,346,000 Unlisted options on issue.

Tigers Realm Coal Limited

Corporate Directory

DIRECTORS

Craig Wiggill (Chairman)

Owen Hegarty

Bruce Gray

Ralph Morgan

Tagir Sitdekov

Nikolay Ishmetov (Alternate for Tagir Sitdekov)

COMPANY SECRETARY

David Forsyth

REGISTERED OFFICE

151 Wellington Parade South,
East Melbourne, Victoria, 3002

Tel: +61 3 8644 1300

PRINCIPAL OFFICE

29, 1st Brestskaya Street,
Moscow, Russian Federation, 125047

Tel: +7 495 646 83 53

Email: ir@tigersrealmcoal.com

AUDITORS

Deloitte Touche Tohmatsu

123 Eagle Street,

Brisbane, Queensland, 4000

BANKERS

Commonwealth Bank of Australia Limited

727 Collins Street,

Melbourne, Victoria, 3008



Tigers Real Coal Limited
151 Wellington Parade South
East Melbourne Victoria 3002
T +61 3 8644 1300
tigersrealmcoal.com