

TIARO COAL LIMITED

ACN 127 936 412

**Interim Financial Report
for the half-year ended 30 June 2014**

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2013 and any public announcements made by Tiaro Coal Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Corporate Directory

Tiaro Coal Limited

ACN 127 936 412
ABN 86 127 936 412

Registered and Corporate Office

Level 2
Hudson House
131 Macquarie Street
Sydney NSW 2000
Telephone: +61 2 9251 7177
Fax: +61 2 9251 7500
Website: www.tiarocoal.com.au

Auditors

K.S. Black & Co
Level 6
350 Kent Street
Sydney NSW 2000
Telephone: +61 2 8839 3000

Lawyers

Kemp Strang
Level 17, 175 Pitt Street,
Sydney, NSW 2000

Bankers

Australia & New Zealand Banking Group Limited
Level 16, 20 Martin Place
Sydney NSW 2000
Telephone: +61 2 9227 1818

St George Bank Limited
Level 14, 182 George St
Sydney NSW 2200
Telephone: +61 2 9236 2230

Directors

Peter J Meers (Executive Chairman)
Daniel Buckley (Chief Executive Officer)
Rado Jacob Rebek
Jiangfei Wang
Wei Huang
Mick Aw

Company Secretary

Julian Rockett

Share Registry

Computershare Investor Services Pty Limited
Level 3
60 Carrington Street
Sydney NSW 2000
Telephone: 1300 137 328

ASX Code – TCM

Tiaro Coal Limited shares are listed on the Australian Securities Exchange.

This financial report covers the Consolidated Entity consisting of Tiaro Coal Limited and its controlled entities.

Tiaro Coal Limited is a company limited by shares, incorporated and domiciled in Australia.

Review of Operations

Tiara Coal Limited (**Tiara** or the **Company**) holds interests in various Queensland projects covering coal prospects in the Maryborough and Galilee Coal Basins as well as Indonesian coalmines.

Corporate

Following ICP Limited (ICP) taking up a 19.9 % shareholding in the Company, ICP's Chairman Mr Mick Aw, was appointed a director in early July 2014. At this time John Dawkins and Tan Sri Ibrahim Menudin resigned as directors following a reduction in shareholding by Hudson Resources Limited.

On 31 July 2014 Tiara announced it will implement a share purchase plan with an offer price at the lower of 8.2 cents or a 15% discount to the last 5 days volume weighted average price on the ASX up to 5 September 2014.

Maryborough Coal Basin

The tenements cover most of the known exposures of the Tiara Coal Measures within the Mesozoic Maryborough Basin, located between Gympie and Maryborough in southeast Queensland. The tenements are well serviced by nearby infrastructure, including manpower, mining support services, road, and rail and port facilities. The rail line bisects the exploration tenements.

Paragon Coal Pty Limited (Paragon Coal) (47.6%)

Paragon Coal is a subsidiary of Tiara and the holder of 100% interest in EPC 956 and EPC 957 over the Tiara Coal Measures. The Paragon Metallurgical Coal Project is located approximately 20km south west of the town of Tiara in the Maryborough Basin (See Figure 2).

The Project is centred on the T9 West Resource area located within the northern portion of EPC 956. Tiara has previously announced an 87Mt Resource in T9 West (Measured 4 Mt; Indicated 21 Mt; Inferred 63 Mt).

The Pre-Feasibility study for the T9 West area progressed during the period. Paragon Coal completed two short exploration programs as part of the T9 West Pre-Feasibility Study, as follows;

- Four open holes and one cored hole (total drilling 1,287m and 274m of cored sections)
- Three large diameter drill holes over the declared Resource area totalling 291m drilling with 103m of core
- Initial laboratory results from large diameter samples for seams in the upper target sequence confirm coking coal properties with volatiles in the mid 30s and vitrinite reflectance likely between 0.8 and 1.0
- Further results are anticipated for the mid sequence seams (targeting hard coking coal) and lower sequence seams (targeting low volatile coking and PCI coals)
- Geotechnical logging was also undertaken on one selected drill hole (CTD208)

Information from this exploration and analysis will support extension and refinement to the project geological model improving the understanding of coal continuity and quality within the potential open cut mining areas located within T9 West and will provide key input parameters for the various disciplines within the Pre-Feasibility Study. It is anticipated that the Study will result in a comprehensive and robust Pre-Feasibility level assessment of the T9 West Area.

In addition to T9 West area, a conceptual in nature 200 - 300Mt Exploration Target has been estimated for the greater T9 – Shady Camp area located within Paragon Coal's EPC 956 and EPC 957.

The potential quantity and grade of exploration targets is conceptual in nature. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

Additional Maryborough Basin Areas

There are additional areas for exploration within EPC 956 and EPC 957 and the surrounding 100% Tiara Coal owned tenements. These include T3, Gunalda, Netherby, Ooramera and Curra within EPCs 956 and 957 and Glenbar, Gundiah and Yerra within 100% Tiara Coal owned EPCs. These areas have been defined by interpretation of geology, gravity, magnetic, radiometric and digital terrain data. Some already with a few shallow open and reverse circulation holes, others with no drill holes to date. (See Figure 2.)

These areas have not been included in above exploration target assessment as the anticipated exploration required to define Mineral Resources is currently a lower priority than T9 West – Shady Camp.

The Company also holds EPCs 2511 & 2513 which cover a large section of Burrum Coal Measures in the northern part of the Maryborough Coal Basin. (See Figure 4). These Tenements include large areas which have been identified for initial coal exploration – at least 90km² in EPC 2511 and 160km² in EPC 2513.

Galilee Basin Project (29.2%)

Tiara holds a 29.2% interest in the Galilee Basin Project held by Clyde Park Coal Pty Limited (**Clyde Park**), the special purpose company holding 100% interest in EPC 1260 and EPC 1250 in Queensland's Galilee Basin Project.

On 17 July 2014 Guildford Coal Limited announced that it had received a confidential, unsolicited offer to acquire all of its Australian coal assets, including Clyde Park. Tag Along and Drag Along provisions of the shareholders agreement with Guildford Coal Limited provide that Tiara may be required to sell its interests together with Guildford Coal Limited.

Indonesian Coal Mine

Tiara through its 55% interest in CM Basin Coal Holdings Limited (**CCH**), holds a 20% ownership of the Anggana Coal Project in East Kalimantan Province (in Borneo), Indonesia (See Figure 1).

The investment in the Anggana Coal Project is anticipated to produce capital returns from operating cash flows in FY14. Tiara will own 11% of the Anggana Coal Project through its 55% interest in CCH.

Key points of this investment:

- Anggana Coal Project includes an established mine (Bara Naga open cut) and 3 coal concessions
- Open cut, truck and excavator mine with short truck haul to operating jetty
- Target production of 50,000 tonnes per month
- Drilling & Modelling indicates >10 years production available
- Targeted exploration to expand resources to JORC standard, across three Coal Concessions totalling 287Ha



Figure 1. Anggana Coal Project Location

Table 1 – Tiara Project indicative interests at 30 June 2014

	EPC's	Area (km ²)	Ownership	Target Coal	Target/JORC Resource
Tiara Coal Measures	956, 957	387	47.6%	Coking / PCI / Thermal	87Mt JORC 200-300Mt exploration target
	967, 972, 1540, 1553, 1618, 2899	621	100%		
Burrum Coal Measures	2511, 2513, 1264*, 1269*,	1,806	100%	Coking / PCI / Thermal	n/a
Clyde Park Project	1250, 1260	378	29.2% (64.4% owned by GUF)	Thermal	727.7Mt JORC
Prospects for assessment	2756, 2758	534	100%	Thermal	n/a
Anggana Coal Project (Indonesia)	CV Bara Naga 1, CV Bara Naga 2 CV Expansi Naga Abadi	-	11%	Thermal	n/a

Notes:

* Application

Figure 2. Tiaro Coal and Paragon Coal - Tiaro Area Tenements

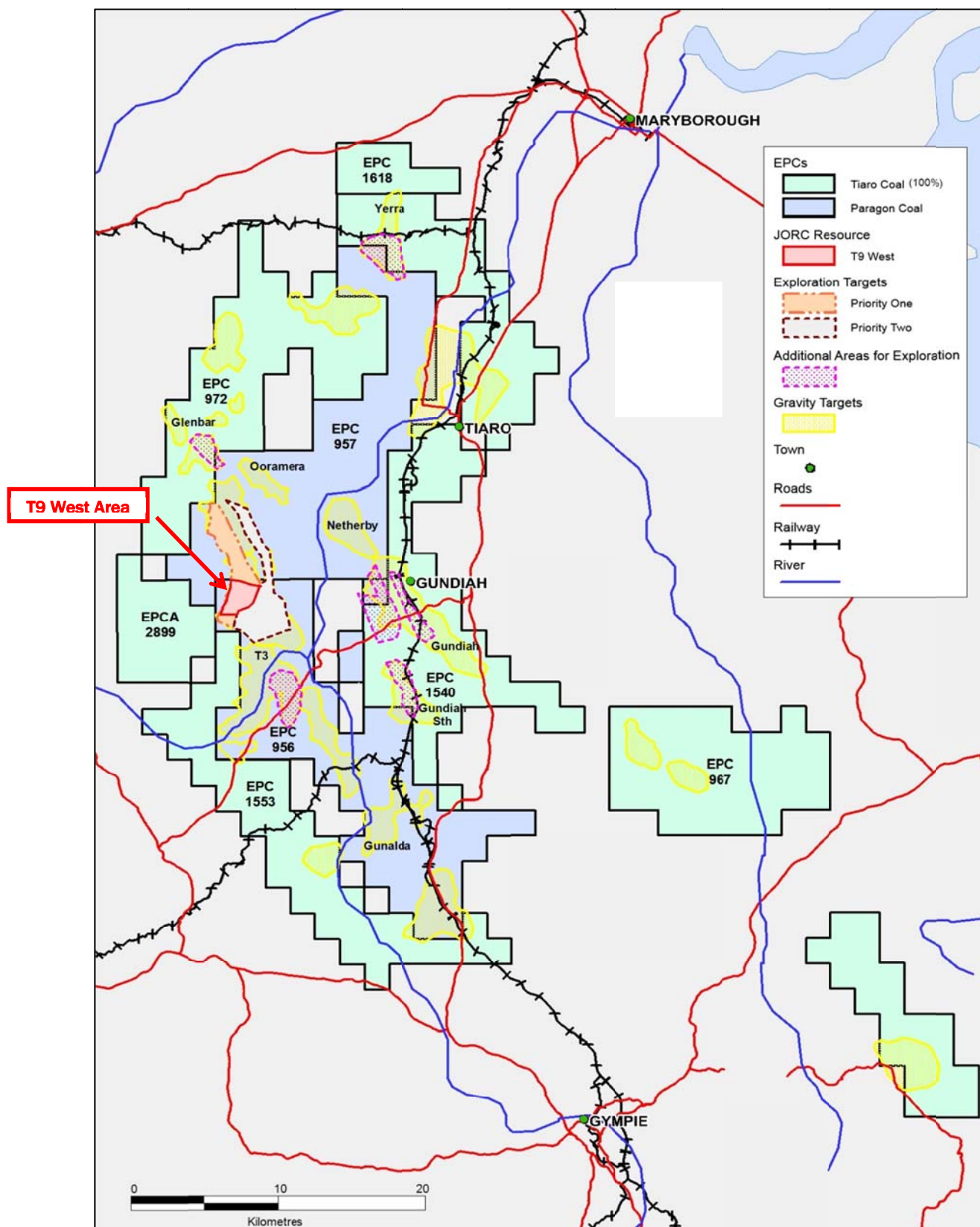


Figure 3. T9 - Shady Camp – JORC Resource and Exploration Priority Areas

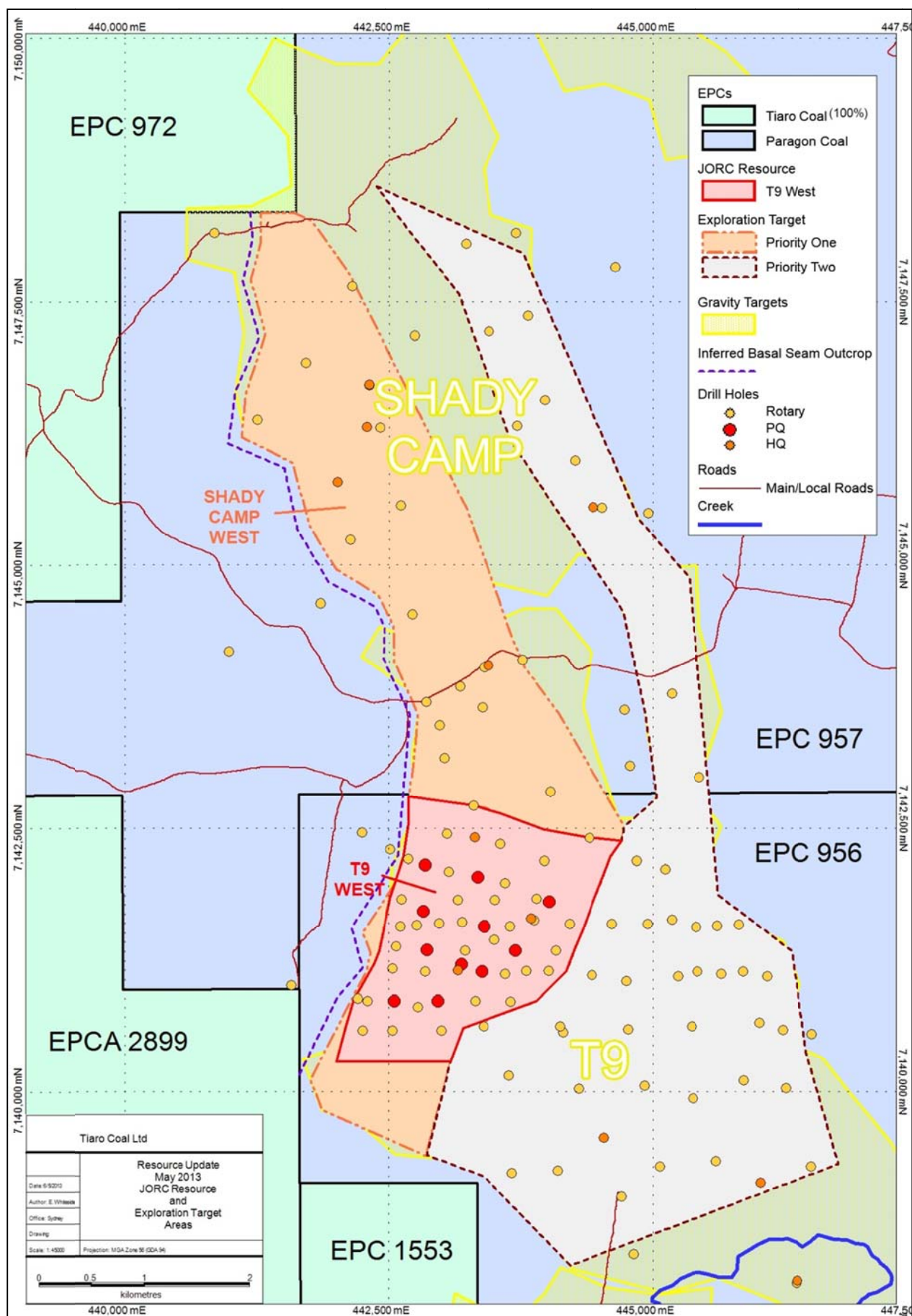




Figure 4. Tiaro tenements

Directors' Report

Your directors have pleasure in submitting their report together with the consolidated financial report of the consolidated entity (the **Group**), being Tiaro Coal Limited (**Company**) and its controlled entities for the half year ended 30 June 2014 and the Auditor's Review Report thereon.

Review of operations	Information on the operations and financial position of the Group and its business strategies and prospects are set out in the Review of Operations on pages 2 to 6 of this report.
Financial performance	The net consolidated operating loss of the Group for the six months ended 30 June 2014 was \$8,199,746 (2013: operating loss \$2,052,725). Shareholders' fund as at 30 June 2014 was \$6.33million.
Dividends	The Directors of the Company do not recommend that any amount be paid by way of dividend. The Company has not paid or declared any amount by way of dividend since the commencement of the financial year.

Directors

The following persons were directors of the Company during the whole of the period and up to the date of this report, unless otherwise stated:

The following persons were directors of the Company during the whole of the period and up to the date of this report, unless otherwise stated:

Peter J Meers	Executive Chairman
Daniel Buckley	Chief Executive Officer
Rado Jacob Rebek	Executive Director
Jianfei Wang	Non-Executive Director
Wei Huang	Non-Executive Director
Mick Aw	Non-Executive Director (Appointed 2 July 2014)
John Dawkins AO	Non-Executive Director (Retired 2 July 2014)
Tan Sri Ibrahim Menudin	Non-Executive Director (Retired 2 July 2014)

Events Subsequent to Balance Date

There are no other matters or circumstances, other than noted above and in the Review of Operations, which have arisen since 30 June 2014 that have significantly affected or may significantly affect:

- The operations, in financial half year subsequent to 30 June 2014, of the group;
- The results of those operations; or
- The state of affairs, in financial half year subsequent to 30 June 2014, of the group.

Environmental regulations

The Group is subject to significant environmental regulations in respect of its exploration activities as follows:

- The Company's operations in the State of Queensland involve drilling operations. These operations are governed by the Queensland Government Environmental Protection Act (1994) as reprinted February 2008.
- The Company operates within the resources sector and conducts its business activities with respect for the environment while continuing to meet the expectations of the shareholders, employees and suppliers.
- The Company aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation. The Directors are mindful of the regulatory regime in relation to the impact of the Company's activities on the environment.
- To the best of the Directors' knowledge, the group has adequate systems in place to ensure compliance with the requirements of all environmental legislation described above and are not aware of any breach of those requirements during the period and up to the date of the Directors' Report.

Directors' Report (continued)**Tenement List**

Application No	Licence No	Project	Status	Date Granted	Expiry Date	Size Sq km
Tiaro Coal Limited						
	EPC 1540	Gootchie Project	Granted	5-Nov-09	4-Nov-15	234
	EPC 2756	Muckinbulla	Granted	11-Feb-13	10-Feb-16	372
	EPC 2758	Mt Carmel	Granted	16-Sep-13	15-Sep-16	162
Total						768
Tiaro Energy Corporation Pty Ltd						
	EPC 956*	Gunalda	Granted	22-Jun-05	21-Jun-15	198
	EPC 957*	Tiaro	Granted	5-Jul-05	4-Jul-15	189
	EPC 967	Wolvi	Granted	17-May-06	16-May-16	108
	EPC 972	Tiaro Extended	Granted	17-May-06	16-May-16	87
	EPC 1553	Woolooga Project	Granted	15-May-09	14-May-15	123
	EPC 1618	Tinana Creek	Granted	16-Dec-11	15-Dec-14	24
	EPC 2511	Cordalba	Granted	25-Sep-13	24-Sep-18	282
	EPC 2513	Mary West	Granted	27-Sep-13	26-Sep-18	639
	EPC 2899	Sugar Loaf Mountain	Granted	3-Mar-14	2-Mar-17	45
EPCA 1264		Isis	competitive application	N/A		753
EPCA 1269		Duckinwilla	competitive application	N/A		132
Total						2580
Clyde Park Coal Pty Ltd - White Mountain Project						
	EPC 1250	Pentland Coal	Granted	31-Jan-12	30-Jan-16	21
	EPC 1260	West Pentland	Granted	27-Feb-11	28-Feb-16	357
Total						378
TOTAL						3,726
Indonesia						
	CV Bara Naga 1#	Borneo	Granted			
	CV Bara Naga 2#	Borneo	Granted			
	CV Expansi Naga Abadi#	Borneo				

Directors' Report (continued)

JORC Compliance Statements

Paragon T9 West Area Coal Resource:

The information is extracted from the report entitled "Updated JORC Resource of 87Mt for T9 West" created 7th May 2013 and is available to view on www.tiarocoal.com.au/ASX-Releases.htm. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Coal Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement. "Paragon Metallurgical Coal Project" ASX announcement 25th October 2013

Clyde Park Project:

The information is extracted from the report entitled "Mongolia and Queensland Update" created 8th February 2013 and is available to view on www.guildfordcoal.com.au/investors/asx-announcements. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Exploration Results:

The information is extracted from the following reports entitled

11 February 2014	Pre Feasibility Study Underway
30 April 2014	Quarterly Activities Statement
27 June 2014	Update T9 West
31 July 2014	Quarterly Activities Statement

and are available to view on www.tiarocoal.com.au/ASX-Releases.htm. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Qualifying statement

The information in this report that relates to Exploration information is based on information compiled by Jacob Rebek who is a member of Australian Institute of Mining and Metallurgy. Mr. Rebek is a qualified geologist and is a director of Tiaro Coal Limited.

Mr Rebek has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which 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' (The 2012 JORC Code). Mr Rebek consents to the inclusion in the report of the matters based on information in the form and context in which it appears.

Directors' Report (continued)

Auditor's Independence Declaration

A copy of the independence declaration by the auditor K.S. Black & Co. under section 307C is included on page 11 of this half year financial report.

Signed in accordance with a resolution of the Directors:



Peter J Meers
Executive Chairman

Sydney
12 September 2014



Daniel Buckley
Director/Chief Executive officer

Level 6, 350 Kent Street
Sydney NSW 2000

87-91 Lyons Road
Drummoyne NSW 2047

K.S. Black & Co.

Chartered Accountants

ABN 57 446 398 808

20 Grose Street
North Parramatta NSW 2151

PO Box 2210
North Parramatta NSW 1750

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

TO THE DIRECTORS OF TIARO COAL LIMITED

In connection with the review of Tiaro Coal Limited for the half year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

This declaration is in respect of Tiaro Coal Limited and the entities it controlled during the half year ended 30 June 2014.

KS Black & Co
Chartered Accountants



Faizal Ajmat
Partner

Sydney, 12 September 2014

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF TIARO COAL LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Tiaro Coal Limited (the company) and Tiaro Coal Limited and Controlled Entities (the consolidated entity) which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flow for the half year ended on that date, notes comprising a summary of significant accounting policies, other explanatory notes 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 (including the Australian Accounting Interpretations) and the Corporations Act 2001 (as applicable) 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 procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company and consolidated entity's financial position as at 30 June 2014, and of their performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001 (as applicable). As the auditor of Tiaro 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 enquires, 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.

Independence

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 Tiaro Coal Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.



INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF TIARO COAL LIMITED (Cont'd)

Basis for Disclaimer of Auditor's Conclusion

As at the date of our review report, the following information was outstanding for the half-year ended 30 June 2014:

- Recoverability of advance to contractor of \$447,442 included in trade and other receivables; and
- Support and or justification for projected cash inflows in the cash flow forecast to 30 June 2015 received on 12 September 2014 to satisfy the ability of the company and the consolidated entity's to continue as a going concern.

Accordingly, as at the date of this report, we express no conclusion on the carrying value of trade and other receivables of \$447,442 and the appropriateness of going concern assumption used in the half-year financial report.

Disclaimer of Auditor's Conclusion

Based on our review, which is not an audit, because of the limitation on the scope of our work, as described in the preceding paragraph, and the effect of such adjustment, if any, as might have been determined to be necessary had the limitation not existed, we are unable to and do not express a conclusion that we have not become aware of any matter that makes us believe that the half-year financial report of Tiaro Coal Limited and Tiaro Coal Limited and controlled entities is not in accordance with the Corporations Act 2001 including;

- (a) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2014 and of their performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

KS Black & Co
Chartered Accountants



Faizal Ajmat
Partner

Sydney, 12 September 2014

Declaration by Directors

The Directors of the Company declare that:

1. The financial statements and notes, set out on pages 15 to 30, are in accordance with the *Corporations Act 2001*, and:
 - i give a true and fair view of the financial position of the consolidated entity as at 30 June 2014 and of its performance for the half-year ended on that date; and
 - ii comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.
2. In the Directors' opinion, 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:



Peter J Meers
Executive Chairman



Daniel Buckley
Chief Executive Officer

Sydney
12 September 2014

Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 30 June 2014

		Consolidated	
		30 Jun 2014	30 Jun 2013
	Note	\$	\$
REVENUE			
Other income	3	35,337	52,156
Administration and exploration expenses		(2,780,994)	(2,127,347)
Finance expenses	3	(5,685,137)	(2,005)
Share of operating results from associated entities		-	(18,083)
PROFIT/(LOSS) FROM OPERATIONS BEFORE INCOME TAX EXPENSE		(8,430,794)	(2,095,279)
Income tax refund/(expense)		-	-
NET PROFIT/(LOSS) FOR THE PERIOD		(8,430,794)	(2,095,279)
Other Comprehensive Income		-	-
Other comprehensive income before income tax		-	-
Income tax expense		-	-
Other comprehensive income for the period		-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		(8,430,794)	(2,095,279)
Comprehensive income attributable to outside equity interest		231,048	42,554
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY		(8,199,746)	(2,052,725)
EARNINGS PER SHARE			
		Cents	Cents
Basic earnings/(losses) per share (cents per share)		(7.21)	(1.81)
Diluted earnings/(losses) per share (cents per share)		(7.21)	(1.81)

This Statement of Profit or Loss and other Comprehensive Income is to be read in conjunction with the notes to the financial report.

Statement of Financial Position

As at 30 June 2014

		Consolidated	
		30 Jun 2014	31 Dec 2013
	Notes	\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		26,628	384,533
Trade and other receivables		485,825	497,855
Other current assets		5,376	12,223
Total current assets		517,829	894,611
Non-current assets			
Plant and equipment		40,292	24,403
Other Assets	4	6,530,834	9,973,565
Financial assets		-	1,549,749
Total non-current assets		6,571,126	11,547,717
Total Assets		7,088,955	12,422,328
LIABILITIES			
Current liabilities			
Trade and other payables		631,002	1,097,077
Employee benefits provision		99,153	87,698
Total current liabilities		730,155	1,184,705
Non-current liabilities			
Trade and other Payable		-	-
Employee benefits provision		22,674	21,085
Total non-current liabilities		22,674	21,085
Total Liabilities		752,829	1,205,790
Net Assets		6,336,126	11,236,538
EQUITY			
Issued capital		20,291,743	20,291,743
Reserves		543,250	543,250
Accumulated losses		(20,460,241)	(12,260,495)
Total equity attributable to equity holder of parent entity		374,752	8,574,498
Minority Interest		5,961,374	2,662,040
Total Equity		6,336,126	11,236,538

This Statement of Financial Position is to be read in conjunction with the notes to the financial report.

Statement of Changes in Equity

For the Half-Year Ended 30 June 2014

Consolidated	Notes	Issued Capital	Options Reserve	Accumulated Losses	Minority Interest	Total Equity
		\$	\$	\$	\$	\$
Balance at 31 December 2012		20,291,743	543,250	(7,145,711)	2,742,322	16,431,604
Shares Issued		-	-	-	-	-
Share issuing costs		-	-	-	-	-
Movement during the period		-	-	-	(42,554)	(42,554)
Loss for the period		-	-	(2,052,725)	-	(2,052,725)
Balance at 30 June 2013	5	20,291,743	543,250	(9,198,436)	2,699,768	14,336,325
Balance at 30 June 2013		20,291,743	543,250	(9,198,436)	2,699,768	14,336,325
Share issued		-	-	-	-	-
Share issuing costs		-	-	-	-	-
Movement during the period		-	-	-	(37,728)	(37,728)
Loss for the period		-	-	(3,062,059)	-	(3,062,059)
Balance at 31 December 2013		20,291,743	543,250	(12,260,495)	2,662,040	11,236,538
Balance at 31 December 2013		20,291,743	543,250	(12,260,495)	2,662,040	11,236,538
Share issued		-	-	-	-	-
Share issuing costs		-	-	-	-	-
Movement during the period		-	-	-	3,299,334	3,299,334
Loss for the period		-	-	(8,199,746)	-	(8,199,746)
Balance at 30 June 2014		20,291,743	543,250	(20,460,241)	5,961,374	6,336,126

This Statement of Changes in Equity is to be read in conjunction with the notes to the financial report.

Statement of Cash Flow

For the Half-Year Ended 30 June 2014

	Consolidated	
	30 Jun 2014	30 Jun 2013
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	7,667	20,900
Payments for exploration activities	(1,185,218)	(864,938)
Payments to suppliers and employees	(460,198)	(761,105)
Interest Paid	(342)	-
NET CASH FLOWS (USED IN)/PROVIDED BY OPERATING ACTIVITIES	(1,638,091)	(1,605,143)
CASH FLOWS FROM INVESTING ACTIVITIES		
Advanced from other party	-	157,000
Payments for plant and equipment	(19,814)	-
NET CASH FLOWS (USED IN)/PROVIDED BY INVESTING ACTIVITIES	(19,814)	157,000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share placements – controlled entity	1,300,000	-
Proceeds from sale of tenement interest	-	-
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	1,300,000	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS HELD	(357,905)	(1,448,143)
Cash and cash equivalents at the beginning of the reporting period	384,533	2,340,564
CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD	26,628	892,421

This Statement of Cash Flow is to be read in conjunction with the notes to the financial report.

Notes to the Financial Statements

for the Half-Year Ended 30 June 2014

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

Reporting Entity

Tiaro Coal Limited (the "**Company**") is a company domiciled in Australia. The consolidated financial report of the Company as at and for the six months ended 30 June 2014 comprises the Company and its subsidiaries (together referred to as the "**consolidated entity**").

Statement of Compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Statement of Compliance

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report of Tiaro Coal Limited complies with International Financial Reporting Standards ('IFRS').

Critical accounting estimates

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Options valuation

Refer to 2013 Annual Report for estimates and assumptions used to calculate the valuation of options.

Critical judgements

Management have made the following judgements when applying the group's accounting policies:

(i) Capitalisation of exploration costs

During the year the group and the parent entity made a judgement about the capitalisation of exploration costs.

The group follows the guidance of AASB 6 Exploration for and Evaluation of Mineral Resources when determining if exploration costs incurred can be capitalised. This determination requires significant judgement. In making this judgement, the group evaluates if any one of the following conditions is met:

- The exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
- Exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing.

If one of the above conditions is met then the group has made the judgement to capitalise the associated exploration expenses.

Notes to the Financial Statements continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Historical cost convention

These financial statements have been prepared under the historical cost convention except where noted in these accounting policies.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

b. Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Tiaro Coal Limited (the “parent entity”) at the reporting date and the results of all subsidiaries for the year then ended. Tiaro Coal Limited and its subsidiaries together are referred to in this financial report as the group.

Subsidiaries are all those entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the group.

Intercompany transactions, balances and unrealised gains on transactions between consolidated entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

(ii) Joint Ventures

Interests in joint venture entities are accounted for in the consolidated financial statements using the proportionate consolidation method and are carried at cost by the parent entity. Under the proportionate consolidation method, the share of income and expenses of the jointly controlled entity is combined line by line with similar items in the consolidated income statement and the share of assets and liabilities are recognised in the consolidated balance sheet. Details of joint venture entities are set out in Note 6.

(iii) Business Combination

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or business under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent arrangement is also included, subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

(iv) Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- The consideration transferred;
- Any non-controlling interest; and
- The acquisition date fair value of any previously held equity for a business combination plus the acquisition date fair value of any previously held equity holdings shall form the cost of the investment in the separate financial statements.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity holdings shall form the cost of the investment in the separate financial statements.

Fair value remeasurements in any pre-existing equity holding are recognised in profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the non-controlling interest. The purchase method of accounting is used to account for the acquisitions of subsidiaries by the Group.

Under the full goodwill method, the fair value of the non-controlling interests is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposal of.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

c. Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments. Reporting to management by segments is on this basis.

d. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised for the major business activities as follows:

Interest Revenue

Interest revenue is recognised as it accrues taking into account the effective yield on the financial asset.

Other Income

Income from other sources is recognised when proceeds or the fee in respect of other products or service provided is receivable.

Notes to the Financial Statements continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

e. Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity. The company and its wholly owned entities are part of a tax-consolidated group under Australian taxation law. Tiaro Coal Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

The amounts receivable/payable under tax funding arrangements are due upon notification by the entity which is issued soon after the end of each financial year. Interim funding notices may also be issued by the head entity to its wholly owned subsidiary. These amounts are recognised as current intercompany receivables or payables.

f. Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Notes to the Financial Statements continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

g. Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting period.

h. Cash and cash equivalents

For the purpose of the statement of cash flows, cash includes cash on hand and in at call deposits with banks or financial institutions, investment in money market instruments maturing within less than two months.

i. Trade and other receivables

Trade receivables are recognised initially at original invoice amounts and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 60 days from the date of recognition.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that entities in the group will not be able to collect all amounts due according to the original terms of receivables.

j. Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- (a) the amount at which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- (d) less any reduction for impairment.

Notes to the Financial Statements continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

j. Financial instruments continued

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after reporting date. (All other loans and receivables are classified as non-current assets.)

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the group's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after reporting date. (All other investments are classified as current assets.)

If during the period the group sold or reclassified more than an insignificant amount of the held-to maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after reporting date. (All other financial assets are classified as current assets.)

(v) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Notes to the Financial Statements continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

j. Financial instruments continued

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting period, the group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

k. Tenement exploration, evaluation and development costs

Costs incurred in the exploration for, and evaluation of, tenements for suitable resources are carried forward as assets provided that one of the following conditions is met:

- the carrying values are expected to be justified through successful development and exploitation of the area of interest; or
- exploration activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of recoverable mineral resources, and active and significant operations in relation to the area are continuing.

Expenses failing to meet at least one of the aforementioned conditions expensed as incurred.

Costs associated with the commercial development of resources are deferred to future periods, provided they are, beyond any reasonable doubt, expected to be recoverable. These costs are amortised from the commencement of commercial production of the product to which they relate on a straight-line basis over the period of the expected benefit. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

l. Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

m. Restoration and rehabilitation provisions

Both for close down and restoration and for environmental clean-up costs from exploration programs, if any, provision will be made in the accounting period when the related disturbance occurs, based on the net present value of estimated future costs.

Notes to the Financial Statements continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

n. Employee benefits

(i) Wages, salaries, sick leave and annual leave

Liabilities for wages and salaries, including non-monetary benefits, sick leave and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

o. Contributed equity

Ordinary shares are classified as equity.

p. Share based payments

Ownership-based remuneration is provided to employees via an employee share option plan.

Share-based compensation is recognised as an expense in respect of the services received, measured on a fair value basis.

The fair value of the options at grant date is independently determined using a Black Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Group revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

q. Earnings per share (EPS)

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for costs of servicing equity (other than dividends), the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

Notes to the Financial Statements continued

3. REVENUE AND EXPENSES

Profit/(loss) before income tax expense/(benefit) includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the consolidated entity:

		Consolidated	
		30 Jun 2014	30 Jun 2013
		\$	\$
(i) Other income			
	Interest income	23,511	52,156
	Others	11,826	-
		35,337	52,156
(ii) Finance expenses			
	Change in fair value of tenement interest	(5,680,448)	-
	Others	(4,689)	(2,005)
		(5,685,137)	(2,005)

4. OTHER ASSETS

		Consolidated	
		30 Jun 2014	31 Dec 2013
		\$	\$
Mining Tenement		1,500,000	1,500,000
Provision for change in fair value		(1,500,000)	-
Evaluation and exploration assets		9,201,995	7,076,916
Provision for change in fair value		(2,671,161)	-
Goodwill		-	1,396,649
		6,530,834	9,973,565

The recoverability of the carrying amount of evaluation and exploration and assets is dependent upon successful development and commercial exploitation, or alternatively, the sale of the respective areas of interest.

5. ISSUED CAPITAL

	Consolidated		Consolidated	
	30 Jun 2014	31 Dec 2013	30 Jun 2014	31 Dec 2013
	Number of	Number of	\$	\$
	Shares	Shares		
Issued Capital				
Ordinary shares issued	113,666,623	113,666,623	20,291,743	20,291,743

Notes to the Financial Statements continued

5. ISSUED CAPITAL continued

(a) Movements in ordinary share capital during the period:

Date	Details	Number of Shares	Issue Price	\$
31 December 2013	Balance	113,666,623	-	20,291,743
	Shares issued	-	-	-
	Share Issuing costs	-	-	-
30 June 2014	Balance	113,666,623	-	20,291,743

(b) Performance Options

No options were granted and issued over unissued shares during the reporting period.

(c) Terms and Conditions

Each ordinary share participates equally in the voting rights of the Company. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

(d) Options

There were no outstanding options at the end of the reporting period.

6. SEGMENT REPORTING

The consolidated entity operates one business being the mining and exploration of coal, minerals and related development projects in Australia.

7. CONTINGENT LIABILITIES

Guarantees

Tiara Coal Limited and its wholly owned controlled entities entered a Deed of Cross Guarantee under which each company guarantees the debts of others. No deficiency of assets exists in the consolidated entity as a whole. No material losses are anticipated in respect of any of the above contingent liabilities.

8. COMMITMENTS

There are no material commitments as at the date of the report other than:

The Company is a participant in Joint Ventures and is funding exploration in order to increase its interest. Funding has been committed to fund exploration programs over the joint ventures.

Exploration Expenditure Commitments

	Consolidated	
	30 Jun 2014	31 Dec 2013
	\$	\$
Tenement exploration expenditure	3,960,333	6,156,917
Tenement lease payment	240,100	285,939
	4,200,433	6,442,856

The minimum exploration expenditure commitments and lease payments on the company's exploration tenements totalling \$4.2 million over the remaining term of tenements.

Notes to the Financial Statements continued

COMMITMENTS continued

Executive Service Agreement

Salary and other remuneration commitments under long-term employment contracts existing at reporting date not recognised as liabilities.

	Consolidated	
	30 Jun 2014	31 Dec 2013
	\$	\$
Within one year	590,000	500,000
Later than one year but not later than 5 years	1,000,000	1,000,000
Later than 5 years	-	-
	1,590,000	1,500,000

During the year, there were two service agreements in place formalising the terms of remuneration of Mr Peter Meers and Mr Daniel Buckley.

The former service agreement with Mr Meers commenced on 22 May 2012 and has a term of 5 years. A new service agreement was approved by the Board commencing from 1st August 2013.

Mr Meers may terminate the agreement upon 6 months' notice and the Company may terminate at any time without showing cause but must compensate Mr Meers by payment of all amounts that would have been paid to Mr Meers had the agreement run for its full term. The Company may terminate the agreement in the event of serious misconduct by Mr Meers without any compensatory payment.

The service agreement with Daniel Buckley commenced on 2 July 2012 and has a term of 3 years.

Mr Buckley may terminate the agreement upon 6 months' notice and the Company may terminate at any time without showing cause but must compensate Mr Buckley by payment of all amounts that would have been paid to Mr Buckley had the agreement run for its full term. The Company may terminate the agreement in the event of serious misconduct by Mr Buckley without any compensatory payment.

Service Agreement

The Company has entered into a service agreement with Hudson Corporate Limited pursuant to which Hudson Corporate Limited has agreed to provide its management, registered office, administrative accounting and secretarial services. Fees payable is that amount agreed between the parties from time to time. The terms of the Services Agreement provide that Hudson Corporate Limited shall act in accordance with the Directors of the Board.

9 EVENTS SUBSEQUENT TO BALANCE DATE

At the date of this report there are no other matters or circumstances, other than noted above and in the Review of Operation, which have arisen since 30 June 2014 that have significantly affected or may significantly affect:

- the operations, in financial half year subsequent to 30 June 2014, of the group;
- the results of those operations; or
- the state of affairs, in financial half year subsequent to 30 June 2014, of the group.