

Tigers Realm Coal Limited
Appendix 4D – Half year report
For the six months ended 30 June 2019

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

Current Period: 1 January 2019 to 30 June 2019
Previous corresponding period 1 January 2018 to 30 June 2018

2. Results for announcement to the market

	30 June 2019	30 June 2018	Change
	'000s	'000s	%
2.1 Revenue	2,956	95	3,011%
2.2 Net (Loss) from ordinary activities	(11,939)	(4,312)	(177%)
2.3 Net (Loss) attributable to owners of the Company	(11,907)	(4,247)	(180%)

2.4 Dividends

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to 30 June 2019.

2.5 Commentary

Net loss from ordinary activities increased by A\$7.627 million (177%) for the six months to 30 June 2019 compared to the corresponding six-month period to 30 June 2018 as a result of transshipment and other port costs being greater than 2018 by A\$2.034 million, an increase in the provision for the lower of cost and net realisable value of coal stocks by A\$2.404 million, an impairment of haulage trucks by A\$0.460 million and an increase in royalty expenses by A\$0.985 million.

3. Net consolidated tangible assets per ordinary share

	30 June 2019	30 June 2018	Change
	Cents	cents	%
Ordinary shares	0.81	0.46	70%

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

No entities were acquired or disposed of during the six months ended 30 June 2019.

5. Details of associates and joint venture entities:

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

6. Foreign entities

Not applicable

7. Audit dispute or qualification

The interim financial statements for the six-month period ended 30 June 2019 have no audit dispute nor qualification.

Tigers Realm Coal Limited
(ABN 50 146 752 561)

Interim Financial Report
For the six months ended 30 June 2019

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

Melbourne, Victoria, 3002

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PRINCIPAL OFFICE

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Moscow, Russian Federation, 125047

Tel: +7 495 646 8353

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 Realm Coal Limited

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Tigers Realm Coal Limited
Directors' Report
For the six months ended 30 June 2019

1. Directors, Alternate Director and Company Secretary

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

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

All Directors and the Alternate Director have been in office from 1 January 2019 through to the date of this report.

2. Directors' meetings

During the six month period to 30 June 2019, 4 Directors' meetings were held for Tigers Realm Coal Limited ("TIG or "the Company").

3. Principal activities

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

4. Review of Operations

Business Strategies and Group Objectives

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

Amaam North

Amaam North is a low-cost starter project providing a fast track to production and earnings, leveraging infrastructure investments made to date and supporting the development of the entire Amaam Coking Coal Field. Amaam North, and specifically the Fandyushkinskoye Field Licence AND 15813 TE area ("Project F"), a part of Amaam North, has progressed significantly from the initial Resource announcement in July 2013. An Amaam North Project F Feasibility Study Update, doubling mine life and reserves, was completed in April 2016, subsequent to which a non-renounceable rights issuance was successfully completed in 2016, the primary use of proceeds being for the development of Project F Phase One. After completing the necessary initial construction works in the second half of 2016, commercial mining commenced in January 2017.

During the six months ended 30 June 2019, the Company achieved a production level of 220 thousand tonnes ("kt"), of which 209kt were delivered to our Beringovsky Port and Coal Terminal ("Beringovsky Port"). Coal sales for the six months ended 30 June 2019 were 45kt.

Tigers Realm Coal Limited
Directors' Report
For the six months ended 30 June 2019

4. Review of Operations

Business Strategies and Group Objectives (continued)

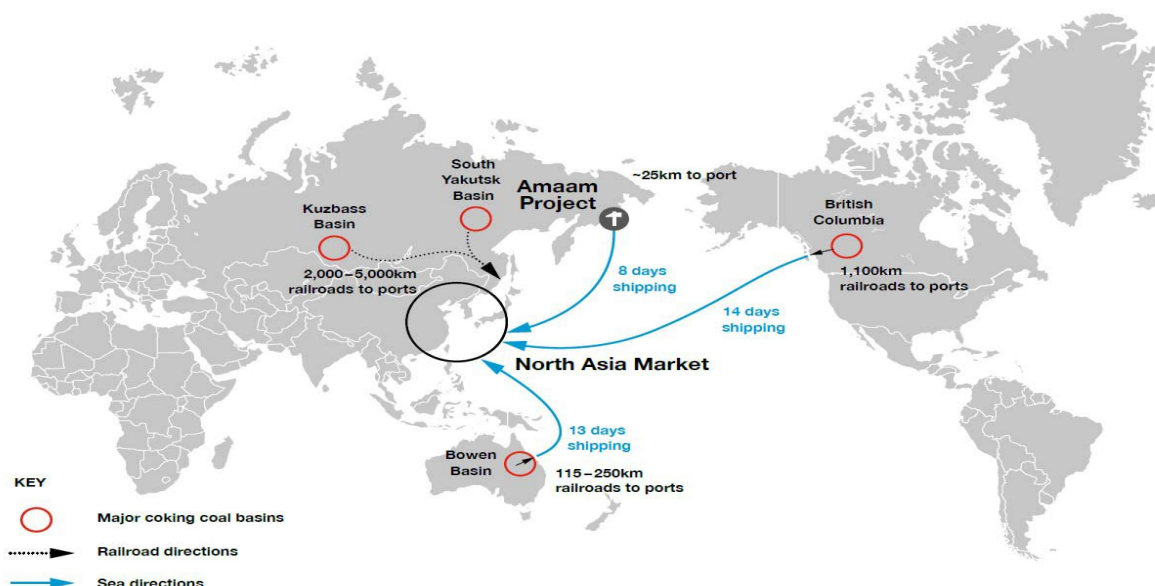
Based on 2019 actual results to date and expected 2019 operational and logistical performance, the Company currently expects coal mined and coal sold in the year ended 31 December 2019 to be both within the range of 650 to 700kt.

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

Amaam

Amaam is a potentially larger scale coking coal project. Management is in the process of re-assessing Amaam's future production capacity and the extent to which it can be integrated into the existing operations. Management expects to complete this re-assessment by the year end.

Amaam Coking Coal Field– World Location Map



Tigers Realm Coal Limited
Directors' Report
For the six months ended 30 June 2019

4. Review of Operations

Operating Performance

Key Indicators of Operational performance are as follows:

Operating Indicators (tonnes unless otherwise stated)	Results for 6 months to 30 June 2019	Results for the year ended 31 December 2018	Results for 6 months to 30 June 2018
Coal mined	220	576	244
Coal sold	45	393	-
Coal loaded	84	393	
Overburden removed	1,199 bcm	1,900 bcm	904 bcm
Stripping ratio	5.5:1	3.3:1	3.7:1
ROM coal stocks at period end	441	268	328.7
Cost of coal produced per tonne	A\$65.76 (US\$46.32)	A\$35.51 (US\$25.71)	A\$36.46 (US\$28.30)

For the six months ended 30 June 2019 the Group had a net loss of A\$11.939 million (For six months to 30 June 2018: loss A\$4.312 million) and at 30 June 2019 had net equity of A\$14.062 million (31 December 2018: A\$22.540 million). The Group's primary operational focus during the six months ended 30 June 2019 was coal mining and the negotiation of coal sales agreements, preparation for the Group's first transshipment of coal during the 2019 shipping season and ongoing coal testing and related CHPP design works. During the six months ended 30 June 2019, the Group mined 220kt of coal, concluded its first four coal sales agreements for 190kt of thermal coal and 55kt of semi-soft coking coal and received its first advance payments totalling A\$4.467 million in March 2019. In June 2019, the Group completed loading the season's first 45kt thermal coal shipment, 38kt of a 60kt cargo of semisoft coking coal cargo was loaded but not shipped as of 30 June, loading completed on 7 July 2019.

The underlying cost of coal mined and delivered to port increased in the first six months of 2019 due to unexpectedly continuing adverse geological conditions influencing the stripping ratio and related cost of removal of overburden, which increased from 3.3:1 in 2018 to 5.45:1 during the six months to 30 June 2019. The cost of coal mined and delivered to port was also adversely influenced by increased spending on fleet maintenance and the strengthening of the RUB against both the US\$ and the A\$ by 8.9% and 9.3%, respectively, as a result of which the full cost of coal mined and delivered to port was US\$46.32/t (A\$65.76/t) and the cash cost per tonne increased to US\$37.97/t (A\$53.91/t).

During the six months ended 30 June 2019, cash outflows from operating activities were A\$16.961 million (six months to 30 June 2018: outflows of A\$8.194 million).

Financial Position

Cash balances

The Group's cash balance increased by A\$1.268 million to A\$4.822 million over the six month period to 30 June 2019, from A\$3.554 million at 31 December 2018. Cash balances increased due to a combination of utilising the Sberbank working capital facility, fully drawing down on shareholder loans of US\$5.0 million (A\$7.122 million), settlement of outstanding receivables and the receipt of advances on coal shipments during the 2019 shipping season. Inflows were offset by production costs of A\$11.859 million for the six months to 30 June 2019, investments in acquisition of property, plant and equipment and payment of finance leases obligations.

The Group paid A\$2.935 million for investment in property, plant and equipment in addition to paying finance lease obligations of A\$2.848 million.

Tigers Realm Coal Limited

Directors' Report

For the six months ended 30 June 2019

4. Operating and financial review (continued)

Financial Position

Cash balances (continued)

As of 30 June 2019, the Company had fully utilised the working capital credit line with Sberbank, the balance of which at 30 June 2019 is RUB 900 million (A\$20.282 million) and fully drawn down on two loan facilities of US\$2.5 million each, totalling A\$7.122 million at 30 June 2019, provided by its shareholders - Baring Vostok Mining Investments Limited and Mr Bruce Gray. (At 31 December 2018: RUB 825.606 million (A\$16.821 million) of the Sberbank working capital facility was available and unused.)

Inventory on hand

Coal stocks increased by 174kt during the six months to 30 June 2019. The lower of cost and net realisable value of the Group's inventories on hand at 30 June 2019 was A\$28.789 million (31 December 2018: A\$17.231 million), including A\$18.553 million of coal inventories, A\$2.618 million in fuel and oils and A\$7.618 million of other consumables (31 December 2018: A\$8.801 million of coal inventories, A\$4.985 million in fuel and oils and A\$3.445 million of other consumables).

Management performs a regular review of the recoverability of all inventories to ensure that the inventories on hand are not carried in excess of amounts expected to be realised from their sale or use. Accordingly, as a result of a combination of higher production costs and lower selling prices for thermal coal, a provision of A\$2.411 million, primarily in respect of thermal coal, was recognised as of 30 June 2019. In addition, the existing provision for coal stockpiled at the interim coal stockpile increased by A\$0.143 million to A\$0.953 million (31 December 2018: A\$0.830 million).

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 as of 30 June 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.

Three haulage trucks were impaired during the six months to 30 June 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. Accordingly, an impairment charge of \$0.460 million was recognised in the six months to 30 June 2019.

Lease liabilities

Vendor finance leasing in 2019

During the six months ended 30 June 2019, the Group executed a number of finance lease arrangements with equipment vendors for the acquisition of six haulage trucks, a crane, two front end loaders and two 500 tonne barges. The cost of the property, plant & equipment was A\$6.293 million. The value of the finance leases, after advance payments of A\$0.959 million, was A\$5.271 million upon inception and A\$5.224 million at 30 June 2019.

Banking institution finance leasing in 2019

During the six months ended 30 June 2019, the Group executed a number of finance lease arrangements with banks for the acquisition of three heavy dump trucks for pit usage, a bulldozer, road grader, roller and tractor. The cost of the property, plant & equipment was RUB 320.073 million (A\$7.213 million). The value of the finance leases, after advance payments of RUB 39.065 million (A\$0.880 million), was RUB 277.177 million (A\$6.246 million) upon inception and RUB 267.909 million (A\$6.037 million) at 30 June 2019.

Other lease liabilities recognised in 2019

On 1 January 2019, following the adoption of AASB 16 *Leases*, the Group recognised right of use asset 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 value of the lease liability at 30 June 2019 was RUB 23.591 million (A\$0.531 million).

Tigers Realm Coal Limited

Directors' Report

For the six months ended 30 June 2019

4. Operating and financial review (continued)

Bank and other loans

During the six months ended 30 June 2019, the Group drew down on the remaining available balance of the Sberbank working capital facility in the amount of RUB 825.607 million (A\$18.605 million). As of 30 June 2019, the balance due in the second half of 2019 is RUB 900 million (A\$20.282 million).

In June 2019, the Company executed term sheets with its two largest shareholders, Baring Vostok Mining Holdings Limited, through its affiliated entity Baring Vostok Mining Investments Limited and Mr Bruce Gray, 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% p.a. The facilities in the amount of A\$7.122 million (US\$5.0 million) were fully drawn down as of 30 June 2019.

Royalty Agreement liability

After the re-assessment of the provision for the obligations under the Royalty Agreement liability at 30 June 2019, the Group increased the royalty liability by A\$0.951 million to A\$9.191 million (At 31 December 2018: A\$8.240 million).

Lapse of Options

On 5 June 2019, 2,000,000 options lapsed and were removed from the option register. Total number of options as of 30 June 2019 is 31,669,000.

Licence Update

During the six months ended 30 June 2019, no material changes to TIG's licences were noted.

5. Events subsequent to reporting date

Finance Lease agreements

On 8 July 2019, the Group entered into two finance lease agreements with Sberbank Leasing to acquire a Komatsu bulldozer and a Komatsu excavator, delivered to Beringovsky Port during August. Total contractual payments over 48 months, including advances of RUB 17.596 million (A\$0.397 million) will be RUB 110.767 million (A\$2.496 million).

Lapse of Options

On 6 August 2019, 3,323,000 options were removed from the register, of which 1,729,000 were forfeited and 1,594,000 lapsed.

Coal loading capacity increases

In July 2019, the construction, fit out and delivery of two barges from China was completed. The two barges, 'Arinay' and 'Kelliney', commenced operations in July and as the shipping season progresses, they are expected to add a significant increase in port loading capacity.

On 16 July 2019 a third 500 tonne barge and on 7 August 2019 the fourth 500 tonne barge, arrived in Beringovsky port from Shakhtersk and commenced loading operations.

6. Dividends paid or recommended

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

Tigers Realm Coal Limited
Directors' Report
For the six months ended 30 June 2019

7. Directors' interests

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

	Tigers Realm Coal Limited	
	Ordinary shares	Options over ordinary shares
OL Hegarty	30,412,029	1,500,000
C Wiggill	1,200,000	1,500,000
B Gray	379,948,357	-
R Morgan	-	500,000
T Sitdekov	-	500,000
N Ishmetov (Alternate to T Sitdekov)	-	-

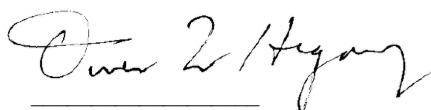
8. Auditor's Independence Declaration

The auditor's independence declaration is set out on page 28 and forms part of the Directors' report for the interim period ended 30 June 2019.

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

Dated at Melbourne this 29th day of August 2019.

Signed in accordance with a resolution of the Directors:



Owen Hegarty
Non-Executive Director

Tigers Realm Coal Limited
Condensed consolidated interim statement of financial position
As at 30 June 2019

	Note	30 June 2019 A\$'000	31 December 2018 A\$'000
Current Assets			
Cash and cash equivalents		4,822	3,554
Trade and other receivables		4,872	2,586
Inventories	12	26,998	15,772
Investment in restricted financial instruments	11	1,034	935
Prepayments		2,122	1,103
Other current assets		24	27
Total current assets		39,872	23,977
Non-current assets			
Inventories	12	1,791	1,459
Property, plant and equipment	13	37,466	19,523
Total non-current assets		39,257	20,982
Total assets		79,129	44,959
Current Liabilities			
Trade and other payables		5,669	6,246
Loans payable	14	27,404	1,516
Advances for future coal sales received		4,467	-
Lease liability	15	6,488	2,223
Royalty liability	16	945	638
Employee benefits		1,111	1,316
Total current liabilities		46,084	11,939
Non-current liabilities			
Trade and other payables		193	196
Lease liability	15	10,305	2,526
Provision for site restoration		239	156
Royalty liability	16	8,246	7,602
Total non-current liabilities		18,983	10,480
Total liabilities		65,067	22,419
Net assets		14,062	22,540
Equity			
Share capital	17	173,747	173,747
Reserves		24,611	21,662
(Accumulated losses)		(164,892)	(152,985)
Total equity attributable to equity holders of the Company		33,466	42,424
Non-controlling interest		(19,404)	(19,884)
Total equity		14,062	22,540

The notes on pages 14 to 26 are an integral part of the condensed consolidated interim financial report.

Tigers Realm Coal Limited

Condensed consolidated interim statement of comprehensive income For the six months ended 30 June 2019

	Note	30 June 2019 A\$'000	30 June 2018 A\$'000
Revenue from coal sales		2,935	-
Mining and related costs of coal sold		(2,457)	-
Transshipment and other port costs		(2,472)	(438)
Gross margin on coal sold		(1,994)	(438)
Other income		21	95
Administrative and other operating expenses	8	(3,824)	(2,433)
Share based payments		(135)	(72)
Exploration and evaluation expenses		(150)	(274)
Change in provision for current assets	12	(2,404)	(92)
Impairment of property, plant and equipment	13	(460)	-
Royalty expense	16	(1,516)	(531)
Results from operating activities		(10,462)	(3,745)
Finance income		5	-
Finance costs		(1,340)	(721)
Net foreign exchange (loss)/gain		(130)	154
Net finance (costs)		(1,465)	(567)
(Loss) before income tax		(11,927)	(4,312)
Income tax (expense)		(12)	-
Net (Loss)		(11,939)	(4,312)
Other comprehensive (loss)/income			
Items that may subsequently be reclassified to profit or loss			
Foreign currency translation differences for foreign operations		3,326	(1,006)
Total comprehensive (loss) for the period		(8,613)	(5,318)
Net (Loss) is attributable to:			
Owners of the Company		(11,907)	(4,247)
Non-controlling interest		(32)	(65)
(Loss) for the period		(11,939)	(4,312)
Total comprehensive gain/(loss) attributable to:			
Owners of the Company		(9,093)	(4,890)
Non-controlling interest		480	(428)
Total comprehensive (loss) for the period		(8,613)	(5,318)
(Loss) per share (cents per share)			
Basic (loss) per share (cents)	10	(0.66)	(0.24)
Diluted (loss) per share (cents)	10	(0.66)	(0.24)

The notes on pages 14 to 26 are an integral part of the condensed consolidated interim financial report.

Tigers Realm Coal Limited
Condensed consolidated interim statement of changes in equity
For the six month period ended 30 June 2019

	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 2019	173,747	(152,985)	7,053	8,300	6,309	42,424	(19,884)	22,540
Net (Loss) for the period	-	(11,907)	-	-	-	(11,907)	(32)	(11,939)
Other comprehensive income/(loss) for the period	-	-	-	2,814	-	2,814	512	3,326
Total comprehensive income/(loss) for the period	-	(11,907)	-	2,814	-	(9,093)	480	(8,613)
Share based payment transactions	-	-	135	-	-	135	-	135
Balance at 30 June 2019	173,747	(164,892)	7,188	11,114	6,309	33,466	(19,404)	14,062
Balance as at 1 January 2018	173,747	(163,944)	6,729	9,655	6,309	32,496	(18,998)	13,498
Net (Loss) for the period	-	(4,247)	-	-	-	(4,247)	(65)	(4,312)
Other comprehensive income/(loss) for the period	-	-	-	(643)	-	(643)	(363)	(1,006)
Total comprehensive income/(loss) for the period	-	(4,247)	-	(643)	-	(4,890)	(428)	(5,318)
Share based payment transactions	-	-	72	-	-	72	-	72
Balance at 30 June 2018	173,747	(168,191)	6,801	9,012	6,309	27,678	(19,426)	8,252

The notes on pages 14 to 26 are an integral part of the condensed consolidated interim financial report.

Tigers Realm Coal Limited
Condensed consolidated interim statement of cash flows
For the six months period ended 30 June 2019

	30 June 2019 AS'000	30 June 2018 AS'000
Cash flows from operating activities		
Cash receipts from customers	6,074	3,763
Cash paid to suppliers and employees	(21,640)	(11,256)
Exploration and evaluation expenditure	(232)	(111)
Interest and financing costs paid	(1,155)	(550)
Income taxes paid	(8)	(40)
Net cash used in operating activities	(16,961)	(8,194)
Cash flows from investing activities		
Payments for property, plant and equipment	(2,935)	(2,206)
Redemption of restricted financial instruments	-	208
Net cash used in investing activities	(2,935)	(1,998)
Cash flows from financing activities		
Repayment of finance lease liabilities	(2,848)	(194)
Proceeds from borrowings	23,797	11,891
Repayment of borrowings	-	(117)
Net cash received from financing activities	20,949	11,580
Net movement in cash and cash equivalents	1,053	1,388
Cash and cash equivalents at beginning of the period	3,554	2,011
Effects of exchange rate changes on cash and cash equivalents	215	(90)
Cash and cash equivalents at the end of the period	4,822	3,309

Non-cash investing activities for the six months ended 30 June 2019: Finance leases

During the six months ended 30 June 2019, the Group executed a number of finance lease arrangements with equipment vendors for the acquisition of six haulage trucks, a crane, two front end loaders and two 500 tonne barges. The cost of the property, plant & equipment was A\$6.293 million. The value of the finance leases, after advance payments of A\$0.959 million, was A\$5.271 million upon inception and A\$5.224 million at 30 June 2019.

During the six months ended 30 June 2019, the Group executed a number of finance lease arrangements with banks for the acquisition of three heavy dump trucks for pit usage, a bulldozer, road grader, roller and tractor. The cost of the property, plant & equipment was RUB 320.073 million (A\$7.213 million). The value of the finance leases, after advance payments of RUB 39.065 million (A\$0.880 million), was RUB 277.177 million (A\$6.246 million) upon inception and RUB 267.909 million (A\$6.073 million) at 30 June 2019.

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 value of the lease liability at 30 June 2019 was RUB 23.591 million (A\$0.531 million).

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

During the six months ended 30 June 2019, the Group executed a number of finance lease agreements with equipment vendors for the acquisition of two haulage trucks, an excavator and a bulldozer. The cost of the property, plant and equipment was RUB 51.950 million (A\$1.115 million). The value of the finance lease, after advance payments of RUB 3.684 million (A\$0.079 million), was RUB 46.553 million (A\$1.004 million) upon inception and RUB 47.075 million (A\$1.014 million) at 30 June 2018.

The notes on pages 14 to 26 are an integral part of the condensed consolidated interim financial report.

Tigers Realm Coal Limited

Notes to the condensed consolidated interim financial report

For the six month period ended 30 June 2019

1. Reporting entity

Tigers Realm Coal Limited (the “Company” or “TIG”) is a company domiciled in Australia. The Company’s registered office during the six months to 30 June 2019 was 151 Wellington Parade South, East Melbourne, 3002 and its principal office during the six months to 30 June 2019 was 29 1st Brestskaya Street, Moscow, 125407, Russian Federation. The condensed consolidated interim financial report as at and for the six months ended 30 June 2019 comprises the Company and its subsidiaries (together referred to as the “Group”). The Group is a for-profit entity and primarily is involved in coal exploration and evaluation, mining and sales activities.

The consolidated annual financial report for the year ended 31 December 2018 is available on request at the Company’s registered office at 151 Wellington Parade South, East Melbourne, 3002, Victoria, Australia or from the Company’s website at www.tigersrealmcoal.com.

2. Statement of compliance

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

The condensed consolidated interim financial report does not include all of the information and disclosures required for a full annual financial report and should be read in conjunction with the consolidated annual financial report as at and for the year ended 31 December 2018.

The condensed consolidated interim financial report was authorised for issue by the Board of Directors on 29 August 2019.

3. Basis of preparation

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

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

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

Going concern basis of accounting

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

For the six months ended 30 June 2019, the Group generated a net loss of A\$11.939 million (For the six months ended 30 June 2018: Net loss of A\$4.312 million), net cash outflow from operating activities of A\$16.961 million (For the six months ended 30 June 2018: A\$8.194 million).

As at 30 June 2019, the Group had cash and cash equivalents of A\$4.822 million (31 December 2018: A\$3.554 million) and net current liabilities of A\$6.212 million (31 December 2018: net current assets of A\$12.038 million). As of 30 June 2019, the Company has no unused available credit lines (31 December 2018: A\$16.821 million).

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

- the Group’s ability to secure financing necessary to address any temporary cash shortfalls which may arise during the period through 29 August 2020, primarily resulting from the seasonality of the Group’s operations and plans for further discretionary capital investment in the expansion of operating capacity. Management have engaged and continue to engage potential providers of funding. Based on actual achievements to date, including the execution in March 2019 of the Group’s first material prepayment for future coal sales, renewal of the working capital loan with Sberbank in December 2018, the execution of unsecured short-term shareholder financing facilities in June 2019 and the servicing of all financing obtained to date of signing this condensed consolidated interim financial report, the Group reasonably expects it will be able to raise any funding necessary on terms acceptable to it and within the necessary timeframe;

Tigers Realm Coal Limited

Notes to the condensed consolidated interim financial report

For the six month period ended 30 June 2019

3. Basis of preparation (continued)

Going concern basis of accounting

- 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 and the related product mix, being consistent with that indicative quality identified in mine planning and testing performed to date and incorporated into the Group's cashflow forecasts;
 - 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 expected cost levels, structure and timing;
 - Agreement with customers on the appropriate terms and conditions of coal sales agreements in line with expectations, including but not limited to the prepayment for 2020 coal sales as and when expected by management;
 - Coal loading and shipments are realised within the forecast scheduling parameters, which are subject to a number of factors including but not limited to barge availability, transshipment efficiency and unpredictable weather conditions;
 - Being materially compliant with those ongoing drilling obligations in accordance with the terms of the Amaam and Amaam North licences;
 - Macroeconomic factors including commodity (specifically coal) prices, exchange rates and the financial markets; and
 - Compliance with those terms and conditions of the Sberbank loan referred to in Note 14, including but not limited to maintaining adequate liquidity and compliance with the relevant loan settlement terms and other covenants.

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

- The quality of coal required to realise the volume of production and sales contemplated in the Group's forecasts is sufficiently verified for its reasonableness by coal mining activities conducted to date. This, in conjunction with recent and forecast current thermal and coking coal prices used in management's estimations, provides a reasonable basis to conclude that receipts from coal sales will meet those expectations reflected in cash flow forecasts;
- Commercial mining operations continue in line with expectations and where necessary, mining expectations have been amended to reflect the most recent coal mining results. With the exception of a materially adverse unforeseen event transpiring, there have been no indicators in the coal production process to date, which would suggest coal qualities and volumes and the cost of production being materially different than those assumptions utilised in the cash flow forecasts through 29 August 2020;
- Licence Compliance obligations for both the Amaam North and Amaam tenements have been planned for and are expected to be achieved with minimal risk of non-compliance with licence terms and conditions. There is, therefore, a reasonable expectation that the Group will continue to be compliant with licence drilling obligations and that no material sanctions arising from any licence breaches will be levied;
- Coal shipments have been forecast after consideration of actual port operating performance through the date of this report, anticipated increased coal loading capacity achievable through the full integration of the new 500 tonne barges into port operations and those climactic and other conditions which would be reasonably expected to occur and influence the Group's shipping capabilities. The occurrence of materially adverse conditions in excess of reasonable conditions may influence the Group's ability to meet the expected shipping schedules;
- The Group retains the right to develop the Amaam North project only upon the existence of those internal and macroeconomic conditions supporting its justification, including but not limited to a favourable coking coal price outlook, allowing the Group to raise that additional funding required to finance the capital investment and operational requirements of the Amaam North development plan making it commercially viable;
- There are no indicators that the Group will not be able to obtain receipts in respect of coal sales in respect of the 2020 shipping season as and when expected by management;
- There are no indicators that the Group will not be able to service the Sberbank and shareholder loans as and when required and remain compliant with the loans' covenants through to the loans' settlement;
- There are no indications that the Group has or will materially breach its mining licence conditions, as a result of which there would be unexpected conditions which would adversely affect the Group's financial position and performance through 29 August 2020; and
- There is no indication that the Group will not be able to obtain that funding which is necessary to maintain the Group's liquidity position through to 29 August 2020.

Tigers Realm Coal Limited

Notes to the condensed consolidated interim financial report

For the six month period ended 30 June 2019

3. Basis of preparation (continued)

Going concern basis of accounting

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

4. Significant accounting policies

The accounting policies applied by the Group in this condensed consolidated interim financial report are consistent with those applied by the Group in its consolidated annual financial report as at and for the year ended 31 December 2018, except for the adoption of the new standards and interpretations as of 1 January 2019, noted below.

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

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

AASB 16 Leases

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\$0.431 million). The value of the lease liability at 30 June 2019 is RUB 23.591 million (A\$0.531 million).

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

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

5. Use of estimates and judgements

In preparing the condensed consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial report as and for the year ended 31 December 2018.

6. Financial risk management framework

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial report as at and for the year ended 31 December 2018.

Tigers Realm Coal Limited

Notes to the condensed consolidated interim financial report

For the six month period ended 30 June 2019

7. Segment reporting

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

The accounting policies used by the Group in reporting segments internally are the same as the Group accounting policies. In the six months ended 30 June 2019, the activities of the Group are managed in two reportable operating segments outlined below, consistent with how they were managed in the 2018 financial year:

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

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

	Amaam North Project	Amaam Project	Total Reportable Segments	Other	Total
30 June 2019	AS'000	AS'000	AS'000	AS'000	AS'000
Revenues from the shipment and sale of coal	2,935	-	2,935	-	2,935
Interest and other income	26	-	26	-	26
Mining and related costs of coal sold	(2,457)	-	(2,457)	-	(2,457)
Transshipment and other port costs	(2,472)	-	(2,472)	-	(2,472)
Change in provision for current assets	(2,404)	-	(2,404)	-	(2,404)
Depreciation	(25)	-	(25)	-	(25)
Exploration and evaluation costs	(37)	(113)	(150)	-	(150)
Royalty expense	(1,516)	-	(1,516)	-	(1,516)
Other segment expense	(3,792)	(43)	(3,835)	(571)	(4,406)
Finance costs	(1,340)	-	(1,340)	-	(1,340)
Net foreign exchange gain / (loss)	(130)	-	(130)	-	(130)
Segment result	(11,212)	(156)	(11,368)	(571)	(11,939)
Segment assets	78,364	52	78,416	713	79,129
Segment liabilities	(64,488)	(178)	(64,666)	(401)	(65,067)

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Notes to the condensed consolidated interim financial report

For the six month period ended 30 June 2019

7. Segment reporting

	Amaam North Project AS'000	Amaam Project AS'000	Total Reportable Segments AS'000	Other AS'000	Total AS'000
30 June 2018					
Revenues from the shipment and sale of coal	-	-	-	-	-
Interest and other income	95	-	95	-	95
Cost of coal sold	-	-	-	-	-
Transshipment and other port costs	(438)	-	(438)	-	(438)
Change in provision for current assets	(92)	-	(92)	-	(92)
Depreciation	(162)	-	(162)	-	(162)
Exploration and evaluation costs	(6)	(268)	(274)	-	(274)
Royalty expense	(531)	-	(531)	-	(531)
Other segment expense	(1,716)	(49)	(1,765)	(578)	(2,343)
Finance costs	(721)	-	(721)	-	(721)
Net foreign exchange gain / (loss)	119	-	119	35	154
Segment result	(3,452)	(317)	(3,769)	(543)	(4,312)
Segment assets	34,104	26	34,130	2,225	36,355
Segment liabilities	(27,634)	(134)	(27,768)	(335)	(28,103)

8. Administrative and other operating expenses

	For six months ended 30 June	
	2019 AS'000	2018 AS'000
Wages and salaries, including superannuation	(1,925)	(1,092)
Port operations	(482)	(89)
Travel	(277)	(89)
Contractors and consultants	(231)	(394)
Legal & compliance	(223)	(146)
Bank charges	(136)	(33)
Rent	(133)	(68)
Accounting and audit	(51)	(7)
Insurance	(49)	(43)
IT and communications	(49)	(25)
Depreciation	(25)	(162)
Other	(243)	(285)
Total	(3,824)	(2,433)

Tigers Realm Coal Limited

Notes to the condensed consolidated interim financial report

For the six month period ended 30 June 2019

9. Carrying value of non-current assets

As at 30 June 2019, management performed an assessment of the carrying value of non-current assets in order to determine whether there is any indication that non-current assets may be impaired, or an impairment loss recognised in prior periods may no longer exist or may have decreased.

Amaam North Project Cash Generating Unit (“CGU”)

During the period ended 30 June 2019, with the operational development of Phase One of Project F, the carrying value of non-current assets of Amaam North Project CGU, net of accumulated depreciation, increased by A\$17.943 million to A\$37.466 million (A\$19.523 million at 31 December 2018).

As at 30 June 2019, the Group concluded that due to:

- continued successful realisation of Phase One of the Project F Feasibility Study Update’s principles during the six months to 30 June 2019;
- the profits generated from the coal sales realised during 2018 and expected during 2019; and
- the absence of significant adverse changes in mid and long-term coal price forecasts,

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

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

Amaam Project CGU

During the period ended 30 June 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 A\$ Nil (as at 31 December 2018 A\$ Nil). As the development of the Amaam Project is not expected in the foreseeable future, as at 30 June 2019, the Group concluded that there are no indications that asset write-downs recognised in prior periods for Amaam Project CGU require reversal.

10. (Loss) per share

(Loss) per share

Basic (loss) per share – cents

Diluted (loss) per share – cents

For the six months ended 30 June	
2019 in cents	2018 in cents
(0.66)	(0.24)
(0.66)	(0.24)

Basic and diluted (loss) per share

The calculation of basic and diluted (loss) per share (EPS) at 30 June 2019 was based on the loss attributable to ordinary equity holders of the Company of A\$11.907 million (six months to 30 June 2018: loss of A\$4.247 million) and a weighted average number of ordinary shares outstanding during the period ended 30 June 2019 of 1,791,669,870 (six months to 30 June 2018: 1,791,669,870). The Company had 31,669,000 options over ordinary shares outstanding as at 30 June 2019 (30 June 2018: 44,169,000), which have been excluded from the calculation of diluted earnings per share because they are anti-dilutive for the reporting period.

Tigers Realm Coal Limited

Notes to the condensed consolidated interim financial report

For the six month period ended 30 June 2019

11. Investment in restricted financial instruments

	30 June 2019 A\$'000	31 December 2018 A\$'000
Alfa Bank promissory notes	1,034	935
	1,034	935

On 26 December 2018, the Company acquired six promissory notes issued by Alfa Bank, a leading Russian commercial bank, with a nominal value of RUB 7,650,000 (A\$0.172 million) each as a condition precedent to the completion of the Sberbank loan. These promissory notes are at call after their maturity on 30 January 2019 and accrue interest at the rate of 6.45% per annum. The promissory notes' fair value approximates their nominal value and accordingly are measured at their fair value. The promissory notes are pledged as collateral to the Sberbank loan and are therefore effectively not redeemable until such time as all amounts due to Sberbank have been settled. For further details of the Sberbank loan, refer to Note 14.

12. Inventories

	30 June 2019 A\$'000	31 December 2018 A\$'000
Coal inventories, net of provisions of A\$3.364 million for recognition of inventories at the lower of cost and their net realisable value (At 31 December 2018: A\$0.830 million)	18,553	8,801
Fuel, net of provisions of A\$ 0.006 million (At 31 December 2018 A\$0.032 million)	2,618	4,985
Other consumables, net of provisions of A\$0.376 million (At 31 December 2018 A\$0.266 million)	7,618	3,445
	28,789	17,231
Current	26,998	15,772
Non-current	1,791	1,459
	28,789	17,231

Management performs a regular review of the recoverability of all inventories to ensure that the inventories on hand, including coal stocks, are not carried in excess of amounts expected to be realised from their sale or use. Accordingly, A\$3.364 million in provisions for the recoverability of coal stocks was recognised at 30 June 2019, of which A\$0.953 million was in respect of 78kt of coal stockpiled at the Company's interim coal stockpile, requiring further processing prior to commercial realisation (included in non-current inventories), and A\$2.411 million in respect of thermal coal for which the estimated net realisable value is below its cost.

Coal with a carrying value of A\$1.829 million (no provision in respect of which has been recognised) had been loaded to the vessel but not shipped as of 30 June 2019.

Tigers Realm Coal Limited

Notes to the condensed consolidated interim financial report

For the six month period ended 30 June 2019

13. Property, plant and equipment

As at 30 June 2019, the carrying value of property, plant and equipment is A\$37.466 million, primarily comprised of assets under construction of A\$13.475 million, mine infrastructure of A\$4.455 million, port infrastructure assets of A\$0.513 million and plant and equipment of A\$17.415 million, land and buildings A\$1.539 million and furniture and fittings A\$0.069 million (31 December 2018: the carrying value of property, plant and equipment was A\$19.523 million, primarily comprised of assets under construction of A\$3.512 million, mine infrastructure of A\$4.609 million and plant and equipment of A\$9.870 million, land and buildings A\$1.493 million and furniture and fittings A\$0.039 million).

During the six months to 30 June 2019, the Group had additions of A\$18.353 million, of which the most significant additions were in respect of: A\$4.668 million for 3 Komatsu dump trucks for use in the mine pit primarily for waste removal, A\$3.177 million on the construction of two 500 tonne barges, A\$2.882 million on the acquisition of a further two 500 tonne barges, A\$1.495 million for a Komatsu bulldozer, A\$1.310 million for a Liebherr telescopic crane, A\$0.383 million as an advance for a coal stacker for the port, A\$0.720 for two Liebherr front end loaders, A\$1.355 million for six Scania coal haulage trucks, A\$0.797 million for a Komatsu grader and A\$0.481 million on the recognition of right of use leased port assets.

During the six months ended 30 June 2019, three Scania haulage trucks with a carrying value of RUB 21.244 million (A\$0.460 million) were impaired due to their present condition.

In accordance with the terms of the Sberbank working capital facility, a pledge over property plant and equipment with a carrying value at 30 June 2019 of A\$2.522 million (A\$2.700 million at 31 December 2018) was executed on 28 February 2019. Refer to Note 14 for details of the Sberbank working capital facility.

14. Loans payable

	30 June 2019 A\$'000	31 December 2018 A\$'000
Bank loans payable	20,282	1,516
Shareholder loans payable	7,122	-
	27,404	1,516

	30 June 2019 A\$'000	31 December 2018 A\$'000
Opening balance of loans	1,516	1,357
Borrowings during the year	23,797	13,421
Repayment of borrowings	-	(12,640)
Net effect of movement in exchange rates	2,091	(622)
Total loans at end of the year	27,404	1,516

On 28 December 2018, the Group entered into a non-revolving credit line to be settled by no later than 27 December 2019, in accordance with which it may borrow up to RUB 900 million (A\$18.336 million). As of 30 June 2019, RUB 900million (A\$20.282 million) has been drawn down (31 December 2018: RUB 74.393 million (A\$1.516 million)). The interest on outstanding balances accrues at between 10.2% and 11.2% per annum and a fee for unused facilities accrues at 0.5% per annum.

The loan was secured by a pledge over moveable tangible assets with a carrying value as at 30 June 2019 of A\$2.522 million (A\$2.700 million at 31 December 2018) on 28 February 2019. The outstanding balance is also secured by cross guarantees provided by the Company's Russian subsidiaries and the subordination of intragroup loans.

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

Tigers Realm Coal Limited

Notes to the condensed consolidated interim financial report

For the six month period ended 30 June 2019

14. Loans payable (continued)

As an integral component of the agreement, the Group is required to guarantee interest payments under the loan by acquiring a promissory note which is also pledged as collateral to the bank. The Group acquired Alfa Bank promissory notes to the value of RUB 45.9 million (A\$1.034 million) to this end, the details of which are disclosed in Note 11.

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

In June 2019, the Company executed term sheets with its two largest shareholders, Baring Vostok Holdings Limited, through its affiliated entity Baring Vostok Mining Investments Limited and Mr Bruce Gray, 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% p.a. The facilities in the amount of A\$ 7.122 million (US\$5.0 million) were fully drawn down as of 30 June 2019.

15. Lease Liability

	30 June 2019 A\$'000	31 December 2018 A\$'000
Lease liabilities		
Lease expenditure contracted and provided for:		
Payable not later than one year	8,717	2,727
Payable later than one year, not later than five years	11,669	3,204
Payable later than five years	3,499	-
	23,885	5,931
Future finance charges	(7,092)	(1,182)
Total lease liabilities	16,793	4,749
Current	6,488	2,223
Non-current	10,305	2,526
	16,793	4,749
	30 June 2019 A\$'000	31 December 2018 A\$'000
Opening balance of lease liability	4,749	2,496
New lease agreements entered during the year	13,807	4,530
Lease payments	(2,848)	(2,096)
Net effect of movement in exchange rates	1,085	(181)
Total lease liability recognised at end of year	16,793	4,749

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Notes to the condensed consolidated interim financial report

For the six month period ended 30 June 2019

15. Lease Liability (continued)

The terms and conditions of the finance leases at 30 June 2019 are as follows:

	Currency	Effective interest rate	Year of maturity	Value at inception (in thousands)	Carrying amount (in thousands)
Vendor finance lease liabilities	RUB	15.9-22.65%	2020-2023	RUB 404,254	RUB 260,066
Vendor finance lease liabilities	USD	8.24-8.32%	2020	USD 2,000	USD 1,491
Banking institution finance lease liabilities	RUB	13.22-14.36%	2023	RUB 316,242	RUB 267,909
Russian Financing Company lease liabilities	RUB	19.36-21.55%	2021	RUB 140,837	RUB 99,806
Other lease liabilities	RUB	15.2%	2067	RUB 23,593	RUB 23,591

The terms and conditions of the finance leases at 31 December 2018 were as follows:

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

Vendor finance leasing in 2019

During the six months ended 30 June 2019, the Group executed a number of finance lease arrangements with equipment vendors for the acquisition of six haulage trucks, a crane and two front end loaders. The cost of the property, plant & equipment was RUB 151,509 million (A\$3.414 million). The value of the finance leases, after advance payments of RUB 10.585 million (A\$0.239 million), was RUB 138.106 million (A\$3.112 million) upon inception and RUB 137.495 million (A\$3.098 million) at 30 June 2019.

During the six months ended 30 June 2019, the Group executed two agreements, in accordance with which two 500 tonne barges were leased from the vendor, LLC Shakhtersk Coal Seaport. The cost of the two barges was US\$2 million (A\$2.879 million). The value of the lease liability, after advance payments of US\$0.500 million (A\$0.720 million), was US\$1.500 million (A\$2.129 million) upon inception and US\$1.491 million (A\$2.126 million) at 30 June 2019.

Banking institution finance leasing in 2019

During the six months ended 30 June 2019, the Group executed a number of finance lease arrangements with banks for the acquisition of three heavy dump trucks for pit usage, a bulldozer, road grader, roller and tractor. The cost of the property, plant & equipment was RUB 320.073 million (A\$7.213 million). The value of the finance leases, after advance payments of RUB 39.065 million (A\$0.880 million), was RUB 277.177 million (A\$6.246 million) upon inception and RUB 267.909 million (A\$6.037 million) at 30 June 2019.

Other lease liabilities recognised in 2019

On 1 January 2019, following the adoption of AASB 16 Leases, the Group recognised right of use asset 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 value of the lease liability at 30 June 2019 was RUB 23.591 million (A\$0.531 million).

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15. Lease Liability (continued)

Vendor finance leasing in 2018

During the six months ended 30 June 2019, the Group executed a number of finance lease agreements with equipment vendors for the acquisition of two haulage trucks, an excavator and a bulldozer. The cost of the property, plant and equipment was RUB 51.950 million (A\$1.115 million). The value of the finance lease, after advance payments of RUB 3.684 million (A\$0.079 million), was RUB 46.553 million (A\$1.004 million) upon inception and RUB 47.075 million (A\$1.014 million) at 30 June 2018.

16. Royalty Agreement Liability

	30 June 2019 A\$'000	31 December 2018 A\$'000
Royalty agreement liability at 1 January	8,240	5,378
Royalty expense	1,516	2,384
Payments made during the period	(618)	(85)
Effect of movement in exchange rates	53	563
Royalty agreement liability at 30 June	9,191	8,240
Current	945	638
Non-current	8,246	7,602
	9,191	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 up to 3% and 5% of the FOB coal sales revenues generated by the Amaam North and Amaam projects, respectively. Total royalty payments in relation to the Amaam North Project is capped to US\$25 million.

Amaam North Royalty Liability

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

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

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

Amaam Royalty Liability

No liability was recognised at 30 June 2019 (31 December 2018: Nil) in relation to Amaam Project royalty arrangements due to the impact of coal price forecasts on the ability to realise the project on a commercially viable basis.

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17. Share capital

	30 June 2019	31 December 2018
	AS'000	AS'000
Share Capital	188,197	188,197
Costs of raising equity	(14,450)	(14,450)
	173,747	173,747

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the Company's residual assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Movements in options on issue:

On 5 June 2019, 2,000,000 options lapsed and were removed from the option register. Total number of options as of 30 June 2019 is 31,669,000.

18. Financial instruments

Exposure to liquidity risk

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

The following are the contractual maturities of financial liabilities.

	Contractual cashflows						
	Carrying amount AS'000	Total AS'000	6 mths or less AS'000	6-12 mths AS'000	1-2 yrs AS'000	2-5 yrs AS'000	More than 5 yrs AS'000
30 June 2019							
Trade and other payables	5,862	5,916	5,669	-	70	177	-
Bank loan payable	20,282	20,282	20,282	-	-	-	-
Shareholder loans payable	7,122	7,122	-	7,122	-	-	-
Lease liability	16,793	23,885	5,183	3,534	5,367	6,302	3,499
	50,059	57,205	31,134	10,656	5,437	6,479	3,499
31 December 2018							
Trade and other payables	6,442	6,492	6,176	70	70	176	-
Bank loan payable	1,516	1,684	84	1,600	-	-	-
Lease liability	4,749	5,931	640	2,087	2,230	974	-
	12,707	14,107	6,900	3,757	2,300	1,150	-

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

19. Commitments and contingencies

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 six months ended 30 June 2019, the Group is materially in compliance with those exploration obligations defined in the respective licences.

Tigers Realm Coal Limited

Notes to the condensed consolidated interim financial report

For the six month period ended 30 June 2019

19. Commitments and contingencies (continued)

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 30 June 2019, the Group had A\$0.041 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.

Port and other commitments

Subsequent to the execution of a new agreement with Seaport of Anadyr in May 2019, there are port commitments as of 30 June 2019 A\$6.044 million (At 31 December 2018: Nil).

Other commitments of A\$6.919 million (At 31 December 2018: A\$3.428 million) are comprised primarily of A\$2.400 million in project design works associated with the port redevelopment works planned to be undertaken to the warehousing and port in general. A further A\$1.501 million and A\$1.981 million are in respect of commitments to acquire a telestacker to enhance port loading capacity and consumables and spares parts required to be delivered prior to the completion of the shipping season.

Taxation 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.

20. Deed of Cross Guarantee

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

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

The entities subject to the Deed of Cross Guarantee are:

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

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

21. Subsequent events

Finance Lease agreements

On 8 July 2019, the Group entered into two finance lease agreements with Sberbank Leasing to acquire a Komatsu bulldozer and a Komatsu excavator, delivered to Beringovsky Port during August. Total contractual payments over 48 months, including advances of RUB 17.596 million (A\$0.397 million) will be RUB 110.767 million (A\$2.496 million).

Lapse of Options

On 6 August 2019, 3,323,000 options were removed from the register, of which 1,729,000 were forfeited and 1,594,000 lapsed.

Coal loading capacity increases

In July 2019, the construction, fit out and delivery of two barges from China was completed. The two barges, 'Arinay' and 'Kelliney', commenced operations in July and as the shipping season progresses, they are expected to add a significant increase in port loading capacity.

On 16 July 2019 a third 500 tonne barge and on 7 August 2019 the fourth 500 tonne barge, arrived in Beringovsky port from Shakhtersk and commenced loading operations.

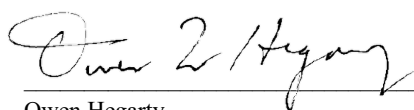
Tigers Realm Coal Limited
Directors' declaration
For the six months ended 30 June 2019

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

- a) the interim condensed consolidated financial report and notes set out on pages 10 to 26 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

Dated at Melbourne this 29th day of August 2019.



Owen Hegarty
Non-Executive Director

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

29 August 2019

Dear Board Members,

Tigers Realm Coal Limited

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

As lead audit partner for the review of the financial statements of Tigers Realm Coal Limited for the six-month period ended 30 June 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely,

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Colin Brown
Partner
Chartered Accountants

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

We have reviewed the accompanying half-year financial report of Tigers Realm Coal Limited, which comprises the condensed consolidated statement of financial position as at 30 June 2019, and the condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

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

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

Auditor's Independence Declaration

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

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

We draw attention to Note 3 in the condensed consolidated interim financial report, which indicates that for the six months ended 30 June 2019, the consolidated entity had a net loss of A\$11.939 million, net cash outflows from operating activities of A\$16.961 million and as of that date, the consolidated entity's current liabilities exceeded its current assets by A\$6.212 million. These conditions, along with other matters as set forth in Note 3 indicate that a material uncertainty exists which may cast significant doubt about the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect to this matter.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Colin Brown
Partner
Chartered Accountants
Brisbane, 29 August 2019