Tian Poh Resources Limited

(ABN 46 168 910 978)

Annual Financial Report

for the year ended 31 December 2014

Index

Corporate Information

ABN 46 168 910 978

Directors

Mr Tian Guangru	*Chairman*
Mr Poh Kay Ping	*Managing Director & CEO*
Mr Tan-Kang Kee Sing	*Non-Executive Director*
Ms Tian Jia	*Non-Executive Director*
Mr Darragh O'Connor	*Non-Executive Director*

Company Secretary

Michael van Uffelen

Registered Office

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Principal Office

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Web Address

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ASX Code: TPO

Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Directors' Report

Your Directors present their report on Tian Poh Resources Limited (the "Company") and the entities it controlled (the "Group") for the year ended 31 December 2014.

Directors

Names, qualifications, experience and special responsibilities

The names of directors who held office during the period and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr Tian Guangru

Non-Executive Chairman

Mr Tian is an experienced Chinese entrepreneur with interests in mining, logistics and property development. He graduated from the Gansu Industrial University Construction Department in 1984.

Directorships in the past 3 years: None

Mr Poh Kay Ping

Managing Director & CEO

Mr Poh Kay Ping PBM BBM, a Singapore entrepreneur with interests in mining, property development, logistics and turnkey engineering (EPC) projects, is the founder of Poh Golden Ger Resources Pte Ltd. He has been involved in investments in Mongolia since 2005 and has a broad range of industry and government relationships there. He is an active investor in resource projects in Asia, with holdings in Mongolia and Cambodia.

Mr Poh is a Director of one of the largest listed logistics companies in Singapore, Poh Tiong Choon Logistics Ltd. Mr Poh was the Deputy CEO until 2010 when he stepped down to focus on his own expanding businesses. He is also an active member of Grassroots Organizations that help local communities in Singapore and has twice been conferred public service awards by the President of Singapore.

Mr. Poh has a Diploma in Mechanical Engineering from Singapore Polytechnic, a BSc in Engineering Physics from the University of San Francisco, an MBA from Oklahoma City University and attended Harvard University's Graduate School of Business Administration PGL program.

Directorships in the past 3 years: Poh Tiong Choon Logistics Limited

Mr Tan-Kang Kee Sing

Non-Executive Director

Mr Tan-Kang is currently the Head of Department for Special Projects in Residential Marketing for Colliers International in Perth. He comes from a financial background, having worked with Citibank NA Singapore and Hong Kong & Shanghai Banking Corporation in Hong Kong. He was also a Director of Business Development with a Singapore stockbroking company dealing with institutional clients. Mr. Tan-Kang graduated with a degree in Marketing from the University of Hawaii and an MBA (Finance) from the University of San Francisco. He is currently a resident of Perth, Australia.

Directorships in the past 3 years: None

Directors' Report (continued)

Directors (continued)

Ms Tian Jia

Non-Executive Director

Ms Jia is a graduate from Coquitlam College, Canada and from Simon Fraser University, Canada.

Directorships in the past 3 years: None

Mr Darragh O'Connor *(Appointed 15 May 2014)*

Non-Executive Director

Mr O'Connor has over 10 years' experience working as a geologist across multiple commodities, regions and geological terranes. He has previously held the position of Senior Geologist at PTT Asia Pacific Mining and was Project Geologist at Straits Resources Limited and Conroy Gold and Natural Resources. Mr O'Connor holds a Bachelor of Science with Honours and brings a strong background of exploration program management to the Board.

Directorships in the past 3 years: None

Mr Alan Yeo *(Resigned 15 May 2014)*

Non-Executive Director

Mr. Yeo is the founder and Managing Director of Australia Marine Services Pty Ltd. Australia Marine Services offers a broad range of marine related services to the coastal marine/offshore industry in Australia and world-wide.

Mr. Yeo graduated with a Bachelor of Commerce in Finance from Curtin University.

Directorships in the past 3 years: None

Directors' interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the Directors in the shares and options of the Company were:

	Number of fully paid ordinary shares
Mr Tian Guangru	54,753,996
Mr Poh Kay Ping	44,303,469
Mr Tan-Kang Kee Sing	57,900
Ms Tian Jia	-
Mr Darragh O'Connor	-

There were no ordinary shares issued during the period as a result of the exercise of options and there were no unexercised options.

Company Secretary

Michael van Uffelen, B.Com CA

Company Secretary

Mr van Uffelen holds a Bachelor of Commerce degree from the University of Western Australia and is a Chartered Accountant. He has more than 25 years accounting and finance experience gained with major accounting firms, investment banks and public companies, both in Australia and internationally.

Directors' Report (continued)

Principal Activities

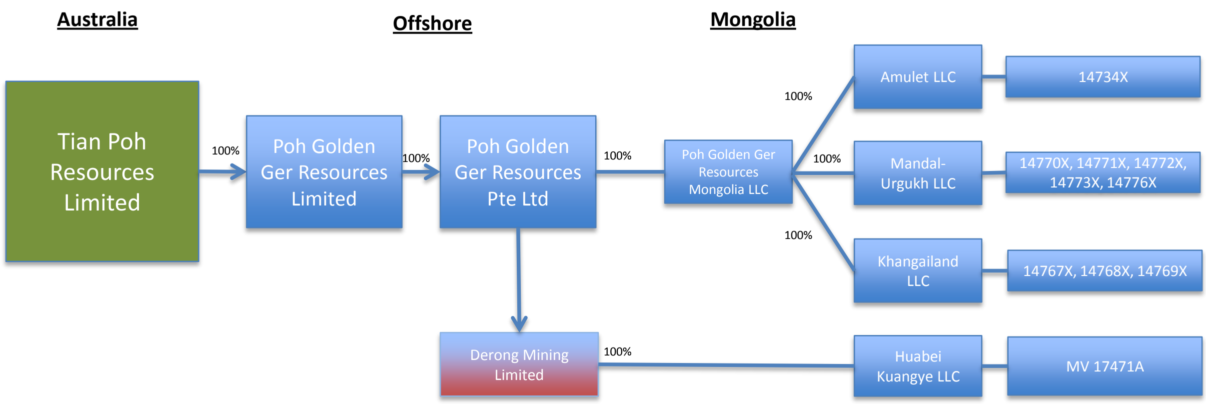
The principal activities during the period of the entities within the consolidated entity were the exploration for minerals in Mongolia.

Operating and financial review

Group overview

The Company was formed on 3 April 2014 by major shareholders of Poh Golden Ger Resources Ltd ('PGGR') to invest in and to acquire resource exploration assets, and to list on the Australian Securities Exchange. As a result, the Company issued 130,632,733 shares to existing shareholders of PGGR in exchange for all shares in PGGR (130,632,733 shares) to acquire the interests in one (1) coal mining licence and nine (9) exploration licences in Mongolia, which are prospective for gold, copper and coal. On 11 November 2014, the Company listed on the Australian Stock Exchange following the successful raising of $2,396,400 in an initial public offering.

The Group is represented as follows:



Projects

PGGR's Licences are grouped into four project areas across the south of Mongolia:

- Amulet Project in the Govi-Altai Province of Western Mongolia;
- Mandal-Urgukh Project in the Omnogovi Province of Southern Mongolia;
- Khangailand Project also in the Omnogovi Province of Southern Mongolia; and
- Huabei Kuangye Project in the Bayankhongor Province of Southwest Mongolia

The projects can presently be categorised as early grassroots exploration stage, with the exception of the Huabei Kuangye Project, which can be classified as advanced exploration stage.

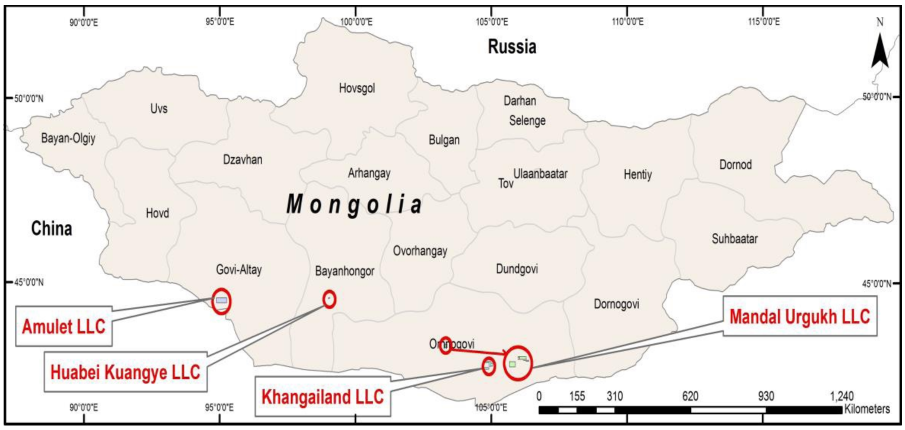


Figure: Locality Map of PGGR's Mongolian Projects

Directors' Report (continued)

Operating and financial review (continued)

Operating results for the year

Net loss attributable to equity holders of the parent for the year ended 31 December 2014 was $1,660,424 (2013: $263,114) inclusive of a fair value loss on derivatives of $1,027,435. Loss per share was 2.5 cents (2013: 14.6).

Financial position and significant changes in state of affairs

The Company raised $2.4 million, before costs, in an initial public offering.

Cash on hand at 31 December 2014 totalled $1,775,780 (2013: $43,113).

Business strategies, and prospects for future financial years

The Group plans to continue exploration on its exploration licences in Mongolia, specifically on its flagship advanced coal exploration project, Huabei Kuangye Project, for which plans are underway to validate historical data, then to complete further drilling to infill and extend the drilling coverage over the project such that a JORC Code resource estimate may be prepared.

The Group is also seeking to expand its portfolio of exploration projects by way of acquisitions and is currently reviewing a number of prospective projects, and subsequent to year end purchased an option to acquire a copper-molybdenum deposit in Mongolia.

Significant Changes in the State of Affairs

In exchange for shares in the Company, the Company acquired projects in Mongolia which are prospective for gold, copper and coal via a capital reorganisation by the major shareholders of Poh Golden Ger Resources Ltd and listed on the Australian Stock Exchange, raising $2.4m before costs.

Environmental Regulation

The Group's projects are subject to the respective laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials in Mongolia. As with all exploration, these projects would be expected to have a variety of environmental impacts should development proceed. The Group intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws and industry standards. Areas disturbed by the Group's activities will be rehabilitated as required by the respective laws and regulations.

As the Group's projects are located in Mongolia, the Company is not registered under the National Greenhouse and Energy Reporting Act.

Dividends

No dividends have been paid or declared since incorporation and the Directors do not recommend the payment of a dividend in respect of the period.

Directors' Report (continued)

Share Options

At the date of this report, the unissued ordinary shares of the Company under option are as follows:

	Number of options	Exercise price	Expiry date
Unlisted options	9,000,000	20 cents	16 Feb 2016

The Options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

During or since the end of the financial year the Company has not issued any Shares as a result of the exercise of options.

Indemnification and insurance of Directors and Officers

The Company has agreed to indemnify all the directors and executive officers against all liabilities to another person (other than the Company or related body corporate) that may arise from their position as officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has also agreed to indemnify the current Directors of its controlled entities for all liabilities to another person (other than the Company or related body corporate) that may arise from their position, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The total amount of premium paid was $4,500.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, BDO Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify BDO during or since the financial period.

Directors' Meetings

The number of meetings of Directors held during the period and the number of meetings attended by each Director was as follows:

Name	Number of meeting eligible to attend	Number of meetings attended
Mr Tian Guangru	2	2
Mr Poh Kay Ping	2	2
Mr Tan-Kang Kee Sing	2	2
Ms Tian Jia	2	2
Mr Darragh O'Connor	1	1
Mr Alan Yeo	1	1

Directors' Report (continued)

Auditor Independence

The auditor's independence declaration for the year ended 31 December 2014 has been received and can be found on the page 46.

Non-Audit Services

The following non-audit services were provided by the entity's auditor, BDO. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

BDO received or are due to receive the following amounts for the provision of non-audit services:

Investigating accountant's report	$9,000

Events subsequent to Reporting Date

Subsequent to reporting date the Company:

- Secured an exclusive option until 11 June 2015 to acquire 51% of the Zuun Mod Molybdenum-Copper deposit in Mongolia;
- Issued 9,000,000 ordinary shares at A$0.18, each with an attached warrant expiring 16 February 2016 and with a strike price of A$0.20; and
- The Company applied for the renewal of its exploration concessions in Mongolia.

Other than the matters noted above, there has not arisen in the interval between the end of the period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations.

Likely Developments

The Group intends to continue exploration on its concessions in Mongolia. The Group is also considering the acquisition of further tenements for exploration of minerals and to seek other areas of investment.

Proceedings on Behalf of the Company

The Company has not commenced any litigation.

Directors' Report (continued)

Remuneration report (audited)

This remuneration report for the period from year ended 31 December 2014 outlines remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and including the executives in the Parent and the Group receiving the highest remuneration.

For the purposes of this report, the term "executive" includes the Chief Executive Officer (CEO), executive directors and senior management of the Parent and where applicable, subsidiaries, and the term "director" refers to non-executive directors only.

Individual key management personnel disclosures

Details of KMP of the Parent and Group are set out below:

Key management personnel

(i) Directors

Mr Tian Guangru	Chairman
Mr Poh Kay Ping	Managing Director & CEO
Mr Tan-Kang Kee Sing	Non-Executive Director
Ms Tian Jia	Non-Executive Director
Mr Darragh O'Connor	Non-Executive Director (appointed 15 May 2014)
Mr Alan Yeo	Non-Executive Director (resigned 15 May 2014)

(i) Executives

Mr Teo Bee Cheng	Vice President and General Manager, Mongolia
Mr Ankhbayar Batbaatar	Vice President and Assistant General Manager, Mongolia

There have not been any changes to KMP after reporting date and before the financial report was authorised for issue.

The Remuneration Report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration
B. Details of remuneration
C. Service agreements
D. Share-based compensation
E. Option holdings of key management personnel
F. Share holdings of key management personnel
G. Other transactions and balances with Key Management Personnel

The information provided under headings A-G includes remuneration disclosures that are required under Accounting Standard AASB 124 Related Party Disclosures. These disclosures have been transferred from the financial report and have been audited.

This report outlines the remuneration arrangements in place for Directors and executives of Tian Poh Resources Limited (the "Company").

Directors' Report (continued)

Remuneration report (audited) (continued)

A. Principles used to determine the nature and amount of remuneration

Remuneration philosophy

The performance of the Company depends upon the quality of its directors and executives. To prosper, the Company must attract, motivate and retain highly skilled directors and executives.

To this end, the Company embodies the following principles in its compensation framework:

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to shareholder value;
- Significant portion of executive compensation 'at risk', dependent upon meeting pre-determined performance benchmarks; and
- Establish appropriate, demanding performance hurdles in relation to variable executive compensation

Remuneration consists of fixed remuneration and variable remuneration.

Fixed Remuneration

Fixed remuneration is reviewed annually by the Board of Directors. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices.

Variable Remuneration

The Company does not currently have a variable component to the remuneration of the board and management, however, the Company intends to introduce a variable remuneration plan in the near future.

Remuneration Reviews

The Board of Directors of the Parent is responsible for determining and reviewing compensation arrangements for the directors, the Managing Director and all other key management personnel.

The Board of Directors assesses the appropriateness of the nature and amount of compensation of key management personnel on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

Remuneration structure

In accordance with best practice Corporate Governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive Director remuneration

The Board seeks to set aggregate remuneration at a level that provides the company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. Non-executive directors receive a fee for being a director of the Company. The compensation of non-executive directors for the year ended 31 December 2014 is detailed below.

Directors' Report (continued)

Remuneration report (audited) (continued)

The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions of each non-executive Director. This amount has been set at an amount not to exceed $300,000 per annum.

In addition, a Director may be paid fees or other amounts and non-cash performance incentive such as options, subject to necessary shareholder approval, where a director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director.

Directors are also entitled to be reimbursed reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as directors.

Senior Manager and Executive Director remuneration

Objective

The entity aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the entity so as to:

- reward executives for company, business unit and individual performance against targets set to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link rewards with the strategic goals and performance of the company; and
- ensure total compensation is competitive by market standards.

Compensation consists of the following key elements:

- Fixed Compensation; and
- Variable Compensation.

The proportion of fixed compensation and variable compensation (potential short term and long term incentives) is established for each key management person by the Directors.

Fixed Compensation

Objective

Fixed compensation is reviewed annually by the Directors. The process consists of a review of individual performance, relevant comparative compensation in the market and internally and, where appropriate, external advice on policies and practices.

Structure

Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans.

Variable Compensation

Objective

The objective of the Variable Compensation is to reward executives in a manner that aligns this element of compensation with the creation of shareholder wealth.

Structure

The Company and Group do not currently have a Variable Compensation plan, however, it is intended that one be established in the near future.

Directors' Report (continued)

Remuneration report (audited) (continued)

Use of remuneration consultants

The Company did not use the services of remuneration consultants.

Objective of the remuneration committee

The Company did not have a remuneration committee.

Relationship between remuneration and company performance for last 5 years

No relationship because of change in company structure during 2014.

B. Details of remuneration for the year ended 31 December 2014

Directors	Salary & Fees	Non monetary benefits	Post employ-ment benefits	Share-based payments	Total	% of Remuneration received as Options
Mr Tian Guangru	-	900	-	17,800	18,700	-
Mr Poh Kay Ping	-	900	-	151,136	152,036	-
Mr Tan-Kang Kee Sing	17,800	900	1,691	-	20,391	-
Ms Tian Jia	-	900	-	17,800	18,700	-
Mr Darragh O'Connor	15,032	900	1,691	-	17,623	-
Mr Alan Yeo	-	-	-	-	-	-
Total Directors	**32,832**	**4,500**	**3,382**	**186,736**	**227,450**	**-**
Other key management personnel						
Mr Teo Bee Cheng	38,303	-	-	-	38,303	-
Mr Ankhbayar Batbaatar	30,988	-	-	-	30,988	-
Total executive KMP	**69,291**	**-**	**-**	**-**	**69,291**	**-**
Totals	**102,123**	**4,500**	**3,382**	**186,736**	**296,741**	**-**

Compensation is stated on an accruals basis.

C. Details of remuneration for the year ended 31 December 2013

Directors	Salary & Fees	Non monetary benefits	Post employ-ment benefits	Share-based payments	Total	% of Remuneration received as Options
Mr Tian Guangru	-	-	-	-	-	-
Mr Poh Kay Ping	-	-	-	-	-	-
Total Directors	**-**	**-**	**-**	**-**	**-**	**-**
Other key management personnel						
Mr Teo Bee Cheng	35,839	-	-	-	35,839	-
Mr Ankhbayar Batbaatar	28,995	-	-	-	28,995	-
Total executive KMP	**64,834**	**-**	**-**	**-**	**64,834**	**-**
Totals	**64,834**	**-**	**-**	**-**	**64,834**	**-**

Compensation is stated on an accruals basis.

Directors' Report (continued)

Remuneration report (audited) (continued)

D. Service agreements

Employment contracts

The Managing Director and CEO, Mr Poh is employed under an executive service agreement via the Company's Singaporean subsidiary, Poh Golden Ger Resources Pte Ltd. The current employment contract commenced on 1 May 2014 and may be terminated by either party providing three months notice.

The main terms of the employment contract with Mr Poh are as follows:
- Remuneration of $200,000 pa (plus central provident fund payments, as required by Singaporean law);
- In the first year of employment, PGGR Singapore may elect (subject to shareholder approval of the Company) to pay Mr Poh his salary in shares in the Company at a deemed issue price of $0.20 (equating to a total of 1,000,000 Shares) to be issued to Mr Poh on a quarterly basis;
- Either party is entitled to terminate the agreement by giving three months notice without a termination payment other than the notice period;
- The agreement does provides for discretionary bonuses; and
- The agreement allows participation in an employee share scheme.

Mr Poh is also contracted as a director of the Company, under a contract which provides for remuneration of $24,000 per annum.

Non-executive Directors' fees

The fees of the Non-Executive Directors are paid $24,000 per annum, plus superannuation, where applicable. Mr Tian Guangru and Ms Tian Jia are paid their remuneration in shares, subject to shareholder approval, in the Company at a deemed issue price of $0.20 on a quarterly basis.

Non-Executive Directors were not paid any bonuses and did not participate in an employee share scheme during the year.

E. Share-based compensation

Fees and salaries for Mr Tian Guangru, Mr Poh Kay Ping and Ms Tian Jia have been accrued with the intention at ordinary shares be issued in lieu of payments, subject to approval by shareholders.

Compensation options - granted and vested during the period

2014	No options were granted as compensation during the 2014 year.
2013	No options were granted as compensation during the 2013 year.

Value of options awarded, exercised and lapsed during the period

2014	No options were granted as compensation during the 2014 year. Nor did any compensation options vest during the 2014 year.
2013	No options were granted as compensation during the 2013 year. Nor did any compensation options vest during the 2013 year.

Directors' Report (continued)

Remuneration report (audited) (continued)

F. Option holdings of key management personnel for the year ended 31 December 2014

31 December 2014	Balance at start of the period	Granted as remuneration	Options Exercised	Net change other	Balance at the end of period	Vested and exercisable
Directors						
Mr Tian Guangru	-	-	-	-	-	-
Mr Poh Kay Ping	-	-	-	-	-	-
Mr Tan-Kang Kee Sing	-	-	-	-	-	-
Ms Tian Jia	-	-	-	-	-	-
Mr Darragh O'Connor	-	-	-	-	-	-
Mr Alan Yeo	-	-	-	-	-	-
Total Directors	-	-	-	-	-	-
Other key management personnel						
Mr Teo Bee Cheng	-	-	-	-	-	-
Mr Ankhbayar Batbaatar	-	-	-	-	-	-
Total other KMP	-	-	-	-	-	-
Totals	-	-	-	-	-	-

G. Share holdings of key management personnel for the year ended 31 December 2014

31 December 2014	Balance at start of the period	Granted as remuneration	On exercise of options	Acquisit-ions	Balance at the end of period	Vested and exercisable
Directors						
Mr Tian Guangru(i)	-	-	-	54,753,995	54,753,996	54,753,996
Mr Poh Kay Ping(i)	1,112,500	-	-	43,190,968	44,303,469	44,303,469
Mr Tan-Kang Kee Sing(ii)	-	-	-	57,900	57,900	57,900
Ms Tian Jia	-	-	-	-	-	-
Mr Darragh O'Connor	-	-	-	-	-	-
Mr Alan Yeo	-	-	-	-	-	-
Total Directors	**1,112,500**	**-**	**-**	**98,002,863**	**99,115,365**	**99,115,365**
Other key management personnel						
Mr Teo Bee Cheng	-	-	-	340,000	340,000	340,000
Mr Ankhbayar Batbaatar	-	-	-	410,000	410,000	410,000
Total other KMP	-	-	-	750,000	750,000	750,000
Totals	**1,112,500**	**-**	**-**	**98,752,863**	**99,865,365**	**99,865,365**

(i) Shares were acquired in exchange for amounts due and as part of the capital reorganisation.
(ii) Shares were acquired during the initial public offering.

Directors' Report (continued)

Remuneration report (audited) (continued)

H. Other transactions and balances with Key Management Personnel

2014:
During the 2014 year:

- Mr Tian Guangru and Mr Poh Kay Ping were issued with 3,326,146 and 3,329,760 shares, respectively, at an issue price of $0.20 each in Poh Golden Ger Resources Ltd ('PGGR') exchange for amounts due to them.
- The Company was formed by major shareholders of PGGR to invest in and to acquire resource exploration assets, and to list on the Australian Securities Exchange. As a result, the Company issued 130,632,733 shares to existing shareholders of PGGR in exchange for all shares in PGGR (130,632,733 shares). This included 54,753,995 shares of Mr Tian Guangru, 44,303,468 shares of Mr Poh Kay Ping and 57,900 shares of Mr Tan-Kang Kee Sing.
- The convertibles notes issued by Derong Mining Limited (Singapore) to Swifter Limited, a company controlled by Mr Poh Kay Ping were assumed by the Company as part of the reorganisation of the group and the creation of the Company.
- Mr Tian Guangru was issued with 51,427,850 shares in consideration for his shares in Derong Mining Limited as part of the capital reorganisation.
- Mr Poh Kay Ping was repaid $1,484,125 of loans he had advanced via issue of shares at $0.20 each.
- The directors were reimbursed for expenses paid on behalf of the company.
- Directors' fees were accrued and are shown as amounts due to them.

2013:
During the 2013 year, RMB 10,000,000 of convertible notes in Derong Mining Limited (Singapore) were issued to Swifter Limited, a company controlled by Mr Poh Kay Ping, a director of the Company. The convertible notes were issued on 24 December 2013, with a face value of RMB 10,000,000, bearing interest of 5% paid annually in arrears, may be converted into shares in the Company at $0.20 and is repayable on 11 November 2017 unless converted into shares in the Company prior to this time. The notes are now able to be converted into shares in Tian Poh Resources Limited upon the capital reorganisation on 31/10/2014.
No other transactions with key management personnel have occurred during the year.

END OF THE REMUNERATION REPORT

Signed in accordance with a resolution of the Directors:

Mr KP Poh
Managing Director and CEO

Singapore, 31 March 2015

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of the Company is responsible for the corporate governance of the Group. The Board guides and monitors the business affairs of the Company on the behalf of the shareholders by whom they are elected and to whom they are accountable.

The Corporate Governance Statement of The Company is structured with reference to the Australian Stock Exchange Corporate Governance Council's (the Council's) "Corporate Governance Principles and Recommendations" ("ASX Principles") as revised in August 2007 the Principles of which are as follows:

Principle 1	Lay solid foundations for management and oversight
Principle 2	Structure the Board to add value
Principle 3	Promote ethical and responsible decision making
Principle 4	Safeguard integrity in financial reporting
Principle 5	Make timely and balances disclosures
Principle 6	Respect the rights of shareholders
Principle 7	Recognise and manage risk
Principle 8	Remunerate fairly and responsibly

Commensurate with the spirit of the ASX Principles, the Company has followed each of the Recommendations to the extent the Board considered that their implementation was practicable and likely to genuinely improve the Company's internal processes and accountability to external stakeholders. The Corporate Governance Statement contains certain specific information and discloses the extent to which the Company has followed the guidelines during the period. Where a recommendation has not been followed, the fact is disclosed, together with reasons for the departure.

Explanation for Departures from Best Practice Recommendations

Principle 2

Nomination committee

Recommendation 2.4 requires listed entities to establish a nomination committee. During the period from 3 April 2014 to 31 December 2014, the Company did not have a separately established nomination committee. However, the duties and responsibilities typically delegated to such committee are included in the responsibilities of the full Board.

Principle 4

Audit committee

Recommendation 4.2 requires the audit committee to be structured so that it consists only of non-executive directors with a majority of independent directors, chaired by an independent chairperson who is not chairperson of the Board and has at least three members. During the period from 3 April 2014 to 31 December 2014, the Company did not have a separately established audit committee. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the expense of appointing additional independent Non-Executive Directors simply to fill the audit committee.

CORPORATE GOVERNANCE STATEMENT (continued)

Principle 8

Remuneration Committee

Recommendation 8.1 requires listed entities to establish a remuneration committee. During the period from 3 April 2014 to 31 December 2014, the Company did not have a separately established remuneration committee. However, the duties and responsibilities typically delegated to such committee are included in the responsibilities of the full Board.

With the exception of the departures from the Corporate Governance Council recommendations in relation to the establishment of a nomination committee and remuneration committee as stated above, the corporate governance practices of the Company are compliant with the Council's best practice recommendations.

Board Function

The Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

To ensure that the Board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of directors and for the operation of the Board. The responsibility for the operation and administration of the Group is delegated, by the Board, to the CEO and the executive management team.

The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved including:

- Board approval of a strategic plan designed to meet stakeholders' needs and manage business risk
- Ongoing development of the strategic plan and approving initiatives and strategies designed to ensure the continued growth and success of the entity
- Implementation of budgets by management and monitoring progress against budget — via the establishment and reporting of both financial and non-financial key performance indicators

Other functions reserved to the Board include:

- Approval of the annual and half-yearly financial reports
- Approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures
- Ensuring that any significant risks that arise are identified, assessed, appropriately managed and monitored
- Reporting to shareholders

Structure of the Board

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report are included in the Directors' report.

Directors of the Company are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with — or could reasonably be perceived to materially interfere with — the exercise of their unfettered and independent judgement.

CORPORATE GOVERNANCE STATEMENT (continued)

In the context of director independence, “materiality” is considered from both the Group and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount.

Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors that point to the actual ability of the director in question to shape the direction of the Group’s loyalty.

In accordance with the definition of independence above, and the materiality thresholds set, the following directors of Tian Poh Resources Limited are considered to be independent:

Name	Position
Mr Tan-Kang Kee Sing	Non-Executive Director
Ms Tian Jia	Non-Executive Director
Mr Darragh O’Connor	Non-Executive Director (appointed 15 May 2014)
Mr Alan Yeo	Non-Executive Director (resigned 15 May 2014)

The term in office held by each director in office at the date of this report is as follows:

Name	Term in office
Mr Tian Guangru	Appointed 3 April 2014, tenure 9 months
Mr Poh Kay Ping	Appointed 3 April 2014, tenure 9 months
Mr Tan-Kang Kee Sing	Appointed 3 April 2014, tenure 9 months
Ms Tian Jia	Appointed 3 April 2014, tenure 9 months
Mr Darragh O’Connor	Appointed 15 May 2014, tenure 8 months

Performance

The skills, experience and expertise relevant to the position held by each director are disclosed in the Directors Report.

The Board has determined that individual Directors have the right in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company’s expense. The engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably. If appropriate, any advice so received will be made available to all Board members.

Trading policy

Under the Company’s securities trading policy, an executive or director must not trade in any securities of the Company at any time when they are in possession of unpublished, price-sensitive information in relation to those securities.

It is contrary to the Company’s policy for Directors and employees to be engaged in short-term trading of the Company’s securities.

CORPORATE GOVERNANCE STATEMENT (continued)

Directors and employees must not deal in the Company's securities during the 72 hours immediately before or 24 hours after:

- the release of the Company's half-yearly results;
- the release of the Company's yearly results; or
- the release of he Company's quarterly results.

Requests to trade during the closed periods may be considered in exceptional circumstances. In the case of Directors and Senior Management approval will be required by the Managing Director or from the Chairman where the Managing Director makes such a request (Designated Officer).

Risk

The Board has identified the significant areas of potential business and legal risk of the Company. The identification, monitoring and, where appropriate, the reduction of significant risk to the Company will be the responsibility of the Board.

To this end, comprehensive practices are in place which are directed towards achieving the following objectives:

- effectiveness and efficiency in the use of the Company's resources;
- compliance with applicable laws and regulations;
- preparation of reliable published financial information.

CEO and CFO certification

In accordance with section 295A of the *Corporations Act*, the CEO and Company Secretary have provided a written statement to the Board that:

- Their view provided on the Company's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the Board; and
- The Company's risk management and internal compliance and control system is operating effectively in all material respects.

Remuneration

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Board has set remuneration by benchmarking to industry peers.

CORPORATE GOVERNANCE STATEMENT (continued)

For a full discussion of the Company's remuneration philosophy and framework and the remuneration received by directors and executives in the current period please refer to the remuneration report, which is contained within the directors' report.

There is no scheme to provide retirement benefits to non-executive directors.

The Board is responsible for determining and reviewing compensation arrangements for the directors themselves and the CEO.

Shareholder communication policy

Pursuant to Principle 6, the Company's objective is to promote effective communication with its shareholders at all times.

The Company is committed to:

- Ensuring that shareholders and the financial markets are provided with full and timely information about the Company's activities in a balanced and understandable way;
- Complying with continuous disclosure obligations contained in the ASX listing rules and the Corporations Act in Australia; and
- Communicating effectively with its shareholders and making it easier for shareholders to communicate with the Company.

To promote effective communication with shareholders and encourage effective participation at general meetings, information is communicated to shareholders:

- Through the release of information to the market via the ASX
- Through the distribution of the annual report and notices of annual general meeting
- Through shareholder meetings and investor relations presentations
- Through letters and other forms of communications directly to shareholders
- By posting relevant information on the Company's website: www.tianpohresources.com

The Company's website publishes all important company information and relevant announcements made to the market.

The external auditors are required to attend the annual general meeting and are available to answer any shareholder questions about the conduct of the audit and preparation of the audit report.

Diversity policy

The Group recognises the value contributed to the organisation by employing people with varying skills, cultural backgrounds, ethnicity and experience and employs people based on their underlying skill sets in an environment where everyone is treated equally and fairly, and where discrimination, harassment and inequity are not tolerated.

54% of the Company's employees are females, none of whom are classified as key management personnel.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014	2013
		$	$
Interest income		378	91
Finance costs	18	(1,046,402)	(91,929)
Employee benefits expense		(35,951)	-
Share based payments expense		(186,736)	-
General and administrative expenses		(136,013)	(55,421)
Professional Fees		(151,776)	(14,546)
Other operating expenses		(77,847)	(2,934)
(Loss) from operating activities		**(1,634,347)**	**(164,739)**
Income tax expense	2	-	-
(Loss) for the period after tax		**(1,634,347)**	**(164,739)**
- Other comprehensive income, net of tax			
o Exchange differences on translation of foreign operations		(26,077)	(98,375)
Total comprehensive (loss) for the year attributable to the owners		(1,660,424)	(263,114)
Basic and diluted loss per share (cents per share)		(2.5)	(14.6)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Note	2014	2013
		$	$
CURRENT ASSETS			
Cash and cash equivalents	5	1,775,780	43,113
Trade and other receivables	6	248,819	120,761
Total Current Assets		**2,024,599**	**163,874**
NON-CURRENT ASSETS			
Exploration and evaluation assets	7	4,002,874	1,080,399
Other		76,667	4,423
Total Non-Current Assets		**4,079,541**	**1,084,822**
TOTAL ASSETS		**6,104,140**	**1,248,696**
CURRENT LIABILITIES			
Trade and other payables	8	193,012	169,388
Financial liabilities	9	243,686	1,781,871
Total Current Liabilities		**436,698**	**1,951,259**
NON-CURRENT LIABILITIES			
Financial liabilities	9	3,024,435	-
Total Non-current Liabilities		**3,024,435**	**-**
TOTAL LIABILITIES		**3,461,133**	**1,951,259**
NET ASSETS/(NET LIABILITIES)		**2,643,008**	**(702,563)**
EQUITY			
Issued capital	10	4,980,490	79
Reserves		47,314	21,730
Accumulated losses		(2,384,796)	(724,372)
TOTAL SHAREHOLDERS EQUITY/(TOTAL SHAREHOLDERS DEFICIENCY)		**2,643,008**	**(702,563)**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014	2013
		$	$
Cash flows from Operating Activities			
Payments to suppliers and employees		(510,898)	(249,442)
Interest received		379	91
Net cash (used in) operating activities	**5(ii)**	**(510,519)**	**(249,351)**
Cash Flows from Investing Activities			
Payment for acquisition, exploration and evaluation costs		(955,274)	(396,130)
Net cash (used in) investing activities		**(955,274)**	**(396,130)**
Cash Flows from Financing Activities			
Proceeds from the issue of shares		2,394,493	-
Payment for share issue expenses		(319,217)	-
Proceeds from loans		1,123,183	688,107
Payments to related entities		-	-
Net cash provided by financing activities		**3,198,459**	**688,107**
Net increase in cash and cash equivalents		**1,732,667**	**42,626**
Cash and cash equivalents at the beginning of the financial year		43,113	487
Cash and cash equivalents at the end of the financial year	**5**	**1,775,780**	**43,113**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

	Ordinary Shares	Foreign Currency Translation Reserve	Accumulated Losses	Total
	$	$	$	$
Balance as at 1 January 2013	79	-	(461,258)	(461,179)
Loss for the year	-	-	(164,739)	(164,739)
Net exchange differences on the translation of the financial reports of foreign subsidiaries	-	21,730	(98,375)	(76,645)
Balance as at 31 December 2013	**79**	**21,730**	**(724,372)**	**(702,563)**
Conversion of loans into shares	1,419,011	-	-	1,419,011
Shares issued	3,880,617	-	-	3,880,617
Share issue expenses	(319,217)	-	-	(319,217)
Loss for the period	-	-	(1,634,347)	(1,634,347)
Net exchange differences on the translation of the financial reports of foreign subsidiaries	-	25,584	(26,077)	(493)
Balance as at 31 December 2014	**4,980,490**	**47,314**	**(2,384,796)**	**2,643,008**

The accompanying notes form part of these financial statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Tian Poh Resources Limited (the "Company") is an ASX listed public company since 11 November 2014, incorporated in Australia and operating in Australia and Mongolia.

The Group primarily is involved in the exploration of minerals in Mongolia and is a for-profit entity.

(a) Basis of Preparation

Statement of compliance
The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law.

Accounting Standards include Australian Accounting Standards (AASBs). Compliance with Australian Accounting Standards ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The financial statements were authorised for issue by the directors on 31 March 2015.

Basis of measurement
The financial report has also been prepared on a historical cost basis.

Functional and presentation currency
The financial report is presented in Australian dollars, which is the Company's functional currency.

(b) Application of new and revised Accounting Standards

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Group have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

- *AASB 9 Financial Instruments* and associated Amending Standards (applicable for annual reporting period commencing 1 January 2017)

  AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The 2010 revisions introduce additional changes relating to financial liabilities.

  The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

  Key changes made to this standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change hedge policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Application of new and revised Accounting Standards (continued)

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impractical at this stage to provide a reasonable estimate of such impact.

- *Other standards not yet applicable*

  These standards are not expected to have a material impact on the entity in the current or future reporting periods.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 1031 'Materiality' (2013)	1 January 2017	30 June 2018

(c) Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(d) Capital Reorganisation

During the year ended 31 December 2014, the Company was formed by major shareholders of Poh Golden Ger Resources Ltd ('PGGR') to invest in and to acquire resource exploration assets, and to list on the Australian Securities Exchange. As a result, the Company issued 130,632,733 shares to existing shareholders of PGGR in exchange for all shares in PGGR (130,632,733 shares). There were no major changes to the shareholder group and the transaction does not result in any change in economic substance. Furthermore, the transaction is outside the scope of AASB3 Business Combinations since the Company does not meet the definition of a "business" as required by that standard. Accordingly the consolidated financial statements of the Company are a continuation of PGGR including comparative information being that of PGGR.

(e) Critical accounting judgements and key sources of estimation uncertainty

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Exploration and evaluation expenditure
The Company's accounting policy for exploration and evaluation expenditure results in expenditure being capitalised for an area of interest acquired where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. This policy requires management to make certain estimates as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised the expenditure under the policy, a judgement is made that recovery of the expenditure is unlikely, the relevant capitalised amount will be written off to profit and loss.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Critical accounting judgements and key sources of estimation uncertainty (continued)

Valuation of the convertible note option to convert
The Company's values the right of the convertible note holder to receive shares in the Company rather than to receive repayment of the convertible note. This option is valued using a Black Scholes Option Pricing model with require judgement with regard to the selection of assumptions including interest rates and volatility.

(f) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2014. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption, and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Company's voting rights and potential voting rights

The group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Company loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(h) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(i) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Trade receivables are generally due for settlement within periods ranging from 30 to 90 days.

(j) Exploration, evaluation and development expenditure

(i) Exploration and evaluation

Exploration and evaluation activities involve the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest.

Exploration and evaluation costs are expensed as incurred. Tenement acquisition costs are capitalised and carried forward to the extent that:

- rights to tenure of the identifiable area of interest are current; and
- at least one of the following conditions is also met:
    - the expenditure is expected to be recouped through the successful development of the identifiable area of interest, or alternatively, by its sale; or
    - where activities in the identifiable area of interest have not at the reporting date reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and activities in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are reviewed at each reporting date for indicators of impairment and tested for impairment where such indicators exist. If the test indicates that the carrying value might not be recoverable, the asset is written down to its recoverable amount. These charges are recognised as impairment expense in profit and loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Exploration, evaluation and development expenditure (continued)

(i) Development

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from exploration and evaluation expenditure to development expenditure.
Development expenditure includes capitalised exploration and evaluation costs, pre-production development costs, development studies and other expenditure pertaining to that area of interest.

Costs related to surface plant and equipment and any associated land and buildings are accounted for as property, plant and equipment.

Development costs are accumulated in respect of each separate area of interest. Costs associated with commissioning new assets in the period before they are capable of operating in the manner intended by management, are capitalised. Development costs incurred after the commencement of production are capitalised to the extent they are expected to give rise to a future economic benefit. When an area of interest is abandoned or the Directors decide that it is not commercially or technically feasible, any accumulated cost in respect of that area is written off in the financial period that decision is made. Each area of interest is reviewed at the end of each accounting period and the accumulated costs written off to profit and loss to the extent that they will not be recoverable in the future.

Amortisation of development costs capitalised is charged on a unit of production basis over the life of estimated proven and probable reserves at the mine.

(k) Foreign currency translation

Both the functional and presentation currency of the Company is Australian dollars. Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless that is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Other taxes

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

- when 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, which 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 Consolidated 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.

(n) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

(ii) Subsequent costs

Subsequent costs are only included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with these subsequent costs will flow to the Company and the cost of the item can be measured reliably. Ongoing repairs and maintenance are recognised as an expense in profit and loss during the financial year in which they are incurred.

(iii) Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Office Equipment – over 5 to 15 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Where the useful life of an asset is directly linked to the extraction of ore from a mine, the asset is depreciated using the units of production method. The units of production method is an amortised charge proportional to the depletion of the estimated minable mineral deposits.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Property, plant and equipment

(iv) Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

(v) De-recognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(o) Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the period that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

(q) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised.

Convertible note liability

Convertible notes issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder and convertible note derivatives whose fair values change with the Group's underlying share price.

The liability component of a convertible note is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The embedded derivative component is firstly recognised initially at fair value and the liability component is calculated as the difference between the financial instrument as a whole and the fair value of the derivative at inception. And directly attributable transaction costs are allocated to convertible note liability and convertible note derivative in proportion to their initial carrying amounts. The fair value of the derivative portion has been valued using a valuation technique including inputs that include reference to similar instruments and option pricing models. Subsequent to initial recognition, the liability component of the convertible note is measured at amortised cost using the effective interest rate method. The convertible note derivative is measured at fair value through profit or loss.

The convertible note liability and derivative are removed from the Consolidated Statement of Financial Position when the obligations specified in the contract are discharged, this can occur upon the option holder exercising their option or the option period lapses requiring the Group to discharge the obligation. Convertible notes and derivatives are classified as current or non-current based on the maturity date of the convertible note.

Fair values of convertible note derivatives

The fair values of the convertible note derivatives have been determined by firstly computing the fair value per convertible option feature multiplied by the number of outstanding options. The fair value per option is computed using the Black Scholes option pricing module. This valuation methodology takes in to account the exercise price, the term of the option, The Group's share price at reporting period and simulated future price, the expected volatility of the underlying share price and the risk-free interest rate (based on Government bonds). The expected volatility is based upon historical volatility, (based on the remaining life of the options) adjusted for abnormal movements in the Group's share price; or where no data is available, historical volatility of similar stocks.

(r) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings, including a convertible note which contains a derivative financial instrument.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Financial liabilities (continued)

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by AASB 139.

Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 139 are satisfied. The Company has designated the right of the holder of the convertible notes to received shares in the company a financial liability as at fair value through profit or loss.

Loans and borrowings
This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of profit or loss.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognised in the statement or profit or loss.

(s) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Employee leave benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick 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, they are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(u) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(v) Finance costs

Finance costs comprise interest expense on borrowings, excluding interest expenses incurred for the construction of qualifying assets which are assets that necessarily take a substantial period of time be get ready for their intended use or sale, unwinding of the discount on provisions, impairment losses recognised on financial assets, foreign exchange gains/losses and changes in fair value of financial instruments.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(w) Financial assets

Financial assets are classified as receivables and carried at amortised cost.

(x) Asset acquisition

During 2014, the Group acquired 100% of the issued shares of Derong Limited by issuing shares in the Group.

The Group acquired Derong Limited with the only key asset being the Huabei Kuangye Project. As the acquisition of Derong Limited is not deemed a business acquisition, the transaction must be accounted for as a share based payment for the net assets acquired.

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition will be included in the capitalised cost of the asset.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Share-based payments

The grant date fair value of share-based payment is recognised as an expense with a corresponding increase in equity, over the period that the recipient unconditionally becomes entitled to the awards.

The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that, the amount ultimately recognised as an expense is based on the number of awards that do not meet the related service and non-market performance conditions at the vesting date.

The Group follows the guidelines of AASB 2 'Share-based payments' and takes into account all performance conditions and estimates the probability and expected timing of achieving these performance conditions. Accordingly, the expense recognised over the vesting period may vary based upon information available and estimates made at each reporting period, until the expiry of the vesting period.

	2014	2013
	$	$

2. INCOME TAX

(a) Income tax recognised in profit/loss

No income tax is payable by the Company entities as it recorded a loss for income tax purposes for the period.

(b) Numerical reconciliation between income tax expense and the loss before income tax.

The prima facie income tax benefit on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:

	2014	2013
Accounting loss before tax	(1,913,286)	(164,739)
Income tax benefit at 30%	573,986	49,422
Unrecognised tax losses	(573,986)	(49,422)
Income tax benefit attributable to loss from ordinary activities	-	-

(c) Unrecognised deferred tax balances

	2014	2013
Tax losses @ 30%	356,636	-
Deferred tax asset not booked		
- accrued liabilities	77,929	-
Amounts recognised in equity		
- share issue costs	95,765	-
Net unrecognised deferred tax asset at 30%	530,330	-

A deferred tax asset attributable to income tax losses has not been recognised at balance date as the probability criteria disclosed in Note 10 is not satisfied and such benefit will only be available if the conditions of deductibility also disclosed in Note 10 are satisfied.

3. SEGMENT REPORTING

The Group operates predominately in the mineral exploration industry. For management purposes, the Group is organised into one main operating segment which involves the exploration for minerals in Mongolia. All of the Group's activities are inter-related and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial results of the Group as a whole.

	2014	2013
	$	$

4. EARNINGS/(LOSS) PER SHARE

Basic and diluted loss per share (cents per share)	(2.5)	(14.6)

The loss and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

Loss for the year	(1,634,347)	(263,114)
Weighted average number of shares outstanding during the year used in calculations of basic loss per share:	65,448,730	1,125,000

There is no dilution of shares due to options as the potential ordinary shares are not dilutive and are therefore not included in the calculation of diluted loss per share.

5. CASH AND CASH EQUIVALENTS

Cash at bank	1,775,780	43,113
	1,775,780	43,113

Cash at bank earns interest at floating rates based on daily bank deposit rates.

(i) Reconciliation to Cash Flow Statement

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and at bank.

Cash and cash equivalents as shown in the cash flow statement are reconciled to the related items in the balance sheet as follows:

Cash and cash equivalents	1,775,780	43,113

(ii) Reconciliation of loss after income tax to net cash flows from operating activities:

Loss for the period	(1,634,346)	(164,739)
Net foreign exchange (gain) / loss	(42,939)	(76,645)
Accrued director fees	151,684	
Fair value loss on convertible note derivative	1,027,435	-
Interest expense accrued	92,082	-
	(406,085)	(241,384)
Changes in operating assets and liabilities		
Decrease / (increase) in trade and other receivables	(128,058)	(176,409)
(Decrease) / increase in trade and other payables	23,624	168,442
Net cash outflow from operating activities:	(510,519)	(249,351)

During the year the following significant non-cash financing and investing activities occurred:

- 51,427,850 shares in consideration for his shares in Derong Mining Limited as part of the capital reorganisation; and
- $1,419,011 of liabilities were satisfied by the issue of shares.
- $1,484,125 of related party loans were extinguished by the issue of shares.

	2014	2013
	$	$

6. TRADE AND OTHER RECEIVABLES

	2014 $	2013 $
Current		
Prepayments	187,761	119,399
GST and taxes recoverable	61,058	1,362
	248,819	120,761

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.

Information about the impairment of trade and other receivables, their credit quality and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in Note 15.

7. EXPLORATION AND EVALUATION ASSETS

	2014 $	2013 $
Opening balance	1,080,399	520,529
Exchange rate difference	252,734	-
Acquired in a capital reorganisation	1,714,467	-
Expenditure	955,274	559,870
At 31 December	4,002,874	1,080,399

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

8. TRADE AND OTHER PAYABLES

	2014 $	2013 $
Trade payables	140,493	168,214
Accruals	52,519	1,174
	193,012	169,388

Trade payables are non-interest bearing and are normally settled on 30 to 60 day terms.

The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

9. FINANCIAL ASSETS AND LIABILITIES

	2014 $	2013 $
Current liabilities		
Accrued interest on convertible notes	92,082	-
Related party loans	151,604	1,781,871
	243,686	1,781,871
Non-current liabilities		
Convertible notes	1,997,000	-
Financial liabilities at fair value through profit or loss:		
• Derivative embedded in convertible notes	1,027,435	-
	3,024,435	-

(a) Convertible notes

The convertible notes were issued on 24 December 2013, has a face value of RMB 10,000,000, bears interest of 5% paid annually in arrears, may be converted into shares in the Company at $0.20 and is repayable on 11 November 2017 unless converted into shares in the Company prior to this time.

The convertible note has an embedded option to convert the notes into shares in the Company, which is a derivatives that is required to be separated. The embedded option has been separated and is carried at fair value through profit or loss.

The value of the derivative fluctuates with the group's share price and as the notes are denominated in RMB, the change in exchange rate with the AUD is also taken in to account when deriving the fair value movement during the year. Refer to note 9 (c) and 15 for details of fair value and sensitivity analysis.

(b) Related party loans

Loans have been provided by the shareholders and do not have terms. Refer to Note 12(d).

(c) Fair values

Management assessed that the fair values of cash trade receivables, trade payables, other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair value of the equity-settled share options embedded in the convertibles notes are estimated using the Black Scholes Option Pricing Model. The fair value of the embedded options are recognised in profit or loss. The Black Scholes Option Pricing Model assumes that the Securities the subject of the valuation can be sold on a secondary market. The terms and conditions of the convertible notes state that application will be made for the Shares to be listed for official quotation on ASX if the options are exercised.

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

9. FINANCIAL ASSETS AND LIABILITIES (continued)

The following table lists the assumptions to the model used for the year ended 31 December 2014.

Exchange Rate	Stock Price (cents)	Issue Price (cents)	Risk Free Rate (%)	Volatility (%)
0.1997	20	20	2.165%	80%

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. The different valuation methods are called hierarchies and they are described below:

	Level	Carrying Amount	
		31-Dec-14	31-Dec-13
Financial assets and liabilities measured at fair value			
Convertible note derivative	Level 2	1,027,435	-
Convertible note liability	Level 2	1,997,000	-

Fair value hierarchy

Level 1 – the instrument has quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – the fair values are measured using inputs (other than quoted prices) that are observable for the asset or liability either directly or indirectly; or

Level 3 – the fair values are measured using inputs for the asset or ;liability that are not based on observable market data.

10. CONTRIBUTED EQUITY

	Number of shares	$
2014 movements in ordinary share capital:		
Balance at 31 December 2013	1,125,000	79
Conversion of loans to shares (see note 12(c))	7,095,056	1,419,011
Issue of shares (see note 12(c))*	111,375,000	92
Issue of shares – pre-initial public offering	11,037,677	1,484,125
Initial public offering on 31 October 2014	11,982,000	2,396,400
Share issue expenses	-	(319,217)
Balance at 31 December 2014	142,614,733	4,980,490
2013 movements in ordinary share capital:		
Balance at 31 December 2012*	1,125,000	79
Balance at 31 December 2013	1,125,000	79

Prior to 31 October 2014, the number of shares on issue are reflective of the PGGR Group. Thereafter the capital reorganisation, including the initial public offering on 31 October 2014, the share capital structure is reflective of the entire Group.
*51,427,850 shares issued to Tian Guangru in consideration for shares in Derong Mining Limited (refer note 12(c). 59,947,150 shares issued to other shareholders.

10. CONTRIBUTED EQUITY (continued)

The Company does not have authorised capital or par value in respect to its issued shares.

As part of the conditions of the shares in the Company being listed on the Australian Stock Exchange (ASX), 106,092,803 fully paid ordinary shares are subject to ASX trading restrictions until 11 November 2016 and 6,697,248 fully paid ordinary shares are subject to ASX trading restrictions until 18 July 2015.

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.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

11. COMMITMENTS

(a) At 31 December 2014, the Group did not have any contractual commitments to capital expenditure not recognised as liabilities.

(b) In order to maintain current rights of tenure to exploration tenements, the Company is required to outlay rentals and to meet the minimum expenditure requirements. These obligations are not provided for in the financial statements.

12. RELATED PARTY DISCLOSURE

(a) Subsidiaries

The consolidated financial statements include the financial statements of Tian Poh Resources Limited and the subsidiaries listed in the following table:

Name	Country of Incorporation	% Equity interest 2014	% Equity interest 2013
Poh Golden Ger Resources Limited	Mauritius	100%	-
Poh Golden Ger Resources Pte Ltd	Singapore	100%	100%
Poh Golden Ger Resources LLC	Mongolia	100%	100%
Amulet LLC	Mongolia	100%	100%
Mandal-Urgukh LLC	Mongolia	100%	100%
Khangailand LLC	Mongolia	100%	100%
Derong Mining Limted	Singapore	100%	-
Huabei Kuangye LLC	Mongolia	100%	-

Each of Amulet LLC, Mandal-Urgukh LLC, Khangailand LLC and Huabei LLC hold exploration projects. The other companies in the Group are holding companies with Poh Golden Ger Resources Pte Ltd and Poh Golden Ger Resources LLC being the main companies through which payments are made.

(b) Loans to Key Management Personnel

No loans have been provided by key management personnel during the year.

12. RELATED PARTY DISCLOSURE (continued)

(c) Other transactions and balances with Key Management Personnel

2014:

During the 2014 year, the Company was formed by major shareholders of PGGR to invest in and to acquire resource exploration assets, and to list on the Australian Securities Exchange. Mr Tian Guangru and Mr Poh Kay Ping, directors of the Company, were issued with:

- 3,326,146 and 3,329,760 shares, respectively, at an issue price of $0.20 each in exchange for amounts due to them; and
- 51,427,849 and 39,723,708 shares, respectively, in exchange for shares in companies they owned which hold the resource exploration assets.

Additionally, convertible notes issued by Derong Mining Limited (Singapore) to Swifter Limited, a company controlled by Mr Poh Kay Ping, were assumed by the Company.

During the year, Mr Tian Guangru was issued with 51,427,850 shares in consideration for his shares in Derong Mining Limited as part of the capital reorganisation.

No other transactions with key management personnel have occurred during the year.

2013:

There were no other transactions with related parties.

	2014	2013
	$	$

(d) Loans from Directors/Shareholders Related Entity

The following interest free loans have been provided by Directors/Shareholders: Refer to Note 10.

	2014 $	2013 $
Directors	151,604	1,781,871
	151,604	1,781,871

The loans do not have specified repayment terms.

(e) Key Management Personnel Compensation

	2014 $	2013 $
Short-term employee benefits	296,478	64,834
	296,478	64,834

No long term employee benefits were paid.

13. PARENT ENTITY INFORMATION

(a) Information relating to Tian Poh Resources Limited

Current assets	4,057,521	-
Non-current assets	-	-
Total assets	4,057,521	-
Current liabilities	1,469,953	-
Non-current liabilities	2,158,808	-
Total liabilities	3,628,761	-
Net assets	428,760	-
Contributed equity	2,075,183	-
Reserves	-	-
Accumulated losses	(1,646,423)	-
Total shareholders' equity	428,760	-
Loss for the parent entity	(1,646,423)	-
Total comprehensive income of the parent entity	(1,646,423)	-

(b) Guarantees

No guarantees have been entered into by the Company in relation to the debts of its subsidiaries.

(c) Commitments

Commitments of the Company as at reporting date are disclosed in note 11 to the financial statements.

14. EVENTS AFTER BALANCE DATE

Subsequent to reporting date the Company:

- Secured an exclusive option until June 11th 2015 to acquire 51% of the Zuun Mod Molybdenum-Copper deposit in Mongolia;
- Issued 9,000,000 ordinary shares at A$0.18, each with an attached warrant expiring 16 February 2016 and with a strike price of A$0.20; and
- The Company applied for the renewal of its exploration concessions in Mongolia.

Other than the matters noted above, there has not arisen in the interval between the end of the period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in the future.

15. FINANCIAL RISK MANAGEMENT

The Group's financial situation is not complex. Its activities may expose it to a variety of financial risks in the future: market risk (including currency risk and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. At that stage the Group's overall risk management program will focus on the unpredictability of the financial markets and seek to minimise potential adverse effects on the financial performance of the Group.

The Group holds the following financial assets and liabilities:

	2014	2013
	$	$
Financial Assets		
Cash and cash equivalents	1,775,780	43,113
Trade and other receivables	248,819	120,761
	2,024,599	163,874
Financial Liabilities		
Trade and other payables	193,012	169,388
Financial liabilities	3,268,121	1,781,871
	3,461,133	2,648,398

(a) Market risk

Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from cash to be applied to exploration expenditure. Deposits at variable rates expose the Group to cash flow interest rate risk. Deposits at fixed rates expose the Group to fair value interest rate risk. During the period, the Group's deposits at variable rates were denominated in Australian and Singaporean Dollars. The Group does not use derivatives to mitigate these exposures.

As at the reporting date, the Group had the following variable rate deposits and there were no interest rate swap contracts outstanding:

	2014 weighted average interest rate	2014 Balance	2013 weighted average interest rate	2013 Balance
	%	$	%	$
Cash and cash equivalents	0%	1,775,780	0.1%	43,113
Net exposure to cash flow interest rate risk		1,775,780		43,113

The Group adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents in high bearing accounts.

Sensitivity

During the period, if interest rates had been 50 basis points higher or lower than the prevailing rates realised, with all other variables held constant, there would be an immaterial change in post-tax profit for the year.

Foreign currency risk

The Group is exposed to currency risk primarily through having operations in Mongolia and Singapore which incur expenses denominated in a currency other than the functional currency. The currency giving rise to this risk is Chinese Renminbi.

15. FINANCIAL RISK MANAGEMENT (continued)

All the Group's borrowings, other than amounts due to directors, are denominated Chinese Renminbi.

The following table details the Group's exposure at the reporting date to currency risk arising from recognised liabilities denominated in a Chinese Renminbi.

	2014	2013
	$	$
Financial liabilities	2,258,716	-
Derivative liability	1,027,435	-
	3,286,151	-

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in RMB exchange rate, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including embedded derivatives.

	Change in RMB Exchange Rate	Effect on Profit Before Tax	Effect on Equity
2014	+10%	(302,444)	-
	-10%	302,444	-
2013	+10%	-	-
	-10%	-	-

The movement in the pre-tax effect is a result of a change in the fair value of monetary assets and liabilities denominated in MTN and RMB.

15. FINANCIAL RISK MANAGEMENT (continued)

Price risk sensitivity

In relation to the convertible note derivative the group have used an equity price change of 80% upper and lower representing a reasonable possible change based on potential share price volatility. No equity price change has been assessed for 2013 as the convertible note derivative was only assumed in the 2014 period.

	Profit or (loss)		Equity	
	80% increase	**80% decrease**	**80% increase**	**80% decrease**
31-Dec-14				
Convertible note derivative	(1,324,608)	965,032	(1,324,608)	965,032

(b) Credit risk

The Group has no significant concentrations of credit risk. Cash transactions are limited to high credit quality financial institutions. The credit rating for the group's Australian financial institution is AA-.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures on outstanding receivables and committed transactions. In relation to other credit risk areas management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

At the reporting date, there are no impaired trade receivables, and no trade receivables past due but not impaired.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised at the beginning of this note.

(c) Liquidity risk

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

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group will aim at maintaining flexibility in funding by accessing appropriate committed credit lines available from different counterparties where appropriate and possible. Surplus funds when available are generally only invested in high credit quality financial institutions in highly liquid markets.

The following are the contractual maturities of financial liabilities excluding the impact of netting arrangements:

	Carrying amount $	Contractual cash flows $	12 months or less $	1 to 5 years $
31 December 2014				
Non-derivative financial liabilities				
Trade and other payables	193,012	193,012	193,012	-
Financial liabilities	2,240,686	2,540,235	2,340,535	199,700
	2,433,698	2,733,248	2,533,548	199,700

15. FINANCIAL RISK MANAGEMENT (continued)

	Carrying amount $	Contractual cash flows $	12 months or less $	1 to 5 years $
31 December 2013				
Non-derivative financial liabilities				
Trade and other payables	169,388	169,388	169,388	-
Financial liabilities	1,781,871	1,781,871	1,781,871	-
	1,951,259	1,951,259	1,951,259	-

(d) Capital Risk Management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders. The capital structure of the Group consists of equity attributable to equity holders, comprising issued capital and retained earnings as disclosed in note 10.

The Board reviews the capital structure on a regular basis and considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through new share issues as well as the issue of debt, if the need arises.

16. AUDITORS' REMUNERATION

	2014 $	2013 $
Audit of the financial report		
• BDO Audit (WA) Pty Ltd	19,000	-
• Other auditors	4,620	25,217
Investigating accountant's report		
• BDO Audit (WA) Pty Ltd	9,000	-
	32,620	25,217

17. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

One of the Group companies, Mandal-Urgukh Co Ltd (a company incorporated in Mongolia) has been issued with an alleged tax liability of approximately MNT354,000,000 or A$206,770 for breach of non-declaration of taxable incomes from the General Department of Taxation (Tax Liability). The Group is contesting the liability.

Other than the matter noted above, the Group had no material contingent liabilities or contingent assets at 31 December 2014 or at the date of this report. In the ordinary course of business, the Group occasionally receives claims arising from its activities. In the opinion of the Directors, all such matters are without merit or are of such a kind or involve such amounts that would not have a material adverse impact on the operating results or financial position if settled unfavourably.

18. FINANCE COSTS

	2014	2013
	$	$
Interest expense	35,829	-
Foreign currency gains and (losses)	(16,862)	91,929
Fair value adjustment (see note 10)	1,027,435	-
	1,046,402	91,929

19. ASSET ACQUISITION

Acquisitions in 2014

Acquisition of Derong Limited

On 15 July 2014, the Group acquired 100% of the voting shares of Derong Limited, an unlisted company based in Hong Kong, which owns interest in minerals concessions in Mongolia via its subsidiary. The Group acquired Derong Limited to secure the minerals concessions in Mongolia.

The consideration payable was 51,427,850 Poh Golden Gerr Resources Pte Ltd shares for every one share held in Derong Limited and was valued at nil.

Details of the fair value of the assets and liabilities acquired as at 15 July 2014 are as follows:

	$
Assets	
Cash at bank	31,798
Other assets	22,443
Exploration and evaluation assets	1,714,467
Liabilities	
Convertible note	(1,768,708)
Total consideration	-

20. SHARE-BASED PAYMENTS

There is no formal Employee Share Scheme or other policy in place with reference to share-based payments, however the group may from time to time issue shares to employees and/or directors in lieu of services provided.

Mr Tian Guangru and Ms Tian Jia (Non-Executive Directors) were issued shares at a price of $0.20 per share in lieu of their $2,000 monthly director fees (plus superannuation at a statutory rate of 9.5%). These shares are subject to shareholder approval.

Mr Poh Kay Ping (Managing Director and CEO) was issued shares at a price of $0.20 per share in lieu of $16,667 monthly salary and $2,000 monthly director fees. These shares are subject to shareholder approval.

DIRECTORS' DECLARATION

In the opinion of the Directors of Tian Poh Resources Limited (the "Company"):

a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001 including:

   (i) giving a true and fair view of the Company's financial position as at 31 December 2014 and of their performance for the year ended 31 December 2014; and

   (ii) complying with Australian Accounting Standards and Corporations Regulations 2001;

   (iii) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board; 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.

This declaration is signed in accordance with a resolution of the Board of Directors.

Mr KP Poh
Managing Director

31 March 2015

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DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF TIAN POH RESOURCES LIMITED

As lead auditor of Tian Poh Resources Limited for the year ended 31 December 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 audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Tian Poh Resources Limited and the entities it controlled during the period.

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 31 March 2015

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INDEPENDENT AUDITOR'S REPORT

To the members of Tian Poh Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Tian Poh Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, 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 year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1(b), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, 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 Tian Poh Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Tian Poh Resources Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(b).

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Tian Poh Resources Limited for the year ended 31 December 2014 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth, 31 March 2015

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 28 February 2015.

(A) DISTRIBUTION OF EQUITY SECURITIES

(i) Ordinary share capital

- 151,614,733 fully paid ordinary shares are held by 363 individual shareholders

All issued ordinary shares carry one vote per share and carry the rights to dividends.

The number of security holders by size of holding are:

			Fully paid ordinary shares
1	–	1,000	-
1,001	–	5,000	2
5,001	–	10,000	190
10,001	–	100,000	108
100,001		and over	63
			363
Holding less than a marketable parcel			-

(ii) Options

- 9,000,000 options are held by 2 individual option holders

Options do not carry a right to vote.

(B) SUBSTANTIAL SHAREHOLDERS

	Fully paid	
Ordinary shareholders	**Number**	**Percentage**
Mr Tian Guangru	54,753,995	36.1
Mr Poh Kay Ping	44,303,469	29.2
	99,057,463	65.3

ASX ADDITIONAL INFORMATION (continued)

(c) TWENTY LARGEST SECURITY HOLDERS

	Fully paid	
Ordinary shareholders	**Number**	**Percentage**
Tian Guangru	54,753,996	36.1
Poh Kay Ping	44,303,469	29.2
Song Zhiqin	5,737,500	3.8
Yeo Hui Hong	5,000,000	3.3
Ng Kim Swee	4,714,190	3.1
Michael Koh Kow Tee	4,684,470	3.1
Erdenebayar Azjargal	3,216,250	2.1
Yeo Hwee Bin	2,956,825	2.0
J P Morgan Nominees Australia Limited	1,510,000	1.0
Citicorp Nominees Pty Limited	1,467,055	1.0
HSBC Custody Nominees (Australia) Limited	1,100,000	0.7
Goh Kim San	1,058,760	0.7
Ben Chng Beng Beng	793,820	0.5
Seow Seng Wei	740,880	0.5
Ow Chun Ming & Victor Ow	740,880	0.5
Loh Teck Eng	700,370	0.5
Leong	669,780	0.4
Lim Soon Fang	644,143	0.4
Mark Lee Kean Phi	528,880	0.3
Wong Mun Hwa	528,880	0.3
	135,850,148	**89.6**

(D) UNQUOTED EQUITY SECURITY HOLDINGS GREATER THAN 20%

	Options	
16 February 2016, 20 cent options	**Number**	**Percentage**
Michael Koh Kow Tee	4,500,000	50.0
Ng Kim Swee	4,500,000	50.0
	9,000,000	**100.0**

ASX ADDITIONAL INFORMATION (continued)

(E) MINERAL TENEMENTS

The Company holds the following tenements:

Project	Leases	Commodity	Holder	Locality	Status
Amulet	14734X	Coal	Amulet LLC	Mongolia	Granted
Mandal-Urguk	14770X	Copper and gold	Mandal-Urguk LLC	Mongolia	Granted
Mandal-Urguk	14771X	Copper and gold	Mandal-Urguk LLC	Mongolia	Granted
Mandal-Urguk	14772X	Copper and gold	Mandal-Urguk LLC	Mongolia	Granted
Mandal-Urguk	14773X	Copper and gold	Mandal-Urguk LLC	Mongolia	Granted
Mandal-Urguk	14776X	Copper and gold	Mandal-Urguk LLC	Mongolia	Granted
Khangailand	14767X	Coal	Khangailand LLC	Mongolia	Granted
Khangailand	14768X	Coal	Khangailand LLC	Mongolia	Granted
Khangailand	14769X	Coal	Khangailand LLC	Mongolia	Granted
Huabei Kuangye	MV17471X	Coal	Huabei Kuangye LLC	Mongolia	Granted