

PROSPECTUS



**PROSPECTUS FOR THE
INITIAL PUBLIC OFFERING OF
75,000,000 NEW SHARES IN**

TIGERS REALM COAL LIMITED
ABN 50 146 752 561

**THIS IS A REPLACEMENT PROSPECTUS DATED 15 AUGUST 2011,
WHICH REPLACES A PROSPECTUS DATED 29 JULY 2011
IN RELATION TO THE INITIAL PUBLIC OFFERING OF
NEW SHARES IN TIGERS REALM COAL LIMITED**

CORPORATE ADVISOR



LEAD MANAGER
& UNDERWRITER



IMPORTANT NOTICES

Offer

The Offer contained in this Prospectus is an invitation to acquire New Shares in Tigers Realm Coal Limited ACN 146 752 561.

Lodgement and listing

This Prospectus is a replacement prospectus dated 15 August 2011 which was lodged with ASIC on that date. It replaces the Original Prospectus dated 29 July 2011 which was lodged with ASIC on that date. The Company has applied to ASX for listing and quotation of the New Shares on ASX. None of ASIC, ASX or any of their officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

Expiry date

No New Shares will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Note to Applicants

The information in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs.

It is important that you read this Prospectus carefully and in full before deciding whether to invest in the Company. In particular, in considering the prospects of the Company, you should consider the risk factors that could affect the financial performance of the Company in light of your personal circumstances (including financial and taxation issues) and seek professional advice from your accountant, stockbroker, lawyer or other professional advisor before deciding whether to invest. Some of the key risk factors that should be considered by prospective investors are set out in Section 11. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

No person named in this Prospectus, nor any other person, guarantees the performance of the Company, the repayment of capital or any return on investment with respect to the New Shares.

No offering where offering would be illegal

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the New Shares or the Offer, or to otherwise permit a public offering of New Shares, in any jurisdiction outside Australia. The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus may not be distributed to, or relied upon by, persons in the United States unless accompanied by the Institutional Offering Memorandum as part of the Institutional Offer. In particular, the New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States, and may not be offered or sold in the United States, except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

Disclaimer

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company or the Directors.

Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company and the Directors.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 11.

As set out in Section 3.10, it is expected that the New Shares will be quoted on ASX initially on a deferred settlement basis.

The Company disclaims all liability, whether in negligence or otherwise, to persons who trade New Shares before receiving their holding statement.

Production and exploration targets

All references to future exploration, production, exploration targets and production targets made in relation to the Company in this Prospectus are subject to completion of all necessary feasibility studies, permitting, construction and financing arrangements.

All references to Resources and Reserves should be read in conjunction with the Competent Person's Statement set out in Section 13.19.

Any reference to exploration targets refers to In-situ coal deposits in respect of which there is insufficient data from historical and current exploration activities to identify a Resource in compliance with the JORC Code, and is purely conceptual in nature.

Obtaining a copy of this Prospectus

A paper copy of this Prospectus is available free of charge to any person in Australia by calling the Tigers Realm Coal Share Offer Hotline on 1300 880 472 (within Australia) or +612 8280 7495 (outside Australia) from 9.00am to 5.00pm AEST Monday to Friday until the close of the Broker Firm Offer being 22 August 2011.

This Prospectus is also available in electronic form via www.tigersrealmcoal.com. The Offer constituted by this Prospectus in electronic form is available only to persons receiving this Prospectus in electronic form within Australia. Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus.

Applications for New Shares may only be made on the Application Form accompanying this Prospectus. A copy of the Application Form and the Prospectus can be obtained from your Broker. Please contact your Broker for instructions. By making an Application, you declare that you were given access to this Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to or accompanies a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

Exposure Period

In accordance with the Corporations Act, the Original Prospectus was subject to an Original Exposure Period of seven days from the date of lodgement of the Original Prospectus with ASIC. The Original Exposure Period was extended by ASIC for a further period of 7 days. The purpose of the Exposure Period is to enable the Original Prospectus to be examined by market participants prior to the raising of funds. Pursuant to ASIC Class Order 00/169, this Prospectus is not subject to any additional exposure period. If there are any deficiencies, any Application received may need to be dealt with in accordance with the Corporations Act. Applications received during the Exposure Period will not be processed until after the expiry of that period. No preference will be conferred on Applications received during the Exposure Period.

Application Monies

Application Monies will be held on trust for Applicants until the New Shares are issued, or otherwise returned to Applicants. If required, Application Monies will be returned without interest as soon as practicable in accordance with the requirements of the Corporations Act.

Photographs and diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration purposes only and should not be interpreted to mean that any person shown endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

Statistics and graphs

Certain statistical and graphical information contained in this Prospectus is drawn from the surveys or studies conducted by third parties and industry and general publications. Although the Company has no reason to believe that this information is unreliable, it is noted that it has not been verified by any independent sources.

Statement of past performance

This Prospectus includes information regarding the past performance of the Company. Investors should be aware that past performance should not be relied upon as being indicative of future performance. This is particularly the case in relation to the Company, as its future activities will differ to its past activities.

Forecast financial information

Given the speculative nature of resource exploration and development and the fact the Company is in an early stage of development, there are significant uncertainties associated with forecasting future revenues and expenses of the Company. On this basis and after considering ASIC Regulatory Guide 170, the Directors believe that reliable financial forecasts for the Company cannot be prepared and accordingly have not included financial forecasts in this Prospectus.

Financial year periods

All references to financial years in this Prospectus are to the period ending 31 December or references to half years are to the six month period ending 30 June, unless otherwise indicated.

Financial information presentation

The historical financial information included in this Prospectus has been prepared and presented in accordance with the recognition and measurement principles prescribed by Australian Accounting Standards.

The historical financial information in this Prospectus should be read in conjunction with, and is qualified by reference to, the information contained in Section 9.

Financial amounts

References to dollars or \$ in this Prospectus are references to Australian dollars unless otherwise indicated.

Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

Glossary

Capitalised terms and abbreviations used in this Prospectus have defined meanings which are explained in the Glossary in Section 14.

Privacy

By submitting an Application Form, you are providing personal information to the Company and the Share Registry, which is contracted by the Company to manage Applications. The Company, and the Share Registry on its behalf, collect, hold and use that personal information in order to process your Application, service your needs as a Shareholder, provide facilities and services that you request, meet the Company's legal and regulatory obligations and carry out appropriate administration.

Once you become a Shareholder, the Corporations Act and Australian taxation legislation require information about you (including your name, address and details of the Shares you hold) to be included in the Company's public register and accessible by members of the public, subject to certain restrictions. This information must continue to be included in the Company's public register even if you cease to be a Shareholder. If you do not provide the information requested in the Application Form, the Company and the Share Registry may not be able to process or accept your Application.

Your personal information may also be used and disclosed from time to time to inform you about products and services offered by the Company which it considers may be of interest to you. If you do not wish to receive this information, please contact the Share Registry (details provided below). Your consent will remain current until you advise the Company otherwise.

Your personal information may also be provided to the Company's agents and service providers. The Company's agents and service providers may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared include:

- the Share Registry for ongoing administration of the shareholder register;
- the Lead Manager in order to assess your Application;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing the Company's shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisors for the purpose of administering, and advising on, the Shares and for associated actions.

Your personal information may also be disclosed to ASX and to other regulatory authorities and third parties for purposes required or authorised by or under law.

You may access the personal information held about you by (or on behalf of) the Company (subject to certain exemptions under law). You may be required to pay a reasonable charge to the Share Registry in order to access your personal information. You can request access to your personal information by writing to or telephoning the Share Registry as follows:

Tigers Realm Coal
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Within Australia: 1300 880 472
Outside Australia: +612 8280 7495

In accordance with the requirements of the Corporations Act, information on the Company's Share register will be accessible by members of the public, subject to certain restrictions.

The Lead Manager to the Offer is Credit Suisse (Australia) Limited.

This Prospectus is important and should be read in its entirety.

Figure A (Table of Contents): Drilling at Amaam. Source: TRC

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IMPORTANT INFORMATION FOR INVESTORS:

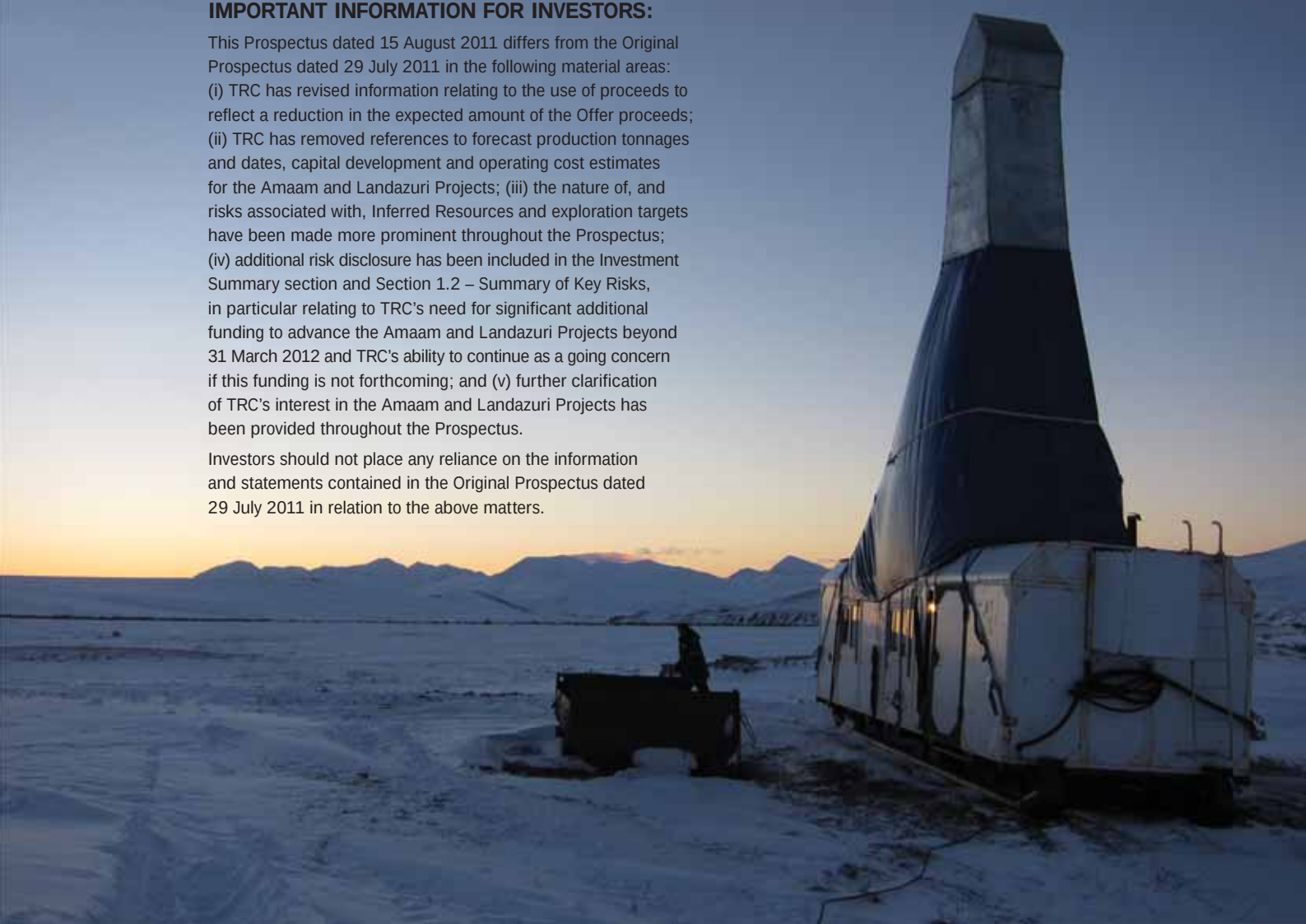
This Prospectus dated 15 August 2011 differs from the Original Prospectus dated 29 July 2011 in the following material areas:

(i) TRC has revised information relating to the use of proceeds to reflect a reduction in the expected amount of the Offer proceeds;

(ii) TRC has removed references to forecast production tonnages and dates, capital development and operating cost estimates for the Amaam and Landazuri Projects; (iii) the nature of, and risks associated with, Inferred Resources and exploration targets have been made more prominent throughout the Prospectus;

(iv) additional risk disclosure has been included in the Investment Summary section and Section 1.2 – Summary of Key Risks, in particular relating to TRC's need for significant additional funding to advance the Amaam and Landazuri Projects beyond 31 March 2012 and TRC's ability to continue as a going concern if this funding is not forthcoming; and (v) further clarification of TRC's interest in the Amaam and Landazuri Projects has been provided throughout the Prospectus.

Investors should not place any reliance on the information and statements contained in the Original Prospectus dated 29 July 2011 in relation to the above matters.



CHAIRMAN'S LETTER

THE OFFER REPRESENTS AN ATTRACTIVE OPPORTUNITY TO INVEST IN A QUALITY PORTFOLIO OF COKING COAL ASSETS AND AN EXPERIENCED LEADERSHIP TEAM WITH A TRACK RECORD IN PROJECT DELIVERY AND PORTFOLIO GROWTH.

Dear Investor,

On behalf of the Board of Directors, it is my pleasure to invite you to become a Shareholder in Tigers Realm Coal Limited (TRC). The Directors believe that the quality and potential of the Amaam and Landazuri Projects, and the drive and dedication of its highly experienced management and operating teams, position the Company to become a significant participant in the seaborne coking coal market. However, it must be noted that the Projects are in the exploration and pre-development stage at this time.

The Directors consider TRC to represent an attractive opportunity to invest in a:

- Portfolio of quality coking coal Projects well positioned close to key growth markets.
- Highly experienced Board and Management team with a track record of delivering to plan and providing superior returns to shareholders.

The Projects were originally identified by Tigers Realm Minerals Pty Ltd (TRM) as part of a focussed strategy to secure hard coking coal projects with the potential to be developed into mines supplying significant volumes of seaborne coking coal into key growth markets. TRM, which has advanced the Projects through exploration, initial Resource delineation and scoping studies, retains a substantial shareholding in TRC and will provide management support to the Company, as outlined in this Prospectus.

TRC's objective is clear: to advance the Amaam and Landazuri Projects through further Resource delineation, feasibility studies, bankable feasibility studies and mine development to establish profitable mining operations.

The Amaam Project (in which TRC holds a 40% interest and can earn up to 80%) is located close to the Pacific coast in Far Eastern Russia and is well positioned to supply key Asian markets. The Landazuri Project (comprising three joint ventures

in which TRC has options to earn up to 60%, 60% and 70% respectively) in Central Colombia is located close to existing rail infrastructure with links to Atlantic (Caribbean) coal ports. The Amaam Project has an Inferred Resource of 177Mt and an exploration target of an additional 240 – 380Mt¹ of coking coal. The Landazuri Project has an Inferred Resource of 21Mt and an exploration target of an additional 280 – 470Mt¹ of coking coal.

TRC views each of the two Projects as being complementary to the other in their development timelines with the potential for early production at Landazuri supporting the longer lead times required to develop the much larger Amaam Project. Environmental licenses have been granted over four tenements at the Landazuri Project in support of this plan, each of which allow for production of up to 0.8Mtpa.

In addition to its existing project portfolio, TRC will, through contracts with its major Shareholder, TRM, benefit from the expertise of TRM's exploration, project development and business development teams which will be actively pursuing high quality coal opportunities using strict investment criteria. TRC's strategy is to secure advanced exploration projects which can be taken through the entire resource project value creation chain to become successful mining operations.

However, an investment in TRC is subject to risks and there can be no assurance that the Projects will be developed in accordance with their respective scoping studies or that additional exploration projects can be secured. These risks include securing significant additional funding; identifying sufficient Measured and/or Indicated Resources to support the required rates of production; undertaking and completing feasibility studies; upgrading Measured and/or Indicated Resources to Reserves; obtaining licenses and approvals to develop and operate a mine; raising finance and constructing infrastructure and facilities; technical risks associated with geology and mining; changes in coal prices

¹ The potential quantity and grade of the exploration targets is conceptual in nature, there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

and demand; securing access to infrastructure necessary to transport any coal; and potential political and regulatory risks associated with operating in Russia and Colombia.

Please refer to Section 11 for a more detailed description of the key risk factors in relation to an investment in TRC.

This Prospectus offers a total of 75.0 million New Shares at an Offer Price of \$0.50 per New Share, in addition to 280.2 million Existing Shares currently on issue. An additional 8.7 million Shares will be issued to TRM at the Offer price to repay the TRM payable owing as at 30 June 2011 of approximately \$4.4 million.

TRC's net Offer proceeds will be used to fund further Resource delineation and exploration drilling programs at both Amaam and Landazuri; fund further work on the Amaam pre-feasibility study and the Landazuri feasibility study for Stage 1; fund option payments and expenditure commitments in relation to earning its interests in the Landazuri Project; repay the TRM payable in relation to amounts paid on TRC's behalf post 1 July 2011; and fund corporate expenses and other general working capital.

To apply for New Shares under the Offer, you will need to fill out and return the Application Form accompanying this Prospectus. This Offer is expected to close at 5.00pm AEST on 22 August 2011.

This Prospectus contains detailed information about the Offer and the Projects, as well as relevant risk factors. I encourage you to read it carefully before making an investment decision.

On behalf of the Board of Directors, I look forward to welcoming you as a Shareholder.

Yours sincerely,



Antony Manini
NON-EXECUTIVE CHAIRMAN



Investment Summary

TRC is aiming to become a significant participant in the seaborne coking coal market through the development of the Amaam Project in Far Eastern Russia and the Landazuri Project in Colombia. TRC views each of the two Projects as being complementary to the other in terms of development timelines with the potential for early production at Landazuri supporting the longer lead times required to develop the larger Amaam Project. Both Projects are currently being advanced through Resource delineation and scoping studies.

TRC currently holds a 40% interest in the Amaam Project through its interest in Eastshore, a joint venture company. TRC has the right to subscribe for an additional 40% shareholding in Eastshore, subject to the grant of additional licenses and the completion of a BFS (see Sections 4.2 and 13.10.4). TRC does not currently own the Landazuri Project but holds options that, subject to making required option payments and project-related expenditures, will entitle it to a shareholding of 60%, 60% and 70% respectively in the joint ventures that hold the tenements comprising the Landazuri Project (see Sections 4.3 and 13.10.5). TRC's ability to satisfy these matters is contingent on a number of factors, including TRC's ability to secure significant additional funding.

AMAAM (40% INTEREST EARNING UP TO 80% INTEREST)		
Asset description	HCC project located in Far Eastern Russia	
Inferred Resources (100% basis)	177Mt	
Additional exploration target (100% basis)	240 – 380Mt	
Location relative to proposed port site	30km from proposed deep water port site to be constructed by TRC	
Potential operations based on scoping study	Open cut (truck and shovel), wash all coal in conventional CHPP to produce single HCC product, transport to port by rail	
PRELIMINARY COAL SPECIFICATIONS	AMAAM	STANDARD HCC ²
CSN	9	6 – 9
Volatile matter (% AD)	29.7	19 – 38
Ash (% AD)	9	<9.7
Ro max (Rank)	1.07	0.80 – 1.60
CSR (%)	To be determined	>55
Gieseler Maximum Fluidity (ddpm)	6,500	200 – 25,000

LANDAZURI (OPTIONS TO EARN UP TO 60%/60%/70% INTEREST)		
Asset description	HCC project located in the Landazuri Coal Basin in Central Colombia	
Inferred Resources (100% basis)	21Mt	
Additional exploration target (100% basis)	280 – 470Mt	
Location relative to infrastructure	60km from Atlantic Railway	
Potential operations based on scoping study	Open cut (truck and shovel), potential to produce single HCC product on unwashed basis, transport to port by road (Stage 1) and rail (Stage 2)	
PRELIMINARY COAL SPECIFICATIONS	RIO BLANCO	DANTAS
CSN	8	9
Volatile matter (% AD)	21.8	31.0
Ash (% AD)	8	5
Ro max (Rank)	1.25	0.95
CSR (%)	To be determined	To be determined
Gieseler Maximum Fluidity (ddpm)	500	6,000

Potential investors should be aware that there are risks associated with investing in TRC. Some risks are beyond the control of TRC and its Directors and Management and may have a material impact on TRC's future operating and financial performance, and/or financial position of TRC, its prospects and/or the value of the Shares. Some of the key risks associated with an investment in TRC are summarised below. Potential investors should also refer to Sections 1.3 and 11 for further detail.

² The classification of coking coals is dependent on detailed testing and analysis of a number of coal properties, beyond those considered in this table. Coal properties such as phosphorous and sulphur have not been included in this table. Refer to the AME Coal Market Report for further details (see Section 6).

PRELIMINARY STAGE OF PROJECT ASSESSMENT

As of the date of this Prospectus, TRC has only undertaken conceptual or scoping studies, which, by their nature, lack the level of detailed analysis of pre-feasibility or feasibility studies. Scoping studies are preliminary investigations of the Project's potential commercial viability, and no assurance can be given that the Projects will be commercially viable. TRC will need to undertake and complete feasibility studies in order to establish a basis for any final investment decision in the Projects. As a result of the early stage of development of its assets, an investment in TRC is subject to greater risk than mining assets which have been the subject of feasibility studies or are in production.

INFERRED RESOURCES

All of TRC's estimated Mineral Resources are in the "Inferred" category, which is the lowest resource categorisation under the JORC Code. According to the commentary accompanying the JORC Code, "the Inferred category is intended to cover situations where a mineral concentration or occurrence has been identified and limited measurements and sampling completed, but where the data are insufficient to allow the geological and/or grade continuity to be confidently interpreted. Commonly, it would be reasonable to expect that the majority of Inferred Mineral Resources would upgrade to Indicated Mineral Resources with continued exploration. However, due to the uncertainty of Inferred Mineral Resources, it should not be assumed that such upgrading will always occur. Confidence in the estimate of Inferred Mineral Resources is usually not sufficient to allow the results of the application of technical and economic parameters to be used for detailed planning. For this reason, there is no direct link from an Inferred Resource to any category of Ore Reserves. Caution should be exercised if this category is considered in technical and economic studies."

EXPLORATION TARGETS

Resolve Geological has estimated a range of exploration target tonnages for the Amaam Project based on historic field mapping and drilling (pre 2008) and drilling undertaken by NPCC between 2008-10 and TRC between 2010-11, and for the Landazuri Project based on historic field mapping and drilling (pre 2009) and field mapping and drilling undertaken by TRC between 2010-11. The potential quantity and grade of the exploration targets is conceptual in nature, there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

ADDITIONAL FUNDING REQUIREMENTS

TRC will use the proceeds of the Offer to fund further drilling and work programs to progress the Amaam pre-feasibility study and the Landazuri feasibility study however, additional funding will be required to complete these studies. Any development of the Projects beyond these milestones will involve significant capital expenditure and will require substantial additional funding. There is no guarantee that such funding, whether debt, equity or otherwise will be obtained or available on favourable terms, or at all. If such funding is not obtained, TRC will be unable to proceed with the Projects. These matters, along with other matters as set forth in Section 9.6.1, indicate the existence of a material uncertainty that may cast significant doubt about TRC's ability to continue as a going concern and to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in TRC pro forma statement of financial position.

PRODUCT QUALITY

The coal quality data shown in the Investment Summary table (under the heading "PRELIMINARY COAL SPECIFICATIONS") for Amaam and Landazuri is based on limited sampling and test work, which, while sufficient for a conceptual study, would not be a sufficient basis on which to draw conclusions in a feasibility study. Additional sampling and testing may produce different results, and coal from resources that have not yet been identified and sampled may have different properties.

LICENSING AND PERMITS

TRC will require certain licenses, permits and approvals to develop the Projects, including in relation to the proposed port at Amaam to be constructed by TRC. TRC has not yet obtained a majority of the required licenses, permits and approvals to construct and operate the Projects. Failure to obtain, or delays in obtaining such licenses, permits and approvals may adversely affect TRC's ability to proceed with the Projects.

MINERAL TITLE RISKS AND LAND ACCESS

There are a number of conditions and regulatory requirements that TRC must satisfy with respect to its Tenements to maintain its interests in those Tenements in good standing. There is a risk that TRC may not be able to satisfy these conditions and requirements in respect to one or more of the Tenements, in which case the Company's mineral title rights may be terminated in respect of those Tenements. In addition, TRC may not be in technical compliance with all of the conditions of the Russian Subsoil Licenses. As a result of technical non-compliance with the license provisions, the Russian authorities may be entitled to terminate the license should they determine the breach to be material.

Key Offer Information

Key Dates	Date
Prospectus lodgement date	15 August 2011
Opening of the Broker Firm Offer	16 August 2011
Closing of the Broker Firm Offer	5.00pm AEST 22 August 2011
Announcement of New Share allocation	23 August 2011
Settlement of Offer	26 August 2011
Allotment of New Shares under Offer and expected commencement of trading (deferred settlement basis)	29 August 2011
Expected completion of despatch of holding statements and any refund payments if required	1 September 2011
Expected commencement of trading on ASX (normal settlement basis)	2 September 2011

NOTE: This timetable is indicative only. Unless otherwise indicated, references to all times are references to AEST. The Company and the Lead Manager reserve the right to vary the dates and times of the Offer, including to close the Offer early or to accept late Applications, either generally or in particular cases, without notifying any recipient of this Prospectus or Applicants. Investors are encouraged to submit their Applications as soon as possible.

Key Offer Statistics	
Offer Price	\$0.50 per share
Total number of New Shares available to investors under the Offer	75.0 million
Number of Shares to be issued to TRM to repay the TRM payable owing as at 30 June 2011 ³	8.7 million
Total number of Shares on issue on Completion of the Offer	363.9 million
Gross proceeds of the Offer	\$37.5 million
Market capitalisation ⁴ based on the Offer Price	\$182.0 million
Less pro forma cash and cash equivalents (as at 31 December 2010) ⁵	\$47.6 million
Enterprise value ⁶ based on the Offer Price	\$134.4 million

³ The number of Shares to be issued to TRM at the Offer price to repay the TRM payable owing as at 30 June 2011 of approximately \$4.4 million.

⁴ Indicative market capitalisation based on the Offer Price and the total number of Shares on issue on Completion of the Offer.

⁵ See Section 9.4 for further details, in particular note 1 to the TRC PRO FORMA STATEMENT OF FINANCIAL POSITION.

⁶ Indicative enterprise value equals indicative market capitalisation less pro forma cash and cash equivalents as at 31 December 2010 (see Section 9).

1. Investment Overview

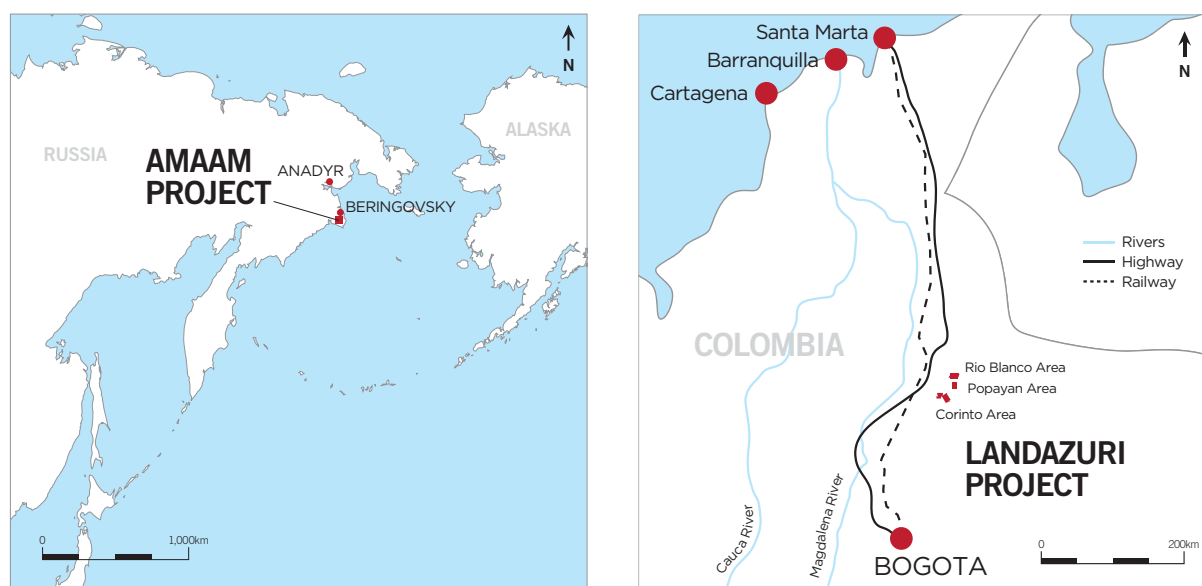
1.1. OVERVIEW OF TIGERS REALM COAL

TRC was incorporated under Australian law on 8 October 2010 with the objective of engaging in the acquisition, exploration, development and operation of coal mines and to supply coking coal product into the seaborne coking coal market. TRC's head office is in Melbourne and country offices have been established in Russia, Colombia and Indonesia. TRC's major shareholder, TRM, is a mineral resources company based in Melbourne, which operates mineral resource projects globally with a focus on gold, copper and coal. TRC has engaged the expertise of TRM's exploration, project development and business development teams through service agreements and will also benefit from the knowledge and experience of TRM employees seconded to TRC.

TRC is aiming to become a significant participant in the seaborne coking coal market through the development of the Amaam Project in Far Eastern Russia and the Landazuri Project in Colombia. TRC views each of the two Projects as being complementary to the other in terms of development timelines with the potential for early production at Landazuri supporting the longer lead times required to develop the larger Amaam Project. Both Projects are currently being advanced through resource delineation and scoping studies.

TRC currently holds a 40% interest in the Amaam Project through its interest in Eastshore, a joint venture. TRC has the right to subscribe for an additional 40% shareholding in Eastshore, subject to the grant of additional licenses and the completion of a BFS (see Sections 4.2 and 13.10.4). TRC does not currently own the Landazuri Project but holds options that, subject to making required option payments and project-related expenditures, will entitle it to a shareholding of 60%, 60% and 70% respectively in the joint ventures that hold the tenements comprising the Landazuri Project (see Sections 4.3 and 13.10.5).

FIGURE 1.1: (LEFT TO RIGHT): AMAAM, RUSSIA; LANDAZURI, COLOMBIA



SOURCE: TRC.

In addition to the Amaam and Landazuri Projects, TRC is evaluating a number of coking and export thermal coal project opportunities in Russia, Colombia and Indonesia, several of which are subject to ongoing negotiations. Hard coking coal is the Company's primary focus, although other coal types will be considered where the underlying project represents a compelling business opportunity. TRC's project generation and investment strategy is to identify, discover, acquire and invest in quality coal projects in order to maximise value for TRC's Shareholders.

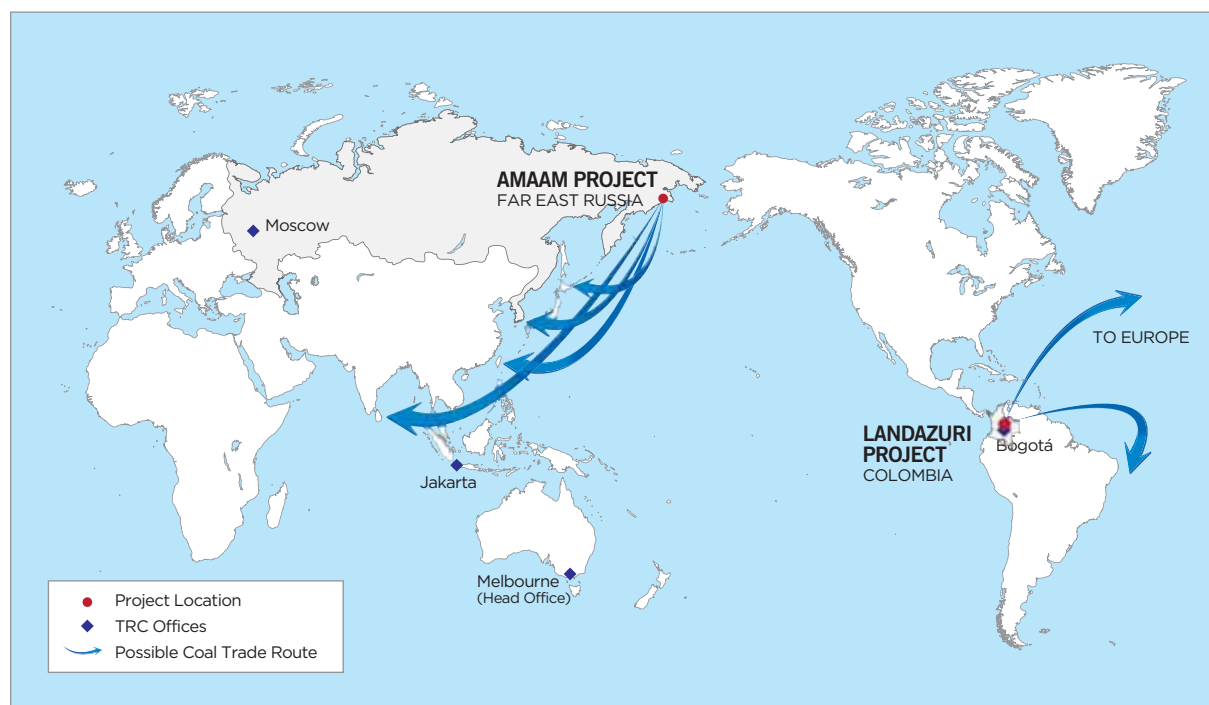
TRC will use the proceeds of the Offer to fund further drilling and work programs to progress the Amaam pre-feasibility study and the Landazuri feasibility study for Stage 1 however, additional funding will be required to complete these studies. Any development of the Projects beyond these milestones will involve significant capital expenditure and will require substantial additional funding.

QUALITY HARD COKING COAL PROJECTS, WELL POSITIONED TO SUPPLY THE SEABORNE MARKET

An opportunity to invest in a growth oriented company with a portfolio of hard coking coal development Projects and a Board and Management team with a strong track record in project delivery and portfolio growth.

- 198Mt Inferred Resource
- An additional exploration target of 520Mt–850Mt – Resolve Geological has estimated the range of exploration target tonnages for the Amaam Project based on historic field mapping and drilling (pre 2008) and drilling undertaken by NPCC between 2008-10 and TRC between 2010-11, and for the Landazuri Project based on historic field mapping and drilling (pre 2009) and field mapping and drilling undertaken by TRC between 2010-11. The potential quantity and grade of the exploration targets is conceptual in nature, there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.
- Quality hard coking coal Projects well positioned to supply the high demand steel producing markets of China, Japan, India, South Korea and Brazil.
- Amaam – well defined coal basin with potential for large scale, open cut mining operation and conventional CHPP to produce a single HCC washed product, located within 30km of proposed deep water port site on the Pacific coast of Russia.
- Landazuri – highly prospective coal basin in Central Colombia with potential for production of a single HCC product on an unwashed basis, located close to existing transport infrastructure.
- Strong market outlook with growing demand for seaborne coking coal.

FIGURE 1.2: LOCATIONS OF PROJECTS, TRC OFFICES AND POSSIBLE COAL TRADE ROUTES



SOURCE: TRC.

SUBSTANTIAL RESOURCE POSITION WITH POTENTIAL FOR RESOURCE GROWTH

- TRC has delineated an Inferred Resource of 198Mt on the Amaam and Landazuri Projects (see Table 1.1).
- Intended drilling campaigns and feasibility studies during 2011 – 2013 at Amaam and Landazuri will be designed to underpin potential Resource upgrades and future production of seaborne coking coal.
- Amaam and Landazuri have potential for increased Resources with an exploration target of 520 – 850Mt of coking coal (see Table 1.2).

TABLE 1.1: INFERRED RESOURCES OF PROJECTS⁷

PROJECT	POTENTIAL ECONOMIC INTEREST	ESTIMATED AREA (KM ²)	INFERRED RESOURCES
Amaam	80% ⁸	231	177Mt
Landazuri	60%, 60%, 70% ⁹	170	21Mt
Total (100% basis)		401	198Mt
Total (equity basis)			154Mt

- An Inferred Mineral Resource is defined under the JORC Code as “that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence.” Inferred Mineral Resources must be upgraded to the Measured or Indicated categories before they can be converted to Reserves. For further discussion of Inferred Resources, see “Investment Summary”.

TABLE 1.2: EXPLORATION TARGETS OF PROJECTS

PROJECT	POTENTIAL ECONOMIC INTEREST	ADDITIONAL EXPLORATION TARGET
Amaam	80% ⁸	240 – 380Mt
Landazuri	60%, 60%, 70% ⁹	280 – 470Mt
Total (100% basis)		520 – 850Mt
Total (equity basis)		361 – 587Mt

- Resolve Geological has estimated the range of exploration target tonnages for the Amaam Project based on historic field mapping and drilling (pre 2008) and drilling undertaken by NPCC between 2008-10 and TRC between 2010-11, and for the Landazuri Project based on historic field mapping and drilling (pre 2009) and field mapping and drilling undertaken by TRC between 2010-11. The potential quantity and grade of the exploration targets is conceptual in nature, there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

⁷ See Section 13.19 for Competent Person's Statement.

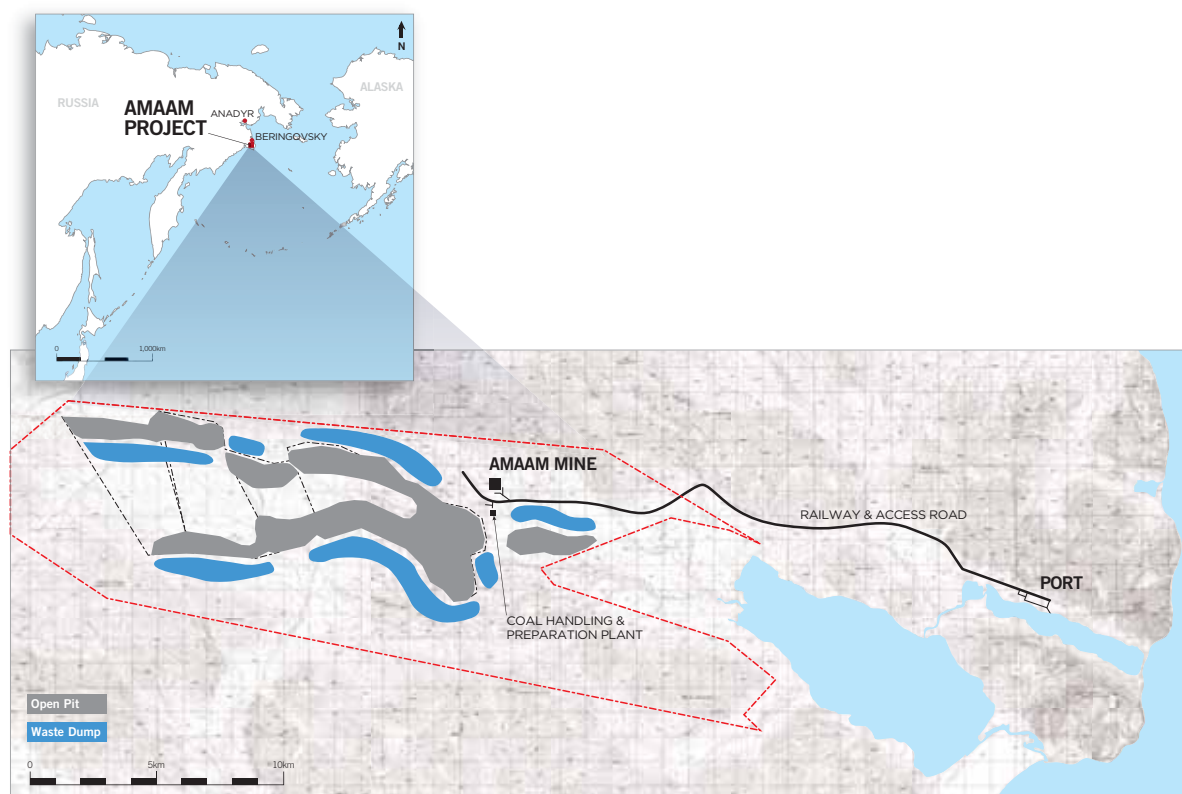
⁸ TRC currently holds a 40% interest in the Amaam Project through its interest in Eastshore, a joint venture. TRC has the right to subscribe for an additional 40% shareholding in Eastshore, subject to the grant of additional licenses and the completion of a BFS. TRC's ability to obtain such licenses and complete the BFS is subject to a number of factors, including its ability to secure additional funding. See Sections 4.2 and 13.10.4 for further details relating to TRC's interest in the Amaam Project.

⁹ TRC does not currently own the Landazuri Project but holds options that, subject to making required option payments and project-related expenditures, will entitle it to a shareholding of 60%, 60% and 70% respectively in the joint ventures that hold the tenements comprising the Landazuri Project. TRC's ability to make such payments is contingent on a number of factors, including its ability to secure additional funding. See Sections 4.3 and 13.10.5 for further details relating to TRC's interest in the Landazuri Project.

AMAAM – POTENTIAL FOR LARGE SCALE, OPEN CUT HARD COKING COAL PROJECT

- Conceptual studies indicate potential for development of a large scale, open cut mining operation and conventional CHPP to produce a single HCC washed product.
- Coal quality testwork indicates potential for raw coal wash yields of 63% to 69% prior to mining dilution.
- Located within 30km of a proposed deep water port site that would be constructed by TRC on the Pacific coast of Russia.
- TRC plans to ensure that key components associated with coal transport infrastructure will be able to accommodate a significant increase in coal throughput.

FIGURE 1.3: AMAAM PROJECT LOCATION AND CONCEPTUAL MINE LAYOUT

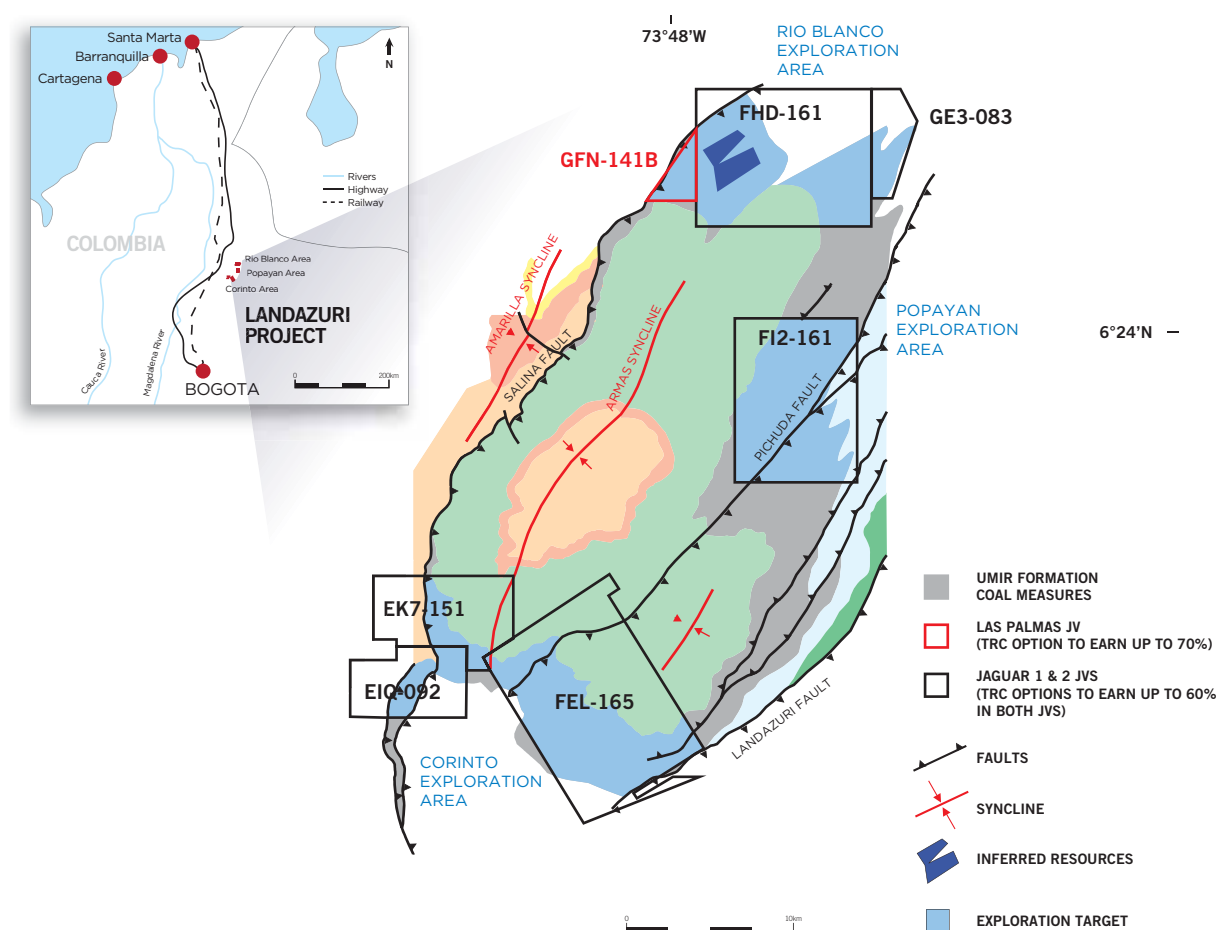


SOURCE: TRC, Ausenco Sandwell.

LANDAZURI – HIGHLY PROSPECTIVE WITH POTENTIAL FOR HARD COKING COAL PRODUCTION

- Potential for future Resource expansions with only 15% of the coal bearing Middle Umir Formation within the seven Landazuri tenements drilled to date.
- Conceptual studies indicate potential to produce a single HCC product on an unwashed basis through the future development of:
 - Stage 1: initial production utilising road transportation of coal to port;
 - Stage 2: a progressive scale-up of production (assuming additional Resources are delineated) utilising rail transportation of coal to port.
- Tenements located within 60km of existing railway line and national highway linking the Landazuri Project to existing coal export terminals on the Atlantic (Caribbean) coast.
- Four environmental licenses granted to date allow up to 3.2Mtpa of saleable production (0.8Mtpa per license).

FIGURE 1.4: LANDAZURI PROJECT LOCATION AND UMIR FORMATION COAL MEASURES



SOURCE: TRC.

AMAAM AND LANDAZURI COALS HAVE EXCELLENT COKING PROPERTIES

TABLE 1.2: AMAAM, LANDAZURI AND BENCHMARK HCC QUALITY DETAILS¹⁰

	AMAAM (WASHED)	LANDAZURI (RIO BLANCO)	LANDAZURI (DANTAS)	STANDARD HCC ¹¹	PREMIUM HCC ¹¹
CSN	9	8	9	6 – 9	8 – 9
Volatile matter (% ad)	29.7	21.8	31.0	19 – 38	19 – 38
Ash (% ad)	9.0	8.0	5.0	<9.7	<8.5
Vitrinite and Reactives (%)	93	71	70	n/a	n/a
CSR (%) ¹²	n/a	n/a	n/a	>55	55 – 74
Rank (Ro max)	1.07	1.25	0.95	0.80 – 1.60	0.80 – 1.60
Gieseler Maximum Fluidity (ddpm)	6,500	500	6,000	200 – 25,000	500 – 30,000

SOURCE: TRC, AME.

- Based on sampling and test work to date, Amaam coal product has excellent coking properties – TRC anticipates that the high CSN, high vitrinite and reactive content (>90%) and strong fluidity characteristics will position the Amaam product as a blending coal into the Asian steel producing market, although the high level of phosphorus in the Amaam coal will require blending with low phosphorus coals to maximise its use for steel making.
- Based on sampling and test work to date, Rio Blanco and Dantas coals have excellent coking qualities and are anticipated to be marketed on an unwashed basis due to their low ash content – potential exists to blend these to produce a single hard coking coal product, taking advantage of the strong fluidity of the Dantas coal and the high Romax (also known as Rank) of the Rio Blanco coal to aid coke strength.
- TRC anticipates both Amaam and Rio Blanco (Landazuri) products will be marketed as hard coking coals however, coke test work still needs to be undertaken to confirm the marketability of the Amaam and Landazuri products as hard coking coal.¹³

FIGURE 1.5: (LEFT TO RIGHT): COAL OUTCROP AT AMAAM; COAL SAMPLE FROM AMAAM



SOURCE: TRC.

¹⁰ Coal quality data for both Amaam and Landazuri is based on limited sampling and test work, which, while sufficient for a conceptual study, would not be a sufficient basis on which to draw conclusions in a feasibility study. Additional sampling and testing may produce different results, and coal from resources that have not yet been identified and sampled may have different properties. See Table 4.3 in Section 4.2.4 and Table 4.11 in Section 4.3.4 for more information.

¹¹ There is no one global standard by which coking coals are graded and classified. Within the globally traded coking coal market, references are typically made to six types of coking coals which are broadly classified in accordance with the parameters listed in this table. However, the classification of coking coals is dependent on detailed testing and analysis of a number of coal properties, beyond those considered in this table. Coal properties such as phosphorous, which is high at Amaam, and sulphur, which is moderately high at Landazuri, have not been included in the table. See also AME Coal Market Report in Section 6.

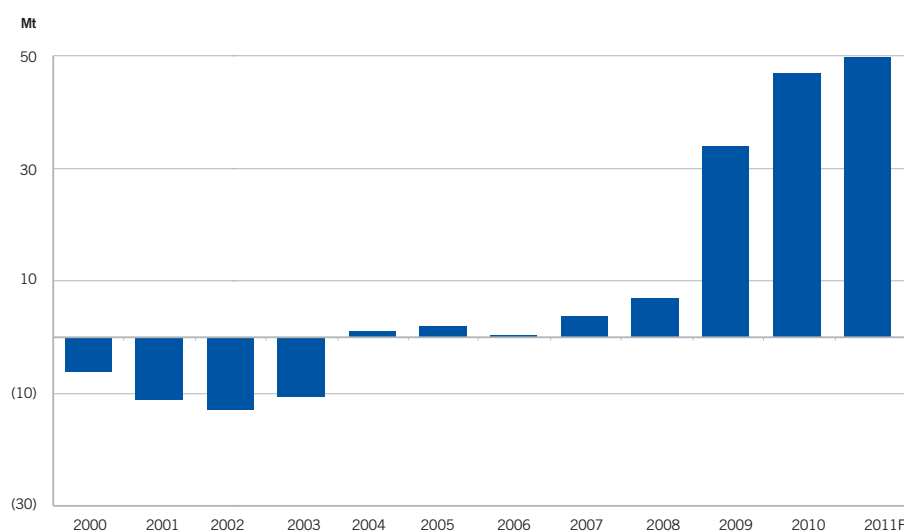
¹² Not available (n/a) as CSR testing has not been conducted for the Projects.

¹³ See Section 11.2.7 for further detail on product quality risk.

STRONG MARKET OUTLOOK AND GROWING DEMAND FOR HIGH QUALITY HARD COKING COAL

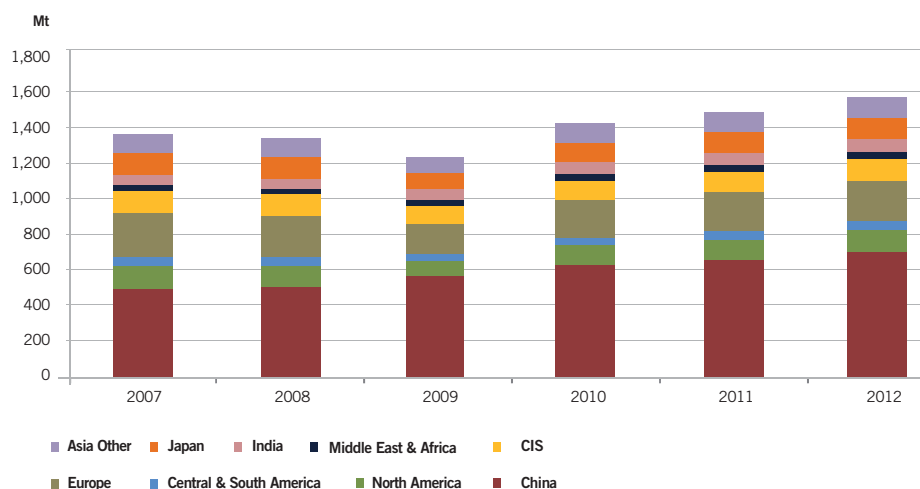
- Demand for coking coal is forecast to remain robust, underpinned by the high demand steel producing markets of China, Japan, India, South Korea and Brazil.
- In 2009, China accounted for approximately 47% of global crude steel production, and is expected to continue to be a significant importer of coking coal, especially high quality hard coking coal.
- India's steel industry is projected to exhibit solid growth over the medium to long term, and is targeting an increase in steel production to 100Mt by 2020 (an approximate 60% increase from the 63Mt output in 2009). India has a widening domestic coking coal shortfall, particularly with regard to high quality coking coals.
- Brazil's steel production is forecast to be robust in the medium to long term. Brazil has comparatively low coking coal production relative to consumption.

FIGURE 1.6: ESTIMATED CHINA COKING COAL NET IMPORTS



SOURCE: 2000 to 2007 data from IEA Coal Information Handbook. 2008 to 2011F data based on ABARE's Australian Commodities Report. ABARE is an independent economic research agency of the Australian Government.

FIGURE 1.7: ESTIMATED GLOBAL CRUDE STEEL PRODUCTION



SOURCE: AME Coal Market Report.

HIGHLY EXPERIENCED LEADERSHIP TEAM WITH A TRACK RECORD IN PROJECT DELIVERY AND PORTFOLIO GROWTH

FIGURE 1.8: TRC BOARD AND MANAGEMENT TEAM



LEFT TO RIGHT: Craig Parry, Ben Stockdale, David Forsyth, Leonid Skoptsov, Owen Hegarty, Antony Manini, Martin Grant, Brian Jamieson, Nelson Amaya, Peter Balka and Tim Berry

- A track record of creating shareholder value through portfolio growth and successful delivery of resource projects.
- Experience covering the entire resources development chain – project generation, exploration, feasibility studies, permitting, construction and mine operations.
- Strong relationships with government and relevant government agencies within Russia and Colombia, business partners and industry contractors.

1.2. SUMMARY OF KEY RISKS

Potential investors should be aware that there are risks associated with investing in TRC. Some risks are beyond the control of TRC and its Directors and Management and may have a material impact on TRC's future operating and financial performance, and/or financial position of TRC, its prospects and/or the value of the Shares. Some of the key risks associated with an investment in TRC include:

PRELIMINARY STAGE OF PROJECT ASSESSMENT

TRC is at the preliminary stage of determining the economic and technical viability of the Projects, having completed only conceptual or scoping studies on the Projects to date. There is a risk that the more detailed studies that will be required in order for TRC to determine whether or not to proceed to development may disprove assumptions or conclusions reached in the conceptual studies, may reveal additional challenges or complexities and may indicate that cost estimates are incorrect. In addition, TRC must proceed through a number of steps before making a final investment decision with respect to the Projects, including upgrading Inferred Resources to Measured and/or Indicated Resources, obtaining funding for and conducting feasibility studies, converting Resources to Reserves, obtaining governmental approvals and mining permits and obtaining adequate financing. There is a risk that the Projects may not proceed, may be delayed or may cost more than expected.

See Sections 11.2.1.

UNCERTAINTY IN THE ESTIMATION OF MINERAL RESOURCES

Estimating the quantity and quality of Mineral Resources is an inherently uncertain process and the Mineral Resources stated in this Prospectus and any Mineral Resources or Reserves that TRC states in the future are and will be estimates, and may not prove to be an accurate indication of the quantity and/or quality of coal that TRC has identified or that it will be able to extract.

See Sections 11.2.2 and 11.2.3.

INFERRED RESOURCES

All of TRC's estimated Mineral Resources are in the "Inferred" category, which is the lowest resource categorisation under the JORC Code. According to the commentary accompanying the JORC Code, "the Inferred category is intended to cover situations where a mineral concentration or occurrence has been identified and limited measurements and sampling completed, but where the data are insufficient to allow the geological and/or grade continuity to be confidently interpreted. Commonly, it would be reasonable to expect that the majority of Inferred Mineral Resources would upgrade to Indicated Mineral Resources with continued exploration. However, due to the uncertainty of Inferred Mineral Resources, it should not be assumed that such upgrading will always occur. Confidence in the estimate of Inferred Mineral Resources is usually not sufficient to allow the results of the application of technical and economic parameters to be used for detailed planning. For this reason, there is no direct link from an Inferred Resource to any category of Ore Reserves. Caution should be exercised if this category is considered in technical and economic studies."

See Section 11.2.3.

EXPLORATION TARGETS

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

See Section 11.2.4.

DEVELOPMENT RISKS

The Projects are at pre-development and development stage. If TRC decides to proceed to production at either or both of the Projects, the process of developing and constructing the Projects will be subject to many uncertainties, including the availability of financing for the Projects, the timing and cost of construction, the availability and cost of labour and infrastructure and the receipt of required governmental permits. There is a risk that unexpected challenges or delays will arise, or that coal quality and quantity results will differ from the estimates on which TRC's cost estimates are based, increasing the costs of production and/or resulting in lower sale prices.

See Sections 11.2.5, 11.2.6, 11.2.7, 11.2.12, 11.2.15, 11.2.16 and 11.2.17.

ADDITIONAL FUNDING REQUIREMENTS

The Projects are at pre-development and development stage and will require additional drilling, evaluation and feasibility study work prior to a development decision. TRC will use the proceeds of the Offer to fund further drilling and work programs to progress the Amaam pre-feasibility study and the Landazuri feasibility study for Stage 1 however, additional funding will be required to complete these studies. Furthermore, any development of the Projects beyond these milestones will involve significant capital expenditure and will require substantial additional funding. There is no guarantee that such funding, whether debt, equity or otherwise, will be obtained or available on favourable terms, or at all. If such funding is not obtained, TRC will be unable to proceed with the Projects. These matters, along with the other matters as set forth in Section 9.6.1, indicate the existence of a material uncertainty that may cast significant doubt about TRC's ability to continue as a going concern and to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the TRC pro forma statement of financial position.

See Section 11.2.6.

PRODUCT QUALITY

TRC has conducted coal quality analysis on a relatively small number of drill cores recovered from Amaam and Landazuri however, TRC has yet to undertake any coke test work. In the absence of coke test work, no guarantee can be given as to the type of coking coal that could ultimately be produced at Amaam and Landazuri. If the quality of the Amaam and Landazuri coking coals is lower than currently anticipated, TRC's prospects, value, Projects and financial condition may be materially adversely affected.

See Sections 11.2.7.

COAL MARKET AND DEMAND

TRC intends to earn future profits from the production and sale of coal, and a decline in prices or lower demand for coal than expected by TRC may adversely impact the feasibility of the Company's development and mine plans, and the economic viability of the Projects. There are a number of factors which may affect the coal market, all of which are beyond the control of TRC, including changes in general economic activity, the supply of and demand for hard coking coal, competition, transport and infrastructure costs, demand for steel, the price and availability of suitable coals for blending with the Project coals, coal quality requirements and government regulation. A slowing in China's economic growth could also result in lower coal demand and prices.

See Section 11.2.8.

OPERATIONS RISK

The Projects may be subject to operational, technical or other difficulties, including those arising as a result of unforeseen events or outside the control of the Company, and any or all of which may negatively impact the amount of coal produced, delay coal deliveries or increase costs of production, which may have an adverse impact on the Company's business and financial condition. In addition, TRC has no prior operating history and there can be no assurance that it will be able to commission or sustain successful operation of the Projects.

See Sections 11.2.9, 11.2.10 and 11.2.11.

LICENSES AND PERMITS

TRC will require certain licenses, permits and approvals to develop the Projects, including in relation to the proposed port at Amaam to be constructed by TRC. TRC has not yet obtained a majority of the required licenses, permits and approvals to construct and operate the Projects. Failure to obtain, or delays in obtaining such licenses, permits and approvals may adversely affect TRC's ability to proceed with the Projects.

See Section 11.2.12.

MINERAL TITLE RISKS AND LAND ACCESS

There are a number of conditions and regulatory requirements that TRC must satisfy with respect to its Tenements to maintain its interests in those Tenements in good standing. There is a risk that TRC may not be able to satisfy these conditions and requirements in respect to one or more of the Tenements, in which case the Company's mineral title rights may be terminated in respect of those Tenements. TRC will also need to renew or enter into new land access agreements to undertake its proposed mining operations within the Tenement areas. There can be no assurance that TRC will be able to renew or enter into new land access agreements on acceptable terms or at all, which may adversely affect its operations. TRC is not, as at the date of this Prospectus, the registered holder of its Colombian Tenements. TRC's interests in such Tenements are contractual and therefore subject to the enforceability of the relevant contracts. In addition, TRC may not be in technical compliance with all of the conditions of the Russian Subsoil Licenses. As a result of technical non-compliance with the license provisions, the Russian authorities may be entitled to terminate the license should they determine the breach to be material.

See Sections 11.2.13, 11.2.14 and 11.2.15, and Section 12 for the Solicitor's Report on Russian Mining Assets and the Solicitor's Report on Colombian Mining Assets respectively.

INVOLUNTARY LIQUIDATION RISK FOR RUSSIAN COMPANY

Under Russian law there is a risk that government authorities may be able to seek the involuntary liquidation of a company in circumstances where the net assets of the company at the end of a financial year are less than the minimum amount of charter capital required by law. On three separate occasions (2006, 2007, and 2010) the net assets of NPCC (TRC's subsidiary which holds the Amaam Project) were below the minimum level required. NPCC in each case addressed the issue so it did not have negative net assets however there remains a remote technical risk that a Russian government authority may be able to seek the liquidation of NPCC.

See Section 11.2.24 and Section 12 for the Solicitor's Report on Russian Mining Assets.

INFRASTRUCTURE AND UTILITIES

Commercialisation of the Projects will require the development of, or access to, transport infrastructure, including rail and port facilities. There can be no assurance that TRC will obtain access to rail or port facilities on commercially or economically feasible terms. TRC will also require access to utilities such as power and water to conduct its operations. Failure to procure such infrastructure could adversely impact TRC's ability to carry out its business and mine plans.

See Section 11.2.16.

ENVIRONMENTAL RISKS AND HAZARDS

TRC's operations in Russia and Colombia are subject to laws and regulations in those countries regarding environmental matters and the discharge of hazardous wastes and materials. While TRC intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws and industry standards, there can be no assurance that TRC will not violate environmental laws relating to a mine or other operating facilities, which could lead to, amongst other things, a temporary shut down of facilities, the loss of its operating rights, termination of TRC's mineral rights, fines or reputational damage to TRC.

See Section 11.2.19.

JOINT VENTURE RISKS

The Projects are, or are intended to be, held by TRC in joint ventures with third parties, and TRC has differing levels of control in each of them. There is a risk that TRC may not acquire its anticipated level of ownership in each joint venture and may not proceed with the Projects. Additionally, any failure by TRC's joint venture partners to act in a manner consistent with TRC's interests, preferred direction or strategy, or to perform their obligations, may have a material adverse effect on TRC's operations through disruption to the joint venture's business or the delay or non-completion of the relevant development project.

See Section 11.2.22.

DEPENDENCE ON KEY PERSONNEL AND TRM FOR SUPPORT

TRC has entered into employment contracts with a number of key personnel, and relies on the expertise of certain staff seconded from TRM on a full time and part-time basis. The loss of key personnel and the failure to recruit sufficiently qualified staff could affect TRC's future performance. TRC is also dependent on TRM for a range of services provided under the Services Agreement and the Business Development Deed. A failure by TRM to provide any or all of the services which it is contracted to provide may adversely affect the Company's business and operations.

See Sections 11.2.25 and 11.2.26, and Sections 13.10.2 and 13.10.3 in relation to the Services Agreement and the Business Development Deed respectively.

COUNTRY RISKS

The Projects are located in Russia and Colombia. Operating in these jurisdictions may expose TRC to a range of country specific risks including general economic, regulatory, legal, social and political conditions. These and other country specific risks may affect TRC's ability wholly or in part to operate its business in Russia and Colombia as described in this Prospectus.

See Section 11.3.

GENERAL ECONOMIC RISKS

TRC's ability to obtain funding for the Projects, financial performance and ability to execute its business strategy will be impacted by a variety of general global economic, political, social, stock markets and business conditions. In addition to coal prices (see above), factors that may impact TRC's business include currency rates (see Section 11.2.15), inflation, interest rates and other general economic factors. Deterioration in any of these conditions could have an adverse impact on TRC's financial position and/or financial performance.

See Section 11.4.

Refer to Section 11 for more detailed discussion of these key risks and other risks associated with an investment in TRC. Before deciding whether to apply for New Shares, potential investors should read the Prospectus in its entirety and carefully consider the risk factors that could affect the future performance of TRC.

1.3. SUMMARY OF INDEPENDENT CONSULTANT REPORTS

TRC has engaged independent consultants to report on a number of matters including technical and logistical aspects of the Projects, industry and market dynamics in the coal sector and the potential marketability of any product, to prepare tenement reports and to prepare an investigating accountant's report.

- AME has prepared an independent report on the outlook for the export coking coal market and marketability of coking coals to be produced by TRC. AME believes that tight demand and supply conditions in the export coking coal market will persist in the short to medium term. AME concluded that, based on a preliminary assessment, the TRC coking coals are suitable for sale as hard coking coals (the AME Coal Market Report is included in Section 6);
- BDA has undertaken an independent technical review of the Amaam and Landazuri Projects and has concluded that TRC's "resource estimates comply with the JORC Code" and its conceptual studies "have been diligently prepared, are compatible with experience in similar conditions elsewhere and that, subject to the results of further planning and investigation, provide a reasonable foundation for ongoing feasibility studies". However, BDA highlights that TRC's studies are preliminary and notes a number of risks that it considers material to the success of the Projects. Investors should carefully review the entire BDA Technical Report (the BDA Technical Report is included in Section 7);
- Bob Leach has undertaken coal quality and processing studies in connection with the Amaam and Landazuri Projects (the Coal Quality Report is included in Section 8);
- KPMG Transaction Services has prepared an Investigating Accountant's Report on the pro forma historical financial information (the Investigating Accountant's Report is included in Section 10);
- Norton Rose (Central Europe) LLP has undertaken an independent legal review with respect to the Russian tenements (the Solicitor's Report on Russian Mining Assets is included in Section 12.1); and
- Suárez Zapata Partners Abogados (S.A.S) has undertaken an independent legal review with respect to the Colombian tenements (the Solicitor's Report on Colombian Mining Assets is included in Section 12.2).

1.4. DESCRIPTION OF THE OFFER

This Prospectus offers 75,000,000 New Shares at an Offer Price of \$0.50 per New Share. Full details of the Offer are set out in Section 3. The Company has applied to ASX for listing and quotation of the New Shares on ASX. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the Shares offered for subscription.

Trading of Shares on ASX, if admission to the Official List is granted, is expected to commence initially on a deferred settlement basis on 29 August 2011.

1.5. KEY OFFER STATISTICS

TABLE 1.3: KEY OFFER STATISTICS

Offer Price	\$0.50 per New Share
Total number of New Shares available to investors under the Offer	75.0 million
Number of Shares to be issued to TRM to repay the TRM payable owing as at 30 June 2011 ¹⁴	8.7 million
Total number of Shares on issue on Completion of the Offer	363.9 million
Gross proceeds of the Offer	\$37.5 million
Market capitalisation ¹⁵ based on the Offer Price	\$182.0 million
Less pro forma cash and cash equivalents (as at 31 December 2010) ¹⁶	\$47.6 million
Enterprise value ¹⁷ based on the Offer Price	\$134.4 million

¹⁴ The number of Shares to be issued to TRM at the Offer price to repay the TRM payable owing as at 30 June 2011 of approximately \$4.4 million.

¹⁵ Indicative market capitalisation based on the Offer Price and the total number of Shares on issue on Completion of the Offer.

¹⁶ See Section 9.4 for further details, in particular note 1 to the TRC PRO FORMA STATEMENT OF FINANCIAL POSITION.

¹⁷ Indicative enterprise value equals indicative market capitalisation less pro forma cash and cash equivalents as at 31 December 2010 (see Section 9).

1.6. PURPOSE OF THE OFFER

The purpose of the Offer is to achieve listing on ASX, provide TRC with the required funding and financial flexibility to continue the development of the Projects, improve access to capital markets and provide a liquid market for the Shares.

1.6.1 APPLICATION OF FUNDS

The Offer is intended to raise gross proceeds of approximately \$37.5 million. TRC intends to use the proceeds from the Offer to:

- Fund drilling programs at the Amaam and Landazuri Projects through to 31 March 2012;
- Progress the Amaam pre-feasibility study;
- Progress the Landazuri feasibility study for Stage 1;
- Fund option payments and expenditure commitments through to 31 March 2012 to acquire its interest in the Landazuri joint ventures, being Jaguar 1 and 2 (up to 60%) and Las Palmas (up to 70%);
- Repay the TRM payable in relation to amounts paid on TRC's behalf post 1 July 2011;
- Fund expenses of the Offer and the costs of listing the Company on ASX; and
- Fund corporate expenses and other general working capital requirements through to 31 December 2012;

Table 1.4 provides a summary of the Company's proposed use of the gross proceeds of the Offer.

TABLE 1.4: SUMMARY OF SOURCES AND USES OF FUNDS

SOURCE OF FUNDS	\$ million	USES OF FUNDS	\$ million
Funds to be raised under the Offer	37.5	Amaam Project expenditure (drilling and work programs to progress pre-feasibility studies) through to 31 March 2012	15.5
		Landazuri Project expenditure (drilling and work programs to progress feasibility studies for Stage 1) through to 31 March 2012	4.1
		Option payments in accordance with Landazuri option agreements through to 31 March 2012	1.0
		Repayment of TRM payable in relation to amounts paid on TRC's behalf post 1 July 2011	4.1
		Offer expenses and listing costs to be paid ¹⁸	4.5
		Corporate expenses and general working capital requirements through to 31 December 2012	8.3
Total funds available	37.5	Total uses of funds	37.5

Table 1.5 provides further detail of the projected Amaam Project expenditure and projected Landazuri Project expenditure up to the period ending December 2013. Until required for expenditures on the Amaam and Landazuri Projects, the Company will retain the net proceeds of the Offer within Australia.

TABLE 1.5: BREAKDOWN OF PROJECTED AMAAM AND LANDAZURI PROJECT EXPENDITURE – UP TO PERIOD ENDING DECEMBER 2013

\$ million	SEP – DEC 2011	CY12	CY13	TOTAL
Amaam				
Drilling, surveys and coal quality	6.9	15.4	14.6	36.9
Studies	1.4	6.0	8.2	15.6
Amaam total	8.3	21.4	22.8	52.5
Landazuri				
Drilling, surveys and coal quality	2.7	8.7	8.4	19.8
Studies	0.3	3.2	6.4	9.9
Landazuri total	3.0	11.9	14.8	29.7

¹⁸ Offer expenses and listing costs are estimated to total approximately \$7.5 million (excluding discretionary fees – see Section 13.10.1 and 13.13.2). Approximately \$3.0 million in Offer expenses are expected to be paid prior to Completion of the Offer, with the balance of approximately \$4.5 million to be paid out of Offer proceeds.

1.7. FINANCING AND FINANCING OPTIONS

The Directors are of the opinion that following Completion of the Offer, TRC will have sufficient cash to fund the drilling and work programs to progress the Amaam pre-feasibility study and the Landazuri feasibility study for Stage 1 through to 31 March 2012, fund option payments and expenditure commitments in relation to its interest in the Landazuri Project through to 31 March 2012, repay the TRM payable in relation to amounts paid on TRC's behalf post 1 July 2011, and fund corporate expenses and other general working capital requirements through to 31 December 2012. However, significant additional funding will be required by TRC to further develop the Projects.

The balance of the funding is expected to be generated by TRC by raising debt and/or equity or via entry into joint venture arrangements for one or both of the Projects. There can be no assurance that the Company will be able to obtain or access additional funding when required, or that the terms associated with the funding will be acceptable to the Company. If the Company is unable to obtain such additional funding, it may be required to reduce the scope of its anticipated development, which could adversely affect its business, financial condition and operating results, and its ability to continue as a going concern or its ability to pay its debts as and when they fall due.

1.8. SUMMARY FINANCIAL INFORMATION

TRC was incorporated under Australian law on 8 October 2010. Table 1.6 provides a summary of the Pro Forma Statement of Financial Position as at 31 December 2010, which has been adjusted to reflect the Offer and the application of the proceeds of the Offer, the proceeds from the interim equity raising completed in February 2011 and the repayment of amounts outstanding to TRM as if they had occurred as at 31 December 2010.

TABLE 1.6: SUMMARY PRO FORMA STATEMENT OF FINANCIAL POSITION¹

\$000	31 DECEMBER 2010 PRO FORMA
Cash and cash equivalents	47,564 ¹⁹
Trade and other receivables	17
Total current assets	47,581
Total non-current assets	18,920
Total assets	66,501
Total current liabilities	3,072
Total non-current liabilities	62
Total liabilities	3,134
Net assets	63,367
Equity	
Share capital	65,222
Reserves	(1,159)
Retained earnings	(696)
Total equity	63,367

Refer to Section 9 of this Prospectus for further information on the Pro Forma Statement of Financial Position including details of the pro forma adjustments. As TRC was incorporated on 8 October 2010, there is limited trading and cash flow analysis available. Refer to Section 9.2 and 9.3 for details of the TRC statement of comprehensive income and statement of cash flows for the period ending 31 December 2010 respectively.

1.9. SUMMARY ONLY

The Investment Overview in Section 1 is not intended to provide full details on the investment opportunity. Investors must read this Prospectus, including the key risk factors set out in Section 11, in full to make a fully informed investment decision.

¹⁹ See Section 9.4 for further details, in particular note 1 to the TRC PRO FORMA STATEMENT OF FINANCIAL POSITION.

2. Key Questions

TOPIC	SUMMARY	WHERE TO FIND MORE INFORMATION																					
Offer Overview																							
Who is the issuer of this Prospectus?	Tigers Realm Coal Limited is a coal exploration and development company that holds a 40% interest (earning up to 80%) in the Amaam Project in Russia. TRC also holds options to earn up to 60% / 60% / 70% of the Landazuri Project in Colombia.	Section 4																					
What is being offered and at what price?	The Offer is an initial public offering of 75.0 million New Shares representing 20.6% of the capital of the Company on issue on Completion of the Offer, at an Offer Price of \$0.50 per Share.	Section 3																					
How much will the Offer raise for TRC and how will the proceeds of the Offer to TRC be used?	The Offer is intended to raise gross proceeds of approximately \$37.5 million. TRC intends to use the proceeds from the Offer to: • Fund drilling programs at the Amaam and Landazuri Projects through to 31 March 2012; • Progress the Amaam pre-feasibility study; • Progress the Landazuri feasibility study for Stage 1; • Fund option payments and expenditure commitments through to 31 March 2012 to acquire its interest in the Landazuri joint ventures, being Jaguar 1 and 2 (up to 60%) and Las Palmas (up to 70%); • Repay the TRM payable in relation to amounts paid on TRC's behalf post 1 July 2011; • Fund expenses of the Offer and the costs of listing the Company on ASX; and • Fund corporate expenses and other general working capital requirements through to 31 December 2012.	Section 1.7 and 3.4																					
What is the Offer structure?	The Offer comprises: • The Broker Firm Offer; and • The Institutional Offer.	Section 3.5																					
Is the Offer underwritten?	The Offer has been fully underwritten by the Lead Manager, Credit Suisse (Australia) Limited.	Section 13.10.1																					
What are the key dates of the Offer?	Refer to the "Key Offer Information" Section for key dates of the Offer.	Key Offer information																					
What will the market capitalisation of the Company be upon listing?	The market capitalisation of the Company upon listing is expected to be \$182.0 million, based on 363.9 million Shares on issue and the Offer Price.	Key Offer information																					
What is the capital structure of TRC pre-IPO and post-IPO?	The Existing Shareholders, their Shareholdings as at the date of this Prospectus and their expected Shareholdings on Completion of the Offer are summarised in the table below. TRM's post-IPO Shareholding includes Shares issued to TRM in payment of the TRM payable owing as at 30 June 2011. TABLE 2.1: SHAREHOLDINGS PRE AND POST COMPLETION OF THE OFFER <table> <tr> <th colspan="3">HOLDINGS PRE AND POST COMPLETION OF THE OFFER</th></tr> <tr> <th></th><th>Pre-IPO</th><th>Post-IPO</th></tr> <tr> <td>TRM</td><td>39.6%</td><td>32.9%</td></tr> <tr> <td>Directors and Management</td><td>15.6%</td><td>13.4%</td></tr> <tr> <td>Other Existing Shareholders</td><td>44.8%</td><td>34.5%</td></tr> <tr> <td>New Shares issued to IPO investors</td><td>Nil</td><td>19.2%</td></tr> <tr> <td>Total</td><td>100.0%</td><td>100.0%</td></tr> </table> NOTE: The percentage holding of New Shares issued to IPO investors on a post-IPO basis excludes New Shares subscribed for by Directors and Management in the IPO. Prior to the IPO there were 208 other Existing Shareholders each holding 10 million Shares or less. The post IPO Shareholding of the other Existing Shareholders could be higher than shown above if some of these Shareholders subscribe for New Shares in the Offer.	HOLDINGS PRE AND POST COMPLETION OF THE OFFER				Pre-IPO	Post-IPO	TRM	39.6%	32.9%	Directors and Management	15.6%	13.4%	Other Existing Shareholders	44.8%	34.5%	New Shares issued to IPO investors	Nil	19.2%	Total	100.0%	100.0%	Section 3.2
HOLDINGS PRE AND POST COMPLETION OF THE OFFER																							
	Pre-IPO	Post-IPO																					
TRM	39.6%	32.9%																					
Directors and Management	15.6%	13.4%																					
Other Existing Shareholders	44.8%	34.5%																					
New Shares issued to IPO investors	Nil	19.2%																					
Total	100.0%	100.0%																					
Will the Existing Shareholders be subject to escrow?	On Completion of the Offer, Existing Shares held by Existing Shareholders and Directors (and their related entities) will be subject to escrow arrangements, as described in Section 13.5.	Section 13.5																					

TOPIC	SUMMARY	WHERE TO FIND MORE INFORMATION
Who is TRM and what is TRM's relationship with TRC?	TRM is a Melbourne based private mineral resources company. TRC was established as TRM's coal vehicle. TRM is expected to hold a 32.9% shareholding in TRC post Completion of the Offer.	Sections 3.2 and 12.1
Applications		
Am I eligible to participate in the Offer?	The Broker Firm Offer is open to: - Australian and New Zealand residents who are, if in Australia, sophisticated or professional investors (within the meaning of section 708(8) and 708(11) of the Corporations Act, respectively) or, if in New Zealand, a person whose principal business is in the investment of money or who, in the course of and for the purposes of their business, habitually invests money (pursuant to section 3(2)(a) (ii) of the New Zealand Securities Act 1978); or - Following lodgement of this Prospectus, to Australian resident investors who are not Institutional Investors and who have received a firm allocation from their Broker. The Institutional Offer is open to Institutional Investors in Australia, New Zealand and certain other jurisdictions. There is no general public offer of Shares.	Section 3.5
How can I apply?	Broker Firm Offer Applicants should contact their Broker for instructions on how to complete the Broker Firm Application Form accompanying this Prospectus. Institutional Offer Applicants should refer to Section 3.7.	Sections 3.5 – 3.7
What is the minimum/maximum application under the Offer?	Broker Firm Applicants should contact their Broker for instructions about the minimum and maximum Application Amount.	Sections 3.5 – 3.7
What is the allocation policy? Will I be guaranteed a minimum allocation under the Offer?	For Broker Firm Applicants, it will be a matter for their Brokers as to how they allocate firm stock among their retail investors. Institutional Offer allocations will be determined by the Lead Manager and the Company. Any guaranteed minimum allocation for Applicants under the Broker Firm Offer is as directed by the Applicant's Broker.	Section 3.6
When will dividends on the Shares be paid?	The Company does not intend to pay dividends in the foreseeable future. No guarantee can be given about future dividends, or the level of franking or imputation of such dividends, as these matters will depend upon the future earnings of the Company, its financial and taxation position, capital requirements, restrictions in the Company's financing arrangements and the Directors' views of the appropriate payout ratio at the time.	Section 13.4
Is there any brokerage, commission or stamp duty payable?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer.	Section 3.9
What are the tax implications of investing in the Shares?	The tax consequences of any investment in Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to investing.	Section 13.12
When will I receive confirmation that my Application has been successful?	Confirmations of successful Applications in the form of holding statements are expected to be despatched by post on or around 1 September 2011.	Section 3.6.4
Further Information		
Which independent experts opined on the Company's plans?	The Independent Coal Market Report was prepared by AME. The Independent Technical Expert Report was prepared by BDA, with reference to McElroy Bryan as the independent geologist.	Sections 6 and 7
What are the costs of the Offer and who is paying them?	The costs of the Offer are estimated to be \$7.5 million (of which approximately \$3.0 million are expected to be paid prior to Completion of the Offer). TRC will pay the balance of these costs from the proceeds of the Offer.	Sections 12.10.1 and 12.14
Where can I find more information?	By speaking to your stockbroker, solicitor, accountant or other independent professional advisor; and/or By calling the TRC Share Offer Hotline on 1300 880 472 (within Australia) or +612 8280 7495 (outside Australia) from 9.00am to 5.00pm AEST (which will be open until the close of the Broker Firm Offer, being 22 August 2011, or by visiting the Company website at www.tigersrealmcoal.com	Section 3.15

3. Details of the Offer

3.1. OFFER

The Offer is an initial public offering of approximately 75.0 million New Shares to be issued by the Company at the Offer Price of \$0.50 per New Share, and is expected to raise approximately \$37.5 million. The New Shares to be issued in the Offer will represent approximately 20.6% of the Shares on issue on Completion of the Offer.

All New Shares will be issued at the Offer Price and will rank equally with each other. The New Shares are fully paid ordinary Shares and will, once issued, rank equally with Existing Shares. A summary of the rights attaching to the New Shares is set out in Section 13.4.

The Offer comprises:

- the Institutional Offer, which consisted of an invitation prior to the date of this Prospectus to certain Institutional Investors in Australia, New Zealand and certain other jurisdictions to apply for New Shares; and
- the Broker Firm Offer, which is only open to:
 - Australian and New Zealand residents who are, if in Australia, sophisticated or professional investors (within the meaning of section 708(8) and 708(11) of the Corporations Act, respectively) or, if in New Zealand, a person whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invests money (pursuant to section 3(2)(a)(ii) of the New Zealand Securities Act 1978); or
 - following lodgement of this Prospectus, to Australian resident investors who are not Institutional Investors and who have received a firm allocation from their Broker.

The Broker Firm Offer is not available to persons who are in the United States. Notwithstanding the restrictions on participation outlined above, after the expiry of the exposure period for the Prospectus, if a Broker has not fully allocated all of the New Shares that were allocated to it under the Broker Firm Offer, it may, with the consent of the Lead Manager, allocate the remainder of those New Shares to clients who are Australian residents who are not sophisticated or professional investors.

No general public offer of New Shares will be made under the Offer. The allocation of New Shares between the Broker Firm Offer and the Institutional Offer was determined by agreement between the Lead Manager and the Company having regard to the allocation policy described in Sections 3.6.3 and 3.7.2.

The Offer has been fully underwritten by the Lead Manager. Please see Section 13.10.1 for a summary of the Underwriting Agreement, including the events which would entitle the Lead Manager to terminate the Underwriting Agreement.

3.2. SHAREHOLDERS

The table below sets out the details of the ownership of Shares on issue immediately prior to settlement of the Offer and post Completion of the Offer. TRM's post-IPO shareholding includes Shares issued to TRM in payment of the TRM payable owing as at 30 June 2011.

TABLE 3.1: SHAREHOLDINGS PRE AND POST COMPLETION OF THE OFFER

	PRE-IPO SHARES		POST-IPO SHARES	
	MILLION	%	MILLION	%
TRM	111.0	39.6	119.7	32.9
Directors and Management	43.6	15.6	48.8	13.4
Other Existing Shareholders	125.6	44.8	125.6	34.5
New Shares issued to IPO investors	—	—	69.8	19.2
Total	280.2	100.0	363.9	100.0

NOTE: The number and percentage holding of New Shares issued to IPO investors on a post-IPO basis excludes New Shares subscribed for by Directors and Management in the IPO.

Prior to the IPO there were 208 other Existing Shareholders each holding 10 million Shares or less. The post IPO Shareholding of the other Existing Shareholders could be higher than shown in Table 3.1 if some of these Shareholders subscribe for New Shares in the Offer.

3.3. ESCROW ARRANGEMENTS

On Completion of the Offer, Existing Shares held by certain Existing Shareholders and Directors (and their related entities) will be subject to escrow arrangements. For further detail see Section 13.5.

3.4. PURPOSE OF THE OFFER AND USE OF PROCEEDS

The Offer is intended to raise gross proceeds of approximately \$37.5 million. TRC intends to use the proceeds from the Offer to:

- Fund drilling programs at the Amaam and Landazuri Projects through to 31 March 2012;
- Progress the Amaam pre-feasibility study;
- Progress the Landazuri feasibility study for Stage 1;
- Fund option payments and expenditure commitments through to 31 March 2012 to acquire its interest in the Landazuri joint ventures, being Jaguar 1 and 2 (up to 60%) and Las Palmas (up to 70%);
- Repay the TRM payable in relation to amounts paid on TRC's behalf post 1 July 2011;
- Fund expenses of the Offer and the costs of listing the Company on ASX; and
- Fund corporate expenses and other general working capital requirements through to 31 December 2012.

Table 1.4 in Section 1.6 provides a summary of sources and uses of funding for TRC.

3.5. OFFER STRUCTURE

The Offer comprises:

- Broker Firm Offer; and
- The Institutional Offer, which has been completed and consisted of an invitation to bid for New Shares made to Institutional Investors in Australia, New Zealand and certain overseas jurisdictions.

No general public offer will be made under the Offer. The Broker Firm Offer is not available to persons who are in the United States.

3.6. BROKER FIRM OFFER

Who may apply	- Australian and New Zealand residents who are, if in Australia, sophisticated or professional investors (within the meaning of section 708(8) and 708(11) of the Corporations Act, respectively) or, if in New Zealand, a person whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invests money (pursuant to section 3(2)(a)(ii) of the New Zealand Securities Act 1978); or - Following lodgement of this Prospectus, to Australian resident investors who are not Institutional Investors and who have received a firm allocation from their Broker.
How to apply	Complete the Application Form accompanying this Prospectus and return it to your Broker. Please contact your Broker for further instructions.
Minimum and Maximum Application Amount	As determined by your Broker.
Guaranteed allocation	As determined by your Broker.
How to pay	Broker Firm Offer Applicants should make payments in accordance with the directions of the Broker from whom you received a firm allocation.
Address for return of Application Forms and Application Monies	Broker Firm Offer Applicants must send their completed Application Form and Application Monies to their Broker in accordance with the relevant Broker's instructions and with sufficient time to enable processing by the Closing Date.
Closing Date for receipt of Applications	5.00pm AEST on Friday, 22 August 2011. Your Broker may impose an earlier closing date; please contact your Broker for instructions.
How to obtain a copy of this Prospectus and Application Form	A copy of the Prospectus may be obtained at www.tigersrealmcoal.com A copy of the Application Form and the Prospectus can be obtained from your Broker. Please contact your Broker for instructions. You may also contact the TRC Share Offer Hotline on 1300 880 472 (within Australia) or +612 8280 7495 (outside Australia) which will be open between 9.00am and 5.00pm (AEST) Monday to Friday until the close of the Broker Firm Offer.

3.6.1. AVAILABILITY OF FUNDS

You should ensure that sufficient funds are held in the relevant account(s) to cover the amount of the cheque(s) or bank draft(s). If the amount of your cheque(s) or bank draft(s) for Application Monies (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is less than the amount specified on the Application Form, you may be taken to have applied for such lower dollar amount of New Shares for which your cleared Application Monies will pay (and to have specified that amount on your Application Form) or your Application may be rejected.

Application Monies received under the Offer will be held in a special purpose account until Shares are issued to successful Applicants. Applicants under the Broker Firm Offer whose Applications are not accepted, or who are allocated a lesser dollar amount of New Shares than the amount applied for, will be mailed a refund (without interest) of all or part of their Application Monies by their Broker at the time advised by their Broker. No refunds will be provided if the value of the eligible refund is less than Offer Price; these funds will become proceeds of TRC. Interest will not be paid on any monies refunded nor any interest earned on Application Monies pending the allocation of New Shares.

3.6.2. ANNOUNCEMENT OF ALLOCATION POLICY UNDER BROKER FIRM OFFER

TRC expects to announce the final allocation policy for the Offer on or about 23 August 2011. Successful Applicants will be notified in writing of the number of New Shares allocated to them as soon as possible in the form of an initial statement of holding. Initial statements of holding are expected to be despatched on or around 1 September 2011.

Broker Firm Offer Applicants wishing to find out their Allocation prior to receiving an initial statement of holding should contact their Broker. However, if you are an Applicant in the Broker Firm Offer and sell Shares before receiving an initial statement of holding, you do so at your own risk, even if you have obtained details of your holding from your Broker.

3.6.3. ALLOCATION POLICY UNDER BROKER FIRM OFFER

The allocation of firm stock to Brokers was determined by agreement between the Lead Manager and the Company. Applications relating to firm stock allocated to Brokers for allocation to their Australian resident Broker clients will not be scaled back by the Company (subject to the right of the Company and the Lead Manager to reject Applications which are for more than \$200,000 worth of New Shares, or which are from persons whom they believe may be Institutional Investors). It will be a matter for the Brokers as to how they make firm allocations among their Broker clients, and they (and not the Company or the Lead Manager) will be responsible for ensuring that Broker clients who have received a firm allocation from them receive the relevant New Shares.

3.6.4. ACCEPTANCE OF APPLICATIONS

An Application in the Broker Firm Offer is an offer by the Applicant to the Company to subscribe for New Shares in the amount specified in the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Application Form. If you elect to participate in the Broker Firm Offer, your Broker will act as your agent in submitting your Application Form and Application Monies to the Share Registry (which receives them on behalf of the Company). It will be your Broker's responsibility to ensure they are submitted to the Share Registry by 5.00pm (AEST) on the Closing Date. The Company, the Share Registry and the Lead Manager take no responsibility for any acts or omissions by your Broker in connection with your Application, Application Form or Application Monies.

An Application may be accepted by the Company in respect of the full amount, or any lower amount than that specified in the Application Form, without further notice to the Applicant. Acceptance of an Application in full or in part will give rise to a binding contract.

The Lead Manager and the Company reserve the right to reject any Application under the Offer. All dates are subject to change and are indicative only. The Company and the Lead Manager have the right to vary these dates, without prior notice, including the right to close the Offer early or to withdraw the Offer and to accept late Applications (either generally or in particular cases). Applicants are encouraged to submit their Application Forms as early as possible.

3.7. INSTITUTIONAL OFFER

3.7.1. INVITATIONS TO BID

The Institutional Offer consists of an invitation prior to the date of this Prospectus to certain Institutional Investors in Australia, New Zealand and certain other jurisdictions to apply for New Shares.

Application procedures for Institutional Investors have been advised by the Lead Manager. Refer to Section 13.9 for information on foreign selling restrictions.

3.7.2. ALLOCATION POLICY UNDER INSTITUTIONAL OFFER

The allocation of New Shares among bidders in the Institutional Offer was determined by agreement between the Lead Manager and the Company.

The Company and the Lead Manager have absolute discretion regarding the basis of allocation of New Shares, and there is no assurance that any bidder will be allocated any New Shares, or the number of New Shares for which it has bid. The allocation policy will be influenced by the following factors:

- The number of New Shares bid for by particular bidders;
- The timeliness of the bid by particular bidders;
- The Company's desire for an informed and active trading market in Shares following listing;
- The Company's desire to establish a wide spread of institutional shareholders;
- Overall level of demand under the Broker Firm Offer and the Institutional Offer;
- The size and type of funds under the management of particular bidders;
- The likelihood that particular bidders will be long-term Shareholders; and
- Any other factors that the Company and the Lead Manager consider appropriate, in their sole discretion.

3.8. UNDERWRITING AGREEMENT

The Offer is fully underwritten by Credit Suisse (Australia) Limited. Further details of the Underwriting Agreement are set out in Section 13.10.1.

3.9. BROKERAGE, COMMISSION AND STAMP DUTY

No brokerage, commission or stamp duty is payable by Applicants on acquisition of New Shares under the Offer.

See Section 13.10.1 for details of various fees payable by the Company to the Lead Manager and by the Lead Manager to certain Brokers.

3.10. ASX LISTING

The Company has applied to ASX for listing and quotation of the New Shares on ASX.

The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the New Shares offered for subscription. Trading of Shares on ASX, if admission to the Official List is granted, is expected to commence initially on a deferred settlement basis on 29 August 2011.

If the Shares are not admitted to quotation on ASX within three months after the date of this Prospectus, an issue of New Shares in response to an Application under this Prospectus is void and all Application Monies will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

3.11. TRADING ON ASX

It is the responsibility of each Applicant or bidder to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial statement of holding do so at their own risk. The Company, the Lead Manager and the Share Registry disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial statement of holding, whether on the basis of a confirmation of allocation provided by any of them, by a Broker or otherwise.

Shares are expected to commence trading on ASX on a normal settlement basis on or about 2 September 2011.

3.12. CLEARING HOUSE ELECTRONIC SUB-REGISTER SYSTEM ("CHESS") AND HOLDING STATEMENTS

The Company will apply for the Shares to participate in CHESS. Applicants to whom New Shares are issued under the Offer will receive shareholding statements, in lieu of share certificates, that set out the number of New Shares issued to each successful Applicant.

The statement will also provide details of the Shareholders' HIN (in the case of a holding on the CHESS subregister) or SRN (in the case of a holding on the issuer-sponsored subregister). Shareholders will be required to quote a HIN or SRN, as applicable, in all dealings with a stockbroker or the Share Registry. Further statements will be provided to Shareholders which will reflect any changes in their shareholding in the Company during a particular month. Additional statements may be requested at any time, although the Company reserves the right to charge a fee.

The Company expects to dispatch the holding statements in respect of the allocations of New Shares on or about 1 September 2011. Applicants who sell Shares before receiving an initial holding statement do so at their own risk.

3.13. OVERSEAS APPLICANTS

Please refer to Section 13.9 for foreign selling restrictions.

3.14. DISCRETION REGARDING THE OFFER

TRC reserves the right not to proceed with the Offer at any time before the issue of New Shares to successful Applicants. If the Offer does not proceed, Application Monies will be refunded. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.

3.15. ENQUIRIES

All enquiries in relation to this Prospectus should be directed to the TRC Share Offer Hotline on 1300 880 472 (within Australia) or +612 8280 7495 (outside Australia). The TRC Share Offer Hotline will be open from 9.00am to 5.00pm (AEST) Monday to Friday until the close of the Broker Firm Offer on 22 August 2011. Information about the Offer is also available on www.tigersrealmcoal.com

If you are unclear in relation to any matter or are uncertain as to whether TRC is a suitable investment for you, you should seek professional advice from your accountant, stockbroker, lawyer or other independent professional advisor.

4. Company Overview

4.1. PROFILE OF TRC

TRC is focused on delivering shareholder value through the acquisition, exploration, development and operation of high quality coal mines supplying product into the seaborne market. Hard coking coal is the Company's primary focus, although other coal types will be considered where the underlying project represents a compelling business opportunity.

TRC has undertaken conceptual or scoping studies on two potential hard coking coal projects: the Amaam Project in Chukotka province in Russia and the Landazuri Project in Colombia. TRC will need to undertake and complete feasibility studies in order to establish a basis for any final investment decision in the Projects. TRC will use the proceeds of the Offer to fund further drilling and work programs to progress the Amaam pre-feasibility study and the Landazuri feasibility study for Stage 1 however, additional funding will be required to complete these studies. Any development of the Projects beyond these milestones will involve significant capital expenditure and will require substantial additional funding.

TRC views the Amaam Project and the Landazuri Project as being complementary to each other in terms of development timelines with the potential for early production at Landazuri supporting the longer lead times required to develop the larger Amaam Project.

In addition to the Amaam and Landazuri Projects, TRC is also evaluating a number of potential coking and thermal coal opportunities with an initial emphasis on Russia, Colombia and Indonesia. While a broad spectrum of projects is continually being assessed, TRC's strategy is to secure advanced exploration projects and to rapidly progress these through to successful mining operations.

TRC prides itself on the quality of the Projects, teams and operating standards. The Directors believe that the quality and prospectivity of TRC's assets and the drive and dedication of the Management and operating teams position the Company to become a significant participant in the seaborne coking coal market.

TRC's head office is in Melbourne, Australia, and country offices have been established in Russia, Colombia and Indonesia.

TRC's major shareholder is TRM, a private mineral resources company based in Melbourne.

4.2. AMAAM PROJECT

TRC currently holds a 40% interest in the Amaam Project through a shareholding in Eastshore, which owns 100% of NPCC, the Russian incorporated license holder. TRC's joint venture partner in Eastshore is Bering, which is a Cyprus incorporated company. On 6 May 2011, Bering and Eastshore signed a series of agreements that, among other things, give TRC the right to appoint a majority of the board of directors of Eastshore. The accounting consequences of this are described in Section 9.6.12.

Under the Eastshore Shareholders' Agreement, TRC has a conditional right to subscribe for an additional 40% shareholding in Eastshore in two tranches as follows:

- Tranche 1: an additional 20% interest in Eastshore (taking TRC's interest to 60%) for the nominal value of such shares upon a license being issued that grants NPCC (or another Eastshore subsidiary) the right to explore and extract coal from Amaam (NPCC currently holds a geological study license that permits exploration but not production); and
- Tranche 2: a further 20% interest in Eastshore (taking TRC's interest to 80%) upon completion of a BFS and cancellation of all loans made by TRC and its subsidiaries to Eastshore (TRC is funding exploration and development expenditure by way of loans to Eastshore).

TRC is required to fund all work on the Amaam Project through to completion of the BFS. Upon achieving the milestones described above, TRC will have the right to increase its shareholding in Eastshore to 80% and Bering will own the remaining 20%. Following completion of the BFS, TRC and Bering are required to fund the development of the Amaam Project in proportion to their respective shareholdings in Eastshore. See Section 13.10.4 for further information in relation to the Eastshore shareholders' agreement and other related agreements covering royalty and technical services arrangements.

The Amaam Project comprises the tenement License No. AND 13867 TP (also known as the Zapadnyi Subsoil License). The License was recently extended by the Russian licensing authority by three years to December 2014. See Section 13.11.1 for a discussion of licenses and permits required to conduct mining activities in Russia.

The key characteristics of the Amaam Project are as follows:

- An Inferred Resource of 177Mt comprising 163Mt of open cut mineable coking coal across five coal seam groups with an additional 14Mt of underground coking coal. An exploration target of an additional 240Mt to 380Mt has been estimated although it should be noted the potential quantity and grade of the exploration targets is conceptual in nature, there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource;

- Coal quality analysis undertaken to date indicates coal produced from Amaam will require washing to produce a coal product with excellent coking properties. The excellent coking properties are its high CSN, strong fluidity characteristics and high vitrinite and reactive content, which are expected to make the Amaam product sought after as a blending coal, although the high level of phosphorus in the Amaam coal will require blending with low phosphorus coals to maximise its use for steel making;
- The Amaam Project is located approximately 30km from the site of a proposed dedicated deep water port to be constructed by TRC on the Pacific coast of Russia; and
- Shipping distances from Amaam to the key end use markets of China, Japan and South Korea are less than for key competitors in Queensland (Australia) and western Canada.

Based on scoping studies covering geology and resources, mining, coal quality, coal handling and preparation, mine infrastructure, coal transport and port infrastructure, TRC aims to develop Amaam as a large scale open cut mining operation with a conventional CHPP to produce a single HCC washed product for sale into key high demand Asian markets.

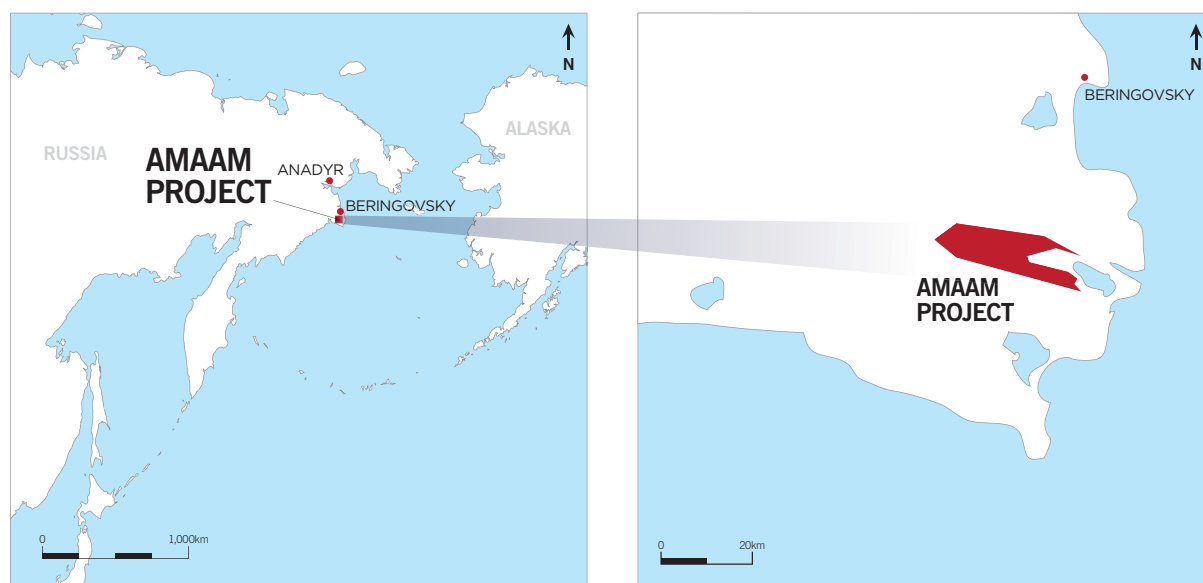
4.2.1. PROJECT LOCATION AND REGIONAL CONTEXT

The Amaam Project is located in the Beringovsky Basin of the Chukotka Autonomous Okrug (District) in Far Eastern Russia, approximately 230km south of the regional capital of Anadyr and the administrative centre of Ugolnye Kopi, and some 40km to the south of the existing coal mining operations of Nagornaya and its supporting town at Beringovsky. Figure 4.1 shows the location of the Amaam Project.

The location of the Project is remote and infrastructure in the region is sparse, with no major population centres in close proximity. Overground infrastructure is largely non-existent outside of the immediate area of Beringovsky and Nagornaya, and travel to and from the Amaam area is exclusively by helicopter or all-terrain vehicles.

Amaam consists of one 231km² tenement (the Zapadnyi Subsoil License), approximately 32km long east-west and 9km wide north-south. The Amaam Project area is 30km from the Pacific coast.

FIGURE 4.1: AMAAM PROJECT LOCATION



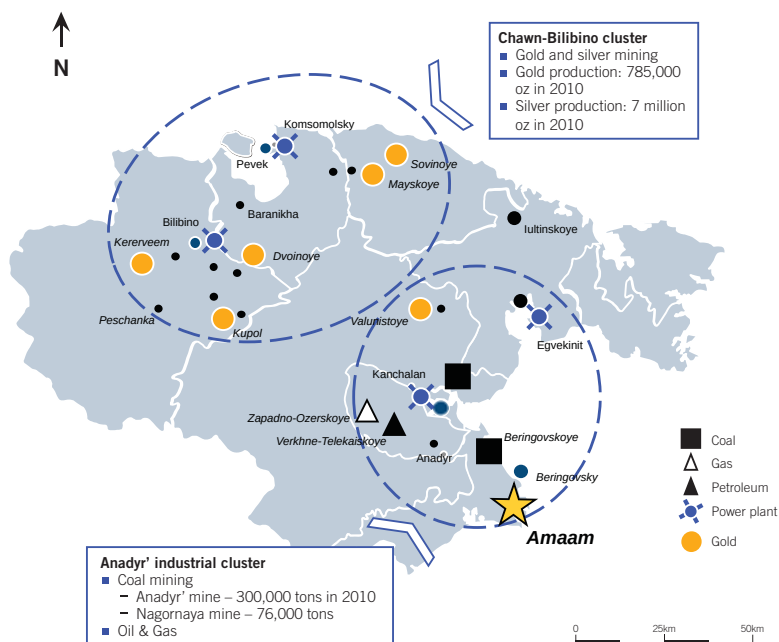
SOURCE: TRC.

The topography of the Amaam region comprises broad river valleys between rugged ranges with tundra grasslands the prominent vegetation (See Figure 4.2). The climate of the area is arctic with an average annual temperature below zero degrees Celsius. Snowfall averages 4cm per month, however prevailing strong northerly winds during winter months can cause drifts to accumulate in lowland areas. Permafrost occurs in some areas but is not at a level that will significantly impact on operations. TRC's development plan involves drilling during the winter season whilst port and infrastructure development will be carried out during the summer season. Once infrastructure is in place, mining operations will be conducted year round although shipping may be periodically interrupted or delayed by ice build up during the winter months. See Section 4.2.5 for further detail on TRC's conceptual development plan for the Amaam Project.

FIGURE 4.2: VIEW ACROSS THE AMAAM VALLEY

SOURCE: TRC.

The Chukotka Provincial Government is supportive of regional development and has established a favourable fiscal regime for investment including 20% corporate tax rate and accelerated depreciation. NPCC management has well established relationships with the Provincial Government and extensive experience in regulatory approval processes. Western mining companies have operated successfully in Chukotka since 2002, including Kinross Gold Corporation, which successfully developed the Kupol gold mine and commenced production in May 2008. Kinross owns 100% of the Kupol gold mine and acquired additional gold properties in Chukotka in 2010. Figure 4.3 shows the level of resources activity in Chukotka.

FIGURE 4.3: RESOURCES ACTIVITY IN CHUKOTKA

SOURCE: TRC.

See Section 4.2.11 for further information on “Doing Business in Russia”, Section 13.11.1 for an overview of the Russian legal and mining regulatory regime and Section 13.3 for information on the Russian taxation system.

4.2.2. GEOLOGY

The Amaam area has a long history of exploration with the first geological survey of the area conducted in 1935 and 1936. Exploration in the area commenced in the late 1940's when a Russian program of mapping, channel sampling and trenching indicated the presence of coal seams with coking potential.

From 2008 to 2010, NPCC completed a diamond drilling exploration program of 28 drill holes (totalling 7,478m) mostly in Area 3. TRC commenced exploration activities in 2010 and completed 7,720m of drilling during season 2010/11 across the entire tenement, but predominantly in Areas 3 and 4. See Figure 4.5.

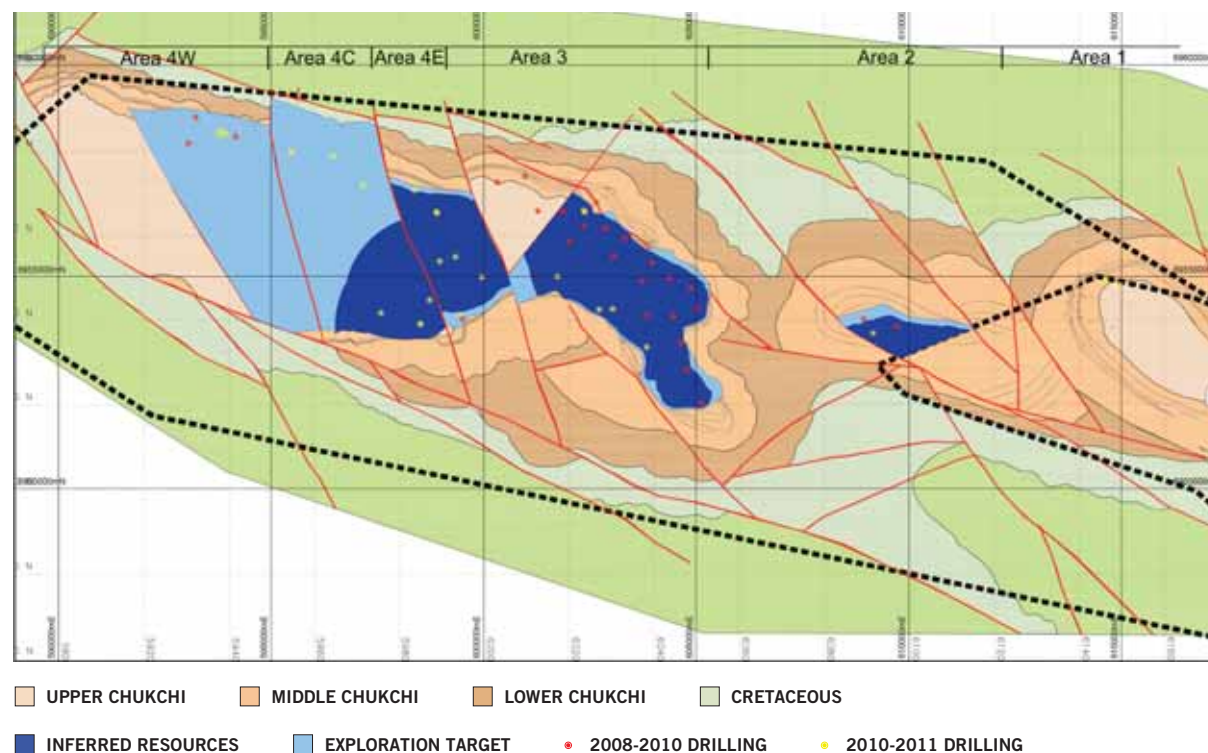
The Amaam Project is a multi-seam, moderate dipping deposit within a synclinal basin. Coal is in the Middle Chukchi formation (see Figure 4.4), and is divided into four main areas by north-west trending faults. To date, exploration activities have identified that the highest tonnages of coal are within Areas 3 and 4 (see Figure 4.5).

FIGURE 4.4: AMAAM STRATIGRAPHY CHART

Years (m)	65.5					23.03
ERA	MESOZOIC		CENOZOIC			
PERIOD	CREATACEOUS		PALAEOGENE			QUATERNARY
SEQUENCE	BARYSKOYSKAYA FORMATION	KORYAK FORMATION	CHUKCHI FORMATION			
			LOWER	MIDDLE	UPPER	
THICKNESS (m)	>1,000m	370–500m	310–430m	300–400m	380–430m	<25m
LITHOLOGY	Predominately marine sandstone, siltstone & mudstone	Marine & non-marine sandstone, siltstone & conglomerate with minor coal	Marine sandstone, siltstone & conglomerate	Terrestrial sandstone, siltstone, mudstone & coal	Non-marine sandstone	Sand & gravel

SOURCE: Resolve Geological.

FIGURE 4.5: AMAAM GEOLOGY PLAN



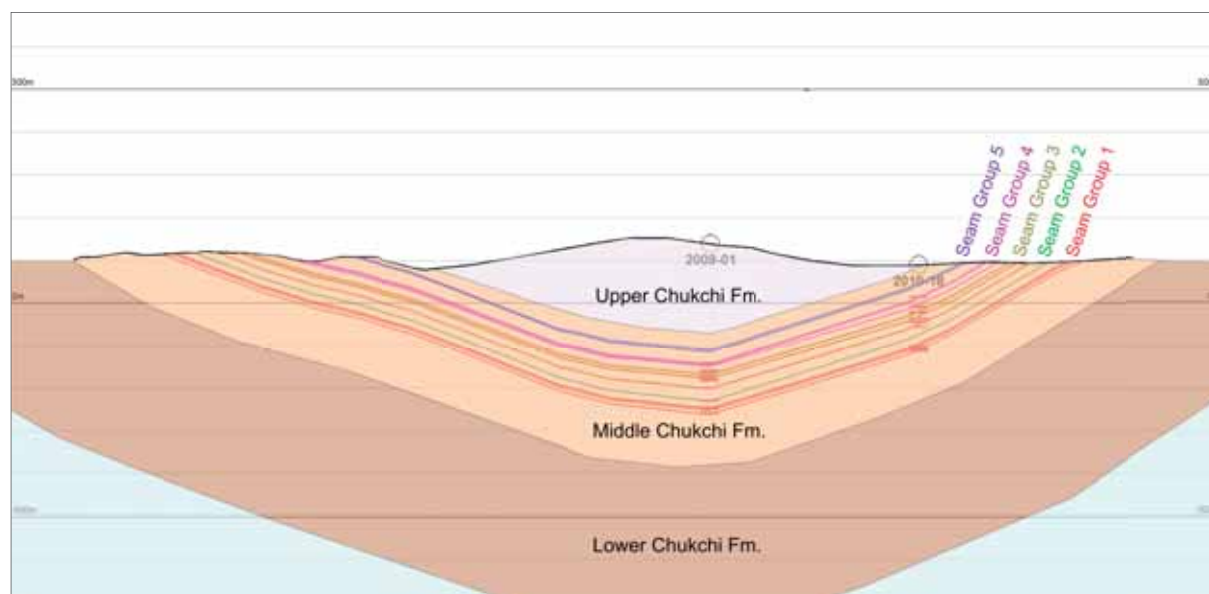
SOURCE: Resolve Geological.

Figure 4.6 shows a typical cross section through Area 3 where subcrop dips vary from 15 degrees around the close of the syncline, to 35 degrees at the western ends of the limbs. Subcrop dips in Area 4 appear to be steeper, varying from 15 degrees to approximately 60 degrees and generally increasing along the limbs to the west.

The Middle Chukchi Formation is the primary target of exploration and comprises four to five seam groups of mineable thickness with a vertical cumulative coal thickness of between 6m and 16m within an 80m to 130m formation (see Figure 4.6).

While all the seam groups are potentially mineable using open cut methods, to date only seam groups 1 and 2 have seam thicknesses suitable for underground mining methods.

FIGURE 4.6: TYPICAL AMAAM CROSS-SECTION



SOURCE: Resolve Geological.

4.2.3. RESOURCES AND EXPLORATION TARGETS

The Amaam Project has an open cut Inferred Resource of 163Mt and an additional underground Inferred Resource of 14Mt. The Inferred Resource at Amaam has been reviewed by the Independent Geologist and the Independent Technical Expert (see Section 7 of this Prospectus).

An exploration target of 240Mt to 380Mt has been estimated in addition to the Inferred Resource, although it should be noted that the potential quantity and grade of the exploration targets is conceptual in nature, there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

Tables 4.1 and 4.2 outline the Inferred Resource and exploration target by area. The open cut Resources comprise seams greater than 30cm thick to a depth of 400m. Below 400m, underground Resources are based on seams 1 and 2 only with thicknesses greater than 1.2m. The exploration target also includes open cut and underground tonnages.

It should be noted the current Inferred Resource does not include 3,450m of drilling completed in Q2 2011. It is anticipated that the results of this drilling will be incorporated in an updated Resource for Amaam to be released in or about Q3 or Q4 2011.

TABLE 4.1: INFERRED RESOURCES FOR AMAAM PROJECT (100% BASIS)

AREA	OPEN CUT (Mt)	UNDERGROUND (Mt)
Area 2	4	–
Area 3	126	1
Area 4E	10	–
Area 4C	23	13
Area 4W	–	–
Total	163	14

SOURCE: Resolve Geological.

Under the JORC Code, an Inferred Mineral Resource is defined (in part) as “that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence.” Inferred Mineral Resources must be upgraded to the Measured or Indicated categories before they can be converted to Reserves. For further discussion of Inferred Resources, see “Investment Summary”.

TABLE 4.2: EXPLORATION TARGET FOR AMAAM PROJECT (100% BASIS)

AREA	EXPLORATION TARGET (Mt)	
	Lower Range	Upper Range
Area 2	10	20
Area 3	20	30
Area 4E	50	70
Area 4C	80	120
Area 4W	90	140
Total (Rounded)²⁰	240	380

SOURCE: Resolve Geological.

Resolve Geological has estimated a range of exploration target tonnages for the Amaam Project based on historic field mapping and drilling (pre 2008) and drilling undertaken by NPCC between 2008-10 and TRC between 2010-11. The potential quantity and grade of the exploration targets is conceptual in nature, there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

4.2.4. COAL SPECIFICATION

Coal quality test work for the Amaam Project has been undertaken on Area 3 coal samples from the exploration program conducted by NPCC from 2008 to 2010.

The preliminary coal analysis test work on Area 3 indicates the Amaam deposit has a raw coal described as ASTM rank medium to high volatile coal with an average ash content of 25% to 30%. To 300m depth in Area 3, Resolve Geological estimates the average weighted raw ash of coal to be around 26% (AD). Based on the raw ash versus yield regressions, the projected theoretical yield for this coal ranges from 63% to 69% (1.50 to 1.60 density range, at 26% raw ash). TRC is planning to wash all coal in a conventional CHPP to reduce ash content and produce a single coking coal product. After allowing for mining dilution, the preliminary studies indicate a ROM wash yield of approximately 53%.

A preliminary product quality range has been derived from the available coal analysis to provide a view of the future product specification. The average of this range is shown in Table 4.3. See Section 8 for further information on coal quality in the Coal Quality Report prepared by Bob Leach.

TABLE 4.3: PRELIMINARY PRODUCT COAL QUALITY - AMAAM

COAL SPECIFICATION	AMAAM (AVERAGE)
Total moisture (%)	9.0
Air dried moisture (%)	1.0
Ash (% AD)	9.0
Volatile matter (% AD)	29.7
Calorific value (MJ/kg daf)	36.10
CSN	9
Sulphur (% AD)	0.75
Phosphorous (% AD)	0.14
Ro max (Rank)	1.07
Vitrinite (%)	91
Total reactives (%)	93
Total inerts (%)	1
Gieseler Fluidity (Mddm)	6,500

SOURCE: Bob Leach.

All seams reported excellent coking properties with CSN averaging 9, Gray King Coke Type averaging G10 and Gieseler Fluidity ranging from 2000Mddm to 23,000Mddm (average of 6,500Mddm).

²⁰ Tonnages as presented in this table have been rounded and may not add.

Based on these preliminary studies, TRC anticipates that Amaam coal will be marketed as a hard coking coal, however coke test work still needs to be undertaken to confirm the marketability of the Amaam product as hard coking coal (see Section 11.2.5 for further detail on product quality risk). The excellent coking properties and high reactivities content also indicate the Amaam product will have strong potential to be used as a blending coal in steel producing markets to improve the coking qualities of lower quality coal. The high ash content of the Amaam coal is expected to require the development of a CHPP that is equipped to wash all coal produced at Amaam. The high level of phosphorus in the Amaam coal will require blending with low phosphorus coals to maximise its use for steel making.

4.2.5. DEVELOPMENT PLAN

TRC's strategy is to develop the Amaam Project as a large scale, open cut coal mining operation with a conventional CHPP to produce a single HCC washed product for sale into key high demand Asian markets. The development strategy for Amaam has been reviewed by BDA, the Independent Technical Expert (see Section 7).

Preliminary engineering studies have covered various aspects of the Amaam Project, including mining, coal quality, processing, environment, site and transport infrastructure requirements. TRC has engaged MMC for mining studies; Resolve Geological for geological studies; Bob Leach for coal quality and processing studies; Coffey Environments for review of project environmental and community impacts and requirements; and Ausenco Sandwell for infrastructure and coal transport studies.

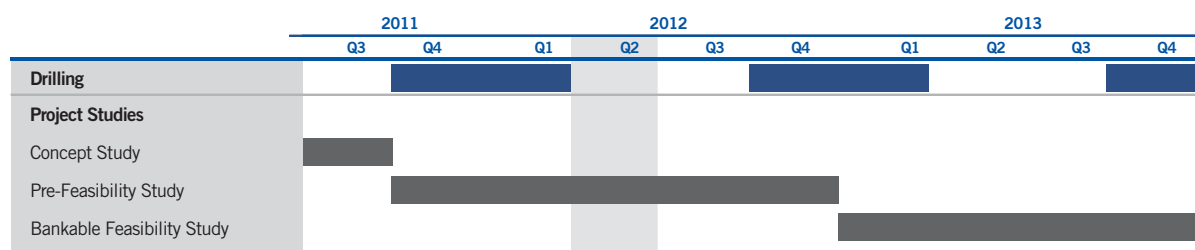
TRC aims to complete the feasibility studies required to make a development decision with respect to the Amaam Project by the end of 2013. Prior to making a development decision, TRC plans to:

- Continue a significant drilling campaign and studies during 2011-13 to delineate further Resources and undertake activities aimed at upgrading the current Inferred Resource to Measured and Indicated Resource status;
- Undertake environmental base line studies;
- Undertake further geotechnical drilling and test work, surface and groundwater drilling and test work, topographic surveys, coal washability and coking property test work;
- Complete engineering and feasibility studies for the mining, coal washing and infrastructure requirements;
- Complete port engineering design studies for a dedicated deep water port with year round shipping capability assisted by ice breaking tugs and ice management, approximately 30km from the proposed Amaam CHPP; and
- Undertake early mobilisation of the construction camp.

TRC will use the proceeds of the Offer to fund further drilling and work programs to progress the Amaam pre-feasibility study however, completion of the pre-feasibility study and the activities outlined above will involve significant capital expenditure and will require substantial additional funding prior to making a development decision.

TRC's indicative work plan for Amaam is set out in Figure 4.7.

FIGURE 4.7: AMAAM – INDICATIVE WORK PLAN



NOTE: The vertical shading indicates TRC's current expectation that additional funding will be required in Q2 2012.

SOURCE: TRC.

The development strategy also assumes that key licenses and regulatory approvals will be obtained within normally acceptable timeframes including:

- Conversion of Area 3 to mining and exploration license – estimated in Q3 2012;
- Government approval to commence port engineering design studies – estimated in Q3 2012; and
- Conversion of remaining Areas to mining and exploration license – estimated in Q2 2013.

See Section 13.11.1 for a discussion of licenses and permits required to conduct mining activities in Russia and Section 11 for further detail on risks.

4.2.6. MINING APPROACH

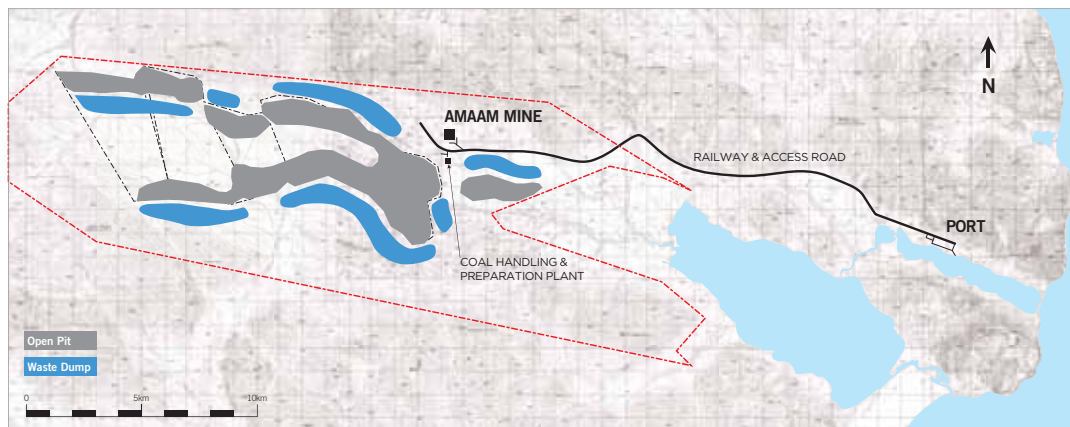
Preliminary mining studies have been carried out by MMC. Conceptual pit optimisations based on the Resolve Geological model and using criteria proposed by MMC (mining), Bob Leach (coal washing) and Ausenco Sandwell (infrastructure and coal transport) indicate the potential for a large scale open cut mine with a number of development options depending on coal price and mining fleet.

Based on the preliminary studies to date, the southern part of Area 3 appears to be the best location to commence operations due to its lower Stripping ratios. Mining would then progress north-west along both limbs of the deposit into Area 4. Mining may occur along both limbs simultaneously, increasing operational flexibility and potentially allowing a higher production rate.

At this stage the conceptual mine plan is based on the use of conventional low cost, high productivity truck and shovel operations with in-pit dumping for waste, utilising 600t class hydraulic shovels/excavators loading 220t class trucks for bulk waste movements and 100t to 250t class excavators loading 100t class trucks for coal and associated waste and interburden. In addition a fleet of dozers will be required for clean-up, dump work and some coal parting/ripping, and graders, water carts, front end loaders and support trucks will be required for road maintenance, ROM coal stockpile management, topsoil removal and drain/water management. Feasibility studies will determine the optimal pit size, mining methods, production rates and potential coal sales.

Figure 4.8 shows the conceptual mine layout (including the proposed location of rail and port infrastructure).

FIGURE 4.8: AMAAM – PLAN SHOWING CONCEPTUAL MINE LAYOUT



SOURCE: Ausenco Sandwell.

4.2.7. PROCESSING

Based on the coal washability test work completed to date, Bob Leach has prepared a conceptual coal wash plant circuit design. The circuit design is conventional and comprises:

- Crushing raw coal in a two stage roll crusher;
- A three circuit wash plant including:
 - Coarse coal (nominal –50mm+2mm) washed in dense medium cyclones;
 - Mid-size coal (nominal –2mm+0.25mm) washed in centrifugal classifiers such as spirals or teeter beds; and
 - Fines (nominal –0.25mm) floated in column flotation cells.

Thermal drying has been included in the conceptual layout because cold weather conditions may cause product handling issues. Future test work will be required to determine whether this is necessary.

4.2.8. INFRASTRUCTURE

Ausenco Sandwell conducted a preliminary engineering study for TRC's proposed port, coal transport system, and the required infrastructure for all the proposed operations.

4.2.8.1. SITE INFRASTRUCTURE

Mine site infrastructure for the operation is expected to comprise the following:

- An industrial complex near the mine which will include:
 - Mine and administration offices;
 - Mine fleet workshops and warehousing;
 - A mine fleet go-line with fuel storage and fuelling facilities;
 - The coal ROM stockpile, CHPP and product stockpiles; and
 - A mine village located nearby the mine industrial complex to house mine operations staff.
- A road connecting the port and mine area.
- A power station located near the port and a power line to the mine area.

4.2.8.2. COAL TRANSPORT

TRC's preferred option for transporting coal to future export customers is to develop a deep water port approximately 30km from the mine site with coal transported from the CHPP to the port by rail. Required coal transport infrastructure includes a railway from the mine site to the proposed port complex and a port industrial complex which would include:

- Train unloading;
- Coal handling, stockyard and outloading;
- Ship loading;
- Marine structures;
- Port buildings and structures; and
- A port village nearby the port industrial complex that will house port staff.

The proposed site for the deep water port is located on the northern shore of a lagoon lying between 400m – 600m high mountains which provide natural protection from both the prevailing winds during winter (northerly) and summer (southerly). It is expected that the lagoon will be covered with ice from November to June, with ice estimated to extend to a maximum thickness of 1.5m closer to the shore but not exceeding 1.0m thickness in the lagoon's navigation channel. Some ice management will be required to allow for year-round shipping and there may be periodic interruptions or delays to shipping during the winter months. Ice class tugs with ice breaking capability will be used to escort ships during winter and to break ice through the navigation channel inside the lagoon and around the shiploading pier to assist ships during berthing and departure. The port has been designed to accept capesize vessels.

For planning purposes, the following major equipment items have been included in the scoping study:

- A single train set with a 4,000t to 4,500t capacity; and
- Two icebreaker tugs to assist berthing of ships and ice management.

Construction and operation of the proposed deep water port would be subject to a number of regulatory approvals. For further detail on risks associated with the development of the proposed deep water port, see Sections 11.2.2, 11.2.10 and 11.2.13.

Figure 4.9 shows the conceptual port layout.

FIGURE 4.9: SCHEMATIC OF PROPOSED AMAAM PORT



SOURCE: Ausenco Sandwell.

4.2.9. ENVIRONMENT AND COMMUNITY

Coffey Environments was commissioned to undertake a preliminary review of key environmental and community impacts potentially associated with coal mining at Amaam. Potential environmental impacts identified by Coffey Environments with the construction and operation of a coal mine in this setting included:

- Local and downstream impacts due to mine runoff, acid mine drainage, soil disturbance and waste rock management;
- Disposal of ash;
- Terrestrial, aquatic and marine biodiversity impacts; and
- Rehabilitation and de-commissioning of Project facilities and infrastructure, and mine closure.

From a social perspective, potential impacts were identified as being associated with in-migration, local administration capacity, increased direct employment opportunities and family incomes, improvement in infrastructure and post-closure maintenance of infrastructure and revenue streams.

The preliminary review undertaken by Coffey Environments suggests that, on the basis of limited information, the environmental and social impacts are all potentially manageable with the significance of some substantially reduced by the remote location of the Amaam Project, even without management and mitigation measures.

Environmental and social investigations are currently underway to further address these and support a subsequent impact assessment. This in turn will direct the development of appropriate avoidance, management and mitigation measures that need to be compiled in a comprehensive environmental management plan for the mine.

4.2.10. DOING BUSINESS IN RUSSIA

Overview of the investment and political climate in Russia

Russia has undergone significant changes since the collapse of the Soviet Union, moving from a globally-isolated, centrally-planned economy to a more market-based and globally-integrated economy. Economic reforms in the 1990s privatized most industry, with notable exceptions in the energy and defence-related sectors. Russian industry is primarily split between globally-competitive commodity producers – in 2009 Russia was the world's largest exporter of natural gas, the second largest exporter of oil, and the third largest exporter of steel and primary aluminium – and other less competitive heavy industries that remain dependent on the Russian domestic market. Although Russia has experienced significant recent economic and political reform, Russia's long-term challenges include a shrinking workforce, issues with corruption, maintaining economic and political stability and poor infrastructure in need of large investments.

Legal system and corporate regulation

Russia is a federal republic with a semi-presidential system of government. The President is the chief of state, who is elected by popular vote. Executive powers are exercised by the government, which comprises the Premier (as head of government), his deputies and ministers – all appointed by the President. The legislative power is vested in two chambers, the Federation Council (upper house) and the State Duma (lower house). Judicial power is independent of the executive and legislature, with judges being appointed by the Federation Council.

Russian company law is governed by the Civil Code of the Russian Federation. The Russian tax authorities are responsible for state registration of Russian legal entities, including companies in the Unified State Register of Legal Entities.

See Section 13.11 for further details on the mining and regulatory regime in Russia and Section 11 for further detail on risks relating to Russia.

4.3. LANDAZURI PROJECT

TRC is exploring a significant land position in the Landazuri Coal Basin in Central Colombia, comprising three exploration areas, being Rio Blanco, Popayan and Corinto. Tenement details are summarised in Table 4.7. See Section 13.11.2 for a discussion of licenses and permits required to conduct mining activities in Colombia.

The Landazuri Project has the following key characteristics:

- Seven tenements covering approximately 170km² and comprising a substantial portion of the Umir Formation which is host to the Landazuri Coal Basin seams (see Figure 4.11);
- An Inferred Resource of 21Mt has been delineated within the Rio Blanco Tenement. An exploration target of an additional 280Mt – 470Mt has been estimated across the full suite of Landazuri Coal Basin tenements (see Figure 4.11) although it should be noted the potential quantity and grade of the exploration targets is conceptual in nature, there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource;
- Preliminary coal quality testwork has indicated a low to medium volatile bituminous coal with excellent coking qualities and the potential for marketing as a hard coking coal on an unwashed basis due to the low ash content (5-8%) on an undiluted basis;
- Potential for production from the Rio Blanco and Popayan tenements with an initial focus on extensive outcropping coal seams with surface mining potential (see Figure 4.10 for an example of coal outcrop at Landazuri);
- Environmental licenses have been granted over four tenements (Rio Blanco, Popayan, Corinto 1 and Corinto 2), each allowing for production of up to 0.8Mtpa (see Table 4.7); and
- Ready access to extensive transport infrastructure options (rail, road and river alternatives), connecting the Landazuri Project to Atlantic (Caribbean) coal ports.

TRC is targeting:

- Stage 1: initial production utilising road transportation of coal to port; and
- Stage 2: a progressive scale-up of production (assuming additional Resources are delineated) utilising rail transportation of coal to port.

However, achieving these targets is contingent on TRC securing additional funding, upgrading the Inferred Resources to Measured and/or Indicated Resources, identifying sufficient Measured and/or Indicated Resources with economic potential (currently estimated at Strip ratios of around 20:1) to support the required rates of production, converting these Resources to Reserves and completing a feasibility study on the Project, and obtaining the remaining licenses and approvals.

The size of the exploration target highlights TRC's views of the prospectivity of the Landazuri Coal Basin. TRC considers there to be significant potential to define deposits in underexplored areas of the Landazuri Project.

FIGURE 4.10: COAL OUTCROPPING AT LANDAZURI

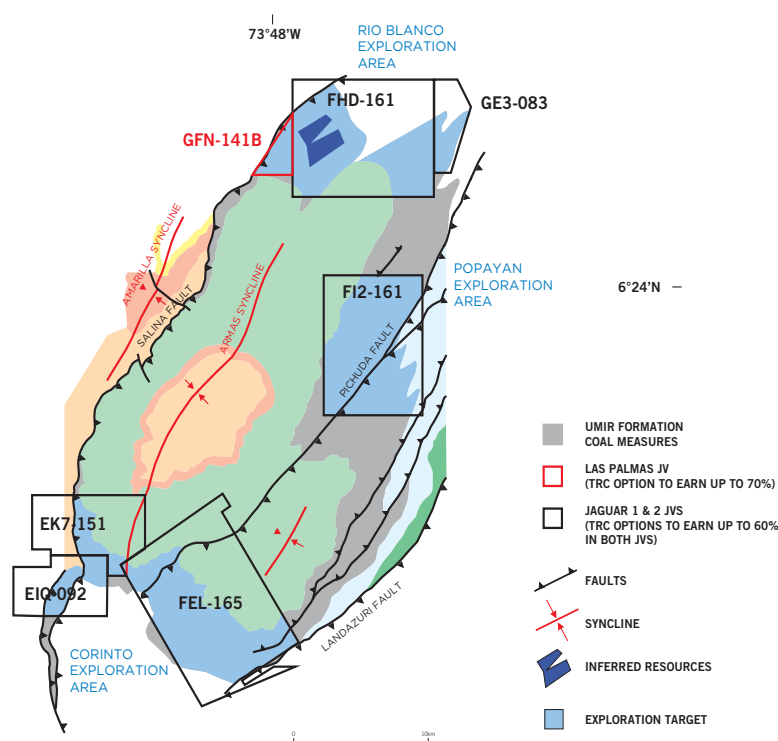


SOURCE: TRC.

TABLE 4.7: TENEMENT DETAILS OF THE LANDAZURI PROJECT

EXPLORATION AREA	TENEMENT	NUMBER	KM ²	JV	ENVIRONMENTAL LICENSE
Rio Blanco	Rio Blanco	FHD-161	43.9	Jaguar 1	Yes
	Rio Blanco East	GE3-083	6.8	Jaguar 1	No
	La Libia	GFN-141B	3.9	Las Palmas	No
Popayan	Popayan	F12-161	37.1	Jaguar 1	Yes
Corinto	Corinto 1	FEL-165	46.0	Jaguar 2	Yes
	Corinto 2	EK7-151	18.4	Jaguar 2	Yes
	Corinto 3	EIQ-092	13.8	Jaguar 2	No
Total			170.0		

FIGURE 4.11: LANDAZURI PROJECT LOCATION AND UMIR FORMATION COAL MEASURES



SOURCE: TRC.

The Landazuri Project land position is comprised of seven tenements over which TRC has entered into three option agreements with the vendors of these tenements, in each case private Colombian parties with interests in the Colombian coal mining industry.

- **Jaguar 1 Option**

TRC holds a 60% shareholding in a joint venture company, Jaguar Coal. Under the Jaguar 1 Option Agreement, TRC can acquire up to a 60% interest in the Jaguar 1 tenements (being Rio Blanco, Rio Blanco East and Popayan) through Jaguar Coal in two tranches:

- Tranche 1: Jaguar Coal will acquire a 50% interest in the Jaguar 1 tenements upon TRC paying USD6.5 million in option payments to the vendors of the Jaguar 1 tenements and meeting expenditure commitments on the tenements of USD5.0 million by 22 April 2012; and
- Tranche 2: Jaguar Coal will acquire the remaining 50% interest in the Jaguar 1 tenements upon exercise by TRC of the Jaguar 1 Option. This option is exercisable by TRC at its sole discretion by 22 April 2013 provided that TRC has paid a total of USD15.0 million in option payments to the vendors of the Jaguar 1 tenements and met total expenditure commitments on the tenements of USD10.0 million (including Tranche 1).

TRC has paid the first four of five Tranche 1 option payments totalling USD2.5 million by the due dates and is on target to meet its Tranche 1 expenditure commitment.

Under the Jaguar 1 Option Agreement, TRC is required to fund all work on the Jaguar 1 tenements through to completion of the first feasibility study, after which TRC will solely fund all of Jaguar Coal's costs (including those of its joint venture partners whose costs are funded by TRC on a deferred carry basis to be repaid by way of 70% of any dividends or returns on capital attributable to them from commencement of production). See Section 13.10.5.1 for further information in relation to the Jaguar 1 Option Agreement.

- **Jaguar 2 Option**

Under the Jaguar 2 Option Agreement, TRC can acquire a 60% interest in the Jaguar 2 tenements (being Corinto 1, 2 and 3), to be held through a newly incorporated joint venture company. The Jaguar 2 Option is exercisable by TRC at its sole discretion by 9 December 2013 provided that TRC has paid a total of (nominally) USD8.0 million in staged option payments to the vendors of the Jaguar 2 tenements and met expenditure commitments on the tenements of USD6.0 million. The final payment amount of the staged option payments can be adjusted up or down depending on the amount of "Mineable Reserves" at that time (as determined under the Colombian coal resource and reserves classification system) relative to 40Mt.

TRC is required to fund all work on the Jaguar 2 tenements through to completion of the first feasibility study, after which TRC will sole fund all costs of the new joint venture company (including those of its joint venture partners whose costs are funded by TRC on a deferred carry basis to be repaid by way of 70% of any dividends or returns on capital attributable to them from commencement of production). See Section 13.10.5.2 for further information in relation to the Jaguar 2 Option Agreement.

- **Las Palmas Option**

TRC holds a 50% shareholding in a joint venture company, Las Palmas Coal, which is planned to hold the Las Palmas tenement. Under the Las Palmas Option Agreement, TRC can acquire up to an additional 20% shareholding in Las Palmas Coal upon exercising the Las Palmas Option at its sole discretion by 21 December 2012 provided that TRC has paid a total of USD0.8 million in staged option payments to the vendors of the Las Palmas tenement (who currently hold the remaining 50% shareholding in Las Palmas Coal) and met expenditure commitments on the Las Palmas tenement of USD2.0 million.

TRC has paid the first three of seven option payments totalling USD0.3 million by the due dates. TRC has not yet satisfied its expenditure commitments but expects to do so by the due date.

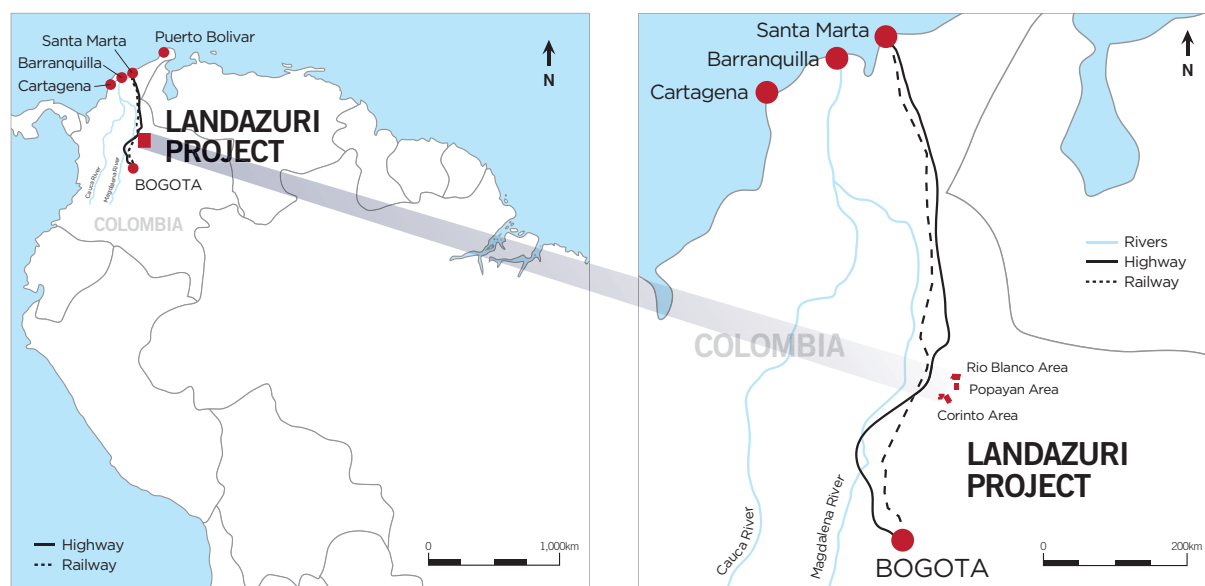
Under the Las Palmas Option Agreement, the vendors of the Las Palmas tenement are required to transfer all of the rights under the mining concession contracts relating to the Las Palmas tenement to Las Palmas Coal. As of the date of this Prospectus, such transfer has not been completed and Las Palmas Coal does not hold any rights under the Las Palmas mining Concession Contracts.

Under the Las Palmas Option Agreement, upon the delineation of an Inferred Resource of 10Mt (and for every additional 10Mt thereafter) TRC must pay the vendors an additional amount of USD2.0 million. Additionally, TRC is required to fund all work on the Las Palmas tenement through to completion of the first feasibility study, after which TRC will solely fund all of Las Palmas Coal's costs (including those of its joint venture partner whose costs are funded by TRC on a deferred carry basis to be repaid by way of dividends attributable to them from commencement of production). See Section 13.10.5.3 for further information in relation to the Las Palmas Option Agreement.

4.3.1. PROJECT LOCATION AND REGIONAL CONTEXT

The Landazuri Project is located in the Santander Department, Colombia, approximately 40km north-east of the town of Cimitarra and 200km north of Colombia's capital, Bogotá. The region is serviced by the Magdalena Transport Corridor, which supports rail, road and river transport infrastructure linking the Landazuri Project to Atlantic (Caribbean) coal ports approximately 600km to the north (see Figure 4.12). The largest operating coal terminals are located at Puerto Bolívar and along the coast between Santa Marta and the town of Ciénaga. Smaller amounts of coal are exported from multipurpose ports in the cities of Barranquilla and Cartagena on the Atlantic (Caribbean) coast, and Buenaventura on the Pacific coast.

FIGURE 4.12: LANDAZURI PROJECT LOCATION



SOURCE: TRC.

The topography of the greater Landazuri region is characterised by river flats and low lying foothills trending to moderately rugged mountains to the south with some forest vegetation (see Figure 4.13). Average elevation is approximately 400m above sea level and ranges from 200m at Rio Blanco up to 1,200m in the Popayan tenement. Access to the area can be gained via formed roads and large portions of the tenements can be accessed by four wheel drive vehicles along unsealed tracks.

The region is sparsely populated and is utilised mainly for small scale farming and logging activities. The area has a humid climate with average temperatures exceeding 24°C and average annual rainfall of between 2,000mm and 3,000mm. High rainfall during the wet season can result in localised landslides and flash flooding in the mountainous regions.

FIGURE 4.13: VIEW ACROSS A SECTION OF THE LANDAZURI COAL BASIN



SOURCE: Resolve Geological.

Coal production in Colombia has increased steadily over the past 15 years and the country is now the fifth largest coal exporter worldwide. Colombia is host to a number of globally significant coal mines including El Cerrejon (BHP Billiton Ltd, Anglo American plc, Xstrata plc), La Loma (Drummond Company Inc) and La Jagua (Glencore International plc). Coking coal production of approximately 4Mt is presently produced in small scale mines located in Cundinamarca, Boyaca and the North Santander Department, and trucked to the Atlantic (Caribbean) ports. See Section 4.3.11 for further information on “Doing Business in Colombia”, Section 13.11.2 for an overview of the Colombian legal and mining regulatory regime and Section 13.3 for information on the Colombian taxation system.

4.3.2. GEOLOGY

4.3.2.1. LANDAZURI COAL BASIN

The Landazuri Coal Basin is situated in the Middle Magdalena Valley Basin, a broad river valley located between the Central and Eastern Cordilleras of the Colombian Andes. The stratigraphy of the Magdalena Valley Basin consists primarily of Simitit Shale, La Luna and Umir Formations.

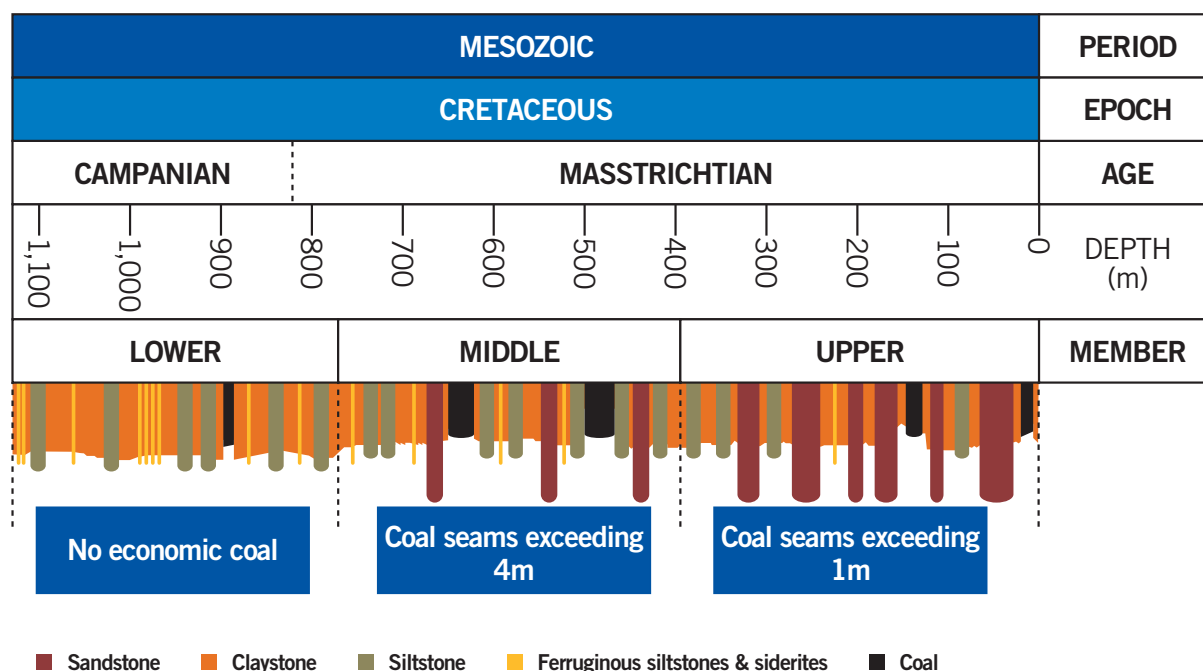
The Armas Syncline is the major structure evident in the Landazuri Coal Basin. The Rio Blanco tenements reside within the northern close of the syncline, the Corinto tenements are in the southern close of the syncline and the Popayan tenement is on the eastern flank of the syncline. The sediments within the syncline are, from oldest to youngest, the La Luna, Umir, Lisama, La Paz and Esmeraldas formations.

TRC is targeting the coal bearing Middle and Upper Members of the Cretaceous Umir Formation (see Figure 4.14) where drilling within the tenements has returned coal intersections of greater than 4m.

TRC's understanding of the geology has predominantly been formed from work undertaken on the Rio Blanco and Popayan tenements. The remainder of the Landazuri Coal Basin tenements (predominantly the Corinto tenements) remain largely unexplored with exploration to date limited to outcrop sampling and field mapping.

In 2007-08, Rio Tinto Mining and Exploration Colombia completed 177 channel samples, 43 coal outcrop samples and 15 drill holes in the Landazuri Basin, eight of which are within the Popayan Tenement. TRC initiated exploration in 2010 including detailed geological mapping over the northern and eastern section of the Landazuri Coal Basin tenements, and a concurrent drilling program on the Rio Blanco Tenement.

FIGURE 4.14: STRATIGRAPHIC SECTION OF THE UMIR FORMATION MEMBERS



SOURCE: Resolve Geological.

4.3.2.2. RIO BLANCO EXPLORATION AREA

The Rio Blanco exploration area comprises three tenements (Rio Blanco, Rio Blanco East and La Libia) which cover 54.6 km² and is situated to the northern end of the Landazuri Coal Basin. The Rio Blanco area has been the primary focus of TRC's exploration activities to date. TRC has completed a 5,964m drilling program and Inferred Resources have been estimated using the available subset of this data.

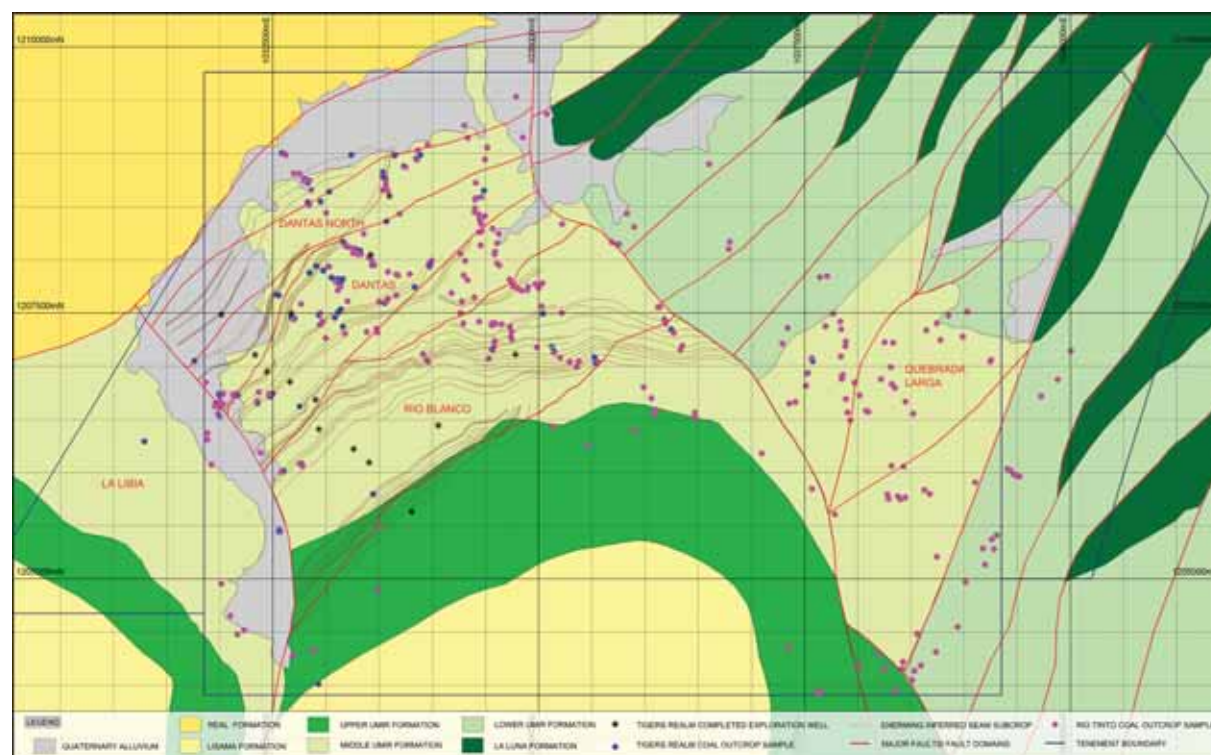
The Rio Blanco area contains all three members of the Umir Formation with coal seams restricted to the Upper and Middle Members of the Umir Formation. The stratigraphy in the area is structurally deformed and characterised by variable dips and common faulting.

Since June 2010, over 70 outcropping coal locations have been mapped, sampled and analysed, and 23 drill holes have been completed over part of the Rio Blanco area to an average depth of 250m. Two specific fault domains or blocks within the Rio Blanco area have been identified, being the Rio Blanco block and the Dantas block, and these blocks were the focus of the drilling program. Additional coal bearing blocks have been identified to the north of Dantas (Dantas North), to the west (La Libia which extends into the Las Palmas Tenement) and to the east (Quebrada Larga). See Figure 4.15.

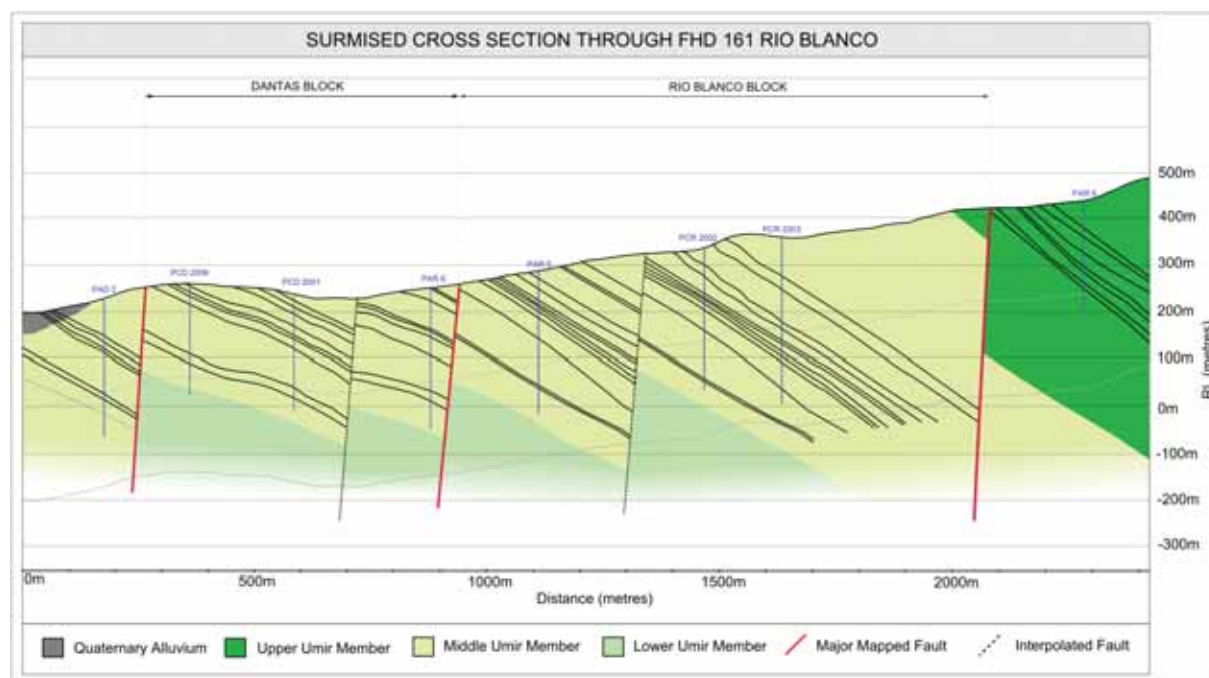
A number of coal seams have been identified within the Middle Member of the Umir Formation, both through drilling and extensive field mapping and sampling. Seams show good continuity, and are able to be correlated within the two separate structural domains of the Dantas and Rio Blanco blocks. Correlation of up to 25 coal seams has been undertaken by Resolve Geological within the area of the Inferred Resource, with seams varying from 0.30m to 2.68m thick. The vertical cumulative coal thickness within the Umir Formation in the Rio Blanco block is approximately 6m and the vertical cumulative coal thickness in the Dantas block is approximately 10m. Figure 4.16 shows a typical cross section through the deposit. However, BDA and McElroy Bryan have indicated the broader tenement area is structurally complex and there are uncertainties regarding seam continuity across fault domains. See Section 3.2 of the BDA Technical Report (under the heading “Open Cut Mining”).

The total strike length of seams within the Rio Blanco and Dantas blocks has not yet been established. Based on the completed drill programs, the Rio Blanco block is estimated to have an approximate extent of 4km by 1.5km and the Dantas block is estimated to have an approximate extent of 3km by 1km.

FIGURE 4.15: GEOLOGICAL MAP OF RIO BLANCO TENEMENT



SOURCE: Resolve Geological.

FIGURE 4.16: CROSS-SECTION OF RIO BLANCO

SOURCE: Resolve Geological.

4.3.2.3. POPAYAN EXPLORATION AREA

The Popayan exploration area is approximately 4km south of the Rio Blanco Tenement and covers 37.1km² in area. Nearly half of this area (17km²) has been geologically mapped as the Middle Member of the Umir Formation, with sediments dipping north-west towards the centre of the Armas Syncline.

Rio Tinto completed seven drill holes intersecting coal within the tenement and collected data from numerous outcrop samples. The historical drilling provides encouraging results with numerous coal seams, cumulative coal thicknesses up to 14.5m and coal intersections of up to 4.9m (see Table 4.8).

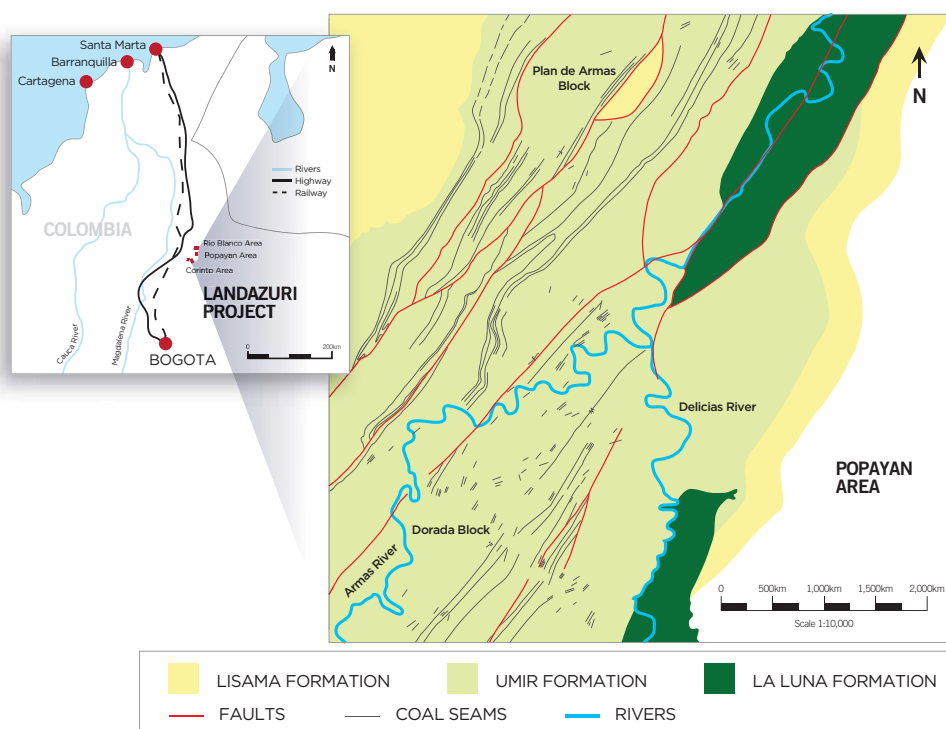
TABLE 4.8: POPAYAN HISTORICAL DRILLING

HOLE NO.	NUMBER OF SEAMS (<1.50g/cm ³ >30cm thick)	DEPTH RANGE (m)	CUMULATIVE THICKNESS (m)	SIGNIFICANT INTERSECTIONS (m, >1m)
POPA0002	3	50.1 – 262.0	10.0	4.9, 4.0
POPA0003	5	185.4 – 230.8	3.5	1.2
POPA0004	13	58.3 – 345.1	14.5	1.7, 3.0, 3.1, 1.2, 1.0
POPA0005	4	193.1 – 320.3	6.4	2.5, 2.5
POPA0006	10	70.0 – 291.1	5.2	1.8, 1.3
POPA0007	6	104.5 – 164.0	4.3	–
POPA0008	9	87.0 – 224.0	3.0	1.1

SOURCE: Resolve Geological based on drill holes drilled by Rio Tinto.

The Popayan Tenement is bisected by the Armas River. Approximately two thirds of the outcropping Umir Formation is located on the northern side of the river (the Plan de Armas Block) and one third of the Umir Formation is located on the southern side of the river (the Dorada Block) (see Figure 4.17). Field observations indicate the seam dips are similar to that of the Rio Blanco Tenement. Within the Dorada Block on the south side of the Armas River the seams dip with topography towards the river which is advantageous for open cut mining.

FIGURE 4.17: GEOLOGICAL MAP OF POPAYAN TENEMENT



SOURCE: Resolve Geological.

4.3.2.4. CORINTO EXPLORATION AREA

The Corinto exploration area comprises three tenements (Corinto 1, Corinto 2 and Corinto 3) covering 78.2km² situated on the southern closure of the Armas Syncline. Exploration is at an early stage but limited field mapping has identified over 25 coal occurrences on the tenements with coal seam thicknesses of up to 1.9m on Corinto 1 and up to 1.5m on Corinto 2 and 3.

4.3.3. RESOURCES AND EXPLORATION TARGETS

The Landazuri Project has an Inferred Resource of 21Mt of coal across the Rio Blanco and Dantas blocks. The Inferred Resource at Landazuri has been reviewed by the Independent Geologist and the Independent Technical Expert (see Section 7 of this Prospectus).

The Landazuri Project also has an additional exploration target of 280Mt to 470Mt although it should be noted the potential quantity and grade of the exploration targets is conceptual in nature, there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

Table 4.9 outlines the Inferred Resources delineated within the Dantas and Rio Blanco blocks. Table 4.10 outlines the exploration targets across the seven Landazuri Project tenements.

TABLE 4.9: INFERRED RESOURCES FOR LANDAZURI PROJECT (100% BASIS)

DEPTH RANGE (m)	INFERRED RESOURCES (Mt)	
	Dantas	Rio Blanco
0-100	3	6
100-200	3	6
200-400	1	2
Total	21	

SOURCE: Resolve Geological.

Under the JORC Code, an Inferred Mineral Resource is defined (in part) as “that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence.” Inferred Mineral Resources must be upgraded to the Measured or Indicated categories before they can be converted to Reserves. For further discussion of Inferred Resources, see “Investment Summary”.

To date, TRC has only undertaken exploration drilling over approximately 35% of the portion of the coal bearing Middle Umir Formation that lies within the Rio Blanco and Las Palmas tenements, and approximately 15% of the Middle Umir Formation that lies within the seven Landazuri tenements. The current Inferred Resource also does not include a further 2,380m of drilling completed in Q1 2011. It is anticipated that the results of this drilling will be incorporated in an updated Resource for Landazuri to be released in or about Q3 or Q4 2011.

TABLE 4.10: EXPLORATION TARGETS FOR LANDAZURI PROJECT (100% BASIS)

TENEMENT	EXPLORATION TARGET (Mt)	
	Lower Range	Upper Range
Jaguar JV		
FHD-161 – Rio Blanco	90	130
GE3-083 – Rio Blanco East	–	1
F12-161 Popayan	90	140
FEL-165 – Corinto 1	80	150
EK7-151 – Corinto 2	10	25
EIQ-092 – Corinto 3	5	15
Las Palmas JV		
GFN-141B – La Libia	8	12
Total (Rounded)²¹	280	470

SOURCE: Resolve Geological.

Resolve Geological has estimated a range of exploration target tonnages for the Landazuri Project based on historic field mapping and drilling (pre 2009) and field mapping and drilling undertaken by TRC between 2010-11. The potential quantity and grade of the exploration targets is conceptual in nature, there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

4.3.4. COAL SPECIFICATION

The preliminary coal quality estimates for the Landazuri Project are based on a review by Bob Leach of core samples taken from TRC's drilling in the Dantas and Rio Blanco blocks. These suggest that Dantas will produce a coal described as ASTM rank medium volatile bituminous coal and Rio Blanco will produce a low to medium volatile bituminous coal, with both deposits having inherently low ash content.

A preliminary product quality range has been derived from the available coal analyses to provide a view of the future product specifications for Rio Blanco and Dantas coal. The averages of these ranges are shown in Table 4.11. See Section 8 for further information on coal quality in the Coal Quality Report prepared by Bob Leach.

TABLE 4.11: PRELIMINARY PRODUCT COAL QUALITY – RIO BLANCO AND DANTAS

COAL SPECIFICATION	RIO BLANCO (AVERAGE)	DANTAS (AVERAGE)
Ash (% AD)	8.0	5.0
Volatile matter (% AD)	21.8	31.0
CV (MJ/kg daf)	36.5	36.3
Sulphur (% AD)	1.1	0.9
Phosphorous (% AD)	0.012	0.006
Ro max (Rank)	1.25	0.95
Vitrinite (%)	68	67
Total reactives (%)	71	70
CSN	8	9
Gieseler Fluidity (Mddm)	500	6,000

SOURCE: Bob Leach.

²¹ Tonnages as presented in this table have been rounded and may not add.

TRC anticipates that the Rio Blanco coal will be marketed as a hard coking coal whilst the lower rank of the Dantas coal may place it as a semi soft to semi hard coking coal. Potential also exists to blend these coals to optimise coking properties and produce a single hard coking coal product, taking advantage of the relatively strong fluidity of the Dantas coal and the high rank at the Rio Blanco coal to aid coke strength. However, coke test work still needs to be undertaken to confirm the marketability of the Landazuri product as hard coking coal (see Section 11.2.5 for further detail on product quality risk).

Given the excellent coking qualities and low ash content of the coal, it may be possible for the coals to be sold on an unwashed basis. This is likely to significantly reduce the capital requirements to develop the Landazuri Project and reduce the lead time to production. The Landazuri coals contain moderately high levels of sulphur which may attract a price penalty, partially negating the premium that may be achieved for low ash content.

4.3.5. MINING APPROACH

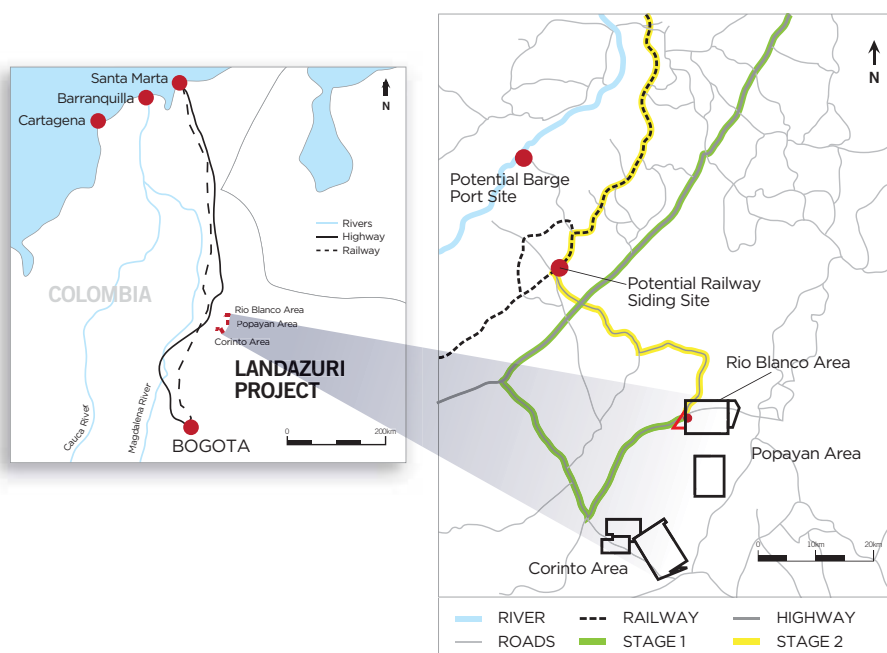
TRC's scoping studies for the Rio Blanco and Dantas blocks indicate that deposits are best suited to relatively shallow open cut mining using a conventional mining fleet of small dump trucks and hydraulic excavators with potential for in-pit dumping, and that locally thicker coal seams have the potential for underground and surface auger mining methods.

The next phase of drilling at Rio Blanco, Las Palmas and Popayan will focus on areas with the highest potential for open cut mining and the lowest Strip ratios. Achieving lower Strip ratios will most likely be tied to the delineation of thicker coal seams, reduced inter-burden volumes and favourable topography.

4.3.6. INFRASTRUCTURE AND COAL TRANSPORT

Ausenco Sandwell was commissioned to assess the infrastructure and coal transport to market options for the Landazuri Project. The preliminary engineering study considered site infrastructure requirements and assessed options for coal transport for an operation at Rio Blanco. This study considered the infrastructure and transport options for both Stage 1 and Stage 2 operations (see Figure 4.18).

FIGURE 4.18: COAL TRANSPORT INFRASTRUCTURE OPTIONS



SOURCE: Ausenco Sandwell.

4.3.6.1. STAGE 1

Mine site and transport infrastructure for the Stage 1, contractor based operation would comprise the following:

- Upgrade of the site access road (approximately 20km);
- A mine camp located near the mine site for staff and contractors;
- Administration offices, equipment workshops and associated services; and
- 34.5kV electrical power supply (30km from Cimitarra substation).

For Stage 1, road transport is preferred as it represents the lowest capital option. TRC proposes to upgrade the existing access road and transport coal to the Atlantic (Caribbean) ports using contract trucking on the national highway network.

4.3.6.2. STAGE 2

To cater for Stage 2 operations, TRC would be required to build permanent coal receiving, screening, sizing, conveying, stacking, reclaim and truck loading facilities. The mine camp, administration offices, equipment workshop and associated services would all need to be expanded to cater for the increase in staff, contractors and equipment. The 34.5kV power supply installed for Stage 1 would be sufficient for the expanded operation without a wash plant.

Ausenco Sandwell's assessment of coal transport infrastructure options between Rio Blanco and existing Colombian export coal terminals included an analysis of trucking, barging on the Magdalena River and rail transport options.

TRC's preferred coal transport option for an expanded operation is to utilise the Atlantic Railway system. The existing Atlantic Railway system is in relatively good condition, requiring only minor repair and upgrade to sections of the track south of the Cesar region coal operations. For this option, a truck unloading and train loading system would be constructed at a railway siding approximately 60km from Rio Blanco. A single train set with 7,000t capacity would be required to transport up to 1Mtpa of coal, with an additional train set required to expand production up to 2Mtpa. In addition to the work on the rail, a new access road is proposed to a railway siding on the Atlantic Railway system.

For both the road and rail transport options, TRC's preferred coal export terminal options are on the Atlantic (Caribbean) coast. Many of these ports have expansion and development plans including improving and upgrading ship loading facilities. An advantage of rail over river barging is access to ports loading Panamax and Cape Size ships. At present, Handymax ships only are servicing the coal ports accessible via the Magdalena River.

4.3.7. ENVIRONMENT AND COMMUNITY

Coffey Environments was commissioned to undertake a preliminary review of key environmental and community impacts potentially associated with coal mining in the Landazuri Coal Basin.

Potential environmental impacts identified by Coffey Environments with the construction and operation of a coal mine in this setting included:

- Local and downstream impacts due to mine runoff, acid mine drainage, soil and land stability, waste rock and overburden management, and flooding;
- Terrestrial and aquatic biodiversity impacts; and
- Rehabilitation and de-commissioning of Project facilities and infrastructure, and mine closure.

From a social perspective, potential impacts were identified as being associated with loss of land due to Project infrastructure and possible village relocation, impacts on amenity and social infrastructure, in-migration, local administration capacity, landowner concerns, increased direct employment opportunities and family incomes, improvement in infrastructure and post-closure maintenance of infrastructure and revenue streams.

Coffey Environments concluded that, on the basis of limited information, these impacts are potentially manageable, however additional environmental and social investigations are required to adequately address these and support a subsequent impact assessment. The development of appropriate avoidance, management and mitigation measures would be compiled in a comprehensive environmental management plan for the operations.

4.3.8. DEVELOPMENT PLAN

Preliminary engineering studies have covered various aspects of the Landazuri Project including mining, coal quality, processing, environment, site and transport infrastructure requirements. TRC has engaged MMC for mining studies; Resolve Geological for geological studies; Bob Leach for coal quality studies; Coffey Environments for review of project environmental and community impacts and requirements; and Ausenco Sandwell for infrastructure and coal transport studies.

TRC is targeting:

- Stage 1: an initial lower production rate stage utilising coal transport by road; and
- Stage 2: a progressive scale-up of production (assuming additional Resources are delineated) utilising coal transport by rail.

TRC believes that these targets are achievable because of:

- Extensive outcropping coal seams across the tenements;
- The initial phase of exploration at Rio Blanco confirms excellent coal quality and an Inferred Resource of 21Mt;
- The size of the exploration target (estimated at between 280Mt and 470Mt);
- Ready access to coal transport infrastructure; and
- Environmental licenses over four tenements (including the Rio Blanco Tenement) have been granted allowing production of up to 0.8Mtpa per tenement.

However, achieving these targets is contingent on, amongst other things, TRC raising additional funding, upgrading the Inferred Resources to Measured and/or Indicated Resources, identifying sufficient Measured and/or Indicated Resources with economic potential (currently estimated at Strip ratios of around 20:1) to support the required rates of production, converting these Resources to Reserves and completing a feasibility study for Stage 1 of the Project, and obtaining the remaining licenses and approvals.

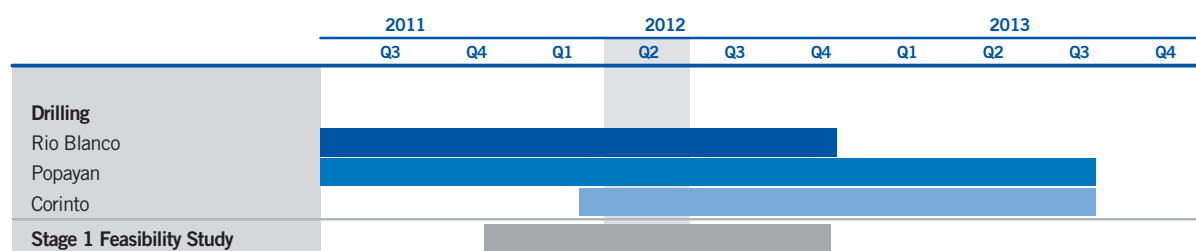
The key components of the development strategy for the Landazuri Project are outlined below.

- TRC's initial focus will be to expand and increase the confidence in the Inferred Resources within the Rio Blanco Tenement and to delineate a Resource on the Popayan Tenement. Whilst the initial focus will be on Rio Blanco and Popayan, drilling on the Corinto Tenements is also planned to provide a more detailed understanding of the total potential of the Landazuri Coal Basin.
- Provided TRC can raise additional funding and delineate sufficient Resources with economic potential, TRC will then seek to advance engineering and feasibility studies for Stage 1 of the Project to support a development decision.

The development strategy for Landazuri has been reviewed by BDA, the Independent Technical Expert (see Section 7).

TRC's indicative work plan for Stage 1 of the Landazuri Project is provided in Figure 4.19.

FIGURE 4.19: LANDAZURI – INDICATIVE WORK PLAN



NOTE: The vertical shading indicates TRC's current expectation that additional funding will be required in Q2 2012.

SOURCE: TRC.

4.3.9. LAND OWNERSHIP

TRC anticipates it will need to enter into agreements with the owners of land to allow access to and use of the land necessary for the Landazuri Project.

TRC will commence negotiations with the owners of any additional relevant land required for the development of a potential mine site or associated infrastructure upon determining the viability of such an operation. Further discussion of possible risks related to entering into arrangements with the owners of the relevant land is contained in Section 11.2.11 of this Prospectus.

4.3.10. DOING BUSINESS IN COLOMBIA

Overview of the investment and political climate in Colombia

The Republic of Colombia is located in northwest South America. Colombia has a long tradition of constitutional government, is the fourth largest economy in South America and is the third largest exporter of oil to the United States. Colombia's main exports are petroleum, coffee, coal, nickel, emeralds, apparel, bananas and cut flowers.

Underemployment remains a significant challenge for Colombia, and Colombia's infrastructure requires major improvements to sustain economic expansion. However, pro-business reforms in the oil and gas sectors and export-led growth, fuelled mainly by laws to promote trade have enhanced Colombia's investment climate.

Legal system and corporate regulation

Colombia is a presidential representative democratic republic, where the President of Colombia is both head of state and head of government. Executive power is exercised by the government, and legislative power is vested in two chambers of congress, being the Senate and the Chamber of Representatives. Judicial power exercised by the courts is independent of the executive and legislative branches.

The Colombian Chamber of Commerce is the regulator of Colombian incorporated companies. The Colombian Commercial Code regulates the incorporation, operations and management of Colombian incorporated companies.

Foreign investment laws and regulations

Foreign investment in Colombia is governed by a foreign exchange regime and regulated by the Colombian Central Bank (Banco de la República). Under Colombian law, foreign individuals and corporations which act as mining concessionaires have the same rights as Colombian individuals and corporations, and Colombian governmental regulatory bodies are specifically prohibited from requiring any additional or different requirements with regard to business activities. This principle of equal treatment seeks to treat foreign investment in Colombia for all purposes as a local investment.

Foreign companies wishing to conduct permanent activities in Colombia must set up a branch office in Colombia, which is entitled to receive foreign currency for investment. These investments must be registered with the Colombian Central Bank.

Colombia has a foreign exchange regime, which has specific rules for entry and exit of foreign capital. Certain branches of foreign companies are eligible to participate in a special exchange regime which allows them to receive and make payments in foreign currency. These include companies focused primarily on the exploration and exploitation of coal, petroleum, natural gas, ferronickel or uranium, and services in the hydrocarbon sector.

See Section 13.11.2 for further details on the mining and regulatory regime in Colombia, and Section 11 for further detail on risks relating to Colombia.

4.4. MARKETING

TRC anticipates that the Amaam and Rio Blanco coals will be marketed as hard coking coal, whilst the lower rank of the Dantas coal may place it as a semi soft to semi hard coking coal. Potential also exists to blend the Rio Blanco and Dantas coals to optimise coking properties and produce a single hard coking coal product. Coke test work still needs to be undertaken to confirm the marketability of the Amaam and Landazuri products as hard coking coal (see Section 11.2.5 for further detail on product quality risk).

The geographic location of the Projects will be a factor in determining the likely markets for its coals.

The Amaam coal is considered by AME to have strong potential as a blending coal for the key Asian steel producing countries. TRC is planning to construct a deep water port at a site approximately 30km from the mine site in order to ship Amaam coal to the high coking coal demand countries such as China, Korea, Japan and India. The location of the port site is expected to provide TRC with a freight advantage to China, Korea and Japan over other major coking coal producing countries such as Australia and North America.

TRC's preliminary studies suggest that its Colombian coals would be good blending coals in the South American and European markets. Presently the South American steel markets tend to utilise a mixture of Australian and United States coking coal brands whilst the European steel plants tend to utilise a blend of Eastern European, Australian and North American coal products. Steel production in Brazil in particular is forecast to be robust in the medium to long term. Given the growth expectations for steel production in Brazil and its reliance on Australian coking coals for over 30% of current supply, the Brazilian market may be TRC's preferred market for its Colombian coals. TRC will potentially realise a freight advantage to this market due to the Landazuri Project being located in Colombia (relative to its Australian and North American competitors).

See also Section 6 of this Prospectus for AME's independent assessment of the coking coal market.

5. Board, Senior Management and Corporate Governance

5.1. BOARD

The Board comprises three Non-Executive Directors, including the Chairman, and one Executive Director. The Board is composed of Directors with relevant expertise in exploration, project development, mining, financing, infrastructure and regulatory affairs on an international level.

Biographies of the Board members are provided below.



MR ANTONY MANINI Non-Executive Chairperson
BSc (Hons), FAusIMM, FSEG

Mr Manini was appointed Non-Executive Director and Chairman of TRC on 8 October 2010. He is a member of the Audit, Risk and Compliance Committee and the Nomination and Remuneration Committee.

Mr Manini has over 24 years of global resource industry experience across a diverse range of commodities in over 20 countries. His experience includes 14 years with the Rio Tinto Group and 8 years with Oxiana Limited (now OZ Minerals Limited) covering various technical, commercial, senior management and executive roles in exploration, project evaluation, project development and business development. As a foundation member of the Oxiana Limited executive team he was responsible for establishing and managing the company's highly successful exploration and resources group and closely involved in the discovery and/or acquisition and development of Oxiana Limited/OZ Minerals Limited's four operating mines. Mr Manini is a founder of TRM and TRC and has been Managing Director of TRM since inception of TRM. He holds an Honours Degree in Geology and is a Fellow of the Australian Institute of Mining and Metallurgy and the Society of Economic Geologists.

Mr Manini holds no other directorships with ASX listed entities.



MR MARTIN GRANT Managing Director & Chief Executive Officer
MSc, BSc (Hons)

Mr Grant was appointed Chief Executive Officer of TRC on 1 February 2011 and Managing Director on 7 March 2011.

Mr Grant has over 20 years experience in the resources industry. Over the past 7 years, he has held a number of senior executive roles in the international coal sector, including Chief Development Officer for BHP Billiton Energy Coal and Vice President Business Development for BHP Billiton Mitsubishi Alliance, the world's largest seaborne supplier of hard coking coal. Prior to specialising in coal, Mr Grant was a senior corporate finance advisor with UBS and Goldman Sachs. During this time, he worked on numerous mining merger and acquisition transactions, including BHP Limited's merger with Billiton plc.

Mr Grant has a background in minerals exploration and holds a Masters degree in Mineral Economics from the Colorado School of Mines.

Mr Grant holds no other directorships with ASX listed entities.



MR OWEN HEGARTY Non-Executive Director
BEc (Hons), FAusIMM

Mr Hegarty was appointed Non-Executive Director of TRC on 8 October 2010.

He is a member of the Audit, Risk and Compliance Committee and the Nomination and Remuneration Committee.

Mr Hegarty has over 40 years' experience in the global mining industry, including 25 years with the Rio Tinto group where he was Managing Director of Rio Tinto Asia and also Managing Director of the Australian copper and gold business. He was the founder and Chief Executive Officer of Oxiana Limited (now OZ Minerals Limited) which grew from a small exploration company to a multi-billion dollar, base and precious metals explorer, developer and producer. Mr Hegarty is Executive Vice Chairman of Hong Kong listed G Resources Group Limited, a gold mining company and Executive Vice Chairman of CST Mining Group Limited, also a Hong Kong listed mining company with a copper focus. He is a Non-Executive Director of Fortescue Metals Group Limited, a Director of the AusIMM, a member of the South Australian Minerals and Petroleum Experts Group advising the Premier on mining in that State, and a Director of the WA based Mining Hall of Fame Foundation – a mining educational foundation. He is Founding Patron of CEEC (Coalition for Eco-Efficient Comminution) – a not-for-profit organisation aimed at increasing energy efficiencies in mining and minerals processing.

Mr Hegarty is Chairman of TRM.

Former Directorships in last 3 years (ASX listed entities): He was previously a Non-Executive Director of Range River Gold Limited (from July 1994 to June 2010) and OZ Minerals Limited (resigned as Non-Executive Director in December 2008).



MR BRIAN JAMIESON Non-Executive Director
FCA

Mr Jamieson was appointed Non-Executive Director of TRC on 25 February 2011.

He is Chairman of the Audit, Risk and Compliance Committee and the Nomination and Remuneration Committee.

Mr Jamieson was Chief Executive of Minter Ellison Melbourne from 2002 until he retired at the end of 2005. Prior to joining Minter Ellison, he was with KPMG for over 30 years holding the positions of Chief Executive Officer Australia, Managing Partner and Chairman of KPMG Melbourne. He was also a KPMG Board Member in Australia and Asia Pacific and a member of the KPMG USA Management Committee. Mr Jamieson is Non-Executive Chairman of Mesoblast Limited and Sigma Pharmaceuticals, a Non-Executive Director of Tatts Group Limited and Oz Minerals Limited. He is a fellow of the Institute of Chartered Accountants in Australia.

5.2. MANAGEMENT

TRC's management team has significant experience in all facets of exploring, developing, operating and financing large scale natural resources projects. The team has a balanced set of skills in the areas of geology, mining operations, infrastructure and regulatory, environmental and financial affairs.

All senior operational managers have worked previously in the minerals and mining sector and are well equipped to manage both the development project and the third party contractor workforce that will be involved in the construction of TRC's mining operations.

Members of TRC's management team are either employed directly by TRC or seconded from TRM. In addition, under the Services Agreement, TRM agrees to procure certain services to TRC, including business development, company secretarial and legal services. Refer to Section 13.10.2 for a summary of the Services Agreement.

Biographies of the management team are provided below.



MR PETER BALKA General Manager – Projects and Studies (TRM Seconded)
B.E (Mining Eng), MAUSIMM

Mr Balka commenced as General Manager – Projects and Studies on 1 January 2011. Mr Balka is seconded to TRC from TRM.

Mr Balka commenced with TRM in April 2010. He is a mining engineer with over 25 years of extensive experience in open cut and underground mining operations, project management, feasibility studies and due diligence.

Most recently Mr Balka worked for 4 years with OZ Minerals Limited (formerly Oxiana Limited) as Group Mining Engineer, managing feasibility studies and providing engineering services and oversight to the operations including those at Prominent Hill, Sepon, Golden Grove, Century and Rosebery.

Prior to this, Mr Balka held key technical and management roles with AMC Consultants Pty Ltd, Newcrest Limited and BHP Billiton Limited, for the feasibility studies and development of Prominent Hill, Ridgeway, Cannington, Callie open cut and underground, Iron Duke – Whyalla, Gosowong and Tarnagulla. His international experience also includes projects in Russia, Indonesia, India, New Zealand and Africa.



BEN STOCKDALE Acting²² Chief Financial Officer (TRM Seconded)
B.Comm, A. Fin, CFTP

Mr Stockdale joined TRM as General Manager – Corporate Finance and Investor Relations on 1 May 2011. Mr Stockdale is seconded to TRC as Acting Chief Financial Officer.

Mr Stockdale is a financial and commercial executive with extensive mining industry experience including project and corporate debt and equity financing, concentrates marketing and logistics, treasury operations and mergers and acquisitions.

Over the past 12 years, Mr Stockdale has held a number of executive roles at mining companies including MPI Mines Limited and Oxiana Limited/OZ Minerals Limited. Prior to joining TRM, Mr Stockdale was Commercial Manager and acting Chief Financial Officer of Citadel Resource Group Limited.

Mr Stockdale holds a Bachelor of Commerce degree and has completed post graduate studies in applied finance and investment.

VACANT General Manager – Exploration

The role of the General Manager – Exploration is in the process of being filled and the details of the appointee will be provided when available.

²² Mr Paul Smith has been appointed Chief Financial Officer of TRC effective 17 October 2011. Mr Smith is a Certified Practising Accountant with over 20 years' experience including senior finance roles within the resources sector. Prior to joining TRC, Mr Smith was Chief Financial Officer and Company Secretary of Golding Group Pty Ltd.



MR CRAIG PARRY General Manager – Business Development (services provided under the Services Agreement) BSc (App.Geol. Hons Class 1, University Medal), MAusIMM

Mr Parry is an exploration and business development geologist who has worked internationally across a broad range of commodities with TRC, TRM, G-Resources Group Limited, Oxiana Limited (now OZ Minerals Limited), Rio Tinto Limited and RSG Consulting Pty Ltd over the past 12 years.

Mr Parry is a founding member of the TRM management team, a founder of TRC and has been responsible for TRM and TRC's business development activities since inception, including the acquisition of the Amaam Project and Landazuri Project.

Prior to joining TRM Mr Parry held a number of executive roles in the resources industry, including Business Development Manager for G-Resources Group Limited responsible for mergers and acquisitions and Principal Geologist – New Business at Oxiana Limited responsible for strategy and business development initiatives in bulk and energy commodities. At Rio Tinto Limited, Mr Parry led exploration programs for iron ore, copper, diamonds, coal and bauxite in Australia, Asia and South America and was Principal Geologist for the Kintyre Uranium project pre-feasibility study. Mr Parry is a graduate of The University of New South Wales, holds a Bachelor of Science (Applied Geology) with first class Honours and the University Medal. He is a Member of the AusIMM.



MR TIM BERRY General Manager – Health, Safety, Environment and Community (HSEC) (TRM Seconded) BSc (Hons) (Environmental Science)

Mr Berry commenced as General Manager – HSEC on 11 July 2011. Mr Berry will be seconded to TRC from TRM.

Mr Berry is an environmental scientist with over 12 years experience managing HSEC at Australian and international mining and exploration projects, including coal, copper/gold, uranium and bauxite mining operations. Prior to joining TRM, Mr Berry worked for 4 years with OZ Minerals Limited (formerly Oxiana Limited) where his most recent executive role was Head of Sustainability and Risk Management. As a member of the senior executive team, he was accountable for developing and implementing the sustainability and risk management strategies for the company. He was also accountable for obtaining the regulatory approvals for the Prominent Hill underground project and worked on key projects in Indonesia, Laos, Cambodia and Thailand.

Prior to this, Mr Berry worked for Rio Tinto for 7 years, where he gained significant mining, exploration and corporate HSEC experience through a number of Australian and internationally based roles. This included working on key projects in Russia, Colombia, Mongolia and China. Mr Berry commenced his career with North Limited.



MR DAVID FORSYTH Company Secretary (services provided under the Services Agreement) FCIS, FCPA

Mr Forsyth was appointed the Company Secretary of TRC on 8 October 2010.

Mr Forsyth was appointed as Director of TRC in October 2010 and resigned on 7 March 2011.

Mr Forsyth has over 40 years' experience in the engineering, project development and mining field. His most recent positions were with Oxiana Limited (now OZ Minerals Limited), where he was Company Secretary and Manager Administration from 1996 to 2008. Mr Forsyth joined TRM as director and Company Secretary in 2009.



MR NELSON AMAYA Country-President – Colombia (TRM Seconded)
Lawyer MS. Management

Mr Amaya joined TRM as Country-President – Colombia in June 2010.

Mr Amaya has more than 30 years of coal, private and public sector experience in Colombia. He was President of Carbocol Inc, a state owned company joint venture with Exxon Corporation that developed the El Cerrejon mine in Colombia (the largest open cut coal operation in South America), and during this time he played a key role in the privatisation of the company in 2000. As Vice-President of Carbocol Inc, Mr Amaya had strong participation in promoting Colombia's coal deposits to investors, and helped drive the government's efforts to promote the development of the industry.

Recently, Mr Amaya was President of Fiduciaria La Previsora SA (a Colombian trust company).

In the Colombian public sector Mr Amaya has served as a Member of the House of Representatives leading the development and approval of the National Development Plan, as Vice-minister of Economic Development, and as Vice-minister of Internal Affairs.



MR LEONID SKOPTSOV General Director – NPCC – Russia

Mr Skoptsov has more than 20 years of resource exploration, development and operational experience in Russia. He became a Director of Ovoca Gold Plc in June 2006 and later became Chief Executive Officer from 2006 to 2009.

Mr Skoptsov was also Chairman of OAO Pervaya Gornorudnaya Companiya, a zinc-lead asset developer, from 2001 to 2005 and Chairman of OAO Volganeft, a mid-tier oil producer in Russia which was successfully sold to Russneft, from 2000 to 2004.

5.3. EMPLOYEES AND CONTRACTORS

As at the date of this Prospectus, TRC has 20 employees in its head office and operations worldwide and 13 positions which are in the process of being filled. For the immediate future, TRC intends to utilise a combination of employees and seconded staff from TRM to manage its operations. It also intends to engage a range of industry and technical consultants and contractors to perform discrete tasks with clearly defined outcomes expected.

5.4. ARRANGEMENTS BETWEEN TRC AND ITS DIRECTORS

5.4.1. INDEMNIFICATION AND INSURANCE

The Company provides insurance to cover legal liability and expenses for the Directors and Officers of the Company. The Directors and Officers liability insurance provides cover against costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the Officers in their capacity as Officers.

The Company has entered into an agreement with the Directors and certain Officers to indemnify these individuals against any claims and related expenses, which arise as a result of their work in their respective capacities.

5.4.2. EMPLOYMENT AGREEMENT WITH EXECUTIVE DIRECTOR

TRC has entered into an executive employment agreement (**Employment Agreement**) with its Managing Director and Chief Executive Officer, Martin Grant, effective 1 February 2011.

Pursuant to the Employment Agreement, Mr Grant is required to perform such duties and exercise such powers as are specified in the Employment Agreement. Mr Grant must perform these duties in accordance with the laws in each domain in which TRC operates.

Mr Grant's base salary is \$420,000 per annum (excluding superannuation). Mr Grant is also eligible to participate in the TRC short term incentive plan (see Section 5.5.5) which will provide him with the opportunity to earn an annual bonus of up to 50% of his base salary, payable on achievement of performance targets. The performance targets are set annually and are designed to reinforce key business objectives and plans.

Mr Grant may also participate in the Staff Option Plan. He has been offered options that equate to 2.25% of the number of issued Shares at the time of the IPO. The options will be issued in 4 separate tranches with the following issue dates, exercise prices, vesting dates and vesting conditions:

TRANCHE	PORTION	ISSUE DATES	EXPIRY DATE	EXERCISE PRICE	VESTING DATE	VESTING CONDITIONS
1	25%	At commencement	5 years from date of issue	\$0.50	1 February 2012 (subject to employment and vesting conditions being met)	The price >125% of the Offer Price for 30 consecutive days
2	25%	12 months after commencement	5 years from date of issue	125% of 30 day volume weighted average price of Shares at the time of grant	1 February 2013 (subject to employment and vesting conditions being met)	The price is 50% higher than the Offer Price for 30 consecutive days
3	25%	24 months after commencement	5 years from date of issue	125% of the exercise price of Tranche 2	1 February 2014 (subject to employment and vesting conditions being met)	The price is 75% higher than the Offer Price for 30 consecutive days
4	25%	36 months after commencement	5 years from date of issue	125% of the exercise price of Tranche 3	1 February 2015 (subject to employment and vesting conditions being met)	The price is 100% higher than the Offer Price for 30 consecutive days

Notwithstanding the above, any granted options shall vest immediately upon a change in control of TRC subsequent to the IPO of the Company.

Mr Grant's employment may be terminated on six month's written notice or payment in lieu of such notice. TRC may also terminate Mr Grant's employment at any time without notice if he engages in serious misconduct or for any other reason that justifies summary dismissal. If Mr Grant is made redundant, he will be entitled to three month's notice plus one month's pay for each twelve month period of continuous service. In the event Mr Grant's employment is terminated other than for serious misconduct or for any other reason that justifies summary dismissal, he will be entitled to twelve month's pay (including base salary) and if required TRC will use reasonable endeavours to obtain shareholder approval for such payment.

The Employment Agreement includes post termination restrictions on Mr Grant's engagement in any competitive business for a period of twelve months after the end of his employment with TRC and other terms that are customary to executive employment agreements.

5.5. CORPORATE GOVERNANCE

The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return and growing the exploration opportunities TRC has identified into mining operations.

In conducting business with these objectives, the Board is concerned to ensure that TRC is properly managed to protect and enhance Shareholder interests, and that the Company, its Directors, officers, Management and employees operate in an appropriate environment of corporate governance.

Accordingly, the Board has adopted corporate governance policies and practises (the majority of which are in accordance with the ASX Corporate Governance Council, Corporate Governance Principles and Recommendations (ASX Recommendations)) designed to promote the responsible management and conduct of the Company.

The Board is of the view that, with the exception of the departures set out below, it otherwise complies with the ASX Recommendations. Where the Company's practises do not correlate with the ASX Recommendations, the Company does not consider that all of the practises are appropriate for the current size and scale of the Company's operations. TRC intends to work towards full compliance with the ASX Recommendations within two years of incorporation.

The Company's primary policies and practises are summarised below. In addition, many governance elements are contained in the Constitution.

Details of the Company's key policies and practises and charters for the Board and each of its committees are also available at www.tigersrealmcoal.com.

5.5.1. BOARD RESPONSIBILITIES AND COMPOSITION

The Board is ultimately responsible for setting policy regarding the strategic direction and goals for the business and affairs of the Company for the benefit of Shareholders and other stakeholders, including the corporate governance practises of the Company. The Board has adopted a Board Charter which sets out the responsibilities of the Board.

The Board delegates day-to-day operations of the Company's resources to Management, under the leadership of the Chief Executive Officer, to deliver the strategic direction and goals determined by the board.

In discharging their duties, Directors are provided direct access to and may rely upon Management and outside advisors and auditors. Directors may also seek independent professional advice at the Company's expense in carrying out their responsibilities.

The Board currently comprises three non-executive Directors and one executive Director. Mr Jamieson is considered by the Board to be independent.

The Board considers an independent Director to be a Non-Executive Director who is not a member of the Company's Management and who is free of any business or other relationship that could materially interfere with or could reasonably be perceived to interfere with, the independent exercise of their judgement.

The Board considers that the existing Board structure is appropriate for the Company's current operations and stage of development, despite the fact that it does not have a majority of independent Non-Executive Directors. It is intended that the majority of Directors on the Board will be independent within two years of TRC's ASX listing.

Details regarding the skills, qualifications, experience and expertise of each Director as at the date of this Prospectus can be found in Section 5.1.

5.5.2. BOARD COMMITTEES

The Board discharges its duties in relation to certain specific functions through the following committees of the Board:

- Audit, Risk and Compliance Committee; and
- Nomination and Remuneration Committee.

AUDIT, RISK AND COMPLIANCE COMMITTEE

The purpose of the Audit, Risk and Compliance Committee is to review and monitor the effectiveness of the Company's controls in the areas of operational and balance sheet risk, legal and regulatory compliance and financial reporting.

The Audit, Risk and Compliance Committee discharges these responsibilities by:

- Overseeing the adequacy of the controls established by Management to identify and manage areas of potential risk and to safeguard the assets of the Company;
- Reviewing the integrity of the Company's financial reporting;
- Overseeing the Company's relationship with its external auditor and the external audit function generally, including the independence of the external auditor; and
- Evaluating the process in place to ensure that accounting records are properly maintained in accordance with statutory requirements and that financial information provided to investors and the Board is accurate and reliable.

The Audit, Risk and Compliance Committee's charter provides that the Audit, Risk and Compliance Committee will comprise at least three members, all Non-Executive Directors and will be chaired by an Independent Director who is not chair of the Board.

The Board considers that the Audit, Risk and Compliance Committee's composition is appropriate for the Company's current operations and stage of development, despite the fact that it does not have a majority of independent Non-Executive Directors. The Audit, Risk and Compliance Committee Charter provides that within two years of the incorporation of the Company the majority of the committee members will be independent.

It is intended that all Committee members shall be financially literate with at least one member having relevant accounting and/or related financial management expertise (that is, a qualified accountant or other financial professional with experience of financial and accounting matters) and some members shall have an understanding of the industry in which the Company operates.

The Audit, Risk and Compliance Committee may obtain information from, and consult with, Management and external auditors and advisers as it considers appropriate.

At the discretion of the Audit, Risk and Compliance Committee, the external auditor and other members of the Board and Management will be invited to Audit, Risk and Compliance Committee meetings. The Audit, Risk and Compliance Committee will meet as often as the Committee deems necessary to undertake its role effectively, but must meet at least four times a year.

The current members of the Audit, Risk and Compliance Committee are:

- Brian Jamieson (Chairman);
- Owen Hegarty; and
- Antony Manini.

NOMINATION AND REMUNERATION COMMITTEE

The purpose of the Nomination and Remuneration Committee is to ensure:

- That the Board comprises individuals best able to discharge the responsibilities of Directors having regard to the law and the highest standards of governance; and
- That the Company has remuneration policies and practices which enable it to attract and retain Directors and executives who will best contribute towards achieving positive outcomes for Shareholders.

The Nomination and Remuneration Committee discharges these responsibilities by:

- Making recommendations to the Board relating to the remuneration of the Directors and the Chief Executive Officer;
- Assessing the necessary and desirable competencies of Board members;
- Reviewing Board succession planning;
- Making recommendations to the Board regarding the appointment and re-election of Directors and the Chief Executive Officer;
- Overseeing succession planning, selection and appointment practises for management and employees of the Group;
- Developing a process for the evaluation of the performance of the Board, its Committee and Directors; and
- Considering strategies to address Board diversity and the Company's performance in respect of the Company's Diversity Policy.

The Nomination and Remuneration Committee consists of three Non-Executive Directors, including the Committee Chairman, who is considered independent.

The Nomination and Remuneration Committee's charter provides that the Nomination and Remuneration Committee will comprise at least three members, all Non-Executive Directors and will be chaired by an independent Director who can be the chair of the Board. The charter provides that within two years of the incorporation of the Company the majority of the members will be independent.

At the discretion of the Nomination and Remuneration Committee, advisers, other members of the Board and Management may be invited to Nomination and Remuneration Committee meetings. The Nomination and Remuneration Committee is required to meet at least once a year.

The current members of the Nomination and Remuneration Committee are:

- Brian Jamieson (Chairman);
- Owen Hegarty; and
- Antony Manini.

5.5.3. PERFORMANCE EVALUATION

BOARD, COMMITTEES AND INDIVIDUAL DIRECTORS

The Board reviews its performance annually. It evaluates its performance relative to the requirements of the Board Charter and sets forth the goals and objectives of the Board for the upcoming year and effects any amendments to the Board charter considered necessary or desirable.

The Board reviews the performance of the Board committees annually. It compares the performance of the Board committee with the requirements of the relevant Board committee charter and effects any amendments to the relevant Board committee charter considered necessary or desirable.

No performance evaluations in accordance with the above process have taken place during the calendar year.

SENIOR EXECUTIVES

The Chairman conducts the performance assessment of the Chief Executive Officer, having regard to objectives set the previous year, and the discussion includes setting objectives for the coming year.

The Chief Executive Officer conducts the performance assessment for each senior executive, having regard to the operational and financial responsibilities of the executive and the contribution by the executive to the management and leadership of the business.

No performance evaluations have taken place in accordance with the above process during this calendar year.

5.5.4. CORPORATE GOVERNANCE POLICIES

The Board has adopted the following corporate governance policies.

CODE OF CONDUCT

The Board has adopted a Code of Conduct which sets out TRC's commitment to maintaining honesty, integrity and ethical standards in its business practises. The Code of Conduct sets out for all Directors, management and employees the standard of behaviour expected of them, and the steps that should be taken in the event of uncertainty or a suspected breach of the Code of Conduct by a colleague.

SECURITIES TRADING POLICY

The Board has adopted a Securities Trading Policy that regulates trading in the Company's securities by Directors, officers, senior executives and employees of TRC, TRM or a member of the Group. The policy will be lodged with ASX upon commencement of trading on ASX.

The purpose of the policy is to raise awareness of the insider trading prohibitions of the Corporations Act, assist Directors and restricted employees to comply with their obligations under the insider trading prohibitions and to protect the reputation of TRC, its Directors and employees.

Any Director or employee who is in possession of material price sensitive information in relation to the securities of TRC or another company which is not generally available must not trade in the securities.

Directors and certain restricted employees are prohibited from trading in the Company's securities during certain "prohibited" periods in accordance with the policy, unless otherwise permitted under the policy. Directors and restricted employees must obtain prior written clearance for any proposed trading in the Company's securities in accordance with the policy.

Directors and restricted employees having received prior written clearance to trade must also provide notification of trading in Company securities following the trade.

The policy requires Directors and restricted employees who are deemed by the Board to hold a significant number of securities to obtain prior written clearance for any proposed dealing in the Company's securities in connection with a margin loan or other security arrangement. The Board may in its absolute discretion disclose to ASX the key terms of any approved margin lending arrangement.

The policy also restricts Directors and restricted employees from using any derivatives over unvested Company securities.

DISCLOSURE POLICY

Once listed on ASX, the Company will be a "disclosing entity" under the Corporations Act. As such it will be subject to the continuous disclosure requirements of the ASX Listing Rules and Section 674 of the Corporations Act. Subject to the exceptions contained in the ASX Listing Rules, the Company will be required to disclose to ASX any information concerning the Company which is not generally available and which, if it was made available, a reasonable person would expect to have a material effect on the price or value of the Company's securities. In addition, the Company will be required to provide ASX with any information necessary to correct or prevent a false market in the Company's securities.

The Board has adopted a Disclosure Policy to:

- Ensure that the Company as a minimum, complies with its continuous disclosure obligations under the Corporations Act and ASX Listing Rules;
- Establish procedures for the release of external announcements, whether to ASX or otherwise;
- Provide Shareholders and the market with timely, direct and equal access to information issued by the Company; and
- Promote investor confidence in the integrity of the Company and its securities.

In accordance with the policy, the Chief Executive Officer and Chairman are responsible for reviewing material price sensitive information, determining whether such information needs to be disclosed and ensuring that the Company complies with its continuous disclosure obligations. The Chief Executive Officer and Chairman are also responsible for implementing reporting processes, determining guidelines for materiality of information and all communications with ASX.

All information provided to ASX will be posted to the Company's website at www.tigersrealmcoal.com after ASX confirms an announcement has been made.

RISK MANAGEMENT POLICY

TRC is committed to the proper identification, monitoring and management of risks associated with its business activities. The Company has established a Risk Management Policy that outlines the Company's approach to the identification, monitoring and management of risks, including the implementation of control frameworks and systems.

The Board is responsible for risk oversight and risk management. The Board has delegated to the Audit, Risk and Compliance Committee responsibility for implementing risk management frameworks and systems and oversight of risk assessment and monitoring processes.

ENVIRONMENT AND STEWARDSHIP POLICY

The Board has adopted an Environment and Stewardship Policy.

The policy sets out the framework whereby environmental stewardship considerations are an integral part of the Company's business plans and decision making processes.

MANAGEMENT AND DELEGATION POLICY

The authority of the Board, the Chief Executive Officer and management to bind or create an obligation on the Company is established within the Board Charter and the Management and Delegation Policy.

The policy identifies the powers delegated by the Board to the Chief Executive Officer and the authority levels assigned to management.

WHISTLEBLOWER'S POLICY

The Company is committed to promoting and supporting a culture of ethical behaviour and corporate compliance. In accordance with this commitment, the Company has established a Whistleblower's Policy to:

- Encourage employees to raise any concerns and report instances of reportable conduct where there are no reasonable grounds to support such conduct, without fear of intimidation, disadvantage or reprisal;
- Outline the mechanisms for the reporting and investigation of reported matters;
- Outline the measures in place to protect a whistleblower; and
- Outline the additional procedures and protections that apply to whistleblower's under the Corporations Act in certain circumstances.

DIVERSITY POLICY

The Company has implemented a Diversity Policy which establishes the framework whereby the Company will develop a culture and business model that values and achieves diversity in its workforce and on its Board.

The policy provides that the Company will develop the measurable objectives to achieve gender diversity within 24 months from the date of incorporation. The Board considers that this timeframe is appropriate for the Company's current operations and stage of development.

5.5.5. REMUNERATION ARRANGEMENTS OF NON-EXECUTIVE DIRECTORS AND SENIOR EXECUTIVES

Non-executive Directors receive a base fee for being a Director and may receive additional fees for either chairing or being a member of a Board committee, working on special committees and/or serving on a subsidiary board. The maximum non-executive fee pool is \$1,000,000. Also see Section 13.13.1.

TRC's remuneration framework is designed to create and enhance value for all TRC stakeholders and to ensure there is strong alignment between the short and long term interests of shareholders and executives. To achieve this, the remuneration of the Chief Executive Officer and the senior executives is comprised of:

- Fixed pay – that is the only guaranteed part of the remuneration package;
- Short term incentive (STI) – the STI provides an annual opportunity for an incentive award if certain company and individual objectives are met and there have been no inappropriate behaviour or risk/compliance/audit breaches; and
- Staff Option Plan – the Staff Option Plan provides an opportunity for an equity award that aligns a significant portion of overall remuneration to shareholder value over the longer term.

TRC does not currently have any retirement benefit schemes in operation, other than superannuation, for non-executive directors, management or employees.

There are no non-standard redundancy provisions for Executive Directors or senior executives (and all notice periods or pay in lieu are for six months or less).

6. Independent Coal Market Report



AME GROUP Coal Market Report

TIGERS REALM COAL LIMITED

An Independent Report Prepared by
AME Consulting Pty Limited

May 2011



AME Consulting Pty Limited

AME House 342 Kent Street, Sydney NSW 2000 Australia
T +61 2 9262 2264 F +61 2 9262 2587

17 May 2011

The Board Of Directors
TIGERS REALM COAL LIMITED
Level 7
333 Collins Street
MELBOURNE VICTORIA, 3000

Dear Sirs,

RE: Coal Market Report

AME Consulting Pty Limited ("AME") has been engaged by Tigers Realm Coal Limited ("TRC") to prepare this report on the Coal Market (the "Report") for inclusion in a prospectus for Initial Public Offering (IPO) of TRC. The Report may only be used for this purpose.

Cost and Production Analysis

Available data varies greatly between coal operations and projects. Much information is not reliable due to language difficulties, the confidential nature of the information, the inability to estimate the reliability of AME's sources and general lack of data. Consequently, much information has to be estimated and the quality, accuracy and completeness of the resulting cost comparisons will reflect this. Furthermore, forecast costs embody a number of significant assumptions with respect to exchange rates and other technical variables. Because of these factors, direct comparability between individual projects may be limited, and as such our production and cost estimates must be treated with caution and cannot be relied upon.

Supply/Demand Analysis

In addition, AME will supply tables of historical data and estimated future supply, demand and market trends by compiling, interpreting and analysing engineering, production, economic, statistical and technical information from many third-party sources. Such company and country statistics usually contain inconsistencies and utilizes sampling data techniques and thus should not be relied upon.

Data Accuracy

AME will prepare this Report using information from its database and its in-house expertise, as well as a wide range of public domain and industry data sources for which assessment cannot be made in regard to accuracy. This is because AME does not have access to confidential company information to verify our data quality. Therefore, reliance can only be provided where we have data that is of sufficient quality that is acceptable to an International commercial court.



AME Consulting Pty Limited

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Forward-looking statements

Certain statements contained in this document may contain forward-looking information within the meaning of Australian securities laws. Such forward-looking information are identified by words such as "estimates", "intends", "expects", "believes", "may", "will" and included, without limitation, statements regarding the company's plan of business operations, production levels and costs, potential contractual arrangements and the delivery of equipment, receipt of working capital, anticipated revenues, mineral reserve and mineral resource estimates, and projected expenditures. There can be no assurance that such statements will prove to be accurate; actual results and future events could differ materially from such statements. Factors that could cause actual results to differ materially include, among others, metal prices, risks inherent in the mining industry, financing risks, labour risks, uncertainty of mineral reserve and resource estimates, equipment and supply risks, regulatory risks and environmental concerns. Most of these factors are outside the control of the company. Investors are cautioned not to put undue reliance on forward-looking information. Except as otherwise required by applicable securities statutes or regulation, the company expressly disclaims any intent or obligation to update publicly forward-looking information, whether as a result of new information, future events or otherwise.

Yours faithfully,

AME Consulting Pty Limited



Strictly Confidential

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Executive Summary

This report has been prepared by AME to provide an outlook on the export coking coal market for use by TRC for inclusion in a prospectus for an IPO.

This report provides an outlook of the global export coking coal market and also provides an assessment on the suitability of coking coals produced by TRC. Three TRC coking coal brands have been considered in this report – the Amaam coal brand, produced in Far East Russia; and the Dantas and Rio Blanco coal brands, produced in the central regions of Colombia. Based on a preliminary assessment, the TRC coking coals are suitable for sale as hard coking coals.

AME believes that tight demand and supply conditions in the export coking coal market are expected to persist in the short to medium term. Demand growth, mainly driven by emerging economies such as China and India, is expected to outstrip the rate of new supply entering the export coking coal market. A scarcity of high-quality coking coal supply and likely infrastructure issues constraining supply in key export nations will contribute to the disconnect between demand and supply.

Due to the relative shortage of supply and growing demand, this may provide upward pressures on export coking coal prices in the short to medium term. In the longer term, it may be the increase in China and India's reliance on imported coking coals and the ability of supply to meet demand which will be key market drivers.

AME anticipates prices for coking coals, particularly hard coking coals, to remain robust for the short to medium term. Expectations of price increases are supported by the following factors:

- Increased steel production targets supporting relatively strong demand growth in developing nations. China is likely to continue to be a significant importer of coking coal.
- Traditional coking coal importers such as Europe, North America and Japan resuming contracted off-takes as they start to recover from current financial and economic instabilities.
- Scarcity of high quality coking coals and acceptance of lower quality coking blend in blast furnaces will increase demand for lower quality coking coal. Notwithstanding, demand for relatively scarce high quality coking coals are likely to continue in the short to medium term.
- Coking coal supply growth is likely to be limited by port and rail infrastructure constraints and associated political risk factors such as government approvals, export quotas and restrictive policies.
- Access to financing to fund new supply and infrastructure developments may hinder the growth of future coking coal supply.



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Tigers Realm Coal (“TRC”)

AME's assessment of the TRC products considers their suitability for sale in the global coking coal market. Based on the preliminary product coal assay specifications provided by TRC, brands from TRC are of high coking qualities and are suitable for sale as hard coking coal. The coals also exhibit qualities that may make them suitable for blending in the coke making process.

TRC's Russian Amaam brand displays a high Free Swelling Index (FSI) averaging 9. In addition it shows comparatively strong average maximum fluidity readings of 6500ddpm. Inherent moisture is low at 1% air dried (ad) and 9% as received (ar.). The sulphur content is considered to be moderately high at 0.75% (ad) compared to the general standard of around 0.7%-0.6% (ad). The Amaam brand may encounter a penalty for its sulphur levels on the seaborne market. However, features such as high FSI and maximum fluidity may be beneficial to the marketability of the Amaam coal brand and could offset some, or possibly all, of this penalty.

Similarly, the Amaam coal brand may encounter a penalty considering the relatively high phosphorus content. The phosphorus content from the Amaam brand at 0.14% (ad) is considered to be high compared to other hard coking coal brands available on the seaborne market. High phosphorus content is not ideal in the steel making process as it causes brittleness and lowers the toughness of end products. Phosphorus content for coking coal is generally acceptable to a high of 0.1% (ad). Notwithstanding, considering the Amaam coal's high FSI, which is similar to some Australian premium hard coking coals, and fluidity, the Amaam brand has strong potential as a blending brand to the Asian steel producing countries. Amaam coal may be a suitable coal for blending with low phosphorous Australia and Canadian coking coal.

The company's Colombian Dantas brands exhibits high FSI readings of 9 and has relatively strong fluidity characteristics of 6000ddpm. Ash and inherent moisture is relatively low at 5% (ad) and 1% (ad), respectively. Due to the low ash content and high coking qualities, this product may attract a premium. However, the brand displays relatively high sulphur content of 0.9% (ad) which is above the generally acceptable level of around 0.6%-0.7% (ad). As a result, a pricing penalty may be applied due to the high sulphur content that partially negates any premiums that may have been achieved.

The Rio Blanco brand from Colombia also displays a relatively high FSI value of 8 with a low inherent moisture content at 1% (ad) which are comparable to the average Australian hard coking coal. The sulphur content at 1.1% is relatively high compared to the average of the seaborne market. The ash content at 8% is comparable to the average of coking coal brands on the seaborne market. Considering high FSI and high levels of fluidity, the Rio Blanco brand may be used in conjunction with other brands to blend out its high sulphur content.

TRC's Colombian brands are anticipated to be considered as good blending coals in the South American and European markets due to its geographic location and potential freight advantage to these locations. The South American steel markets tend to utilise a mixture of Australian and United States coking coal brands, whilst the European steel plants tends to utilise a blend of Eastern European, Australian and North American coal products.

Potential Markets

The geographic location of TRC's projects will be one of the key factors considered in determining the likely markets for its coals.

According to TRC, the Amaam project is planning to ship from a deep water port site, located approximately 30km from the mine site. The location of the port site provides a freight advantage compared to other major coking coal producing countries such as Australia and North America in shipping coals to high coking coal demand regions in China, Korea and Japan.

Similarly TRC's Colombian based coking coals are likely to have freight advantages to steel markets in Europe and South America. Steel production in Brazil is expected to be robust in the medium to long term. Given its growth expectation and relatively close proximity and reliance on Australian coals for over 30% of the current supply, the Brazilian market may be a preferred target market for TRC's Colombian coking coals.

Coking coal comparison

Table 1 compares hard coking coal properties of TRC's coal products against hard coking coal from comparable mines in Russia, Australia, Canada, United States and Mozambique. The classification of coking coals is based a detailed testing and analysis of numerous coal properties. A select number of coal properties have been considered for this assessment. The coal quality averages are an average of a sample set of coal brands representative of each country considered. Variances may exist due to differences in coal classifications between countries and different levels of disclosure by coal producers.

Table 1: Estimated coal quality comparison – hard coking coal

Property	Basis	TRC	TRC	TRC	Russia	Australia	Canada	USA	Mozambique
		Amaam	Dantas	Rio Blanco	Average	Average	Average	Average	Average
Total Moisture	% ar	9.0	5.0	5.0	6.5 - 8.5	8.0 - 10	6.5 - 8.5	6.0 - 8.0	-
Inherent Moisture	% ad	1.0	1.0	1.0	0.8 - 1.1	1.3 - 1.7	1.2 - 1.6	1.5 - 1.9	0.9 - 1.2
Ash	% ad	9.0	5.0	8.0	9.0 - 12	7.5 - 10.0	6.5 - 8.5	5.5 - 7.0	9.0 - 12.0
Volatile Matter	% ad	29.7	31.0	21.8	22.5 - 28.5	21.0 - 26.5	22.0 - 27.5	29.5 - 35.5	20.0 - 26.0
Total Sulphur	% ad	0.75	0.9	1.1	0.30 - 0.45	0.55 - 0.70	0.45 - 0.55	1.00 - 1.25	0.90 - 1.10
Phosphorous	% ad	0.140	0.006	0.012	0.01 - 0.07	0.04 - 0.08	0.04 - 0.08	-	0.06 - 0.10
Free Swelling Number	#	9	9	8	7 - 9	7 - 9	6 - 8	7 - 9	5 - 8
Maximum Fluidity	ddpm	6500	6000	500	11260 - 13760	1000 - 4000	1960 - 2400	3740 - 4570	230 - 280

NOTE: Country averages are estimates based on a sample of operating and proposed coal projects sourced from limited recently published data.

Source: AME; Company Reports; TRC based on data provided by company

Ash

- Ash content for export hard coking coal in Russia generally averages around 9%-12% air dried (ad) ash. Whilst Australian coking coals have slightly lower ash content at around 7.5-10% (ad). The North American hard coking coal brands generally have lower ash content.
- Lower ash content will assist in lowering any production of alkalis, minimise heat and energy loss and help the oxidising process. Premiums and discounts are possible for ash content below or above a standard of approximately 8.0%-10.0% (ad).



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- At 9% (ad) ash, the Amaam brand is comparable to Australian coking coals and is in the lower range to the estimated average for Russian and Mozambican coking coals. TRC's Colombian brands, Dantas and Rio Blanco, have relatively lower ash contents. Dantas coals have considerably lower ash levels at around 5% (ad) ash. As a result, a premium for the Dantas brand may be expected given its suitability as a low ash blending coal, and to a lesser extent, low ash premiums may also be available for Rio Blanco coals. It is estimated that per 1% above or below the standard of around 8.0%-10.0% (ad) may attract a premium or penalty of approximately US\$2-3/t.

Volatile Matter

- Volatile matter is the percentage of components in the coal primarily representing organic compounds and mineral impurities, excluding inherent (dry) moisture, that are liberated at an elevated temperature (900°C) in an air-free atmosphere.
- TRC's Amaam brand has volatile matter of around 29.7% air dried (ad). Whilst the company's Colombian brands Dantas and Rio Blanco have volatile matter of around 31.0% and 21.8% (ad), respectively.
- The Amaam and Dantas brands from TRC have relatively high volatile matter content in comparison to hard coking coals from Australia, Canada and Mozambique. However, they are comparatively lower than coking coal brands out of the US.
- The Rio Blanco brand has a relatively low volatile matter which is likely to be advantageous where it is competing with brands of relatively high volatile matter content such as the US hard coking coals. This may be the case in the Brazilian market in which the US is one of the major suppliers of coking coals.
- As TRC's Colombian brands are expected to compete with the US brands in the Brazilian and European markets, the low volatile matter content of the Rio Blanco brand compared to US coals is expected to be advantageous. The Amaam and Dantas brands, which have relatively higher volatile matter content, have the potential to be used in a blend with other coking coal brands with low volatile matter content due to their high FSI and maximum fluidity.

Sulphur

- Typical coking coals ideally have a sulphur content of no more than 0.8% air dried (ad). Sulphur has a negative effect in steel manufacturing, as it can increase coke consumption and energy requirements. Sulphur also creates unwanted blast furnace slag.
- TRC's Amaam coal exhibit sulphur levels of around 0.75% (ad) while its Colombian coals have a relatively higher sulphur level at 0.9% (ad) for the Dantas brand and 1.1% (ad) for its Rio Blanco brand.
- Assuming a general standard of approximately 0.6%-0.7% sulphur content, a premium or discount of approximately US\$2-3/t may be expected for every 0.1% above or below the standard. As a result, it is expected that TRC products may be penalised for high sulphur content in the seaborne market.



Inherent Moisture

- Inherent moisture of 1% air dried (ad) for all three of TRC's brands are relatively low compared to coking coal brands from most of the major supply regions (Australia, Canada and the US). This is likely to be advantageous for TRC coking coals in the seaborne market.
- Export quality coking coals from Russian brands tend to display relatively low inherent moisture levels of around 0.8%-1.1% (ad). Average inherent moisture content for coal brands from Australia, Canada and the US are comparatively higher. Mozambican brands generally display inherent moisture similar to TRC's coal brands of between approximately 0.9%-1.2% (ad).
- High moisture content translates to low carbon content and therefore low energy content. As a result, it is important for coke producers to lower the moisture content of coking coals used in the coke oven. In turn, this may assist in gaining a more uniform carbonization of the oven chamber and produce coke of homogenous structure and strength.

Caking Properties

- This refers to the ability of a coal to soften, swell and fuse when heated, and then to bind into a hard porous mass (i.e. coke) upon cooling. Higher index values (FSI ranging from 6 - 9) equate to superior caking and/or swelling properties of the coal – required for coke making.
- At the preliminary stage, TRC products exhibit strong swelling properties of between 8-9 FSI, similar to that of premium hard coking coals found in established coking coal producing regions such as the Bowen Basin in Australia.
- The high FSI is expected to be advantageous to TRC products on the seaborne market.

Plasticity (Fusibility) and Dilatation

- The formation of coke requires a coking coal's organic constituents (macerals) to melt when the coal is heated over its plastic range (usually 350-550°C). A coking coal behaves as if it were a pseudo-liquid when this takes place, and the viscosity (or fluidity) of this material at various temperatures plays an important role in coking operations.
- Coals with high maximum fluidity and a wide plastic range have a greater blending potential than most others. As such, this is beneficial in the coke-making process and may support in improving the coke's strength.
- TRC's Amaam and Dantas brands display relatively higher average fluidity of 6500ddpm and 6000ddpm respectively. As a result, it is anticipated that these two products may have good blending potential and be advantageous to be marketed for use as a blend in the blast furnace.



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Introduction to Coal

Coal type and uses

Coal is a common and widely distributed carbon-based energy natural resource, mined by both open-cut and underground mining methods. Typically, there are two main types of coal produced based on the end-use of the coal, namely coking coal and thermal coal. Generally, traded coals fall into the broad categories of bituminous and sub-bituminous coals. The markets for coking coal and thermal coal operate largely independently of each other. However, a degree of substitution can occur between specific thermal coals and lower ranked coking coals.

- Coking coal, also commonly referred to as metallurgical coal, is used to produce metallurgical coke, which is used as a reductant in the manufacturing of iron and steel. Coke is an essential raw material with unique physical and chemical properties that support a variety of basic industrial activities - most importantly the production of pig iron in blast furnaces. To a lesser extent, coke is also used in the casting and smelting of base metals. Market participants typically refer to six types of coking coals based on specific characteristics of the coal – including the ash content, volatile material content, coke strength and fluidity.
- Typical coking coals include – premium hard coking, standard hard coking, semi-hard coking, semi-soft coking, low-volatile PCI and high volatile PCI coal. Premium coking coal generally represents a substantial portion ('base load') of hard coking in major steel mill coking coal blends, representing between 15% to 40% of the total blend. In merchant coke plant blends, up to half of the total blend is premium coking coal. Lower ranked coking coals such as semi-soft coking coals are used as either a coking blend component or as PCI coal. PCI coal is generally injected directly into a blast furnace to provide the required carbon in the iron-making process and can be used to replace coke to some extent.
- Thermal coal, also referred to as steaming coal, is primarily used as an energy source in the generation of electricity. Other applications include direct heating, space and water heating, process heating and cement manufacturing. Thermal coal covers all black coals other than those which are specifically designated as coking coal. In broad terms, all coal can be used as thermal coal; however, not all coals can be used for coking purposes.

Mining methods

The most appropriate coal mining technique is determined by the coal seam characteristics such as location, proximity to the surface and recoverable reserve base. It is generally easier to mine coal seams that are thick and located close to the surface than thin underground seams. Coal is mined using surface (also referred to as 'open-cut') and underground methods.

Surface mining techniques are generally used when the coal seam is at or near the surface. In turn, such mines can be mined up to depths of 400m by open-cut method, depending on quality of the coal seam. The surface or open cut mining of coal on a large scale is a relatively recent development in the world coal industry. The cost of removing large volumes of overburden (the non-valuable material overlying the coal) was the main reason for the restricted use of open cut coal mining. However, the

development of large scale machinery, such as shovels and draglines, has allowed for the economic recovery of coal by this method.

Surface mining has major advantages over underground mining in safety and in achieving much higher recoveries of coal because there is no need to leave pillars. Pillars are used in underground mining to effectively provide support for the roof of the mine. The use of pillars within the seam reduces the total amount of coal that may be extracted from the mine. As a result, surface mining has the ability to recover the full amount of thick seams.

Coal ranking

Coals are generally classified in terms of the level of geological maturity achieved. A series of stages, characterized by a set of readily observable properties, has been established and widely accepted. The rank system begins with peat (the first step in the formation of coal), followed by lignite, sub-bituminous, bituminous and anthracite.

The major physical and chemical properties that characterize each of these coal rank stages are described below.

- Lignite is coal that is distinctly brown and is either markedly woody or clay-like in appearance. As first obtained from the mine, lignite generally comprises 30–40% water and its net calorific (energy potential) value is low. When exposed to the weather, lignite readily loses its water content and is capable of spontaneous ignition. When crushed, lignite produces a brown powder, whereas most coals (except for cannel coal) generally produce a black powder.
- Sub-bituminous coal can be distinguished from lignite by its black colour and its lack of a distinctly woody structure and texture, and from bituminous coal from its "slacking" once mined (formation of cracks in and pervasive dehydration of those portions exposed to weathering).
- The bituminous coal group contains many coal types that are only slightly affected by weathering unless left exposed for an extended period of time of over several months, in which case they begin to break into fine prismatic pieces, not like the platy pieces of lignite. The group has a fuel ratio of about three. The fuel ratio, which is often used in the evaluation of thermal coal, is the quotient of the fixed carbon divided by the volatile matter.
- Most internationally traded coal and all coking coal are of bituminous rank. Broadly, all coals can be used as thermal coal. However, the more stringent requirements for coking coal are only satisfied by bituminous types of coal. Consequently, it is accurate to state that there is no clear definition of coking coal apart from use in steelmaking, and thus caution needs to be exercised in distinguishing between thermal and coking coal and coking coal types.
- Anthracite is the hardest coal type, it is smokeless with a high fuel efficiency, (although lower than that of semi-anthracite coal types), and its fuel ratio is between 10 and 60. Coal types with fuel ratios above 60 are relatively difficult to burn, and approaches a graphitic composition.



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Figure 1: General types of coals

CARBON/ENERGY CONTENT		MOISTURE CONTENT	
HIGH	←	→	HIGH
LOW-RANK COALS (BROWN COAL) 47%		HIGH-RANK COALS (HARD COAL) 53%	
LIGNITE (17%)	SUB-BITUMINOUS (30%)	BITUMINOUS (52%)	ANTHRACITE (~1%)
<4,165 kcal/kg GAD or <3,950 kcal/kg GAR	>4,165 kcal/kg and <5,700 kcal/kg GAD or >3,950 kcal/kg and <5,400 kcal/kg GAR	>5,700 kcal/kg GAD or >5,400 kcal/kg GAR	>5,700 kcal/kg GAD or >5,400 kcal/kg GAR
	Thermal (Steam) only Cannot be used to produce metallurgical coke.	Thermal (Steam)	Metallurgical (Coking)
Largely power generation	Power generation Cement Industrial uses	Power generation Cement Industrial uses	Domestic/Industrial uses (including smokeless fuel)

Source: World Coal Institute, AME

Note: GAD - Gross Air Dried; GAR - Gross As Received

Coal quality

Generally the most important factors to be considered in determining the quality of a coal type are energy content, mineral matter content (i.e. ash, volatile matter, fixed carbon, sulphur, nitrogen and trace elements) and moisture levels.

The major controllable determinants are mineral matter content and moisture, both of which are non-useful material and not preferred because their mining and transportation incur costs and they often have detrimental effects on the combustion process. Mineral matter also gives rise to undesirables such as ash and sulphur that may abrade, foul or corrode boilers and tubes. They also present environmental problems in collection and disposal or, if not properly collected, in air quality. In the case of coking coal, specific coking characteristics are also of key importance.

Coking coal types

There is no one global standard by which coking coals are graded and classified. Within the globally traded coking coal market, references are typically made to six types of coking coals which are broadly classified in accordance with the following parameters described in Table 1 (coking coal types have been listed in order of decreasing quality/rank of coking quality). However, the classification of coking coals is dependent on detailed testing and analysis of a number of coal properties, beyond those considered in the table.

Table 2: Estimated coking coal classification

Coal Type	Ash	Volatile Matter	Crucible Swelling Number	Gieseler Maximum Fluidity	Coke Strength after Reaction	Mean Maximum Reflectance
	% air dried	% air dried		ddpm	%	%
Premium hard coking	<8.5	19 - 38	8 - 9	500 - 30,000	55 - 74	0.80 - 1.60
Standard hard coking	<9.7	19 - 38	6 - 9	200 - 25,000	>55	0.80 - 1.60
Semi-hard coking	8.0 - 10.5	17 - 26	>6	200 - 5,000	50 - 60	0.80 - 1.70
Semi-soft coking	8.0 - 11.0	25 - 41	3 - 6	50 - 30,000	45 - 55	0.70 - 0.95
Low-volatile PCI	6.0 - 10.5	10 - 19	1 - 2	n/a	n/a	1.20 - 3.00
High-volatile PCI	4.0 - 10.0	26 - 42	1 - 5	n/a	n/a	0.70 - 0.95

Source: AME

Key coking coal properties include:

- **Ash:** The ash content in coal represents the non-combustible inorganic residue remaining after the coal is burned. Ash is a non-combustible material which lowers the heating value and leads to problems of disposal (after burning). It can also cause corrosion and abrasion of boilers and the clinkering or slagging of furnaces.
- **Volatile Matter:** The percentage of components in the coal primarily representing organic compounds and mineral impurities, excluding inherent (dry) moisture.
- **Crucible Swelling Number ("CSN"):** also known as Free Swelling Index ("FSI"): The degree of free swelling of a one gram sample of crushed coal heated under elevated conditions (> 800°C) in a specialised silica crucible. Higher index values (ranging from 1-9) equate to superior caking and/or swelling properties of the coal – required for coke making.
- **Gieseler Maximum Fluidity:** Gieseler maximum fluidity is a measure of a coal's plasticity/fluidity during carbonisation, where a coal changes from a solid material to a fluid (plastic) state, and then to a fused porous solid ("coke") during cooling. High fluidity is beneficial in the coke making process.
- **Coke Strength after Reaction ("CSR"):** This test is a measure of the relative coke strength of coke located in the mid-region of a blast furnace. For a high quality hard coking coal the CSR should be at least 55% of that before the reaction occurred.
- **Mean Maximum Reflectance:** The degree of reflectance of vitrinite is used as an index of coal rank (that is, degree of metamorphism). Vitrinite is a primary component of coal. It is the bright, shiny component of black coal, derived from the woody parts of plants. Generally, higher ranked coals have vitrinite macerals that are more reflective. Hard and semi-hard coking coals are high-rank coals, while semi-soft coking coals are low-medium rank. Coking coal typically has a Mean Maximum Reflectance of greater than 0.7%.



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Coking Coal Market Overview

Coal markets

The international coal market can be broadly divided between the Asia Pacific and the Atlantic market regions, where different market forces influence coal prices. Exporting countries in the Atlantic region (Poland, Russia, Canada, the United States and South Africa) focus their sales within that specific region, while Australia, Indonesia, New Zealand, Mongolia, Eastern Russia and previously China, trade within the Asia Pacific region.

Inter-regional trade does occur, but primarily for quality considerations or when ocean freight and price differentials allow exporters to compete on a landed cost basis in a non-traditional market. The North American suppliers, Canada and the United States, which generally have relatively higher production and freight costs, have benefited from the recent high prices in coal allowing them to export into the North Asia region.

Steel producing countries in the Asia Pacific market are characterised by a lack of natural resources. Countries such as Japan and South Korea have a high dependence on imported raw materials (iron ore and coking coal) and fuels (such as thermal coal and LNG). Until the emergence of China as an importer of coking coal in 2009, Japan and South Korea were the key destinations for exported coal in the region. However, Japan is still regarded as a 'premium market', and Japanese power utilities and steel producers are typically the first customers to agree on a contract price with Australian coal producers, which often become the benchmark price for the relevant period (annually for thermal coal and quarterly for coking coal).

The lack of coking coal resources is also evident in Asian countries such as India and Taiwan, where crude steel production is expected to grow at relatively strong rates over the short to medium term. India and Taiwan are currently in the process of ramping up steel production capacity. India is aiming to implement its National Steel Policy together with an aggressive plan to increase production capacity. China Steel Corporation, Taiwan's major steel producer, is also expanding steel production capacity at its Dragon Steel project.

Asian market participants (mainly Chinese, Japanese, South Korean and Indian companies) continue to invest in overseas coal projects to gain better security of supply. Recent investment interests include coking coal projects in Mongolia, with the upcoming IPO of the Tavan Tolgoi coal asset, and Mozambique's expansion of the Moatize basin. Historically, Asian customers have contracted the majority of their tonnage requirements and supplemented this with limited purchases on the spot market.

The Atlantic market is characterised by more market participants. The Atlantic market is generally more competitive with numerous coal suppliers from a large number of net exporting countries such as Russia, Canada, and the United States (US).

Coking coal supply in the seaborne market has generally been dominated by Australian coking coals. Australia's dominance is attributable to the relatively high grade of coals and its geographical proximity to the high demand regions of Asia. The Bowen Basin is considered to be the largest source of coking coal exports in Australia. Other major suppliers of internationally traded coking coals include Canada, the US and Russia. Growth in seaborne coking coal supply from Canada and the US has been relatively flat compared to the ramp up in exports from Australia since the 1990's.

Over the medium to long term, Australia is expected to maintain a significant role in the supply of internationally traded coking coal with additional coking coal supply stemming from Mongolia and Mozambique. Notwithstanding plans to export coals to Korea and Japan, most Mongolian supply is expected to be absorbed south, into China, while Mozambique is likely to be a key supplier to India. Compared to Australian coking coal exports, Mongolian and Mozambican coals are believed to be of relatively lower coal quality. In Russia, projects in Eastern Russia are increasingly turning their focus on the Asia Pacific market. On a geographical basis, distances from Far East Russia to countries such as Japan or Korea are generally closer than from Australia. However ports and seas in East Russia may be impacted by cold weather conditions.

Coking coal outlook

AME believes coking coal demand growth will exceed supply growth over the short to medium term. Despite the current market uncertainty relating to near-term prospects for global economic growth and the strain on global financial markets, tight coking coal supply conditions are likely to continue to drive up prices in the short term. Over the longer term, price increases are expected to slow as infrastructure bottlenecks ease and new supply streams begin to be commissioned. Short to medium term price increases are driven by the following factors:

- Adverse weather conditions in late 2010 and early 2011 disrupted production, haulage and port operations in major coal producing nations and in particular, Australia. Several Bowen Basin producers declared force majeure as a result of the flooding. Port and rail infrastructure operations were also disrupted. Ports along the Northern Queensland coastline including the Dalrymple Bay and Hay Point coal terminals imposed temporary closures on port operations. Concurrently, severe flooding led to shut downs and speed limitation on QR National's Queensland coal freight networks.
- Continuous heavy rainfall over the Australian summer months has slowed production and reduced the availability of Australian coking coal exports. This has exacerbated the tight supply conditions of the global seaborne coking coal market. Consequently, the spot price of premium hard coking coal rose significantly over December 2010 and January 2011, peaking at around US\$380/t FOB and averaging approximately US\$327/t FOB for the month of January. In turn, contract prices for hard coking coals reached US\$330/t for the quarter ending June 2011. This represents an increase of approximately 47% from the previous quarter.
- Notwithstanding tight supply conditions, demand growth is expected to remain at relatively solid levels in developing nations such as China and India. Domestic coking coal production in China and India is expected to be inadequate in meeting domestic demand, especially for high quality hard coking coal. Expected growth in Chinese and Indian crude steel production will add to the pressure on export coking coal supply.
- Availability of global coking coal may tighten further with increasing import demand from traditional importers such as Japan, North America and to a lesser extent Europe as economic activities and industrial production begins to show improvements leading to an increase in steel production.



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- Constraints in rail and port infrastructure may cause bottlenecks in export coking coal supply. Bottlenecks in key export countries such as Australia, Russia, Mongolia and Mozambique are likely to impose a limitation on the ability of coking coal producers to increase supply to meet increasing demand.
- Government intervention in coal producing countries may slow the rate of supply growth. Policy impositions such as elongated approval processes, mining permit suspensions, export quotas and 'safety inspections' are likely to hinder the supply growth in the short to medium term.
- Access to financing to fund new supply and infrastructure developments remains a challenge. This may be attributable to the higher project development cost requirements and the changed financial climate.

Coking Coal Demand

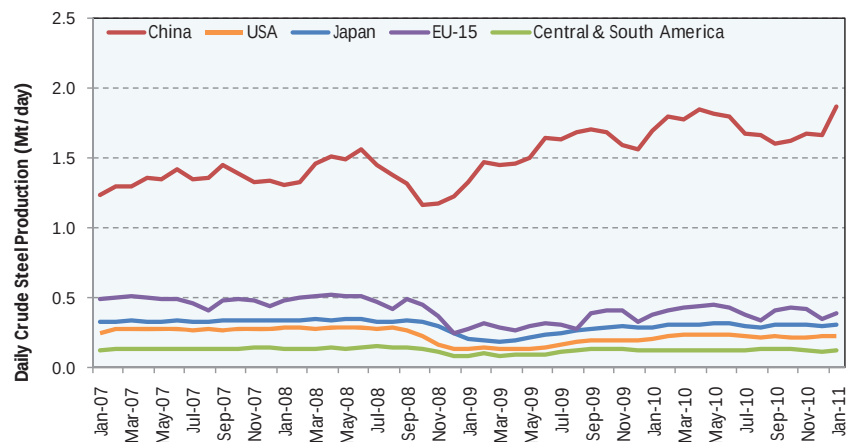
Drivers of demand

Coking coal is one of the primary raw materials used in the production of steel. Almost all coking coal is used to produce coke for basic oxygen furnaces. Approximately 70% of total global steel production is dependent on coking coal. The remaining balance of global steel production utilises other methods of production such as the Electric Arc Furnace technology. As a result, the demand for coking coal is primarily dependent on the market dynamics of the steel industry.

Steel production

Global crude steel production is estimated to have increased by around 16% in 2010 as the world economy emerged from recession and GDP reverted to its historical trend. Global crude steel production fell around 8% in 2009 to 1.2 billion tonnes (Bt) but recovered to approximately 1.4Bt in 2010. Crude steel production growth is expected to steadily increase at a compound annual growth rate (CAGR) of approximately 4-6% over next two to three years.

Figure 2: Estimated Daily Crude Steel Production Rates – Selected Regions



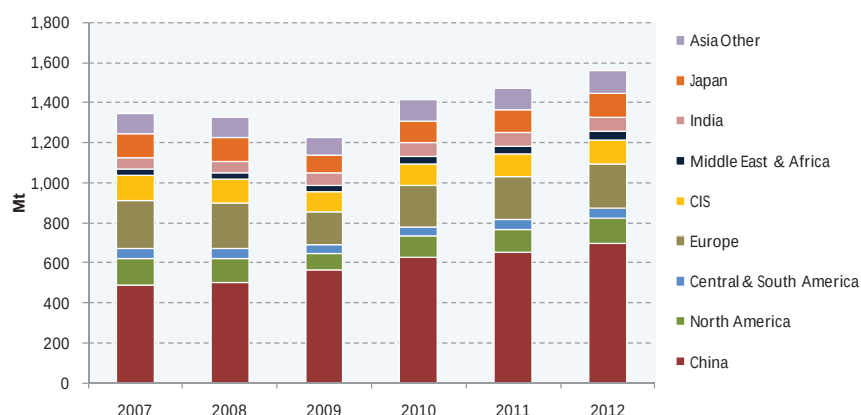
- Monthly crude steel production rates fell approximately 10% in the space of the five months between May and September 2010. Recovering steel demand and restocking activities pushed monthly production rates to an average of 116Mt per month for the December quarter of 2010. Average monthly crude steel production rates increased by around 16% in the year as a whole from 2009 levels of approximately 100Mt per month.
- In the Asia Pacific market, demand is expected to be predominantly driven by steel production in China and India. By producing an estimated 0.6Bt of crude steel in 2009, China accounted for approximately 47% of the world's total output, a sharp increase from 2008 when China produced approximately 38% of global crude steel. The significant rise in market share is also attributable to the slowdown in the crude steel output experienced in other major steel producing regions. Following the onset of the global financial crisis in late 2008, as crude steel production in developed nations decreased, Chinese production continued to ramp up. Supported by continued urbanisation and industrialisation China is expected to maintain strong growth in steel production over the medium to long term.
- Despite Chinese GDP growth easing from 2007 levels, at current GDP growth rates of over 9%p.a, China is likely to remain a global economic powerhouse, having recently become the world's second largest economy. According to the Chinese Academy of Social Sciences, approximately 50 million people are expected to move to urban areas in the next five years. This relatively high rate of urbanisation growth is likely to support China's continued increase in economic activity and industrial growth.
- Notwithstanding the Global Financial Crisis, India continued to increase crude steel production during 2008-2009. India is estimated to have increased crude steel production by 5-6% in 2010 to approximately 66Mt from the previous year, accounting for around 5% of global crude steel production. Indian crude steel production is expected to continue to grow, driven by its National Steel Policy.



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- India's lack of domestic coking coal reserves and its increased coking coal demand, driven by its National Steel Policy to increase India's crude steel production, is likely to increase its dependence on imported coking coals.
- Despite a fall in steel production in 2008/2009, European steel production is expected to recover over the long term. Despite fears around high sovereign debt and financial instability, steel production in Europe is expected to grow from a relatively low base experienced in 2009, however at relatively more subdued rates.
- After experiencing similar falls in crude steel production, Central and South American nations are expected to ramp up production in the medium term. The main driver for growth in coking coal demand in the region is expected to be the growth of the Brazilian steel industry. Comparatively cheaper labour, energy and land costs – in addition to the abundance of domestic supplies of iron ore, make Brazil an ideal place for future steel projects as global steel demand returns.
- Brazil is Latin America's largest economy and its share of steel demand in the Central and South America region is approximately 57% of the region's total finished steel demand. Further, Brazil accounts for approximately 68-70% of the region's crude steel production.

Figure 3: Estimated Crude Steel Production by Key Countries/Regions 2007-2012



Global Demand

AME believes tight demand and supply conditions in the global coking coal market will persist in the short to medium term. Demand growth, mainly driven by developing countries such as China, India and Brazil, is expected to outstrip the rate of new supply entering the global coking coal market over the short to medium term.

A scarcity of high-quality coking coal production and infrastructure issues constraining supply in present and future export countries such as Australia, Russia, Mongolia and Mozambique are expected to contribute to the shortfall of supply relative to demand. In turn, AME considers there is considerable upside potential for export coking coal prices in the shorter term.

AME expects solid coking coal demand growth from the developing world. Imports to China and India are expected to account for a majority of the growth in global coking coal trading over the longer term. Despite the short-term uncertainty surrounding the macro economy, global economic activity is expected to recover over the next 2 to 3 years. This recovery is expected to be largely driven by continued growth in the developing economies, together with the re-establishment of traditional coking coal customers in North America, North-East Asia and Europe.

Chinese coking coal demand

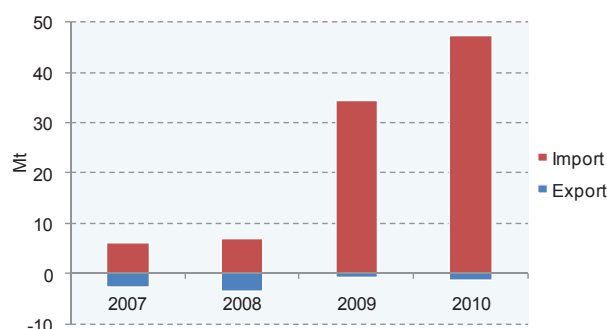
China continues to shape the globally traded coking coal market. China's recent emergence as an importer of coking coal in 2009 has renewed optimism in the strength of demand, and exacerbated supply shortages. China is expected to maintain its consumption and as a result a substantial share of the global coking coal market as a net importer. We expect that Chinese demand for coking coal imports will be driven by a fundamental shortage in domestic reserves, particularly of hard coking coal.

- China is likely to be a significant importer of coking coal as domestic production will be inadequate to meet the requirements of its steel industry. Considering the depletion of coking coal reserves and its relatively high use in Chinese blast furnaces, there is a growing concern of a lack of domestic coking coal supply in the long term. As a result, a cornerstone of the Chinese Government's Five-Year Plans has been the drive towards further resources exploration in western regions of the country and further consolidation and elimination of small and inefficient mining and steel operations.
- Insufficiencies in Chinese coking coal production may be accelerated by greater consolidation in the coal mining industry due to ongoing coal mine safety campaigns and government pressures to close inefficient and unsafe coal mines; as well as a government-led shift in steel production to the eastern coastal provinces.
- In 2010, over 1600 Chinese coal mines are estimated to have been closed. To counter a drop in domestic coal production, output at remaining coal mines have been ramped up. However, Chinese mines have shown signs of decreasing coal quality and greater difficulty in mining as high quality and easy to mine coal reserves have been exhausted over time. This may lead to higher overburden ratios and increased operating costs for domestic coals, making imported coking coal more attractive.
- A lack of high-rank and high-quality coking coal resources is also a concern for future domestic supply. China's domestic coking coal resources lack low-to-medium volatility, high-fluidity hard coking coal. This may be an issue as the Chinese steel sector moves towards increased consolidation and larger blast furnace sizes. Larger blast furnaces naturally demand a greater volume of higher-quality coking coals. Proportionally, China is estimated to use more high-quality coking coal in the production of its typical coke blend than it has as reserves. This potential lack of high quality coking coal reserves indicates the likelihood of China's continued dependence on high quality coking coal imports.



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Figure 4: Estimated China Coking Coal Export and Import 2007 - 2010



- In addition, the Chinese steel sector is undergoing a transformation towards greater supply-side consolidation. The Chinese Government is proposing more mergers and acquisitions and greater technical advancement/developments to eliminate outdated capacity and improve the efficiency of the entire industry. The increase has been the result of the rapid consolidations between China's state-owned steel mills and strong demand from the construction and automotive sectors.

Indian coking coal demand

Indian demand is also expected to be important, driven by a lack of domestic hard coking coal production and an ambitious steel industry expansion program. The Indian Government's National Steel Policy is aiming to increase annual steel production to over 100Mtpa by 2020. In 2009, India's annual steel production was around 63Mt, approximately 5% of global crude steel production.

India's steel demand growth, underpinned by increased infrastructure spending and rising motor vehicle production will necessitate increases in coking coal supply. The most significant dynamic behind future Indian coal imports is the rapidly widening supply shortfall, particularly with regard to high-quality hard coking coals. Contrary to most traditional coking coal importing countries, India's coking coal import volumes did not fall in 2009. India's imports are estimated to have increased by over 10% in 2010.

- India's steel industry will be a bright spot for the coking coal export market, with solid growth expected over the medium to long term. India's per capita consumption of steel remains low, despite sustained strong economic growth. The 2009 consumption of 48kg per capita was well below China's estimated 405kg per capita and the world average of around 182kg per capita. Similar to China, India is aiming to increase the consumption of steel domestically which in turn is likely to support continued robust growth for imported coking coal.
- Despite expected increases, the growth rate of Indian coking coal imports in the short to medium term is expected to be dependent on the rate at which India's steel production capacity expands. Issues of insufficient infrastructure, government intervention and social segregation amongst different provinces and religions may hinder this. Concerns with respect to infrastructure are likely to be resolved in the longer term.

- Another important dynamic driving future Indian demand for coking coal imports is the rapidly widening domestic supply shortfall, particularly with regard to high-quality hard coking coals. Relative to consumption, there is a lack of domestic supply. This shortage will be further compounded by the implementation of the ambitious National Steel Policy to increase steel production capacity, which will in turn increase Indian coking coal demand.
- The potential for coking coal import growth remains attractive in India given the expected increases in steel supply underpinned by infrastructure spending and motor vehicle sales. India's steel industry also benefits from an abundant supply of domestic iron ore and also a domestic natural gas industry as well as low labour costs.
- In the long run, the majority of the coking coal imported is expected to be sourced from Australia. However, there is a possibility that Australian coking coal exports may be displaced by future coal projects in Mozambique. India is likely to be the biggest beneficiary of the development of Mozambican coal exports in the long run, with the majority of its coking coal exports expected to be consumed by Indian steel mills. Indian companies have invested interest in Mozambican coal assets and associated infrastructures. Major Indian steel producer, Tata Steel, initially partnered with Riversdale Mining to develop its Benga coal project. As part of the joint venture agreement Tata Steel has secured a right to 40% of the coking coal produced from the mine. Notwithstanding, Indian steel producers may also seek coking coals from other sources with relatively low inert content and high reactive qualities to improve the coke blends used in their blast furnaces.

Other coking coal demand

The recovery of the major developed economies will support traditional coking coal importers such as Japan, North America and Europe to return to the globally traded coking coal market. Notwithstanding, demand growth in developed economies is expected to be relatively weak, particularly in Europe, as financial instability poses a potential downside risk.

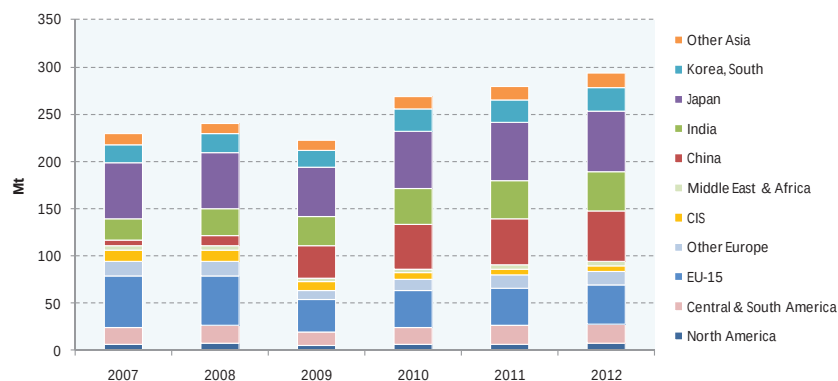
- Japanese demand for coking coal imports fell by around 14% to pre-1980 levels in 2009. Japan has shown signs of recovery in 2010 with coking coal imports increasing by over 7% year on year. This growth is relatively subdued compared to the demand growth expectations of China and India. Long-term growth in Japanese demand is likely to be relatively flat, due to the maturity of the Japanese economy.
- Japanese demand by coal type will remain relatively stagnant in the long term. Hard coking coal will likely decrease its share of Japan's coking coal import mix hindered by its high price and the development of new coke ovens capable of taking on greater proportions of lower ranked coking coals including semi-soft coking and PCI coals. As a result, over the long term, semi-soft coking coal and PCI coals are likely to expand their share of Japanese coking coal imports.
- Following a decrease of approximately 8-9% in 2009, South Korean coking coal imports in 2010 increased on the back of stronger crude steel production. Recovery from the fall in 2009 and medium to long term growth in coking coal is expected to be higher compared to Japan. AME estimates South Korean GDP to have increased by 4-5% in 2010, a more optimistic forecast than fellow export-oriented, steel-intensive, industrialized Asian economies such as Japan and Taiwan.



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- The prevalence of the shipbuilding, automotive and industrial machinery sectors in South Korea generates high demand for flat steel products. Major Korean steel producers have increased steel production for 2010. POSCO (Pohang Iron and Steel Company) has reported 2010 crude steel production of 33.7Mt. This represents a 14.2% increase in production from 2009 levels. Blast furnace operations accounted for approximately 90.8% of crude steel production. Higher crude steel production reflects increased facility expansion and upgrade activities.
- Following a significant drop in coking coal imports in 2009, Taiwanese coking coal imports are estimated to have grown by around 14% in 2010. Following a 22% drop in production in 2009, Taiwanese crude steel production is expected to recover at relatively robust rates over the medium to long term.
- Generally, all of Taiwan's coking coal imports are consumed by its sole steel producer, China Steel Corporation. AME estimates that growth in Taiwanese crude steel output is likely to result in the development of new steel projects such as the Dragon Steel project. The project has plans for three 2.5Mtpa blast furnaces to come online by 2012. Driven by this forecast step up in steel production, Taiwanese coking coal imports are expected to increase accordingly.
- EU-15 coking coal imports are estimated to have fallen by about 34% in 2009. AME estimates that the EU-15 may experience modest growth over the long term. Given the 2.8% decline in industrial production growth in 2009, followed by only a bare 1% recovery in 2010, the EU-15's steel industry will be impacted, thereby limiting growth in coking coal import volumes. Since the peak of the market in and around 2008, construction in the EU-27 is down to the lowest level in over a decade. Europe is a heterogeneous market and performance across the continent has been far from uniform. As some markets are starting to improve, others are set for a prolonged period of weakness. The markets of Eastern Europe (ex. Poland and Slovakia) will remain weaker for longer as the imbalances of the last decade take longer to rectify. In addition, markets which were the most overstretched at the peak, such as Greece, Spain and Ireland, are expected to take the longest to recover.
- In the long run, import demand into Europe will continue to grow, however at a more conservative rate than in developing countries. Steel demand in the region is expected to recover as availability of credit improves and construction resumes.
- Brazil's domestic coking coal production is comparatively low. Of the total coking coal consumed, approximately 2% is produced domestically while the balance is imported. Over the last four years coking coal import volumes have ranged between 9-11Mt per year. The US and Australia are the two primary suppliers of coking coal to Brazil accounting for an estimated 49% and 36% respectively of coking coal imports. The balance of coking coal imports are currently sourced from countries including Canada and Colombia.

Figure 5: Estimated Coking Coal Imports by Key Countries/Regions 2007-2012



Coking Coal Supply

Drivers of supply

The expected shortage in globally traded coking coal supply has spurred suppliers to expedite plans for new supply through numerous brownfield expansions and greenfield projects in Australia, Canada, the United States, Indonesia, Russia, Mongolia, Mozambique and Colombia.

The buoyant global market and high prices have initiated various restarts of idled or closed mines over the next three years. These include mines such as Cline Mining's New Elk (Colorado, U.S.A.), Western Coal's Willow Creek (British Columbia, Canada) and Teck Resources' Quintette (British Columbia, Canada). Furthermore, BHP Billiton announced plans in April 2010 to develop the Maruwai coking coal project in Indonesia, ten months after announcing its initial intention to not proceed. BHP Billiton has established a joint venture subsidiary with PT Adaro Energy to develop Maruwai. Despite the abundance of potential coking coal supply streams, growth in export supply is subject to the following key limiting factors:

- Availability of rail and port infrastructure to support increases in production capacity. There are, however, several upcoming infrastructure developments due to come on stream in the medium term. The scarcity of supply has led to a growing emphasis on accelerating the development of new rail and port infrastructure to help ease the issue of transport bottlenecks. This is especially evident along the east coast of Australia. However, possible delays may be experienced following the adverse weather conditions experience in late 2010 and early 2011.
- Access to financing for the funding of new supply developments remains a challenge, particularly given the higher project development cost requirements, and the changed financial climate.



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- Political risk factors such as changes in the approvals process, licensing, stricter safety regulations and taxation policies, amongst others, also contribute in limiting the growth in supply. Associated political factors may delay mine developments or deter investment in the sector.

Global supply

The short term will see a continued ramp-up and recommencement of greenfield and previously idled capacity. Following a decrease of global coking coal supply in 2009, supply is estimated to have increased by about 10-11% in 2010. Notwithstanding the strong recovery in the near term, supply growth is likely to fall short of meeting coking coal demand.

Coal producers from Asia and Oceania are expected to contribute significantly to supply growth in the short to medium term. Together the two regions are expected to account for over 65% of total global coking coal supply. Australia, the largest supplier of seaborne coking coals is estimated to have increased its output in 2010 by around 12% to meet demand growth from Asian countries. In addition, Mongolia is emerging as a major producer of coking coal. Mongolia is reported to have exported over 15Mt to China in 2010, representing a growth over 250% year-on-year.

Global trade of coking coal supply is expected to grow over the long term. The majority of the supply is expected to be driven by the traditional coking coal suppliers such as Russia, Australia, Canada and the United States. However over the longer term, upcoming producers such as Mozambique and Mongolia are expected to take up a greater proportion of the traded coking coal supply market.

Australian coking coal supply

- With relatively strong growth in supply, AME expects Australia to maintain its role as the world's largest exporter of coking coal. Australia is expected to hold a dominant share of the global export market at above 55%. This is attributable to a favourable cost structure compared to Canada and the United States, given Australia's relative proximity to Asian steel mills, and its ability to readily export significant volumes of high-quality coking coal.
- Despite the abundance of potential coking coal supply streams available in Australia, growth in export coking coal supply is limited by issues of port and rail access, availability of financing, and market uncertainties created by government schemes such as the proposed Mineral Resource Rent Tax (MRRT).
- Growth in Australian coking coal exports was relatively strong in 2010 following a fall in exports during 2009 of around 9% - Chinese demand growth for coking coal in 2009 was not sufficient to offset the sharp contractions in demand from traditional importers such as Europe, Japan and South Korea. However, 2010 coking coal export throughput was hindered over December 2010 and January 2011 as a result of continuous adverse weather conditions in Queensland.
- Numerous operations in Queensland's Bowen Basin such as those of Aquila Resources, BHP and Macarthur Coal issued force majeure as a result of flood water entering pits and blockages on the roads. Production is expected to return to full capacity in the second half of 2011, with only a few operations remaining under force majeure.

- In the medium term, Australia is expected to maintain a competitive advantage over other major coking coal suppliers. Increases in export supply are likely to become apparent as new port and rail infrastructure developments within the Bowen Basin will facilitate the easing of infrastructure bottlenecks.
- The availability of port and rail access is a key determinant in undertaking both greenfield and brownfield mine developments. A number of port and rail developments have been announced and are in the process of development, including the Wiggins Island Coal Terminal development, Abbot Point Coal Terminal development, and the construction of the Goonyella to Abbot Point rail link. The timely commissioning of additional rail and port infrastructure will help alleviate the current bottleneck along the east Australian seaboard and allow more potential for growth in Australian coking coal supply.
- Historically, the global coal market has been experiencing a decreasing rate of coal quality. Much of this is attributable to the exhaustion of high quality and easily accessible coal reserves. This is relatively more evident amongst established mining regions that have been in operation longer such as Australia. Notwithstanding, there are continued developments and exploration of coal assets that are considered to have high quality coking coals.

Mongolian coking coal supply

- There has recently been a significant ramp up in Mongolian production and export of coking coal to China. In 2010, approximately 15Mt of coking coal was exported to China. Most coking coals exported from Mongolia are of relatively low-grade and generally delivered unwashed.
- Robust growth, relative to previously subdued export growth rates, is expected to continue in Mongolia over the short to medium term amid increasing foreign and domestic investment in the Mongolian coal industry. Such investments are aimed at developing and expanding new and existing mines to satisfy high Chinese demand. However significant issues regarding infrastructure availability and access, as well as political and country risk concerns have been a major deterrent for many potential investors.
- In the long term, Mongolian coking coal supply produced at a competitive cost may replace supply from other producing countries such as the United States, Canada, Russia and Australia. Monthly coking coal import volumes from Mongolia to China exceeded Australian coking coal imports into China between June and August 2010. Despite strong growth expectations, in the short term the capacity to grow may be capped by limited progress in infrastructure developments and relatively high political risk factors. The rate of increase in infrastructure capacity may fall short of the rapid increase in coal production in Mongolia.
- Concerns regarding associated political factors and limited infrastructure capacity in Mongolia are likely to improve in the longer term. Currently Mongolia is limited in respect to rail and port infrastructure. As a land-locked country, Mongolia producers are limited in their capacity to export coals to demand nations such as Japan and Korea. In order to reach these markets, coals will need to be railed long distances across-borders to reach ports in either China or Russia. The Mongolian government and producers have been in discussion with the Russian and Chinese government to gain access to port and rail infrastructure.



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- However, solid growth is expected to continue amid increasing foreign and domestic investment. Such investments are aimed at developing and expanding new and existing mines to satisfy high Chinese, Korean and Japanese demand.

Mozambican coking coal supply

- Mozambique's Moatize region is a huge coalfield with large coking coal reserves. The two most advanced projects, Benga (Riversdale Mining Limited and Tata Steel) and Moatize (Vale), together hold around 4.5Bt of resources.
- As no large-scale steel-making operations currently exist in Mozambique, most or all of its coking coals will be exported. There is currently little available information on coal cost structures in Mozambique. It is estimated that, on a per tonne basis, Mozambique may operate in the middle to high range of the cost curve.
- Similar to Mongolia, the development of coal mines in Mozambique is limited by issues of infrastructure availability, government intervention and high capital costs.
- Riversdale Mining's Benga coal project in Mozambique was officially opened in April 2010. Environmental approval was granted in respect of Riversdale's plan for a 20Mtpa coking and thermal coal project. Stage 1 production is targeted to commence in 2011.
- Vale's Moatize mine will produce a mix of hard coking and thermal coal. Vale commenced construction in March 2009 and expects to produce the first coal in the first half of 2011.
- Coal in the Moatize basin will be railed around 600km to a new terminal at the port of Beira, to be constructed on a concession owned by the Mozambican government. Both Vale and Riversdale mining have signed a memorandum of understanding with Mozambique's Ports and Railways Company in using the coal terminal at the port of Beira.
- Rail and port capacity through Beira may be insufficient to meet future production plans for both the Moatize and Benga projects. Given the limited rail and port capacities, a premium may be added to the cost of rail freight and port loading.
- In order to reach substantial coal export volumes, a railway to Nacala port may be required. However, besides from capital intensive infrastructure costs the development is faced with the hurdle of constructing and operating a railway across two nations - Mozambique and Malawi.

Indonesian coking coal supply

- Since 2005, Indonesia has been the world's leading exporter of thermal coal. Indonesian thermal coal exports account for approximately 29% of global exports. In contrast, Indonesian coking coal exports are much more moderate. This is mainly due to the lack of established coking coal projects and reserves compared to other coking coal producing nations. As at the date of this report, coking coals produced in Indonesia are mainly of lower ranked coking coals such as semi-soft coking and PCI coals. Production of high quality hard coking coal is low.

- The export of Indonesian coals to China has increased significantly. Total coal (coking and thermal coal) exports more than doubled in 2009 to approximately 30Mt, from 11Mt in 2008. Similarly, Indonesian coking coal export increased from about 0.8Mt in 2008 to 2Mt in 2009. In 2010, there has been a rapid ramp up of coal exports from Indonesia to China. In 2010, total coal exported to China was estimated to be 55Mt, an increase of 81% from 2009. Coking coal exports to China for 2010 were about 2.8Mt, a 56% increase over the same period the previous year.
- Given the scarcity of high quality coking coals, a number of greenfield and brownfield projects have been announced for development. These include the Tuhup, Maruwai, Marunda Graha Minerals, Suprabari Mapanindo Minerals and Mamahak coal projects.
- Notwithstanding Indonesia's plans to increase coking coal production, growth in the supply of coking coal may be limited by the need for large rail projects, lack of capital availability and uncertainty created by government policies.

Other major coking coal supply

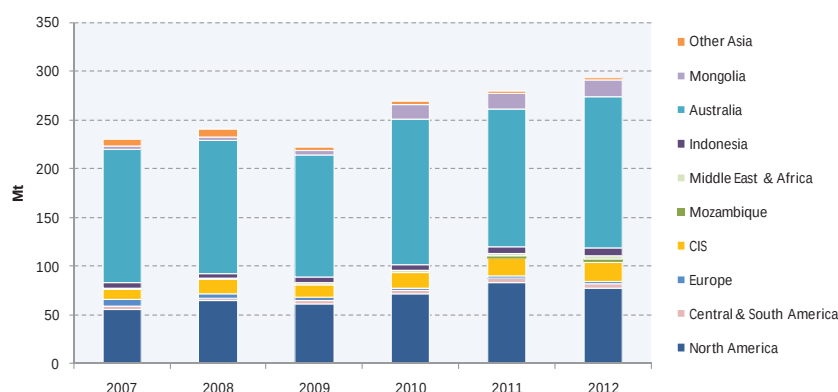
- The United States has long been regarded as a swing-supplier. The shortage of seaborne metallurgical coal as a result of flooding in Australia has seen an increase in the demand for US metallurgical coal in the December quarter. In turn, companies such as Patriot Coal and Arch Coal has revised its 2011 metallurgical coal sales forecast to reflect the expected benefit of the strengthened seaborne met coal market.
- In the medium to long term, the US may gradually reduce its coking coal exports as producers in Mozambique and Mongolia emerge in the export market. The severe short term shortage of export coking coal will mean American exporters will remain important, at least until new Mozambican and Mongolian supply is established in the seaborne market.
- Canada's market share will remain relatively flat given its exposure to Europe, where steel production growth is likely to be slower and less pronounced than in developing Asia. However, like all suppliers, Canadian producers are benefiting from increased Chinese demand and relatively low freight rates. Given a comparatively higher cost of production, exporting from Canada is typically economical only during strong market conditions or when freight costs are low.
- Russia will remain important to steel mills in Europe, particularly in Western Europe and the CIS, however, we may see Russian producers increase their penetration into the Asian markets over the long term. The planned development of the Elga Coal project, various critical coal rail infrastructures and the construction of the Vanino Port are likely to provide future eastern Russian coking coal operations greater access into Asia. However, given infrastructure constraints, which are aggravated by the remoteness of some of the eastern coal mines, which can be thousands of kilometres away from eastern ports, Russia is not expected to be a significant supplier to the seaborne coking coal market in the short term. However, coals produced in the Far East region of Russia, such as the Amaam coals, may benefit from comparatively low rail infrastructure requirements and relatively close proximity to the high demand areas in North East Asia.
- There has been growing interest in coking coal prospects in the central regions of Colombia. Colombia has plans to ramp up high-quality coal production over the next decade. Coal produced in Colombia is primarily thermal coal however there is a growing interest in coking coal assets in the central regions of the country.



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- Chinese and Brazilian investment into Colombia is expected to increase significantly in the short term. Brazil and China have shown interest in investing in the nation's infrastructure projects in order to gain greater security over resources. China's Development Bank and China Railways have expressed interest investing in a 250km railway connecting the Pacific and Atlantic coasts of Colombia, mainly for thermal coal exports. In addition, a Brazilian entity is reported to have expressed interest in developing a railway and a port in Carare in order to gain access and security over Colombian coal assets. The Brazilian steel industry is likely to be a beneficiary of the development of coking coal assets in Colombia.

Figure 6: Estimated Coking Coal Exports by Key Countries/Regions 2007-2012



Coking Coal Prices

Pricing overview

Coking coal purchasers in Asia-Pacific have historically followed settlements in the dominant Japanese market, with contracts based on the Japanese Financial Year (JFY), from 1 April to 31 March. Negotiations for new contracts generally commenced in December or January and are completed by March. Comparatively, European coal is generally procured on a calendar year basis. Prices do not necessarily reflect Asian prices due to the different regional market conditions and competitive forces.

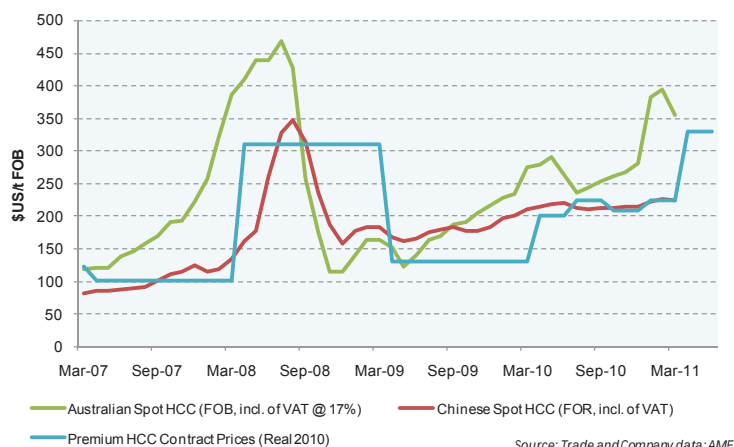
For the quarter ending June 2010, many coking coal producers secured a move to a quarterly pricing regime, in line with contracts signed by iron ore companies. The move has arguably been led by BHP Billiton, which has long been pushing for prices more closely linked to market mechanisms (i.e. higher spot prices) for its coking coal and iron ore products. In June 2010, BHP settled on a hard coking coal price for the September quarter of US\$225/t FOB. The use of quarterly pricing for coking coals has continued into the quarters ending December 2010 and March 2011 and is expected to be used for the first quarter of the 2011 JFY.

Under the previous annual contract pricing regime, coking coal producers were generally required to wait at least one year before prices could be renegotiated to reflect changes in market dynamics. Sensitive to changes, during buoyant market conditions spot prices for coking coal are generally higher than contract prices. As such, coal producers have a preference to negotiate prices more frequently during bullish markets.

Given the current buoyant market conditions and relatively high spot prices, major coking coal producers have opted for more frequent quarterly contract pricing. Although quarterly contracts are only starting to become the more conventional pricing scheme, there are talks that suggest that coal producers are considering a push towards monthly pricing. Continuing market buoyancy and increased frequency in price adjustments may support the rise in coking coal prices over the short term.

At this stage, the industry appears to be in transition, with producers partially committing their coking coal to quarterly pricing systems. Major suppliers have announced (partial) their commitment, however, small to mid sized suppliers are likely to continue to favour contracts on annual terms due to the limited volumes available and the reduced exposure to longer term pricing uncertainties.

Figure 7: Estimated Spot and Contract Hard Coking Coal Price



Coking coal price forecast

AME believes prices for all coking coal types will remain robust in the short term. Supply shortages in the globally traded coking coal market will continue to drive up prices over the next 18 to 24 months. Relatively strong demand and tight supply conditions, especially in the case of hard coking coal, are expected to lead to increased prices from levels seen in 2010 and early 2011. The possibility of prices increasing is attributed to the following factors, although potential price declines cannot be excluded:

- Shortage of coking coal supply, particularly premium coking coals. Scarcity of high quality coking coal and greater acceptance of lower coking blends in blast furnaces may increase demand for lower quality coking coals.



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- Increased steel production targets supporting relatively strong demand growth in developing nations such as China and India. China will continue to be a significant importer of coking coal;
- Traditional coking coal importers such as Europe, North America and Japan resuming contracted off-takes following recovery from current financial and economic instabilities;
- Supply growth limited by port and rail infrastructure constraints, and challenges in accessing capital funding given the changed financial climate;
- Adverse weather conditions during late 2010 and early 2011 have hampered the availability of seaborne coking coal supply. Several Australian coal producers have declared force majeure and reported disruptions to operations as a result of heavy rainfalls in the coking coal rich area such as the Bowen Basin of North Queensland;
- Reflective of tight supply conditions, the spot price of premium hard coking coal rose significantly over December 2010 and January 2011, peaking at US\$380/t FOB and averaging \$327/t FOB for the month of January. A short term scarcity of hard coking coal is expected to influence the negotiation of contracts for the early part of Japanese Financial Year (JFY) 2011.
- Greater pricing power of producers resulting from industry consolidation and increased use of quarterly rather than annual pricing regimes during buoyant market conditions.

Table 3: Estimated Benchmark Coking Coal Prices 2007-2012

Japan-Australia Benchmark Annual Hard Coking Coal Contract Prices (Japanese Fiscal Year, US\$/t, FOB)						
Coal type	2007	2008	2009	2010	2011f	2012f
Premium Hard Coking	96	300	129	215	270	242
Standard Hard Coking	89	289	120	203	255	229

NOTES:

- Prices prior to 2011 are on a Nominal basis; price post 2011 are provided on a real 2011 basis

- Premium Hard Coking coal prices are for Peak Downs and Saraji brands.

- Standard Hard Coking prices are for non-premium average quality hard coking coal

Source: AME

Medium to long term price

In the medium term, AME expects coking coal prices to also remain relatively strong. Subsequently, price growth is likely to slow as the tight market balance eases with the commissioning of new supply streams and the alleviation of port and rail infrastructure constraints.

AME anticipates price growth may ease as new supply catches up with demand, especially with the emergence of production in Mongolia and Mozambique. In the longer term, Mongolia and Mozambique will be well placed to meet the strong demand expected from Indian and Chinese steel industries.

In addition, over the long term critical rail and port infrastructure expansions may be implemented and provide sufficient capacity to alleviate potential bottlenecks for overland and seaborne trade. The addition of these new capacities may mean contract prices will begin to stabilise.

7. Independent Technical Expert's Report



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23 June 2011

The Board of Directors
Tigers Realm Coal
Level 7
333 Collins Street
Melbourne Victoria 3000

Dear Sirs,

INDEPENDENT TECHNICAL EXPERT REPORT FOR IPO LISTING TIGERS REALM COAL LIMITED

1.0 EXECUTIVE SUMMARY

1.1 Introduction

Tigers Realm Coal Limited ("TRC") has requested that Behre Dolbear Australia Pty Limited ("BDA") complete an independent technical review of specific coal mining assets located in Russia and Colombia for an initial public offer ("IPO") proposed to be made in August 2011 and to prepare an Independent Technical Experts Report ("ITER") for inclusion in the prospectus for the IPO. The purpose of the IPO is to provide finance for ongoing exploration, test work and the preparation of feasibility studies on the identified coal development projects that have to date been subject to preliminary conceptual studies to investigate their potential commercial viability. TRC is being advised for the IPO by Gryphon Partners ("Gryphon").

TRC's projects ("Assets") to be covered by the ITER are:

- the Amaam Coking Coal Project, located in Russia ("Amaam"); and
- the Landazuri Coking Coal Project, located in Colombia ("Landazuri").

BDA has been requested to undertake a technical review of the Assets and provide independent technical opinion as to the reasonableness of the information supporting the projects, including the conceptual mine plans and the identified opportunities and issues associated with development of the Assets. However, the ITER does not constitute an audit and BDA is unable to warrant the accuracy of the information provided by third parties.

The scope of work of the review is attached as Annexure B and included a preliminary review of the projects based on a site visit to the Colombian project by BDA specialists and, in the case of Amaam, by reference to an Independent Geological Report prepared by McElroy Bryan Geological Services ("MBGS") after visiting Amaam and Landazuri, to review the exploration data and drilling processes and procedures. The scope involved a full review of resource estimates and associated scoping studies, including conceptual mine plans, preliminary process testwork and design, infrastructure, development plans and logistics, environmental and social issues and implementation plans.

Where appropriate, BDA's review has assessed the resource estimates in accordance with Australian industry standards and for compliance with the Australasian Code for Reporting Identified Mineral Resources and Ore Reserves prepared by the Joint Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, December 2004 (referred to herein as "the JORC Code").

This report has been prepared in accordance with the relevant requirements under the Listing Rules of the ASX and the practice notes and policy statements issued by the Australian Securities and Investment Commission ("ASIC") as they apply to the preparation of independent expert reports.

Denver

New York

Toronto

London

Guadalajara

Santiago

Sydney

1.2 BDA Capability and Independence

The ITER is addressed to, and is for the benefit of, TRC's Directors and Due Diligence Committee established in connection with the IPO, and the BDA opinion expressed therein may be relied upon by each member of the Due Diligence Committee (and their representatives) to the extent that each member understands that BDA is not conducting an audit and does not warrant the accuracy of the information provided by TRC, their consultants, employees or any associated parties.

This report has been prepared as advisory information to TRC by the signatories, whose qualifications and experience are summarised in Annexure A to this report. The review of Mineral Resources estimates and methodology has been conducted by Competent Persons, as defined under the JORC Code. Each of the Competent Persons listed in Annexure A has consented to the presentation of the findings in the form and context in which it is presented in this report.

BDA provides a range of technical advisory services to the mineral resource industry, to mining operators, investors and financiers. The principal areas of activity include the management and preparation of technical due diligence studies and "fatal flaw" and project analyses. The company is well established in the areas of operational management review/technical audit and project valuation and evaluation, commonly for third party financing arrangements and our clients include banks, financial institutions and mining companies.

The parent company, Behre Dolbear and Company Inc., has operated continuously as a mineral industry consultancy since 1911 and has offices in Beijing, Denver, Guadalajara, Hong Kong, London, New York, Santiago, Sydney, Toronto, Ulaanbaatar and Vancouver. Internationally, Behre Dolbear has worldwide coal experience spanning a broad spectrum of exploration, management, resource and reserve analysis, metallurgical studies, surface and underground mine design, technical due diligence, operations optimization and total project feasibility.

BDA has independently assessed the relevant Assets of TRC on the basis of both specific information provided by TRC and individual experience in relation to the estimation of resources, life of mine plans, production and productivity estimates, coal quality assessments, manpower estimates, environmental requirements and compliance, workforce and community issues and Health, Safety and Environmental standards and compliance.

A draft copy of this report has been provided to TRC for review the accuracy of the data used and for the correction of any material errors of fact, omissions of relevant information, or inclusion of incorrect or unreasonable assumptions that have been relied upon in this Report.

1.3 Scope of Work/Materiality/Limitations and Exclusions

BDA has reviewed the TRC relevant Assets in accordance with the Scope of Work provided and the limitations and exclusions specified and set out in Annexure B to this Report.

1.4 Methodology of Assessment

TRC has completed significant geological investigations into the Amaam and Landazuri projects and has commissioned a number of conceptual engineering studies into potential mining and infrastructure facilities for those projects.

BDA has been provided with the most recent reports and conceptual studies on the Amaam and Landazuri projects prepared by the geological, mining and infrastructure engineering consultants and has reviewed the reports and supporting data to form an opinion as to the reasonableness or otherwise of the methodology employed and preliminary conclusions reached by these consultants.

The parameters considered by BDA include the conceptual annual mining rates (coal and waste), strip ratios (in open cuts), washery yields and product coal quality, materials handling and logistics and transport. BDA did not consider financial issues such as loan funding aspects, cashflows, profit and loss, balance sheet, non-cash items and the valuation of the proposed projects.

The BDA review has focussed on technical aspects of the conceptual projects and has sought to validate the raw data that constitutes the conceptual mine plans. It specifically excludes review of commodity price and exchange rate forecasts. In particular, the BDA review covered the following areas:

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- **Resources:** BDA conducted a review of the MBGS Independent Geologist's Report and conducted its own review of the geology and inputs to the resources estimates, including a site visit to Landazuri.
- **Conceptual Mine Plans:** BDA reviewed the projected mine plans against the resource base.
- **Infrastructure:** BDA reviewed the conceptual designs for the proposed infrastructure facilities, including transport infrastructure, for each project.
- **Environmental Approvals and Compliance:** BDA reviewed the likely environmental, statutory and regulatory licensing and compliance requirements set out in the Coffey Environments reports. The legal aspects of environmental permitting were excluded from Coffey Environments scope of work.
- **Key Potential Risk Issues:** BDA has reviewed each project from the perspective of material potential issues that could jeopardise project implementation or operations.

1.5 Inherent Mining Risks

When compared with many industrial and commercial operations, coal mining carries a relatively higher risk, conducted in an environment where not all events are predictable. Each coal deposit is unique. The nature of the coal deposit, the occurrence and quality of the coal, and its behaviour during mining and processing can never be wholly predicted. Estimations of the tonnes, quality and characteristics of a coal deposit are not precise calculations but are based on interpretation and on samples from drilling which, even at close drill hole spacing, provides a very small sample of the whole coal deposit. Reconciliations of past production and reserves can confirm the reasonableness of past estimates, but cannot categorically confirm the accuracy of future predictions.

An experienced management team can identify the known risks and put in place measures to mitigate the potential for interruptions consequent to such risks. However, the extent of knowledge is limited and there is always the possibility that unexpected or unpredicted events may occur, to the extent that it is considered not possible to remove all risks or to state categorically that events that may have a material impact on the operation will not occur. Detailed planning and experienced management should mitigate the risks to a reasonable extent.

In the context of the conceptual studies that have been prepared on the Amaam and Landazuri projects, it is particularly important to note that these are studies designed to investigate the potential viability of the projects, and, in the absence of much of the detailed data that will progressively be acquired during the feasibility study process, to determine whether further studies and expenditures are warranted.

2.0 OVERVIEW

2.1 Summary

There are numerous documents in the public domain that refer to the definitions of the various phases of project investigation, ranging from the most basic Conceptual or Scoping Studies as the initial investigation to ascertain a project's potential commercial viability, through a progression of studies (Pre-Feasibility, Feasibility) of increasing levels of detail to the most detailed estimate, variously referred to as the Final, Bankable or Definitive Feasibility Study.

The purpose of conceptual studies and preliminary estimates of the nature presented by TRC is to determine whether, within the recognised accuracy of such estimates, there is reasonable potential for the development of a commercially viable project and, in that case, for the commitment of funding for further more detailed feasibility studies. BDA considers that, for the preparation of the conceptual studies on the Amaam and Landazuri projects, the TRC management and technical team is experienced and capable, with a capacity to develop the conceptual mines and to construct, implement and commission the envisaged developments reasonably within the accuracy limits of the projected budgets and timeframes.

In regard to the conceptual studies prepared to date, TRC management has adopted practical, realistic and not overly conservative assumptions and understands the operational and risk constraints that will drive the projects. Within the accuracy range of such studies, TRC's conceptual studies are considered to be based on realistic resource estimates, proven technology and equipment, reasonable projected productivities, sound planning for environmental and regulatory management and practice, appropriate infrastructure and established markets with a broad customer base.

2.2 Description of Mining Assets and Conceptual Plans

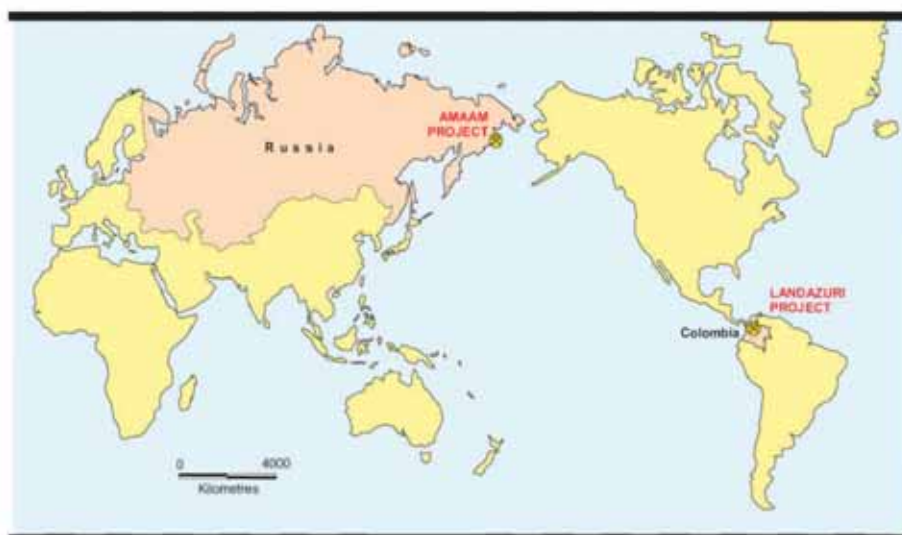
TRC conceptual development projects comprise two mining operations initially opencut with potential for underground mining, one in Russia and one in Colombia (see Figure 1). The conceptual plans for the establishment of coal mining operations are at a preliminary stage, but initial indications are that, subject to the delineation of Measured and Indicated resources in sufficient quantity, there is reasonable potential for the development of commercially viable operations. The Russian project is located at Amaam on the east coast of Russia and the Colombian project comprises three joint venture ("JV") areas, Jaguar 1, Jaguar 2 (Jaguar JV's) and Las Palmas at Landazuri, Table 2.1.

Table 2.1
TRC Conceptual Mining Developments

Conceptual Mine	TRC Earning Equity %	Type	Method
Amaam	80	Opencut	Truck & shovel
Landazuri	60/70	Opencut	Truck & shovel

The conceptual plans for the development of the mines involve the use of conventional truck and shovel fleets, with the Amaam coal being washed to produce a single coking coal product and the Colombian operations marketing raw coal without washing. Under current conceptual plans, the Amaam project would be developed in a single construction phase. However, for the Landazuri project, the development concept involves two stages, with an initial phase utilising coal transport by road and the second stage with higher production utilizing coal transport by rail. Section 3 of this report contains more detailed descriptions of each of the TRC projects.

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Tigers Realm Coal Ltd

Figure 1

PROJECT LOCATION PLAN

BDA-0138

Behre Dolbear Australia Pty Ltd

2.3 Summary of Resources

TRC has used Competent Persons from the Resolve Geo Pty Ltd ("Resolve") consulting group for the preparation of JORC Code-compliant resources estimates for all identified projects. Under the JORC Code, resource categories are Measured, Indicated and Inferred to reflect decreasing levels of confidence due to drill-hole spacing, availability of geological data, geological and geometric constraints. Resource categories identified to date by TRC and its consultants are in the Inferred category, reflecting a relatively low level of confidence and requiring additional drilling and associated test work to bring to the higher categories of Measured and Indicated.

At this stage, due to both limited drilling data and the preliminary nature of mining studies, there are no estimated reserves in any of the projects. As further data is gathered, it would be expected that reserve categories of Proved and Probable will be estimated through the conversion of Measured and Indicated resources respectively, after the application of appropriate mining designs; these will include provisions for dilution and coal losses from mining activities, pit walls, ramps and infrastructure. Inferred resources do not convert to reserves due to the lower level of confidence in the estimates. Table 2.2 sets out a summary of the Inferred Resources at the two projects in Russia and Colombia.

Table 2.2

TRC Projects Summary of Inferred Resources May 2011*

Project	Inferred Resources (Mt)
Amaam	177
Landazuri	21
Total	198

* Source: TRC Statement of Resources

BDA has relied on the review by McElroy Bryan Geological Services Pty Limited ("MBGS") of the resources and fuller extracts from the Independent Geologist's Report are included in Section 3 of the report including the exploration targets for the two projects. BDA notes that the potential coal quantities and qualities provisionally attributed by Resolve to the exploration targets are conceptual in nature, that there has been insufficient exploration to date to define a Coal Resource and it is uncertain

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whether further exploration will result in the determination of a Coal Resource. BDA has used Competent Persons to review the MBGS independent report and agrees with the conclusions reached; rather than edit the MBGS comments, we have extracted salient sections from the MBGS report, as shown below:

Amaam

- *“Because there is more recent drilling that provides geological results, the Resolve resource estimate is considered conservative and will likely increase when results of those additional holes are included in an updated geological model.”*

Landazuri

- *“The geological complexity and the limited exploration results limit confidence in the continuity and correlation of coal seams as well as structural interpretation of the deposit. However, numerous coal outcrops exposed across the seven tenements as well as drill holes in Rio Blanco and Popayan areas, clearly demonstrate the potential of the targets delineated by Resolve.”*
- *“Resolve has classified resources in the Rio Blanco area as Inferred and has extrapolated those resources beyond the last drill point of observation on the basis of seam outcrop data of unconfirmed correlation. Approximately 9Mt of the 21Mt reported by Resolve are reported within the extrapolated area. Poor core recovery and/or lack of coal quality results at the time of the resource report were insufficient to include a few seams in the estimation of resources.”*

BDA considers that the approach taken by TRC and their consultants is reasonable and in accordance with the requirements for JORC Code compliance for the definition of resources.

The Amaam coal is described as ASTM rank medium to high volatile and the outstanding raw coal feature is the high FSI, which shows little deterioration even when the raw ash exceeds 30%. The coal will require washing to reduce ash content, but based on existing data, the resource will produce a single coking coal product, albeit at a relatively moderate yield.

At the Landazuri project, according to ASTM standards, coal from Dantas is described as medium volatile bituminous and Rio Blanco coal is described as low to medium volatile bituminous. Rio Blanco coal is low in phosphorus (typically 0.006% to 0.012%). Generally, the caking properties of coal in both deposits appear to be very high, although the sulphur content is moderately high and there are moderate levels of iron oxide in ash.

2.4 Infrastructure

TRC has had conceptual designs prepared by Ausenco Sandwell for potential infrastructure facilities for the Amaam and Landazuri projects.

Infrastructure facilities proposed for Amaam are based on coal being transported by a dedicated project rail line to a deep water port to be constructed approximately 25 to 30km from the minesite. Other required infrastructure facilities include accommodation, offices, workshops, a stockyard, a coal wash plant and loadout system, mobile equipment and electrical power supply and distribution facilities at the mine site and an access road from the mine to the port.

Infrastructure facilities proposed for Landazuri are based on initial production using road transport to port options in Cartagena, Barranquilla or the Santa Marta-Ciénaga area, and it is expected that a higher production operation would be possible in later years using rail transport to a port in the Santa Marta-Ciénaga area. Upgrading of existing rail lines and purchase of rolling stock would be required before rail transport could commence. In addition, a transmission line and associated facilities would need to be installed to provide power to the project from the Colombian grid.

The infrastructure facilities recommended by the Ausenco Sandwell studies are, in BDA's opinion, adequate for a conceptual study and form a reasonable basis for the preparation of further studies to assess the potential project financial viability and for more detailed studies as the resource is better defined and mining plans are further advanced.

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2.5 Risks

BDA has reviewed the potential risks for the proposed TRC projects and considers that, in the short term, the principal risks at present relate to the ability to develop defined resources suitable for conversion to reserves and sufficient to justify capital development, the high degree of faulting and structural complexity within the deposits, notably at Landazuri, the resolution of the options available to transport the product coal and the associated infrastructure requirements to support that decision, possible delays due to permitting and approval processes, and the impact on sale price of variable ash levels or washplant yields to maintain lower ash levels.

In the longer term, BDA considers that the risks will include the ability to develop the mining operations within economically acceptable criteria, the progressive approval of the development applications, developing the specific capabilities required to deal with the logistics and construction challenges inherent in remote sites and the ability to ramp the projects up to quickly. While the projected coal recoveries appear to have been reasonably conservatively estimated, there is clearly an element of material uncertainty, as the initial indications are that all the deposits are structurally complex, with evidence of significant faulting in places and uncertain correlations of seams, particularly at Landazuri, which are somewhat mitigated by open cut mining methods. BDA would suggest that this progressive risk profile should be reflected in the treatment of the conceptual revenues in the ongoing assessment process.

Other than the foregoing identified risks, BDA considers the inherent risks associated with mining have been adequately addressed in the conceptual operations plans and there is no evidence at this stage of any additional material risks to the systematic development of mining operations at each site through further feasibility studies. While mining operations invariably pose some specific risks, BDA considers that TRC management has demonstrated its awareness of these potential issues and has taken or planned established measures of good mining practice to mitigate such potential conditions.

2.6 Conceptual Studies - Technical Parameters

Resource tonnage estimates, mine plans, yields and washery throughput are all estimates, and in practice will be subject to variations from the conceptual plans. It is appropriate therefore that, in providing an opinion as to the reasonableness of the technical aspects of the preliminary studies, BDA has reviewed all the technical physical inputs, as well as giving consideration to the impact of the more sensitive parameters. BDA has commented in the report on risk areas where there is considered to be a lower level of confidence in the estimates or assumptions.

BDA has held detailed discussions with TRC executive management and some of TRC's technical advisors and has reviewed the technical assumptions used for the conceptual studies. In some cases, BDA has considered that some aspects of the studies may be different than currently assumed and, where appropriate, has commented accordingly. With the exception of those aspects specifically identified in this report, BDA is satisfied that the technical inputs for the projects are reasonable and appropriate, reflective of the current status of the studies and within the normal limits expected for conceptual resource development projects.

3.0 SUMMARY OF COAL PROJECTS

3.1 Amaam Project, Russia

Project Outline

The Amaam project area is located in the Chukotka region in eastern Russia as shown in Figure 2. The area is located around 230km south of the regional capital of Anadyr and 40km south of the Nagornaya underground coal mining operation. The Nagornaya operations are serviced by a township and port at Beringovsky.

The area is sparsely populated and infrastructure is extremely limited. The population of Beringovsky is around 1,500 and around 1,200 indigenous people inhabit native villages in the general area. Employment is limited to the Nagornaya mine and its service industries include the port at Beringovsky.

Travel to the area of the proposed project area is by helicopter or all-terrain vehicle ("ATV"). ATVs travel along river beds or rough tracks. A limited commercial air service is available to Beringovsky. The port of Beringovsky is able to operate only from July to October.

The climate of the area is arctic and the average annual temperature is below zero Celsius. Average winter daytime temperatures are -14°C and average summer daytime temperatures are +9°C. Snowfall is moderate but prevailing northerly winds result in drifts which will require management during open cut mining operations. Transport out of the winter period is difficult when the ground is not frozen and in spring and autumn, persistent low cloud restricts air traffic.

The Amaam deposit is situated within the Zapadny tenement which is held by Northern Pacific Coal Company ("NPCC") in which Tigers Realm Coal is currently earning an 80% ownership interest. The exploration licence (AHJ 13867 TII) was granted to NPCC on 12 December 2006 for a five year period. TRC has recently renewed the exploration licence for a further three years to December 2014, meeting all renewal conditions, including exceeding the requirement of 15,000m of drilling.

The Amaam sub-basin is located on the coast about 40km south of the regional town of Beringovsky. It has been subject to some Russian exploration programs from the 1950's, with the earlier programs comprising mostly shallow crop and sub-crop drilling. Earlier drillholes were carried out but logs and records are regarded as unreliable. TRC has recently completed a second series of drillholes to around 450m depth to reach Inferred status for the current Resource estimates. The deposit is essentially a syncline, with the east-west axis as elongate. The edges of the syncline appear amenable to open cut mining methods while the central portion, being deeper, may contain longwall mining blocks. The proposed project comprises four conceptual sub-crop open cut mining areas, numbered 1-4 east-west along the elongate axis of the deposit.

The proposed Amaam project comprises a potential coal mine development project where TRC and their partners have delineated an Inferred Resource of 177Mt of medium volatile, coking coal. Since 2008, around 15,200m of drilling has been conducted by NPCC and TRC. TRC is targeting a resource of more than 400Mt and conceptual mine development studies have focussed on a project producing run of mine ("ROM") coal from large scale open cut mining over the life of the project. TRC has conducted initial scoping studies using several experienced consulting groups examining the potential for development of an open cut operation, wash plant, associated infrastructure and integrated railway and port. The product coal from Amaam is considered similar in quality to premium New Zealand hard coking coals and is expected to be attractive to Asian coking coal markets for blending.

At this stage, BDA considers there are uncertainties as to the timing of approvals, the completion of reserve estimates, the logistics associated with construction and implementation, the development of a competent and efficient workforce and hence the establishment of long-term economic operations. However, the proposed ongoing feasibility studies are designed to address these and other issues and to determine whether the conceptual mines can be successfully and economically developed to produce coal of the quality indicated. Even as these factors are progressively addressed, BDA considers that there will remain a risk of delays in the development of the project and a reasonable likelihood that the rate of production ramp up will be slower than expected.

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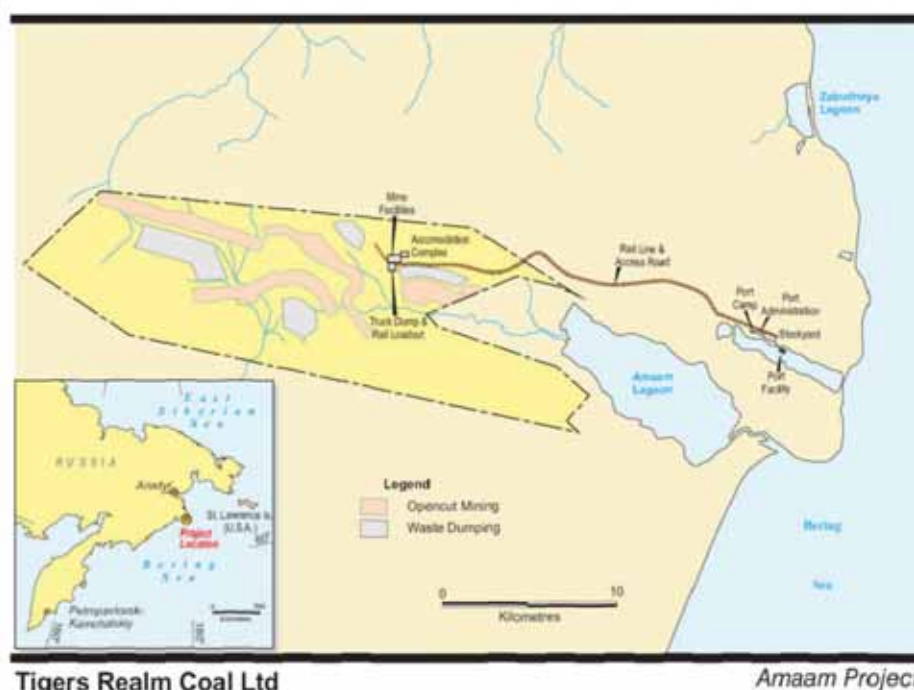


Figure 2

GENERAL LAYOUT PLAN

BDA-0738

Behre Dolbear Australia Pty Ltd

Regional and Local Geology

Seam groups 1-5 (ascending) have been identified, although the Resolve report of May 2011 notes that seam correlation across the syncline is still uncertain, due to both faulting and depositional variations. Geophysical logs from TRC drilling programs are obviously essential in defining seam correlations and the continuing TRC exploration drilling highlights this requirement.

The Amaam syncline is categorised as a fold in the Cenozoic Anadyr-Koryak fold system with symmetrical structure and containing both normal and thrust faulting, formed syndepositionally. Basement sediments are Cretaceous marine and non-marine. The Cenozoic sediments are categorised in three units – Upper, Middle and Lower Chukchi, with the Middle Chukchi containing potential economic coal seam deposits.

The Resolve report has described the geology known to date in the Amaam syncline and BDA regards this report as competent. Seam dips to 25° on the sub-crop edges of the syncline and seam thicknesses to 5m are noted, as is NW-trending faulting and fault splinters between these. Sub-crop mapping done from the 1950's provides further evidence of these structural features.

A coal quality report from Bob Leach Pty Ltd ("Leach"), May 2011, has examined the assays from TRC exploration coal cores and finds that the seams at Amaam are generally thin coal plies (0.5m to 2.0m) interlaced with stone bands. The coal plies are variable in ash from 8% to 40% (air dried basis). Air dried moisture ranges from 0.5% to 1.5%.

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Other raw coal properties are:

- Volatile Matter 30% to 40% dry, ash free (daf), average 35%
- Calorific Value 34Mj/kg to 36Mj/kg daf, average 35.5Mj/kg
- Total Sulphur 0.4% to 6% ad, average 0.7%
- Free Swelling Index ("FSI") 7 to 9, average 8

The coal is described as ASTM rank medium to high volatile and the outstanding raw coal feature is the high FSI which shows little deterioration even when the raw ash exceeds 30%. The coal will require washing to reduce ash content, but based on existing data, the resource will produce a single coking coal product, albeit at a relatively moderate yield.

Coal Resource Estimates

JORC-compliant Resource estimates for the Amaam sub-basin have each been signed off by Competent Persons (within Resolve) and at this early stage of exploration are listed as 177Mt Inferred only, with approximately 40% of the resource contained within the lower most Seam 1 group. BDA considers the methodology used for preparation of the Resource estimate appropriate. Early conceptual open cut areas have been tentatively considered but reliable seam correlations and fault blocks are still being formulated.

The JORC-compliant Resource estimates are summarised as shown in Table 3.1.

Table 3.1
Amaam Resource Estimates, May 2011

Area	Depth Range (m)				Total 0-400 *	>400m **
	0-100 *	100-200 *	200-300 *	300-400 *		
2	2	1	1	-	4	-
3	41	37	28	20	126	1
4E	2	3	3	2	10	-
4C	4	6	6	7	23	13
TOTAL	49	47	38	29	163	14

Note: Default density value for each seam estimate; * Minimum thickness cut off 0.3m; ** Minimum thickness cut off 1.2m

BDA has relied on the review by MBGS of the resources and **an extract** from their report on the Amaam resources and exploration targets is reproduced in italics following, including a review of the exploration targets at Amaam:

Resources

"Inferred Coal Resources for the Amaam deposit have been reported by Resolve in accordance with the JORC Code 2004 and reported in their report "Due Diligence and Geological Resource Report, Amaam Coalfields, Russia", dated May 2011 (Table 3.1). The resource estimate is based on geological results from on-going exploration drilling by TRC up to drill hole 45 which was completed on 17 February 2011. Since that time an additional 13 holes have been completed (up to drill hole 58). These additional holes were not used in the geological model created by Resolve for the resource estimation, however the results from those holes were reviewed and they provided support to Resolve's earlier assessment.

"Resolve have built a geological computer model using Micromine software to estimate Inferred Coal Resources for Areas 2, 3, 4E, and 4C in the Amaam deposit.

"Resolve excluded selected seam intersections within the resource polygon on the basis of poor core recovery during drilling process. Low core recovery can lead to unrepresentative coal analysis results, so Resolve took a safe, but conservative approach by not including such data in the resource estimate. As the holes were geophysically logged they could have been considered as structural and coal seam thickness data points, particularly as the resource is only of Inferred status.

"Resolve reported a total of 163Mt of Inferred Resources at Amaam that included all coal seams greater than 0.3m thick to a depth of 400m and 14Mt with a minimum seam thickness of 1.2m at depths more than 400m (Table 3.1). An Inferred Resource of 126Mt is estimated for Area 3 to 400m depth.

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“MBGS confirm that the inability to reliably correlate coal seams between drill holes at the current spacing, combined with limited value of the trench and outcrop data, places coal resources at Amaam in an Inferred Resources or Exploration Target category.”

Exploration Targets

“Resolve has estimated a range of Exploration Target tonnages for the same coal seams that are included in the Inferred Resources greater than 0.3m thick with no depth cut-off. According to the current geological model, coal seam depth ranges from 20m up to the base of the syncline which is estimated to be between 800m and 1,000m deep (especially Area 4W). There is no drill hole control in Area 4W so the interpreted depths are based only on trends from the adjacent Area 4C block. The range of Exploration Target tonnes has been estimated using -30% and +10% percentage variation on assumed potential coal thickness within the remaining deposit (Table 3.2) to provide a lower and upper tonnage range. The Exploration Targets are in addition to the Inferred Resources.

Table 3.2

Exploration Target, Amaam, Russia

Area	Exploration Targets (Mt)		Potential Coal Thickness (m)
	Lower Range	Upper Range	
2	10	20	7.5
3	20	30	10.5
4E	50	70	10
4C	80	120	11
4W	90	140	11.5
Total	240	380	

Note: Minimum thickness cut off 0.3m; Tonnages as presented here are based on the Resolve report and have been rounded

“It should be noted that in accordance to the JORC Code, 2004 ‘the potential quantity and quality of an Exploration Target is conceptual in nature, that there has been insufficient exploration to define a Coal Resource and that it is uncertain if further exploration will result in the determination of a Coal Resource’.

“However based on the previously referenced 13 holes in 2011, some blocks or parts of blocks at Amaam, subsequent to the resource estimate, have been drilled out to what would be considered Inferred status and that drilling indicates the coal seams are continuous and would form part of an Inferred Resource. For example, Area 4E has six recently completed drill holes that intersect the full stratigraphic sequence.”

MBGS Comments

“Because there is more recent drilling that provides geological results, the Resolve resource estimate is considered conservative and will likely increase when results of those additional holes are included in an updated geological model.

“Area 3 has sufficient drilling and confidence in coal seam continuity from down hole geophysics to be considered an Inferred Resource. Resolve has estimated 126Mt in Area 3.

“Area 4E which currently has 10Mt Inferred Resource down to 400m cover also has an Exploration Target of 50 to 70Mt as defined by Resolve. Part of the Exploration Target area has recently been drilled and that drilling has indicated that some of the current Exploration Target will be converted to Inferred Resources in the next resource assessment.

“The majority of areas 2, 4C, and 4W may be considered as Exploration Targets due to the current paucity of drill data and poor coal seam correlation. Exploration Targets have been estimated by Resolve to the base of the syncline estimated to be between 800m and 1,000m deep. Exploration Targets 4C and 4W have been estimated to contain 80 to 120Mt and 90 to 140Mt, respectively.

“The faulted boundaries that separate Areas 3, 4E and 4C do not appear to have affected the coal seam physical characteristics. Resolve has clipped the resource polygons to these boundaries, yet the similarities in the seam and interburden characteristics could also infer that coal quality is reasonably continuous across these faulted boundaries. Additional drilling in future exploration programmes has been designed to assess this.”

BDA Comment

BDA's geologist (also a Competent Person) has reviewed the work by Resolve and concurs with the conclusions reached in the MBGS report. The methodology adopted in the exploration and resource definition to date is considered to be reasonable and in accordance with best practice and JORC protocols. However, BDA notes in particular that, with regard to the exploration targets in areas 2, 4C and 4W, identified by Resolve and discussed by MBGS, the potential quantities and coal qualities in those areas are conceptual in nature, there has been insufficient exploration to date to define a Coal Resource and it is uncertain whether further exploration will result in the determination of a Coal Resource. **Open-cut Mining**

The conceptual mining studies for the development of the Amaam deposit have been planned around the exploration target and have developed plans based on the assumed deposit configuration and geometry. The present interpretation of the shape and delineation of coal seams is based on information from historical Russian investigations and more recent 15,000m drill programs since 2008, and needs to be treated with caution. It is evident from investigations to date that there are several significant faults through the area and there are structural complexities that will need to be resolved through further drilling. Similarly, there are uncertainties in the correlation of the various coal plies between sample points and these will be better determined with additional exploration data.

The conceptual mining plans prepared by Minarco-MineConsult ("Minarco") include the use of conventional mining equipment, comprising a fleet of large (220t) rear dump diesel trucks and hydraulic excavators (600t) on overburden removal and a fleet of smaller (100t) rear dump diesel trucks and smaller hydraulic excavators (100t and 250t) on coal and interburden mining. In addition, there would be a fleet of ancillary mining-related units (drills, dozers, graders, front end loaders) and service and maintenance equipment to support the operation.

For the sizing of the mining fleets, assumptions have been made in regard to the likely performance and efficiency of the operation. It has been assumed that mining will be conducted on 2 x 12-hour shifts per day, seven days per week and allowances have been made for routine time losses on shift, preventative and breakdown maintenance, servicing/refuelling, as well as a provision for time lost due to adverse weather conditions. While the resultant availabilities and efficiencies are generally in line with what would be expected in an established remote operation, BDA would consider it will take some time to achieve those levels of efficiency when the training and experience needs of the workforce are taken into consideration. The result of the preliminary estimates is that the fleet sizes would be of the order of up to 70 large trucks and 10 excavators on overburden and up to 35 smaller trucks and 6 excavators on coal and interburden.

Conceptual pit designs have assumed strips 125m wide, bench heights up to 25m, and overall wall angles of 35°, with final pit depths being governed by the final dimensions of the deposit. Allowances have been made for roof and floor losses from each seam/ply mined, roof and floor dilution, minimum mining thicknesses and material (overburden and coal) densities. Studies have used the Minex Pit Optimiser® software to generate a series of pit shells and to calculate stripping ratios (bcm of waste/t of ROM coal) that generate economic pit configurations based on a range of product coal prices.

For the early mining, all waste would go to external dumps, but in the longer term, around 55% of the waste would be back dumped into the depleted pit.

There is potential for underground mining at Amaam and further studies are warranted to determine the optimum cut off depth between open cut mining and underground extraction, although the seams available for underground methods are limited due to seam thickness.

Coal Preparation and Handling

The Leach report on the Amaam coal quality indicates that the washed product quality will be a medium to high volatile coking coal with a high calorific value of 36MJ/kg and excellent coking properties including a free swelling index ("FSI") of 9. The coal will all need to be washed, as the indicative weighted raw ash of ROM coal from sampling to date is around 26%. Based on the initial washability test results, it has been concluded that the Amaam coal handling and preparation plant ("CHPP") will need to be designed to wash all ROM coal production. Initial indications are that some plies have a high intrinsic ash content and that washery yields to produce a marketable ash level are likely to fall in the range of 50-70%. There are uncertainties regarding the composite level of product coal ash that can be achieved from the range of plies that will be mined, but the yield assumptions (average 63-69% on a raw coal basis and 53% on a diluted ROM basis) appear to BDA to be

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reasonably conservative from the washabilities performed to date. There may be some value in the future in investigating whether a higher ash thermal or intermediate product (in addition to hard coking coal product) may provide improved economics.

The conceptual design for the CHPP includes crushing and screening circuits, followed by dense medium separation and flotation to recover a single coking product. To handle the climatic conditions and to ensure year-round processing, the plant is likely to be fully enclosed and to include a thermal drying step for the product coal, as practised elsewhere in sub-arctic conditions. Site Infrastructure will include ROM and product coal stockpiles and facilities for the disposal of plant coarse rejects and tailings, as well as a truck/train loader and bin adjacent to the product stockpiles.

At this stage, BDA considers the level of investigations into potential product coal qualities and CHPP design are appropriate for conceptual level studies and form a reasonable basis for IPO projections. BDA would expect that more detailed studies to facilitate planning the coal processing will be developed as additional technical data is acquired through testwork and exploration.

Infrastructure

Ausenco Sandwell has prepared conceptual studies on the infrastructure facilities likely to be required to bring the project into operation. Ausenco Sandwell reviewed a number of options for the infrastructure and made recommendations in relation to the optimum project configuration, based on preliminary engineering studies.

The facilities which have been recommended as the optimum configuration at this stage include:

- mine site infrastructure comprising accommodation, offices, workshops, a stockyard, a loadout system, mobile equipment and electrical power supply and distribution facilities
- an access road from the mine for 25-30km to the proposed port
- a rail line from the mine for 25-30km to the proposed port
- a port at a potential protected deep water port site where there is potential for year round shipping
- marine equipment; i.e. tugs for port operation

The studies are, in BDA's opinion, adequate for a conceptual study and form a reasonable basis for the conceptual infrastructure development plans prepared for the IPO and for more detailed studies as the resource is better defined and mining plans are further advanced. A number of the infrastructure components designed by Ausenco Sandwell, including the railway and port facilities, have the ability to increase the throughput of product coal with minimal economic risk. The optimum throughput rate will be considered in future studies.

Environment

The Amaam project is located in the south-eastern part of the Anadyrsky municipal district and situated west of Lagun Amaam (Amaam Lagoon) and adjacent to the Bering Sea. The area is approximately 230km south of the regional capital of Anadyr and the administrative centre of Ugolnye Kopi.

Population and infrastructure in the region is sparse, with a remote location and no major population centres nearby. Beringovsky district supports 1,500 people who are primarily employed by the Nagornaya mining operation, and its associated infrastructure including the Beringovsky port. Approximately 1,200 indigenous people also inhabit a number of native villages.

Physiography and topography of the area comprises broad river valleys between rugged ranges. The Amaam coal deposit lies within a broad river valley where the topography is generally flat with low hills.

The climate of the area is arctic, with an average annual temperature of -4°C. Average winter daytime temperatures are -14°C and summer daytime temperatures are +9°C. Snowfall is moderate but prevailing northerly winds result in drifts which are likely to hinder open cut mining operations. Transport out of the winter period is difficult when the ground is not frozen; in spring and autumn persistent low cloud restricts air traffic. Permafrost covers large sections of the Chukotka region and the frozen thickness can extend to between 80 and 140m.

Limited environmental information exists for the project area, with specific baseline studies yet to be completed and project approvals are still to be applied for.

Key environmental issues associated with open cut coal mining in a 'typical' arctic environment such as the Amaam area include terrestrial and aquatic biodiversity issues (resulting from large land clearing and disturbance), marine biodiversity issues (particularly in regard to the port to be built on a lagoon 25km from the minesite and access to the Bering Sea), local and downstream impacts from runoff, acid mine drainage, soil and vegetation disturbance and hydrological changes, rehabilitation and mine closure issues and waste management issues.

Key social issues associated with the project include in-migration and associated social impacts, local administrative capacity, impacts on local and indigenous communities and impacts to archaeological or cultural areas of significance. Potential positive impacts are increased direct employment opportunities, additional monetary benefits, regional business development and improvement in local infrastructure.

No hydrological studies or geohydrological modelling have yet been undertaken for the project area to date, but would be expected to be considered under the planned ongoing feasibility studies. A number of rivers and streams cross the tenement area and flow into either the Bering Sea or Amaam Lagoon. Environmental baseline studies are currently being undertaken and are planned to span two summer seasons, including a fauna/ecology study. A potential significant issue for the project relates to the potential for uncontrolled release of contaminated mine water to impact on nearby marine water quality and aquatic ecosystem.

A Coffey Environments (May 2011) desktop review report highlights the project-specific studies currently being undertaken and identifies the information gaps which need to be addressed for the project which will provide an appropriate basis for an environmental and social impact assessment, environmental management plan, and mine closure plan to facilitate a sustainable project development to appropriate international standards. BDA concurs with the conclusions reached in the Coffey Environments desktop review and considers that the approach used to date is appropriate and reasonable for conceptual studies.

3.2 Landazuri Project, Colombia

Project Outline

Landazuri is located approximately 200km north of Colombia's capital, Bogota, in the Landazuri region of the Department of Santander, approximately 40km south-east of the town of Cimitarra (refer to Figure 3).

The area is populated by around 3,500 people living in the municipality, with the majority of the population living in rural areas. The nearest major centre is Cimitarra with a population around 14,000 people. The local population is generally engaged in small rural farm holdings with low levels of production. Approximately 30 farms of between 50 and 100ha are located in the Rio Blanco tenement area.

Travel to the area of the proposed project is by road on the Colombian highway system. Landazuri township is connected to the Magdalena Valley and nearby towns by dirt roads which are in a fairly poor condition and are often affected by landslides.

The nearest railway line is the Central Railway between the Chiriguana station in the Department of Cesar and Los Montoyas in Santander and this is in a relative good condition, although upgrading may be necessary.

The local climate of the area is described as mild with average maximum temperatures ranging from 20°C to 26°C, relatively high average rainfall of between 100mm and 300mm per month and high levels of relative humidity. High rainfall during the wet season in the mountainous areas around the project site often results in landslides and flash flooding.

The Landazuri project, as proposed by TRC, comprises the Jaguar 1, Jaguar 2 and Las Palmas joint ventures ("JV"). The Jaguar JVs comprise six tenements (Corinto blocks EK7-151, EIQ-092, FEL-165, Rio Blanco area FDH-161, GE3-083, Popayan block FI2-161) and the Las Palmas JV covers only one tenement (La Libia block GFN-141B). The Rio Blanco block is currently permitted to produce 800,000tpa of ROM coal by open cut or underground methods under the Environmental Licence; in addition, there are similar Environmental Licences over Popayan, Corinto 1 & 2 permitting the same level of production.

The conceptual studies have investigated the early development of the Rio Blanco tenement (Jaguar #1 JV, TRC earning 60%). Facilities will include ROM and crushed product coal stockpiles, as well as a road-train (tractor-trailer) loading facility adjacent to the product stockpiles. The coal will not be washed and the mines are planned to be relatively small-scale operations.

At this stage, the presence of coal has been established from outcrop and limited drilling, defining a small Inferred Resource of 21Mt. The conceptual plans put forward assume that exploration will delineate sufficient resources to justify establishing a mining project at each site.

Preliminary investigations have reviewed the licensing and regulatory aspects, the environmental considerations and the infrastructure required to establish the mines and to provide an efficient product coal transport system to access export markets. BDA considers there are some material risks regarding the ability to establish viable operations and produce marketable coking coal without washing from the suite of seams; there are uncertainties as to whether the product coal transport chain can be established and operated at economic levels, but BDA notes that other operations in Colombia do transport coal over similar or greater distances by road to the Atlantic coast. As a result of these factors, BDA considers that it is very early in the sequence of project feasibility study investigations and that there is a material risk to the development of these projects until further work has been completed.



Figure 3

RD4-0138

PROJECT LOCATION PLAN

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Regional and Local Geology

The Landazuri Project comprises seven tenements located along the flanks of the Armas Syncline. These tenements can be grouped and referred as three areas, Rio Blanco, Popayan and Corinto. Two areas currently have sufficient drilling to suggest that they may be potentially mineable but additional drilling is required in order to further develop preliminary mine plans. These are the Rio Blanco area (containing the Rio Blanco and Dantas blocks) and the Popayan area in the central section of the leases.

The regional and local geology is complex. The area is typical of the Andean foothills in Colombia, having been folded and faulted by south-east and north-west directed compressional forces. Coal is hosted within the flanks of the Armas Syncline. The syncline is approximately 30km in length and 20km in width. Coking coal is hosted in the upper and middle members of the Umir Formation.

The area has seen four different coal exploration programs prior to TRC taking options to the properties. These programs are described as follows:

- The first study on coal exploration was made by Ingeominas in 1976, generating a report titled "Geology of the Syncline of the Andes", which included a geological mapping on a 1:10,000 scale; the San Luis area was divided into three members for the Umir Formation, the upper Ksu3, middle Ksu2 and lower Ksu1; Ksu3 and Ksu2 members are carriers of coal.
- In 1988, the company Carboriente conducted detailed geological exploration for coal on the eastern side of the Andes Synclinal.
- In 1997, the company Centromin began geological exploration studies on coals for the areas of Centromin, Procoque and Carbocen, all in the San Luis area.
- In 2007, Rio Tinto, by agreement with Invercoal, conducted geological exploration for surface and underground coals on the area of Landazuri-Cimitarra. These examined the prospects for the Rio Blanco and Popayan Projects, evaluating the coal potential of the Umir Formation on the eastern side for the Armas Syncline.

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Rio Blanco Area

Upon taking options on the tenements, TRC defined a phased exploration and development program. The first phase consisted of photogeological mapping, field mapping, trenching and channel sampling in the Rio Blanco Tenement. This phase of the project defined potentially mineable coal in the Rio Blanco Tenement (FDH-161). Within this tenement, two blocks containing coal have been defined; the Dantas Block hosts 19 coal seams in the middle member of the Umir Formation. This block structurally bounded and overrides a portion of the Rio Blanco Block, which is located southeast of the Dantas Block. The Rio Blanco Block hosts 5 coal seams in the upper Umir and 10 to 20 in the middle member. There is a wedge of sedimentary rock that is barren of coal separating the Dantas and Rio Blanco Blocks in the eastern two thirds of the contact between the two blocks.

The Dantas block has dip slopes of between 20 and 60 degrees. The northwestern part of the Dantas Block dips to the south at around 20 to 40 degrees and the dips steepen to the south up to 60 degrees. Each of these sub-blocks is in a separate wedge of sedimentary rock that is separated by a high angle reverse fault. As a consequence, most of the significant seams are repeated in both blocks. The coal seams encountered in the Rio Blanco block dip to the southeast at an average of around 30 degrees.

Phase 2 exploration consisted of drilling 23 open and core holes in the Dantas and Rio Blanco Blocks. The program was initiated in October 2010 and completed in late April 2011. Preliminary core samples were analysed and a summary coal quality report and resource estimate was issued in April/May 2011 using some 50% of the program's data.

TRC's Rio Blanco area comprises two resource blocks; Dantas (north) and Rio Blanco (south).

Indicative coal quality for those blocks is presented in Table 3.3.

According to ASTM standards, Dantas is described as medium volatile bituminous and Rio Blanco coal is described as low to medium volatile bituminous. Rio Blanco coal is low in phosphorus (typically 0.006% to 0.012%).

Table 3.3
Coal Quality Averages

Quality Parameter	Dantas	Rio Blanco
Raw Ash	5%	8%
Volatile Matter (daf)	33%	24%
Calorific Value (daf)	36MJ/kg	36MJ/kg
Total Sulphur (ad)	0.9%	1.1%
FSI	9	8
Iron Oxide in Ash	10%	8%
Vitrinite Reflectance	0.9	1.2
Gieseler Fluidity	6,200Mddm	500Mddm
Arnu Dilatation	+240%	+100%

Generally, the caking properties of coal in both deposits appear to be very high, although the sulphur content is moderately high and there are moderate levels of iron oxide in ash.

Popayan Area

Coal-bearing strata (Umir Formation) on the eastern flank of the Armas Syncline dip towards the northwest. A number of coal seams were identified in outcrops and in holes drilled by Rio Tinto from 2005 to 2009, however seam correlation was not possible with the available data because of the complex nature of the geology of Popayan. Numerous northeast trending faults were interpreted by Rio Tinto, although the evidence and nature of the faults is not clear.

Outcrops and drill hole data show the coal potential in the area. Seven of the eight holes drilled by Rio Tinto intersected between 3m and 14.5m of cumulative coal to 350m depth with seam intersections up to 4.9m, and TRC's recent mapping is confirming the surface area of Umir formation and outcropping coal seams throughout this area.

Corinto Area

The Corinto area is located in the southern closure area of the Armas Syncline and covers three leases containing the coal-bearing Umir Formation. Exploration in the area is limited compared to the other tenements, with coal outcrop observations only but no drill holes at this stage. Approximately 2km from NE boundary of the eastern Corinto area (FEL-165) a Rio Tinto drill hole intersected 7m of coal in the uppermost 75m of the hole. TRC's field mapping during its due diligence identified over 25 locations with outcropping coal seams.

Coal Resource Estimates

The JORC-compliant Resource estimate of Landazuri has been signed off by Competent Persons and is summarised as shown in Table 3.4; at this early stage of exploration, resources are listed as 21Mt Inferred only. BDA considers the methodology used for preparation of the Resource estimates appropriate.

Table 3.4
Landazuri Resource Estimates, May 2011

Seam Thickness Cut off (m)	Depth Range (m)	Inferred Resources (Mt)	
		Dantas	Rio Blanco
>0.3	0-100	3	6
>0.3	100-200	3	6
>1.2	200-400	1	2
TOTAL		21	

BDA has relied on the review by MBGS of the resources and **an extract** from the MBGS report on the Landazuri resources and exploration targets is reproduced in *italics* below:

Resources

"Inferred Coal Resources for the Rio Blanco and Dantas deposits have been reported by Resolve in accordance to the JORC Code, 2004 using recent exploration drilling in the Rio Blanco area. Inferred Coal Resources totalling 21Mt to a depth of 400m were reported in Resolve report titled "JORC Report: Inferred Resource Estimation: FHD-161 Rio Blanco", dated May 2011."

"Resolve built two block models for the Rio Blanco area limited by fault domains using Micromine software. MBGS imported those block models into Minex in order to replicate the resource estimates."

"Coal seam correlations proved difficult due to drill hole spacing, depth of holes and the moderate to steeply dipping nature of the strata."

"Resolve has classified resources in the Rio Blanco area as Inferred and has extrapolated those resources beyond the last drill point of observation on the basis of seam outcrop data of unconfirmed correlation. Approximately 9Mt of the 21Mt reported by Resolve are reported within the extrapolated area. Poor core recovery and/or lack of coal quality results at the time of resource reporting meant that a few seams were not included in the estimation of resources. As a coal resource, the Landazuri deposit has potential, however it is at an early exploration stage and additional exploration is required to better define the resource."

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Exploration Targets

“Resolve reported an Exploration Target estimate for the seven concessions within the Landazuri deposit in a report titled “Geological Report: Landazuri Tenements: Colombia”, dated May 2011. Tonnage range was determined using -30% to +10% percentage variations on potential coal thickness (see Table 3.5).

Table 3.5
Exploration Target, Landazuri, Colombia

Area	Exploration Targets (Mt)		Potential Coal Thickness (m)
	Lower Range	Upper Range	
FHD-161 Rio Blanco	90	130	4
GFN-141B Rio Blanco (La Libia)	8	12	4
GE3-083 Rio Blanco (East)	-	1	4
FI2-161 Popayan	90	140	7
FEL-165 Corinto	80	150	7
EK7-151 Corinto	10	25	7
EIQ-092 Corinto	5	15	7
Total	280	470	

Note: Minimum thickness cut off 0.3m; Default density 1.35g/cc; 400m depth cut off

“Coal thicknesses were estimated using drill hole data, hence depth cut off was limited only to the depth of the drill holes (less than 400m). Rio Blanco and Popayan areas used drill hole data within the tenements. But at Corinto, the Exploration Target was based on information from a nearby hole drilled by Rio Tinto and coal outcrop observations within the area.

“The estimates of the Exploration Target used the interpreted plan surface area of the coal bearing formation from field mapping information and the estimated coal thicknesses based on the nearest drilling. This methodology is reasonable considering the low level of confidence in the Exploration Target.

“It should be noted that in accordance with the JORC Code, 2004 ‘ the potential quantity and quality of an Exploration Target is conceptual in nature, that there has been insufficient exploration to define a Coal Resource and that it is uncertain if further exploration will result in the determination of a Coal Resource’.”

MBGS Comments

“The geological complexity and the limited exploration results limit confidence in the continuity and correlation of coal seams as well as structural interpretation of the deposit. However, numerous coal outcrops exposed across the seven tenements as well as drill holes in Rio Blanco and Popayan areas, clearly demonstrate the potential of the targets delineated by Resolve.

“Resolve has classified resources in the Rio Blanco area as Inferred and has extrapolated those resources beyond the last drill point of observation on the basis of seam outcrop data of unconfirmed correlation. Approximately 9Mt of the 21Mt reported by Resolve are reported within the extrapolated area. Poor core recovery and/or lack of coal quality results at the time of the resource report were insufficient to include a few seams in the estimation of resources.

“Exploration target estimates (reported by Resolve) in Landazuri total between 280Mt and 470Mt to a depth of 400m. This estimate reflects the outcrop mapping and limited drilling undertaken to date and indicate the prospectivity of the tenements particularly considering that coal quality results in Rio Blanco have showed excellent caking properties.”

BDA Comments

BDA’s geologist (who is also a Qualified Person under the JORC Code) has reviewed the work by Resolve and concurs with the conclusions set out in the MBGS report. BDA considers that the approach used for preparing the estimates is appropriate, reasonable and in compliance with JORC protocols for an inferred resource estimate. However, BDA notes in particular that, with regard to the exploration targets at Landazuri, identified by Resolve and discussed by MBGS, the potential quantities and coal qualities in those areas are conceptual in nature, there has been insufficient exploration to date to define a Coal Resource and it is uncertain whether further exploration will result in the determination of a Coal Resource.

Open Cut Mining

The conceptual mining studies for the development of the Landazuri deposits have been carried out by TRC and at this stage are inconclusive but sufficiently encouraging to warrant the continuation and development of more detailed feasibility studies and ongoing fieldwork of drilling, mapping and metallurgical testwork. There is evidence of faults and structural complexities that will need to be resolved through further drilling. As with Amaam, there are uncertainties in the correlation of the various coal plies between sample points that will be better determined with additional exploration data planned as part of ongoing feasibility studies.

The conceptual mining plans include the use of contract mining using a conventional mining fleet of small rear dump diesel trucks and hydraulic excavators for the initial early stage (Stage 1) of mining. The contractor would be responsible for all mining activities and would be supervised by TRC management.

The development strategy is to increase the mine production in Stage 2 as additional Resources are delineated.

Coal Preparation and Handling

The Leach report on the Landazuri coal quality analysis is based on core samples from the Rio Blanco and Dantas blocks. Initial work indicates that the raw product quality will be a medium to low volatile, low ash coking coal, 35-37Mj/kg energy with a high FSI of 8-9. The coal will not need to be washed, as the indicative weighted raw ash of ROM coal from sampling the two deposits is in the range of 5-8%, but sulphur levels are relatively high at 0.9-1.1%. There are uncertainties at this stage regarding the seam continuities and whether the low coal ash can be achieved from the thin plies that will be mined, but these issues will be resolved with further feasibility study work. Some sampling indicates there may be localised regions in Rio Blanco where the coal may be too high in rank (semi-anthracite) to provide significant coking properties. Blending with lower rank coal may be necessary to maximise the resource utilisation. However on average, the coking properties from both deposits appear excellent, with the only potentially deleterious indicators being moderately high total sulphur content and possibly moderate levels of iron oxide in ash.

BDA understands that, for the Landazuri conceptual projects, initial mining would be relatively small-scale, with no plans for coal washing. The only processing/coal handling operations would be the crushing, screening and stockpiling of ROM coal, stacked in preparation for loading onto highway trucks. For Stage 1, crushing, screening and stockpiling would be done on a contract basis. However, for Stage 2, the planned expansion of the operation would involve the construction of a coal handling plant ("CHP") with appropriate stockyard storage and loading facilities.

Infrastructure

Ausenco Sandwell has prepared conceptual studies on the infrastructure facilities likely to be required to bring the project into operation. Ausenco Sandwell reviewed a number of options for the infrastructure and has made recommendations in relation to the optimum project configuration, based on preliminary engineering studies for two operating modes. For Stage 1, it is proposed to use road transport to several port options in Cartagena, Barranquilla or Santa Marta-Ciénaga area able to handle such tonnage. For Stage 2, it is proposed to use a combination of road and rail transport to a port in the Santa Marta-Ciénaga area.

The facilities recommended as the optimum configuration for both the Stage 1 and Stage 2 expanded cases include mine site infrastructure comprising a truck dumper, crushing and screening equipment, a stockyard, a loadout system, mobile equipment, accommodation, offices, workshops and electrical power supply. Power distribution facilities for Stage 2 would include a 30km transmission line from the Colombian grid to provide power to the project for the CHP in the expanded case.

The Stage 1 trucking operation would involve upgrading the existing access road and selected bridges; for Stage 2, a new haul road would be constructed to provide a shorter haul route to the Colombian rail system. A rail siding, rail loader and rolling stock would have to be built/acquired. The haul road access will require intensive negotiations with private land owners.

The studies are, in BDA's opinion, relatively detailed for conceptual study stage and form a reasonable basis for more detailed studies as the resource is better defined and mining plans are further advanced.

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Environment

The Landazuri project comprises the Jaguar and Las Palmas joint ventures (“JV”). To date, environmental licences for mining have been issued for four of the six tenements of the Jaguar JV. The comments below are based on baseline information for the Rio Blanco tenement only. The four tenements currently permitted to produce 800,000tpa of ROM coal include Rio Blanco, Popayan, Corinto 1 and Corinto 2.

The local vegetation is described as lowland equatorial evergreen rain forests. Equatorial evergreen rainforests are characterised by more than 2,000mm of rainfall spread evenly throughout the year. These forests generally have high biological diversity and a well-developed canopy. Due to human activities in the area, much of the vegetation in the Rio Blanco project area has been significantly disturbed.

Key issues associated with coal mining in a ‘typical’ environment such as at the Landazuri tenements include biodiversity impact resulting from land clearing and removal of vegetation and fauna habitats, potential impact on water resources as a result of uncontrolled releases of mine contaminated water, decrease in water availability in rivers as a result of water abstraction as well as groundwater drawdown, and the generation of high levels of dust and noise resulting from traffic on dirt roads, mining activities and coal preparation plants.

Potential social issues associated with the project include the potential loss of land and relocation of communities, while positive impacts are the increase in employment opportunities and economic benefits to the region. It is likely that the village of Rio Blanco (population approximately 150 people) will need to be relocated. A relocation plan will need to be developed which considers employment activities and land use of the affected people. Benefits from mining development also include improved infrastructure, such as roads, power and water infrastructure which are currently limited in the area.

A Coffey Environments (May 2011) desktop review report highlights the project-specific studies already undertaken for the project and identifies the information gaps which need to be addressed for the project which will provide an appropriate basis for an environmental and social impact assessment, environmental management plan, mine closure plan to facilitate a sustainable project development to appropriate international standards, including equator principles.

BDA concurs with the conclusions reached in the Coffey Environments desktop review and considers that the approach and methodology uses is suitable and appropriate to the preparation of conceptual level studies.

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4.0 LIMITATIONS AND CONSENT

BDA consents to making the Report available to TRC on the understanding that TRC is aware and understands the scope of BDA's engagement as set out in Annexure A. Neither the whole nor any part of this report nor any reference thereto may be included in or with or attached to any document or used for any other purpose without written consent from BDA as to the form and context in which it appears.

This report does not constitute a technical or legal audit. This assessment in this report has been based on data, reports and other information made available to BDA by TRC and their advisors and referred to in this report. TRC has advised BDA that all relevant documentation relating to the project has been provided, that the information is complete as to material details and is not misleading. A draft copy of this report has been provided to TRC for review as to any material errors of fact, omissions or incorrect or unreasonable assumptions.

BDA has reviewed the data, reports and information provided and has used consultants with appropriate experience and expertise relevant to the various aspects of the project. The opinions stated herein are given in good faith. BDA believes that the basic assumptions are factual and correct and the interpretations are reasonable. BDA's assessment of the conceptual development plans is based on technical reviews of project data and site visit to Colombia. However, these forecasts and projections cannot be assured and factors both within and beyond the control of TRC could cause the actual results to be materially different from the assessments and projections contained in the conceptual studies.

BDA has independently analysed TRC's data, but the accuracy of the conclusions of the review largely relies on the accuracy of the supplied data. BDA does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from third party use of it. BDA reserves the right to change its opinions on the TRC coal mining studies expressed in this report should any of the fundamental information provided by TRC be significantly or materially revised.

5.0 CONCLUSIONS

BDA has reviewed the TRC Assets and Conceptual Studies to assess their reasonableness and appropriateness for ongoing feasibility studies. BDA concludes that the resource estimates comply with the JORC Code and considers that the Conceptual Studies have been diligently prepared, are compatible with experience in similar conditions elsewhere and that, subject to the results of further planning and investigations, provide a reasonable foundation for ongoing feasibility studies.

Yours faithfully

BEHRE DOLBEAR AUSTRALIA PTY LIMITED



**John McIntyre - Managing Director – BDA
BEHRE BOLBEAR AUSTRALIA PTY LIMITED**

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ANNEXURE A

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ANNEXURE A – QUALIFICATIONS AND EXPERIENCE

This report has been prepared by Behre Dolbear Australia Pty Ltd, a subsidiary of Behre Dolbear & Company Inc. Behre Dolbear has offices in Beijing, Denver, Guadalajara, Hong Kong, London, New York, Santiago, Sydney, Toronto, Ulaanbaatar and Vancouver. The parent company was founded in 1911 and is the oldest continuously operating mineral industry consulting firm in North America. The firm specialises in mineral evaluations, due diligence assessments, independent expert reports and strategic planning as well as technical geological, mining and process consulting.

BDA has undertaken site visits and has reviewed the technical and engineering data. The principal consultants engaged in the review are as follows:

Mr John McIntyre (BE (Min) Hon., FAusIMM, MMICA) is Managing Director of BDA. He is a qualified mining engineer, with over 40 years of experience in engineering, operations and management of mines and mining projects, in Australia, New Zealand, the Philippines and Ghana. His principal fields of expertise include technical audits, project feasibility, mine and project evaluation, mine development, open pit and underground operations in base and precious metals and coal, management reviews and operations optimisation. He is a qualified Registered Mine Manager, he has held senior management positions, including General Manager of Operations and has been a professional consultant for over 20 years. Mr McIntyre has reviewed the mining aspects of the proposed projects.

Mr Ian Poppitt (Dip.Tech.Sc. (Geology), M App. Sc. (Geology), MAusIMM) is a Senior Associate of BDA. He is a qualified coal geologist, with over 40 years of experience in coal mine geology and exploration in Australia. His principal fields of expertise include technical audit, resource and reserve estimation and assessment, operating experience in the underground mining of coal and resource evaluation. He has held senior management positions, including Group General Manager of Cyprus Australia Coal. He is familiar with the latest ore reserve terminology under the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves (“the JORC Code”) prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, effective as at December 2004 and is a Qualified Person under the JORC Code. Mr Poppitt has reviewed the geology and coal quality aspects of the proposed Amaam project.

Mr Adrian Brett (BSc Hons (Geology), MSc (Geotech), M.Envir.Law, MAusIMM) is a Senior Associate of BDA with more than 30 years of experience in environmental and geo-science, including the fields of environmental planning and impact assessment, site contamination assessments, environmental audit, environmental law and policy analysis and the development of environmental guidelines and training manuals. He has worked in an advisory capacity with several United Nations and Australian government agencies. He has completed assignments in Australia, Indonesia, Thailand, the Philippines, Africa and South America. Mr Brett has reviewed the environmental aspects of the projects.

Mr Richard Frew (BE Civil, MIE Aust) is a Senior Associate of BDA with more than 40 years of experience as a planning, estimation and contracts engineer. He is experienced in contract management, feasibility study review, financial modelling, project construction and implementation, materials handling and logistics, and project controls. He has worked on a large number of projects providing management and project services to the project owner or financiers in Australia and in the Philippines, Argentina, Mauritania, New Zealand and Romania. Mr Frew has reviewed the infrastructure and implementation aspects of the proposed coal projects.

BEHRE DOLBEAR

ANNEXURE A

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Mr Gardar Dahl, Jr. (B.Sc. Geological Engineering, M.Sc. Geological Engineering, Cert. Professional Geologist AIPG) is a senior Behre Dolbear consultant providing geological services to the coal mining industry. He has developed competitor profiles for coal mining operations in the Appalachian states, New Mexico, Colorado, Utah, and Wyoming, assisted in filing mine plan permit renewals in the Powder River Basin, developed mining profiles for Latin American countries with emphasis on coal opportunities, conducted numerous geophysical exploration programs for major coal mining companies, managed 6 separate exploration projects for major mining companies' acted as the Business Development Agent for a major coal mining company, provided advice to attorneys of a company with coal interests in Colombia, South America and assisted in developing a contract mining bid for the Fence Lake Project in New Mexico. Mr Dahl has reviewed the geology and coal quality aspects of the Landazuri projects.

Mr Antonio Salazar Morales (B.Eng. Civil, B.Sc. Ecology) is a senior Behre Dolbear consultant who has been working with the coal industry for more than 25 years, with experience in different positions, both operational and executive, with specific experience in exploration and evaluation of coal resources and reserves, mining design, feasibility studies, project analysis, underground and open pit coal exploitation, performance and productivity, cost analysis, financial evaluations, sales and commercial aspects. He has participated in due diligence processes for divestitures of coal companies. He has also been a consultant for coking coal projects. Mr Morales has reviewed the infrastructure, licensing, product transport and logistics and regional aspects of the Landazuri projects.

BEHRE DOLBEAR

ANNEXURE B

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ANNEXURE B - SCOPE OF WORK FOR BEHRE DOLBEAR AUSTRALIA OVERVIEW

Tigers Realm Coal Limited (“TRC”) in connection with its proposed IPO in August 2011 requests that Behre Dolbear Australia (“BDA”) undertake and complete a technical review of specific coal mining assets located in Russia and Colombia. The purpose of the review is to prepare an Independent Technical Experts Report (“ITER”) for inclusion in TRC’s prospectus.

TRC’s projects (“Assets”) to be covered by the ITER are the following:

- Amaam Coal Project, located in Russia (“Amaam”); and
- Landazuri Coal Project, located in Colombia (“Landazuri”).

BDA is to undertake a technical review of the Assets to provide independent technical opinion as to the reasonableness of the information supporting the projects, including the resource estimates and conceptual mine and development plans, and to determine the opportunities and issues associated with development of the Assets.

The final ITER is to be addressed to and for the benefit of TRC’s Directors and Due Diligence Committee established in connection with the IPO, and must be able to be relied upon by each member of the Due Diligence Committee (and their representatives) without signing any form of reliance or release letter.

The proposed Scope of Work for the technical review is as follows:

- BDA will provide an independent technical opinion as to the reasonableness of the information supporting the Assets produced by TRC and its technical consultants. The key elements of the technical review will be the review and assessment of **geology** and **resources** including:
 - Geological model, geological reports, resources, estimation methods, geotechnical factors and coal quality,
 - Assessment of Resource Statements for JORC Code compliance and commenting on geological risk and implications for mining and coal product types.

TRC has commissioned McElroy Bryan Geological Services (“MBGS”) to undertake an independent geological review of the Assets. BDA may consider whether it is appropriate to cover this aspect of the technical review by reference to the MBGS independent geologist’s report.

- Review and assessment of **mine planning** at a conceptual level including:
 - Mine development strategy and constraints,
 - Mine design and layouts,
 - Mining method,
 - Mining schedules,
 - Equipment selection,
 - Mine infrastructure,
 - Mine productivity assumptions,

TRC has commissioned Minarco-MineConsult to undertake and prepare conceptual mine scoping studies on the projects.

- Review and assessment of **coal quality** and **process flow sheet** including:
 - Raw coal quality,
 - Washplant configuration,
 - Washplant yield,
 - Coal product specifications,
 - Plant construction scheduling,

TRC has commissioned Bob Leach Pty Ltd to undertake coal quality and process review work on the projects.

BEHRE DOLBEAR

ANNEXURE B

Independent Technical Expert Report – Tigers Realm Coal
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-
- Review and assessment of **coal transportation** requirements and options to transport coal product to markets including:
 - Rail, road and port access,
 - Existing coal infrastructure availability,
 - Future infrastructure plans,
 - Conceptual construction schedule and project execution planning.

TRC has commissioned Ausenco Sandwell to undertake a study of coal transport requirements and opportunities for the projects.

- Review and assessment of **site infrastructure** requirements including:
 - Power supply,
 - Water supply,
 - Water management,
 - Communications,
 - Site access roads,
 - Coal handling,
 - Logistics for employment,
 - Conceptual construction schedule and project execution planning.

TRC has commissioned Ausenco Sandwell to undertake a study of on-site and **off-site infrastructure** requirements for the projects.

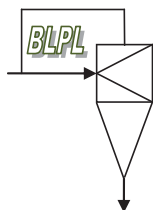
- Review and assessment of key **environmental and approval requirements** including:
 - Status of environmental approvals / development consents
 - Community impacts
 - Conditions of approvals
 - Permitting
 - Performance and required securities

BDA will also review and assess key **environmental issues and risks** to operations, and potential timing for approvals. TRC has commissioned Coffey Environments to undertake a review of project environmental issues and requirements. TRC has also appointed in-country legal counsel to provide an overview of the material licenses, permits, approvals, consents or other authorisations required for the development of the projects.

- Review and assessment of the reasonableness and adequacy of estimated **mine and development plans** for the projects.
- Identification of **key project drivers, issues, risks and opportunities**, and to provide independent opinion and comment on these factors.

BEHRE DOLBEAR

8. Coal Quality Report



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COAL QUALITY REPORT:

REVIEW OF COAL QUALITY IN THE AMAAM PROJECT, RUSSIA AND LANDAZURI PROJECT, COLOMBIA

Prepared for: Tigers Realm Coal Ltd

By: Bob Leach Pty Ltd

.....
Bob Leach

20 May 2011



!!! IMPORTANT NOTICE !!!

This report was prepared by **Bob Leach Pty Ltd** for the use of Tigers Realm Coal Ltd in support of its own consideration of whether and how to proceed with the subject of this report. Except where specifically stated otherwise in this report, the information contained herein provided to **Bob Leach Pty Ltd** by Tigers Realm Coal Ltd, and others and has not been independently verified or otherwise examined to determine its accuracy, completeness or financial feasibility.

Except as stated in Section 13.18 of this Prospectus and to the extent permitted by law, neither Tigers Realm Coal Ltd, **Bob Leach Pty Ltd** nor any person acting on behalf of either assumes any liabilities with respect to the use of or for damages resulting from the use of any information contained in this report. **Bob Leach Pty Ltd** does not represent that any assumed conditions will come to pass. This report speaks only as of the date herein and **Bob Leach Pty Ltd** has no responsibility to update this report.

This report is integral and must be read in its entirety.

Without **Bob Leach Pty Ltd's** prior approval, Tigers Realm Coal Ltd shall not disclose in writing the contents of this report, in whole or in part except for client's internal use, client shall obtain the prior written approval from **Bob Leach Pty Ltd** for any quotation of any part of this report, or any summarisation or abstraction of this report, by any party.

To the extent permitted by law, this report may not be relied upon by others.

This notice must accompany every copy of this report.

May 2011.



EXECUTIVE SUMMARY

This report discusses coal quality in Tigers Realm Coal Ltd's (Tigers Realm) coal deposits in Amaam Russia, and Landazuri Colombia.

The Amaam project is located in the Chukotka region of Eastern Russia. The coal lease is held by Northern Pacific Coal Company (NPCC) who completed a preliminary exploration program in 2008 through 2010.

The Colombian project is located in Landazuri, where exploration has focused on the Rio Blanco and Dantas blocks within the Rio Blanco tenement. A prior review of coal quality was completed by Enerming Ltda Colombia (Enerming) and is discussed in their geological report, in 2010.

This report is limited to a review of the coal quality data from coal samples obtained by NPCC from Amaam during their 2008 to 2010 drilling program in a part of the deposit known as Area 3, and to the coal quality results obtained from the Landazuri project, from late 2010 to March 2011.

AMAAM PROJECT

- The seams at Amaam are generally thin coal plies (0.5m to 2.0m) interlaced with stone bands. The coal plies are variable in ash from 8% to 40% (air dried basis). Air dried moisture ranges from 0.5% to 1.5%.

Other raw coal properties are:

- o Volatile Matter 30% to 40% dry, ash free (daf), average 35%,
 - o Calorific Value 34Mj/kg to 36Mj/kg daf, average 35.5Mj/kg,
 - o Total Sulphur 0.4% to 6% ad, average 0.7%
 - o FSI 7 to 9, average 8.
- The coal is described as ASTM rank medium to high volatile. It's outstanding raw coal feature is high FSI which shows little deterioration even when the raw ash exceeds 30%.
 - The coal will require washing to reduce ash content, though based on existing data, the resource will produce a single, coking coal product.

Washability testing was completed on a range of raw coal composites obtained from the NPCC 2008 to 2010 program, at densities 1.40, 1.50 and 1.60, to derive preliminary product yield and ash data. Raw ash versus yield regressions were also developed from this data as a basis for yield estimation in the mine planning phase.

Resolve Geological have reported the average weighted raw ash of coal to 300m depth in Area 3 of the Amaam project was 26% ad. Based on the raw ash versus yield regressions, the projected theoretical yield for coal to 300m depth would range from 63% to 69% (F1.50 to F1.60 density range, at 26% raw ash). Further work in continuing exploration will be required to confirm these estimates.



- Clean coal composites were constructed from F1.50 product samples obtained from the raw coal composite washability. Typical clean coal properties were:
 - o Air dried moisture <1%,
 - o Ash average 9.1% ad,
 - o Volatile Matter daf (VM_{daf}) averaged 33% with seams ranging from 29% to 37%,
 - o All seams reported high calorific value (average 36.1MJ/kg),
 - o Sulphur averaged 0.8% ad,
 - o Phosphorus in coal (calculated from ash chemistry results) was high (average 0.15% ad).
- All seams reported excellent coking properties:
 - o FSI typically 9,
 - o Sapozhnikov Plastometer Ymm dilatation ranging from 19 to 26 (average 22),
 - o G Index average 97,
 - o Gray King Coke Type average G10,
 - o Gieseler Fluidity 2000Mddm to 23000Mddm with average 6500Mddm,
- All seams had high vitrinite content (>90% with average 91%). Total reactivities averaged 93%,
- Vitrinite reflectance (by seam) R_oMax ranged from 0.96 to 1.22 with average 1.07. The rank indicators (R_oMax and VM_{daf}) suggest a stratigraphic increase in rank with depth. The range in coking coal properties may also be a reflection of rank change.
- The impact of aging on some of the coking properties does not appear to be apparent. The composites were maintained in refrigerated storage for over a year before clean coal analysis was conducted and under these circumstances the coking properties are outstanding.
- A range of coal quality programs are recommended for future exploration in Amaam.

As the coal will be washed, it will be necessary to develop a suite of coal quality information upon which washplant design can be based. The best method of developing this type of data is to apply drop shatter and wet tumble pre-treatment to coal samples. In this process, coal samples are dropped repetitively (usually 15 to 20 times) from a height such as 2 metres, to develop a broken dry coal size distribution. The broken sample is then subjected to wet tumbling in a water medium in a drum with steel cubes. Following completion of the wet tumble phase, several size ranges of particles are subjected to washability (float sink) pre-treatment to develop the density/mass/ash profiles by size, for the coal. The ultrafines (typically - 0.25mm) are subjected to laboratory cell flotation to develop ash/yield curves for the fines.

Ideally, the drop shatter and wet tumble program described above should be completed on a range of slim core samples and bulk samples representative of the seams likely to be mined.

In the slim core case, the samples must have high core recovery (typically 95%) and remain intact (relatively unbroken) when taken from the core barrel. However, with



Amaam coal, the brittle nature derived from its high vitrinite content may mean obtaining largely intact samples from slim cores may be difficult to achieve.

In this scenario, it is recommended bulk samples typically 1t in mass, be obtained from seam near sub crop areas where the surface coal is removed to provide access to a fresh, unoxidised sample. Basic testwork such as proximates, CV and FSI should be conducted on the exposed coal soon after removing the surface material, to ensure its fresh state. The collected 1t sample from the site should as best as possible, represent a uniform vertical section of the seam in question.

- A range of roof, floor and interburden samples need to be subjected to drop shatter and wet tumble pre-treatment to delineate stone dry and wet size envelopes, also for washplant design purposes.
- The bulk of exploration may be undertaken on slim core samples crushed to pass 12mm or similar size. Raw coal analysis, washability and clean coal analysis should be completed either on a seam or typical working section basis. On the general slim core program described above, the clean coal analysis should include as a minimum: proximate, CV, total sulphur, forms of sulphur where raw coal sulphur is >1%, ash chemistry, ultimates, petrographics, and a range of coking coal tests such as FSI, fluidity, dilatation, Roga or G Index and Gray King Coke Type.
- In order to develop a better understanding of phosphorus and whether it is present in specific ply locations in the seams, it is recommended a separate ply by ply program with basic washability (F1.50 or F1.60 single density cut) be conducted to realise clean coal subsamples. The clean coal derivative would be analysed for basic parameters in addition to phosphorus.
- Coke samples need to be prepared from the coal. These may be obtained from core or bulk samples though it is recommended at some stage, some large scale (several hundred kg) coke tests be completed. As a minimum, the resultant coke should be tested for Coke Reactivity Index and Coke Strength after Reaction in a carbon dioxide atmosphere.
- The rank range and high reactive content of the Amaam coal suggests it may be suited to blending with other coals prior to carbonisation. Consequently it is recommended suitable blends of the coal with other sources also be subjected to carbonisation, to best determine the coal's end use.
- At some stage, a bulk sample (10t to 20t) should be processed in a pilot scale washery to obtain data on actual coal washing characteristics.



LANDAZURI PROJECT

- The seams in both the Dantas and Rio Blanco blocks are generally thin (0.5m to 2.0m) with inherently low ash typically less than 4% reported in many raw coal samples. The Dantas and Rio Blanco samples averaged 5% and 8% ash respectively (excluding several high ash cases in the latter). Air dried moisture was typically 1% to 1.5% in both deposits.

All detailed coal quality analysis was undertaken on raw coal due to the inherently low ash in both deposits.

- For the Dantas and Rio Blanco blocks the basic coal quality averages respectively were:
 - o Volatile Matter daf, 33% and 24%,
 - o Calorific Value daf, 36.3MJ/kg and 36.5MJ/kg,
 - o Total Sulphur ad, 0.9% and 1.1%,
 - o FSI d, 9 and 8.
- Dantas is described as ASTM rank medium volatile bituminous with Rio Blanco described as low to medium volatile bituminous.
- Both deposits had low phosphorus in coal (typically 0.006% to 0.012%).
- Both deposits averaged low to moderate iron oxide in ash (Dantas 10%, Rio Blanco 8%), however in both cases there were occasional results of approximately 20%.
- Vitrinite content averaged in excess of 65% in both deposits (total reactivities 70% to 72%). Vitrinite reflectance averaged 0.92 in Dantas (range 0.84 to 1.02) and 1.25 in Rio Blanco (range 1.10 to 1.50).
- Dantas had an average maximum Gieseler fluidity of 6,200Mddm and Rio Blanco, 500Mddm. Dantas reported average Arnu dilatation of +230% and Rio Blanco +100%.
- Generally, the coking properties from both deposits appear excellent with the only potentially deleterious indicators being moderately high total sulphur content and moderate levels of iron oxide in ash. Localised regions of Rio Blanco may be slightly too high in rank to realise coking coal in their own right.
- The ideal scenario for Landazuri may be a blend of Dantas and Rio Blanco coals into a single product as this will likely optimise coking properties, taking advantage of the excellent fluidity and dilatation from Dantas, while the higher rank in from Rio Blanco will aid coke strength.
- While the Landazuri project may target a raw coal product, some limited washability studies along the lines of the programs proposed for Amaam are recommended to determine if the coking properties are enhanced (on washing).



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1. INTRODUCTION

This report discusses coal quality in Tigers Realm Coal Ltd's (Tigers Realm) coal deposits at the Amaam Project in Russia, and Landazuri Project in Colombia. More specific details of the locations of the deposits may be found in Resolve Geological's (Resolve) geological reports and JORC statements for these projects.

The Amaam project is located in the Chukotka Province of Eastern Russia. The coal lease is held by Northern Pacific Coal Company (NPCC) who completed a preliminary exploration program in 2008 through 2010.

The Colombian project is located in Landazuri Department, where exploration has focused on the Rio Blanco and Dantas blocks within the Rio Blanco tenement. A prior review of coal quality was completed by Enerming Ltda Colombia (Enerming) and discussed in their geological report, in October 2010.

This report is limited to a review of the coal quality data from coal samples from Amaam in Area 3 obtained by NPCC during the 2008 to 2010 program, and to the coal quality results obtained from the Landazuri project from late 2010 and early 2011. In addition to the analysis discussed in this report on Amaam, other analysis has been performed on the samples in order to meet the Russian certificate of discovery requirements. This additional analysis has not been considered in this report.

The exploration program in Landazuri has been managed by Enerming with recent coal quality analysis from both projects supervised by Bob Leach Pty Ltd.



2. PRIOR WORK

2.1 Amaam Project, Russia

Exploration in Amaam commenced in the 1950's with trench sampling indicating the presence of coal seams with coking potential. NPCC completed a bore core exploration program during 2008 to 2010 in what is now known in the project as Area 3 (Figure 1). Their program indicated the coal present could be classed as medium to high volatile bituminous with exceptionally high vitrinite content. R_{oMax} ranged from 0.95 to 1.20.

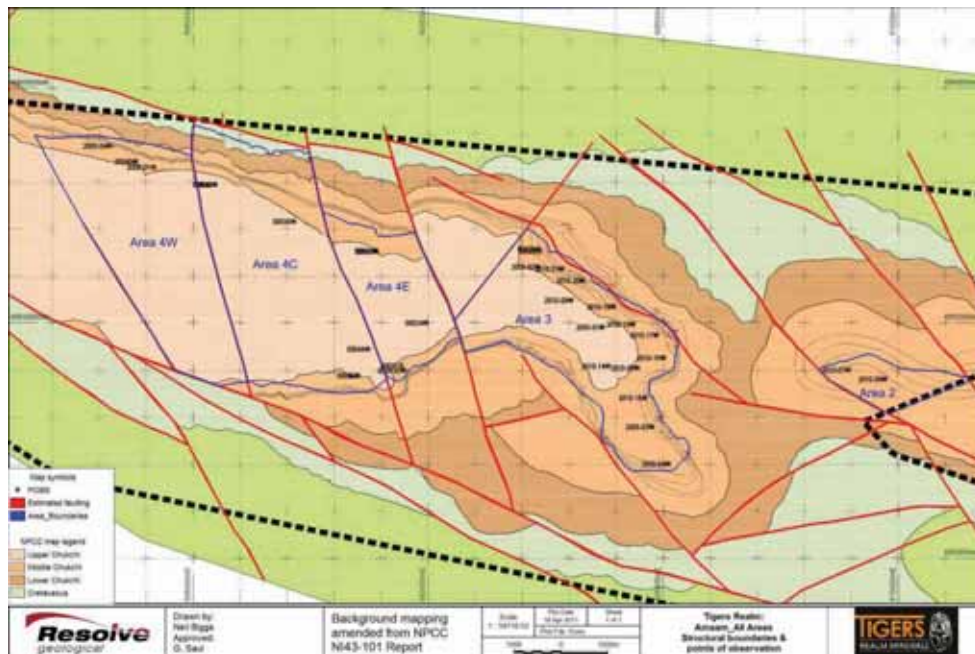


Figure 1. Amaam Project Location highlighting position of Area 3.



2.2 Landazuri Project, Colombia

Exploration in Landazuri first commenced in 1976 with a program completed by Ingeominas. Other programs were later undertaken by Carborientes in 1998, Centromin in 1997, and in 2007 by Rio Tinto. Enerming completed a preliminary assessment of coal quality for Tigers Realm in 2010 as part of a surface geological report on the Rio Blanco tenement.

In their report, Enerming summarised the coal quality properties obtained from 93 channel samples of coal obtained from the Rio Blanco and Dantas blocks (Figure 2).

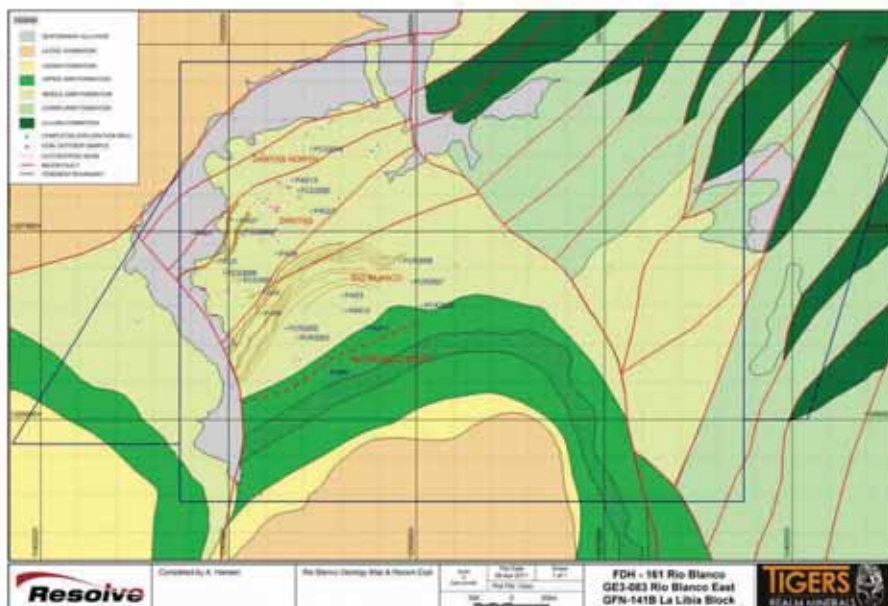


Figure 2. Rio Blanco and Dantas locations.

The bulk of the analysis on the trench samples was completed by Inspectorate laboratory in Barranquilla, Colombia with subsamples analysed for petrographics by CoalTech Petrographic Associates in USA.

Enerming concluded the following on coal quality:

- Coal from both Rio Blanco and Dantas was low in moisture (<8%), low in ash (<10%) and had high calorific value.
- Respectively, coal from Rio Blanco and Dantas could be classed as ASTM medium volatile bituminous and high C volatile bituminous.
- Coal from both deposits exhibited good coking properties with FSI in the range of 7 to 9.



- Vitrinite maximum reflectance (R_{oMax}) ranged from 1.15 to 1.45 in Rio Blanco compared to 0.75 to 1.15 in Dantas.



3. COAL QUALITY: AMAAM

3.1 Current Program

At the time of writing this report, analysis of core from the 2011 program was in progress, however, no data of consequence has been reported. This review of coal quality in Amaam is thus confined to further work completed on reserve samples from the NPCC 2008 to 2010 program, which were held in refrigerated storage at the Birtley laboratory in Calgary Canada, where preliminary work had been undertaken. Bob Leach Pty Ltd has supervised the reserve sample analytical program.

3.2 NPCC 2008 to 2010 Program

The NPCC program undertook analyses on approximately 300 ply samples from 17 cored 63mm holes collected during exploration in 2009 and 2010.

3.2.1 NPCC Sample Treatment Procedure

- The sample treatment procedure applied a technique of mechanically crushing samples to pass ¼ inch (6mm) with consequent analysis to be completed where possible, using ASTM methods. Initially, a ¼ subsample was subjected to head analysis consisting of total moisture, proximates (air dried moisture, ash and volatile matter), total sulphur (TS), free swelling index (FSI), calorific value (CV) and ash analysis.
- The remaining ¾ of the original sample was stored in refrigerated conditions for potential ply compositing prior to washability and flotation on fines. The method intended to screen the composite at 28mesh (0.5mm) with the coarse fraction subjected to washability at 1.30, 1.40, 1.45, 1.50, 1.55, 1.60, 1.70 densities, analysing each density increment for ash and sulphur. The fines (<0.5mm) were to be floated in a laboratory flotation machine collecting 30sec increments of froth following introduction of collector and frothing agent and a 1 minute conditioning time before introduction of air to the flotation device. Each froth and tails increment was to be analysed for ash and sulphur.

The intended washability, fines flotation and a subsequent clean coal program was never completed on stored sample reserves by NPCC.

There are two limitations to the NPCC program which must be considered when reviewing the results obtained:

1. In routine production, the coal will most likely be processed for washing at a typical top size of 30mm to 70mm (most commonly 50mm). Crushing the samples in a laboratory crusher to pass 6mm has the potential to overestimate the true liberation of stone (ash) from the carbonaceous materials in coarse coal, and has been shown elsewhere to produce the opposite effect in fines (cases not discussed here) due to the mechanical crusher creating abnormally high numbers of fine coal/stone composites. As a result, the ash/yield relationships developed from the data must be considered indicative only.
2. Checks of core recovery completed on re-correlating the ply from/to's from geophysical logs and comparing the true ply thickness x sample density to measured



sample mass, have shown the recorded core recovery was poor with average (recovery) between 65% to 70% across the program.

Where core loss is high, there can be the potential for preferential loss of the more brittle components in the coal (eg vitrinite). However, both prior test work completed by NPCC and recent work in 2011 on the sample reserves have shown the maceral composition of coal is exceptionally high in vitrinite in this deposit, in all seams. Thus, while the core recovery from the program was poor, the samples are considered to be suitable for preliminary assessment of coal quality from the deposit.

Section 3.8 details recommended analytical procedures for future exploration. A necessary component of this future work will be high core recovery as a pre-requisite.

3.3 2011 Composite Analysis (NPCC Reserves)

In January 2011, a program commenced to construct composites from the NPCC ply reserves to determine washability characteristics for indicative yield definition and preliminary clean coal product specifications. A further planned use of the data was its requirement for completion of the Russian certificate of discovery for the deposit. Analytical work on the composites was completed in late March 2011 under the direction of Bob Leach Pty Ltd.

In all, 46 composites were constructed from the ply reserves, on the following basis:

- In order to complete washability testing, a minimum sample mass of 1.5kg was required assuming that with a typical recovery of clean coal of 50% to 70%, the mass of simulated product could be expected to be 0.7kg to 1kg. A clean coal mass of this size was required to complete the Russian certificate of discovery analytical pre-requisites.
- Where possible, the program targeted construction of typical seam working sections including stone partings which could be expected to be captured during mining.
- Mass contributions from each ply in the composite were calculated on the corrected ply thickness x density basis thus ignoring the core loss issue from a composite construction perspective. However, core loss was a factor in thin plies in that on occasions, there was not sufficient mass to construct the 1.5kg composite (Table typical examples).

In Table 1, seam 3U from hole 2009-02 had sufficient theoretical thickness to construct a composite of 1.5kg mass, however, the poor core recovery in the basal ply (221.56m to 222.56m) meant that a composite consuming all of this ply and thickness x density weighted mass from the upper plies, only yielded 1217g mass. Consequently, this composite was excluded from construction.

A similar approach to the calculations of mass required in seam 3 from hole 2009-02 yielded 1734g of material. Consequently, this composite was constructed.

- Each constructed composite was screened at 0.212mm (70mesh) to exclude ultra fines (average -0.212mm fraction 8% mass). This fraction was analysed for ash only.



- o In each case, the +0.212mm fraction was float sunk at 1.40, 1.50, 1.60 densities with each density increment analysed for ash,
- o On completion of the washability program and preliminary review of the yield/ash results, F1.50 clean coal products were constructed from the washability fractions. Constructing composites to a specific ash (10% as an example) was not considered, however future programs may take that approach,
- o All clean coal composites were analysed for:
 - Proximates, CV, total sulphur, FSI, ash chemistry, ultimates, ash fusion (reducing temperatures) trace elements, and petrography.
 - Composites with a clean coal ash < 10.5 to 11% were analysed for coking properties (Gieseler fluidity, Sapzhnikov dilatation, G Index and Gray King coke type) subject to available mass. 29 of the 46 composites received coking tests. In two cases, there was insufficient mass to complete all coking coal tests scheduled for this work.

Hole No.	From	To	Corr TK	Seam	Original Sample Mass (g)	Mass after Raw Coal Analysis (g)	Recovery	Washability Mass required (consuming all material from ply with least available mass) (g)
2009-02	220.28	220.91	0.63	3U	2389	1792	0.84	324
	220.91	221.56	0.65	3U	2009	1507	0.66	349
	221.56	222.56	1.00	3U	729	547	0.16	544
Total (g)								1217
Insufficient mass available to make 1.5kg composite								

Hole No.	From	To	Corr TK	Seam	Original Sample Mass (g)	Mass after Raw Coal Analysis (g)	Recovery	Washability Mass required (consuming all material from ply with least available mass) (g)
2009-02	236.12	236.57	0.45	3	1167	875	0.60	546
	236.57	237.01	0.44	3	1282	962	0.65	550
	237.01	237.13	0.12	3	830	623	1.02	228
	237.13	237.48	0.35	3	550	413	0.39	410
Total (g)								1734
Sufficient mass available to make 1.5kg composite								

Table 1. Amaam Area 3 Composite Construction Examples: NPCC Program Sample Reserves.



3.4 Raw Coal Properties

The Area 3 seams contain moderately thin coal plies (0.5m to 2.0m) interlaced with stone bands. The coal plies are variable in ash from 8% to 40% (air dried ad basis) with average 25% to 30%. Air dried moisture ranges from 0.5% to 1.5%.

Other raw coal properties are:

- Volatile Matter 30% to 40% dry, ash free (daf), average 35%,
- Calorific Value 34Mj/kg to 36Mj/kg daf, average 35.5Mj/kg,
- Total Sulphur 0.4% to 6% ad, average 0.7%
- FSI 7 to 9, average 8.

The coal is described as ASTM rank medium to high volatile. It's outstanding raw coal feature is high FSI which shows little deterioration even when the raw ash exceeds 30%.



3.5 Yield and Product Ash

3.5.1 Estimation Process

Preliminary estimates of yield and product ash have been obtained from the composite washability analysis on the following basis:

- Product Ash / Yield curves have been derived from the F1.40, F1.50 and F1.60 washability results for the -6mm+0.212mm fraction subjected to float sink testing. No wash plant inefficiencies have been assumed,
- The yield and product ash results obtained from washability results have been assumed to be representative of the full size distribution of each sample. This procedure assumes the ash/yield derived from the coarse coal (+0.212mm fraction) are thus also representative of ash/yield for the ultrafines (-0.212mm fraction, 8% average content of each sample).
- Arithmetic averages of yield and product ash have been derived on a seam basis and whole of deposit basis.

The simplified yield assessment procedure discussed above has been applied as the poor core recovery and preparation technique where samples were crushed to pass 6mm potentially inappropriately liberating ash, does not warrant a more rigorous approach to the assessment of the existing data. The product ash and yield data discussed in this section of the report should thus be considered indicative only.

In future stages of the project, it will be necessary to complete a more rigorous assessment of new data derived from more intensively treated samples obtained from the lease. This process will employ washability on coarse coal fractions derived from samples drop shattered and wet tumbled before sizing, and simulated column flotation on fines. Data obtained from the treatment procedure will be subjected to evaluation in a washplant simulation model to derive ash/yield estimates.

3.5.2 Product Ash / Yield Relationships

Ash / Yield curves were developed for all composites (Figure 3) at the three washability densities of F1.40, F1.50 and F1.60. These curves show the coal exhibits a wide range of washability characteristics in the samples tested though on an average seam by seam basis the range is reduced (Figure 4). The range exhibited in the data suggests the coal does have genuinely variable washability characteristics, however, the results are influenced by small sample mass (sampling error) as indicated by the wider spread in the data in the individual composite case compared to the seam average case.

Seam 1 had the best performance with average yield ranging from 60% to 75% across a product ash range of 6% to 9.5%. Seam 1 also represented 30% of the core analysed in the composites on a metreage basis.

A significant number of the composites had a product ash in excess of 10% at F1.50 (the F1.50 product ash point is the middle point in each ash / yield curve in Figures 3 and 4). This is a matter of concern as it indicates some of the coal may have moderate levels of intrinsic ash even after washing. It is recommended this be fully investigated in future exploration programs.

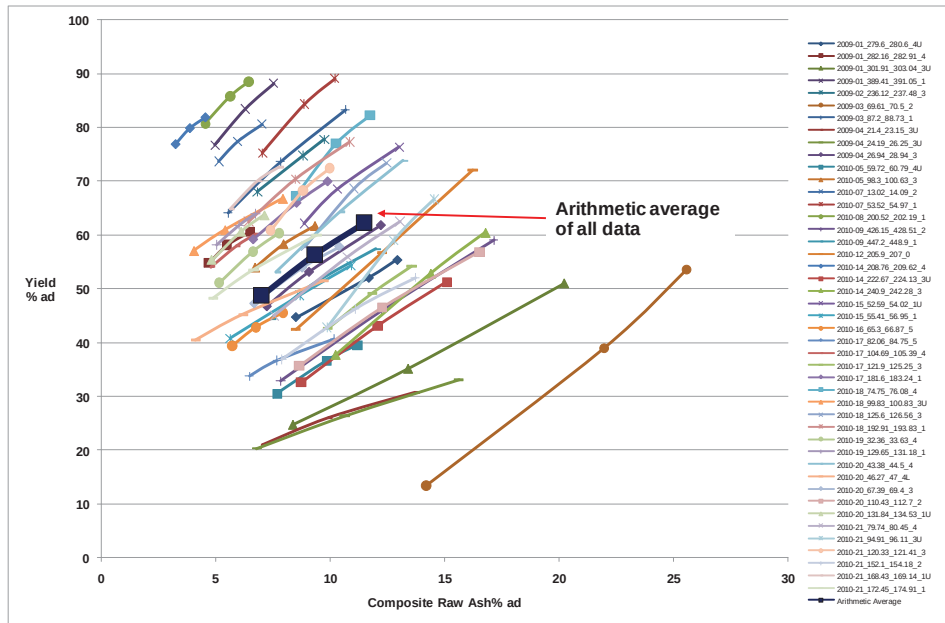


Figure 3. Composite Ash / Yield Curves.

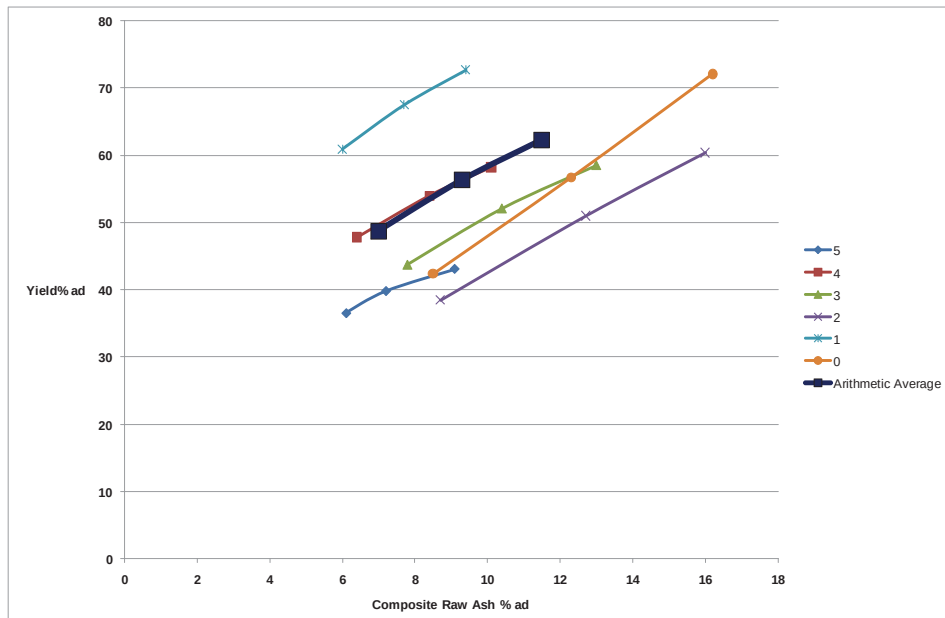


Figure 4. Seam Average Ash / Yield Curves.



At F1.50 and F1.60 respectively, the arithmetic average yield for all composites was 56% and 62% (Table 2) at a product ash range of 9% to 11%. On this basis, raw feed ash averaged 31%.

These results should be viewed as purely arbitrary as no work has been completed to determine if the data reviewed to date is representative of the lease area. Table 2 is useful for providing indicative comparisons between the seams.

Seam	Total metreage analysed in Composites (m)	Raw Ash % ad	F1.50 Yield % ad	F1.50 Ash % ad	F1.60 Yield % ad	F1.60 Ash % ad
5	4.3	48.8	39.8	7.2	43.1	9.1
4	10.3	33.9	54.0	8.4	68.8	9.1
3	23.1	33.7	52.1	10.4	58.5	13.0
2	8.7	34.0	51.0	12.7	60.4	16.0
1	20.9	23.8	67.5	7.7	72.7	9.4
0	1.1	25.6	56.7	12.3	72.1	16.2
All	68.4	31.5	56.3	9.3	62.3	11.5

Table 2. Seam Average Composite Theoretical Yield Results.



3.5.3 Raw Ash versus Yield

Yield versus raw feed ash regressions showed quite reasonable linear relationships in the composites particularly at F1.60 (Figure 5). The decrease in data fit accuracy with decreasing density is due to the increase in near gravity content of the coal (at low density).

Relationships of this type are useful in mine planning studies. The regressions may be directly applied to ROM ash derived in mine plan blocks, thus providing a mechanism for estimating yield.

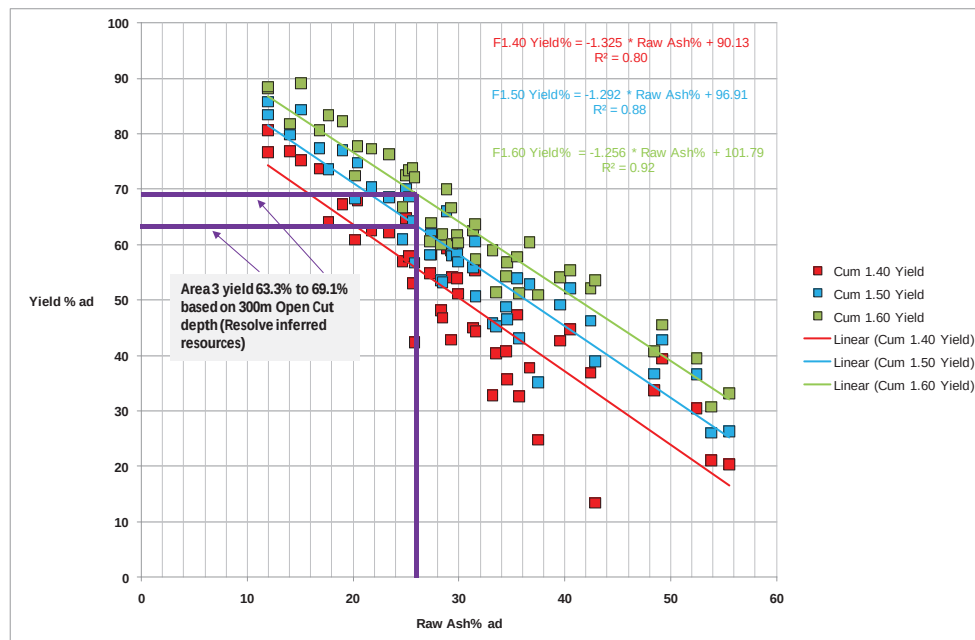


Figure 5. Raw Ash versus Yield.

3.5.4 Area 3 Projected Yield

Based on the Resolve inferred resource estimates in Area 3, the volume weighted average raw ash of coal to 300m depth was 26%. A raw ash of 26% realised a theoretical yield range of 63.3% (F1.50) to 69.1% (F1.60), (see Figure 5).



3.6 Coal Wash Plant Requirements

3.6.1 Conceptual Plant Circuitry

There is insufficient data available at present to complete a design assessment beyond a conceptual phase, however, given the coal has potential to realise a coking coal product, the wash plant layout to deliver maximum yield will need to process the full size complement of crushed coal. Figure 6 shows a potential concept layout for the circuitry required based on current technology. The circuitry involves:

- Crushing of raw coal nominal topsize 300mm in two stage roll crushers to reduce plant feed to 50mm topsize,
- Three circuit washing:
 - o Coarse (nominal -50mm+2mm) coal washed in dense medium cyclones,
 - o Mid size (nominal -2mm+0.25mm) coal washed in centrifugal classifiers such as spirals or teeter beds,
 - o Fines (nominal -0.25mm) floated in column flotation cells.

Additional circuitry (not discussed here) may be necessary to extract a sized coke product should future test work show the coarse coal has too high an intrinsic ash to be successfully blended into the (coke) product in some regional areas, or seams.

Thermal drying has been included in the conceptual layout because of the cold weather conditions in Amaam which may cause product handling problems. Future test work will be required to delineate if thermal drying is actually necessary as the process may cause partial deterioration of coking properties.

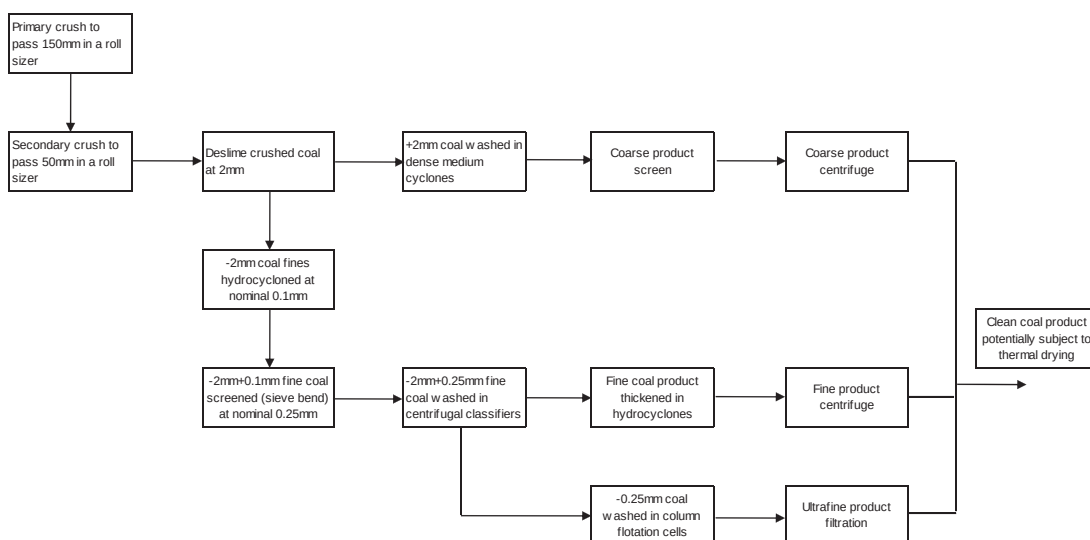


Figure 6. Conceptual Plant Circuitry: Amaam.



3.7 Clean Coal Properties

3.7.1 Composite Analysis

46 clean coal composites were analysed for a range of properties (see section 3.3 for composite construction methodology) concentrating on coking coal parameters. The Birtley laboratory in Calgary managed the program while several of the specialist coking tests were completed by SGS in Tianjin China. Petrographics were completed by Pearson Coal Petrography in Canada.

Of the 46 composites, 29 with F1.50 ash <11% were targeted for coking coal analyses. Of these 29, insufficient material was available for all coking tests in two cases.

Arithmetic averages of coal quality parameters are presented in Table 4.

Seam	Total metreage analysed in Composites (m)	No. of Intersections	No. receiving all coking coal tests	Air Dried Moisture %	Ash % ad	Volatiles % daf	Total Sulphur % ad	Chlorine % in coal (raw) ad	Phosphorus % ad in coal
5	4.3	2	2	1.0	7.1	37.0	2.10	0.005	0.10
4	10.3	11	5		8.2	34.2	1.15	0.005	0.13
3	23.1	14	6		10.1	32.7	0.87	0.015	0.18
2	8.7	5	2		12.8	31.9	0.58	0.011	0.19
1	20.9	13	12		7.6	31.7	0.53	0.014	0.12
0	1.1	1			12.0	28.8	0.53	0.010	0.16
All	68.4	46			9.1	32.8	0.86	0.010	0.15

Seam	Total metreage analysed in Composites (m)	No. of Intersections	Silicon Oxide in Ash % d	Aluminium Oxide in Ash % d	Iron Oxide in Ash % d	Ultimate Carbon % daf	Ultimate Hydrogen % daf	Ultimate Nitrogen % daf	Ultimate Oxygen % daf (by diff)
5	4.3	2	37	23	25	85.4	5.8	1.7	5.0
4	10.3	11	47	25	9	86.5	5.6	1.9	4.7
3	23.1	14	50	29	6	86.4	5.6	2.1	5.0
2	8.7	5	55	28	4	86.7	5.7	2.1	4.8
1	20.9	13	47	31	5	87.1	5.6	1.9	4.8
0	1.1	1	58	27	3	87.5	5.4	2.1	4.4
All	68.4	46	48	28	7	86.6	5.6	1.9	4.8

Seam	Total metreage analysed in Composites (m)	No. of Intersections	FSI	Vitrinite Reflectance	Vitrinite %	Total Reactives %	Gieseler Fluidity Mddm	Sapzhnikov Plastometer Y mm	G Index	Gray King Coke Type
5	4.3	2	+9	0.96	92	94	23000	26	99	G10
4	10.3	11	9	1.02	91	93	11000	23	98	G10
3	23.1	14	9	1.07	91	93	5100	21	97	G10
2	8.7	5	8	1.11	91	92	4300	19	96	G10
1	20.9	13	9	1.11	90	91	2800	22	96	G10
0	1.1	1	9	1.22	92	92				
All	68.4	46	9	1.07	91	92	6500	22	97	G10

Table 4. Amaam Average Clean Coal Results.



3.7.2 General Coal Quality Properties

- Air dried moisture was typically <1%,
- Ash content averaged 9.1% ad for all composites. Seams 2 and 0 reported average ash >12%,
- Volatile Matter daf (VM_{daf}) averaged 33% with seams ranging from 29% to 37%,
- All seams reported high calorific value (average 36.1MJ/kg),
- Sulphur averaged 0.8% ad. Seams 5 and 4 reported sulphur > 1%. Seams 2, 1 and 0 had average sulphur < 0.6%,
- Chlorine (raw coal) was low (average 0.015%),
- Phosphorus in coal (calculated from ash chemistry results) was high (average 0.15% ad). All seams reported 0.1% or higher phosphorus content,
- All seams reported excellent coking properties:
 - o FSI typically 9,
 - o Sapozhnikov Plastometer Ymm dilatation ranging from 19 to 26 (average 22),
 - o G Index average 97,
 - o Gray King Coke Type average G10,
 - o Gieseler Fluidity 2000Mddm to 23000Mddm with average 6500Mddm,
- All seams had high vitrinite content (>90% with average 91%). Total reactivities averaged 93%,
- Vitrinite reflectance (by seam) R_oMax ranged from 0.96 to 1.22 with average 1.07.

3.7.3 Coking Properties

The rank indicators (R_oMax and VM_{daf}) suggest a stratigraphic increase in rank with depth. Respectively, R_oMax ranging from 0.96 in seam 5 (upper seam) to 1.11 to 1.22 in seams 1 and 0 (lower seams) and VM_{daf} ranging from 37% in seam 5 to 29% to 32% in seams 1 and 0.

The range in coking coal properties may also be a reflection of rank change. Respectively from the upper seam 5 to lower seam 1:

- Gieseler Fluidity ranged from 23000Mddm down to 2800Mddm,
- Sapozhnikov Ymm ranged from 26 to 22,
- G Index ranged from 99 to 96.

The impact of aging on some of the coking properties does not appear to be apparent. The composites were maintained in refrigerated storage for over a year before clean coal analysis was conducted and under these circumstances the coking properties are outstanding.



The high reactive content (>90%) will be a valuable property from a blending perspective.

The phosphorus content (average 0.15%) however, is high and generally will require blending with other low phosphorus coals to maximise its use for carbonisation.

The volatile content (average 33% daf) and sulphur content (average 0.86% ad) are moderately high from a carbonisation utilisation perspective.



3.8 Future Coal Quality work

A range of coal quality programs are recommended for future exploration work in Amaam.

- As the coal will be washed, it will be necessary to develop a suite of coal quality information upon which washplant design can be based. The best method of developing this type of data is to apply drop shatter and wet tumble pre-treatment to coal samples.

In this process, coal samples are dropped repetitively (usually 15 to 20 times) from a height such as 2 metres, to develop a broken dry coal size distribution. The broken sample is then subjected to wet tumbling in a water medium in a drum with steel cubes. This process simulates the action of pumping and screening and its impact on breakage in the wet environment in the washplant.

The two processes realise data which may be directly used to develop dry and wet size envelopes for plant circuit design.

Following completion of the wet tumble phase, several size ranges of particles are subjected to washability (float sink) pre-treatment to develop the density/mass/ash profiles by size for the coal. The ultrafines (typically -0.25mm) are subjected to laboratory cell flotation to develop ash/yield curves for the fines.

For Amaam, it is recommended washability testing be completed on $-50\text{mm}+16\text{mm}$, $-16\text{mm}+4\text{mm}$, $-4\text{mm}+2\text{mm}$, $-2\text{mm}+0.25\text{mm}$ fractions as a minimum for some samples. The coarser washability ranges ($-50\text{mm}+16\text{mm}$ and $-16\text{mm}+4\text{mm}$) are recommended to determine if the coal has a propensity to carry significantly higher intrinsic ash in coarse coal which might affect product ash adversely. The finer washability ranges provide data for typical mid size circuitry such as spirals, teeter beds or other centrifugal beneficiating devices.

- Ideally, the drop shatter and wet tumble program described above should be completed on a range of slim core samples and bulk samples representative of the seams likely to be mined.

In the slim core case, the samples must have high core recovery (typically 95%) and remain intact (relatively unbroken) when taken from the core barrel. However, with Amaam coal, the brittle nature derived from its high vitrinite content may mean obtaining largely intact samples from slim cores may be difficult to achieve.

In this scenario, it is recommended bulk samples typically 1t in mass, be obtained from seam sub crop areas where the surface coal is removed to provide a fresh, unoxidised surface. Basic testwork such as proximates, CV and FSI should be conducted on the exposed coal to ensure its fresh state. The collected 1t sample from the site should as best as possible, represent a uniform vertical section of the seam in question.

- A range of roof, floor and interburden samples need to be subjected to drop shatter and wet tumble pre-treatment to delineate stone dry and wet size envelopes, also for washplant design purposes.



- The bulk of exploration may be undertaken on slim core samples crushed to pass 12mm or similar size. Raw coal analysis, washability and clean coal analysis should be completed either on a seam or typical working section basis.
- On the general slim core program described above, the clean coal analysis should include as a minimum: proximate, CV, total sulphur, forms of sulphur where raw coal sulphur is >1%, ash chemistry, ultimates, petrographics, and a range of coking coal tests such as FSI, fluidity, dilatation, Roga or G Index and Gray King Coke Type.
- In order to develop a better understanding of phosphorus and whether it is present in specific ply locations in the seams, it is recommended a separate ply by ply program with basic washability (F1.50 or F1.60 single density cut) be conducted to realise clean coal subsamples. The clean coal derivative would be analysed for basic parameters in addition to phosphorus.
- Coke samples need to be tested from the coal. These may be obtained from core or bulk samples though it is recommended at some stage, some large scale (several hundred kg) coke tests be completed. As a minimum, the resultant coke should be tested for Coke Reactivity Index and Coke Strength after reaction in a carbon dioxide atmosphere.

The rank range and high reactive content of the Amaam coal suggests it may be suited to blending with other coals prior to carbonisation. Consequently it is recommended suitable blends of the coal with other sources also be subjected to carbonisation, to best determine the coal's end use.

- At some stage though, a bulk sample (10t to 20t) should be processed in a pilot scale washery to obtain data on actual coal washing characteristics.



4. COAL QUALITY: LANDAZURI

4.1 Current Program

The evaluation of coal quality properties in Landazuri has been based on preliminary results obtained from analysis of core samples from 10 seam intersections from Dantas, and 17 intersections from Rio Blanco, in addition to analysis of roof and floor samples.

4.2 Sample Treatment Procedure

The sample treatment procedure applied a technique of mechanically crushing samples to pass 12mm (nominal) with consequent analysis to be completed where possible, using ASTM methods. Initially, a $\frac{1}{4}$ subsample was subjected to head analysis consisting of total moisture, relative density, proximates (air dried moisture, ash and volatile matter), total sulphur (TS), free swelling index (FSI), calorific value (CV), ash chemistry, ash fusion temperature determination, ultimates and forms of sulphur in some cases.

Following assessment of the data, further subsamples of coal with inherently low ash were subjected to additional tests including Hardgrove Grindability Index (HGI), Gieseler fluidity, Arnu dilatation and Petrographics.

Due to the low ash of the coal deposits, no washability has been undertaken to date.

Roof and floor samples have been analysed for total moisture, relative density, proximates total sulphur, calorific value, and ash chemistry in selected cases.

The analytical program has been undertaken by Inspectorate in Barranquilla, with specialist analysis (fluidity, dilatation and petrographics) completed in the USA.

4.3 General Raw Coal Properties

The seams in both deposits are generally thin (0.5m to 2.0m) with inherently low ash typically less than 4% in many samples (Table 5). The Dantas samples averaged 5% ash and 8% in Rio Blanco respectively (excluding several high ash cases in the latter). Air dried moisture was typically 1% to 1.5% in both deposits.

For Dantas and Rio Blanco basic coal quality averages respectively were:

- Volatile Matter daf, 33% and 24%,
- Calorific Value daf, 36.3MJ/kg and 36.5MJ/kg,
- Total Sulphur ad, 0.9% and 1.1%,
- FSI, 9 and 8.

Dantas is described as ASTM rank medium volatile bituminous with Rio Blanco low to medium volatile bituminous. In both deposits, the low ash may likely mean the coal may be sold on an unwashed basis.



	No. of Intersections	Air Dried Moisture %	Ash % ad		Volatiles % daf		Total Sulphur % ad	Phosphorus % ad in coal
			Range	Average	Range	Average	Average	Average
Dantas	10	1.0	3 - 7	5.0	29 - 34	32.0	1.0	0.006
Rio Blanco	17	1.0	3 - 13	8.0	18 - 28	24.0	1.0	0.012

	No. of Intersections	Silicon Oxide in Ash % d	Aluminium Oxide in Ash % d	Iron Oxide in Ash % d	Ultimate Carbon % daf	Ultimate Hydrogen % daf	Ultimate Nitrogen % daf	Ultimate Oxygen % daf (by diff)
		Average	Average	Average	Average	Average	Average	Average
Dantas	10	59	20	10	87.6	5.4	1.9	4
Rio Blanco	17	61	21	8	86.9	5.1	1.8	4.9

	No. of Intersections	Vitrinite Reflectance		Vitrinite %	Total Reactives %
		Range	Average	Average	Average
Dantas	10	0.84 - 1.02	0.92	67	72
Rio Blanco	17	1.10 - 1.50	1.25	68	71

	No. of Intersections	FSI		Gieseler Fluidity Mddm		Arnu Dilatation %	
		Range	Average	Range	Average	Range	Average
Dantas	10		9	2100 - 23000	6200	+70 to +280	+250
Rio Blanco	17	6 - 9	8	3 - 2300	500	-10 to +240	+100

Table 5. Coal Quality Averages: Dantas and Rio Blanco.



4.4 Additional Properties

- Both deposits had low phosphorus in coal (typically 0.006% to 0.012%),
- Sulphur was moderately high in both deposits (average 1%),
- Both deposits averaged low to moderate iron oxide in ash (Dantas 10%, Rio Blanco 8%), however in both cases there were occasional results of approximately 20%,
- Vitrinite content average in excess of 65% in both deposits (total reactivities 71% to 72%),
- Vitrinite reflectance averaged 0.92 in Dantas (range 0.84 to 1.02) and 1.25 in Rio Blanco (range 1.10 to 1.50).
- Dantas averaged maximum Gieseler fluidity of 6,200Mddm and Rio Blanco, 500Mddm.
- Dantas reported average Arnu dilatation of +240% and Rio Blanco +100%.
- In one sample from Rio Blanco where the vitrinite reflectance was 1.50, the reported dilatation was -10%. This sample also reported a low Gieseler maximum fluidity of 3Mddm. This indicates there may be localised regions in Rio Blanco where the coal may be too high in rank to provide significant coking properties. Blending with lower rank coal may be necessary to maximise the resource utilisation. However on average, the coking properties from both deposits appear excellent with the only potentially deleterious indicators being moderately high total sulphur content and possibly moderate levels of iron oxide in ash.



4.5 Future Coal Quality work

A range of coal quality programs are recommended for future exploration in Landazuri:

- While there may be only a low possibility the coal may be washed, it is recommended several samples (coal and stone) receive drop shatter and wet tumble pre-treatment for potential washplant design. The techniques for completing this work were described previously.
- The bulk of future exploration may be undertaken on slim core samples crushed to pass 12mm or similar size, in a similar vein to current work. Raw coal analysis should be completed either on a seam or working section basis.
- On the general slim core program, the coal analysis should include as a minimum: proximates, CV, total sulphur, forms of sulphur where raw coal sulphur is >1%, ash chemistry, ultimates, petrographics, and a range of coking coal tests such as FSI, fluidity, dilatation, Roga or G Index and Gray King Coke Type.
- Coke samples need to be realised from the coal. These may be obtained from core or bulk samples though it is recommended at some stage, some large scale (several hundred kg) coke tests be completed. As a minimum, the resultant coke should be tested for Coke Reactivity Index and Coke Strength after reaction in a carbon dioxide atmosphere.

The rank range of the two Landazuri blocks suggests they may be suited to blending together prior to carbonisation. Consequently it is recommended suitable blends of the two coals also be subjected to carbonisation, to best determine the coal's end use.



5. PRODUCT UTILISATION

Preliminary product quality ranges for the Amaam and Landazuri projects have been derived from available coal analysis with a view to determining future product specifications which best utilise coal from the resources. In some cases, widely variant results (fliers) have been removed from the data prior to construction of the product quality range tables.



5.1 Amaam Product Quality Range

The Amaam product quality range assumes at this stage all product materials with variable ash content may be suitably blended during production, such that a single product is derived from the resource. The average ash of the product composites from Area 3 (F1.50 data) was 9% with materials likely ranging from 6% to 12% ash (Table 7).

Future work will likely determine the project can successfully support a higher ash product (possibly 10% to 11%) due to the outstanding coking properties.

AMAAM PRELIMINARY PRODUCT QUALITY RANGE		Average	Range	
BASIC ANALYSIS	Total Moisture %	9.0		
	Air Dried Moisture %	1.0		
	Ash% ad	9.0	6.0	to 12.0
	VM% ad	29.7		
	Fixed Carbon %	60.3		
	VM% daf	33.0	31.0	to 35.0
	TS% ad	0.75	0.50	to 1.00
	CV MJ/kg daf	36.10	35.90	to 36.30
	FSI	9	8.5	to >9
	Phosphorus % ad	0.140	0.080	to 0.200
PETROGRAPHICS	RoMax	1.07	1.00	to 1.20
	Vitrinite %	91	88	to 94
	All Reactives %	93	91	to 95
	All Inerts %	1	0.5	to 3
COKING COAL TESTS	Mineral Matter %	6	4	to 8
	Gieseler Fluidity Mddm	6500	2000	to >20,000
	G Index	97	94	to 100
	Sapozhnikov Y Index (mm)	22	19	to 25
ULTIMATE ANALYSIS	Gray King Coke Type	G10	G9	to G11
	%C daf	86.7	86.2	to 87.2
	%H daf	5.6	5.4	to 5.8
	%N daf	1.9	1.7	to 2.1
MINERAL ANALYSIS OF ASH	%O daf	5.0	4.4	to 5.6
	%SiO2 dry	45	39	to 51
	%Al2O3 dry	28	24	to 32
	%Fe2O3 dry	8	2	to 14
ASH FUSION TEMPERATURES	Initial Def. Temp. oC	1275	1200	to 1410
	Flow Temp. oC	1410	1305	to 1500

Table 7. Amaam Preliminary Product Quality Range.



5.2 Landazuri Product Quality Range

The coal from Dantas and Rio Blanco blocks is significantly different in rank, however, both blocks offer specific properties which are desirable in coking coal.

Dantas has quite high fluidity and dilatation (Table 8) however its rank indicators (volatiles 33% daf and vitrinite reflectance 0.95) may place the coal as semi soft to semi hard more so than as hard coking coal. Rio Blanco on the other hand has reduced fluidity and dilatation due to its higher rank (volatiles 24% daf and vitrinite reflectance 1.25) however its caking qualities will likely place the material as hard coking coal.

A blend may take advantage of the higher fluidity and dilatation observed in the Dantas resource, while the higher rank from Rio Blanco may aid coke strength. Blending studies along these lines are recommended from future exploration samples.

LANDAZURI PRELIMINARY PRODUCT QUALITY RANGE		DANTAS		RIO BLANCO	
		Average	Range	Average	Range
BASIC ANALYSIS	Total Moisture %	5.0		5.0	
	Air Dried Moisture %	1.0		1.0	
	Ash% ad	5.0	3.0 to 7.0	8.0	4.0 to 12.0
	VM % ad	31.0		21.8	
	Fixed Carbon % ad	63.0		69.2	
	VM% daf	33.0	31.5 to 34.5	24.0	22.0 to 26.0
	TS% ad	0.90	0.50 to 1.30	1.10	0.50 to 1.70
	CV MJ/kg daf	36.30	35.80 to 36.60	36.50	35.80 to 36.80
	FSI	9	8.5 to >9	8	7 to 9
	Phosphorus % ad	0.006	0.002 to 0.010	0.012	0.002 to 0.020
PETROGRAPHICS	RoMax	0.95	0.90 to 1.00	1.25	1.15 to 1.40
	Vitrinite %	67	63 to 71	68	64 to 72
	All Reactives %	70	66 to 74	71	69 to 73
	All Inerts %	27	25 to 29	24	22 to 26
	Mineral Matter %	3	2 to 4	5	3 to 7
COKING COAL TESTS	Gieseler Fluidity Mddm	6,000	2,000 to 10,000	500	100 to 1,000
	Arnu Dilatation % Max.	+230	+170 to +290	+100	+20 to +180
ULTIMATE ANALYSIS	%C daf	87.00	86.00 to 89.00	87.00	86.00 to 89.00
	%H daf	5.40	5.30 to 5.50	5.10	4.80 to 5.50
	%N daf	1.90	1.70 to 2.10	1.80	1.60 to 2.00
	%O daf	4.50	4.00 to 5.50	4.90	4.00 to 6.00
MINERAL ANALYSIS OF ASH	%SiO2 dry	58	51 to 63	61	56 to 66
	%Al2O3 dry	20	17 to 23	21	18 to 24
	%Fe2O3 dry	10	5 to 15	8	3 to 14
ASH FUSION TEMPERATURES	Initial Def. Temp. oC	1355	1275 to 1480	1340	1275 to 1480
	Flow Temp. oC	1425	1350 to 1500	1410	1350 to 1500

Table 8. Landazuri Preliminary Product Quality Range.



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9. Financial Information

9.1. INTRODUCTION

This Section contains summary historical and pro forma historical financial information of TRC including:

- a) the historical statement of comprehensive income and statement of cash flows for the period from its incorporation on 8 October 2010 to 31 December 2010;
- b) the historical statement of financial position as at 31 December 2010;
- c) the historical pro forma statement of financial position as at 31 December 2010; and
- d) certain selected notes to the financial statements and a summary of significant accounting policies.

The financial information in a) and b) above is referred to in this Prospectus as “Historical Financial Information”. The financial information in c) above is referred to in this Prospectus as “Pro Forma Historical Financial Information”.

References to Historical Financial Information refer to the financial performance, financial position and statement of cash flows of TRC on a consolidated basis. References to Pro Forma Historical Financial Information refer to the financial position of TRC on a pro forma consolidated basis.

9.1.1. BASIS OF PREPARATION

The Historical Financial Information has been extracted from the TRC financial report for the period from 8 October 2010 (date of TRC incorporation) to 31 December 2010.

The Pro Forma Historical Financial Information for TRC set out in this Section comprises the unaudited pro forma statement of financial position as at 31 December 2010, which has been adjusted to reflect (i) the Completion of the Offer; (ii) the impact of the \$18.000 million interim equity raising completed in February 2011; and (iii) the repayment of amounts owing to TRM, as if they had occurred on 31 December 2010.

The objective of the Pro Forma Historical Financial Information is to illustrate how the Offer, the interim equity raising and the repayment of payables to TRM might have affected the financial information presented in the Prospectus had the transactions disclosed in Section 9.4 occurred as at 31 December 2010. The Pro Forma Historical Financial Information does not represent TRC's actual financial position. It addresses a hypothetical situation and is prepared for illustrative purposes only.

KPMG Transaction Services has reported on the Pro Forma Historical Financial Information in an Investigating Accountant's Report that has been included in Section 10. The comments made in relation to the scope and limitations of its report should be noted.

This Section should also be read in conjunction with the risk factors included in Section 11 and other information contained in this Prospectus.

The Historical and Pro Forma Historical Financial Information has been prepared in accordance with the measurement and recognition criteria of Australian Accounting Standards and the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). The Historical Financial Information and Pro Forma Historical Financial Information is presented in abbreviated form insofar as it does not include all the disclosures required in an annual financial report prepared in accordance with Australian Accounting Standards and the Corporations Act and IFRS as issued by the IASB.

The Historical Financial Information and Pro Forma Historical Financial information in this Section should be read in conjunction with the summary of significant accounting policies as set out in Section 9.7. The significant accounting policies have been included to assist in a general understanding of the Historical Financial Information and Pro Forma Historical Financial Information presented in Sections 9.2 to 9.6. In addition, certain selected notes to the Historical Financial Information and Pro Forma Historical Financial Information have been included in the relevant Sections noted above to assist potential investors to better understand the basis of presentation of several of the Company's measures of financial position.

Investors should be aware that the Historical Financial Information and Pro Forma Historical Financial Information as at 31 December 2010 has not been prepared in accordance with Regulation S-X of the United States Securities and Exchange Commission or generally accepted accounting principles in the United States. In addition, the rules and regulations related to the preparation of financial information in other jurisdictions may also vary significantly from the requirements applicable in Australia.

The review of the Pro Forma Historical Financial Information as at 31 December 2010 by KPMG Transaction Services has not been carried out in accordance with the generally accepted auditing standards in the United States or the standards and practices applicable in the United States to engagements of this type, standards of the Public Company Accounting Oversight Board (United States) or any auditing or other standards or practices of any other jurisdiction (other than the Australian Auditing Standards applicable to review engagements). Accordingly, it should not be relied upon by U.S. investors, or other investors outside Australia, as if it had been carried out in accordance with any standard other than the Australian standards mentioned above.

FACTORS AFFECTING OPERATING RESULTS

In this Section, the key components of TRC's expenses are discussed, and the internal and external factors that affect its operating results. See Section 11 for a discussion of certain risks associated with the key factors discussed below and others that may affect TRC's business and results.

9.2. HISTORICAL STATEMENT OF COMPREHENSIVE INCOME

The following table has been extracted from the TRC annual financial report for the period from 8 October 2010 to 31 December 2010.

STATEMENT OF COMPREHENSIVE INCOME

\$000	FOR THE PERIOD 8 OCTOBER 2010 – 31 DECEMBER 2010 HISTORICAL
Continuing operations	
Other income	–
Exploration and evaluation expense	(292)
Share based payments	(75)
Administration expense	(36)
Results from operating activities	(403)
Net foreign exchange loss	(320)
Finance income	207
Finance expense	–
Net finance income	(113)
Share of loss of equity accounted investees (net of income tax)	(8)
Loss before income tax	(524)
Income tax expense	(62)
Loss from continuing operations	(586)
Foreign currency translation differences for foreign operations	(1,234)
Total comprehensive loss for the period	(1,820)

9.2.1. MANAGEMENT DISCUSSION AND ANALYSIS – HISTORICAL STATEMENT OF COMPREHENSIVE INCOME

TRC's principal activity is the identification, exploration, development and mining of international coal deposits, including the Projects. TRC was incorporated under Australian law on 8 October 2010. On 23 November 2010, TRM shareholders approved a cash return of capital by TRM. TRM shareholders applied (or directed the application of) the proceeds of the cash return of capital to acquire shares in TRC (TRM Restructure). As part of the TRM Restructure, TRM transferred its coal assets, including the rights to its capitalised exploration and evaluation assets, and assigned its exploration rights to TR Coal International, a wholly owned subsidiary of TRC.

TRC's tenements are in the pre-development stage and no mining operations have taken place on these tenements. As a result, TRC has not generated any revenue from its operations. TRC's only revenue on a consolidated basis for the period from 8 October 2010 to 31 December 2010 was \$0.207 million of finance income as a result of loans provided to an associated entity, Eastshore.

TRC's principal operational expenses consist of exploration and evaluation expenses, which were \$0.292 million for the period ended 31 December 2010. These expenses related primarily to exploration costs associated with a potential mining investment in Indonesia.

TRC also incurred expenses of \$1.234 million for the period ended 31 December 2010 related to foreign currency translation differences for foreign operations. These expenses were incurred primarily as a result of TRC's unhedged foreign exchange rate exposure and the subsequent impact of adverse movements in the USD against the AUD exchange rate. See Section 9.6.10 for a discussion of the effect of exchange rate movements on TRC's financial results.

Accordingly, TRC reported a net loss of \$1.820 million for the period from 8 October 2010 to 31 December 2010.

9.3. HISTORICAL STATEMENT OF CASH FLOWS

The following table has been extracted from the TRC annual financial report for the period from 8 October 2010 to 31 December 2010.

HISTORICAL STATEMENT OF CASH FLOWS

\$000	31 DECEMBER 2010 HISTORICAL
Cash flows from operating activities	
Net cash from operating activities	–
Cash flows from investing activities	
Acquisition of other investments	(8)
Net cash used in investing activities	(8)
Cash flows from financing activities	
Loans received from related parties – TRM	11,939
Loans made to associated entities	(11,927)
Net cash used in financing activities	12
Net increase in cash and cash equivalents	4
Cash and cash equivalents at beginning of the period	–
Cash and cash equivalents at 31 December 2010	4

9.3.1. MANAGEMENT DISCUSSION AND ANALYSIS – HISTORICAL STATEMENT OF CASH FLOWS

Net cash inflows from operating activities for the period ended 31 December 2010 were nil.

Net cash outflows from investing activities for the period ended 31 December 2010 were \$0.008 million and related to TRC's acquisition of a 40% interest in Eastshore, an entity incorporated in Cyprus, through which TRC holds its interest in and operates the Amaam Project.

Net cash outflows from financing activities for the period ended 31 December 2010 was \$0.012 million and related primarily to \$11.927 million of loans made to associated entities, which was offset by \$11.939 million of advances received from TRM during the same period.

9.4. HISTORICAL AND PRO FORMA HISTORICAL STATEMENT OF FINANCIAL POSITION

The pro forma historical statement of financial position set forth below has been derived from TRC's statement of financial position as at 31 December 2010 (as presented in the TRC 2010 annual financial report) and has been adjusted to reflect the Pro Forma Transactions set out in this Section, namely (1) the interim equity raising conducted by TRC and completed in February 2011 (including associated costs); (2) the Completion of the Offer (including associated costs); and (3) the repayment of the TRM payable owing as at 30 June 2011 through the issue of Shares.

TRC PRO FORMA STATEMENT OF FINANCIAL POSITION

\$000	31 DECEMBER 2010 HISTORICAL	INTERIM EQUITY RAISING ⁽¹⁾	NET PROCEEDS FROM OFFER ⁽²⁾	PART REPAYMENT OF TRM PAYABLE ⁽³⁾	PRO FORMA
Current assets					
Cash and cash equivalents ¹	4	17,560	30,000	–	47,564
Trade and other receivables	17	–	–	–	17
Total current assets	21	17,560	30,000	–	47,581
Non-current assets					
Trade and other receivables	12,763	–	–	–	12,763
Investment in equity accounted investees	–	–	–	–	–
Deferred exploration, evaluation and development	6,157	–	–	–	6,157
Total non-current assets	18,920	–	–	–	18,920
Total assets	18,941	17,560	30,000	–	66,501
Current liabilities					
Trade and other payables ²	7,442	–	–	(4,370)	3,072
Total current liabilities	7,442	–	–	(4,370)	3,072
Non-current liabilities				–	
Trade and other payables	–	–	–	–	–
Deferred tax liabilities	62	–	–	–	62
Total non-current liabilities	62	–	–	–	62
Total liabilities	7,504	–	–	(4,370)	3,134
Net assets	11,437	17,560	30,000	–	63,367
Equity					
Share capital	13,182	17,560	30,110	4,370	65,222
Reserves	(1,159)	–	–	–	(1,159)
Retained earnings	(586)	–	(110)	–	(696)
Total equity	11,437	17,560	30,000	4,370	63,367

NOTES:

- Available cash and cash equivalents: As at 30 June 2011, TRC had available cash on hand of approximately \$1.250 million, reflecting that the majority of the net \$17.560 million capital raising conducted by TRC and completed in February 2011 had been used to fund ongoing TRC Project costs, corporate costs, IPO costs and to partially repay some of the TRM payable. Had such expenditure through to 30 June 2011 been reflected above, the pro forma cash balance would have been approximately \$31.000 million.
- Trade and other payables: As at 30 June 2011, TRC had outstanding payables to TRM of \$4.370 million (as compared to \$7.301 million as at 31 December 2010), which is intended to be repaid by TRC issuing 8,739,170 Shares to TRM – see Section 9.4.1(3) PART REPAYMENT OF TRM PAYABLE. The Directors estimate a further \$4.100 million of TRC Project costs, corporate costs and IPO costs will be paid by TRM on TRC's behalf from 1 July 2011 through to the Completion of the Offer in August 2011, which they intend to repay from the Offer proceeds. Following these events, the balance owing to TRM is expected to be nil and the cash and cash equivalents balance will be further reduced.

9.4.1. PRO FORMA TRANSACTIONS

(1) INTERIM EQUITY RAISING

The pro forma statement of financial position has been adjusted to reflect the \$18.000 million capital raising conducted by TRC and completed in February 2011 through the issue of 36 million shares at 50 cents per share to a number of investors. Transaction costs associated with the capital raising totalled \$0.440 million. See Section 9.6.7 for a table showing movement in share capital.

(2) NET PROCEEDS OF THE OFFER

The pro forma statement of financial position has been adjusted to reflect the Offer as if it had occurred on 31 December 2010. This included the raising of \$37.500 million and the payment of expenses associated with the Offer. The estimated costs of the Offer are \$7.500 million of which \$7.390 million are recognised as a deduction to equity with \$0.110 million recognised in retained earnings. Transaction costs are exclusive of the incentive fees described in Sections 13.10.1 and 13.13.2.

(3) PART REPAYMENT OF TRM PAYABLE

The pro forma statement of financial position has been adjusted to reflect TRC's agreement with TRM to issue 8,739,170 Shares to repay the balance of the TRM payable as at 30 June 2011 of \$4.370 million prior to TRC listing on ASX. See Section 9.6.6 for further detail in relation to the TRM payable.

9.5. MANAGEMENT DISCUSSION AND ANALYSIS – HISTORICAL STATEMENT OF FINANCIAL POSITION

Certain of TRC's historical expenditures on exploration, evaluation and development activities are capitalised as they are incurred and reflected on its Statement of Financial Position as an asset. See Section 9.6.5.

Capitalised expenditure on exploration and evaluation totalled \$6.157 million for the period from 8 October 2010 to 31 December 2010. The major component of this expenditure is work program expenditures related to the Landazuri Project (including associated costs).

TRC's total assets were \$18.941 million as at 31 December 2010, which comprised primarily capitalised exploration and evaluation expenditure of \$6.157 million and amounts receivable from Eastshore of \$12.282 million (see Section 9.6.3).

TRC had total liabilities of \$7.504 million as at 31 December 2010, which primarily comprised the TRM payable (\$7.301 million) in respect of supplier payments made by TRM on behalf of TRC and advances made by TRM to TRC to fund TRC's development activities at the Projects.

As at 31 December 2010, TRC had total equity of \$11.437 million, which comprised \$13.182 million of share capital, (\$1.159) million of reserves and (\$0.586) million of retained earnings.

9.6. NOTES TO THE HISTORICAL AND PRO FORMA HISTORICAL STATEMENT OF FINANCIAL POSITION

Set forth below are certain selected notes to the Historical Financial Information and Pro Forma Historical Financial Information, which have been included to assist potential Investors to better understand the basis of several of TRC's measures of financial position.

9.6.1. LIQUIDITY AND CAPITAL RESOURCES

Historically, TRC's cash requirements have been funded via contributed equity, costs paid by TRM on TRC's behalf and cash advances provided by TRM. TRC's principal sources of liquidity to date have consisted of cash and cash equivalents and the TRM payable (see Section 9.6.6).

TRC expects to raise gross proceeds of \$37.500 million through the Offer. TRC considers that the proceeds from the Offer and its current cash on hand (approximately \$1.250 million as at 30 June 2011) will be sufficient to:

- Fund drilling programs at the Amaam and Landazuri Projects through to 31 March 2012;
- Progress the Amaam pre-feasibility study;
- Progress the Landazuri feasibility study for Stage 1;
- Fund option payments and expenditure commitments through to 31 March 2012 to acquire its interest in the Landazuri joint ventures, being Jaguar 1 and 2 (up to 60%) and Las Palmas (up to 70%);
- Repay the TRM payable in relation to amounts paid on TRC's behalf post 1 July 2011;
- Fund expenses of the Offer and the costs of listing the Company on the ASX; and
- Fund corporate expenses and other general working capital requirements through to 31 December 2012.

Additional funding will be required by TRC to continue these activities and complete the Amaam pre-feasibility study and the Landazuri Stage 1 feasibility study. TRC expects to raise the balance of the funding by raising debt and/or equity or via entry into joint venture arrangements for one or both of the Projects. There can be no assurance that TRC will be able to obtain or access additional funding when required, or that the terms associated with the funding will be acceptable to TRC. If TRC is unable to obtain such additional funding, it may be required to reduce the scope of its anticipated development, which could adversely affect its business, financial condition and operating results, and its ability to continue as a going concern or its ability to pay its debts as and when they fall due.

Accordingly, there is material uncertainty as to whether TRC can continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the TRC pro-forma statement of financial position.

9.6.2. CASH AND CASH EQUIVALENTS

	HISTORICAL	PRO FORMA
	31 December 2010 \$000	31 December 2010 \$000
Bank balances	4	47,564
Cash and cash equivalents	4	47,564

Actual cash on hand post Completion of the Offer will be significantly less than the pro forma cash balance set out above. As at 30 June 2011, TRC had cash on hand of approximately \$1.250 million, reflecting that the majority of the net \$17.560 million capital raising conducted by TRC and completed in February 2011 had been used to fund ongoing TRC Project costs, corporate costs, IPO costs and to partially repay some of the TRM payable.

9.6.3. TRADE AND OTHER RECEIVABLES

	HISTORICAL & PRO FORMA
	31 December 2010 \$000
Interest bearing receivables due from related parties-equity accounted investee	12,763
Other receivables	17
	12,780
Current	17
Non-current	12,763
	12,780

The interest bearing receivables due from related parties-equity accounted investee comprises \$12.282 million due from Eastshore and \$0.481 million due from NPCC. Amounts due from Eastshore (\$12.282 million) are receivable seven to ten years from the loan establishment date (loans were established in June 2010 and August 2010 and subsequently assigned to TRC following the acquisition of the Projects from TRM). The fair value of the Eastshore receivable as at the reporting date was \$11.730 million. The fair value amount includes both the principal and projected interest cash flows, discounted by a risk adjusted interest rate. No impairment in the carrying value is required.

The \$12.763 million interest bearing receivables from related parties – equity accounted investee (above), reflects the amount loaned by TRC to Eastshore / NPCC for the purposes of undertaking exploration, evaluation and development activities at the Amaam Project. Once a BFS at Amaam is complete, amounts owing to TRC by Eastshore may be cancelled or converted into equity in exchange for TRC increasing its equity in the Amaam Project up to 80%. Recoverability of the amounts advanced by TRC is therefore dependent on the successful development and commercial exploitation or sale of the Amaam Project.

9.6.4. EQUITY ACCOUNTED INVESTEEES

	HISTORICAL & PRO FORMA
	31 December 2010 \$000
Investment in equity accounted investee	8
Share of losses	(8)
	-

During the year the Group acquired a 40% interest in Eastshore (formerly Zinodol Holdings Company Limited), an entity incorporated in Cyprus, through which TRC holds its interest in and operates the Amaam Project.

Summary financial information for equity accounted investees, not adjusted for the percentage ownership held by TRC, is presented below:

	31 DECEMBER 2010 \$000
Result of the equity accounted investee	
Loss for the period	(1,712)
Other comprehensive income	66
Total comprehensive loss for the period	(1,646)
Financial position of the equity accounted investee at year end	
Current assets	100
Non-current assets	10,562
Total assets	10,662
Current liabilities	(24)
Non-current liabilities	(12,282)
Total liabilities	(12,306)
Net assets	(1,644)
Share capital	3
Loss for the period	(1,647)
Total equity	(1,644)

9.6.5. DEFERRED EXPLORATION, EVALUATION AND DEVELOPMENT

		HISTORICAL & PRO FORMA
		31 December 2010
	Note	\$000
Cost		
Balance at 8 October		–
Capitalised assets received on restructure	a)	2,619
Expenditure incurred		3,538
Exploration, evaluation and development		6,157

a) The rights to the capitalised costs were acquired from TRM following the TRM Restructure and the transfer of its coal assets to TRC on 23 November 2010. The exploration rights were assigned to TRC on 23 November 2010.

The recoverability of the carrying amounts of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective area of interest.

TRC will continue to incur exploration, evaluation and development costs in connection with the Landazuri Project. For the period from 8 October 2010 to 31 December 2010, TRC incurred \$3.538 million of exploration, evaluation and development costs in relation to the Landazuri Project.

EXPLORATION EXPENDITURE COMMITMENTS

TRC has no exploration expenditure commitments as at 31 December 2010.

In order to maintain current rights of tenure to exploration tenements, TRC is required to make option payments and perform minimum exploration work to meet the minimum expenditure requirements. These obligations are expected to be fulfilled in the normal course of operations. Mining interests may be relinquished or joint ventured to reduce this amount. The various country and state governments have the authority to defer, waive or amend the minimum expenditure requirements.

9.6.6. TRADE AND OTHER PAYABLES

	HISTORICAL	PRO FORMA
	31 December 2010	
	\$000	\$000
Payables due to related parties – TRM payable	7,301	2,931
Other trade payables and accrued expenses	141	141
	7,442	3,072

Since TRC's inception, TRM has made cash advances to TRC and made supplier payments on TRC's behalf in order to fund TRC's development activities at the Projects. At 31 December 2010, \$7.301 million was outstanding and payable by TRC to TRM although this amount has fluctuated since then as TRC has repaid part of the advances and TRM has made further advances and provided services (refer to Section 13.10.2 for a description of the Services Agreement) for which funds are receivable (the **TRM payable**). At 30 June 2011 the value of the TRM payable was \$4.370 million, which is intended to be settled by TRC issuing Shares to TRM. Following receipt of the Offer proceeds it is TRC's intention to repay the TRM payable, relating to amounts paid on TRC's behalf post 1 July 2011, in full. If the Offer were not to be completed, repayment of the TRM payable would be delayed. Going forward it is expected that TRC will have amounts payable to TRM for the provision of services under the Services Agreement described in Section 13.10.2.

9.6.7. SHARE CAPITAL

MOVEMENTS IN SHARES ON ISSUE:	NO. OF SHARES	ISSUE PRICE \$	HISTORICAL \$000
Ordinary shares on issue at 31 December 2010	244,200,000	0.054	13,182
PRO FORMA TRANSACTIONS			PRO FORMA \$000
Interim equity raising	36,000,000	0.50	18,000
Impact of the Offer	75,000,000	0.50	37,500
Offer and interim equity raising costs	n/a	n/a	(7,830)
Part repayment of TRM payable	8,739,170	0.50	4,370
Pro forma share capital as at 31 December 2010	363,939,170		65,222

OPTIONS ON ISSUE:

There were 26,782,300 options over ordinary shares on issue at 31 December 2010.

9.6.8. OFF-BALANCE SHEET ARRANGEMENTS

As at 31 December 2010, TRC does not have any off-balance sheet arrangements that have or are reasonably likely to have a material current or future effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

9.6.9. FINANCIAL RISK MANAGEMENT

RISK MANAGEMENT FRAMEWORK

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies and procedures are established with regular monitoring and reporting.

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

- Credit risk;
- Liquidity risk;
- Market risk; and
- Operational risk.

CREDIT RISK

Credit risk is the risk of financial loss to TRC if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from TRC's receivables from customers and investment securities. For TRC, credit risk arises primarily in connection with receivables owing to TRC by equity accounted investees.

LIQUIDITY RISK

Liquidity risk is the risk that TRC will not be able to meet its financial obligations as they fall due. TRC'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 TRC's reputation. For TRC, liquidity risk arises primarily in connection with payables due to a related party, TRM, as this is TRC's largest liability.

MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect TRC's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. For TRC the currency risk arises from transactions in foreign currencies, predominantly USD, which may leave TRC exposed to fluctuations in the USD/AUD exchange rate. For TRC the interest rate risk arises from the exposure to LIBOR in the receivable relating to receivables from equity accounted investees.

OPERATIONAL RISK

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

TRC's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to TRC's reputation with the overall cost effectiveness.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of TRC Policies and Code of Conduct.

CAPITAL MANAGEMENT

TRC's objective when managing capital is to safeguard TRC's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration, evaluation and development of the Projects. In order to maintain or adjust the capital structure, TRC may return capital to shareholders, or issue new shares. TRC's focus has been to raise sufficient funds through equity to fund exploration and evaluation activities.

The Board has not set a target for employees' ownership of TRC's ordinary shares.

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

Neither TRC nor any of its Subsidiaries are subject to externally imposed capital requirements.

9.6.10. EXPOSURE TO CURRENCY FLUCTUATION**EXPOSURE TO CURRENCY RISK**

Management monitors TRC's exposure to currency risk on an ongoing basis. TRC's principal exposure to foreign currency risk arises in connection with its USD13.021 million receivable from equity accounted investees. No forward exchange contracts are in place for this receivable.

EXCHANGE RATES USED

The following significant exchange rates applied during the period from 8 October 2010 to 31 December 2010 relative to 1 AUD:

AUD	AVERAGE RATE 8 OCTOBER 2010 TO 31 DECEMBER 2010	REPORTING DATE SPOT RATE 31 DECEMBER 2010
USD	0.9811	1.0203

Once construction commences and throughout the operating life of the Projects, TRC expects to incur a significant proportion of the operating costs of each Project in the relevant local currency. As a result, in addition to USD, TRC will also have exposure to the Russian rouble and the Colombian peso.

SENSITIVITY ANALYSIS

A 10% strengthening of the AUD against the USD for the period ended 31 December 2010 would have decreased profit and loss by \$0.130 million. This analysis is based on foreign currency exchange rate variances that TRC considered to be reasonably possible at the end of the period ended 31 December 2010. The analysis assumes that all other variables, in particular interest rates, remain constant. A weakening of the AUD against the USD for the period ended 31 December 2010 would have had the equal but opposite effect to the amount shown above, on the basis that all other variables remain constant. Care should be taken in interpreting these sensitivities. In practice, changes in variables may offset each other or may be additive, and it is likely that TRC's management would respond to any adverse change in one variable by taking action to minimise the net effect on TRC's earnings.

9.6.11. SHARE BASED PAYMENTS

The Staff Option Plan provides that TRC may, at the discretion of the Board, grant options over the ordinary Shares of TRC to individuals providing services to TRC.

The Staff Option Plan provides for two categories of options. Category 1 relates to options issued as a result of the TRC restructure in November 2010. Category 2 relates to options granted to TRM staff and TRC Directors who had voted on the acquisition of the coal Projects prior to their transfer into TRC. TRC had 26,782,300 options on issue as at 31 December 2010.

Category 1 – Option Grants Following Restructure

As part of the TRC restructure whereby TRM transferred its coal assets to TRC, TRM staff who held options in TRM had these options reconstructed so that neither the recipient nor TRM were worse off after the restructure. An independent advisor reviewed the terms of all options and recommended the new terms as follows.

Each TRM option holder received 0.4631 options in TRC for each option held in TRM. The exercise price for his/her existing TRM options and new TRC options were adjusted to ensure the payment would be equivalent to the amount that would have been paid for the TRM options prior to the restructure.

All are 5 year options and vest 12 months after the IPO date if the share price is 25% higher than the float price. The exercise price for the options is 7.8 cents and they can only be exercised if the grantee is an employee or Director at the time of vesting.

A total of 16,782,300 Category 1 options were issued in connection with the restructure.

Category 2 – New Grants

A number of TRM employees and Directors were granted options at the time of restructure.

The options have been issued under the Staff Option Plan. All are 5 year options and vest 12 months after the IPO date if the share price is 25% higher than the Offer Price. The exercise price of the options is 19.5 cents being a 70% premium to the Share price at the time of the restructure and they can only be exercised if the grantee is an employee or Director at the time of vesting. A total of 10,000,000 Category 2 options have been issued by TRC.

Details of the share options outstanding at 31 December 2010 are detailed below:

SHARE OPTIONS OUTSTANDING AT 31 DECEMBER 2010		000
Balance at the beginning of the year		
Options granted – 23 November 2010		16,782
Options granted – 20 December 2010		10,000
Balance at 31 December 2010		26,782
Exercisable at 31 December 2010		–

CALCULATION METHODOLOGY

For the calculation methodology used in relation to Share options, the assumptions underlying the Black-Scholes methodology have been utilised to produce a Monte-Carlo simulation model which allows for the incorporation of the performance hurdles that must be met before the share based payment vests in the holder.

The fair value of services received in return for share based payments granted is based on the fair value of Share options granted, measured using a Black-Scholes model, with the following inputs:

VALUATION DATE	25 NOVEMBER 2010	20 DECEMBER 2010
Share price at valuation date	\$0.115	\$0.115
Assumed IPO date	31 July 2011	31 July 2011
Risk free rate	5.27%	5.34%
Dividend yield	0%	0%
Volatility	60%	60%
Post-vesting withdrawal rate	0%	0%
Early exercise provision	Sell price multiple 2* Exercise Price	Sell price multiple 2* Exercise Price

OVERALL IMPACT OF SHARE BASED PAYMENTS

EFFECT IN THOUSANDS OF AUD FOR THE PERIOD ENDED 31 DECEMBER 2010		\$000
Share options granted – equity settled		76
Total expense recognised as a share based payment cost		76

9.6.12. SUBSEQUENT EVENTS

Subsequent to 31 December 2010 the following events have occurred which are items, transactions or events considered of a material and unusual nature, which in the opinion of the Directors of the Company, are likely to affect significantly the operations of TRC, the results of those operations, or the state of affairs of TRC, in future financial years:

- TRC entered into a Services Agreement with TRM for the provision of services effective from 1 January 2011. See Section 13.10.2 for more information. TRC entered into a Business Development Deed with TRM for the provision of business development services effective 1 January 2011. See Section 13.10.2 for more information.
- During the period 18 January to 7 February 2011 TRC issued a total of 36 million shares at 50 cents per share to investors. These funds are to be used to cover acquisitions, exploration and working capital.
- On 19 January 2011 a subsidiary entity in Indonesia, PT Tigers Realm Coal Indonesia, was established.
- On 1 February 2011 and 7 March 2011 TRC appointed Martin Grant to the role of Chief Executive Officer and Managing Director, respectively, and entered into an executive employment agreement with Mr Grant.
- A TRM employee and the two newly appointed TRC Directors were issued options under the Staff Option Plan. The grants and terms of these options are:

GRANTEE	NUMBER OF OPTIONS GRANTED
B. Jamieson	1,000,000
M. Grant	2,039,000
B. Stockdale	250,000

All are 5 year options with varying vesting conditions and exercise prices. Refer to Section 13.6 for further details.

- TRC holds a 40% equity interest in Eastshore which owns 100% of NPCC. As at 31 December 2010, NPCC had a net asset deficiency. TRC has since provided funding of USD0.350 million via Eastshore to return NPCC to a positive net asset position.
- On 6 May 2011, TR Cyprus, Eastshore, Bering and Siberian executed a series of agreements in relation to the management of Eastshore, NPCC and the Russian Subsoil Licenses (as described in Section 13.10.4.1 to Section 13.10.4.3 inclusive). As a result of these agreements TR Cyprus is entitled to appoint the majority of the members of the board of Eastshore (i.e. three out of five), providing it with the power to govern the financial and operating policies of Eastshore so as to obtain the benefits from Eastshore's activities. As a result TRC will be required to consolidate Eastshore and its subsidiary, NPCC, from 6 May 2011. Further, future royalty obligations may arise for Eastshore under the Bering Royalty Agreement as described in Section 13.10.4.2 and the Siberian Royalty Agreement as described in Section 13.10.4.3.

TRC will account for the acquisition of control of Eastshore as a business combination effective 6 May 2011. At the date of this Prospectus, the initial accounting for the business combination is incomplete. In accounting for the business combination, TRC will need to recognise and measure the fair value of the consideration, the fair value of the assets acquired and the liabilities and contingent liabilities assumed, and the resulting non-controlling interest at that date.

Under AASB 3 Business Combinations, the fair value of the consideration will be measured as:

- (a) the fair value of TRC's existing 40% equity interest in Eastshore at 6 May 2011 (estimated to be in the range of \$26,000,000 to \$31,000,000, as the acquisition date fair value of the acquirer's interest in the acquiree is substituted for the consideration when no consideration is transferred); and
- (b) the fair value of the option inherent in the Bering Royalty Agreement whereby Bering may choose to fund its proportion of expenditure after completion of the bankable feasibility study or to have its interest diluted in return for a royalty stream (estimated to be in the range of \$9,000,000 to \$10,000,000).

As described in Section 9.6.4, TRC's existing 40% equity interest in Eastshore has a carrying value of nil and accordingly its remeasurement to fair value as part of the consolidation of the Eastshore group which as at 6 May 2011 comprised Eastshore and its controlled entity, NPCC, will result in the recognition of a profit in the TRC consolidated financial statements. Additionally, the fair value of the assets, liabilities and contingent liabilities of Eastshore and its controlled entity, NPCC, the related deferred tax impacts and the non controlling interest of 60% held by Bering measured at its proportionate interest in the fair value of the identifiable assets, liabilities and contingent liabilities of Eastshore and its controlled entity, NPCC, will be recognised in the TRC consolidated financial statements. Any excess of the fair value of the consideration transferred over the fair value of the assets acquired and liabilities and contingent liabilities assumed (including related deferred tax impacts), after taking into account the non controlling interest therein, will be recognised as goodwill. Loan balances receivable from Eastshore and NPCC at 6 May 2011 (equivalent balances at 31 December 2010 are \$12.282 million and \$0.481 million respectively as described at Section 9.6.3) will be eliminated in the TRC consolidated financial statements as post consolidation of Eastshore and its controlled entity, NPCC, they will be intra-group balances within the TRC group.

Whilst the Directors have not yet completed the provisional determination of the fair value of the assets acquired and liabilities and contingent liabilities assumed, the net effect of the above transactions is estimated to be an increase in net assets (in the range of \$59,000,000 to \$68,000,000), an increase in retained earnings (in the range of \$26,000,000 to \$31,000,000) and recognition of a non controlling interest (in the range of \$33,000,000 to \$37,000,000). The majority of the increase in net assets is expected to be attributed to mineral rights (an intangible asset) which will be amortised (as an expense) in TRC's consolidated statement of comprehensive income over the life of the relevant areas of interest from the commencement of commercial production. The mineral rights intangible asset will be subject to impairment testing if sufficient data exists to determine technical feasibility and commercial viability and facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Under AASB 3, the final accounting must be completed within 12 months of the date of acquisition. For the purposes of its interim financial statements for the half year ended 30 June 2011, TRC will present provisional fair values of the assets acquired and liabilities and contingent liabilities assumed.

Any movements in the fair value of the option inherent in the Bering Royalty Agreement between 6 May 2011 and its expiry will be recognised in profit or loss. As at 30 June 2011 the value of the option inherent in the Bering Royalty Agreement was estimated to be between \$17,000,000 and \$18,000,000. The revaluation of the option inherent in the Bering Royalty Agreement from 6 May 2011 to 30 June 2011 is expected to result in a non cash charge to profit and loss for the period ended 30 June 2011 of between \$7,000,000 to \$9,000,000.

The royalty payable under the Siberian Royalty Agreement is in substance a "finder's fee" payable to Siberian in compensation for originating the project. Accordingly, it will be accounted for as an acquisition related cost under AASB 3 and recognised as an expense in the period incurred. Further, as the royalty is contingent on the sale of coal produced from the area of the Zapadny Subsoil License, it will not be given accounting recognition until such sales occur or it is subject to early settlement by mutual agreement between the parties.

- On 12 August 2011, TRC agreed to issue 8,739,170 Shares to TRM to repay the balance of the TRM payable as at 30 June 2011 of \$4.370 million prior to TRC listing on ASX.

9.7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation set out below have been applied consistently for the period presented and have been applied consistently by TRC.

9.7.1. BASIS OF CONSOLIDATION

SUBSIDIARIES

Subsidiaries are entities controlled by TRC. Control exists when TRC has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the TRC financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by TRC.

INVESTMENT IN ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (EQUITY ACCOUNTED INVESTEEES)

Associates are those entities in which TRC has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when TRC holds between 20 and 50 percent of the voting power of another entity.

Investments in associates are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. TRC's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the TRC share of the net profit or loss and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of TRC, from the date the significant influence commences until the date that significant influence ceases.

When TRC's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long term investments, is reduced to nil, and the recognition of any further losses is discontinued except to the extent that TRC has an obligation or has made payments on behalf of the investee.

JOINTLY CONTROLLED OPERATIONS

A jointly controlled operation is a joint venture carried on by each venture using its own assets in pursuit of the joint operations. The consolidated financial statements include the assets the group controls and the liabilities that it incurs in the course of pursuing the joint operation, and the expenses that TRC incurs and its share of the income that it earns from the joint operation.

TRANSACTIONS ELIMINATED ON CONSOLIDATION

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

9.7.2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain of TRC's accounting policies require it to make significant accounting estimates, assumptions and judgements that affect the reported amounts of assets and liabilities, revenues and expenses and related disclosures of contingent liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. Changes in estimates and assumptions could materially affect TRC's financial position and results of operations.

9.7.2.1. FOREIGN CURRENCY

FOREIGN CURRENCY TRANSACTIONS

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

Foreign currency differences are recognised in the statement of comprehensive income in the 2010 Annual Financial Report.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

FOREIGN OPERATIONS

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Australian dollars at exchange rates at reporting date.

The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions. Foreign currency differences are recognised in the foreign currency translation reserve.

FUNCTIONAL AND PRESENTATION CURRENCY

TRC's financial statements are presented in Australian dollars, which is TRC's reporting and functional currency. The functional currency of TRC's international subsidiaries is United States Dollars.

9.7.2.2. INTANGIBLE ASSETS**EXPLORATION, EVALUATION AND DEVELOPMENT ASSETS**

Exploration, evaluation and development costs, including the costs of acquiring licenses, are capitalised as deferred exploration, evaluation and development assets on an area of interest basis.

Exploration, evaluation and development assets are only recognised if the rights of the area of interest are current and either:

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

Exploration, evaluation and development assets are assessed for impairment if:

- sufficient data exists to determine technical feasibility and commercial viability; and
- facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Expenditure which no longer satisfies the above policy is written off. In addition, a provision is raised against expenditure where the directors are of the opinion that the carried forward net cost may not be recoverable under the above policy. The increase in the provision is charged against the financial performance for the year.

In the event that an area of interest is abandoned any expenditure carried forward in respect of that area is written off in the period in which the decision to abandon is made, firstly against any existing provision for that expenditure, with any remaining balance being charged to earnings.

Expenditure is not carried forward in respect of an area of interest/mineral resource unless TRC's right of tenure to that area of interest are current.

9.7.3. IMPAIRMENT**FINANCIAL ASSETS (INCLUDING RECEIVABLES)**

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired.

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be measured reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

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

NON-FINANCIAL ASSETS

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

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

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

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

9.7.4. EMPLOYEE BENEFITS**SHARE-BASED PAYMENT TRANSACTIONS**

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

The fair value of options granted is recognised as an asset or expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees became unconditionally entitled to the options.

9.7.5. FINANCE INCOME AND FINANCE COSTS

Finance income comprises interest income on funds loaned to equity accounted investees and funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest rate method.

Finance costs comprise interest expense on borrowings. Interest expense is recognised as it accrues in profit or loss, using the effective interest rate method.

9.7.6. INCOME TAX

INCOME TAX

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

TAX CONSOLIDATION

TRC has not chosen to implement tax consolidation at this time.

9.7.7. GOODS AND SERVICES TAX

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

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

9.7.8. EARNINGS PER SHARE

TRC presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary equity holders of TRC by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

9.7.9. SEGMENT REPORTING

DETERMINATION AND PRESENTATION OF OPERATING SEGMENTS

TRC determines and presents operating segments based on the information that internally is provided to the Board, which is at this stage the consolidated entity's chief operating decision maker.

An operating segment is a component of TRC that engages in business activities which incurs expenses. An operating segment's expenditures are reviewed regularly by the Board to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment expenditure that is reported to the Board includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses.

Segment capital expenditure is the total cost incurred during the period on exploration and to acquire property, plant and equipment.

9.7.10. RESTORATION AND REHABILITATION PROVISION

Provisions for the cost of rehabilitation programs are recognised at the time that environmental disturbance occurs (or is acquired). On an ongoing basis, additional disturbances will be recognised as a rehabilitation liability.

9.7.11. FINANCIAL INSTRUMENTS

NON-DERIVATIVE FINANCIAL INSTRUMENTS

Non-derivative financial instruments comprise investments in equity, trade and other receivables, cash and cash equivalents and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if TRC becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if TRC's contractual rights to the cash flows from the financial assets expire or if TRC transfers the financial asset to another party without retaining control or substantially all risks and rewards of ownership of the financial asset. Sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if TRC's obligations specified in the contract expire or are discharged or cancelled.

Trade and other receivables

Trade and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods and services provided to TRC prior to the end of the balance date and are stated at amortised cost. The amounts are unsecured and are usually paid within 30 days of recognition.

SHARE CAPITAL

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

9.7.12. PROPERTY, PLANT AND EQUIPMENT

RECOGNITION AND MEASUREMENT

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

SUBSEQUENT COSTS

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

DEPRECIATION

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

As there was no property, plant and equipment as at 31 December 2010 depreciation rates have not yet been determined.

10. Investigating Accountant's Report



KPMG Transaction Services (Australia) Pty Limited
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The Directors
Tigers Realm Coal Limited
Level 7, 333 Collins Street
Melbourne VIC 3000

15 August 2011

Dear Directors

Investigating Accountant's Report and Financial Services Guide

Investigating Accountant's Report

Introduction

KPMG Transaction Services (Australia) Pty Limited ("KPMG Transaction Services") has been engaged by Tigers Realm Coal Limited ("TRC") to prepare this report for inclusion in the prospectus to be dated 15 August 2011 ("Prospectus"), and to be issued by TRC, in respect of the initial public offer of ordinary shares in TRC.

Expressions defined in the Prospectus have the same meaning in this report.

Scope

KPMG Transaction Services has been requested to prepare a report covering the pro forma historical financial information described below and disclosed in the Prospectus.

The pro forma historical financial information is presented in an abbreviated form in the Prospectus insofar as it does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act 2001.

Review of Pro Forma Historical Financial Information

The pro forma historical financial information, as set out in Section 9.4 of the Prospectus, comprises the pro forma, unaudited balance sheet of TRC as at 31 December 2010 (the "Pro Forma Historical Financial Information").

The Pro Forma Historical Financial Information has been derived from the historical financial information of TRC, extracted from the audited financial statements of TRC for the period ended 31 December 2010 ("Historical Financial Information"), after adjusting for the pro forma transactions and/or adjustments described in Section 9.4.1 of the Prospectus.

The financial statements of TRC for the period ended 31 December 2010 were audited by KPMG in accordance with Australian Auditing Standards. The audit opinion issued to the members of TRC relating to those financial statements was unqualified.

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Tigers Realm Coal Limited*Investigating Accountant's Report and Financial Services Guide**15 August 2011*

For the purposes of preparing this report we have reviewed the Pro Forma Historical Financial Information in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the Pro Forma Historical Financial Information is not prepared or presented fairly, in all material respects, on the basis of the pro forma transactions and/or adjustments described in Section 9.4.1 of the Prospectus, and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (including the Australian Accounting Interpretations), and accounting policies adopted by TRC disclosed in Section 9.7 of the Prospectus.

We have conducted our review in accordance with Australian Auditing Standards applicable to review engagements. We made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances, including:

- a review of the extraction of TRC's historical balance sheet from the audited financial statements of TRC for the period ended 31 December 2010;
- analytical procedures on the Pro Forma Historical Financial Information of TRC;
- a review of the pro forma transactions and/or adjustments made to the Historical Financial Information of TRC;
- a review of TRC's work papers, accounting records and other documents;
- a comparison of consistency in application of the recognition and measurement principles in Australian Accounting Standards (including the Australian Accounting Interpretations), and the accounting policies adopted by TRC disclosed in Section 9.7 of the Prospectus; and
- enquiry of directors, management and others.

The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Our review has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Directors' responsibilities

The directors of TRC are responsible for the preparation and presentation of:

- the Historical Financial Information; and
- the Pro Forma Historical Financial Information, including the determination of the pro forma transactions and/or adjustments.

The directors' responsibility includes establishing and maintaining internal controls relevant to the preparation of the financial information in the Prospectus that is free from material misstatement, whether due to fraud or error.

Review statement on the Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as set out in Section 9.4 of the Prospectus and comprises the pro forma historical balance sheet of TRC as at 31 December

2010, is not prepared or presented fairly, in all material respects, on the basis of the pro forma transactions and/or adjustments described in Section 9.4.1 of the Prospectus, and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (including the Australian Accounting Interpretations), and accounting policies adopted by TRC disclosed in Section 9.7 of the Prospectus.

Emphasis of Matter: Material uncertainty regarding continuation as a going concern

Without modification to the review statement expressed above, attention is drawn to the following matter. As a result of the matters described in section 9.6.1, TRC is reliant upon raising additional debt and/or equity or entry into joint venture arrangements to continue its ongoing operational and exploration activities. These conditions, along with the other matters as set forth in section 9.6.1 indicate the existence of a material uncertainty that may cast significant doubt about TRC's ability to continue as a going concern and to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the TRC pro forma statement of financial position.

Independence

KPMG Transaction Services does not have any interest in the outcome of this issue, other than in connection with the preparation of this report and participation in due diligence procedures for which normal professional fees will be received. KPMG is the auditor of TRC and from time to time, KPMG also provides TRC with certain other professional services for which normal professional fees are received.

General advice warning

This report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

KPMG Transaction Services has consented to the inclusion of this Investigating Accountant's Report in the Prospectus in the form and context in which it is so included, but has not authorised the issue of the Prospectus. Accordingly, KPMG Transaction Services makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Prospectus, except references to KPMG Transaction Services to which we have consented in writing.

Yours faithfully



Nick Harridge
Director

**KPMG Transaction Services (Australia) Pty Limited**

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Financial Services Guide**Dated 15 August 2011****KPMG Transaction Services (Australia) Pty Limited**

ABN 65 003 891 718, Australian Financial Services Licence Number 245402 (**KPMG** or **we** or **us** or **our** as appropriate) has been engaged by Tigers Realm Coal Limited ("TRC") (**Company**) to provide an Investigating Accountant's Report (**Report**) in relation to the initial public offer of shares in TRC (**Transaction**) for inclusion in the Prospectus dated 15 August 2011 (**Document**) prepared by the Company.

Purpose of this Guide

This Guide is designed to help retail clients to decide how to use our Report. It includes information about:

- who we are and how we can be contacted
- the services we are authorised to provide under our licence
- how we and our staff are paid
- any relevant associations or relationships we have
- how complaints are dealt with; and
- the compensation arrangements we have in place.

The Document contains information about significant benefits, risks, fees and other charges and other information about the Transaction.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence, which authorises us to provide financial product advice in relation to:

- Interests in managed investments schemes (excluding investor directed portfolio services)
- Securities (such as shares and debentures).

Our responsibility to you

We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products. You have not engaged us directly but have received a copy of the Report because of your connection to the Transaction.

We are responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in our Report.

General Advice

Our report only contains general advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in our Report having regard to your circumstances before you act on our Report.

You should also consider the other parts of the Document before making any decision in relation to the Transaction.

Fees we may receive

We charge fees for preparing reports. These fees will usually be agreed with, and paid by, the financial product issuer. Fees are agreed on either a fixed fee or a time cost basis. In this instance, TRC has agreed to pay us approximately \$550,000 for preparing the Report.

KPMG and its officers, employees, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of the Report.

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

Through a variety of corporate and trust structures KPMG is controlled by and operates as part of KPMG's Australian professional advisory and accounting practice (the **KPMG Partnership**). Our directors may be partners in the KPMG Partnership.

From time to time KPMG, the KPMG Partnership and related entities (**KPMG entities**) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

KPMG entities have, over the past two years, provided a range of audit and tax services to TRC and its former parent entity Tigers Realm Minerals Pty Limited ("TRM") for which professional fees have been received. In relation to the Transaction, in addition to the fees received in preparing the Report, KPMG has also charged fees of \$80,000 for providing taxation services. No KPMG entity has any interest in the Company, TRM or any other interested party to the Transaction.

Remuneration or other benefits received by our representatives

KPMG officers, employees and representatives receive a salary or a partnership distribution from the KPMG Partnership. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

Complaints resolution

Internal complaints resolution process

If you have a complaint, please let us know. Formal complaints should be sent in writing to The Complaints Officer, KPMG, PO Box H67, Australia Square, Sydney NSW 1213.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 5 days and investigate the issues raised. As soon as practical, and not more than **45 days** after receiving the written complaint, we will advise you in writing of our response to your complaint.

External complaints resolution process

If we cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service (**FOS**) of which we are a member. FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly at:

Address: Financial Ombudsman Service Limited, GPO Box 3, Melbourne Victoria 3001
Telephone: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au.

The Australian Securities and Investment Commission also has a freecall infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

KPMG has professional indemnity insurance cover as required by the Corporations Act.

Contact details

You may contact us using the contact details set out at the top of the letterhead on the first page of this Guide.

11. Risks

11.1. INTRODUCTION

There are a number of risks and uncertainties, both specific to TRC and of a general nature, which may, either individually or in combination, affect the future operating and financial performance and/or financial position of TRC, its prospects, and/or the value of the Shares. Many of the circumstances giving rise to these risks are beyond the control of TRC, its Directors and management.

This Section describes certain specific areas that TRC believes to be the key risks associated with an investment in TRC. Investors should specifically consider the factors contained in this Section in light of their own investment objectives and financial circumstances, and should consider seeking professional advice from their accountant, stockbroker, lawyer or other professional advisor before deciding whether to invest in Shares.

Prospective investors should note that this Section is not an exhaustive list of the risks associated with an investment in TRC and it should be considered in conjunction with other information disclosed in this Prospectus. Additional risks and uncertainties that TRC is unaware of, or that it currently does not consider to be material, may also become important factors that may have an adverse effect on TRC's future financial performance and financial position.

There can be no guarantee that TRC will achieve its stated objectives, that forecasts will be met or that forward looking statements will be realised. In addition, the price of Shares may rise or fall and the prices at which Shares are traded may be above or below the Offer price.

Prior to deciding whether to invest in TRC, potential investors should read the entire Prospectus and, in particular, consider the risk factors that could affect the financial performance and/or financial position of TRC. A number of operational and financial assumptions have been used in the preparation of various aspects of this Prospectus and the occurrence of risk factors might result in the assumptions being wrong or unachievable. This may impact upon TRC's existing and future operation and forecasts. Investors should read these assumptions to understand how the forecasts have been calculated or made, and how changes in assumptions may influence the forecasts.

11.2. RISKS SPECIFIC TO TRC'S BUSINESS

The business activities of TRC are subject to a number of risks and uncertainties that could affect TRC and the industry in which it operates. If such risks are realised, these factors may substantially impact TRC's future financial performance and/or financial position. The Directors have identified a number of specific risks related to TRC's business that should be taken into account before investors make an investment decision, including the following:

11.2.1. PRELIMINARY STAGE OF PROJECT ASSESSMENT

TRC is at a preliminary stage of determining the economic and technical viability of the Amaam and Landazuri Projects. To date, TRC has only completed conceptual or scoping studies on the Projects. These studies represent a preliminary stage of assessing the commercial potential of the Projects, intended to determine whether there is reasonable potential for the development of a commercially viable project that would justify expenditure on more detailed feasibility studies. Accordingly, these studies have not been prepared to the level of detail or expected accuracy that is required of the feasibility studies that will be required in order to justify a final investment decision. Because of the limited nature of the investigations and studies completed to date, there is a risk that the more detailed studies that will be required in order to determine whether or not to proceed to development may disprove assumptions or conclusions reached in the conceptual studies or reveal additional challenges or complexities that may result in higher costs or render the Projects unviable.

There are a number of steps through which TRC must proceed before it can make a final decision to proceed with either of the Projects. These include obtaining additional financing, discovering additional resources and upgrading its existing Inferred Resources into the Measured or Indicated category, conducting feasibility studies, concluding off-take agreements, obtaining environmental approvals and mining permits and converting Mineral Resources to Reserves. Each of these steps involves numerous risks, some of which are detailed in this Section 11.

The process of completing these steps is likely to take a number of years. There can be no assurance that the economic assumptions with regard to costs or the likely sale price of TRC's product will remain correct at the time TRC is in a position to make an investment decision.

If TRC does decide to proceed to production, the development process will be subject to additional risks, including those set out in this Section 11.2.

11.2.2. UNCERTAINTY IN THE ESTIMATION OF MINERAL RESOURCES

Estimating the quantity and quality of Mineral Resources is an inherently uncertain process and the Mineral Resources stated in this Prospectus and any Mineral Resources or Reserves that TRC states in the future are and will be estimates and may not prove to be an accurate indication of the quantity and/or quality of coal that TRC has identified or that it will be able to extract.

Resource estimates (including those contained in this Prospectus) are expressions of judgement based on knowledge, experience and industry practice. Resource estimates are necessarily imprecise and depend to some extent on interpretations and geological assumptions, the application of sampling techniques, estimates of coal prices, cost assumptions, and statistical inferences which may ultimately prove to have been unreliable.

The inclusion of Resource estimates should not be regarded as a representation that these amounts can be economically exploited and investors are cautioned not to place undue reliance on Mineral Resource estimates, particularly Inferred Resource estimates, which, as discussed in Section 11.2.3, are highly uncertain.

Consequently, Resource estimates are often regularly revised based on actual production experience or new information and are therefore expected to change. Furthermore, should TRC encounter mineralisation or formations different from those predicted by past drilling, sampling and similar examinations, TRC's coal Resource estimates may have to be adjusted and mining plans, coal processing and infrastructure may have to be altered in a way that might adversely affect TRC's operations. Moreover, a decline in the price of coal, stabilisation at a price lower than recent levels, increases in production costs, decreases in recovery rates or changes in applicable laws and regulations, including environment, permitting, title or tax regulations, that are adverse to TRC, may mean the volumes of coal that TRC can feasibly extract may be significantly lower than the Resource estimates indicated in this Prospectus. If it is determined that mining of certain of TRC's Resources and the Reserves derived from them have become uneconomic, this may ultimately lead to a reduction in the quantity of TRC's aggregate Resources being mined, or result in TRC deciding not to proceed with one or more of the Projects.

If TRC's actual Resources are less than current estimates, TRC's prospects, value, business, results of operations and financial condition may be materially adversely affected.

11.2.3. INFERRED RESOURCES

TRC does not have any Reserves under the JORC Code, and all of its Mineral Resources are in the Inferred Mineral Resource category, which is the lowest of the three Resource categories under the JORC Code, reflecting limited sampling and a relatively low degree of geological certainty.

The JORC Code recognizes two main categories of mineralisation: Mineral Resources and Ore Reserves. While material may only be included in a Mineral Resource if there are reasonable prospects of eventually economically extracting it, investors should be aware that the inclusion of a material in a Resource estimate does not require a conclusion that the material may be economically extracted at the yield indicated or at all. Mineralisation only qualifies to be categorised as a Reserve once it has been demonstrated to be economically mineable.

Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured Resources. Under the JORC Code, an Inferred Mineral Resource is defined as "that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability."

According to the commentary accompanying the JORC Code, "the Inferred category is intended to cover situations where a mineral concentration or occurrence has been identified and limited measurements and sampling completed, but where the data are insufficient to allow the geological and/or grade continuity to be confidently interpreted. Commonly, it would be reasonable to expect that the majority of Inferred Mineral Resources would upgrade to Indicated Mineral Resources with continued exploration. However, due to the uncertainty of Inferred Mineral Resources, it should not be assumed that such upgrading will always occur. Confidence in the estimate of Inferred Mineral Resources is usually not sufficient to allow the results of the application of technical and economic parameters to be used for detailed planning. For this reason, there is no direct link from an Inferred Resource to any category of Ore Reserves. Caution should be exercised if this category is considered in technical and economic studies."

Only Mineral Resources in the Measured or Indicated Categories can be converted to the status of a Reserve. As a result, any future development of the Projects will depend on TRC being able to upgrade the Inferred Resources to the Measured or Indicated categories, and/or discover additional resources in the Measured or Indicated category, and subsequently convert them to Reserves by demonstrating that they can be economically extracted under reasonably assumed operating conditions.

11.2.4. EXPLORATION TARGETS

Resolve Geological has estimated a range of exploration target tonnages for the Amaam Project based on historic field mapping and drilling (pre 2008) and drilling undertaken by NPCC between 2008-10 and TRC between 2010-11, and for the Landazuri Project based on historic field mapping and drilling (pre 2009) and field mapping and drilling undertaken by TRC between 2010-11. The potential quantity and grade of the exploration targets is conceptual in nature, there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

11.2.5. DEVELOPMENT RISK

If TRC makes a decision to proceed with developing either or both of the Projects to the production stage, the process of developing and constructing the Projects will be subject to additional risks, including those set out in this Section 11.2.5.

While TRC will make a decision to proceed to production only after completing feasibility studies, which will be prepared with a higher level of detailed investigation and therefore a higher degree of assumed accuracy than the conceptual or scoping studies completed to date, there will remain a risk that economic and technical estimates and assumptions will prove to be inaccurate, and unforeseen factors will result in outcomes that are materially less favourable than those estimated or assumed in the feasibility study.

There are many uncertainties that are inherent in developing a mining project, including:

- the availability of capital to finance feasibility studies, construction and development activities;
- the timing and cost of constructing mining and processing facilities and related infrastructure;
- the availability and cost of skilled labour, power, water and transport; and
- the need to obtain necessary governmental permits and the timing of those permits.

The remoteness of the location of the Amaam Project poses additional challenges and complexities, which may result in increased costs.

As with any mining project, TRC may experience unexpected problems and delays during development, construction and mine start-up. Once mining has commenced, there is a risk that the geology of the mines will be more complex than TRC's geological investigations have indicated, and that the coal extracted will have different qualities or more variation in quality than anticipated, which may increase processing costs, result in lower sale prices, or both.

11.2.6. ADDITIONAL FUNDING REQUIREMENTS

TRC must fund a significant amount of capital expenditure in order to commence production at the Projects.

TRC will use the proceeds of the Offer to fund further drilling and work programs to progress the Amaam pre-feasibility study and the Landazuri feasibility study for Stage 1 however, funds raised under the Offer will not be sufficient for expenditure expected to be required for any development of the Projects beyond these milestones, including the completion of a pre-feasibility study at Amaam and feasibility studies at Amaam and Landazuri, and the works required to complete construction of, and commence production at, the Projects.

The Company expects to raise additional funds in order to finance its projected capital expenditure at the Projects, potentially through entry into joint venture arrangements, or by raising debt and/or equity. However, if these funding alternatives do not eventuate or are insufficient the Company may need to raise additional equity. Any additional equity financing may be dilutive to Shareholders, and debt financing (including lease financing of equipment), if available, may involve restrictions on financing and operating activities. There is no assurance that the Company will be able to obtain or access additional funding when required, or that the terms associated with that funding will be acceptable to the Company. If such funding is not obtained, TRC will be unable to proceed with the Projects, which would adversely affect its business, financial condition and operating results and its ability to continue as a going concern or its ability to pay its debts as and when they fall due.

These conditions, along with the other matters as set forth in section 9.6.1 indicate the existence of a material uncertainty that may cast significant doubt about TRC's ability to continue as a going concern and to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the TRC pro forma statement of financial position.

11.2.7. PRODUCT QUALITY

Coal type and quality is known to vary across a wide spectrum of parameters. TRC has conducted coal quality analysis on a relatively small number of drill cores recovered from Amaam and Landazuri, however the Company has yet to undertake any coke test work. Whilst several coke strength prediction techniques have been developed using characteristics of the parent coals, the usefulness of these methods have been questioned by some coke experts and as yet there is not a universally acceptable prediction technique. This is particularly the case for Amaam given its very high reactive macerals content relative to the hard coking coals from the Bowen Basin and Western Canada upon which the majority of the coke strength prediction techniques have been developed.

In the absence of coke test work, no guarantee can be given as to the type of coking coal (for example, hard, semi-hard or semi-soft) that could ultimately be produced at Amaam and Landazuri. If the quality of the Amaam and Landazuri coking coals is lower than currently anticipated, TRC's prospects, value projects and financial condition may be materially adversely affected.

11.2.8. COAL MARKET AND DEMAND

TRC intends to earn profits from the production and sale of coal. In developing its business and mine plans, TRC has made a number of assumptions regarding coal prices and demand for coal, as described in the forward-looking statements in this Prospectus regarding coal prices and demand. The price which TRC will receive for its coal depends on numerous factors that are beyond TRC's control and are inherently unpredictable. As a result, actual coal prices and demand may differ materially to those expected by TRC.

The factors which affect coal prices and demand include the outcome of future sales contract negotiations, general economic activity, and, in particular, levels of construction activity, industrial production levels, changes in foreign exchange rates, changes in demand for steel, changes in the supply of seaborne coal, changes in international freight rates or other transportation infrastructure and costs, the price and availability of other coals that are suitable for blending with the Project coals, the cost of other commodities and substitutes for coal, the viability and up-take of non-coke steel making technologies, market changes in coal quality requirements and government regulation which restricts the use of coal, imposes taxation on the resources industry or otherwise affects the likely volume of sales or pricing of coal. All of these factors are beyond the control of TRC and may have a material adverse impact on coal prices and demand.

In recent years, China has been a significant importer of hard coking coal and TRC expects the Chinese market to be the key source of demand for its coal. A slowing in China's economic growth could result in lower demand and prices for TRC's products and therefore reduce its potential future revenues. Furthermore, in response to its increased demand for coal and other commodities, China is increasingly seeking strategic self-sufficiency in key commodities, including investments in existing businesses or new developments in other countries. These investments may adversely impact China's future coal demand and supply balances and prices.

11.2.9. LACK OF OPERATING HISTORY

TRC has never managed a fully operational mining operation or coal processing facility. TRC was incorporated on 8 October, 2010 and its only operations are in connection with the Projects. Accordingly, TRC has no experience in operating mining or coal processing facilities. While TRC's Directors and Management have substantial experience in the mining industry, there can be no assurance that the Projects will experience results similar to those achieved by other companies or projects in which its Directors and Management have been involved in the past. TRC's financial condition will depend upon the commercial viability and profitability of the Projects, which is substantially dependent upon their completion, commissioning and successful operation. TRC cannot provide any assurance that it will be able to commission or sustain successful operation of the Projects, or that it will achieve commercial viability.

11.2.10. NO ALTERNATIVE MEANS OF DERIVING REVENUE

The Projects are the only business activity that TRC intends to undertake in the near term. Almost all of TRC's assets and resources will be employed in the development of the Projects. Until completion, the Projects will not generate income sufficient to cover TRC's expenses and until that time, TRC will have no other means of generating income (apart from interest) or cash flows. If the Projects are not completed on schedule and in the manner anticipated, there could be a material adverse effect on TRC's financial condition.

11.2.11. OPERATIONS

TRC's future coal mining operations will be subject to operating risks that could result in decreased coal production which could reduce its revenues. Operational difficulties may impact the amount of coal produced at any of TRC's coal mines, delay coal deliveries or increase the cost of mining for a varying length of time. Such difficulties include (but are not limited to) unexpected maintenance or technical problems; failure of key equipment; depletion of Resources; increased or unexpected reclamation costs; interruptions due to transportation delays including, in the case of Amaam, shipping interruptions or delays as a result of sea ice build up; industrial and environmental accidents; industrial disputes; unexpected shortages or increases in the costs of consumables and spare parts; delays in shipping and risk of cost escalation; availability of water; availability and cost of power, gas and other utilities; fires; adverse weather conditions and other natural disasters. Other difficulties may arise as a result of variations in mining conditions from those projected from drilling, such as variations in coal seam thickness and quality, variations in the amount of rock and soil overlaying a coal deposit, variations in rock and other natural materials, variations in geological conditions and the actions of potential contractors engaged by TRC to operate the Projects (including any breach of contract or other action outside the control of TRC).

Unforeseen geological difficulties could also cause a loss of revenue due to lower production than expected, higher operating and maintenance costs and/or ongoing unplanned capital expenditure to meet coal production targets. Any such geological conditions may adversely affect TRC's financial performance.

A failure to obtain access (whether under a contractual arrangement or otherwise) to an adequate supply of capital equipment (including excavators, shovels, haul trucks and rolling stock) or consumables for use in TRC's operations could result in delays to the commencement of operations at the Projects, reduced production rates and increased costs.

TRC may consider opportunities for expansion and/or opportunities to acquire other mining and processing rights in the future. There can be no certainty that any expenditures made by TRC towards the search for, acquisition of or evaluation of mineral deposits or rights will result in commercial discoveries or acquisitions.

11.2.12. LICENSES AND PERMITS

TRC is required under applicable laws and regulations to seek governmental concessions, permits, authorisations, licenses and other approvals, including in connection with its operating, producing, exploration and development activities. The Directors cannot predict whether the Company will be able to obtain all required permits or other authorisations for its current and future operations. Obtaining, retaining or renewing the necessary governmental concessions, permits, authorisations, licenses (including with respect to environment and water use) and approvals can be a complex and time-consuming process and may involve substantial costs or the imposition of unfavourable conditions. There can be considerable delay in obtaining the necessary permits and other authorisations and in certain cases the relevant government agency may be unable to issue a required permit or other authorisation in a timely manner.

In relation to the Amaam Project, a number of permits are also required to progress the design, construction and operation of the proposed port facilities. These permits are required from numerous government authorities and from senior government officials. This process has the potential for delays, the imposition of restrictive conditions and the possibility that certain permits may not be granted. The duration and success of permit applications are contingent on many factors that are outside TRC's control (including objections from local communities, non-government organisations or special interest groups). Failure to obtain a material license or permit in connection with the Amaam Project would adversely impact the ability to mine the Amaam Project in an economically viable manner or at all.

11.2.13. LAND ACCESS

AMAAM PROJECT

The Amaam Project is situated on state-owned land in Russia. Under Russian law, a party may use state-owned agricultural land on a short-term basis or on a long-term basis, provided that it has been granted the necessary land use rights by the competent local, federal or governmental authority on the basis of a land lease agreement with the relevant authorities. NPCC has entered into short-term land lease agreements with the local municipal authority on the basis of which it holds short-term land use rights in respect of the land plots used by it for its operations at the appropriate licensed areas (**TRC Land Lease Agreements**).

These agreements are currently being renewed every eleven months on the basis of first refusal rights, which are established in those agreements and under Russian law. There is a risk of the conditions of lease becoming more onerous or rent being increased whenever these agreements are re-extended.

The TRC Land Lease Agreements do not cover the entire licensed areas, but only the area NPCC requires for current operations within the licensed areas. To the extent that NPCC wishes to extend its area of operation within one of the licensed areas and that area is not currently covered by the TRC Land Lease Agreements then it will need to apply to the local municipal authority for further land lease rights.

In addition, there are certain regulatory requirements requiring the underlying land plots in respect of which the TRC Land Lease Agreements are held to be registered in the state cadastral register and to have a cadastral number. Without a cadastral number there is a risk that the TRC Land Lease Agreements may be deemed by a Russian court to not have been concluded. In that circumstance, TRC would lack a legal basis for accessing and using the land and may be required to cease its operations on such land.

The land plots are also currently categorised as agricultural land even though for the purposes of exploration they ought to be categorised as industrial land. To satisfy the relevant legal requirements the land must be registered on the state cadastral register and then recategorised as industrial land.

If in the future NPCC requires access to other land within the licensed areas and applies to the local municipal authority for further land lease rights for those areas it is expected that similar issues of cadastral registration and re-categorisation of land from agricultural to industrial land will apply. As a result of the lack of cadastral registration and accurate categorisation of the land, TRC may not be in compliance with applicable regulatory requirements, which may adversely effect its operations if such requirements were enforced by local or national regulators.

COLOMBIAN PROJECTS

Under Colombian law, the government owns all subsoil and non-renewable natural resources in Colombia. Colombian mining concessions do not grant the holder any surface rights. The holder of a mining concession (concessionaire) may reach agreement with the holder of surface rights (including other mining concession holders) for the purpose of conducting mining operations, which may include appropriate remuneration or compensation. If the concessionaire cannot reach such agreement, Colombian law provides for mandatory easements over land to ensure the efficient exploration and exploitation of legal mining titles and further provides authority to impose appropriate easements as necessary both within and external to the area the subject of a Colombian mining concession. If necessary, a request may be submitted by the concessionaire to the relevant authorities for the expropriation of

properties that may be indispensable to the development of the mining project – in such cases, in the absence of any agreement, if an expropriation request is granted, the relevant authorities will determine the value of compensation that must be paid to the surface rights owners. The costs of such expropriation may be high.

The holders of the Colombian Concession Contracts do not currently have surface rights at the Landazuri Project, and there is no assurance that these surface rights will be obtained or, if obtained, will be on reasonable terms. As at the date of this Prospectus, TRC has commenced negotiations with one holder of surface rights with regards to obtaining surface rights over a portion of land that is the subject of the Landazuri Project. TRC will commence negotiations with other holders of surface rights which are required for its Colombian Projects at the appropriate stage of the development of the Landazuri Project. Failure to obtain surface rights would adversely affect the ability to mine at Landazuri.

11.2.14. LOCAL COMMUNITY RELATIONS

TRC's ability to develop the Projects will depend in part on its ability to maintain good relations with the relevant local communities, particularly in Columbia, where negotiations with a number of land owners will be required to gain access to areas covered by the Landazuri Concession Contracts. See Section 11.2.13 for additional information on surface rights. Any failure to adequately manage community and social expectations with respect to compensation for land access, employment opportunities, impact on local businesses or other aspects of the Projects may lead to local dissatisfaction with the Projects, which in turn may lead to disruptions in TRC's proposed operations.

11.2.15. MINERAL TITLE RISKS

Title to some of the mineral property rights (including rights to extract minerals) held by TRC may be challenged or impugned. In Russia and Colombia, the State is the sole authority able to grant mineral property rights, and TRC's ability to maintain mineral rights on some of its properties will be partly dependent on government policy, rules for the use of minerals and compliance with any special conditions. In addition, some of the properties that TRC has acquired may be subject to prior claims, and TRC's rights to the properties may be affected by, among other things, undetected title defects.

Certain concessions, permits, authorisations, licenses or approvals held by TRC in respect of its operations, development Projects and exploration prospects may be terminated under certain circumstances, which include the following: (i) failure by TRC to comply with any of its material general or special license conditions or to gain an extension to the time period required for compliance with such conditions; (ii) minimum expenditure levels or minimum work commitments are not achieved by TRC (or a corresponding penalty is not paid to the appropriate State authority); (iii) environmental and safety standards are not met; (iv) employment standards are not met; (v) TRC operates in the licensed areas in a manner that violates applicable law; (vi) operations are suspended for a continuous period of six months or longer; (vii) TRC fails to provide information required or requested by authorities; or (viii) liquidation of the immediate license holder.

It is not always possible to comply with, or obtain waivers with respect to such requirements and it is not always clear whether the requirements have been properly complied with, or whether it is possible or practical to obtain evidence of compliance. In some cases, failure to comply with such requirements or to obtain relevant evidence may call into question the validity of the actions taken. Termination by any relevant governmental authority of any one or more of TRC's mining, development, exploration or other concessions, permits, authorisations, licenses or approvals could have a material adverse effect on TRC's business, results of operations, financial condition and prospects and may result in TRC being unable to proceed with the development, exploration or continued operation of the Projects.

TITLE RISKS SPECIFIC TO RUSSIAN PROJECTS

As noted in sections 3.1(d)(i) and 3.2(b)(i) of the Solicitor's Report on Russian Mining Assets, there are a number of matters that may constitute potential breaches of the Russian Subsoil Licenses on a strict interpretation of applicable regulations. To the extent that Russian authorities determine that a material breach of the Zapadny Subsoil License has occurred they may commence a process leading to termination of the license if those breaches are not or cannot be rectified. As outlined in section 3.2(a) of the Solicitor's Report on Russian Mining Assets, the Dalniy Subsoil License was surrendered by NPCC and terminated from 20 June 2011. Although the Dalniy Subsoil License has been terminated, as outlined in section 3.2(b) of the Solicitor's Report on Russian Mining Assets, under the Russian Subsoil Law NPCC may remain liable in respect of activities conducted on the area the subject of the Dalniy Subsoil License.

TITLE RISKS SPECIFIC TO COLOMBIAN PROJECTS

The Company is not, as at the date of this Prospectus, the registered holder of any of the Colombian Concession Contracts. The Colombian Concession Contracts are registered in the names of certain third parties with whom the Company is a party to certain option agreements as detailed in Section 13.10.5 of this Prospectus. TRC's interest in the Colombian Concession Contracts is derived solely from these option agreements. Upon the exercise of an option in accordance with its terms, the parties who have granted the option have agreed to transfer the relevant Colombian Concession Contracts (or a percentage interest) to an entity in which the

Company has a direct shareholding. There is a risk that following the exercise of the options, such transfers will not be effected. TRC may have a dispute with a counterparty as to whether it is in compliance with the terms of the Colombian Concession Contracts or as to whether the option has been validly exercised. Additionally, certain consents are required to be provided by the Colombian Mining Authority, which may not be provided for a variety of reasons. Alternatively the Company may be unable to exercise the option in accordance with the terms of the relevant option agreement due to failure to meet the relevant payment or minimum expenditure obligations. In the event of a dispute between the Company and the parties to an option agreement, the Company's only recourse against the counterparties may be to seek enforcement of the terms of the relevant agreement through a Colombian Court, and there can be no assurance that TRC would be successful in having the relevant agreement enforced.

As noted in sections 3.4, 4.2 and 5.3 of the Solicitor's Report on Colombian Mining Assets, there are a number of matters that may constitute potential breaches of the Colombian Concession Contracts on a strict interpretation of applicable regulations. To the extent Colombian authorities determine that a material breach has occurred, they may terminate the Mining Concession Contract.

11.2.16. INFRASTRUCTURE AND UTILITIES

Coal produced from TRC's mining operations is intended to be transported to customers by a combination of road, rail and sea. A number of factors could disrupt these transport services, including natural events. In Colombia particularly, the disparity in size between large and small mining producers restricts small producers in that they have limited influence to secure access to Colombia's transportation infrastructure, including rail and port facilities.

TRC has commenced preliminary discussions with potential providers of rail and port capacity. To date, no definitive agreements have been entered into, and there is a possibility that TRC will not be able to enter into arrangements (including use-or-pay provisions) with rail carriers and port owners for use of services or will not be able to enter into arrangements on favourable terms.

Water is used in coal mining operations for various purposes, the main uses being for dust suppression on mine sites and for coal washing. At this stage, TRC has not secured access to a source of water at the Projects. In addition, due to factors such as changing or difficult climate conditions (including drought), changes in allocations or government policy, continuing access to water cannot be guaranteed.

Both the Projects will also require a power source sufficient to permit the conduct of the mining activities contemplated by TRC's mine plans. Currently, there is no high voltage infrastructure at either of the Projects. Any failure to procure such infrastructure could have a material adverse effect on TRC's ability to carry out its business and mine plans and to achieve expected production at the Projects.

11.2.17. CAPITAL AND OPERATING COSTS

TRC's business, results of operations and financial condition may vary with fluctuations in capital and operating costs. An increase in TRC's production or capital costs could have a material impact on its potential Reserves estimates. TRC's main production expenses are expected to be contractor costs, materials (including construction materials, fuel and mining and processing consumables), personnel costs and energy, and its main capital costs are expected to be the development capital expenditure for both Landazuri and Amaam. Changes in the costs of TRC's mining and processing operations as well as its capital costs could occur as a result of unforeseen events, including international and local economic and political events, and could result in changes in reserve estimates. Many of these factors may be beyond TRC's control.

In past resource cycles, operating and capital costs have tended to increase as commodity prices have increased. Thus, TRC may be faced with higher than currently expected operating and capital costs in the future.

11.2.18. CURRENCY RISKS

The majority of TRC's sales will provide for payment in foreign currencies (principally in USD). TRC's financial position and results will be denominated in AUD. If the AUD continues to strengthen in value relative to the value of the USD then, all other factors being equal, TRC's financial results will be adversely affected due to the resultant lower AUD receipts. The Board will consider whether to manage currency fluctuation risk, by hedging the USD which it expects to receive under sales contracts. However, there can be no assurance that the Company will hedge its exchange rate exposure, that it will be able to hedge such exposure on acceptable terms in the future or that any exchange rate hedging conducted by the Company will be effective or will not result in an adverse financial impact arising from the inability to benefit from a favourable movement in exchange rates. Once construction commences and throughout the operating life of the Projects, TRC expects to incur a significant proportion (potentially in the order of 30% to 40%) of the operating costs of each Project in the relevant local currency. As a result, in addition to USD, TRC will also have exposure to the Russian rouble and the Colombian peso.

Russian regulations contain a number of limitations on foreign currency operations. In particular, Russian companies must notify Russian tax authorities on opening, closing or changes of details of bank accounts denominated in any currency with banks located outside of the Russian Federation. Moreover, certain currency control restrictions are in place in Russia, including a general prohibition of foreign currency operations between Russian companies (with limited exceptions) and the requirement to repatriate,

subject to certain exemptions, export-related earnings to Russia. Restrictions on the Company's ability to conduct some of these transactions could increase its costs, or prevent the Company from continuing necessary business operations, or from successfully implementing its business strategy, which could have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

As a result of the current state of the banking sector in Russia, considerable delays may occur in the transfer of funds within, and the remittance of funds out of, Russia. Any delay or other difficulty in transferring or remitting funds could limit the Company's ability to meet payment and debt obligations as they become due which could have a material adverse effect on the Company's business, results of operations and financial condition and prospects.

Colombian exchange controls generally seek to ensure an orderly transfer of funds in foreign currency transactions through authorised exchange intermediaries. The government may restrict or suspend the right of foreign investors to transfer funds abroad if foreign exchange reserves fall below the three-month level of imports. Special exchange regimes applicable to petroleum, natural gas, coal, ferronickel and uranium exploration and exploitation activities restrict the branches of Colombian entities that are engaged in such activities from acquiring foreign currency in the foreign currency exchange market and do not require the repatriation of amounts necessary to pay any expenses in local currency. Such branches may need to arrange for payments in foreign currency from third parties to be made directly to their parent company. Restrictions on the Company's ability to engage in foreign exchange transactions could increase its costs and prevent the Company from timely or successfully making and receiving payments from third parties.

11.2.19. ENVIRONMENTAL RISKS AND HAZARDS

The Company's future operations are subject to the extensive environmental risks inherent in the mining and processing industry. TRC's operations may substantially impact the environment or cause exposure to hazardous materials. TRC will use hazardous materials and will generate hazardous waste in connection with its mining operations. TRC may be subject to claims for toxic torts, natural resource damages, and other damages as well as the investigation and clean up of soil, surface water, groundwater, and other media. Such claims may arise, for example, out of current or former activities at sites that TRC owns or will operate. Mining operations can also impact flows and water quality in surface water bodies and remedial measures may be required, such as lining of stream beds, to prevent or minimise such impacts.

These and other impacts that TRC's operations may have on the environment, as well as exposures to hazardous substances or wastes associated with TRC's operations and environmental conditions at TRC's properties, could result in costs and liabilities that would have a material adverse impact on the financial position and operating results of TRC.

A violation of health, safety and environmental laws relating to a mine or other operating facilities, or failure to comply with the instructions of the relevant health, safety or environmental authorities, could lead to, amongst other things, a temporary shut down of all or a portion of the mine or relevant facility, a loss of the right to operate the relevant facility, the imposition of costly compliance procedures and fines, or serious reputational damage to TRC.

Environmental legislation and permitting requirements and the manner in which these are enforced are likely to evolve in a manner which will increase standards and enforcement criteria, as well as increase fines and penalties for non-compliance. Coal production is an emissions intensive industry. Compliance with changes in laws, regulations and obligations relating to climate change could result in substantial capital expenditure, taxes, reduced profitability from changes in operating costs and revenue generation and strategic growth opportunities being impacted.

The Directors are unable to predict the extent and effect of additional environmental laws and regulations that may be adopted in the future, and if environmental standards evolve in such a manner, this could have a material adverse effect on TRC's business, results of operations, financial condition and prospects.

The Company's operations are subject to inspections, including spot checks, by various regulators, including the Russian environmental regulator, Rosprirodnadzor and national and regional environmental regulators in Colombia. It is not uncommon for Rosprirodnadzor to make public announcements in respect of preliminary findings resulting from such inspections, even if they are in advance of any final inspection reports or conclusive findings of non-compliance. This practice could create adverse publicity and other consequences for TRC even when the Company is in material compliance with applicable environmental laws and regulations, which could have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

11.2.20. EXPLORATION RISK

The exploration of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge is unlikely to eliminate. While the discovery of a coal deposit may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish additional Reserves and to construct mining and processing facilities at a particular site. Whether a coal deposit will be commercially viable depends on a number of factors, some of which include the particular attributes of the deposit, such as size, quality and proximity to infrastructure; product prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be

accurately predicted, but the combination of these factors may result in TRC not receiving an adequate, or any, return on invested capital for any exploration activities that may be undertaken in the future.

11.2.21. FAILURE TO ENTER INTO, OR RELIANCE ON MAJOR CUSTOMERS FOR SALES / OFF-TAKE

TRC is yet to establish any sales or off-take agreements in respect of its planned production of coal from the Projects. As a result, there is a risk that TRC may be unable to find a buyer for its coal.

Assuming TRC is able to secure sales or off-take agreements in the future, TRC may depend on a small number of large customers, the loss of any of which, or inability to collect payment from, could adversely affect TRC's results of operations and financial condition. Furthermore, TRC's ability to receive payment for coal sold and delivered depends on the continued creditworthiness of its customers. If TRC is unable to collect payments from any of these customers, TRC's financial condition and results of operations could be materially adversely affected. Should TRC be unable to find customers to purchase its entire produced volume, its financial results may be adversely affected.

11.2.22. TRC'S JOINT VENTURE ARRANGEMENTS MAY NOT BE SUCCESSFUL

The Projects are, or are intended to be, held in joint ventures with third parties, and TRC has differing levels of control in each of them. Future projects may also be held in incorporated or unincorporated joint venture structures.

Joint ventures necessarily involve special risks. Such risks include the possibilities that TRC's joint venture partners may (i) have economic or business interests or goals that are inconsistent with or opposed to those of TRC; (ii) exercise veto rights so as to block actions that TRC believes to be in its or the joint venture's best interests; (iii) as a result of financial or other difficulties, be unable or unwilling to fulfil their obligations under the joint venture or other agreements; or (iv) require capital contributions to the joint venture beyond the scope contemplated by TRC.

These issues may have a material adverse effect on the results of operations, financial condition and prospects of TRC through disruption to the joint venture's business or the delay or non-completion of the relevant development projects. Subject to the relevant joint venture agreements, TRC cannot control the actions of the joint venturers and, therefore, cannot guarantee that joint ventures will be operated or managed in accordance with the Company's preferred direction or strategy. In addition, the termination of these joint ventures, if not replaced on similar terms, could have a material adverse effect on TRC's business, results of operations, financial condition and prospects.

11.2.23. COMPETITION AND SUBSTITUTION

Competition in the coal industry is based on many factors, including price, production capacity, coal quality and characteristics, transportation capability and brand name. TRC faces competition from other mining companies in all areas of its operations, including the acquisition of mineral licenses and exploration prospects and production. Some of these competing companies may have significantly greater resources than TRC. An increase in production or reduction in price of competing coals may adversely impact TRC's ability to sell its coal products and the price attained for sales. Existing or future levels of competition in the mining industry could materially and adversely affect TRC's prospects for mineral exploration and success in the future. If TRC is not able to maintain or improve its competitiveness, it may lose or be unable to grow its market share, which could have a material adverse effect on its business, results of operations, financial condition and prospects.

The development of new steel making technologies or practices may also lead to greater use of lower quality coals or other carbon sources in substitution for the high quality coking coals sought to be produced by TRC. This could lower demand for, and the price, of the coking coals expected to be produced by TRC.

11.2.24. INVOLUNTARY LIQUIDATION RISKS – RUSSIAN COMPANIES

Under Russian corporate law, if the net assets of a Russian joint stock company calculated on the basis of Russian Accounting Standards as at the end of its second or any subsequent financial year are lower than the minimum amount of the charter capital required by law, the company must make a decision on its liquidation. If a Russian joint stock company fails to comply with this requirement within the required period of time, governmental or local authorities will be able to seek the involuntary liquidation of the company in court. Also, courts have, on rare occasions, ordered the involuntary liquidation of a company for having net assets less than the minimum charter capital required by law, even if the company had continued to fulfil its obligations and had net assets in excess of the minimum charter capital required by law at the time of liquidation.

As at the end of 2006, 2007 and 2010, the amount of net assets held by NPCC (TRC's subsidiary which holds the Amaam Project) were below the minimum level required by Russian law. NPCC addressed the breaches in 2006 and 2007 so that by 2008 and 2009 it did not have negative net assets. The 2006 and 2007 breaches are likely to be considered outside the three year limitation period for governmental authorities to make a claim to liquidate NPCC to the extent that they are deemed to have discovered the breach over three years ago. However, a remote risk remains of NPCC being subject to a liquidation process on the basis of a governmental authority discovering NPCC's breach in 2006 and 2007 more recently and the three year limitation period not having fully run out.

With respect to the breach in 2010, NPCC has addressed the matter by entering into a financial support agreement with Eastshore on 16 May 2011. Under the terms of that agreement additional funds were remitted to NPCC by Eastshore resulting in NPCC no longer having negative net assets. Nevertheless, according to Russian law, NPCC remains obliged to make a decision on its liquidation by 1 July 2011. If NPCC fails to comply with this obligation, governmental authorities may apply for its involuntary liquidation in court.

Russian court practice has evolved where principles of proportionality are considered in any decision by a court on liquidation and courts will generally consider other factors such as (i) the financial standing of the company at the time of the court's consideration of the claim; (ii) the company's ability to meet its tax obligations; and (iii) the economic and social consequences of the company's liquidation. So if a company has rectified a situation where it had negative assets and is able to continue operating as a going concern and has paid all its liabilities to the state authorities it is unlikely to be forced into liquidation. On that basis, the improvement in NPCC's net assets has significantly reduced any risk of forced liquidation. However, a risk remains that for whatever reason a governmental authority may apply to a court for the liquidation of NPCC and the court will then exercise its discretion to liquidate NPCC. As Russia operates a civil law system earlier Russian court decisions do not establish a precedent and are only indicative of current interpretation and practical application of the law. Therefore, notwithstanding current court practice, no assurance can be given that Russian court practice will not change or that an individual Russian court facing a claim by a governmental authority to forcefully liquidate NPCC on the basis of a historic breach (and despite NPCC no longer being in continuing breach of the rules on net assets) will apply those rules proportionally.

11.2.25. DEPENDENCE UPON TRM FOR SUPPORT

Initially the Company will be dependent upon TRM for the provision of a range of services necessary for the Company to conduct its business. As summarised in Section 13.10.2 of the Prospectus, the Company has entered into a Services Agreement pursuant to which TRM will provide or procure certain services including provision (by secondment) of staff, company secretarial support, information technology support, business development and general office services. Accordingly TRM will, in the initial stages of the Company's development, play an important role in the Company achieving its business goals.

In addition, the Services Agreement provides that TRM has no liability in respect of the services it provides under the Services Agreement, except in the case of gross negligence, fraud and wilful misconduct. As a result, if TRM engages in activities that result in negative consequences for TRC, TRC may be unable to recover any compensatory amounts from TRM in relation to such activities.

TRM may be unable to, or may fail to, provide any or all of the services which it is contracted to provide under the Services Agreement which may have a significant adverse effect on the Company's business and operations. This may occur as a result of, for example, unavailability of TRM staff or key personnel, disruptions to TRM's systems or an event of insolvency occurring in relation to TRM. Although the Company may obtain replacement services from third parties and remains free to retain its own personnel to perform the services specified, a failure by TRM to provide services to the Company may still adversely affect TRC and its business.

11.2.26. DEPENDENCE ON KEY PERSONNEL

The loss of key personnel and the failure to recruit sufficiently qualified staff could affect TRC's future performance. TRC has entered into employment contracts with a number of key personnel, and has certain staff seconded from TRM on a full time and part-time basis, whose expertise and experience in the mining industry is important to the continued development and operation of its mining interests.

Due to Management's experience and the important role they have taken in developing TRC's mining, business and financial plans, TRC could be adversely affected if any members of Management cease to actively participate in the Management of TRC or leave TRC entirely. There may be a limited number of persons with the requisite experience and skills to serve in TRC's Management positions if existing Management leave or become otherwise unavailable to TRC. TRC may not be able to locate or employ qualified executives on acceptable terms or at all. TRC does not currently maintain "key person" insurance. If TRC cannot attract, train and retain qualified managers or managers who have been seconded from TRM become unavailable, TRC may be unable to successfully manage its growth or otherwise compete effectively in the international coal industry.

11.2.27. OTHER REGULATORY FACTORS

Government regulations will impose significant costs on TRC's mining operations, and future regulations could increase those costs or limit TRC's ability to produce and sell coal. The mining industry is subject to increasingly strict regulation with respect to matters such as limitations on land use, employee health and safety, mine permitting and licensing requirements, reclamation and restoration of mining properties, air quality standards, water pollution, protection of human health, plant life and wildlife, the discharge of materials into the environment, surface subsidence from underground mining and the effects of mining on groundwater quality and availability.

The Projects are subject to a variety of industry-specific health and safety laws and regulations which are formulated to improve and protect the safety and health of employees. While the Company will implement training and management strategies on site to ensure

and improve the health and safety culture of local workers, the occurrence of any industrial accidents, workplace injuries or fatalities may result in workers' compensation claims, related common law claims and potential occupational health and safety prosecutions.

The possibility exists that new legislation and/or regulations and orders may be adopted that may materially adversely affect TRC's mining operations, cost structure and/or the ability of TRC's customers to use coal. New legislation or administrative regulations (or new judicial interpretations or administrative enforcement of existing laws and regulations), including proposals related to the protection of the environment that would further regulate and tax the coal industry, may also require TRC or its customers to change operations significantly or incur increased costs.

Other changes in government regulation may impact on TRC's business. These include changes to taxation laws, fiscal, monetary and regulatory policy changes and changes to export regulation in countries which the Company holds assets and import regulation in the country of origin of TRC's customers.

11.2.28. INSURANCE COVERAGE

TRC's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, earthquakes and fires. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to TRC's properties or the properties of others, delays in development or mining, monetary losses (and associated economic loss) and possible legal liability. Although TRC will maintain insurance to protect against certain risks in such amounts as it considers reasonable, its insurance will not cover all the potential risks associated with its operations.

TRC may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability or may contain clauses which exclude liability in certain instances. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to TRC or to other companies in the mining industry on acceptable terms. TRC might also become subject to liability for pollution or other hazards which may not be insured against or which TRC may elect not to insure against because of premium costs or other reasons. Losses from these events may cause TRC to incur significant costs that could have a material adverse effect upon its financial performance and results of operations. To the extent that TRC incurs losses not covered by its insurance policies, the funds available for sustaining the current operations and for the development of future operations and exploration will be reduced.

11.2.29. DIRECTOR AND OFFICER CONFLICTS OF INTEREST

Certain of the Directors and officers of TRC also serve as directors and/or officers of other companies involved in natural resource exploration and development and, consequently, there exists the possibility for such Directors and officers to be in a position of conflict with the best interests of TRC and its Shareholders. Such conflicts of interest may influence these persons in evaluating possible acquisitions or in generally acting on behalf of TRC as they may pursue opportunities which would then be unavailable to TRC. Directors and officers of TRC with conflicts of interests will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulations, rules and policies and in TRC's mandates, charters and policies. However, there can be no assurance that such legislation, regulations, rules, policies, mandates and charters will be effective. In the event that the Directors are subject to conflicts of interest, there may be a material adverse effect on TRC's financial condition.

11.3. RISKS SPECIFIC TO TRC'S FOREIGN OPERATIONS

TRC is subject to risks relating to the general economic, regulatory, legal, social and political environment in the jurisdictions in which it operates. Other than TRC's head office in Australia, all of its principal assets are currently located in Russia and Colombia. TRC's corporate holding structure also means TRC holds those assets through legal entities incorporated in Cyprus and Spain. As part of its growth program, TRC may pursue opportunities in other jurisdictions in the future. Accordingly, TRC's business, financial condition and results of operations could be materially adversely affected by factors specific to investing in these jurisdictions.

Some of these jurisdictions have experienced, and may continue to experience, significant political and social instability and may in some cases have less established judicial or legal systems, a more volatile political environment and/or more challenging trading conditions than in some other parts of the world. Moreover, TRC's business, financial condition and results of operations could be materially adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors or foreign policy in the areas in which TRC operates or will operate, sells or expects to sell its products, and holds or will hold its major assets, as well as other unforeseen matters. Unlawful, selective, discriminatory or arbitrary government action could have a material adverse effect on TRC's business, results of operations, financial condition and prospects.

TRC's operations may also be adversely affected by laws and policies of Australia or other jurisdictions in which or through which TRC operates affecting foreign trade, taxation and investment. In the event of a dispute arising in connection with its operations, TRC may be subject to the exclusive jurisdiction of a foreign court or may not be successful in subjecting foreign persons to the jurisdiction of courts in Australia or enforcing Australian judgments in foreign jurisdictions.

11.3.1. INVESTMENT IN EMERGING MARKETS

The economies of Russia and Colombia are vulnerable to market downturns and economic slowdowns elsewhere in the world, and, generally, investing in emerging markets such as Russia and Colombia involves greater risk than investing in more developed markets, including in some cases significant legal, economic and political risks. Investors should also note that emerging markets such as Russia and Colombia are subject to rapid change. Global financial or economic crises in any large emerging market country tend to adversely affect prices in equity markets of most or all emerging market countries as investors move their money to more stable, developed markets.

As has happened in the past, financial problems or an increase in the perceived risks associated with investing in emerging economies could dampen foreign investment in Russia and Colombia and adversely affect the Russian and Colombian economies. In addition, during such times, businesses that operate in emerging markets can face severe liquidity constraints as foreign funding sources are withdrawn. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Potential investors are urged to consult with their own legal and financial advisors before making an investment in the Company.

11.3.2. RISKS ASSOCIATED WITH EXPROPRIATION AND NATIONALISM

As the Company's assets are located primarily in Russia and Colombia, which are both emerging market countries, its assets and income are subject to certain political, economic and other uncertainties, including the risk of expropriation and nationalisation. While legislation exists in both Russia and Colombia that would require the payment of compensatory amounts in the event of an expropriation or nationalisation of assets, there is no assurance that such protections would be enforced and the amount of any such compensation may be lower than the price for which the expropriated asset could be sold in a free-market sale or the value of the asset as part of an ongoing business. Any expropriation or nationalisation of the Company's assets in Russia or Colombia may have a material adverse effect on the Company's financial position and results of operations.

11.3.3. PHYSICAL INFRASTRUCTURE IN COLOMBIA

Certain physical infrastructure in Colombia is in poor condition, which may lead to interruptions in effective financial and economic activity. The physical infrastructure in Colombia has not been adequately funded and maintained over the past two decades. This poor physical infrastructure disrupts the transportation of goods and supplies as well as communications and adds costs to doing business. Particularly affected are the rail and road networks, power-generation and transmission networks, communication systems and building stock. Road conditions throughout Colombia are poor, with many roads not meeting minimum requirements for use and safety.

In recent times there have been significant advances in the electricity sector and generation and transmission/distribution of power through the growth of the public utilities dedicated to power generation and distribution. On-going construction of hydroelectric power plants will further secure energy stability in Colombia. However, road infrastructure, pipelines, ports, rail and air transportation of goods and products will continue to face significant limitations while plans defined by the Colombian government are yet to be implemented, and large infrastructure contracts awarded and executed. There are currently plans seeking to intensify infrastructure development.

The current poor condition or further deterioration of Colombia's physical infrastructure may harm the national economy, disrupt the transportation of goods and supplies, add costs to doing business and interrupt the Company's business operations, including, among others, delivery of its products to customers and ability to fully comply with product quality standards, each of which could have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

11.3.4. THE ECONOMIC SYSTEM IN RUSSIA

A significant part of the principal assets of TRC are located in Russia, a country which is still moving from a centrally-planned to a market-driven economy. There remain substantial differences between the Russian economy and market-driven economies such as Australia. These differences include the development in Russia of a model often described as "State capitalism", business sentiments referred to as "Russian nationalism", a lack of transparency and the alleged use of State power in relation to commercial businesses and relations between such businesses, for example, through tax, environmental or prosecutorial authorities.

Any of the following risks, which the Russian economy has experienced at various points in the past, may have or have already had a significant adverse effect on the economic climate in Russia and may adversely impact or have already adversely impacted the Company's operations:

- significant declines in gross domestic product (GDP);
- high levels of inflation;
- sudden price declines in the natural resource sector;
- high state debt/GDP ratio;
- instability in the local currency market;
- lack of reform in the banking sector and a weak banking system providing limited liquidity to Russian enterprises;
- pervasive capital flight;
- corruption and the penetration of organised crime into the economy;
- significant increases in unemployment and underemployment;
- the impoverishment of a large portion of the Russian population;
- large number of unprofitable enterprises which continue to operate due to deficiency in the existing bankruptcy procedure;
- wide use of barter and non-liquid bills in settlements for commercial transactions;
- prevalent practice of tax evasion; and
- growth of the black-market economy.

In late 2008 and early 2009, Standard & Poor's Financial Services LLC and Fitch Ratings Ltd. downgraded the Russian Federation's foreign currency sovereign credit ratings. While these credit agencies upgraded their ratings of the Russian Federation in 2010 and the Russian economy continues to stabilise, if any of the major international credit rating agencies issues a negative credit assessment, foreign investment may decline and the cost of borrowing for the Russian Government may increase.

11.3.5. THE POLITICAL SYSTEM IN RUSSIA

Since 1991, Russia has sought to transform itself from a one-party state with a centrally planned economy to a democracy with a market-oriented economy. As a result of the sweeping nature of the reforms, and the limited success of some of them, the Russian political system remains vulnerable to popular dissatisfaction, as well as to unrest by some social and ethnic groups. On 2 December 2007, the State Duma elections were held and, on 2 March 2008, presidential elections were held in Russia. Though the recent structure of political forces in the State Duma did not change substantially, a new President, Dmitry Medvedev, assumed power from President Putin following the inauguration on 7 May 2008. Although a significant degree of continuity has been maintained between the two administrations due, in large part, to the appointment of Vladimir Putin as Russia's Prime Minister, President Medvedev may take a different approach to reforms and to the state's foreign and domestic policies in the future. Moreover, shifts in governmental policy and regulation in Russia may be less predictable than in many Western democracies and could disrupt or reverse political, economic and regulatory reforms.

While the Russian political system and the relationship between President Medvedev, the Russian Government and the State Duma currently appears to be stable, future political instability could result from declines in the overall economic situation, including any deterioration in standards of living, as well as from the results of elections of the State Duma and the Russian President in 2011 and 2012, respectively.

Current and future changes in the government, major policy shifts or lack of consensus between the President of Russia, the Russian Government, Russia's parliament and powerful economic groups could lead to political instability which could have a material adverse effect on the Russian operations of the Company. Russia is a federation of various sub-federal political units. The delineation of authority and jurisdiction among the members of the Russian Federation and the Russian Government is, in many instances, unclear and remains contested. Lack of consensus between the Russian Government and local or regional authorities may result in the enactment of conflicting legislation at various levels and may lead to further political instability. This possible lack of consensus may hinder the Company's long-term planning efforts and creates uncertainties in its operating environment, which may prevent the Company from effectively and efficiently carrying out its business strategy.

Emerging markets such as Russia are also subject to heightened volatility based on economic, military and political conflicts. For example, a military conflict in August 2008 between Russia and Georgia involving South Ossetia and Abkhazia resulted in significant overall price declines on the Russian stock exchanges and the deterioration of Russia's relations with certain other countries for a considerable period of time. Moreover, the relationships between Ukraine and Russia, and Belarus and Russia, have recently been strained over a variety of issues. The emergence of any new or escalation of existing tensions in the region could negatively affect the economy of Russia and other countries that are involved.

Additionally, ethnic, religious, historical and other divisions have, on occasion, given rise to tensions and violence which can halt normal economic activity and disrupt the economies of neighbouring regions. The further intensification of violence, including terrorist attacks, or its spread to other parts of Russia, could have significant political consequences, including the imposition of a state of emergency in some or all regions of Russia. Moreover, any terrorist attacks and the resulting heightened security measures are likely to cause disruptions to domestic and international commerce. These factors could have a material adverse effect on the Company's business, results of operations and financial condition.

11.3.6. THE IMPACT OF CRIME AND CORRUPTION IN RUSSIA

The political and economic changes in Russia in the 1990s have resulted in a decrease in the effectiveness of actions of law enforcement authorities against crime and corruption. The local and international press has reported that significant organised criminal activity has arisen, particularly in large metropolitan centres, and that high levels of corruption exist in Russia, including the bribing of government officials for the purpose of instigating investigations by government agencies. Press reports have also described instances in which government officials engage in selective investigations and prosecutions to further their commercial interests or those of certain individuals. Additionally, some members of the Russian media are alleged regularly to publish disparaging articles in return for payment. The presence of organised or other crime, the demands of corrupt officials or potential future claims that the Company has been involved in official corruption could result in negative publicity or disrupt its ability to conduct its business effectively, which could have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

11.3.7. THE RUSSIAN TAX SYSTEM

TRC is subject to a broad range of taxes payable at federal, regional and local levels in Russia. The Tax Code of the Russian Federation has been in force for a short period of time relative to tax laws in more developed market economies. Russian tax laws, regulations and court practice are subject to frequent change, varying interpretations and inconsistent and selective enforcement. For example, under certain circumstances, the current three-year statute of limitations for the assessment of taxes pursuant to a tax audit can be significantly extended. Tax audits or inspections may result in additional costs to the Company if the relevant tax authorities conclude that the Company did not satisfy its tax obligations in any given year. Such audits or inspections may also impose additional burdens on the Company by diverting the attention of management resources. The outcome of these audits or inspections could have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

If the tax authorities and/or courts adopt a different interpretation of various tax laws and regulations from that followed by TRC and its legal and tax advisors, TRC may have to pay taxes of a different type and quantum currently anticipated. This could have a material adverse effect on TRC's business, results of operations, financial condition and prospects.

There is the possibility that the Russian taxation and/or royalty regime currently applicable to TRC and the Amaam Project may change to the detriment of TRC, without adequate consultation or compensation. This could have a material impact upon the Company and the economic feasibility of the Amaam Project.

Additionally, dividends paid by a Russian legal entity to a foreign legal entity are generally subject to Russian withholding income tax at the rate of 15%, although this tax rate may be reduced under an applicable double taxation treaty. The Russia-Cyprus double taxation treaty allows reduction of withholding income tax on dividends paid by a Russian company to a Cypriot company to 10% provided that the following conditions are met: (1) the Cypriot company is a tax resident of Cyprus within the meaning of the Russia-Cyprus double taxation treaty; (2) the Cypriot company is the beneficial owner of the dividends; (3) the dividends are not attributable to a permanent establishment of the Cypriot company in Russia; and (4) the treaty clearance procedures established by the Russian Tax Code are duly performed. This rate could be further reduced to 5% if the direct investment of the Cypriot company in a Russian company paying the dividends is at least USD100,000. Based on the draft protocol to the Russia-Cyprus double taxation treaty agreed upon by the governments of Cyprus and Russia, the treaty has been amended so that the USD100,000 investment threshold should be replaced with a EURO100,000 threshold. These amendments are not yet effective.

Although the Company will seek to claim treaty protection, there is a risk that the applicability of the reduced rate of 5% or 10% may be challenged by the Russian tax authorities. As a result, there can be no assurance that the Company would be able to benefit from the reduced withholding income tax rate which, in practice, could have a material adverse effect on the results of the Company's operations and financial condition. For example, the Company may incur the 15% withholding income tax at source on dividend payments to Eastshore if the treaty clearance procedures established by the Russian Tax Code are not duly performed at the date when dividend payments are made. In this case, the Company may seek to claim as a refund the difference between the 15% tax withheld and the tax at the reduced rate of 10% or 5% as appropriate. However, there can be no assurance that such difference would be refunded, which could have a material adverse effect on the Company's business, results of operations and financial condition.

11.3.8. THE RUSSIAN LEGAL SYSTEM AND RUSSIAN LEGISLATION

Risks associated with the Russian legal system include, to varying degrees, the following:

- inconsistencies between: (i) federal laws; (ii) decrees, orders and regulations issued by the President, the Russian Government and federal ministers; and (iii) regional and local laws, rules and regulations;
- a lack of judicial and administrative guidance on interpreting legislation as well as a lack of sufficient commentaries on judicial rulings and legislation;
- the relative unavailability of Russian legislation and court decisions in an organised manner that facilitates understanding of such legislation and court decisions;
- the relative inexperience of jurists, judges and courts in interpreting newly adopted legislation and complex commercial arrangements;
- substantial gaps in the legal framework due to the delay or absence of implementing regulations for certain legislation;
- a lack of judicial independence from political, social and commercial forces;
- alleged corruption within the judiciary and governmental authorities;
- problematic and time-consuming enforcement of both Russian and non-Russian judicial orders and international arbitration awards;
- a high degree of discretion on the part of governmental authorities, leaving significant opportunities for arbitrary and capricious government action; and
- bankruptcy procedures that are not well developed and are subject to abuse.

Legislation relating to disclosure and reporting requirements and anti-money laundering legislation have only recently been enacted in the Russian Federation. The concept of fiduciary duties being owed by management or directors to their companies or shareholders is new to Russian law. The relatively recent enactment of many laws and the lack of consensus about the aims, scope, content and pace of economic and political reforms have resulted in ambiguities, inconsistencies and anomalies in the Russian legal system. The enforceability and underlying constitutionality of more recently enacted laws are in doubt, and many new laws remain untested. Moreover, the courts have limited experience in interpreting and applying many aspects of business and corporate law. Russian legislation also often contemplates implementing regulations that have not yet been promulgated, leaving substantial gaps in the regulatory framework.

Unlike Australia, Russia has a civil law approach to judicial decision-making. This means that judicial decisions do not have binding effect on subsequent decisions even if they are made by a court of higher instance. As a result there is more limited judicial and administrative guidance on how Russian legislation will be interpreted. To the extent that legal norms, at times, overlap or contradict each other this also adds uncertainty and additional cost to business and may cause higher discounts to be applied when evaluating potential projects in the context of a feasibility study or economic valuation of a project. There may be occasions where TRC will have to take a view on how to proceed notwithstanding contradictory views and judgments regarding the interpretation and effect of Russian laws and how they may affect its business and operations.

These weaknesses and others could affect TRC's ability to enforce its rights under contracts or statutes, or to defend itself against claims by others or enforce or safeguard its property rights. Furthermore, if TRC's assets or portions thereof were to be lost, whether as a result of these weaknesses or others or as a result of an alleged abuse of the Russian legal system by the State, TRC might not be able or willing to enforce its rights or might not be able to enforce any award that it obtains.

11.3.9. FOREIGN INVESTMENT REGULATION IN RUSSIA

The Russian regulatory regime in relation to foreign investments imposes certain restrictions on the acquisition by foreign investors of direct or indirect interests in Russian companies acting in sectors of the Russian economy which have been declared strategic. Companies holding licenses in respect of certain types of subsoil deposits can be deemed strategic if the respective deposits exceed certain thresholds set out in the law and are included in the list of subsoil blocks of federal significance maintained by Russia's government (**Strategic Subsoil Blocks**). This new regulatory regime currently does not apply to the Amaam Project as coal (of any type) is not classified as a strategic mineral and currently there is no expectation that the law will be changed to apply to coal or that any of TRC's assets will be classified as Strategic Subsoil Blocks. A change to the law which deems TRC's assets as "strategic" could impact TRC's ability to obtain a subsoil license with rights to extract from a Strategic Subsoil Block or to transfer a material interest in a Strategic Subsoil Block. This could consequently have a material adverse effect on TRC's business and financial condition.

11.3.10. ECONOMIC SYSTEM IN COLOMBIA

Operations in Colombia are subject to risks due to the potential for economic instability.

The Colombian Government and the Central Bank intervene frequently in Colombia's economy and occasionally make significant changes in monetary, fiscal and regulatory policy. The Company's business and results of operations or financial condition may be adversely affected by changes in government or fiscal policies, and other economic developments that may affect Colombia or the

international markets. Possible developments include fluctuations in exchange rates, inflation, instability of prices, changes in interest rates, liquidity of domestic capital and debt markets, exchange controls, deposit requirements on foreign borrowings, controls on capital flows, and limits on foreign trade. The Colombian Government may seek to implement new policies aimed at controlling further fluctuation of the peso against the USD and fostering domestic price stability. The Company cannot predict what policies will be adopted by the Colombian Government and whether those policies would have a negative impact on the Colombian economy or the Company's business and financial performance.

Colombia's economy remains vulnerable to external shocks, including the recent global economic crisis and those that could be caused by future economic difficulties of its major regional trading partners or by more general "contagion" effects, which could have a material adverse effect on Colombia's economic growth. As a result of the recent global financial and economic crisis, Colombia experienced a significant contraction of exports.

11.3.11. THE POLITICAL SYSTEM IN COLOMBIA

Historically, Colombia has experienced several periods of violence and political instability. Particularly over the past four decades, there has been considerable violence in Colombia, primarily due to the activities of guerrillas, paramilitary groups and drug cartels. In response, the Colombian Government has implemented various security policies and has strengthened its military and police forces, including through the creation of specialised units. Despite these efforts, drug related crime and guerrilla and paramilitary activity continue to exist in Colombia. Any possible escalation in the violence associated with these activities may have a negative impact on the Colombian political environment or on the Company, which may affect the Company's employees, assets or Projects. In the context of political instability, allegations have been made against members of the Congress of Colombia and on Government officials for possible ties with illegal groups. This situation may have a negative impact on the credibility of the Colombian Government, which could in turn have a negative impact on the Colombian economy or on the Company in the future.

11.3.12. THE COLOMBIAN TAX SYSTEM

The 2011 Tax Reform Act no. 1430 (the Tax Reform Act), which became effective on 1 January 2011, adopted significant changes to the existing taxation framework in Colombia. Together with government fiscal policies implemented in 2011 related to taxation, the Tax Reform Act seeks to encourage the development of new businesses, increase tax collections and increase government taxation controls in connection with cross-border transactions. As a result of the Tax Reform Act, companies face, among other reforms, the adoption of a withholding tax on certain cross-border inbound financings; elimination of a special deduction for the purchase of productive fixed assets; elimination of the special fix-price transfer pricing regime for eligible mineral exporters; and reduction of the caps on penalties for non-compliance with transfer pricing obligations. The Tax Reform Act and future government fiscal policies and tax legislation could increase the Company's costs of doing business in Colombia and adversely affect its results of operations and financial condition.

11.3.13. THE COLOMBIAN LEGAL SYSTEM AND LEGISLATION

Risks associated with the Colombian legal system include, to varying degrees, the following:

- inconsistencies between the application of regulations by national and regional authorities;
- a lack of judicial and administrative guidance on interpreting legislation as well as a lack of sufficient commentaries on judicial rulings and legislation;
- the relative inability of Colombian courts to make decisions in a reasonable time frame;
- substantial gaps in the legal framework due to the delay or absence of implementing regulations for certain legislation;
- a lack of administrative independence from political, social and commercial forces;
- alleged corruption within the national and regional governmental authorities;
- a high degree of discretion on the part of governmental authorities, leaving significant opportunities for arbitrary and capricious government action; and
- changes in environmental and mining regulations, which may modify the legal frameworks under which mining exploration and exploitation activities are conducted.

These risks associated with the Colombian legal system may have a material adverse impact on TRC and its operating results and financial position.

11.3.14. FOREIGN INVESTMENT REGULATION IN COLOMBIA

Foreign investment is permitted in Colombia in all sectors of the economy, except in defence, national security and processing and disposal of toxic, hazardous or radioactive waste not produced in Colombia. Colombian legislation establishes a principle of equal treatment, whereby foreign investment in Colombia is treated for all purposes as a local investment.

Foreign companies wishing to conduct permanent activities in Colombia must set up a branch office in Colombia, which is entitled to receive foreign currency for investment. These investments must be registered with the Colombian Central Bank.

Colombia has a foreign exchange regime, which has specific rules for entry and exit of foreign capital. Violations of the foreign exchange regime may result in the imposition of fines on the offending company and any individual persons who may have been involved in or participated in the contravention.

The mining sector is considered a “special regime” for foreign capital investment in Colombia. Companies participating in such special regime may make and receive payments in foreign currency.

11.4. RISKS RELATED TO THE OFFER

11.4.1. STOCK MARKET FLUCTUATIONS AND ECONOMIC CONDITIONS

The Shares are to be quoted on ASX, where their price may rise or fall in relation to the Offer Price. The Shares issued under this Prospectus carry no guarantee in respect of profitability, dividends, return of capital, or the price at which they may trade on ASX. The value of the Shares will be determined by the stock market and will be subject to a range of factors beyond the control of the Company, and the Directors and officers of the Company. Such factors include, but are not limited to, the demand for and availability of Shares, movements in domestic interest rates, exchange rates, fluctuations in the Australian and international stock markets and general domestic and economic activity, in particular, a downturn in China's steel industry. Returns from an investment in the Shares may also depend on general stock market conditions as well as the performance of the Company. There can be no guarantee that an active market in the Shares will develop or that the market price of the Shares will not decline below the Offer Price.

Changes in economic and business conditions or government policies in Australia or internationally may affect the fundamentals which underpin the projected growth of the Company's target markets or its cost structure and profitability. Adverse changes in such things as the level of inflation, interest rates, exchange rates, government policy (including fiscal, monetary and regulatory policies), consumer spending and employment rates, among others, are out of the control of the Company and may result in material adverse impacts on the business or its operating results.

11.4.2. WARS, TERRORISM, POLITICAL AND ENVIRONMENTAL EVENTS

Events may occur within or outside Australia that could impact upon the world economy, the market for coal, the operations of TRC and the price of the Shares. These events include war, acts of terrorism, civil disturbance, political intervention and natural events such as earthquakes, floods, fires and poor weather affecting roadways, mining and transport of coal. TRC has only a limited ability to insure against some of these risks.

11.4.3. LIMITED LIQUIDITY

There can be no guarantee that an active market in the Shares will develop or that the price of the Shares will increase. There may be relatively few potential buyers or sellers of the Shares on ASX at any time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less than the price that Shareholders paid to acquire their Shares.

11.4.4. MAJOR SHAREHOLDER

Upon Completion of the Offer, TRM will hold approximately 32.9% of the Shares on issue and will be the Company's major Shareholder. TRM could have a significant influence on TRC, and its interests may not be aligned with other Shareholders' interests. If TRM was to dispose of a substantial number of its Shares, or if it were perceived that such sales might occur, this could have a negative impact on the price of the Shares. On the other hand, the failure of TRM to dispose of Shares may result in the continuation of a limited level of liquidity in daily trading of the Shares on issue.

11.4.5. ISSUE OF ADDITIONAL SECURITIES

In certain circumstances, the Directors may issue equity securities without any vote or action by Shareholders. If TRC were to issue any equity securities the percentage ownership of existing Shareholders may be reduced and diluted.

Immediately after the Completion of the Offer, there will be no preference shares, convertible notes or debt-equity hybrid securities on issue and TRC has no present plans to issue any such securities. However, the rights of the holders of any series of such securities that may be issued in the future may be senior to the rights of holders of Shares, which could preclude holders of the Shares from receiving dividends, proceeds of a liquidation or other benefits. The issuance of such securities or other forms of equity securities, while providing desirable flexibility in connection with possible acquisitions and other corporate purposes, could make it more difficult for a third party to acquire control of TRC (for example, by discouraging an unsolicited acquisition proposal or a proxy contest, the effect of which may be to deprive the Shareholders of a control premium that might otherwise be realised in connection with an acquisition of TRC).

12. Solicitor's Report on Mining Assets

12.1. SOLICITOR'S REPORT ON RUSSIAN MINING ASSETS

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30 June 2011

Private and Confidential

To: The Directors
Tigers Realm Coal Limited
Level 7, 333 Collins Street,
Melbourne,
Victoria 3000, Australia

SOLICITOR'S REPORT ON RUSSIAN MINING ASSETS

This Report is prepared for inclusion in a prospectus to be issued by Tigers Realm Coal Limited ACN 146 752 561 (the **Company** or **TRC**) for an offer to the public and institutional investors of fully paid ordinary shares in the capital of the Company, in connection with the application for admission of the Company to the Australian Securities Exchange.

This Report is based on, and subject to, the assumptions and qualifications set out in section 7, and as otherwise specified elsewhere in this Report.

1 Scope of work

1.1 Subsoil Licences

This Report provides information on the following subsoil licences granted to CJSC "Northern Pacific Coal Company" (**NPCC**) under the Law of the Russian Federation No. 2395-1 "On Subsoil", dated 21 February 1992, as amended (**Russian Subsoil Law**):

- (a) AND 13867 TP; and
- (b) AND 13868 TP.

(as amended, and collectively referred to as the **Russian Subsoil Licences**) by reference to (a) the nature of the Russian Subsoil Licences (b) NPCC's title to the Russian Subsoil Licences; (c) the validity of the Russian Subsoil Licences; (d) NPCC's compliance with the terms and conditions of the Russian Subsoil Licences; and (e) actions taken by NPCC to surrender Russian subsoil licence AND 13868 TP, which was terminated from 20 June 2011 as outlined in paragraph 3.2 of this Report.

1.2 NPCC

The Company has structured its 40% interest in the Russian Subsoil Licences through its holding of 40% of the shares of Eastshore Coal Holding Limited (**Eastshore**), a Cyprus-incorporated company which holds 100% of the shares of NPCC, the holder of the Russian Subsoil Licences.

12.1. SOLICITOR'S REPORT ON RUSSIAN MINING ASSETS

This Report provides information on NPCC, and we opine on whether Eastshore is the registered legal owner of 100% of the shares of NPCC without encumbrances registered in Russia.

1.3 Material Contracts

This Report includes a statement about the legality and enforceability of the obligations that each party is expressed to assume under the Material Contracts (as defined below).

1.4 Material issues

This Report includes a summary of other Russian legal issues that we are aware of and believe may have a material adverse effect on NPCC's main activity in Russia, which is currently mining-related activity pursuant to the Russian Subsoil Licences (**Main Activity**).

2 Methodology

We have used the methodology outlined below in preparing this Report.

- 2.1 We have interviewed the general director and financial manager of NPCC and obtained a comfort letter signed by the general director confirming the information and statements made in the interview upon which we have relied in preparing this Report. We requested all documents and information from NPCC which could be considered material having regard to the requirements of section 710 of the Australian Corporations Act and the scope of this Report.
- 2.2 We have reviewed the documentation provided to us by NPCC relating to the Russian Subsoil Licences. We have also reviewed other contracts and documentation considered to be material having regard to the requirements of section 710 of the Australian Corporations Act, including:
 - (a) a short-term lease agreement as amended between NPCC and the Administration of the Anadirskiy (formerly Beringovskiy) municipal district dated 1 July 2008 in respect of a land plot of 142,500 sq.m. (14.25 hectares) located 50 km from the Beringovskiy settlement (being the Zapadniy plot of the Amaamskiy deposit) (**Zapadniy Lease Agreement**); and
 - (b) a short-term lease agreement as amended between NPCC and the Administration of the Anadirskiy (formerly Beringovskiy) municipal district dated 13 November 2007 in respect of a land plot of 70,050 sq.m. (7.0055 hectares) located 10-20 km to the west of the Beringovskiy settlement (being the Dalniy plot of the Bukhta Ugolnaya deposit) (**Dalniy Lease Agreement**).
- 2.3 We have also reviewed the following documents governed by English law:
 - (a) a shareholders' agreement dated 6 May 2011 between Bering Coal Investments Ltd (**Bering**), Tigers Realm Minerals (Cyprus) Pty Ltd (**TR Cyprus**) and Eastshore (**Eastshore Shareholders' Agreement**);
 - (b) a deed of royalty dated 6 May 2011 between Bering, TR Cyprus and Eastshore (**Bering Royalty Agreement**);
 - (c) a deed of royalty dated 6 May 2011 between Siberian Tigers International Corporation Limited (**Siberian**), TR Cyprus and Eastshore (**Siberian Royalty Agreement**); and
 - (d) a technical services agreement dated 12 May 2011 between TR Cyprus, Eastshore and NPCC (**Technical Services Agreement**).

The documents referred to in this paragraph 2.3 and paragraph 2.2 above hereinafter are together referred to as the **Material Contracts**.

2.4 We have made or procured the following searches in respect of NPCC (**Searches**):

- (a) an extract from the Russian Unified State Register of Legal Entities obtained by NPCC on 27 April 2011 (**Company Search**);
- (b) a search of the Kommersant newspaper website, a Russian non-governmental information service provider which publishes a national, regularly updated database of bankruptcy filings, on 30 June 2011 to check if NPCC is the subject of any bankruptcy proceedings (**Bankruptcy Search**); and
- (c) a search of:
 - (i) the GARANT SYSTEM (Система ГАРАНТ) and Consultant Plus (Консультант Плюс), Russian non-governmental information service providers which publish a selection of Russian court decisions, on 30 June 2011 to check if NPCC was a party to any of these decisions; and
 - (ii) the unified court database of the Supreme Arbitrazh Court (kad.arbitr.ru), which unifies all court judgements, resolutions and determinations being rendered by all arbitrazh (commercial) courts in Russia, on 30 June 2011. This system has been in place since late 2009 and earlier cases are not included in it,

(together the **Litigation Searches**).

In Schedule 2 we have provided details of the results of our Searches.

2.5 We have used the electronic online databases accessible through the GARANT SYSTEM (Система ГАРАНТ) and through Consultant Plus (Консультант Плюс), Russian non-governmental information service providers which also publish a comprehensive database of Russian national, regional and local laws and regulations, for purposes of identifying the relevant Russian laws, rules and regulations in force at the date of this Report and which we consider relevant to NPCC's Main Activity.

2.6 For the purposes of this Report we have examined no other documents and have undertaken no other enquiries.

3 Russian Subsoil Licences

3.1 The Zapadny Subsoil Licence

(a) Nature of Zapadny Subsoil Licence

Licence No. AND 13867 TP (together with its attachments) was issued for geological study (prospecting and evaluation) of deposits of fossil coal within the Zapadny plot of the Amaamskiy deposit (as amended, the **Zapadny Subsoil Licence**).

The Russian Subsoil Law establishes three types of licences which may be granted for subsoil use:

- (i) geological study (including prospecting and evaluation);
- (ii) exploration and extraction; and
- (iii) geological study, exploration and extraction (a so-called "combined licence").

The Zapadny Subsoil Licence falls within the first type. This means NPCC is currently unable to carry out exploration and extraction. To conduct such activities NPCC will need to obtain one of the other types of subsoil licence.

12.1. SOLICITOR'S REPORT ON RUSSIAN MINING ASSETS

According to the Russian Subsoil Law, a subsoil user with a geological study licence who discovers a deposit has a right to apply for an exploration and extraction subsoil licence without a tender. A certificate of discovery of a deposit is one of the prerequisites for making an application for an exploration and extraction subsoil licence.

Provided that terms and conditions proposed by the subsoil user are deemed to be in compliance with the requirements of rational use and protection of subsoil, the Russian authorities may refuse to accept an application for an exploration and extraction licence on the basis of a certificate of discovery the Russian authorities only if:

- (i) the application was not duly filed;
- (ii) the applicant intentionally provided false information about itself;
- (iii) the applicant failed to evince that it has (or will have) qualified specialists, the necessary finance and technical equipment for effective and safe work; or
- (iv) the grant of the application results in a breach of antimonopoly requirements.

Once an application is accepted it is considered by a commission created by the Federal Agency for Subsoil Use (**Rosnedra**). An exploration and extraction subsoil licence is granted on the basis of a decision taken by the commission by a simple majority of votes. Russian law does not provide any criteria that should be used by the commission in taking a decision on whether or not to grant a subsoil user an exploration and extraction subsoil licence.

(b) NPCC's title to the Zapadny Subsoil Licence

NPCC is the sole registered holder of the Zapadny Subsoil Licence.

As a general rule the Russian Subsoil Law allows more than one person to conduct geological study within the same licensed area, but prescribes that the relationship between such persons must be determined at the time of grant of the rights to use subsoil. In practice, any third party is disclosed in the subsoil licence document. In the case of the Zapadny Subsoil Licence there is no reference to any other subsoil licence being in existence and the general director of NPCC confirmed to us that he is not aware of any other Russian subsoil licences in respect of NPCC's licensed areas. Generally, if another subsoil licence is issued in respect of the same area as the first geological study subsoil licence, the first geological study subsoil licence would require amendment. In the case of the Zapadny Subsoil Licence, there is no such amendment and we are not aware of any such amendments being in prospect.

Other than Eastshore Shareholders' Agreement, so far as we are aware there are no agreements that create a contractual encumbrance over the Zapadny Subsoil Licence in favour of a third party.

Under the Eastshore Shareholders' Agreement certain matters relating to the Zapadny Subsoil Licence are reserved matters. Where a proposed matter is a reserved matter TR Cyprus and Eastshore are required to obtain the prior approval of Bering before those matters may be advanced. In particular, this means that neither the Zapadny Subsoil Licence may be amended or varied in a material manner nor may it be transferred or assigned to a third party nor may NPCC be transferred to a third party without the agreement of Bering.

(c) Validity of the Zapadny Subsoil Licence

The Zapadny Subsoil Licence was issued to NPCC and registered by Rosnedra on 12 December 2006 initially for a term of almost five years expiring on 1 December 2011 and was later extended to 1 December 2014. NPCC duly paid the amount it was required to pay for its issue.

The Zapadny Subsoil Licence was awarded to NPCC pursuant to article 10.1 of the Russian Subsoil Law and the decision of the Commission on consideration of applications for granting the right to use subsoil plots within the territory of the Chukotka autonomous district dated 8 September 2006 (**Minutes No. 1-AND/108-2006**). Rosnedra issued Order No. 1158 dated 11 December 2006 regarding the issue of the Zapadny Subsoil Licence.

On 28 March 2011 NPCC filed an application to extend the term of the Zapadny Subsoil Licence. On 8 June 2011 Rosnedra registered Addendum No. 2 to the Zapadny Subsoil Licence which extended the term of the licence to 1 December 2014.

The licence documentation reviewed by us shows that NPCC was the sole applicant for the Zapadny Subsoil Licence and that NPCC provided all documents to Rosnedra required for its issue.

Subject to the qualifications and assumptions and other statements in this Report, the Zapadny Subsoil Licence is valid.

(d) Compliance with the terms and conditions of the Zapadny Subsoil Licence

NPCC must comply with the terms and conditions of the Zapadny Subsoil Licence. These are outlined in Schedule 1 of this Report. Under the Zapadny Subsoil Licence the licence may be terminated by Rosnedra if its main terms and conditions are not complied with.

(i) Performance of work

We are aware of a number of situations where NPCC was not in strict compliance with the terms and conditions for performance of work in respect of the Zapadny Subsoil Licence.

If a matter of non-compliance with the terms and conditions of a subsoil licence is determined by the Russian authorities to be a material breach the authorities may be entitled to terminate that licence. In other words, if NPCC commits a material breach of the Zapadny Subsoil Licence NPCC will be at risk of the Russian authorities terminating such licence.

Non-compliance by NPCC with the terms and conditions of the Zapadny Subsoil Licence as described in this paragraph does not necessarily mean that a regulator would determine that such non-compliance constitutes material breaches on an objective assessment. However, we are unable to opine on whether the Russian authorities (i) are going to make objective assessments of NPCC's non-compliance and/or (ii) determine that NPCC's non-compliance is a material breach of the terms and conditions of the Zapadny Subsoil Licence.

The occasions of non-compliance that we are aware of are described below.

- (A) The first stage of geological study and the minimum level of drilling works in respect of the Zapadny Subsoil licence were completed in the second half of 2010 rather than by the prescribed date of 31 December 2009.

According to the main terms of the Zapadny Subsoil Licence, NPCC must have completed the first stage of geological study and have delivered a report with its evaluation of reserves and forecast resources in the licensed area (using the C2 and P1 Russian reserve classification system) to the Territorial Department of Rosnedra of the Chukotka Autonomous District (**Chukotnedra**) by 31 December 2009. At least 7,500 running meters of wells should have been drilled by this date.

12.1. SOLICITOR'S REPORT ON RUSSIAN MINING ASSETS

These objectives, however, were completed late by NPCC in mid-2010. The general director of NPCC explained to us that the delay was a result of changes to the work schedule to comply with new recommendations made by the State authorities (after issue of the Zapadny Subsoil Licence) that work be performed by NPCC during the winter only.

- (B) NPCC has in the past not always strictly complied with its environmental reporting obligations.

According to the main terms of the Zapadny Subsoil Licence, NPCC must monitor the environmental condition of the licensed area and deliver a separate report annually to Chukotnedra on the environmental condition of the licensed area.

We understand that NPCC has been providing the relevant information within its quarterly and annual information reports on the results of geological exploration works, which it has delivered to the authorities, but not in the form of a separate report. The general director of NPCC explained to us that no such separate report was filed because NPCC, on the basis of internal legal advice, took the view that it was exempt from the obligation to file a separate report on the basis of certain exemptions in Federal Law No. 209-FZ "On development of small and medium-sized enterprises in the Russian Federation", dated 24 July 2007, as amended (**Law on small enterprises**). In our opinion this particular view is not without risk as there is no specific exemption under the Law on small enterprises that refers to the provision of such separate reports. There is therefore a risk that this argument could be challenged successfully in court. However, the general director of NPCC has further confirmed to us that the attitude of the authorities has been positive and they have adopted a reasonable and practical approach with a focus on substance and not merely form and accordingly have been satisfied with the approach taken by NPCC with regard to this issue. This is arguably supported by the results of State supervision inspections of NPCC's subsoil activity and the approval of the extension of the Zapadny Subsoil Licence.

State supervision

The Federal Service for the Supervision of the Use of Natural Resources (**Rosprirodnadzor**) of the Chukotka Autonomous District did not raise either of the above matters as breaches in its report on its September 2010 inspection of NPCC's subsoil activity, land use, water use, measures to protect the atmosphere and waste treatment. According to Supervision act No. 18/10 issued by Rosprirodnadzor on 29 September 2010 (**Supervision Act 18/10**) no breaches or inconsistencies were found. Supervision Act 18/10 further acknowledges that delays in drilling had occurred owing to recommendations made by the State authorities for work to be performed in winter only and that all geological and statistical information had been submitted on a timely basis. This indicates that the Russian authorities are currently adopting a reasonable and practical approach to these matters.

There are a number of procedural steps that generally apply before a subsoil licence is terminated for material non-compliance. These procedural steps are outlined below:

First, Rosprirodnadzor must identify the breach during an inspection of the Zapadny Subsoil Licence;

Second, after identifying the breach Rosprirodnadzor must give the licence holder a remediation notice to rectify the breach. The remediation notice should specify

the measures to be taken by the licence holder to remedy the breaches and the time frame (generally three months) for doing so.

Third, after expiry of the term for remedying the breaches, Rosprirodnadzor conducts a second inspection.

Fourth, if the breaches remain unremedied, Rosprirodnadzor informs Rosnedra.

Fifth, Rosnedra then passes all materials to the Commission on Examination of Issues of Early Termination of the Rights to Use Subsoil (**Commission**).

Sixth, the Commission examines the situation and recommends Rosnedra whether the subsoil licence should be terminated or not.

Seventh, Rosnedra takes a decision on whether the subsoil licence should be terminated or not.

We have been informed by NPCC that no remediation notice was issued by Rosprirodnadzor as a consequence of Supervision Act 18/10. Furthermore, according to the Russian Subsoil Law the term of subsoil use may only be extended where a licence holder is in full compliance with all terms and conditions of the subsoil licence.

Although, as a matter of Russian law there is no explicit time bar for authorities raising past breaches, the fact that no remediation notice was issued by Rosprirodnadzor as a consequence of Supervision Act 18/10 and the Zapadny Subsoil Licence was extended by the Russian licensing authorities could be interpreted as further evidence that the Russian authorities do not consider the matters in (A) and (B) above to be material.

(ii) Land use issues

The Zapadny Subsoil Licence secures NPCC's rights to geological study. On its own it does not grant NPCC the necessary access rights to the land. These had to be obtained by negotiation and entry by NPCC into a land lease agreement in respect of all or part of the area delineated in the Zapadny Subsoil Licence. On 1 July 2008 NPCC entered into the Zapadny Lease Agreement for an initial lease term of 6 months from 1 July 2008 to 31 December 2008 and which has subsequently been extended three times for another 11 months each time. The agreement is not subject to state registration. The current lease term expires on 30 September 2011. NPCC has a right under the Zapadny Lease Agreement and under the Civil Code of the Russian Federation to renew the term of the lease on the basis of a right of first refusal and on terms and conditions agreed between the parties. Under the Zapadny Lease Agreement NPCC has access to a land plot with a total area of 142,500 sq. m. (14.25 hectares) located 50 km from the Beringovskiy settlement (Zapadny plot of the Amaamskiy deposit) (**Zapadny Land Plot**). The Zapadny Lease Agreement does not cover the entire licensed area under the Zapadny Subsoil Licence, but only a part of it being the Zapadny Land Plot. According to NPCC the Zapadny Land Plot is currently required for geological works. To the extent that NPCC wishes to extend its area of operation beyond the Zapadny Land Plot, then it will need to apply to the local municipal authority for further land lease rights and the issues related to the absence of cadastral registration and recategorisation of land as specified in (A) and (B) below may apply.

The matters described below are material for purposes of assessing NPCC's rights to the Zapadny Land Plot.

- (A) The Zapadny Lease Agreement does not specify a cadastre number for the Zapadny Land Plot. It has been confirmed to us by NPCC that the land

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plot currently does not have a state cadastre number. Under Russian law a state cadastre number signifies that an official record has been created in the state cadastre register of a real estate object, including its unique characteristics, which facilitate its identification. Under Russian law a lease agreement must include certain material information to be concluded. The object of the lease agreement is one of the material items of information that must be included. Without a state cadastre number a Russian court may hold the object of the Zapadny Lease Agreement to be insufficiently precise and the agreement as not having been concluded (ie, NPCC doesn't have any valid rights to the land plot). Based on our interviews with the management of NPCC, NPCC has to date not pressed the issue on grounds of cost with the Administration of Anadirskiy (formerly Beringovskiy) municipal district who are ultimately responsible for arranging cadastral registration of the Zapadny Land Plot. It is likely that to rectify the defect in state cadastral registration NPCC may have to agree to bear some of the costs of the district administration taking steps to complete the cadastral registration.

In the meantime, if a Russian court were to hold that the Zapadny Lease Agreement is non-concluded the consequences may include the following:

- (1) NPCC would lack a legal basis for accessing and using the Zapadny Land Plot;
 - (2) There would be a risk of a third party being granted competing rights to all or part of the Zapadny Land Plot, which could interfere with NPCC's rights or attempts to duly conclude the Zapadny Lease Agreement or another lease agreement to establish its legal basis for accessing and using the Zapadny Land Plot; and
 - (3) An administrative fine could be levied against NPCC for an amount between RUB 10,000 and RUB 20,000 for improper access to land belonging to the state authorities.
- (B) NPCC currently is not explicitly entitled under the Land Code of the Russian Federation (**Land Code**) to carry out geological exploration on the Zapadny Land Plot. The Zapadny Land Plot is currently categorised as agricultural land. Paragraph 2 of Article 78 of the Land Code specifies the types of use that are permitted on agricultural land. The permitted types of use for agricultural land do not include geological exploration works. Conduct of such works in breach of the Land Code by NPCC or its contractors on the Zapadny Land Plot exposes NPCC to the risk of being fined for an amount between RUB 40,000 and RUB 50,000. To rectify the issue and conduct geological exploration works in accordance with the Land Code, the category of the Zapadny Land Plot will need to be changed from "agricultural land" to "industrial land". However, before that may be done, the Zapadny Land Plot's cadastral registration must be completed first. The process of state cadastral registration will inevitably delay the recategorisation of the land.
- (C) The Zapadny Land Plot was allocated to NPCC "for geological exploration works". Paragraph 7 of article 22 of the Land Code currently only allows the leasing of a land plot for exploration works for a term of less than one year. Therefore, unless the law is changed it is unlikely that NPCC will be granted long-term lease rights to the Zapadny Land Plot. NPCC has addressed the issue of securing long-term access to the Zapadny Land Plot by negotiating rights of renewal into the short-term lease agreements. However, the process of lease renewal creates a risk of rent being increased.

If NPCC loses its right to the Zapadny Land Plot the result will not be automatic termination of its rights to use subsoil. The Russian Subsoil Law does not include the loss of rights to land as a ground for early termination of a subsoil use licence. If the authorities were to block access to the Zapadny Land Plot after a court decision holding that NPCC's lease agreement is non-concluded and NPCC were unable to fulfil its work obligations under the Zapadny Subsoil Licence then that could result in termination of the licence on the basis of material breach of the licence conditions. In addition NPCC could be fined in an amount of between RUB 300,000 and RUB 500,000 in case of non-compliance with the terms and conditions of the subsoil licence.

The general director of NPCC has confirmed to us that NPCC will use its best efforts to resolve the issue of registration of the land plots in the state cadastre register and to change the category of the land plots to "industrial land" as soon as practicable.

- (D) The Zapadny Lease Agreement may be terminated by (a) mutual consent; (b) if NPCC breaches the permitted use condition (i.e. NPCC uses the land plot other than for geological exploration works); (c) if NPCC fails to pay rent for six months; or (d) if NPCC materially harms the condition of the land plot.

- (E) Rights of indigenous people

There is no equivalent in the Russian Federation to the Australian concept of native title and aboriginal heritage. The Russian Federation does however has legislation which provides for certain rights of indigenous people. Under the regulation of the Government of the Russian Federation No. 631-r dated 8 May 2009 (**Regulation**) Anadirskiy (former Beringovskiy) municipal district of Chukotka autonomous region (the district where both licensed areas of NPCC are located) is currently not explicitly included in the list of places of traditional residence and traditional economic activity of minority indigenous people of the Russian Federation. When this Regulation was enacted reference was made to Centralniy municipal district. Anadirsky municipal district used to be called Centralniy municipal district. At the time of the enactment of the new legislation Centralniy municipal district no longer existed. Therefore, on a literal interpretation it could be argued that the law does not apply to Anadirskiy municipal district at the present time, because it is not on the list provided in the Regulation. However, it is likely that this was a legislative error and that the intention of the legislators had been to include the Anadirsky municipal district within the scope of this Regulation. It is therefore likely that at some point in future the Regulation will be amended to include Anadirsky municipal district within the scope of the Regulation. The Zapadny Subsoil Licence stated on its date of issuance in 2006 that no special protected natural sites, lands belonging to indigenous people or other areas of restricted or limited use occur within the area delineated in the Zapadny Subsoil Licence. Notwithstanding the current legal position which technically may allow NPCC to conduct drilling works at any time of year, we understand that NPCC currently makes efforts on a voluntary basis to restrict its drilling works in the areas delineated by the Zapadny Subsoil Licence during the summer and autumn periods when there is a greater risk of interfering with the livelihoods of the local indigenous population.

(iii) Expenditure, Rent and Royalties

There is no stated minimum cash expenditure commitment for the Zapadny Subsoil Licence. The Zapadny Subsoil Licence does however set minimum work commitments that by their nature result in expenditure. Refer to Schedule 1 for details of these.

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The Zapadny Subsoil Licence requires quarterly payment of fees for subsoil use. Details of these fees are outlined in Schedule 1.

As the Zapadny Subsoil Licence is for geological study there are no other payments required from NPCC under it or under the Russian Subsoil Law. If NPCC were to extract coal a mineral extraction tax would apply.

Under the Zapadny Lease Agreement NPCC is required to pay 91,912.50 Roubles as rent for the period from January 2011 to September 2011.

Under the Eastshore Shareholders' Agreement and Bering Royalty Agreement a royalty of up to 2% of gross sales revenue from coal extracted from the Zapadny Subsoil Licence may become payable to Bering by Eastshore if Bering's equity stake in Eastshore is diluted in the circumstances described in the shareholders' agreement.

Under the Siberian Royalty Agreement a royalty of 3% of gross sales revenue from coal extracted from the Zapadny Subsoil Licence will become payable to Siberian Tigers International Corporation by Eastshore.

3.2 Dalniy Subsoil Licence

Licence No. AND 13868 TP (together with its attachments) was issued for the purpose of geological study (prospecting and evaluation) of deposits of fossil coal within the Dalniy plot of the Bukhta Ugolnaya deposit (as amended, the **Dalniy Subsoil Licence**).

(a) Surrender of the Dalniy Subsoil Licence

Under the Russian Subsoil Law a subsoil user may apply in writing to the territorial department of Rosnedra to surrender its right to use subsoil under a subsoil licence. On 21 April 2011 (the date of application) NPCC applied for surrender of the Dalniy Subsoil Licence to Chukotnedra.

We have been provided with the Order of Rosnedra No. 614 on termination of the right to use subsoil under the Dalniy Subsoil Licence dated 14 June 2011 (**Termination Order**). In accordance with this Termination Order NPCC's right to use subsoil under the Dalniy Subsoil Licence deemed to be terminated starting from 20 June 2011. Accordingly, NPCC no longer has title to the Dalniy Subsoil Licence.

In relation to NPCC's surrender of the Dalniy Subsoil Licence, the Termination Order obliges NPCC to:

- (i) perform works regarding the conservation of wells and other constructions and rehabilitation of land within the area of the Dalniy Subsoil Licence affected by subsoil use; and
- (ii) provide appropriate geological funds with the geological, surveying and other documentation related to subsoil plot for storage.

We have been informed by NPCC that, as of the date of this Report, the main geologist of NPCC is in Chukotka Region and is in the process of resolving the issues mentioned above. However, NPCC's application for surrender states that all rehabilitation and conservation works have been already completed.

The following issues and risks arise in relation to NPCC's surrender of the Dalniy Subsoil Licence:

- (i) Under the Russian Subsoil Law the licensing authorities may claim for recovery of losses caused by NPCC's failure to fulfil all of its obligations under the Dalniy Subsoil Licence (as further detailed in paragraph 3.2(b) below); and

- (ii) NPCC will remain generally liable for any environmental pollution it caused for up to 20 years following its occurrence.

Despite the fact that the Dalniy Subsoil Licence was terminated by Rosnedra, for the above reasons we include a description of certain issues related to Dalniy Subsoil Licence in paragraph 3.2(b) of this Report below.

(b) Compliance with the terms and conditions of the Dalniy Subsoil Licence

NPCC was obliged to comply with the terms and conditions of the Dalniy Subsoil Licence. These are outlined in Schedule 1 of this Report.

(i) Performance of work

We are aware of a number of situations where NPCC was not in compliance with the terms and conditions for performance of work in respect of the Dalniy Subsoil Licence.

Despite the fact that the decision on termination of the Dalniy Subsoil Licence was made, due to the potential residual liability outlined in section 3.2(a) above, we describe the occasions of non-compliance that we are aware of below.

- (A) The first stage of geological study and the minimum level of drilling works were not completed in respect of the Dalniy Subsoil licence by the prescribed date of 31 December 2009.

According to the main terms of the Dalniy Subsoil Licence, NPCC must have completed the first stage of geological study and have delivered a report with its evaluation of reserves and forecast resources in the licensed area (using the C2 and P1 Russian reserve classification system) to Chukotnedra by 31 December 2009. At least 5,000 running meters of wells should have been drilled by this date. Neither objective was achieved by NPCC.

- (B) NPCC has in the past not always strictly complied with its environmental reporting obligations.

According to the main terms of the Dalniy Subsoil Licence, NPCC must monitor the environmental condition of the licensed area and deliver a separate report annually to Chukotnedra on the environmental condition of the licensed area.

We understand that NPCC provided the relevant information within its quarterly and annual information reports on the results of geological exploration works, which it delivered to the authorities, but not in the form of a separate report. The general director of NPCC explained to us that no such separate report was filed because NPCC, on the basis of internal legal advice, took the view that it was exempt from the obligation to file a separate report on the basis of certain exemptions in the Law on small enterprises. In our opinion this particular view is not without risk as there is no specific exemption under the Law on small enterprises that refers to the provision of such separate reports. There is therefore a risk that this argument could be challenged successfully in court. However, the general director of NPCC has further confirmed to us that the attitude of the authorities has been positive and they have adopted a reasonable and practical approach with a focus on substance and not merely form and accordingly have been satisfied with this approach taken by NPCC with regard to this issue. This is arguably supported by the results of State supervision inspections of NPCC's subsoil activity.

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State supervision

Rosprirodnadzor of the Chukotka Autonomous District did not raise either of the above matters as breaches in its 29 September 2010 report on its inspection of NPCC's subsoil activity, land use, water use, measures to protect the atmosphere and waste treatment. According to Supervision Act 18/10 no breaches or inconsistencies were found. This indicates the Russian authorities are currently adopting a reasonable and practical approach to these matters.

We have been informed by NPCC that no remediation notice in respect of the Dalniy Subsoil Licence was issued by Rosprirodnadzor as a consequence of Supervision Act 18/10.

Although, as a matter of Russian law there is no explicit time bar for authorities raising past breaches, the fact that no remediation notice was issued by Rosprirodnadzor as a consequence of Supervision Act 18/10 could be interpreted as evidence that Rosprirodnadzor is favourably predisposed to resolving such issues at the present time.

(ii) Land use issues

The Dalniy Subsoil Licence secures NPCC's rights to geological study. On its own it does not grant NPCC the necessary access rights to the land. These had to be obtained by negotiation and entry by NPCC into a land lease agreement in respect of all or part of the area delineated in the Dalniy Subsoil Licence. On 13 November 2007 NPCC entered into the Dalniy Lease Agreement for an initial lease term of 11 months from 1 January 2008 to 31 November 2008 and which has subsequently been extended three times for another 11 months each time. The agreement is not subject to state registration. The current lease term expires on 30 August 2011. NPCC has a right under the Dalniy Lease Agreement and under the Civil Code of the Russian Federation to renew the term of the lease on the basis of a right of first refusal and on terms and conditions agreed between the parties. Under the Dalniy Lease Agreement NPCC has access to a land plot with a total area of 70,055 sq. m. (7.0055 hectares) located 10-20 km to the west from the Beringovskiy settlement (Dalniy plot of the Bukhta Ugolnaya deposit) (**Dalniy Land Plot**). The Dalniy Lease Agreement does not cover the entire licensed area under the Dalniy Subsoil Licence, but only a part of it being the Dalniy Land Plot. According to NPCC the Dalniy Land Plot was required for geological works.

As mentioned above the right of NPCC to use subsoil under the Dalniy Subsoil Licence was terminated from 20 June 2011. Accordingly NPCC does not need to lease Dalniy Land Plot for geological study purposes. However, the Termination Order states that NPCC is obliged to perform works regarding the conservation of wells and other constructions and rehabilitation of land within the Dalniy licensed area affected by subsoil use.

Despite the fact that the decision on termination of the Dalniy Subsoil Licence was made, due to the potential works obligations outlined above (for which NPCC would require access to the land underlying the Dalniy Subsoil Licence), we describe the issues relating to the Dalniy Lease Agreement that we are aware of below.

- (A) The Dalniy Lease Agreement does not specify a cadastre number for the Dalniy Land Plot. It has been confirmed to us by NPCC that the Dalniy Land Plot currently does not have a state cadastre number. Under Russian law a state cadastre number signifies that an official record has been created in the state cadastre register of a real estate object, including its unique characteristics, which facilitate its identification. Under Russian law a lease agreement must include certain material information to be concluded. The object of the lease agreement is one of the material items of information that must be included. Without a state cadastre number a Russian court may hold the object of the Dalniy Lease Agreement to be

insufficiently precise and the agreement as not having been concluded (ie, NPCC doesn't have any valid rights to the land plot). Based on our interviews with the management of NPCC, NPCC has to date not pressed the issue on grounds of cost with the Administration of the Anadirskiy (formerly Beringovskiy) municipal district who are ultimately responsible for arranging cadastral registration of the Dalniy Land Plot. It is likely that to rectify the defect in state cadastral registration NPCC would have to bear some of the costs of the district administration taking steps to complete its state cadastral registration of the Dalniy Land Plot.

If a Russian court were to hold that the Dalniy Lease Agreement has not been properly concluded the consequences may include the following:

- (1) NPCC would lack a legal basis for accessing and using the Dalniy Land Plot which may be required for the purposes of rehabilitation and conservation works; and
 - (2) An administrative fine could be levied against NPCC for an amount between RUB 10,000 and RUB 20,000 for improper access to land belonging to the state authorities.
- (B) NPCC was not explicitly entitled under the Land Code to carry out geological exploration on the Dalniy Land Plot. The Dalniy Land Plot is currently categorised as agricultural land. Paragraph 2 of Article 78 of the Land Code specifies the types of use that are permitted on agricultural land. The permitted types of use for agricultural land do not include geological exploration works. Conduct of such works in breach of the Land Code by NPCC or its contractors on the Dalniy Land Plot creates a risk of NPCC being fined for an amount between RUB 40,000 and RUB 50,000.
- (C) The Dalniy Lease Agreement may be terminated by (a) mutual consent; (b) if NPCC breaches the permitted use condition (i.e. NPCC uses the land plot other than for geological exploration works); (c) if NPCC fails to pay rent for six months; or (d) if NPCC materially harms the condition of the land plot.

(iii) Expenditure, Rent and Royalties

There is no stated minimum cash expenditure commitment for the Dalniy Subsoil Licence. The Dalniy Subsoil Licence did however set minimum work commitments that by their nature result in expenditure. Refer to Schedule 1 for details of these.

The Dalniy Subsoil Licence required quarterly payment of fees for subsoil use. Details of these fees are outlined in Schedule 1.

As the Dalniy Subsoil Licence was for geological study there were no other payments required from NPCC under it or under the Russian Subsoil Law.

Under the Dalniy Lease Agreement NPCC is required to pay rent 55,226.69 Roubles as rent for the period from October 2010 to August 2011.

4 NPCC

- 4.1 Based on the information from NPCC's corporate documents that we have reviewed, and subject to the qualifications and assumptions and other statements set out in this Report, we are satisfied that the information in this Report regarding NPCC as set out in Schedule 2, is an accurate statement of NPCC, and more specifically and subject to the qualifications and assumptions and other statements set out in this Report:

- (a) NPCC has been duly established under Russian law; and

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- (b) Eastshore duly acquired its 100% shareholding in NPCC, and no encumbrances are registered against those shares on the shareholders' register of NPCC, which is maintained by an independent registrar.

Eastshore is currently registered on the shareholders' register of NPCC under its former name of Zinodol Holdings Co. Limited. To change the name in NPCC's shareholders' register the following duly notarised and apostilled documents must be filed with the independent registrar together with translations into Russian certified by a Russian notary: (i) a questionnaire; (ii) Eastshore's articles of association bearing its new name; (iii) certificate of registration showing the new name; (iv) certificate of registered office showing the new name; (v) certificate of directors showing the new name; (vi) certificate of change of name. Eastshore is currently in the process of collecting the necessary documents, which will be filed as soon as practicable with NPCC's independent registrar.

- 4.2 The net assets of NPCC for the 2006 and 2007 Russian financial years were below the minimum level required by Russian law. NPCC was therefore under an obligation to take a decision on liquidation within a reasonable time period. NPCC failed to take this decision. As a result, it may be forced into involuntary liquidation by a Russian court in response to an application by a governmental authority. Under Russian law, actual liquidation does not automatically follow from starting court proceedings to initiate liquidation of a company. In practice, when the question of a company having negative net assets and being subject to liquidation has arisen before the Russian courts, the courts have looked beyond the company's mere failure to comply fully with all applicable legal requirements and have also taken into account other factors, such as (i) the financial standing of the company at the time of the court's consideration of the liquidation claim; (ii) the company's ability to meet its tax obligations; and (iii) the economic and social consequences of its liquidation. If at the time of considering the liquidation claim the financial position of the company has improved, the courts will generally be reluctant to liquidate the company.
- 4.3 Although NPCC improved its financial position so that its net assets were positive on an audited basis for the 2008 and 2009 financial years, the historic net asset breaches cannot be completely rectified. The courts have, on rare occasions, ordered the involuntary liquidation of companies with positive net assets that are continuing to meet their obligations for historic incidences of negative net assets. The limitation period on initiating a claim for involuntary liquidation of a company in such circumstances is three years from the date when the relevant governmental authority found out or should have found out about the net assets breach. With regard to the 2006 and 2007 net asset breaches the limitation period has probably expired; however, because there is no concept of implied knowledge between different governmental authorities a remote risk remains of NPCC being subject to a liquidation process as a result of a governmental authority only discovering more recently that NPCC had negative net assets in 2006 and 2007.
- 4.4 At the end of 2010 NPCC once more had negative net assets on the basis of its audited end of year accounts. NPCC is therefore obliged to take a decision on its liquidation by 1 July 2011. NPCC submitted unaudited quarterly financial statements to the Russian tax authorities showing NPCC to have positive net assets, albeit applying accounting principles that it had previously used in its annual audited accounts for 2009, which were different to those used in the 2010 annual audited accounts. We do not opine in this Report on their adequacy or correctness. The Company has since confirmed to us that Eastshore in May 2011 remitted USD 350,000 of additional funds to NPCC on the basis of a financial support agreement entered into on 16 May 2011 between Eastshore and NPCC. As a result we understand that NPCC's net assets are now positive under Russian law and are expected to remain so through 1 July 2011.
- 4.5 If NPCC fails to comply with the technical legal requirement to take a decision on its liquidation by 1 July 2011, governmental authorities will be able to seek its involuntary liquidation in court. In addition, if NPCC were to have failed to take a decision on its liquidation by 1 July 2011 NPCC's creditors technically may have the right to accelerate their claims or demand early performance of the company's obligations owed to them and demand compensation of damages. However, as explained in this section 4 of this Report, in the current circumstances where NPCC has adequately addressed the deficiency in its net assets, the risk of a

governmental authority being successful with its claim is remote, albeit the risk cannot be completely discounted.

- 4.6 Russian law is silent on the subject of how and whether a company can rectify a situation where it has negative net assets. As the courts have discretion on whether to force a liquidation the implication is that a breach can be rectified. Russian court practice has evolved where principles of proportionality are considered in any decision by a court on liquidation and courts will generally consider other factors such as (i) the financial standing of the company at the time of the court's consideration of the claim; (ii) the company's ability to meet its tax obligations; and (iii) the economic and social consequences of the company's liquidation. So if a company has rectified a situation where it had negative assets and is able to continue operating as a going concern and has paid all its liabilities to the state authorities it is unlikely to be forced into liquidation. On that basis, the improvement in NPCC's net assets following the remittance of an additional USD 350,000 in May 2011 significantly reduces any risk of forced liquidation. However, because of the way Russian laws are drafted it is not possible to say that the 2010 negative net assets issue has been completely rectified by improving NPCC's financial condition. A risk remains that for whatever reason a governmental authority may apply to a court for the liquidation of NPCC and the court will then exercise its discretion to liquidate NPCC. It is important to note that earlier Russian court decisions do not establish a precedent and are only indicative of current interpretation and practical application of the law. We do not express an opinion on how the Russian courts will apply the rules on net assets and proportionality in future and that court practice will not change.

5 Material Contracts

Subject to the qualifications and assumptions and other statements in this Report, we are of the opinion that the obligations which each party to the Material Contracts is expressed to assume are legal and enforceable obligations.

6 Other legal issues

Subject to the qualifications and assumptions and other statements in this Report, we are not aware of any other legal issues that may have a material adverse affect on NPCC's Main Activity.

7 Assumptions and Qualifications

Our Report is based on, and subject to, the assumptions and qualifications set out below and as otherwise specified elsewhere in this Report:

- 7.1 Our Report and any non-contractual obligations connected with it are governed by English law and are subject to the exclusive jurisdiction of the English courts.
- 7.2 This Report is given only in relation to Russian and English laws as they are understood at the date of this Report. We have no duty to keep the Company or any reader of this Report informed of subsequent developments which might affect this Report.
- 7.3 If a question arises in relation to a cross-border transaction, it may not be the English or Russian courts which decide that question and English or Russian law may not be used to settle it.
- 7.4 We express no opinion on, and have taken no account of, the laws of any jurisdiction other than the Russian Federation and England and Wales and section 710 of the Australian Corporation Act. In particular, we express no opinion on the effect of documents governed by laws other than English law or Russian law. With regard to section 710 of the Australian Corporation Act we have taken regard to the literal meaning of the text of those requirements set forth in that section as communicated to us by the Company's Australian legal counsel, Clayton Utz, but without any further or other research or analysis of that section or Australian laws. With respect to the laws of the Russian Federation, this Report only takes into account those laws of the

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Russian Federation which (i) are passed or issued by Russian federal or regional bodies or agencies of state power or administration; and (ii) are of general application throughout the Russian Federation or particular constituent subjects of the Russian Federation. This Report is also limited to those federal and regional laws of the Russian Federation in force at the date of signing of this Report which have been officially published and are generally accessible to major international law firms in Moscow. Russian law is constantly developing. The Russian legislation passed by different executive, legislative and administrative bodies may be subject to change in status in relation to other legislation. Legislation and decisions of state bodies are not always consistent with one another and the application of legislation which has not expressly been repealed may not always be clear. Legislation, and decisions of state bodies, are sometimes issued with retrospective effect and annul or amend earlier legislation, procedures, decisions or possible interpretations thereof. Earlier decisions of courts of higher instance are only indicative of current interpretation and application of the law and there is no obligation for courts to treat any earlier decision as establishing a precedent to be followed. In particular, interpretative decisions of the High Arbitrazh Court of the Russian Federation can only be relied on to establish what is the current prevailing court practice in interpretation and application of commercial laws by arbitrazh courts of the Russian Federation.

- 7.5 We express no opinion on matters of fact.
- 7.6 Any opinion so stated in this Report is limited to the matters expressly stated in it and not to be extended by implication. In particular, we express no opinion on the accuracy of the assumptions contained in this section 7 or in other parts of this Report. Each statement which has the effect of limiting our opinions in this Report is independent of any other such statement and is not to be impliedly restricted by it. Paragraph headings are to be ignored when construing this Report.
- 7.7 This Report is limited to matters of a legal nature. We have not raised queries in respect of, or otherwise investigated (and accordingly express no opinion on), the commercial nature or effects of transactions or other matters contemplated by, or associated with, the documents or other matters used in the preparation of this Report, nor on geological, operational, financial, accounting, taxation or actuarial matters, the adequacy of the Company's, Eastshore's and NPCC's insurance policies, the adequacy, valuation or condition of any buildings, plant, machinery, vehicles or equipment, the trading position or prospects of the Company, Eastshore and NPCC or matters relating to the value or integrity of the Company's, Eastshore's and NPCC's IT systems or geological information. To the extent this Report is read as part of a prospectus it should be read in conjunction with and is subject to the risk factors section outlining the legal and other risks applicable to the business and operating the business in Russia and elsewhere.
- 7.8 We have prepared this Report and relied upon information provided to us by third parties, including the Company, Eastshore, NPCC and their representatives, agents and legal advisers, as well as other third party providers in response to investigations and searches made, or caused to be made, by us and have relied upon that information being accurate, complete and up to date. Unless otherwise specified, we have not carried out any independent verification of information provided to us. We cannot comment on whether any changes have occurred in respect of the Russian Subsoil Licences between the date on which the information was provided and the date of the prospectus. Except where specified, no public registers in Russia or search agencies in the Russian Federation were searched and we assumed all the information provided by the Company, Eastshore and NPCC to be accurate as of the date we received such information.
- 7.9 There is no public access to the official register of subsoil licences in Russia. The Russian Subsoil Licences are for geological study (prospecting and evaluation) and we express no opinion as to whether the Company, Eastshore or NPCC will in future meet the requirements for the grant of an exploration and extraction subsoil licence.
- 7.10 To the extent that any new application will be made in the future for a new subsoil licence (eg, a licence with rights to extract coal) we express no opinion as to whether and when any such application may ultimately be granted in whole or in part. Where governmental authority is

required in relation to any agreements or for the transfer of the Zapandiy Subsoil Licence, we express no opinion as to whether such consent will be granted, or the consequences of consent being refused, although we are not aware of any specific matter which would cause consent to be refused if that is indeed the case.

- 7.11 We have assumed that we have been provided with copies of all the material agreements in respect of the Russian Subsoil Licences and NPCC's Main Activity and express no opinion as to whether any additional agreements in respect of the Russian Subsoil Licences and NPCC's Main Activity exist.
- 7.12 We have assumed that the seals and signatures on all of the Material Contracts and Russian Subsoil Licences are authentic, and that the Material Contracts and Russian Subsoil Licences were within the capacity and powers of, and validly authorised, executed and delivered by and are binding on, the parties to them and comprise the entire agreement of the parties to each of them with respect to their respective subject matters. We have not undertaken any independent investigation on whether the Russian Subsoil Licences were validly granted at their time of issue by Rosnedra in accordance with the Russian Subsoil Law and other applicable laws. We have not undertaken any independent investigation on whether the Dalniy Subsoil Licence was validly terminated by Rosnedra in accordance with the Russian Subsoil Law and other applicable laws.
- 7.13 We assume that the parties to each of the Material Contracts and Russian Subsoil Licences are complying with and fulfilling, and will continue to comply with and fulfil, the terms of those contracts and subsoil licences, and that the representations made by third parties, including the Company, Eastshore, NPCC and their representatives and agents, in relation to those contracts and subsoil licences are true and correct.
- 7.14 For purposes of evaluating compliance with the Russian Subsoil Licences we have only used the methodology outlined in section 2 of this Report. We have not undertaken any further independent verification of documentation or information made available to us. We express no opinion on environmental compliance with the terms and conditions of any Russian Subsoil Licences.
- 7.15 Apart from relevant extracts from the Russian Unified State Register of Legal Entities (USRLE), the Material Contracts and a comfort letter received from NPCC, we have made no independent verification with any registration authority or other regulatory or state agency that the documents on which we have relied were duly issued or, where applicable, were duly recorded in the records of any relevant authority or agency as none of these are public in Russia. Similarly, we have not independently verified information provided to us in the comfort letter given to us by the general director of NPCC.
- 7.16 Any certificate of tax registration that we have reviewed is not capable of revealing whether NPCC's purported registration as a legal entity entitles it to remain on the Unified State Register of Legal Entities maintained by the Federal Tax Service of the Russian Federation, since notice of matters such as insolvency may not be filed with the registrar immediately and, when filed, may not be entered on this Register immediately. Article 62 of the Civil Code of the Russian Federation states that the founders of a company which have decided to liquidate a company must immediately inform the body which effected state registration of that company about this decision; the registration body in question must then amend the register with information to reflect the fact that the company in question is in the process of liquidation. Nevertheless, we can confirm that we are not aware of any fact that would indicate a liquidation of NPCC is in process.
- 7.17 There is no procedure in Russia for performing a company search or an enquiry to a central registry that can confirm whether an order has been made by a Russian court for the winding up of a company or whether an application has been made for the winding-up of a company. Although we have performed online searches, these do not definitively establish that no steps have been taken for liquidation or initiation of bankruptcy. However, the searches are only indicative since they are often not up-to-date and therefore their results are not conclusive.

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- 7.18 With respect to our Litigation Searches we note that:
- (a) the electronic legal databases "Garant" and "Consultant plus" are not completely accurate and there is a time lag between decision being included in the database;
 - (b) the unified court database of the Supreme Arbitrazh Court (kad.arbitr.ru) has only been in place since late 2009 and does not include cases prior to the date when it was established;
 - (c) none of the databases are 100% accurate and there may be cases or decisions that are not included in them, or there may be technical errors that result in omissions or incorrect search results;
 - (d) there are currently no databases available for Russian courts of general jurisdiction and we are therefore unable to carry out a search of whether the Company is party to any disputes with individuals.
- 7.19 We do not express an opinion on the Australian (ie, TR Coal International Limited) and Cypriot (ie, Tigers Realm Minerals (Cyprus) Pty Ltd and Eastshore Coal Holding Limited) entities through which the Company indirectly holds its shareholding in NPCC and its interest in the Russian Subsoil Licences and have assumed that each of those entities is: (a) duly incorporated and is validly existing; (b) is not the subject of any insolvency proceedings (which includes those relating to bankruptcy, liquidation, administration, administrative receivership and reorganisation) in any jurisdiction; (c) has the capacity to execute each Material Contract to which it is expressed to be a party and to perform the obligations it is expressed to assume under it; (d) has taken all necessary corporate action to authorise it to execute each Material Contract to which it is expressed to be a party and to perform the obligations it is expressed to assume under it; and (e) has duly executed each Material Contract to which it is expressed to be a party.
- 7.20 The Material Contracts have been executed in the form provided to us. There has been no variation, waiver or discharge of any of the provisions of the Material Contracts. None of the Material Contracts is (wholly or in part) void, voidable, unenforceable, ineffective or otherwise capable of being affected as a result of any vitiating matter (such as mistake, misrepresentation, duress, undue influence, fraud, breach of directors' duties, illegality or public policy) that is not clear from the terms of the Material Contracts. There are no other facts relevant to this Report that do not appear from the documents referred to in section 2. No laws of any jurisdiction other than the Russian Federation and England and Wales has any bearing on the opinions contained in this Report.
- 7.21 Any opinion in this Report given in relation to any of the Material Contracts is subject to the following additional qualifications:
- (a) The enforcement of contractual obligations is subject to the general principles of contractual liability, in particular the matters described in the following paragraphs.
 - (b) Apart from claims for the payment of debts, contractual obligations are normally enforced by an award of damages for the loss suffered as a result of a breach of contract; and recoverable loss is restricted by principles such as causation, remoteness and mitigation. The specific performance of contractual obligations is a discretionary remedy and is only available in limited circumstances.
 - (c) Contractual obligations can be discharged by matters such as breach of contract or frustration. Claims may become time-barred or may be subject to defences such as set-off or estoppel.
 - (d) The interpretation of the meaning and legal effect of any particular provision of a contract is a matter of judgment, which will ultimately be determined by the relevant tribunal. In addition, a document may be capable of being rectified if it does not express the common intention of the parties.

- (e) English law has traditionally been protective of guarantors and has developed a number of defences for them. Although guarantees generally purport to exclude many of these defences, a guarantee will be construed in favour of the guarantor where possible.
- (f) A clause in a contract which excludes or limits an obligation of one of the parties or the liability for breach of that obligation will be construed restrictively, against the person who wishes to rely on it.
- (g) If a provision of a contract is particularly one-sided, it is more likely to be construed against the party who wishes to rely on it.
- (h) A provision of a contract may be ineffective if it is incomplete or uncertain or provides for a matter to be determined by future agreement.
- (i) A provision of a contract which provides for the conclusive certification or determination of a matter by one party may not prevent judicial inquiry into the merits of the claim.
- (j) A provision for the payment of a sum in the event of a breach of contract is unenforceable if it is construed as a penalty rather than a genuine pre-estimate of the loss likely to be suffered as a result of the breach and, if that sum has been paid, it may be repayable in whole or in part.
- (k) An undertaking to assume liability for stamp duty or similar taxes may be ineffective.
- (l) As a general principle, an authority or power of attorney can be revoked at any time, and will be revoked if the donor enters into insolvency proceedings. This is so even if the authority or power is expressed to be irrevocable and the revocation is therefore made in breach of contract.
- (m) A provision of a contract which purports to exclude the effect of prior or subsequent agreements, representations or waivers may be ineffective.
- (n) A provision of a contract which provides what will happen in the event of an illegality (including a provision for severance of part of the contract) may not be enforceable.
- (o) An indemnity in respect of criminal liability may not be enforceable.
- (p) An indemnity for the costs of litigation may not be enforceable.
- (q) We express no opinion on the proprietary effects of any of the transactions to which the Material Contracts relate.
- (r) The parties' rights are subject to laws affecting creditors' rights generally, such as those relating to insolvency (which includes bankruptcy, liquidation, administration, administrative receivership and reorganisation). These laws can apply to persons incorporated or resident outside England, as well as to those incorporated or resident in England.
- (s) In particular, on an insolvency:
 - (i) contractual and other personal rights will reduce proportionately with all similar rights, and contractual provisions which would conflict with this principle (such as a pro rata sharing clause) are ineffective; and
 - (ii) transactions entered into in the period before the insolvency starts (that period generally being no longer than two years) may be set aside in certain circumstances.
- (t) The law which governs a contract and any connected non-contractual obligations is not determinative of all issues which arise in connection with that contract. For instance:

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- (i) it may not be relevant to the determination of proprietary issues;
 - (ii) rules which are mandatory (which includes public policy rules) in a jurisdiction which is connected with the contract or in the jurisdiction where the issue is decided may be applied regardless of the provisions of the contract; and
 - (iii) in insolvency proceedings, the law governing those proceedings may override the law governing the contract.
 - (u) There are circumstances in which the English courts may, or must, decline jurisdiction or stay proceedings. Additionally, it may not be possible to commence proceedings because of an inability to comply with service of process requirements. These problems are less likely to occur where one or more of the parties is domiciled in the European Union.
 - (v) The English courts have a discretion to accept jurisdiction in an appropriate case even though there is an agreement that other courts have (exclusive or non-exclusive) jurisdiction. This is less likely to occur where the other courts are in the European Union.
 - (w) The jurisdiction of the English courts in relation to insolvency matters is not dependent on the submission of the parties to the jurisdiction. The precise scope of that jurisdiction depends on the nature of the insolvency procedure in question.
- 7.22 Where we state we have been retained or have acted for or on behalf of a client we refer to our actions being within the scope of our agreed instructions with that client and any duty that we owe is to that client only and not to be extended by implication to include any party other than our client.
- 7.23 This Report does not constitute, nor can it be relied upon to constitute legal advice as to its subject matter.

8 Consent

- 8.1 Norton Rose (Central Europe) LLP consents to being named in the prospectus for the offer of shares of TRC as being responsible for preparing this Report. Norton Rose (Central Europe) LLP has given and not withdrawn prior to the lodgement of the prospectus with the Australian Securities and Investments Commission, its consent to the inclusion of this Report in the prospectus.
- 8.2 This Report has been prepared only for the purposes of the prospectus to be issued by TRC and is not to be relied on or used for any other purpose.

9 Disclosure of interest

- 9.1 Norton Rose (Central Europe) LLP has been retained since 31 March 2010 as the Russian and English legal adviser to Tigers Realm Minerals Pty Ltd in relation to the negotiation and acquisition by the Company of its interests in the Russian Subsoil Licences and other related matters.
- 9.2 Norton Rose (Central Europe) LLP has also performed work as the Russian and English legal adviser to the Company in relation to due diligence enquiries as part of the IPO of the Company.

Yours faithfully,

Norton Rose (Central Europe) LLP

Norton Rose (Central Europe) LLP

Schedule 1- INFORMATION ON RUSSIAN SUBSOIL LICENCES

1 Zapadny Subsoil Licence

- 1.1 The following table sets forth details of the Zapadny Subsoil Licence as at the date of this Report:

<u>Licence number</u>	<u>Date granted</u>	<u>Licence holder</u>	<u>Area / licence type</u>	<u>Area (km²)</u>	<u>Current term Expiry date</u>
AND 13867 TP	12 December 2006	NPCC	Zapadny plot, Anadirskiy (former Beringovskiy) municipality, Chukotka region, Russia - geological study (prospecting and evaluation)	231 km ²	1 December 2014

- 1.2 The main terms and conditions of the Zapadny Subsoil Licence are summarised in the table below. A failure by NPCC to comply with these terms and conditions may give grounds for early termination of the Zapadny Subsoil Licence:

<u>Licence</u>	<u>Specific material terms of the Zapadny Subsoil Licence</u>
Zapadny Subsoil Licence	(i) The licence holder must ensure the following work stages of the project are performed: (a) preparation and coordination of the project of geological study of the licensed area, provided that the positive conclusion of the state ecological expertise on this project was obtained - not later than 1 November 2007; (b) commencement of the geological exploration works - not later than 1 February 2008; (c) completion of the first stage of geological study of the licensed area - prospecting works and submitting of the report for consideration of Chukotnedra with the calculation of the reserves and forecast resources of categories C2 and P1 - not later than 31 December 2009, subject to the minimum volume of geological exploration works shall be: • drilling of wells - not less than 7500 running meters; (d) completion of the second stage of the geological study - evaluation of the discovered deposits of minerals and submitting of the report for consideration of Chukotnedra with the calculation of the reserves of mineral resources of categories C1 and C2 - not later than 1 October 2014, subject to the minimum volume of works shall be: 2009 - 2011 • drilling of wells - not less than 7500 running meters;

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	- technical survey of coals; 2012 - 2014 - drilling of wells - not less than 30000 running meters; - technical survey of coals.
	(ii) The licence holder must pay the following fees: (a) fees for subsoil use on annual basis in the following amount: 27 roubles per 1 km² - in 2006; 50 roubles per 1 km² - in 2007-2011; and 90 roubles per 1 km² - in 2012-2014. (b) lump-sum payment for issuance of the Dalniy Subsoil Licence in the amount of 31 516 roubles; (c) other fees and taxes provided by the Russian legislation. It should be noted that at the stage of geological study there is no obligation of the subsoil user to pay any specific tax, such as for example mineral extraction tax;
	(iii) The licence holder is obliged: (a) to carry out the rational and efficient geological study of the subsoil; (b) to comply with environmental norms and ensure the protection of the subsoil; and (c) to comply with health and safety regulations applicable to the subsoil activity;
	(iv) The licence holder must provide periodic reports to the authorities on the implementation of the relevant licence agreement, the status of works within the licence area and the results of geological exploration;
	(v) The licence holder is responsible for compliance with the requirements related to geological information; and
	(vi) The licence holder must participate in the socio-economic development of the region in which the licence area is located.

2 Dalniy Subsoil Licence

2.1 The following table sets forth details of the Dalniy Subsoil Licence as at the date of this Report:

<u>Licence number</u>	<u>Date granted</u>	<u>Licence holder</u>	<u>Area / licence type</u>	<u>Area (km²)</u>	<u>Current term Expiry date</u>
AND 13868 TP	12 December 2006	NPCC	Dalniy plot, Anadirskiy (former Beringovskiy) municipality, Chukotka	102,85 km ²	1 December 2011

			region, Russia - geological study (prospecting and evaluation)		
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2.2 The main terms and conditions of the Dalniy Subsoil Licence are summarised in the table below. A failure by NPCC to comply with these terms and conditions may give grounds for early termination of the Dalniy Subsoil Licence.

<u>Licence</u>	<u>Specific material terms of the Dalniy Subsoil Licence</u>
Dalniy Subsoil Licence	(i) The licence holder must ensure performance of the following work stages of the project: (a) preparation and coordination of the project of geological study of the licensed area, provided that the positive conclusion of the state ecological expertise on this project was obtained - not later than 1 November 2007; (b) commencement of the geological exploration works - not later than 1 February 2008; (c) completion of the first stage of geological study of the licensed area - prospecting works and submitting of the report for consideration of Chukotnedra with the calculation of the reserves and forecast resources of categories C2 and P1 - not later than 31 December 2009, subject to the minimum volume of geological exploration works shall be: • drilling of wells - not less than 5000 running meters; (d) completion of the second stage of the geological study - evaluation of the discovered deposits of minerals and submitting of the report for consideration of Chukotnedra with the calculation of the reserves of mineral resources of categories C1 and C2 - not later than 1 October 2011, subject to the minimum volume of works shall be: • drilling of wells - not less than 5000 running meters; • technical survey of coals. (ii) The licence holder must pay the following fees: (a) fees for subsoil use on annual basis in the following amount: • 27 roubles per 1 km² - in 2006; and • 50 roubles per 1 km² - in 2007-2011. (b) lump-sum payment for issuance of the Dalniy Subsoil Licence in the amount of 31,516 roubles; (c) other fees and taxes provided by the Russian legislation. At the stage of geological study there is no obligation on the subsoil user to pay any specific tax, such as for example mineral extraction tax;

12.1. SOLICITOR'S REPORT ON RUSSIAN MINING ASSETS

	(iii) The licence holder is obliged: (a) to carry out the rational and efficient geological study of the subsoil; (b) to comply with environmental norms and ensure the protection of the subsoil; and (c) to comply with health and safety regulations applicable to the subsoil activity; (iv) The licence holder must provide periodic reports to the authorities on the implementation of the relevant licence agreement, the status of works within the licence area and the results of geological exploration; (v) The licence holder is responsible for compliance with the requirements related to geological information; and (vi) The licence holder must participate in the socio-economic development of the region in which the licence area is located.
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Schedule 2 - NPCC CORPORATE INFORMATION

The table below summarises corporate information about NPCC as at the date of this Report:

Date of Incorporation	19 September 2005
Place of Incorporation	The city of Moscow, Russian Federation
Registered No.	Main State Registration Number: 1057748262220
Change of Name	Not applicable
Registered Office	Stolovy Pereulok 6, building 2, Moscow, 121069, Russian Federation
Issued Share Capital	10,000 Roubles, divided into 1,000 ordinary shares with a nominal value of 10 Roubles each.
Registered shareholders and number of shares held	Zinodol Holdings Co. Limited - 1,000 ordinary shares with a nominal value of 10 Roubles each Note: Zinodol Holdings Co. Limited is the former name of Eastshore. We understand Eastshore is in the process of preparing documentation to update the record in NPCC's shareholders' register.
General Director	Mr. Leonid P. Skoptsov.
Board of Directors (supervisory board)	Not applicable.
Principal business activity¹	Geological exploration, geophysical and geochemical works in the sphere of subsoil study.
Branches/Representative Offices/Separate subdivisions	Separate subdivision in the Chukotka Autonomous District, Russian Federation.
Payment of Charter Capital	Charter capital fully paid by the founders.
Results of Reorganisation/Bankruptcy Search	NPCC is not and has not been under reorganisation or bankruptcy proceedings.
Results of Litigation Searches	We are not aware of any material litigation involving the Company. Our searches in the electronic legal databases of "Garant" and "Consultant plus" did not discover any cases with references to the Company. Our search of the unified court database of the Supreme Arbitrazh Court (kad.arbitr.ru) revealed one case No. A40-46583/10-35-275 where the Company brought a claim against Moscow Tax inspection No.3 to invalidate a decision of the latter. On 06.07.2010 the court accepted the Company's

¹ According to the Russian Classification of Economic Activities OK 029-2001 implemented by Decree No. 454-st of the State Committee for Standardization and Metrology of the Russian Federation of 6 November 2001, effective from 1 January 2003.

12.1. SOLICITOR'S REPORT ON RUSSIAN MINING ASSETS

withdrawal from the proceedings as the defendant, Moscow Tax inspection No.3, cancelled its own decision in dispute. We have not discovered any other information on disputes involving the Company.

As the Company is registered in Moscow, we also searched for information on the internet site of the Moscow Arbitrazh Court for earlier cases involving the Company, but found no other information.

12.2. SOLICITOR'S REPORT ON COLOMBIAN MINING ASSETS



July 22, 2011

Messrs.
The Directors
Tigers Realm Coal Limited
Level 7, 333 Collins Street
Melbourne, Victoria 3000

Solicitor's report on Colombian mining assets

This Report is prepared for inclusion in a prospectus to be issued by Tigers Realm Coal Limited ACN 146 752 561 (the "Company" or "TRC") (the "Prospectus") in connection with a public offer of securities by the Company and the application for admission of the Company to the Australian Securities Exchange.

1. Scope of Work

1.1 The Report focuses on the study and analysis of the following Colombian mining concession contracts:

- a) FHD-161, F12-161 and GE3-083 (the "Jaguar 1 Concession Contracts");
- b) EIQ-092, EK7-151 and FEL-165 (the "Jaguar 2 Concession Contracts"); and
- c) GFN-141B (the "Las Palmas Concession Contract"),

(together the "Colombian Concession Contracts") and their environmental aspects. TRC and its subsidiary TR Coal International Limited ("TR Coal International") have interests in the Colombian Concession Contracts by means of option agreements originally executed between Tigers Realm Minerals Pty Ltd ("TRM")

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12.2. SOLICITOR'S REPORT ON COLOMBIAN MINING ASSETS



and the holders of the Colombian Concession Contracts. TRM's interests in the option agreements were assigned by TRM to TRC and TR Coal International.

- 1.2 The Report also considers the corporate status of Jaguar Coal Colombia S.A.S. ("Jaguar Coal"), the company incorporated for the purpose of the Jaguar 1 Project, and Las Palmas Coal S.A.S. ("Las Palmas Coal"), the company incorporated for the purpose of the Las Palmas Project, as both are further detailed herein.
- 1.3 This document has been prepared based on documents and information provided to us by the Company regarding the Colombian Concession Contracts, Jaguar Coal, Las Palmas Coal and certain contracts and agreements which affect the Colombian Concession Contracts and the Company's interests in such concession contracts as at July 22, 2011.
- 1.4 For our analysis and all the opinions rendered herein, we have relied on the abovementioned documents and information, and have assumed, without any independent investigation or verification of any kind:
 - a) all signatures, seals and other markings are authentic;
 - b) the documents are within the legal capacity and powers of all parties to them and have been validly authorised;
 - c) all original documents received are authentic and all documents received as copies conform with the original documents;
 - d) the documents have been duly authorised, executed and delivered by the parties thereto; and
 - e) the documents and information received is complete and accurate in all respects.
- 1.5 The Mining Authority of Colombia is the main regulatory body of the Colombian Ministry of Mines and Energy, and has delegated its authority in relation to the administration of mineral resources to the Colombian Institute of Geology and Mining, INGEOMINAS (the "Colombian Mining Authority"). We also reviewed the official on-line registers maintained by the Colombian Mining Authority related to the Colombian Concession Contracts.

2. Colombian Mining and Environmental Regulations

Section 12.11.2 of the Prospectus contains an overview of the relevant Colombian laws and regulations in force as at the date of this Report which we consider relevant to conducting exploration and mining activities in Colombia, including an overview of applicable environmental regulations.

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In Colombia, minerals of any kind and location found in the soil and subsoil are the exclusive property of the State. The right to explore and exploit Colombian State owned minerals can only be constituted, declared and proven through a mining concession contract, duly issued and registered in the National Mining Registry ("Mining Concession Contract"). Pursuant to a Mining Concession Contract, the State awards individuals or legal entities the temporary right, for them to, at their own risk, conduct exploration and exploitation of, profit from, process and market deposits owned by the State. The holder of a Mining Concession Contract is known as a "concessionaire".

Pursuant to Colombian environmental regulations, activities that do or may generate a serious deterioration of the renewable natural resources or the environment or introduce considerable changes to the landscape require a license ("Environmental Licence"). Environmental Licences are granted by a national, state or municipal authority depending on the nature or scale of the project and the proposed works or activities.

An Environmental Licence authorises the holder to perform certain works or activities, subject to compliance with conditions concerning the management and mitigation of the environmental effects of the works or activities, rehabilitation after performance of the works or activities and compensation for environmental damage caused.

3. Jaguar 1 Project

For the development of the Jaguar 1 Project an Option Agreement was executed between C.I. Inversiones Martinez Leroy S.A. – ("Invercoal"), Montenegro & Leroy Coal CO. Ltda. ("Montenegro & Leroy") and Carbones de Landazury Ltda. – ("Carboland") (together the "Jaguar 1 Sellers"), and TRM (the "Jaguar 1 Option Agreement"). Under the Jaguar 1 Option Agreement the Jaguar 1 Sellers granted to TRM an option to acquire a 60% interest in the Jaguar 1 Concession Contracts (the "Jaguar 1 Option"), to be held through a newly incorporated Colombian company.

The Jaguar 1 Option Agreement is summarised in further detail in section 12.10 of the Prospectus.

TRM assigned its interest in the Jaguar 1 Option Agreement to TRC pursuant to an agreement dated 2 May 2011 (the "Jaguar 1 Assignment Agreement"). TRC may exercise the Jaguar 1 Option directly or indirectly through its subsidiary TR Coal Spain SL ("TR Coal Spain"). TRM and TRC are jointly and severally liable for the obligations of TRM under the Jaguar 1 Option Agreement assumed by TRC.

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Pursuant to the Jaguar 1 Option Agreement:

- a) the parties incorporated the joint venture company Jaguar Coal in which TRC holds, through its wholly-owned subsidiary TR Coal Spain, 60% of the issued shares and the Jaguar 1 Sellers hold the other 40%; and
- b) Jaguar Coal's shareholders on 21 December 2010 executed a shareholders agreement (the "Jaguar 1 Shareholders Agreement") which governs the management of Jaguar Coal. Jaguar Coal is bound by the Jaguar 1 Shareholders' Agreement by the same having been deposited at its registered office pursuant to Colombian law and Jaguar Coal's By-laws. The Jaguar 1 Shareholders Agreement is summarised in further detail in section 12.10 of the Prospectus.

TRC (through TR Coal Spain) can acquire up to a 60% interest in the Jaguar 1 Concession Contracts through Jaguar Coal by making certain payments to the Jaguar 1 Sellers and by meeting certain minimum expenditure requirements on exploration, evaluation and development activities on the Jaguar 1 Concession Contracts. Upon the valid exercise of the Jaguar 1 Option in accordance with the terms of the Jaguar 1 Option Agreement, 100% of the Jaguar 1 Concession Contracts must be transferred by the Jaguar 1 Sellers to Jaguar Coal in accordance with relevant required legal requirements and governmental approvals.

The Jaguar 1 Option Agreement provides that, upon the first Jaguar 1 Option payment being made to the Jaguar 1 Sellers, the Jaguar 1 Sellers shall register before the Colombian Government a Lien or an Encumbrance of the mining rights derived from the Jaguar 1 Concession Contracts in favor of Jaguar Coal. We have been informed that, as at the date of this Report, the first option payment has been made, as evidenced by the Company with a copy of the payment receipts.

Pursuant to Colombian law a Lien or Encumbrance can be made on the mining rights derived from Mining Concession Contracts, in order to guarantee obligations of the holder of a Mining Concession Contract for the construction, assembly and exploitation of mines. Such Lien or Encumbrance is then registered on the National Mining Register. In the event of a breach of the guaranteed obligation, the holder of the Lien or Encumbrance may be entitled, under a court proceeding, to obtain a court order for an embargo to restrict the holder of the Mining Concession Contract from assigning or transferring their rights to a third party. On June 20, 2011, the Jaguar 1 Sellers and Jaguar Coal entered into Mining Lien Agreements to guarantee the Jaguar 1 Sellers' obligations to restrain from doing any transfer, lien, or assignment of the Jaguar 1 Concession Contracts in favour of a third party. These Liens or Encumbrances will be in place until TRC or its designee notifies in writing that it is or not interested in participating in the mining project related to each of the

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Concession Contracts, notification that TRC is entitled to issue until April 23, 2013. On June 30, 2011 Jaguar 1 Sellers filed the Mining Lien Agreements' registration request before the Colombian Mining Authority; as of the day of this report we have not yet received evidence of the registration of such liens or encumbrances in the National Mining Register or any response from the Colombian Mining Authority to that request.

3.1 *Jaguar 1 Option Agreement and Jaguar 1 Assignment Agreement*

We are of the opinion that:

- 3.1.1 on April 22, 2010, TRM entered into the Jaguar 1 Option Agreement with the Jaguar 1 Sellers by virtue of a private document;
- 3.1.2 on May 2, 2011, TRM, TRC and the Jaguar 1 Sellers entered into the Jaguar 1 Assignment Agreement by virtue of a private document; and
- 3.1.3 each of the Jaguar 1 Option Agreement and the Jaguar 1 Assignment Agreement has been validly executed by the parties thereto and the obligations therein are enforceable against those parties.

3.2 *Jaguar 1 Shareholders Agreement*

We are of the opinion that:

- 3.2.1 on December 21, 2010, the Jaguar 1 Sellers entered into the Jaguar 1 Shareholders' Agreement with TR Coal Spain and Antony James Manini ("AM");
- 3.2.2 the Jaguar 1 Shareholders' Agreement has been validly executed by the parties thereto and the obligations therein are enforceable against those parties; and
- 3.2.3 Jaguar Coal is bound by the Jaguar 1 Shareholders' Agreement by the same having been deposited at Jaguar Coal's registered office pursuant to Colombian law and to Jaguar Coal's By-laws as provided therein.

3.3. *Jaguar Coal*

- 3.3.1 We are of the opinion that Jaguar Coal has been duly incorporated and validly exists in accordance with Colombian law.

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- 3.3.2 Pursuant to a Certificate of Existence and Legal Representation issued by the Bogota Chamber of Commerce, dated December 29, 2010 and updated April 19, 2011:
- a) Jaguar Coal was incorporated as a simplified stock company by means of a private document of the Shareholders Assembly dated December 21, 2010 (hereinafter, the "Jaguar Coal Constitutive Act").
 - b) Jaguar Coal was registered on December 27, 2010 with number 01440264 at Book IX of the Bogota Chamber of Commerce.
- 3.3.3 The corporate purpose of Jaguar Coal specifically and expressly includes the exploration and exploitation of mines, as required by Colombian law to perform those activities and to hold Mining Concession Contracts. Jaguar Coal's main corporate purposes include: exploration, prospecting, development, research, exploitation, transformation, transport, gathering, marketing and sales of the coal, others minerals, mining products and other derived products. Jaguar Coal must maintain in effect all licenses and permits required to develop and exercise its rights under the mining titles on which the company is the holder, directly or indirectly or has rights as mining operator. Jaguar Coal also may generate the energy required for development and exploitation of the titles and sell the excess under applicable law. In addition, Jaguar Coal may become a port operator directly or by association.
- 3.3.4 Issued shares and holders of the same: To date, 1,000 common shares have been issued by Jaguar Coal, subscribed and paid for, in accordance with Jaguar Coal's By-laws and Colombian law, as follows

Shareholder	Number of shares	Subscription value in Colombian Pesos	%
TR Coal Spain	599	\$11,980,000	59.90
Antony James Manini	1	\$20,000	0.10
Jaguar 1 Sellers	400	\$8,000,000	40.00
Total	1,000	\$20,000,000	100.00

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3.4 *Jaguar 1 Concession Contracts*

3.4.1 Mining Concession Contract FHD-161 (Jaguar 1)

The following information appears registered in the title certificate issued on March 25, 2011 by the Colombian Mining Authority in relation to Mining Concession Contract FHD-161:

TITLE HOLDER	CONCESSION TERM	TITLE AREA	LIENS ENCUMBRANCES	- EXCLUDED AREAS	ASSIGNMENTS
C.I. Inversiones Martínez Leroy LTDA.	August 23, 2005 – August 22, 2035	4392 ha	No liens or encumbrances registered	No excluded areas are registered	No assignments are registered

We note the following additional matters from information obtained from the Company and the official on-line registers maintained by the Colombian Mining Authority:

- a) In our opinion Mining Concession Contract FHD-161 is valid, registered before the National Mining Registry and in force until August 22, 2035, provided that the concessionaire complies with all obligations stated in the Mining Concession Contract and with applicable mining and environmental regulations.
- b) The exploratory phase ended in August 2010 taking into account a two-year suspension of the contract. Therefore the Mining Concession Contract is in the first year of the construction and assembly phase, which lasts three years.
- c) We are informed by the Company that the concessionaire submitted a Work Plan to the Colombian Mining Authority in 2009, but it has not yet been approved. Initiation of activities related to the construction and assembly phase without previous approval of the Work Plan by the Colombian Mining Authority will constitute a breach of the Mining Concession Contract.
- d) A global Environmental License has been granted by Corporación Autónoma de Santander ("CAS") by Resolution No. 1162 of October 21, 2010 in relation to Mining Concession Contract FHD-161 for proposed underground coal mining and an open pit within the area of the Mining Concession Contract. The Environmental License grants the following permissions for the use of renewable

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natural resources during the exploitation phase: (i) concession of surface waters in the Rio Blanco, (ii) permit for discharge of industrial waste water, (iii) air emissions permit, and (iv) logging permit. According to the text of the Environmental License, the holder thereof forwarded to the CAS a certificate of the absence of Afro-Colombian or Aboriginal communities in the area of the project, issued by the Ministry of the Interior and Justice.

- e) Even if the Mining Concession Contract has an accompanying Environmental License to develop the phase of construction and assembly and subsequently operate the project in the exploitation phase, it is mandatory to have a Work Plan approved by the Colombian Mining Authority.
- f) Having reviewed the information available it is not possible to state that, as at the date of this Report, the Mining Concession Contract is in good standing having regard to: (i) approval of surface rent obligations, (ii) environmental mining guarantees, (iii) other obligations required by mining law (Work Plan approved by the Colombian Mining Authority and quarterly filing of technical and economic information reports with the Colombian Mining Authority in the required format), (iv) permits for the use of renewable natural resources in the exploration phase, and (v) compliance with Environmental License obligations. Breach of the obligations in a Mining Concession Contract can lead to the imposition of fines or even termination of the contract by the Colombian Mining Authority. In the case of breaches of environmental obligations, the competent environmental authority may impose penalties as provided for in the Colombian environmental sanctions regime. The environmental authorities are authorized to take and implement preventive measures and sanctions in accordance with environmental regulations without prejudice to the legal jurisdiction of other authorities. Sanctions may vary from fines to suspension (cancellation) of the Environmental License or other environmental permits, or even result in the temporary or permanent closure of activities.
- g) If an area of the Mining Concession Contract overlaps with a forest reserve area, subtraction of the overlapping area must be requested. The exclusion or subtraction of the reserve must be undertaken by the Colombian Ministry of the Environment, Housing and Territorial Development ("MAVDT") under applicable legislation. Proceeding with construction and exploitation activities without previous subtraction of the area of forest reserves is a breach of the Mining Code and may lead to sanctionatory proceedings by the MAVDT which may suspend activities until the subtraction is duly executed. This is without prejudice to the possible imposition of fines or other sanctions on the concessionaire.

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- h) On 9 July 2010, the concessionaire filed a surface rent payment with the Colombian Mining Authority. As at the date of this report, approval of the surface rent payment by the Colombian Mining Authority is pending, subject to the title holder clarifying the year which the surface rent payment applies. The failure to pay surface rent is a breach which may result in unilateral termination of the Mining Concession Contract by the Colombian Mining Authority. Termination is not automatic and follows a formal process, whereby the Colombian Mining Authority gives notice of the breach and a term of 30 days in which to mend the breach. Termination of a Mining Concession Contract only occurs in exceptional circumstances when there is clear justification for the Colombian Mining Authority to make such a declaration.

3.4.2 Mining Concession Contract F12-161 (Jaguar 1)

The following information appears registered in the title certificate issued on March 25, 2011 by the Colombian Mining Authority in relation to Mining Concession Contract F12-161:

TITLE HOLDER	CONCESSION TERM	TITLE AREA	LIENS ENCUMBRANCES	- EXCLUDED AREAS	ASSIGNMENTS
Montenegro & Leroy Coal Co LTDA	November 16, 2005 – November 15, 2035	4900 Ha	No liens or encumbrances registered	No excluded areas are registered	No assignments are registered

We note the following additional matters from information obtained from the Company and the official on-line registers maintained by the Colombian Mining Authority:

- In our opinion Mining Concession Contract F12-161 is valid, registered before the National Mining Registry and in force until November 15, 2035, provided that the concessionaire complies with all obligations stated in the Mining Concession Contract and with applicable mining and environmental regulations.
- The Mining Concession Contract is in its fourth year of the exploratory phase taking into account an eighteen-month suspension authorized by the Colombian Mining Authority and a request for an extension of the exploratory stage.
- We are informed by the Company that the concessionaire submitted a Work Plan to the Colombian Mining Authority in 2009, but it has not yet been approved. Initiation of activities related to the construction and assembly phase

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without previous approval of the Work Plan by the Colombian Mining Authority will constitute a breach of the Mining Concession Contract.

- d) A global Environmental License has been granted by the CAS by Resolution No. 1399 of December 3, 2010 in relation to Mining Concession Contract F12-161 for proposed underground coal mining and an open pit in the area of the Mining Concession Contract. The Environmental License grants the following permissions for the use of renewable natural resources during the exploitation phase: (i) concession of surface waters in the Rio Blanco, (ii) permit for discharge of industrial waste water, (iii) air emissions permit, and (iv) logging permit. According to the text of the Environmental License, the holder thereof forwarded to the CAS a certificate of the absence of Afro-Colombian or Aboriginal communities in the area of the project, issued by the Ministry of the Interior and Justice.
- e) Even if the Mining Concession Contract has an accompanying Environmental License to develop the phase of construction and assembly and subsequently operate the project in the exploitation phase, it is mandatory to have the Work Plan approved by the Colombian Mining Authority.
- f) Having reviewed the information available it is not possible to state that, as at the date of this Report, the Mining Concession Contract is in good standing having regard to: (i) approval of surface rent obligations, (ii) environmental mining guarantees, (iii) others obligations required by the mining law (Work Plan approved by the Colombian Mining Authority and quarterly filing of technical and economic information reports with the Colombian Mining Authority in the required format), (iv) permits for the use of renewable natural resources in the exploration phase, and (v) compliance with Environmental License obligations. Breach of the obligations in a Mining Concession Contract can lead to the imposition of fines or even termination of the contract by the Colombian Mining Authority. In case of breaches of environmental obligations, the competent environmental authority may impose penalties provided in the Colombian environmental sanctions regime. The environmental authorities are authorized to take and implement preventive measures and sanctions in accordance with environmental regulations without prejudice to the legal jurisdiction of other authorities. Sanctions may vary from fines to suspension (cancellation) of the Environmental License or other environmental permits, or even result in the temporary or permanent closure of activities.
- g) If an area of the Mining Concession Contract overlaps with a forest reserve area, subtraction of the overlapping area must be requested. The exclusion or subtraction of the reserve must be undertaken by the Colombian Ministry of the

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Environment, Housing and Territorial Development ("MAVDT") under applicable legislation. Proceeding with construction and exploitation activities without previous subtraction of the area of forest reserves is a breach of the Mining Code and may lead to sanctionatory proceedings by the MAVDT which may suspend activities until the subtraction is duly executed. This is without prejudice to the possible imposition of fines or other sanctions on the concessionaire.

- h) On June 28, 2010, the concessionaire filed with the Colombian Mining Authority the relevant surface rent payment for the fourth year of the exploration phase. As at the date of this report, approval of the surface rent payment by the Colombian Mining Authority is pending. The failure to pay surface rent is a breach which may result in unilateral termination of the Mining Concession Contract by the Colombian Mining Authority. Termination is not automatic and follows a formal process, whereby the Colombian Mining Authority gives notice of the breach and a term of 30 days in which to mend the breach. Termination of a Mining Concession Contract only occurs in exceptional circumstances when there is clear justification for the Colombian Mining Authority to make such a declaration.

3.4.3 Mining Concession Contract GE3-083 (Jaguar 1)

The following information appears registered in the title certificate issued on March 25 2011 by the Colombian Mining Authority in relation to Mining Concession Contract GE3-083:

TITLE HOLDER	CONCESSION TERM	TITLE AREA	LIENS ENCUMBRANCES	- EXCLUDED AREAS	ASSIGNMENTS
C.I. Inversiones Martínez Leroy LTDA	February 25, 2009 – February 24, 2037	755 ha and 4646 square meters	On February 25, 2009 - Reduction of the area of the Concession Contract accepted by Colombian Mining Authority	No excluded areas are registered	No assignments are registered

We note the following additional matters from information obtained from the Company and the official on-line registers maintained by the Colombian Mining Authority:

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- a) In our opinion Mining Concession Contract GE3-083 is valid, registered before the National Mining Registry and in force until February 24, 2037, provided that the concessionaire complies with all obligations stated in the Mining Concession Contract and with mining and environmental regulations.
- b) The Mining Concession Contract was executed between the parties on November 15, 2007, however it was registered by the Colombian Mining Authority on February 25, 2009. The latter is the date on which the Mining Concession Contract commences. By amendment executed on January 21, 2009 and registered in the National Mining Registry on February 25, 2009, the area of the Mining Concession Contract was changed from 1111 ha and 736 square meters to 755 ha and 494 square meters.
- c) We are informed by the Company that the Mining Concession Contract is in the forth year of the exploration phase..
- d) Once the exploration phase is finished, the construction and assembly phase will begin. For the development of the construction and assembly phase, an Environmental License and an approved Work Plan is required. There is no evidence that these requirements have been complied with as at the date of this Report. Initiation of activities related to the construction and assembly phase without previous approval of the Work Plan by the Colombian Mining Authority and previous issuance of an Environmental License will constitute a breach of the Mining Concession Contract.
- e) Having reviewed the information available is not possible to state that, as at the date of this Report, the Mining Concession Contract is in good standing having regard to: (i) approval of surface rent obligations, (ii) environmental mining guarantees, (iii) other obligations required by mining law (Work Plan approved by the Colombian Mining Authority and quarterly filing of technical and economic information reports with the Colombian Mining Authority in the required format), (iv) permits for the use of renewable natural resources in the exploration phase, and (v) obtaining an Environmental License for the construction and assembly phase and the exploitation phase. Breach of the obligations in a Mining Concession Contract can lead to the imposition of fines or even termination of the contract by the Colombian Mining Authority. In the case of breaches of environmental obligations, the competent environmental authority may impose penalties as provided for in the Colombian environmental sanctions regime. The environmental authorities are authorized to take and implement preventive measures and sanctions in accordance with environmental regulations without prejudice to the legal jurisdiction of other authorities.

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Sanctions may vary from fines to suspension (cancellation) of the Environmental License or other environmental permits, or even result in the temporary or permanent closure of activities.

- f) If an area of the Mining Concession Contract overlaps with a forest reserve area, subtraction of the overlapping area must be requested. The exclusion or subtraction of the reserve must be undertaken by the Colombian Ministry of the Environment, Housing and Territorial Development ("MAVDT") under applicable legislation. Proceeding with construction and exploitation activities without previous subtraction of the area of forest reserves is a breach of the Mining Code and may lead to sanctionatory proceedings by the MAVDT which may suspend activities until the subtraction is duly executed. This is without prejudice to the possible imposition of fines or other sanctions on the concessionaire.
- g) On June 28, 2010, the concessionaire filed with the Colombian Mining Authority the relevant surface rent payment for the second year of the construction and assembly phase. As at the date of this report, approval of the surface rent payment by the Colombian Mining Authority is pending. The failure to pay surface rent is a breach which may result in unilateral termination of the Mining Concession Contract by the Colombian Mining Authority. Termination is not automatic and follows a formal process, whereby the Colombian Mining Authority gives notice of the breach and a term of 30 days in which to mend the breach. Termination of a Mining Concession Contract only occurs in exceptional circumstances when there is clear justification for the Colombian Mining Authority to make such a declaration.

4. Jaguar 2 Project

For the development of the Jaguar 2 Project an Option Agreement was executed on December 9, 2010 by and among Invercoal and Empresa Minera de Los Toños S.A. (documented originally as Compañía Minera Los Toños) ("Los Toños") (together, the "Jaguar 2 Sellers"), and TRM (the "Jaguar 2 Option Agreement"). Under the Jaguar 2 Option Agreement the Jaguar 2 Sellers granted to TRM an option to acquire a 60% interest in the Jaguar 2 Concession Contracts (the "Jaguar 2 Option"), to be held through a newly incorporated Colombian company.

The Jaguar 2 Option Agreement is summarised in further detail in section 12.10 of the Prospectus.

TRM assigned its interest in the Jaguar 2 Option Agreement to TRC pursuant to an agreement dated 2 May 2011 (the "Jaguar 2 Assignment Agreement"). TRC may

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exercise the option directly or indirectly through its subsidiary TR Coal Spain. TRM and TRC are jointly and severally liable for the obligations of TRM under the Jaguar 2 Option Agreement assumed by TRC.

Pursuant to the Jaguar 2 Option Agreement the parties have agreed to incorporate a new company ("Jaguar 2 NewCo") in which TRC will hold, through its wholly-owned subsidiary TR Coal Spain, 60% of the issued shares and the Jaguar 2 Sellers hold the other 40% for an initial six year period. After the initial six year period, TRC's interest in Jaguar 2 NewCo may be increased depending on the number of tonnes of Mineable Reserves of coal on the area the subject of the Jaguar 2 Concession Contracts.

Jaguar 2 NewCo will be incorporated upon the parties finalising a shareholders agreement in respect of Jaguar 2 NewCo (the "Jaguar 2 Shareholders' Agreement"). Under the Jaguar 2 Option Agreement, the parties agreed that the terms of the Jaguar 2 Shareholders' Agreement and the By-laws of Jaguar 2 NewCo would replicate those in place for Jaguar Coal for the Jaguar 1 Project. As at the date of this Report, no shareholders' agreement had been executed in relation to Jaguar 2 NewCo. The Jaguar 2 Option Agreement requires the parties to agree and finalize the Jaguar 2 Shareholders' Agreement and the By-laws of Jaguar 2 NewCo by August 31, 2011 (as extended by letter agreement dated 3 May 2011, 8 May 2011 and June 28, 2011). Failure to reach such an agreement by this date will be considered a cause for termination of the Jaguar 2 Option Agreement and the Jaguar 2 Sellers will be obliged to return immediately to TRC all amounts received from TRC under the Jaguar 2 Option Agreement, together with interest. The parties may jointly agree to extend this term.

TRC (through TR Coal Spain) can acquire up to a 60% interest in the Jaguar 2 Concession Contracts through Jaguar 2 NewCo by making certain payments to the Jaguar 2 Sellers and by meeting certain minimum expenditure requirements on exploration, evaluation and development activities on the Jaguar 2 Concession Contracts. Upon the valid exercise of the Jaguar 2 Option in accordance with the terms of the Jaguar 2 Option Agreement, 100% of the Jaguar 2 Concession Contracts must be transferred by the Jaguar 2 Sellers to Jaguar 2 NewCo in accordance with relevant required legal requirements and governmental approvals.

The Jaguar 2 Option Agreement provides that, upon the first Jaguar 2 Option payment being made to the Jaguar 2 Sellers and the incorporation of Jaguar 2 NewCo, the Jaguar 2 Sellers shall register before the Colombian Government a Lien or an Encumbrance of the mining rights derived from the Jaguar 2 Concession Contracts in favor of Jaguar 2 NewCo. We have been informed that, as at the date of this Report, although the first option payment has been made, the incorporation

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of Jaguar 2 NewCo has not occurred and no Lien or Encumbrance has been registered by the Jaguar 2 Sellers to guarantee their obligations under the Jaguar 2 Option Agreement.

Pursuant to Colombian law a Lien or Encumbrance can be made on the mining rights derived from Mining Concession Contracts, in order to guarantee the obligations of the holder of a Mining Concession Contract for the construction, assembly and exploitation of mines. Such Lien or Encumbrance is then registered on the National Mining Register. In the event of a breach of the guaranteed obligation, the holder of the Lien or Encumbrance may be entitled, under a court proceeding, to obtain a court order for an embargo to restrict the holder of the Mining Concession Contract from assigning or transferring their rights to a third party. As at the date of this report, we understand that TRC and the Jaguar 2 Sellers had not yet reached agreement as to the wording and scope of the required Lien or Encumbrance. TRC seeks that the Lien or Encumbrance guarantee the obligation of the Jaguar 2 Sellers to transfer the Jaguar 2 Concession Contracts to Jaguar 2 NewCo under the Jaguar 2 Option Agreement.

4.1 *Jaguar 2 Option Agreement and Jaguar 2 Assignment Agreement*

We are of the opinion that:

- 4.1.1 on December 9, 2010, TRM entered into the Jaguar 2 Option Agreement with the Jaguar 2 Sellers by virtue of a private document;
- 4.1.2 on May 2, 2011, TRM, TRC and the Jaguar 2 Sellers entered into the Jaguar 2 Assignment Agreement by virtue of a private document; and
- 4.1.3 the Jaguar 2 Option Agreement and the Jaguar 2 Assignment Agreement have been validly executed by the parties thereto and the obligations therein are enforceable against those parties.

4.2 *Jaguar 2 Concession Contracts*

4.2.1 Mining Concession Contract EIQ-092 (Jaguar 2)

The following information appears registered in the title certificate issued on March 25 2011 by the Colombian Mining Authority in relation to Mining Concession Contract EIQ-092:

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Empresa Minera Los Toños S.A.	May 17, 2005 – May 16, 2035	1383 ha and 8220 square meters	1. Encumbrance annotation dated August 31, 2006. 2. The aforementioned annotation was canceled on October 10, 2006, thus the encumbrance has been cancelled.	No excluded areas are registered	The title was transferred in its entirety in favor of the company Empresa Minera Los Toños with a filing date of July 26, 2007.

We note the following additional matters from information obtained from the Company and the official on-line registers maintained by the Colombian Mining Authority:

- a) In our opinion Mining Concession Contract EIQ-092 is valid, registered before the National Mining Registry and in force until May 16, 2035, provided that the concessionaire complies with all obligations stated in the Mining Concession Contract and with applicable mining and environmental regulations.
- b) The Mining Concession Contract states that the period of the exploration phase is 3 years commencing May 17, 2005 to May 16, 2008 and the construction and assembly phase is 3 years commencing May 17, 2008 to May 16, 2011. Accordingly, it is possible that the exploratory stage of the Mining Concession Contract is now complete and the construction and assembly phase is also near completion. We are informed by the Company that the concessionaire submitted a Work Plan in 2008 to the Colombian Mining Authority, who required some modifications to the Work Plan submitted. We are informed by the Company that the modifications should be resubmitted by June 2011. An approved Work Plan is a requirement to commence the construction and assembly phase. Prior to any sanction being imposed for the failure to submit a Work Plan, the Colombian Mining Authority will provide written notice of the concessionaire's breach and request a correction within 30 days. If the concessionaire fails to comply with the notice, it may be required to pay fines.

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- c) Furthermore, we have not been provided with any documents evidencing that the concessionaire has submitted an Environmental Impact Study ("EIA") before the Colombian Environmental Authority as required by Article 85 of the Mining Code, for the purpose of obtaining an Environmental Licence, which is required to develop the construction and assembly phase.
- d) According to article 112 of the Mining Code a failure to pay the required surface rent for a Mining Concession Contract on time may be grounds for termination of the Mining Concession Contract. Resolution GTRB-117 dated April 15, 2010, issued by the Colombian Mining Authority states that the concessionaire failed to pay surface rent in respect of Mining Concession Contract EIQ-092 for (i) the first year of the construction and assembly phase for the period 17/05/2008 to 16/05/2009 in the amount of \$21,287,795; and (ii) the second year of the construction and assembly phase for the period 17/05/2009 to 16/05/2010 in the amount of \$22,920,705. This information was obtained from official on-line registers, which indicate that these amounts remain outstanding. On May 5, 2011, the concessionaire filed with the Colombian Mining Authority a correction of a previous surface rent filing made on April 29, 2011, pursuant to which the concessionaire incorrectly identified the Mining Concession Contract as FEL-165, rather than EIQ-092. As at the date of this report, approval of the surface rent payment for the third year of the construction and assembly phase in respect of EIQ-092 by the Colombian Mining Authority is pending. The failure to pay surface rent is a breach which may result in unilateral termination of the Mining Concession Contract by the Colombian Mining Authority. Termination is not automatic and follows a formal process, whereby the Colombian Mining Authority gives notice of the breach and a term of 30 days in which to mend the breach. Termination of a Mining Concession Contract only occurs in exceptional circumstances when there is clear justification for the Colombian Mining Authority to make such a declaration.
- e) Having reviewed the information available it is not possible to state that, as at the date of this Report, the Mining Concession Contract is in good standing having regard to: (i) approval of surface rent obligations, (ii) approval of environmental mining guarantees, (iii) other obligations required by the mining law (Work Plan approved by the Colombian Mining Authority and quarterly filing of technical and economic information reports with the Colombian Mining Authority in the required format), (iv) permits for the use of renewable natural resources in the exploration phase, and (v) obtaining an Environmental License for the construction and assembly phase and the exploitation phase. Breach of the obligations in a Mining Concession Contract can lead to the imposition of fines or even termination of the contract by the Colombian Mining Authority. In

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the case of breaches of environmental obligations, the competent environmental authority may impose penalties as provided for in the environmental sanctions regime. The environmental authorities are authorized to take and implement preventive measures and sanctions in accordance with environmental regulations without prejudice to the legal jurisdiction of other authorities. Sanctions may vary from fines to suspension (cancellation) of the Environmental License or other environmental permits, or even result in the temporary or permanent closure of activities.

- f) If an area of the Mining Concession Contract overlaps with a forest reserve area, subtraction of the overlapping area must be requested. The exclusion or subtraction of the reserve must be undertaken by the Colombian Ministry of the Environment, Housing and Territorial Development ("MAVDT") under applicable legislation. Proceeding with construction and exploitation activities without previous subtraction of the area of forest reserves is a breach of the Mining Code and may lead to sanctionatory proceedings by the MAVDT which may suspend activities until the subtraction is duly executed. This is without prejudice to the possible imposition of fines or other sanctions on the concessionaire.
- g) On February 17, 2011, the concessionaire filed with the Colombian Mining Authority an Environmental Policy for the third year of the construction and assembly phase. As at the date of this report, approval of the policy by the Colombian Mining Authority is pending.

4.2.2 Mining Concession Contract EK7-151 (Jaguar 2)

The following information appears registered in the title certificate issued on March 25, 2011 by the Colombian Mining Authority in relation to Mining Concession Contract EK7-151:

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Empresa Minera Los Toños S.A.	August 11, 2005 – August 10, 2035	1842 ha and 9207 square meters	1. Encumbrance annotation dated August 31, 2006. 2. The aforementioned annotation was canceled on October 10, 2006, thus the encumbrance has been cancelled.	No excluded areas are registered	The title was transferred in its entirety in favor of the company Empresa Minera Los Toños with a filing date of July 26, 2007.

We note the following additional matters from information obtained from the Company and the official on-line registers maintained by the Colombian Mining Authority:

- a) In our opinion Mining Concession Contract EK7-151 is valid, registered before the National Mining Registry and in force until August 10, 2035, provided that the concessionaire complies with all obligations stated in the Mining Concession Contract and with applicable mining and environmental regulations.
- b) The Mining Concession Contract states that the period of the exploration phase for Mining Concession Contract EK7-151 is 3 years commencing August 11, 2005 to August 10, 2008 and the construction and assembly phase is 3 years commencing August 11, 2008 to August 10, 2011. Accordingly, it is possible that the exploratory stage of the Mining Concession Contract is complete and the construction and assembly phase is also near completion. We are informed by the Company that the concessionaire submitted a Work Plan to the Colombian Mining Authority in 2008, and by Technical concept GTRB 0460 dated 14/11/2008 it was approved by the Colombian Mining Authority. We were not however provided with any documents for review issued by the Colombian Mining Authority evidencing the submission and approval of the Work Plan. An approved Work Plan is required to commence the construction and assembly phase. Prior to any sanction being imposed for the failure to submit a Work Plan, the Colombian Mining Authority will provide written notice of the concessionaire's breach and request a correction within 30 days. If the concessionaire fails to comply with the notice, it may be required to pay fines.

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- c) An Environmental License has been granted by the CAS by Resolution No. 1121 of November 20, 2008 in relation to Mining Concession Contract EK7-151 for proposed underground coal mining and an open pit within the area of the Mining Concession Contract. The Environmental License grants the following permissions for the use of renewable natural resources during the exploitation phase: (i) permit for discharge of industrial waste water, (ii) air emissions permit, and (iii) logging permit. According to the text of the Environmental License, the holder thereof forwarded to the CAS a certificate of the absence of Afro-Colombian or Aboriginal communities in the area of the project, issued by the Ministry of the Interior and Justice.
- d) Having reviewed the information available it is not possible to state that, as at the date of this Report, the Mining Concession Contract is in good standing having regard to: (i) surface rent obligations, (ii) environmental mining guarantees, (iii) other obligations required by the mining law (quarterly filing of technical and economic information reports with the Colombian Mining Authority in the required format), (iv) permits for the use of renewable natural resources in the exploration phase, and (v) compliance with Environmental License obligations. Breach of obligations in a Mining Concession Contract can lead to the imposition of fines or even termination of the contract by the Colombian Mining Authority. In the case of breaches of environmental obligations, the competent environmental authority may impose penalties as provided for in the environmental sanctions regime. The environmental authorities are authorized to take and implement preventive measures and sanctions in accordance with environmental regulations without prejudice to the legal jurisdiction of other authorities. Sanctions may vary from fines to suspension (cancellation) of the Environmental License or other environmental permits, or even result in the temporary or permanent closure of the activities.
- e) If an area of the Mining Concession Contract overlaps with a forest reserve area, subtraction of the overlapping area must be requested. The exclusion or subtraction of the reserve must be undertaken by the Colombian Ministry of the Environment, Housing and Territorial Development ("MAVDT") under applicable legislation. Proceeding with construction and exploitation activities without previous subtraction of the area of forest reserves is a breach of the Mining Code and may lead to sanctionatory proceedings by the MAVDT which may suspend activities until the subtraction is duly executed. This is without prejudice to the possible imposition of fines or other sanctions on the concessionaire.

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4.2.3 Mining Concession Contract FEL-165 (Jaguar 2)

The following information appears registered in the title certificate issued on March 25, 2011 by the Colombian Mining Authority in relation to Mining Concession Contract F12-161:

TITLE HOLDER	CONCESSION TERM	TITLE AREA	LIENS ENCUMBRANCES	- EXCLUDED AREAS	ASSIGNMENTS
C.I. Inversiones Martínez Leroy LTDA	July 14, 2005 – July 13, 2035	5097 ha and 8462 square meters	No liens or encumbrances registered	No excluded areas are registered	No assignments are registered

We note the following additional matters from information obtained from the Company and the official on-line registers maintained by the Colombian Mining Authority:

- a) In our opinion Mining Concession Contract FEL-165 is valid, registered before the National Mining Registry and in force until July 13, 2035, provided that the concessionaire complies with all obligations stated in the Mining Concession Contract and with applicable mining and environmental regulations.
- b) The Mining Concession Contract states that the period of the exploration phase for Mining Concession Contract FEL-165 is 3 years commencing July 14, 2005 to July 13, 2008 and the construction and assembly phase is 3 years commencing July 14, 2008 to July 13, 2011. Accordingly, it is possible that the exploratory stage of the Mining Concession Contract is now complete and the construction and assembly phase is also near completion. We are informed by the Company that the concessionaire submitted a Work Plan to the Colombian Mining Authority in 2009, but it has not yet been approved. An approved Work Plan is required to begin the construction and assembly phase. Prior to any sanction being imposed for the failure to submit a Work Plan, the Colombian Mining Authority will provide written notice of the concessionaire's breach and request a correction within 30 days. If the concessionaire fails to comply with the notice, it may be required to pay fines.
- c) A global Environmental License has been granted by the CAS by Resolution No. 1400 of December 3, 2010 in relation to Mining Concession Contract FEL-165 for proposed underground coal mining and an open pit in the area of the Mining Concession Contract. The Environmental License grants the following permissions for the use of renewable natural resources during exploitation

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phase: (i) concession of surface waters in the Rio Blanco, (ii) permit for discharge of industrial waste water, and (iii) logging permit. According to the text of the Environmental License, the holder thereof forwarded to the CAS a certificate of the absence of Afro-Colombian or Aboriginal communities in the area of the project, issued by the Ministry of the Interior and Justice.

- d) Even if the Mining Concession Contract has an accompanying Environmental License to develop the phase of construction and assembly and subsequently operate the project in the exploitation phase, it is mandatory to have a Work Plan approved by the Colombian Mining Authority. There is no evidence that a Work Plan has been approved by the Colombian Mining Authority. Initiation of activities related to the construction and assembly phase without previous approval of a Work Plan by the Colombian Mining Authority and the previous issuance of an Environmental License will constitute a breach of the Mining Concession Contract.
- e) Having reviewed the information available it is not possible to state that, as at the date of this Report, the Mining Concession Contract is in good standing having regard to: (i) approval of surface rent obligations, (ii) environmental mining guarantees, (iii) other obligations required by the mining law (Work Plan approved by the Colombian Mining Authority or quarterly filing of technical and economic information reports with the Colombian Mining Authority in the required format), (iv) permits for the use of renewable natural resources in the exploration phase, and (v) compliance with Environmental License obligations for construction and assembly phase and exploitation phase. Breach of the obligations in a Mining Concession Contract can lead to the imposition of fines or even termination of the contract by the Colombian Mining Authority. In the case of breaches of environmental obligations, the competent environmental authority may impose penalties as provided for in the Colombian environmental sanctions regime. The environmental authorities are authorized to take and implement the preventive measures and sanctions in accordance with environmental regulations without prejudice to the legal jurisdiction of other authorities. Sanctions may vary from fines to suspension (cancellation) of the Environmental License or other environmental permits, or even result in the temporary or permanent closure of activities.
- f) If an area the subject of the Mining Concession Contract overlaps with a forest reserve area, the overlapping area must be excluded from the Mining Concession Contract. The exclusion of the reserve must be notified to and approved by the Colombian Ministry of the Environment, Housing and Territorial Development ("MAVDT") under applicable legislation. Proceeding with construction and exploitation activities without first excluding overlapping

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forest reserve areas is a breach of the Mining Code and may lead to sanctionatory proceedings by the MAVDT such as the suspension of activities until the exclusion is duly executed. This is without prejudice to the possible imposition of fines or other sanctions on the concessionaire.

- g) On March 14, 2011, the concessionaire filed with the Colombian Mining Authority the relevant surface rent payment for the first year of the construction and assembly phase. As at the date of this report, approval of the surface rent payment by the Colombian Mining Authority is pending. The failure to pay surface rent is a breach which may result in unilateral termination of the Mining Concession Contract by the Colombian Mining Authority. Termination is not automatic and follows a formal process, whereby the Colombian Mining Authority gives notice of the breach and a term of 30 days in which to mend the breach. Termination of a Mining Concession Contract only occurs in exceptional circumstances when there is clear justification for the Colombian Mining Authority to make such a declaration.

5. Las Palmas Project

For the development of the Las Palmas Project an Agreement with Option of Participation was executed on December 21, 2010 by and among Hector Alfonso Acevedo Gordillo and Yolanda Castro Jimenez (the "Las Palmas Sellers"), and TRM (the "Las Palmas Option Agreement"). Under the Las Palmas Option Agreement, the Las Palmas Sellers granted to TRM an option to acquire a 70% interest in the Las Palmas Concession Contract ("Las Palmas Option"), to be held through a newly incorporated Colombian company.

The Las Palmas Option Agreement is summarised in further detail in section 12.10 of the Prospectus.

TRM assigned its interest in the Las Palmas Option Agreement to TR Coal International pursuant to an agreement dated May 3, 2011. TR Coal International may exercise the option directly or indirectly through its subsidiary TR Coal Spain. TRM and TR Coal International are jointly and severally liable for the obligations of TRM under the Las Palmas Option Agreement assumed by TR Coal International.

Pursuant to the Las Palmas Option Agreement the parties incorporated the joint venture company Las Palmas Coal in which TR Coal International holds, through its wholly-owned subsidiary TR Coal Spain, 50% of the issued shares and the Las Palmas Sellers hold the other 50%. Upon the incorporation of Las Palmas Coal, the Las Palmas Sellers must transfer to Las Palmas Coal the Las Palmas Concession

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Contract according to legal requirements and governmental approvals required in connection therewith. As at the date of this Report, this transfer had not yet been completed although we understand that this is in process.

TR Coal International can acquire up to 70% of the shares on issue in Las Palmas Coal by making certain payments to the Las Palmas Sellers and by meeting certain minimum expenditure requirements in relation to the Las Palmas Concession Contract. Upon the valid exercise of the Las Palmas Option in accordance with the terms of the Las Palmas Option Agreement, the Las Palmas Sellers must transfer shares representing 20% of the shares on issue in Las Palmas Coal to TR Coal Spain, thereby giving TR Coal International a 70% interest (through TR Coal Spain) in the shares on issue in Las Palmas Coal.

5.1 *Las Palmas Option Agreement and Las Palmas Assignment Agreement*

We are of the opinion that:

- 5.1.1 on December 21, 2010, TRM entered into this Las Palmas Option Agreement with the Las Palmas Sellers by virtue of a private document;
- 5.1.2 on May 3, 2011, TRM, TR Coal International and Las Palmas Sellers entered into the Las Palmas Assignment Agreement by virtue of a private document; and
- 5.1.3 the Las Palmas Option Agreement and the Las Palmas Assignment Agreement have been validly executed by the parties thereto and the obligations therein are enforceable against those parties.

5.2 *Las Palmas Coal*

- 5.2.1 We are of the opinion that Las Palmas Coal has been duly incorporated and validly exists in accordance with Colombian law.
- 5.2.2 Pursuant to a Certificate of Existence and Legal Representation issued by the Bogota Chamber of Commerce, dated April 27, 2011:
 - a) Las Palmas Coal was incorporated by means of a private document of the Shareholders executed on March 16, 2011 (the "Las Palmas Constitutive Act").
 - b) Las Palmas was registered on April 27, 2011, with number 01473465 at Book IX of the Bogota Chamber of Commerce.

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5.2.3 The corporate purpose of Las Palmas Coal specifically and expressly includes the exploration and exploitation of mines, as required by Colombian law to perform those activities and to hold Mining Concession Contracts. Las Palmas Coal's corporate purposes include: any legal commercial or civil activity, including, without limitation, exploration, prospection, development, research, exploitation, transformation, transport, gathering, marketing and sales of the coal, others minerals, mining products and other derived products. Las Palmas Coal must maintain in effect all licenses and permits required to develop and exercise its rights under the mining titles on which the company is the holder, directly or indirectly or has rights as mining operator. Las Palmas Coal also may generate the energy required for development and exploitation of the titles and sell the excess under applicable law.

5.2.4 Issued shares and holders of the same: To date, 1,000 common shares have been issued by Las Palmas Coal, subscribed and paid for, in accordance with Las Palmas Coal's By-laws and Colombian law, as follows,

Shareholder	Number of shares	Subscription value in Colombian Pesos	%
TR Coal Spain	499	\$4,990,000	49.9
Antony James Manini	1	\$10,000	0.1
Las Palmas Sellers	500	\$5,000,000	50.0
Total	1,000	\$10,000,000	100.0

5.3 Mining Concession Contract GFN-141B (Las Palmas)

The following information appears in the official on-line registers maintained by the Colombian Mining Authority dated April 15, 2011 in relation to Mining Concession Contract GFN 141B:

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TITLE HOLDER	CONCESSION TERM	TITLE AREA	LIENS ENCUMBRANCES	- EXCLUDED AREAS	ASSIGNMENTS
Héctor Alfonso Acevedo y Yolanda Castro	August 20, 2009 – August 20, 2038	296 ha and 5340 square meters	No liens or encumbrances registered	No excluded areas are registered	No assignments are registered

We note the following additional matters from information obtained from the Company and the official on-line registers maintained by the Colombian Mining Authority:

- a) In our opinion Mining Concession Contract GFN-141B is valid, registered before the National Mining Registry and in force until August 20, 2038, provided that the concessionaire complies with all obligations stated in the Mining Concession Contract and with applicable mining and environmental regulations.
- b) The Mining Concession Contract is in the second year of the exploratory phase. In accordance with the Mining Concession Contract the duration of exploratory phase is three (3) years.
- c) For the future development of the construction and assembly phase an Environmental License and an approved Work Plan are required. There is no evidence that these requirements have yet been complied with. Initiation of activities related to the construction and assembly phase without previous approval of the Work Plan by the Colombian Mining Authority and the previous issuance of an Environmental License will constitute breaches of the Mining Concession Contract.
- d) Having reviewed the information available is not possible to state that, as at the date of this Report, the Mining Concession Contract is in good standing having regard to: (i) approval of surface rent obligations, (ii) approval of environmental mining guarantees, (iii) others obligations required by the mining law (Work Plan approved by the Colombian Mining Authority or quarterly filing of technical and economic information reports with the Colombian Mining Authority in the required format), and (iv) permits for the use of renewable natural resources in the exploration phase. Breach of the obligations in a Mining Concession Contract can lead to the imposition of fines or even termination of

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the contract by the Colombian Mining Authority. In the case of breaches of environmental obligations, the competent environmental authority may impose penalties as provided for in the Colombian environmental sanctions regime. The environmental authorities are authorized to take and implement the preventive measures and sanctions in accordance with environmental regulations without prejudice to the legal jurisdiction of other authorities. Sanctions may vary from fines to suspension (cancellation) of the Environmental License or other environmental permits, or even result in the temporary or permanent closure of the activities.

- e) If an area the subject of the Mining Concession Contract overlaps with a forest reserve area, the overlapping area must be excluded from the Mining Concession Contract. The exclusion of the reserve must be notified to and approved by the Colombian Ministry of the Environment, Housing and Territorial Development ("MAVDT") under applicable legislation. Proceeding with construction and exploitation activities without first excluding overlapping forest reserve areas is a breach of the Mining Code and may lead to sanctionatory proceedings by the MAVDT such as the suspension of activities until the exclusion is duly executed. This is without prejudice to the possible imposition of fines or other sanctions on the concessionaire.
- f) On December 28, 2010, the concessionaire filed with the Colombian Mining Authority the relevant surface rent payment for the second year of the exploration phase. As at the date of this report, approval of the surface rent payment by the Colombian Mining Authority is pending. On December 29, 2010, the concessionaire filed with the Colombian Mining Authority an Environmental Policy for the second year of the exploration phase. As at the date of this report, approval of the policy by the Colombian Mining Authority is pending.

The failure to pay surface rent, and submission of an Environmental Policy before the Colombian Mining Authority, is a breach which may result in unilateral termination of the Mining Concession Contract by the Colombian Mining Authority. Termination is not automatic and follows a formal process, whereby the Colombian Mining Authority gives notice of the breach and a term of 30 days in which to mend the breach. Termination of a Mining Concession Contract only occurs in exceptional circumstances when there is clear justification for the Colombian Mining Authority to make such a declaration.

12.2. SOLICITOR'S REPORT ON COLOMBIAN MINING ASSETS**6. Confidentiality and use**

All information and documentation provided by the Company, or to which access was provided, required for preparing this Report is confidential. This Report is covered by such confidentiality and this Report may only be used for the purpose for which it was provided, namely for the purpose of inclusion in the Prospectus. Additionally, it should be noted that this Report has been prepared based on the applicable Colombian legislation, exclusive of considerations under other legislations.

Sincerely yours,

Suárez Zapata Partners Abogados S.A.S.

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13. Additional information

The information contained in this Section assumes the Company is admitted to the Official List of ASX.

13.1. CORPORATE HISTORY, CORPORATE STRUCTURE AND SHARE CAPITAL

13.1.1. CORPORATE HISTORY

TRC was incorporated under Australian law on 8 October 2010.

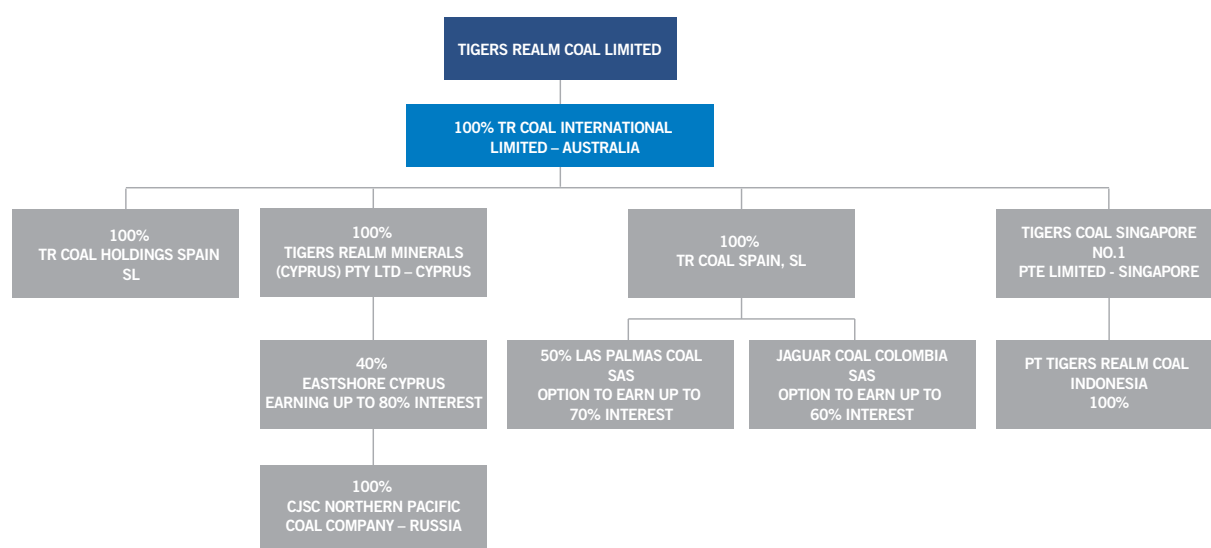
TR Coal International was incorporated under Australian law on 13 October 2010, as a wholly owned Subsidiary of the Company to hold the overseas interests of the Company.

On 23 November 2010, TRM shareholders approved a cash return of capital by TRM. TRM shareholders applied (or directed the application of) the proceeds of the cash return of capital to acquire Shares in TRC. A total of 133.2 million Shares were issued to TRM shareholders. As part of the restructure, TRM's coal interests were spun out into TR Coal International for which 111 million Shares were issued to TRM.

TRM is a private resource investment group based in Melbourne, with a focus on coal, copper and gold projects globally.

13.1.2. CORPORATE STRUCTURE

FIGURE 13.1: TRC CORPORATE STRUCTURE AND OWNERSHIP INTEREST IN PROJECTS



13.1.3. SHARE CAPITAL

TRC currently has the following capital structure:

- Issued Shares: 280,200,000; and
- Options: 30,071,300.

Details of options over Shares are contained in Section 13.6. TRC's major Shareholder is TRM, which holds 111,000,000 Shares (39.6%) as at the date of this Prospectus.

Following Completion of the Offer, the Company expects that it will have 363,939,170 Shares on issue. TRM's shareholding will increase to 119,739,170 Shares (32.9%) as a result of the issue of Shares to repay the TRM payable owing as at 30 June 2011 (\$4,369,585).

13.2. COMPANY TAX STATUS AND FINANCIAL YEAR

The Company will be taxed in Australia as a public company. The financial year of the Company will end on 31 December annually.

13.3. APPLICABLE TAXES AND ROYALTIES

13.3.1. COLOMBIA

13.3.1.1. CORPORATE TAX

The corporate income tax rate in Colombia is 33%. Companies resident in Colombia are subject to corporate income tax on their worldwide net taxable income. An alternative presumptive method for calculating taxable income may apply in Colombia where the taxable income of a company is less than 3% of the net equity as at 31 December in the preceding income tax year and where the ordinary method for calculating taxable income is lower than the presumptive method. The difference between the ordinary method and the presumptive method of calculating taxable income may be carried forward as a deduction for up to five years.

Non-resident investors are taxed on their Colombian-source income by means of withholding taxes or, where a taxable branch exists and profits are attributable to this branch, the 33% income tax rate will apply to the net Colombian sourced income of the Colombian branch. Where a dividend is paid by a Colombian company to a non-resident out of untaxed profits, dividend withholding tax is applicable at the rate of 33% which is in accordance with the corporate tax rate. However, where the dividend is paid out of taxed profits, the dividend withholding tax rate is reduced to 0%. The dividend withholding tax rate may be reduced under certain double tax treaties between Colombia and other jurisdictions. Presently, the double tax treaty between Spain and Colombia reduces the withholding tax rate for dividends to 0%.

13.3.1.2. ROYALTIES

Royalties are payable to the Colombian Mining Authority in respect of the exploitation or extraction of coal in Colombia, INGEOMINAS, at a rate equivalent to a certain percentage of the value of production at the mine gate as follows:

- exploitation of less than 3Mtpa of saleable product: 5%; and
- exploitation of more than 3Mtpa of saleable product: 10%.

In practice, royalties are paid in local currency (Colombian pesos) by mining companies.

13.3.1.3. INDUSTRY AND COMMERCE TAX

Industry and Commerce Tax is a municipal tax levied on industrial, commerce and services activities performed within a municipality. However, it does not apply to exports. Industry and Commerce Tax is effectively a royalty based on gross income received from mining operations. The Industry and Commerce Tax rates typically vary between 0% to 1.4%.

13.3.2. RUSSIA

13.3.2.1. CORPORATE TAX

The corporate income tax rate in Russia is 20%. Companies resident in Russia are subject to corporate income tax on their worldwide income.

For the purposes of corporate income tax, mining exploration expenses may be deducted no matter if they were productive or not. Such expenses may be amortised during one or two years depending on their type.

Also, Russia imposes mineral extraction tax (**MET**). The MET is levied on any organisation that holds a mining license in Russia. The current MET rate applicable for the extraction of coking coal is rouble 57 per one ton of the product.

The amount of MET payable to the tax authorities may be reduced by the amount of expenses that were related to ensuring the safety of overall working conditions and labour safety of the extraction process.

Non-resident investors are taxed on their Russian-sourced income by means of withholding taxes. Where a dividend is paid by a Russian company to a non-resident, dividend withholding tax is applicable at the rate of 15% in the absence of a reduction under an applicable Double Tax Treaty. Given that TRC's investment in Russia is held by a Cypriot resident company, dividends paid to the Cypriot holding company by the Russian company would be subject to dividend withholding tax at a rate of 10%. The dividend withholding rate is reduced to 5% if the beneficial owner of the dividends has directly invested at least USD100,000 of capital into the Russian company. Based on the draft protocol to the Russia-Cyprus double taxation treaty agreed upon by the governments of Cyprus and Russia, the treaty has been amended so that the USD100,000 investment threshold should be replaced with a EURO100,000 threshold. These amendments are not yet effective.

13.3.2.2. ROYALTIES

In respect of the Amaam Project, please see the summaries of the Bering Royalty Agreement and the Siberian Royalty Agreement in Section 13.10.4.

13.4. SUMMARY OF RIGHTS AND LIABILITIES ATTACHING TO SHARES AND OTHER MATERIAL PROVISIONS OF THE COMPANY'S CONSTITUTION

The rights and liabilities attaching to ownership of Shares arise from a combination of the Constitution, various statutes, the ASX Listing Rules and general law.

A summary of the significant rights attaching to the Shares and other material provisions of the Constitution is set out below. This summary is neither exhaustive nor constitutes a definitive statement of the rights and liabilities of Shareholders. The summary assumes that the Company is admitted to the Official List.

VOTING AT A GENERAL MEETING

At a general meeting of the Company, every Shareholder present in person or by proxy, corporate representative or attorney having the right to vote on a resolution has one vote on a show of hands and, on a poll, one vote for each fully paid share held.

MEETINGS OF MEMBERS

Each Shareholder is entitled to receive notice of, attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and the ASX Listing Rules. TRC must give at least 28 days written notice of a general meeting of the Company.

DIVIDENDS

Subject to the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules and any rights and restrictions attached to a class of Shares, the Board may from time to time determine that a dividend is payable on Shares and fix the amount of the dividend, the time for determining entitlements to the dividend and the timing and method of payment. For further information in respect of the Company's proposed dividend policy, refer to Section 2.

TRANSFER OF SHARES

Subject to the Constitution and any restrictions attached to a Share, Shares may be transferred by a proper transfer effected in accordance with the ASX Settlement Operating Rules, by a written instrument or by any other method permitted by the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules.

The Company may refuse to register a transfer of Shares where permitted to do so under the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules and the Board resolves so. The Company must refuse to register a transfer of Shares when required by the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules.

ISSUE OF FURTHER SHARES

Subject to the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules and any rights and restrictions attached to a class of Shares or other securities, the Company may issue Shares, options to acquire Shares and other securities with rights of conversion to Shares on such terms and conditions as the Board resolves.

WINDING UP

If the Company is wound up, then subject to any rights or restrictions attached to a class of shares, any surplus assets of the Company remaining after the payment of its debts must be divided amongst shareholders in the proportions which the amount paid (including amounts credited) on the shares of a shareholder is of the total issue price of the shares of all shareholders.

UNMARKETABLE PARCELS

Subject to the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules, the Company may sell the Shares of a Shareholder who holds less than a marketable parcel of Shares.

ALTERATIONS OF CAPITAL

Subject to the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules, the Company may reduce, alter or buy back its share capital on terms determined by the Board.

Subject to the Corporations Act, the Constitution and the terms of issue of a class of shares, the Company may by resolution convert shares from one class to another.

PROPORTIONAL TAKEOVER PROVISIONS

The Constitution contains provisions for Shareholder approval to be required in relation to any proportional takeover bid. These provisions will cease to apply unless renewed by special resolution of the Shareholders in general meeting by the third anniversary of the date of the Constitution's adoption.

VARIATION OF CLASS RIGHTS

At present, the Company's only class of shares on issue is ordinary shares. Subject to the Corporations Act and the terms of issue of a class of shares, the rights attaching to any class of shares may be varied or cancelled:

- With the written consent of shareholders who are entitled to vote at least 75% of the votes that may be cast in respect of the shares in that class; or
- By a special resolution passed at a separate meeting of the holders of those shares.

In either case, the holders of not less than 10% of the votes in a class of shares, the rights of which have been varied or cancelled, may apply to a court of competent jurisdiction to exercise its discretion to set aside such a variation or cancellation.

DIVIDEND REINVESTMENT PLAN

The Constitution authorises the Directors, on any terms and at their discretion, to establish a dividend reinvestment plan (under which a participant may elect that all or part of the dividends payable by the Company or any other amount payable to Shareholders, be reinvested by a subscription for securities).

DIRECTORS – APPOINTMENT AND REMOVAL

Under the Constitution, the minimum number of Directors that may comprise the Board is three.

The Board may appoint any person as a Director, who will then hold office until the next annual general meeting of the Company at which the Director will retire and be eligible for re-election. The Company may at a meeting of Shareholders, at which a Director retires or otherwise vacates office, fill the vacated office by electing a person to that office.

Retirement will occur on a rotational basis so that a Director (other than the Managing Director) will retire from office and be eligible for re-election no later than the end of the third annual general meeting of the Company or the day which is three years following that Director's last election or appointment.

DIRECTORS – VOTING

Questions arising at a meeting of the Board will be decided by a majority of votes of the Directors entitled to vote on the matter. In the case of an equality of votes on a resolution, the chairperson of the meeting has a casting vote provided that the Chairperson is entitled to vote on the resolution and there are more than two Directors present and entitled to vote.

DIRECTORS – REMUNERATION

Non-Executive Directors shall be paid by way of fees for services up to the maximum aggregate sum per annum as may be approved from time to time by the Company in general meeting. The current maximum aggregate sum per annum is set out in Section 13.13.1. Any change to that maximum aggregate sum must be approved by Shareholders. The Constitution also makes provision for the Company to pay all reasonable expenses of Directors in attending meetings and carrying out their duties.

Subject to any agreement with the Company, the Company may pay to each Executive Director an amount of remuneration determined by the Board from time to time.

INDEMNITIES

The Company, to the extent permitted by law, indemnifies each Director and secretary against any liability incurred by that person as an officer of the Company or its subsidiaries, and legal costs incurred by that person in defending an action for a liability of that person. The Company, to the extent permitted by law, may make a payment (whether by way of advance, loan or otherwise) to a Director or secretary in respect of legal costs incurred by that person in defending an action for a liability of that person.

The Company, to the extent permitted by law, may pay, or agree to pay, a premium for a contract insuring a Director or secretary against any liability incurred by that person as an officer of the Company or its subsidiaries and legal costs incurred by that person in defending an action for a liability of that person.

The Company, to the extent permitted by law, may enter into an agreement or deed with a Director or a person who is, or has been an officer of the Company or its subsidiaries, under which the Company must do all of the following:

- Keep books of the Company and allow either or both that person and that person's advisors access to those books on the terms agreed;
- Indemnify that person against any liability incurred by that person as an officer of the Company or its subsidiaries and legal costs incurred by that person in defending an action for a liability of that person;
- Make a payment (whether by way of advance, loan or otherwise) to that person in respect of legal costs incurred by that person in defending an action for a liability of that person; and
- Keep that person insured in respect of any act or omission by that person while a Director or an officer of the Company or its subsidiaries, on the terms agreed (including as to payment of all or part of the premium for the contract for insurance).

AMENDMENT

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present (in person, by proxy or representative) and entitled to vote on the resolution at a general meeting of the Company.

13.5. ESCROW ARRANGEMENTS

13.5.1. SHARES

As a condition of listing, ASX will classify certain Shares as restricted securities. Prior to quotation, Existing Shareholders and Directors (and their related entities) will be required to enter into restriction agreements in relation to Existing Shares with TRC.

The number of escrowed Shares and period of escrow will be determined by ASX after the date of this Prospectus. However, as at the date of this Prospectus, it is reasonably likely that:

- 110,999,900 Existing Shares held by TRM will be escrowed for 24 months from the date of quotation of the Shares on ASX (**Quotation Date**);
- approximately 31.0 million Existing Shares held by existing TRM shareholders (who are related parties of TRC, including Directors and their related entities) will be escrowed for 24 months from the Quotation Date;
- approximately 82.0 million Existing Shares held by existing TRM shareholders (who are not related parties of TRC) will be escrowed for 12 months from their date of issue (that is, until 10 December 2011); and
- to the extent any of the above Shareholders have transferred their Existing Shares since their date of issue, the escrow restrictions that would have applied to the original holder will apply to the transferee.

Such escrow restrictions will have an adverse effect on the liquidity of Shares following Completion of the Offer.

13.5.2. OPTIONS

As a condition of listing, ASX will classify certain options as restricted securities. The number of escrowed options and period of escrow will be determined by ASX after the date of this Prospectus. However, as at the date of this Prospectus, it is reasonably likely that all options held by related parties of TRC which have been granted under an employee incentive scheme (being, approximately 17.8 million options) will be escrowed for 24 months from the Quotation Date.

As a condition of listing, Martin Grant, Chief Executive Officer and Managing Director of TRC, will undertake to enter into a restriction agreement such that the tranche 2 options to be granted to him under the Employment Agreement (see Section 5.4.2) will be escrowed for a period of 12 months from their date of grant.

13.6. EXISTING OPTIONS

As at the date of this Prospectus, the Company has granted the following options:

Category 1

Following the restructure of TRM in November 2010, TRM option holders received 0.4631 options in the Company for each option held in TRM. The exercise price for these options was set to ensure payment would be equivalent to the amount that would have been paid for the TRM options.

Details of these options are:

OPTIONHOLDERS	NO OF OPTIONS GRANTED
• A Manini	4,631,000
• O Hegarty	2,315,500
• Staff	9,835,800

Options were granted for a 5 year term, with an expiry date of 23 November 2015 and a vesting date 12 months after the IPO date, subject to the Share price being at least 25% above the Offer Price. The exercise price for the options is 7.8 cents and they can only be exercised if the grantee remains employed by, or a Director of, TRC at the time of vesting.

Category 2

Certain TRM staff and Directors were granted options in TRC following the restructure of TRM in November 2010.

OPTIONHOLDERS	NO OF OPTIONS GRANTED
• A Manini	3,000,000
• O Hegarty	2,000,000
• Staff	5,000,000

Options were granted for a 5 year term, with an expiry date of 20 December 2015 and a vesting date 12 months after the IPO date, subject to the Share price being at least 25% above the Offer Price. The exercise price for the options is 19.5 cents (being a 70% premium at the time of the restructure) and they can only be exercised if the grantee remains employed by, or a Director of, TRC at the time of vesting.

Category 3

In accordance with the Employment Agreement, the Managing Director and CEO, Martin Grant was granted 2,039,000 options on commencement of his employment with the Company on 1 February 2011. These options expire on 1 February 2016, have an exercise price of \$0.50 and vest 12 months after commencement of employment if the Share price is 25% above the Offer Price and Mr Grant is still employed by the Company.

Category 4

Brian Jamieson was appointed a Director on 25 February 2011. Mr Jamieson was granted 1,000,000 options on 17 March 2011. These options have an exercise price of 85% of the Offer Price, an expiry date of 17 March 2016 and a vesting date 12 months after the IPO date (subject to the Share price being at least 25% above the Offer Price and Mr Jamieson remaining a Director at the vesting date).

Category 5

Ben Stockdale was granted 250,000 options on 2 May 2011. These options expire on 2 May 2016, have an exercise price of 85% of the Offer Price, and vest 12 months after the IPO if the Share price being at least 25% above the Offer Price and Mr Stockdale is still employed by the Company.

13.7. STAFF OPTION PLAN

The Company has established a Staff Option Plan to assist in the attraction, motivation and retention of senior executives and employees and encourage their personal commitment and contribution to the Company.

ELIGIBILITY

Pursuant to the Staff Option Plan, options to acquire Shares may be offered to eligible employees. All full time and part time employees of the Group, including executive directors, or such other persons as the Board in its discretion determines, are eligible employees for the purposes of the Staff Option Plan.

TERMS AND CONDITIONS

Each option entitles the holder to acquire one Share by paying the exercise price once the option has vested and the relevant vesting conditions (including time or performance conditions) have been satisfied, or waived by the Board at its discretion. Options cannot be transferred without the prior approval of the Board. Options expire seven years from date of grant unless a different expiry period is determined by the Board at grant.

Details of existing grants of options under the Staff Option Plan are set out in Section 13.6.

CESSATION OF EMPLOYMENT

Unvested options expire on the date a participant ceases to be employed by the Company. Vested Options expire 90 days from the date a participant ceases to be employed by the Company in special circumstances (i.e. death, total and permanent disablement) or 30 days from the date the participant ceases to be employed by the Company in all other circumstances.

EXPIRY OR FORFEITURE OF OPTIONS

Options subject to vesting conditions are forfeited by a participant if the vesting conditions are not or cannot be satisfied. A participant will also forfeit any unvested options if they commit fraud, gross misconduct or a serious breach of their obligations relating to the Company's affairs. Options will also expire as a result of termination of a participant's employment with the Company as provided above.

CHANGE OF CONTROL

On a change of control of the Company, the Board has the discretion and subject to such terms and conditions as it determines, to waive vesting conditions applicable to any unvested options.

OTHER TERMS

The Staff Option Plan contains other customary terms including in relation to new issues and changes in capital structure, administration of the Staff Option Plan and amendment to the Staff Option Plan rules.

13.8. OWNERSHIP RESTRICTIONS

The sale and purchase of Shares in Australia is regulated by a number of laws that restrict the level of ownership or control by any one person (either alone or in combination with others). This Section contains a general overview of these laws. It should be noted this summary is neither exhaustive nor complete.

13.8.1. FOREIGN ACQUISITIONS AND TAKEOVERS ACT

Generally, the Foreign Acquisitions and Takeovers Act 1975 (Cth) applies to acquisitions of shares and voting power in an Australian company of:

- a) 15% or more by a single foreign person and its associates (substantial interest); or
- b) 40% or more by two or more unassociated foreign persons and their associates (aggregate substantial interest).

Where an acquisition of a substantial interest meets certain criteria, the acquisition may not occur unless notice of it has been given to the Federal Treasurer and the Federal Treasurer has either stated that there is no objection to the proposed acquisition in terms of the Federal Government's Foreign Investment Policy or a statutory period has expired without the Federal Treasurer objecting. An acquisition of a substantial interest or an aggregate substantial interest meeting certain criteria may also lead to divestment orders unless a process of notification, and either a statement of non-objection or expiry of a statutory period without objection, has occurred.

13.8.2. CORPORATIONS ACT

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of shares in listed companies, and unlisted companies with more than 50 members, if the acquirer's (or another party's) voting power would increase to above 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply. The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in TRC.

13.9. FOREIGN SELLING RESTRICTIONS

13.9.1. UNITED STATES SELLING RESTRICTIONS

The Existing Shares and the New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States and may not be offered or sold in the United States except in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act, and any other applicable securities laws.

This Prospectus may not be distributed in the United States or elsewhere outside Australia or New Zealand unless it is attached to, or constitutes part of, the Institutional Offering Memorandum, and may only be distributed to persons to whom the Offer may be lawfully made in accordance with the laws of any applicable jurisdiction. The Offer is not an offer or invitation in any jurisdictions where, or to any person to whom, such an offer or invitation would be unlawful.

Each Applicant in the Retail Offer and each person in Australia and New Zealand to whom the Institutional Offer is made under this Prospectus will be taken to have represented, warranted and agreed as follows:

- It understands that the Existing Shares and the New Shares have not been, and will not be, registered under the US Securities Act and may not be offered, sold or resold in the United States except in transaction exempt from, or not subject to, registration under the US Securities Act and any other applicable securities laws;
- It is not in the United States and is not acting for the account or benefit of a person in the United States;
- It has not and will not send the Prospectus or any other material relating to the Offer to any person in the United States; and
- It will not offer or sell the Existing Shares or the New Shares in the United States or in any other jurisdiction outside Australia and New Zealand except in transactions exempt from, or not subject to, registration under the US Securities Act and in compliance with all applicable laws in the jurisdiction in which Existing Shares or New Shares are offered and sold.

13.10. MATERIAL CONTRACTS

The Directors consider that there are a number of contracts which are significant or material to the Company or of such a nature that an investor may wish to have details of them when making an assessment of whether to apply for Shares. The main provisions of these contracts are summarised below. These summaries do not purport to be complete and are qualified by the text of the contracts themselves.

13.10.1. UNDERWRITING AGREEMENT

The Company, TRM and the Lead Manager entered into the Underwriting Agreement on 15 August 2011. Under the Underwriting Agreement, the Lead Manager has agreed on an exclusive basis to arrange and manage, and act as underwriter for, the Offer.

FEES AND COSTS

The Company must pay the Lead Manager:

- an underwriting fee equal to 1.5% of the underwritten offer proceeds (that is, the number of Underwritten Offer Shares multiplied by the Offer Price);
- a selling fee equal to 1.5% of the net offer proceeds (that is, the Gross Offer Proceeds less the number of New Shares to be issued to TRM or any shareholder of TRM at the Offer Price); and
- a management and advisory fee equal to 1.00% of the Gross Offer Proceeds.

The above fees will be payable on the settlement date for the Offer.

The Company may also, in its absolute discretion, in good faith having regard to the performance of the Lead Manager, pay to the Lead Manager an incentive fee of up to 0.50% of the Gross Offer Proceeds within 7 days after the settlement date for the Offer.

For the avoidance of doubt, the Company is not required to pay any fees on the 8.7 million Shares to be issued to TRM at the Offer Price to repay the TRM payable owing as at 30 June 2011 of approximately \$4.4 million.

The Company has also agreed to pay, or reimburse the Lead Manager for, reasonable costs of and incidental to the Offer.

The Lead Manager must pay any fees due to any Co-Managers, Co-Lead Managers and Brokers appointed by it pursuant to the Underwriting Agreement.

GUARANTEE

Under the Underwriting Agreement, TRM has agreed to guarantee the performance by the Company of its obligations under the agreement (including any obligations to pay money).

CONDITIONS PRECEDENT

The obligations of the Lead Manager under the Underwriting Agreement are subject to certain conditions precedent, including:

- the Lead Manager having received signed, valid, binding and duly completed confirmation of allocation and registration forms and confirmation advices for the Offer Shares allocated under the Institutional Offer and the Broker Firm Offer; and
- other customary conditions precedent.

The obligations of the Lead Manager to underwrite the Offer are subject to certain conditions precedent, including:

- escrowed persons entering into restriction agreements by the shortfall notification date (which is also the settlement date for the Offer) in accordance with the requirements of ASX and the ASX Listing Rules; and
- other customary conditions precedent.

REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

The Underwriting Agreement contains certain customary representations, warranties and undertakings provided by the Company and TRM to the Lead Manager.

The representations and warranties relate to matters such as the conduct of the parties (including in respect of the due diligence process, the conduct of the Company's business and compliance with applicable laws and the ASX Listing Rules), information provided to the Lead Manager, material contracts, licenses, insurance, information in this Prospectus and the conduct of the Offer.

The Company's undertakings include that it will not, without the prior written consent of the Lead Manager, during the period following the date of the Underwriting Agreement until 90 days after the Completion of the Offer, allot or agree to allot, or indicate in any way that it may or will allot, or agree to allot, any shares or other securities that are convertible or exchangeable into equity, or that represent the right to receive equity, of the Company or any subsidiary of the Company, subject to certain exceptions including the matters described in this Prospectus.

INDEMNITY

Subject to certain exclusions relating to fraud, wilful misconduct, recklessness and gross negligence by an indemnified party, each of the Company and TRM on a joint and several basis has agreed to keep the Lead Manager and certain affiliated parties indemnified from and against all losses suffered or incurred in connection with the Offer.

TERMINATION

The Lead Manager may, by notice to the Company and TRM, terminate its obligations under the Underwriting Agreement if any of the events referred to below occurs at any time on or after the date of lodgement of the Prospectus with ASIC and on or before the date of allotment of the New Shares under the Offer or at any other time as specified below.

If an event referred to below marked with an asterisk (*) occurs, the Lead Manager may not terminate unless it has reasonable grounds to believe that the event:

- has or is likely to have a materially adverse effect on:
 - the success, settlement or marketing of the Offer or on the ability of the Lead Manager to market or promote or settle the Offer or on the likely price at which the New Shares will trade on ASX; or
 - the willingness of investors to subscribe for New Shares; or
- will, or is likely to, give rise to a liability of the Lead Manager under, or a contravention by the Lead Manager of, any applicable law.

TERMINATION EVENTS

- (a) **(compliance with law)** any of the offer documents or any aspect of the Offer does not comply with the Corporations Act, all regulations under the Corporations Act, the ASX Listing Rules or any other applicable law or regulation;
- (b) **(disclosures)** a statement in any of the offer documents (other than the U.S. offer documents) or public information is or becomes misleading or deceptive or is likely to mislead or deceive, or a matter required to be included by the Corporations Act is omitted from an offer document (other than the U.S. offer documents);
- (c) **(disclosures in the Institutional Offering Memorandum or the pricing disclosure package)** in the Lead Manager's reasonable opinion the Institutional Offering Memorandum or the pricing disclosure package includes an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;
- (d) **(market fall)** the S&P/ASX 200 index falls to a level that is 90% or less of the level as at the close of trading on Thursday, 11 August 2011 and is at or below that 90% level at the close of trading for 2 consecutive business days or on the business day immediately prior to the allotment date, whichever is shorter;
- (e) **(notifications)** any of the following notifications are made in respect of the Offer:
 - (i) ASIC issues an order (including an interim order) under section 739 of the Corporations Act;
 - (ii) ASIC holds a hearing under section 739(2) of the Corporations Act;
 - (iii) an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Offer or an offer document or ASIC commences any investigation or hearing under Part 3 of the *Australian Securities and Investments Commission Act 2001* in relation to the Offer or an offer document (except where the application, investigation or hearing does not become publicly known and is disposed of or withdrawn to the Lead Manager's satisfaction within 2 business days and in any event before noon on the business day before the settlement date);
 - (iv) any person who has previously consented to the inclusion of its name in any offer document withdraws that consent; or
 - (v) *any person (other than the Lead Manager) gives a notice under section 730 of the Corporations Act in relation to an offer document;
- (f) **(material contracts)** if any of the obligations of the relevant parties under any of the material contracts or any contract that is material to the business of the Group as a whole is not capable of being performed in accordance with their terms (in the reasonable opinion of the Lead Manager) or if all or any part of any of the material contracts or any contract that is material to the business of the Group as a whole:
 - (i) *is altered, amended or varied without the consent of the Lead Manager (acting reasonably);
 - (ii) is terminated, withdrawn, rescinded, avoided or repudiated;
 - (iii) *is breached;

- (iv) ceases to have effect, otherwise than in accordance with its terms; or
- (v) is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or capable of being terminated, withdrawn, rescinded, avoided or withdrawn or of limited force and affect, or its performance is or becomes illegal;
- (g) **(insolvency events)** any member of the Group becomes insolvent or there is an act or omission which is likely to result in a member of the Group becoming insolvent;
- (h) **(charges)** the Company or any of its affiliates charges, or agrees to charge, the whole or a substantial part of the business or property of the Company or the Group other than as disclosed in the pathfinder and the Prospectus as agreed with the Lead Manager;
- (i) ***(adverse change)** any adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company and the Group (insofar as the position in relation to an entity in the Group affects the overall position of the Company), including any adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company or the Group from those respectively disclosed in any offer document or the public information;
- (j) ***(breach of laws)** there is a contravention by the Company or any entity in the Group of the Corporations Act, the Competition and Consumer Act or the ASIC Act (and all regulations under those acts), its constitution or any of the ASX Listing Rules;
- (k) ***(change in management)** a change in senior management or the board of directors of the Company occurs (other than a change disclosed in, or expressly contemplated by, the offer documents); and
- (l) ***(legal proceedings)** any of the following occurs:
 - (i) the commencement of legal proceedings against any member of the Group or against any director or officer of a member of the Group; or
 - (ii) any regulatory body commences any enquiry or public action against any member of the Group.

The Underwriting Agreement also contains customary termination events that relate to new circumstances that would have required disclosure; *issuing or being required by law to issue a supplementary prospectus; the form of any supplementary prospectus; forecasts in the offer documents and *if any forecast is unlikely to be met in the projected timeframe; *fraud; admission to the official list of ASX and quotation of the New Shares on ASX; the provision and form of closing certificates required under the Underwriting Agreement; the withdrawal of an offer document or the Offer; timetable delay; being unable to allot and issue New Shares under the Offer; the withdrawal, revocation or amendment of any regulatory approval required for the Company to perform its obligations under the Underwriting Agreement, carry out the Offer or settlement of the Offer; force majeure; *the due diligence report or any other information provided to the Lead Manager is misleading or deceptive (including by omission); *hostilities, *change of law or *disruption of financial markets in certain foreign jurisdictions; *prosecutions; the *breach of any representation, warranty, undertaking or obligation under the Underwriting Agreement.

13.10.2. SERVICES AGREEMENT

Pursuant to a services agreement dated 27 May 2011 between TRM and TRC (**Services Agreement**), TRM has agreed to provide certain services, including the seconding of staff, to TRC in exchange for the payment of certain fees by TRC effective from 1 January 2011.

Provision of services and staff

TRM has agreed to provide TRC with a range of services to assist TRC with the conduct of its business, including business development, company secretarial, information technology, legal, office and payroll services and other services reasonably requested by TRC from time-to-time in relation to its business as agreed by TRM during the term of the agreement. The scope and nature of the services will be reviewed by the parties on an annual basis. TRM's appointment to provide the services is not exclusive and TRC may appoint another person to perform any of the services. TRC may, by notice to TRM, require TRM to cease providing any or all of the services under the agreement.

TRM may (at the request of TRC) second staff to TRC on a full-time or part-time basis (Staff) to perform such duties as TRC may from time-to-time reasonably request. Under the agreement, TRM remains liable to pay the wages, salary, holiday pay, long service leave, superannuation, sick leave and other liabilities in relation to the Staff seconded to TRC. The parties must consult every six months regarding the anticipated needs of TRC for Staff. TRM will initially second certain Staff to TRC, including a General Manager – Projects and Studies (full-time 100%); an Acting Chief Financial Officer (full-time 100%); a General Manager – Health, Safety, Environment and Community (part-time 50%); and a Country President – Colombia (part-time 80%).

TRM is not liable for the acts or omissions of Staff performed for or on behalf of TRC in accordance with the agreement.

In the course of providing the services, TRM must, amongst other things:

- comply with reasonable requests made and directions given by TRC;
- exercise all due care, skill and diligence in carrying out its obligations under the agreement;
- continue to employ staff and/or engage contractors or advisors with sufficient expertise, experience and capacity to enable TRM to perform the services and fulfil its obligations under the agreement;
- keep and maintain records of all activities undertaken by TRM under the agreement (which may be inspected by TRC) and prepare, or assist in the preparation of, TRC's annual reports, filings and accounts, board papers and agendas and monthly board reports;
- effect and maintain public liability, workers' compensation and other insurances as are reasonable and are agreed by the parties; and
- comply with all applicable laws, its constitution and any of TRC's applicable policies and procedures in performing the services.

It is acknowledged in the agreement that TRC retains day to day control of its operations. TRM has no authority to act for, bind or incur any obligation on behalf of TRC except as expressly provided for in the agreement and TRC's Management and Delegation Policy. TRC must provide all reasonable assistance to TRM to enable TRM to provide the services and fulfil its obligations under the agreement.

Services fees and expenses

The fees payable by TRC are calculated by reference to TRM's costs in respect of the provision of the services in accordance with agreed guidelines, plus a margin of 5%. The fees payable in respect of the provision of seconded Staff are calculated by reference to TRM's salary costs and other expenses for seconded Staff, plus a margin of 5%.

In addition to the services fees and costs for seconded staff, TRC must also reimburse TRM for all expenses (which must be first approved by TRC in accordance with certain expenses guidelines), except those that form part of the services fees (such as in-house administration costs of TRM) or those arising from any fraud, wilful misconduct or dishonesty by TRM (or any of its representatives).

The services fees (including fees in respect of seconded Staff) are payable by TRC to TRM quarterly in advance, subject to a subsequent adjustment based on TRM's actual costs and expenses for the quarter. If the parties cannot resolve any dispute regarding the services fees or actual costs and expenses incurred by TRM, the dispute is to be resolved by an independent accountant.

Termination of the Services Agreement

The Services Agreement will terminate:

- upon either party giving 3 months' written notice to the other party;
- immediately, upon TRM giving written notice to TRC where an insolvency or a change in control event occurs in relation to TRC; or
- immediately, upon TRC giving written notice to TRM where:
 - TRM commits a material breach of the Services Agreement which either cannot be remedied or is not remedied within 30 days (or such other agreed period) of TRM receiving notification from TRC of the breach;
 - TRM ceases to hold any authorisation necessary to perform the services;
 - TRM (or any of its representatives) breaches any applicable law which may give rise to a liability of TRC or any of its subsidiaries (each a **TRC Group Company**) of not less than \$100,000; or
 - an insolvency event occurs in relation to TRM.

The relevant provisions of the agreement may continue and survive termination, in respect of Staff who are seconded by TRM to TRC as at the date the agreement is terminated.

Liabilities and indemnities

TRM and its representatives will not, except in the case of fraud, wilful misconduct or dishonesty by TRM or its representatives (other than where caused by acts or omissions of seconded Staff where performed for or on behalf of TRC in accordance with the agreement), be liable to any TRC Group Company (or any other company in which any TRC Group Company has any shareholding from time-to-time) for:

- any loss or liability incurred by that company as a result of TRM's (or any of its representatives') provision of the services or performance of its obligations under the agreement;

- loss of opportunity as a result of which the value of TRC would have increased; or
- any decline in the value of TRC, howsoever arising (Excluded Liability).

TRM must indemnify each TRC Group Company (or any other company in which any TRC Group Company has any shareholding from time-to-time) and their respective representatives for any liability caused by TRM's (or any of its representatives') fraud, wilful misconduct or dishonesty (other than where the liability is caused by acts or omissions of seconded Staff performed for or on behalf of TRC in accordance with the agreement, or by the fraud, wilful misconduct or dishonesty of a TRC Company or its representatives).

TRC must indemnify TRM and its representatives against any liabilities incurred by TRM in connection with the performance of its obligations under the agreement, except where the liability is caused by the fraud, wilful misconduct or dishonesty of TRM or its representatives (other than where the liability is caused by acts or omissions of seconded Staff performed for or on behalf of TRC in accordance with the agreement).

13.10.3. BUSINESS DEVELOPMENT DEED

Pursuant to a business development deed dated 27 May 2011 between TRC and TRM (**Business Development Deed**), TRM has agreed to bring certain business development opportunities to the attention of TRC and to permit TRC to negotiate exclusivity with respect to such opportunities for a period of 2 years, unless terminated earlier in accordance with the deed. The minimum term enforceable by TRC is 13 months, as TRM may terminate the deed by giving 1 months' notice at any time after 27 May 2012 (1 years' anniversary of the date of the Business Development Deed).

Coal Opportunities

If TRM or any of its Subsidiaries (each a **TRM Group Company**) becomes aware of an opportunity to acquire or negotiate to acquire an interest in:

- a title which contains or is prospective for economically recoverable amounts of coal from a third party (whether directly or indirectly); or
- an area that contains or is prospective for economically recoverable amounts of coal on a mining title owned or controlled by a TRM Group Company that was acquired after 27 May 2011,
- (each a **Coal Opportunity**), TRM must give TRC written notice of that Coal Opportunity to the extent permitted under any applicable joint venture arrangement, together with an offer to either:
 - if the Coal Opportunity relates to assets or interests that are owned or controlled by TRM (**TRM Coal Opportunity**), negotiate exclusively with TRM for a period of three months or such longer period as may be agreed (**Exclusive Negotiation Period**) to acquire or pursue the TRM Coal Opportunity; or
 - if the Coal Opportunity relates to assets or interests that are not owned or controlled by TRM (**Third Party Coal Opportunity**), negotiate exclusively with the third party to acquire to acquire or pursue the Third Party Coal Opportunity.

An offer may only be accepted by notice in writing by TRC to TRM within 30 days after the date of the offer. If an offer is accepted, the relevant TRC Group Company must prosecute in good faith, and devote appropriate time and resources to, the acquisition, pursuit or investigation of the Coal Opportunity or must give prompt notice to TRM if it no longer wishes to pursue or continue with such negotiations. TRM must do all things reasonably required to procure any consents from counterparties to any joint venture arrangements, provided that it shall not be required to take any action which is likely to prejudice its relationship with such counterparties.

TRM Coal Opportunities

In the case of TRM Coal Opportunities, during the 30 day offer period and during the Exclusive Negotiation Period (if an offer is accepted), TRM must not offer a TRM Coal Opportunity to, or discuss the TRM Coal Opportunity with, any third party and must provide TRC with all information as is reasonably requested by TRC in relation to the TRM Coal Opportunity (subject to it being lawfully able to do so under any applicable joint venture arrangement). TRM may not unreasonably refuse a request by TRC to extend the Exclusive Negotiation Period.

Third Party Coal Opportunities

In the case of Third Party Coal Opportunities, during the 30 day offer period and thereafter (if an offer is accepted), TRM must not offer the Third Party Coal Opportunity to, or discuss the Third Party Coal Opportunity with, any other third party and must provide TRC with all information as is reasonably requested by TRC in relation to the Third Party Coal Opportunity (subject to it being lawfully able to do so under any applicable joint venture arrangement).

TRM pursuit of Coal Opportunities

If: (i) TRC does not accept an offer within the prescribed time period; (ii) gives notice to TRM that it does not intend to accept an offer or continue with negotiations; or (iii) no agreement is made or concluded in respect of the Coal Opportunity by the expiration of the Exclusive Negotiation Period in the case of TRM Coal Opportunities, then any TRM Group Company may acquire, pursue or dispose of the Coal Opportunity on its own account.

Consideration

If TRC accepts an offer and the Services Agreement has not been terminated, the consideration payable by TRC to TRM for TRC's acquisition of the coal opportunity will be nil (as payment for such services will be made pursuant to the Services Agreement). However, if the Services Agreement has been terminated, TRC must pay or reimburse TRM for all of its reasonable costs and expenses (including costs of TRM management and personnel) incurred in relation to the discovery and pursuit of the Coal Opportunity, and all reasonable costs and expenses it continues to incur pursuant to the deed (other than for costs and expenses which have already been paid or reimbursed).

Right of first offer

If, during the term of the Business Development Deed, TRC wishes to assign all or any part of a Coal Opportunity acquired under the deed to a person other than another TRC Group Company, it must promptly give notice to TRM, who will have 60 days (unless extended by agreement) to notify TRC that it wishes to negotiate with respect to the acquisition of the interest. Upon receipt of such a notice from TRM, TRC must negotiate with TRM on an exclusive basis for a period of 60 days in order for TRM to acquire the interest. If the parties fail to come to an agreement, TRC may assign the interest to any person within 6 months after the expiration of the 60-day negotiation period.

Termination

The deed will terminate upon TRC giving 1 months' written notice of termination of the deed to TRM. TRM may terminate the deed by giving 1 months' notice at any time after 27 May 2012. Further, the deed will immediately terminate (unless otherwise agreed by the parties) if a change in control occurs with respect to TRC after the date on which TRC's Shares are admitted to the Official List or TRM's shareholding in TRC falls below 10%. A party may also terminate the deed immediately (or on a date set out in the relevant notice) by notice if an insolvency event occurs in relation to the other party.

The operative terms of the deed will survive termination in respect of offers made or accepted before termination. Therefore, an offer that was open at the time of termination must remain open for the 30 day period and, where an offer has been accepted by TRC, the Exclusive Negotiation Period will continue notwithstanding the termination of the deed.

13.10.4. RUSSIAN PROJECT CONTRACTS

13.10.4.1. EASTSHORE SHAREHOLDERS' AGREEMENT

On 6 May 2011 Bering, TR Cyprus and Eastshore, executed a shareholders' agreement in relation to the management of Eastshore, NPCC and the Russian Subsoil Licenses (the **Joint Venture**). As noted in the Solicitor's Report on Russian Mining Assets in Section 12.1 of the Prospectus, NPCC, which is a wholly-owned subsidiary of Eastshore, is the holder of the Russian Subsoil Licenses. The Eastshore Shareholders' Agreement also relates to any further subsoil licenses acquired by Eastshore or its controlled subsidiaries (collectively the **Eastshore Group**).

TR Cyprus' earn-in right

Bering currently holds 1,200 shares (equivalent to a 60% shareholding) of Eastshore and TR Cyprus holds 800 shares (equivalent to a 40% shareholding). In consideration for TR Cyprus financing the objects of the Joint Venture to completion of a bankable feasibility study in respect of the area of the Russian Subsoil Licenses or any other subsoil license issued to any member of the Eastshore Group, TR Cyprus has rights to subscribe for shares equivalent to an additional 40% interest in Eastshore in two tranches as follows:

- Tranche 1 – Upon a license being issued that grants any member of the Eastshore Group rights to explore and extract coal from a license area, TR Cyprus has a right to subscribe for shares equivalent to a 20% interest in Eastshore for the nominal value of such shares. The issue of these shares will increase TR Cyprus' shareholding in Eastshore to 60% and reduce Bering's interest to 40%.
- Tranche 2 – Upon completion of a bankable feasibility study, TR Cyprus has a right to subscribe for shares equivalent to a further 20% interest in Eastshore. Payment for the Tranche 2 shares will result in all loans advanced by TR Cyprus or its affiliates to Eastshore or its subsidiaries prior to completion of the second subscription being cancelled. The issue of these shares will increase TR Cyprus' interest in Eastshore to 80% and reduce Bering's interest to 20%.

The parties have agreed to consult with their respective tax and legal advisors on the treatment of existing and future loans to Eastshore and to further amend the Eastshore Shareholders Agreement on commercially reasonable terms upon such advice.

Financing stages

The Eastshore Shareholders Agreement provides for three main financing stages for the Joint Venture which are summarised below.

- Stage A – The period prior to completion of the bankable feasibility study – In this period TR Cyprus is required to fund the Joint Venture;
- Stage B – The period after completion of the bankable feasibility study but before commencement of commercial production – In this period, unless Bering opts for dilution, each shareholder is required to fund the Joint Venture in proportion to its shareholding in Eastshore. If Bering is diluted, TR Cyprus is required to procure all funding.
- Stage C – The period after commencement of commercial production – In this period funding is to be derived from Eastshore's cash-flow, retained earnings and non-recourse third-party finance unless there is an expansion program or an emergency funding requirement. If there is an emergency funding requirement, each shareholder of Eastshore is required to fund in proportion to its shareholding in Eastshore unless Bering elects for dilution or fails to pay its contribution, in which case, TR Cyprus is required to procure all funding and Bering will be diluted. In the case of an expansion program, each shareholder of Eastshore is required to fund in proportion to its shareholding in Eastshore. However, in the case of an expansion program, Bering may approach TR Cyprus with a request for a loan to fund its proportion of the funding requirement. In such circumstances, Bering and TR Cyprus will have 20 business days from the date of Bering's formal request to agree the terms and conditions of the financing. The parties have agreed in the Eastshore Shareholders' Agreement that the nominal interest rate on any such loan would be calculated by reference to TR Cyprus' marginal rate for raising new financing on a back-to-back basis from an independent third party plus an increase to reflect Russian risk calculated by reference to the difference in yield between Russian government and US government 10-year treasury notes. If Bering elects for dilution or fails to pay its contribution, or Bering and TR Cyprus do not agree on the terms and conditions of financing to be provided by TR Cyprus to Bering, TR Cyprus will be required to procure all funding and Bering will be diluted.

Dilution of Bering

If Bering fails to fund its proportion of expenditure after completion of the bankable feasibility study, its 20% shareholding may be diluted in exchange for a royalty payable pursuant to the Bering Royalty Agreement (summarised below). The level of royalty payable to Bering is calculated by reference to the size of Bering's dilution with 0.1% of royalty being due for each reduction of one per cent in Bering's 20% shareholding in Eastshore up to a maximum of 2% royalty. If Bering's percentage shareholding in Eastshore falls to 5% or less, Bering will be deemed to have granted TR Cyprus the right to call for the cancellation of all (but not part of) Bering's remaining shares in exchange for a 0.1% royalty for each 1% of Bering's remaining shareholding. In that case, TR Cyprus would become the 100% shareholder in Eastshore and 100% owner of the Joint Venture, and the Eastshore Shareholders' Agreement would be terminated.

Royalties

The Eastshore Shareholders' Agreement contemplates a royalty being payable pursuant to the Bering Royalty Agreement (see summary below).

Project management

The Eastshore Shareholders' Agreement provides that a technical services agreement be entered into. The terms of the Technical Services Agreement entered into by TR Cyprus, Eastshore and NPCC are summarised below. The Eastshore Shareholders' Agreement provides that the technical services agreement may not be terminated by any member of the Eastshore Group without the prior written approval of TR Cyprus.

Work programs, budgets and agreed contribution dates are approved annually by Eastshore's board of directors by a majority of its members then present. The manager under the Technical Services Agreement is responsible for preparing drafts of these documents and submitting them to Eastshore's board of directors for approval. If the work program and budget is not agreed then the manager is authorised to adopt a reduced work program, budget and contribution statement to ensure continuing compliance with any statutory work and expenditure obligations. The manager is authorised to exceed aggregate annual budgeted expenditure by up to 10% without seeking further approval from Eastshore's Board as well as to incur any reasonable costs and expenses of taking any action it considers necessary for the protection of life, the licenses or other property.

After completion of the bankable feasibility study, the manager may submit a mining and production proposal to Eastshore's Board for approval in order to obtain a decision to mine. The decision to mine will require full board unanimity to become effective, which will give Bering an initial right of veto over the decision. However, if Bering exercises this veto, Eastshore will have powers to procure that the proposal (or a modified version prepared in consultation with Bering) is passed at a second meeting of the Board. In that case, Bering will be diluted if it elects or is deemed to have elected not to contribute to the resulting project expenditure.

Corporate governance

TR Cyprus is entitled to appoint the majority of the members of the board of Eastshore (i.e. three out of five). TR Cyprus and Bering agree to procure that the majority of the Board be nationals of and domiciled in Cyprus to ensure that management and control of Eastshore remains in Cyprus. Decisions on changing management in NPCC are on the basis of a majority vote of the Eastshore directors so majority control at the Eastshore board level allows TR Cyprus to exercise management control over appointments to NPCC. TR Cyprus has further specific rights under the Eastshore Shareholders' Agreement to ensure its Board representatives have approved any change of the general director of NPCC.

There are a number of reserved matters which require unanimity between TR Cyprus and Bering or their respective Board representatives. These matters include establishing a new subsidiary of Eastshore for the purpose of acquiring an interest in, or for entry into the terms of, a new license or lease; amending or varying the terms of any license or lease in a material manner; entry into project financing requiring the creation of security interests over the assets of any member of the Eastshore Group; discontinuing or curtailing (temporarily or permanently) the operations of a member of the Eastshore Group; other than in the ordinary course of business, disposing to a third party rights or interests in any leases or licenses held by a member of the Eastshore Group; commencing or settling any legal, arbitration or other proceedings in respect of sums greater than USD500,000; declaring dividends or returning capital to the shareholders; and voluntary appointment of a receiver or liquidator to any member of the Eastshore Group.

Sales agency

TR Cyprus or an affiliate is to be appointed on an arm's length basis as exclusive long term sales and marketing agent for sales of coal extracted from the licenses held by members of the Eastshore Group. The Eastshore Shareholders' Agreement sets out agreed principles for the sales agency arrangements. These provide, amongst other things, that Eastshore's board of directors will retain control of Eastshore's marketing decisions, but that TR Cyprus or its affiliate, as the agent, will have delegated to it certain powers, functions, duties and responsibilities for the marketing of global traded coal.

Restrictions on share transfers, pre-emption rights and material breach

The Eastshore Shareholders' Agreement prohibits dealings with and transfers of shares generally except for certain intra-group transfers and transfers made in accordance with pre-emptive rights provisions. The pre-emptive right provisions require the shareholder wishing to transfer its shares to obtain a third party bona fide offer in cash in order to commence the pre-emptive rights procedure.

Each shareholder is entitled to charge its shares in Eastshore in favour of a major international bank or in favour of the other shareholder in order to secure financing for the Joint Venture or to fund its exercise of its pre-emption rights.

In the event of a material breach, the non-defaulting party may serve a material breach notice on the defaulting party, which may trigger transfer of the defaulting party's shares to the non-defaulting party at a price determined by reference to the value of Eastshore's projects (currently the material value is in the Amaam Project) at the time of the material breach notice.

TR Cyprus withdrawal right

TR Cyprus is entitled to withdraw from the Joint Venture provided that it gives six months notice of withdrawal to the other shareholder. In such circumstances, TR Cyprus must transfer its shares in Eastshore to the other shareholder for nominal consideration and cancel all loans to Eastshore and its subsidiaries. Following withdrawal, TR Cyprus may remain liable to Eastshore or NPCC for certain remediation and environmental obligations related to any ground disturbance works it undertook in its capacity as manager prior to the date of the withdrawal.

13.10.4.2. BERING ROYALTY AGREEMENT

On 6 May 2011 Bering, TR Cyprus and Eastshore executed a royalty deed (**Bering Royalty Agreement**) in relation to a royalty payable by Eastshore to Bering. No payments are due under the Royalty Agreement by Eastshore to Bering until such time as Bering is diluted pursuant to the terms of the Eastshore Shareholders' Agreement and becomes entitled to the royalty.

The maximum royalty that Bering may receive is 2% of gross sales revenue from the sale of coal produced from the area of a license held by a member of the Eastshore Group. Once royalties are payable they are payable on a quarterly basis and Eastshore must prepare quarterly sales reports for Bering.

None of the parties may assign, charge, encumber or otherwise deal with any of its rights or obligations under the Bering Royalty Agreement without approval of the other parties.

If Bering wishes to transfer or assign its rights to all or part of the royalty it must initiate a right of first offer procedure with TR Cyprus. This requires Bering to offer a price to TR Cyprus at which TR Cyprus may purchase the royalty offered to it. If TR Cyprus declines Bering's offer or fails to accept it within 30 days of the offer being made to it, Bering will have 180 days to transfer the royalty to a third party at a price equal to or higher than the price offered to TR Cyprus.

The Bering Royalty Agreement is terminated when the Russian Subsoil Licenses are relinquished or expire, or where the royalty is transferred or assigned in breach of TR Cyprus' first offer right in respect of a proposed transfer of the royalty described above.

13.10.4.3. SIBERIAN ROYALTY AGREEMENT

On 6 May 2011 Siberian, TR Cyprus and Eastshore executed a royalty deed (**Siberian Royalty Agreement**) in relation to a royalty payable by Eastshore to Siberian.

Siberian is entitled to a royalty of 3% of gross sales revenue from the sale of coal produced from the area of the Zapadnyi Subsoil License. Once royalties are payable they are payable on a quarterly basis and Eastshore must prepare quarterly sales reports for Siberian.

None of the parties may assign, charge, encumber or otherwise deal with any of its rights or obligations under the Siberian Royalty Agreement without approval of the other parties.

Should Siberian wish to transfer or assign its rights to all or part of the royalty it must initiate a right of first offer procedure with TR Cyprus. This requires Siberian to offer a price to TR Cyprus at which TR Cyprus may purchase the royalty offered to it. If TR Cyprus declines Siberian's offer or fails to accept it within 30 days of the offer being made to it, Siberian will have 180 days to transfer the royalty to a third party at a price equal to or higher than the price offered to TR Cyprus.

The Siberian Royalty Agreement is terminated when the Zapadnyi Subsoil License is relinquished or expires, or where the royalty is transferred or assigned in breach of TR Cyprus' first offer right in respect of a proposed transfer of the royalty described above.

13.10.4.4. TECHNICAL SERVICES AGREEMENT

On 12 May 2011 TR Cyprus, Eastshore and NPCC executed a technical services agreement (**Technical Services Agreement**) in relation to the appointment of TR Cyprus as manager of the Joint Venture and TR Cyprus' provision of technical consulting services, project management services and any additional services agreed between the parties.

As noted in the Eastshore Shareholders' Agreement, in the period prior to completion of the BFS and approval by the board of directors of a decision to mine, TR Cyprus is required to meet all project expenditure, not receive any management fee and meet required exploration and evaluation tasks.

As further noted in the Eastshore Shareholders' Agreement, in the period after completion of the BFS, TR Cyprus may charge Eastshore a management fee of 5% of project expenditure, excluding financing costs from the date of completion of the BFS. The Technical Services Agreement further specifies the types of cost that are chargeable for such purposes.

TR Cyprus is required to meet its obligations in a good, workmanlike and efficient manner in accordance with generally accepted mining practice and all applicable laws. The Technical Services Agreement grants TR Cyprus the general powers and functional rights required to exercise its obligations under the agreement. TR Cyprus is also appointed as agent by NPCC and by Eastshore for purposes of making requests for intra-TRC loans.

TR Cyprus is solely responsible for preparing draft annual exploration work programs and budgets for consideration by Eastshore's board. Once a decision to mine has been made by Eastshore, TR Cyprus is to prepare a program for development and mining activities to be conducted pursuant to the bankable feasibility study. TR Cyprus is authorised to prepare other supplementary or revised plans at its discretion.

TR Cyprus is further authorised by the Technical Services Agreement to sub-contract or delegate its obligations to its affiliates. There are no restrictions on TR Cyprus assigning its rights under the agreement.

Eastshore indemnifies TR Cyprus for losses and liabilities to the extent they are not caused by TR Cyprus' wilful misconduct or gross negligence. TR Cyprus is only liable to the other parties under the Technical Services Agreement to the extent that any loss or liability sustained by them as a result of a breach of TR Cyprus' obligations was caused by TR Cyprus' wilful misconduct and/or gross negligence.

13.10.4.5. ZAPADNIY LEASE AGREEMENT

On 1 July 2008 NPCC entered into a land plot lease agreement with the Administration of Anadirskiy (formerly Beringovskiy) municipal district (**Zapadnyi Lease Agreement**).

Under the Zapadnyi Lease Agreement, NPCC leases from the Administration of Beringovskiy municipal district a land plot with a total area of 142,500 sq. m. (14.25 hectares) located 50 km from the Beringovskiy settlement (being the Zapadnyi plot of the Amaamskiy deposit of fossil coal) (the Zapadnyi Land Plot), which underlies part of the Zapadnyi Subsoil License area.

The Zapadnyi Land Plot is categorised as agricultural land. The permitted use of the Zapadnyi Land Plot in the Zapadnyi Lease Agreement is for geological exploration works. There is no state cadastre number stated, which is a requirement of the Russian Land Code (see section 3.1(d) (ii) of the Solicitor's Report on Russian Mining Assets in Section 12.1 of the Prospectus). The agreement is not subject to state registration.

Term and renewal

The initial lease term under the Zapadny Lease Agreement was 1 July 2008 to 31 December 2008. The lease term has since been extended three times for another 11 months each time. The current lease term expires on 30 September 2011. NPCC has a right under the lease and under the Civil Code of the Russian Federation to renew the term of the lease on the basis of a right of first refusal and on terms and conditions agreed between the parties.

Rent

The current rent covering the period from January 2011 to September 2011 is 91,912.50 roubles. NPCC pays rent quarterly in instalments.

Termination

The Zapadny Lease Agreement may be terminated by (a) mutual consent; (b) if NPCC breaches the permitted use condition (i.e. NPCC uses the land plot other than for geological exploration works); (c) if NPCC fails to pay rent for six months; or (d) if NPCC materially harms the condition of the land plot.

NPCC will require the prior consent of the Administration of the Anadirskiy municipal district (granted at the latter's absolute discretion) if it wishes to sublease the Zapadny Land Plot.

13.10.4.6. DRILLING CONTRACT WITH LIMITED LIABILITY COMPANY DRILLING

NPCC intends to execute a drilling contract with Limited Liability Company, Drilling (**DLLC**) in relation to the proposed drilling services to be provided by DLLC for the Amaam Project. Whilst negotiations are advanced, the contract is not yet finalised and agreed. The drilling required under this proposed contract is 40,000m, with at least 20,000m between November 2011 and April 2012 and a further 20,000m between November 2012 and April 2013. NPCC will be required to pay the mobilisation and demobilisation costs for the DLLC's drilling equipment. The estimated total price payable by NPCC for these services is approximately USD14,700,000.

13.10.4.7. EXPLORATION CAMP CONTRACT WITH CLOSED JOINT-STOCK COMPANY CHUKCHI TRADING COMPANY

NPCC intends to execute a contract for an exploration camp with closed joint-stock company, Chukchi Trading Company, for the Amaam Project. The contract covers the supply and construction on site of an exploration camp with a capacity for 80 people. The expected duration of the contract is from September 2011 through to the end of October 2011 for the supply and construction, with ongoing maintenance and support for the winter drilling season commencing 1 November 2011 and ending on 30 April 2012. Whilst negotiations are advanced, the contract is not yet final and agreed. The estimated total price payable by NPCC for these services is approximately US\$3,400,000.

13.10.5. COLOMBIAN PROJECT CONTRACTS

13.10.5.1. JAGUAR 1 OPTION AGREEMENT

Pursuant to an option agreement dated 22 April 2010 between C.I. Inversiones Martinez Leroy S.A. – (**Invercoal**), Montenegro & Leroy Coal Co. Ltda. (**Montenegro & Leroy**), and Carbones De Landazury Ltda (**Carboland**) (together the **Jaguar 1 Sellers**) and TRM, as amended (the **Jaguar 1 Option Agreement**), the Jaguar 1 Sellers granted to TRM an option to acquire a 60% interest in the Jaguar 1 Concession Contracts (**Jaguar 1 Option**), to be held through a newly incorporated Colombian company.

TRM assigned its interest in the Jaguar 1 Option Agreement to TRC pursuant to an agreement dated 2 May 2011 with effect from 31 December 2010. TRC or its nominee, including its wholly-owned subsidiary TR Coal Spain SL (**TR Coal Spain**) (together or individually in this Section 13.10.5.1 referred to as **TRC**) may exercise the option. TRM and TRC are jointly and severally liable for the obligations of TRM under the Jaguar 1 Option Agreement assumed by TRC. If TRC does not complete an initial public offering by 31 December 2011, the Jaguar 1 Sellers may require TRC to transfer the assigned interest back to TRM.

Incorporation of Jaguar Coal

Pursuant to the Jaguar 1 Option Agreement, the parties incorporated the joint venture company Jaguar Coal in which TRC holds, through TR Coal Spain, 60% of the issued shares and the Jaguar 1 Sellers hold the other 40%. On 21 December 2010, Jaguar Coal's shareholders executed the Jaguar 1 Shareholders' Agreement (summarised below) which governs the management of Jaguar Coal. Jaguar Coal is bound by the Jaguar 1 Shareholders' Agreement by the same having been deposited at its registered office pursuant to Colombian law and Jaguar Coal's By-laws.

Jaguar 1 Option

TRC can acquire up to a 60% interest in the Jaguar 1 Concession Contracts through Jaguar Coal by making certain payments to the Jaguar 1 Sellers (**Jaguar 1 Option Payments**) and by meeting certain minimum expenditure requirements on exploration, evaluation and development activities on the Jaguar 1 Concession Contracts (**Jaguar 1 Expenditure**).

The Jaguar 1 Sellers must transfer a 50% interest in the Jaguar 1 Concession Contracts to Jaguar Coal, thereby giving TRC a 30% interest in the Jaguar 1 Concession Contracts through Jaguar Coal, upon TRC:

- paying USD6,500,000 in Jaguar 1 Option Payments to the Jaguar 1 Sellers; and
- meeting USD5,000,000 in Jaguar 1 Expenditure within the first two years of the agreement (**Tranche 1**).

The first four of five Tranche 1 option payments totalling USD2,500,000 have been paid by the due dates and, TRC is on target to meet its Tranche 1 expenditure commitment.

The Jaguar 1 Sellers must transfer the remaining 50% interest in the Jaguar 1 Concession Contracts to Jaguar Coal, thereby giving TRC a 60% interest in the Jaguar 1 Concession Contracts through Jaguar Coal, upon the exercise by TRC of the Jaguar 1 Option. This option is exercisable by TRC at its sole discretion by 22 April 2013 (within 3 years of the date of the agreement) (**Jaguar 1 Option Period**), provided that TRC has:

- paid a total of USD15,000,000 in Jaguar 1 Option Payments (inclusive of the USD6,500,000 in option payments stated above) (being USD10,000,000 to Invercoal, USD2,500,000 to Montenegro & Leroy and USD2,500,000 to Carboland); and
- met USD10,000,000 in Jaguar 1 Expenditure (inclusive of the USD5,000,000 in expenditure stated above).

Following the exercise of the Jaguar 1 Option by TRC, the parties will incorporate a new company in Panama, with the same ownership structure as Jaguar Coal, to receive proceeds of coal sales for Jaguar Coal and to undertake the marketing and sales activities of the coal produced from the Jaguar 1 Concession Contracts held by Jaguar Coal.

Upon the first Jaguar 1 Option Payment being made, the Jaguar 1 Sellers are required to register before the Colombian Government a lien or an encumbrance on the mining rights derived from the Jaguar 1 Concession Contracts in favour of Jaguar Coal. This payment was made on 30 April 2010. On 20 June 2011, the Jaguar 1 Sellers and Jaguar Coal executed agreements pursuant to which Jaguar Coal was granted a lien or encumbrance, to guarantee the obligations of the Jaguar 1 Sellers not to transfer to, or create any rights in favour of, any third party in the Jaguar 1 Concession Contracts (**Mining Lien Agreements**). Although the Mining Lien Agreements had been filed with the Colombian Mining Authority the liens or encumbrances had not, at the date of this Prospectus, yet been registered in respect of the Jaguar 1 Concession Contracts.

During the Jaguar 1 Option Period, TRC has full access to the Jaguar 1 Concession Contracts for its exploration activities and TRC is required to pay all surface rental payments, insurance policies and other expenses that may affect the Jaguar 1 Concession Contracts as a part of the Jaguar 1 Expenditure.

Following exercise of the Jaguar 1 Option, TRC will manage Jaguar Coal and perform exploration and mining activities in respect of the Jaguar 1 Concession Contracts and will be entitled to receive a management fee commensurate with industry standards but not exceeding 5% of mining costs.

Should TRC elect not to exercise the Jaguar 1 Option, it must transfer the Jaguar Coal shares it holds to the Jaguar 1 Sellers within 30 calendar days for no consideration.

Financing of Jaguar 1 activities

The Jaguar 1 Shareholders' Agreement (which is summarised below) provides for three main financing stages for project expenditure, with differing levels of funding responsibility for the parties. TRC will have sole responsibility for paying costs for operations necessary to complete the first feasibility study, whether those operations are conducted during the Jaguar 1 Option Period or after the exercise of the Jaguar 1 Option. Upon commencement of production, TRC will be reimbursed for the Jaguar 1 Sellers' portion of expenses out of dividends or returns on capital, as described under "Jaguar 1 Shareholders' Agreement" below.

Rights of refusal and pre-emptive rights

TRC holds a right of first refusal in respect of any additional properties that the Jaguar 1 Sellers may hold in the area – the "area" is not specifically defined in the Jaguar 1 Option Agreement.

TRC holds a pre-emptive right in respect of the Jaguar 1 Sellers' 40% interest in Jaguar Coal should the Jaguar 1 Sellers wish to sell their interest in Jaguar Coal (which sale may be made only by the Jaguar 1 Sellers jointly and of their combined interest in its entirety).

In addition, Jaguar Coal has the right to purchase the surface land where the mineral rights regarding the Jaguar 1 Concession Contracts are located from the Jaguar 1 Sellers for a fair value established by an independent valuer should the Jaguar 1 Sellers elect to sell such land.

Termination

TRC may terminate the Jaguar 1 Option Agreement at any time during the Jaguar 1 Option Period upon written notice to the Jaguar 1 Sellers. Further, the Jaguar 1 Option Agreement will terminate if TRC is in breach of any of its obligations under the agreement and does not attempt to rectify such breach on a best endeavours basis within 60 business days of notification from the Jaguar 1 Sellers. TRC will be required to contribute to its share of any environmental rehabilitation required as a result of the work undertaken by TRC (or TRM prior to the assignment) from the date of the Jaguar 1 Option Agreement to the date of TRC's withdrawal.

Jaguar 1 Shareholders' Agreement

On 21 December 2010, TR Coal Spain and Antony James Manini (together **TRC Jaguar 1 Shareholders**) and the Jaguar 1 Sellers entered into a shareholders agreement (the **Jaguar 1 Shareholders' Agreement**) which governs the management of Jaguar Coal (the **Jaguar 1 Project Company**) and details the rules for Jaguar Coal's governance and the relationships amongst its shareholders.

Funding of Jaguar Coal's operations

The Jaguar 1 Shareholders' Agreement provides for three main financing stages as set out below:

- The TRC Jaguar 1 Shareholders have sole responsibility for paying costs for operations necessary to complete the first feasibility study, whether those operations are conducted during the Jaguar 1 Option Period or after the exercise of the Jaguar 1 Option.
- Upon completion of that feasibility study, the TRC Jaguar 1 Shareholders must sole fund all of the Jaguar 1 Sellers' share of Jaguar Coal's costs prior to the commencement of production on a deferred carry basis. The amounts which the Jaguar 1 Sellers would otherwise have to contribute (on a proportional basis to their shareholding in Jaguar Coal) will be met by the TRC Jaguar 1 Shareholders by way of an interest-bearing loan to the Jaguar 1 Sellers. Upon the commencement of production, 70% of any dividends, or returns on capital, payable by Jaguar Coal to the Jaguar 1 Sellers, shall be paid to the TRC Jaguar 1 Shareholders until the outstanding loan amount has been repaid (with interest). If the TRC Jaguar 1 Shareholders fail to meet their funding obligations, the Jaguar 1 Sellers may take over the management of Jaguar Coal in order to meet the relevant funding or expenditure requirements of the Jaguar 1 Concession Contracts. If the TRC Jaguar 1 Shareholders default on their funding obligations, they must pay the Jaguar 1 Sellers compensation as determined by an independent expert.
- After commencement of commercial production, Jaguar Coal's operating costs are intended to be funded from coal sales revenue. However, should Jaguar Coal be unable to fund its costs from sales revenue or through third-party loans, the parties shall contribute their share of operating costs in proportion to their shareholding in the company. Any failure by a Jaguar Coal shareholder to meet its funding obligations for approved expansions or other major capital expenditure may be met by the other Jaguar Coal shareholders in proportion to their shareholding and any sums so advanced will be treated as a debt owed to the shareholders who have met the shortfall.

Dealings with shares

Under the Jaguar 1 Shareholders' Agreement, no shareholder may dispose of any of its Jaguar Coal shares (or any interest in those shares), unless it has given each remaining shareholder notice in writing, offering to sell all of its Jaguar Coal shares to any of the remaining shareholders. Any shareholder may accept the offer in respect of some or all of the transfer shares. Where the total number of shares in respect of which acceptances are received exceeds the number of transfer shares, acceptances will be deemed to be in proportion to each accepting shareholder's shareholding in Jaguar Coal. Any incoming shareholder must accede to the Jaguar 1 Shareholders' Agreement and pay each remaining shareholder all unpaid amounts the disposing shareholder owed under any agreement. A shareholder may transfer any of its Jaguar Coal shares to an affiliate provided the affiliate enters into a deed of accession under which it agrees to be bound by the obligations of the transferring shareholder.

Material breach

If a shareholder commits a material breach of the Jaguar 1 Shareholders' Agreement, that shareholder will be taken to have offered its shares to the other shareholders at a price for each share calculated by dividing the value of Jaguar Coal's coal project in the area covered by the Jaguar 1 Concession Contracts by the total number of Jaguar Coal shares at that time.

Dividends / Distribution policy

Wherever possible and allowing for the repayment of the loans made by shareholders, Jaguar Coal intends to fund its growth from its operating profit, whilst also providing its shareholders with a reasonable dividend distribution. Subject to the by-laws of Jaguar Coal, the declaration and amount of any dividend will be at the sole discretion of the shareholders (in accordance with Colombian Law). The payment of dividends will be based on the audited annual results of Jaguar Coal and are to be reviewed annually.

Management and control

Jaguar Coal is managed by a board of three directors, two of whom are nominated by the TRC Jaguar 1 Shareholders (as long as the TRC Jaguar 1 Shareholders or their affiliates hold the majority of Jaguar Coal's shares) and one of whom is nominated by the Jaguar 1 Sellers, who serve for terms of three years. The TRC Jaguar 1 Shareholders and the Jaguar 1 Sellers agree they will vote in favour of the nominees presented by the other party. The board is responsible for control of Jaguar Coal's management, TRC's strategy and overall direction and the formulation of the policies to be applied in the conduct of its operations. The chairman of the board is one of the directors nominated by the TRC Jaguar 1 Shareholders, however the chairman of the board does not have a casting vote in addition to his or her separate vote as a director.

Resolutions of the board can be passed by a simple majority of directors, except that unanimity is required to: sell substantially all of Jaguar Coal's assets; approve feasibility studies; and amend the management agreement with TRC. TRC is appointed the manager of Jaguar Coal and its day-to-day operations and is entitled to receive a management fee commensurate with industry standards but not to exceed 5% of project costs.

Termination

The Jaguar 1 Shareholders' Agreement will continue until terminated by written agreement between the parties or until such time as any one shareholder holds all of the shares on issue in Jaguar Coal.

13.10.5.2. JAGUAR 2 OPTION AGREEMENT

Pursuant to an option agreement dated 9 December 2010 between Invercoal and Empresa Minera de Los Toños S.A. (documented originally as Compañía Minera Los Toños S.A.) (together the **Jaguar 2 Sellers**) and TRM (the **Jaguar 2 Option Agreement**), the Jaguar 2 Sellers granted TRM an option to acquire a 60% interest in the Jaguar 2 Concession Contracts (**Jaguar 2 Option**), to be held through a newly incorporated Colombian company.

TRM assigned its interest in the Jaguar 2 Option Agreement to TRC pursuant to an agreement dated 2 May 2011 with effect from 31 December 2010. TRC or its nominee, including its wholly-owned subsidiary TR Coal Spain (together or individually in this Section 13.10.5.2 referred to as **TRC**) may exercise the option. TRM and TRC are jointly and severally liable for the obligations of TRM under the Jaguar 2 Option Agreement assumed by TRC. If TRC does not complete an initial public offering by 31 December 2011, the Jaguar 2 Sellers may require TRC to transfer the assigned interest back to TRM.

Incorporation of Jaguar 2 NewCo and Jaguar 2 Shareholders' Agreement

Pursuant to the Jaguar 2 Option Agreement, the parties have agreed to finalise by 31 August 2011 the shareholders' agreement for the proposed new company in Colombia (**Jaguar 2 NewCo**) in which TRC will hold, through its wholly-owned subsidiary TR Coal Spain, 60% of the issued shares and the Jaguar 2 Sellers will hold the other 40% for a period of six years after incorporation. After the initial six year period, if the number of tonnes of mineable reserves of coal on the area the subject of the Jaguar 2 Concession Contracts (**Jaguar 2 Mineable Reserves**) is less than 40 million tonnes, the percentage interest of the Jaguar 2 Sellers in the Jaguar 2 NewCo will be reduced to a percentage figure (of not less than 10%) equal to the number of million tonnes of Jaguar 2 Mineable Reserves (e.g. 25 million tonnes of Jaguar 2 Mineable Reserves will equate to a percentage interest of 25%).

The number of tonnes of Jaguar 2 Mineable Reserves will be calculated using the exploration results contained in the most recent exploration report filed before the Colombian Mining Authority, pursuant to the definition provided in the Coal Resource and Reserves Classification System of March 1995 issued by the Colombian Mining Authority, as per the following formula (**Jaguar 2 Mineral**

Reserves Formula):

Jaguar 2 Mineable Reserves = (Measured Reserves + Indicated Reserves + Inferred Reserves) – 10%.

Jaguar 2 NewCo will be incorporated upon the parties reaching agreement in respect of the Jaguar 2 Shareholders' Agreement (which must be done by 31 August 2011). Under the Jaguar 2 Option Agreement, the parties agreed that the terms of the Jaguar 2 Shareholders' Agreement would replicate the Jaguar 1 Shareholders' Agreement. As at the date of this Prospectus, no shareholders' agreement had been executed in relation to Jaguar 2 NewCo.

Jaguar 2 Option

TRC can acquire a 60% interest in the Jaguar 2 Concession Contracts through Jaguar 2 NewCo by making certain payments to the Jaguar 2 Sellers (**Jaguar 2 Option Payments**) and by meeting certain minimum expenditure requirements on the Jaguar 2 Concession Contracts (**Jaguar 2 Expenditure**).

The Jaguar 2 Sellers will transfer the Jaguar 2 Concession Contracts to Jaguar 2 NewCo, thereby giving TRC a 60% interest in the Jaguar 2 Concession Contracts through Jaguar 2 NewCo, upon the exercise by TRC of the Jaguar 2 Option, exercisable by TRC at its sole discretion within three years of the date of the agreement (being 9 December 2013) (**Jaguar 2 Option Period**) provided that TRC has:

1. met USD6,000,000 in Jaguar 2 Expenditure during the Jaguar 2 Option Period (being USD2,000,000 in the first year of the agreement and USD4,000,000 in total over the second and third years of the agreement);
2. paid a total of USD4,500,000 in Jaguar 2 Option Payments to the Jaguar 2 Sellers (with 10% of each payment to Empresa Minera de Los Toños and 90% to Invercoal) as follows:
 - a) USD250,000 (within two business days of execution of the agreement);
 - b) USD750,000 (twelve months after the execution of this agreement);
 - c) USD3,500,000 (upon exercise of the Jaguar 2 Option by TRC) (**Jaguar 2 Exercise Payment**); and
3. issued a promissory note for a further payment of USD3,500,000 upon the date that is three years after the exercise of the Jaguar 2 Option by TRC and the payment of the Jaguar 2 Exercise Payment (**Jaguar 2 Final Payment**).

The Jaguar 2 Exercise Payment and Jaguar 2 Final Payment may be adjusted when the Jaguar 2 Final Payment falls due with direct reference to the size of the Jaguar 2 Mineable Reserves on the area the subject of the Jaguar 2 Concession Contracts. If, at the time the Jaguar 2 Final Payment falls due, the number of tonnes of Jaguar 2 Mineable Reserves is:

1. more than 40 million tonnes – each of the Jaguar 2 Exercise Payment and the Jaguar 2 Final Payment will be USD3,500,000 (for a combined total of USD7,000,000) and TRC must make an additional payment to the Jaguar 2 Sellers (**Jaguar 2 Scale Payment**) on the date that is three years after the first commercial production of coal from the Jaguar 2 Concession Contracts, calculated at the rate of USD500,000 for each million tonnes of Jaguar 2 Mineable Reserves above 40 million tonnes.
2. less than 40 million tonnes – the combined Jaguar 2 Exercise Payment and the Jaguar 2 Final Payment shall be adjusted using the following formula:

$$P = \left(7,000,000 \times \frac{MR}{40,000,000} \right) - 3,500,000$$

Where:

P = Payment due

MR = Jaguar 2 Mineable Reserves expressed in millions of tonnes

If “P” is a positive number, that amount must be paid by TRC to the Jaguar 2 Sellers as the Jaguar 2 Final Payment.

If “P” is a negative number, that amount must be refunded by the Jaguar 2 Sellers to TRC (due to the adjusted payment figure being less than the USD3,500,000 Jaguar 2 Exercise Price already paid by TRC to the Jaguar 2 Sellers).

For the purposes of determining the Mineable Reserves to be used in the calculations, the parties will refer to the exploration results contained in the most recent exploration report filed before the Colombian Mining Authority using the Jaguar 2 Mineable Reserves Formula.

Upon the exercise of the Jaguar 2 Option by TRC, the parties will incorporate a new company in Panama, with the same percentage ownership as Jaguar 2 NewCo, to undertake the marketing and sale activities of the coal produced from the Jaguar 2 Concession Contracts held by Jaguar 2 NewCo.

Following the first Jaguar 2 Option Payment, and the incorporation of Jaguar 2 NewCo, the Jaguar 2 Sellers must register before the Colombian Government a lien or an encumbrance of the mining rights derived from the Jaguar 2 Concession Contracts in favour of Jaguar 2 NewCo.

TRC will manage Jaguar 2 NewCo and perform exploration and operational activities in respect of the Jaguar 2 Concession Contracts. TRC will be entitled to receive a management fee commensurate with industry standards but not exceeding 5% of mining costs.

Under the agreement, TRC is required to pay all surface rental payments, insurance policies and other expenses that may affect the Jaguar 2 Concession Contracts as part of the Jaguar 2 Expenditure.

Financing of Jaguar 2 activities

The Jaguar 2 Option Agreement provides for three main financing stages which are summarised below.

- TRC has sole responsibility for paying costs for operations necessary to complete any feasibility studies, whether those operations are conducted during the Jaguar 2 Option Period or after the exercise of the Jaguar 2 Option.
- Upon completion of the feasibility studies, TRC must solely fund all of the Jaguar 2 Sellers' share of Jaguar 2 NewCo's costs prior to the commencement of production on a deferred carry basis. The amounts which the Jaguar 2 Sellers would otherwise have to contribute (on a proportional basis to their shareholding in Jaguar 2 NewCo) will be met by TRC by way of an interest-bearing loan to the Jaguar 2 Sellers. Upon the commencement of production, 70% of any dividends, or returns on capital, payable by Jaguar 2 NewCo to the Jaguar 2 Sellers shall be paid to TRC until the outstanding loan amount has been repaid (with interest).

- After commencement of commercial production, it is intended that Jaguar 2 NewCo's operating costs are to be funded from its own operating revenue. However, should Jaguar 2 NewCo be unable to fund its operating or expansion costs from sales revenue or through third-party loans, the parties shall contribute a pro-rata share of those costs in proportion with their shareholding in Jaguar 2 NewCo.

Right of first refusal and pre-emptive rights

TRC holds a right of first refusal in respect of any additional properties that the Jaguar 2 Sellers may hold in the area, being an area not specifically defined in the Jaguar 2 Option Agreement.

TRC has a pre-emptive right in respect of the Jaguar 2 Sellers' 40% interest in Jaguar 2 NewCo should the Jaguar 2 Sellers decide to sell their interest in Jaguar 2 NewCo (which sale may be made only by the Jaguar 2 Sellers jointly and of their combined interest in its entirety).

In addition, Jaguar 2 NewCo will have the right to purchase the surface land where the mining rights regarding the Jaguar 2 Concession Contracts are located from the Jaguar 2 Sellers for fair value established by an independent valuer should they decide to sell the land.

Termination

TRC may terminate the Jaguar 2 Option Agreement at any time during the Jaguar 2 Option Period without any penalty upon written notice to the Jaguar 2 Sellers. Further, the Jaguar 2 Option Agreement will terminate if TRC is in breach of any of its obligations under the agreement and does not attempt to rectify such breach on a best endeavours basis within 60 business days of notification by the Jaguar 2 Sellers. TRM will be required to contribute to its share of any environmental rehabilitation required as a result of the work undertaken TRM from the date of the Jaguar 2 Option Agreement to the date of TRC's withdrawal.

13.10.5.3. LAS PALMAS OPTION AGREEMENT

Pursuant to an option agreement dated 21 December 2010 between Hector Alfonso Acevedo and Yolanda Castro Jimenez (together the **Las Palmas Sellers**) and TRM (the **Las Palmas Option Agreement**), the Las Palmas Sellers granted to TRM an option to acquire a 70% interest in the Las Palmas Concession Contract (**Las Palmas Option**), to be held through a newly incorporated Colombian company.

TRM assigned its interest in the Las Palmas Option Agreement to TR Coal International pursuant to an agreement dated 3 May 2011 with effect from 31 December 2010. TR Coal International may exercise the option directly or indirectly through any of its members or economically linked individuals. TRM and TR Coal International are jointly and severally liable for the obligations of TRM under the Las Palmas Option Agreement assumed by TR Coal International.

Incorporation of Las Palmas Coal

Pursuant to the Las Palmas Option Agreement, the parties incorporated a new company in Colombia, Las Palmas Coal, in which TR Coal Spain holds 49.9% of the issued shares, Antony James Manini holds 0.1% of the issued shares and the Las Palmas Sellers hold the other 50%. The Las Palmas Option Agreement does not require a shareholders agreement be entered into in relation to Las Palmas Coal. The Las Palmas Option Agreement has been deposited at Las Palmas Coal's registered office, therefore, Las Palmas Coal and its shareholders are bound by the Las Palmas Option Agreement according to Colombian law and Las Palmas Coal's By-laws.

Under the Las Palmas Option Agreement, the Las Palmas Sellers are required to transfer all of the rights and obligations derived from the Las Palmas Concession Contracts to Las Palmas Coal. As of the date of this Prospectus, such transfer has not been completed and Las Palmas Coal does not hold any rights under the Las Palmas Concession Contracts.

Las Palmas Option

TR Coal International directly or indirectly through one of its members or economically linked individuals (together or individually in this Section 13.10.5.3 referred to as **TR Coal International**) can acquire up to 70% of the shares on issue in Las Palmas Coal, by making certain payments to the Las Palmas Sellers (**Las Palmas Option Payments**) and by meeting certain minimum expenditure requirements in relation to the Las Palmas Concession Contract (**Las Palmas Expenditure**).

The Las Palmas Sellers must transfer shares representing 20% of the shares on issue in Las Palmas Coal to TR Coal International, thereby giving TR Coal International directly or indirectly a 70% interest in the shares on issue in Las Palmas Coal, upon the exercise by TR Coal International of the Las Palmas Option, exercisable by TR Coal International at its sole discretion by 21 December 2012 (within 2 years of the date of the agreement) (**Las Palmas Option Period**), provided that TR Coal International has:

1. paid a total of USD800,000 in Las Palmas Option Payments to the Las Palmas Sellers as follows:
 - a) USD100,000 within 2 working days of the execution of the agreement;
 - b) USD100,000 at the time of filing of the notice and the transfer agreement of the Las Palmas Concession Contract in favour of Las Palmas Coal;

- c) USD100,000 at the time of registration of the transfer of the Las Palmas Concession Contract in favour of Las Palmas Coal; and
- d) four payments of USD125,000 made every three months starting one month after the registration of the transfer of the Las Palmas Concession Contract to Las Palmas Coal; and

2. met USD2,000,000 in Las Palmas Expenditure during a two year period following the execution of the agreement.

The first three of seven option payments totalling USD300,000 have been paid by the due dates. TR Coal International has not yet satisfied its Las Palmas Expenditure commitment but expects to do so by the due date.

If TR Coal International elects not to exercise the Las Palmas Option, it must transfer its direct and indirect 50% shareholding interest in Las Palmas Coal to the Las Palmas Sellers within 30 calendar days of its decision not to exercise the option, at 75% of the intrinsic value of the shares.

Upon the delineation of an Inferred Resource of ten million tons, TR Coal International must pay the Las Palmas Sellers an additional amount of USD2,000,000. The Las Palmas Sellers are entitled to receive further payments of USD2,000,000 for each additional ten million tons of an Inferred Resource.

During the Las Palmas Option Period, TR Coal International has full access to the Las Palmas Concession Contract area for its exploration activities. TR Coal International will manage the operations, business and related matters of Las Palmas Coal.

Financing of Las Palmas activities

The Las Palmas Option Agreement provides for three main financing stages which are summarised below.

- TR Coal International has sole responsibility for paying costs for operations necessary to complete the first feasibility study, whether those operations are conducted during the Las Palmas Option Period or after the exercise of the Las Palmas Option.
- Upon completion of the first feasibility study, TR Coal International must solely fund all of the Las Palmas Sellers' share of Las Palmas Coal's costs prior to the commencement of production on a deferred carry basis. The amounts which the Las Palmas Sellers would otherwise have to contribute (on a proportional basis to their shareholding in Las Palmas Coal) will be met by TR Coal International by way of an interest-bearing loan to the Las Palmas Sellers. Upon the commencement of production, 70% of any dividends, or returns on capital, payable by Las Palmas Coal to the Las Palmas Sellers shall be paid to TR Coal International until the outstanding loan amount has been repaid (with interest).
- After commencement of commercial production, Las Palmas Coal's costs are intended to be funded from its sales revenue. However, should Las Palmas Coal be unable to fund its costs from sales revenue or through third-party loans, the parties shall contribute a pro-rata share of its costs in proportion to their shareholding in the company.

Rights of refusal and pre-emptive rights

Each party has a pre-emptive right in respect of the other party's shares in Las Palmas Coal should the other party decide to sell their interest in Las Palmas Coal (with the shares to be sold at the same price as a legitimate third party offeree may offer to the selling party).

TR Coal International may transfer its shares in Las Palmas Coal at any time to one of its members (or an economically linked individual) provided that such member agrees in writing to be bound by the terms of the Las Palmas Option Agreement.

Termination

TR Coal International may terminate the Las Palmas Option Agreement at any time during the Las Palmas Option Period with no penalty or sanction upon providing notification to the Las Palmas Sellers. Further, the Las Palmas Option Agreement will terminate if TR Coal International is in breach of any of its obligations under the agreement and it has not rectified the breach within 90 working days of a request from the Las Palmas Sellers.

TR Coal International may be required to pay for the necessary environmental remediation costs derived from its activities from the date of the Las Palmas Option Agreement to the date of its termination.

13.11. MATERIAL REGULATIONS

13.11.1. OVERVIEW OF RUSSIAN LEGAL AND MINING REGULATORY REGIME

REGULATION OF MINING ACTIVITIES IN RUSSIA

The exploration for, production, sale and distribution of, minerals in Russia is regulated by legislation governing the operation of the mining industry and relating to quality standards, industrial safety, environmental protection and other related matters. At the federal level, the mining industry is regulated by the Ministry of Natural Resources and Ecology, the Ministry of Industry and Trade and the Ministry of Economic Development of Russia and a number of executive authorities responsible for compliance control, management of state property and the provision of services relevant to mining activities. Regional authorities with jurisdiction over a specific area

in which a mining company operates have control over regional and local land-use allocations, enjoy certain taxation powers and have authority over certain other local matters.

The Federal Law No. 128-FZ dated 8 August 2001 “On Licensing of Certain Types of Activities”, as amended (the **Licensing Law**) requires subsoil users to obtain various licenses, authorisations and permits from Russian governmental authorities to conduct their operations and engage in certain activities. Licensing regulations require subsoil users to comply with numerous industrial standards and standards relating to employment, maintaining quality controls, maintaining insurance coverage and the submission of specified information and documents to the relevant licensing authorities.

On 2 November 2011 the Licensing Law ceases to have effect as from 3 November 2011 a new Federal Law No. 99-FZ dated 4 May 2011 “On Licensing of Certain Types of Activities” will come into effect (the New Licensing Law). The New Licensing Law will introduce a number of changes to the current licensing regime including, among other things: (i) the list of activities which are subject to licensing will be reduced; (ii) new licences will be effective without limit in time; and (iii) existing licensing procedures will be changed. Licences for those types of activities which are subject to licensing under the New Licensing Law but were issued under the previous Licensing Law will remain effective, notwithstanding the New Licensing Law.

In addition, a number of activities which currently require licensing pursuant to the Licensing Law will soon be regulated by the “technical regulation law”, which will specify certain mandatory requirements relating to products or processes of engineering, production, construction, assembling, setting up, operation, storage, transportation, sales and utilisation.

In Russia, the geological study, exploration and extraction of minerals requires a subsoil license issued by the Federal Agency for Subsoil Use with respect to an identified area and mineral deposit. Subsoil licensing is regulated by the Law of the Russian Federation No. 2395-1 dated 21 February 1992 “On Subsoil”, as amended (the **Russian Subsoil Law**), and the regulations adopted thereunder. The main types of subsoil licenses are geological study licenses and exploration and extraction licenses.

A license granted under the Russian Subsoil Law is generally accompanied by a licensing agreement executed by the federal authorities and the licensee which sets out the terms and conditions for the use of the subsoil license (largely based on mandatory provisions contained in Russian law) and certain environmental, safety and production commitments. The license agreement may also contain commitments with respect to social and economic development of the region in which the license area is located.

Geological study licenses

Geological study licenses are non-exclusive licenses granting the licensee the right to carry out geological study including prospecting and assessment activities within the license area. The term of a geological study license is set out in the license conditions and may be up to a maximum term of five years. A geological study license may be extended upon application, subject to prior compliance with the relevant regulations. Upon the expiration of a geological study license, the license and the rights under such license revert to the Russian State.

Exploration and extraction and combined licenses

Exploration and extraction licenses grant the licensee an exclusive right to extract minerals from the relevant license area. In practice, many of the licenses are issued as combined (geological study, exploration and extraction) licenses, which grant the right to carry out geological study, explore and extract minerals from the mining allotment within the relevant license area. Exploration and extraction licenses and combined licenses are primarily awarded either through a tender process (based on technical competence, financial merits and environmental soundness of the proposal) or an auction (based primarily on financial merits) conducted by special commissions of the Federal Agency for Subsoil Use. Exploration and extraction licenses may also be issued to holders of geological study licenses who discover mineral resource deposits through geological surveying work conducted at their own expense.

The term of an exploration and extraction license or a combined license is set out in the license conditions and is generally the expected operational life of the field based on the approved feasibility study. The Russian Subsoil Law permits a subsoil licensee to request an extension of an exploration and extraction license in order to complete production from the subsoil plot covered by the license or for the purposes of remediating and vacating the land once the use of the subsoil is complete, provided the user has complied with the terms and conditions of the license and the relevant regulations. Upon the expiration of an exploration and extraction license or a combined license, the license and the rights under such license revert to the Russian State.

Transfer and termination of subsoil licenses

Licenses are granted to a particular licensee. However, a subsoil license may be transferred by registration with the Federal Agency for Subsoil Use to another party in certain circumstances (generally between related companies where the transferee is incorporated under the laws of the Russian Federation and is able to conduct the activity covered by the transferred license).

If a subsoil licensee fails to fulfil its license conditions, the federal authorities may, upon giving notice to the licensee, terminate or suspend its license. A licensee may also be fined for failing to comply with the conditions in its subsoil license. A subsoil licensee who cannot, due to material changes in circumstances, meet the pre-agreed deadlines or achieve the pre-agreed volumes of

exploration work or production output set forth in the license, may apply to the relevant licensing authority for amendment of the relevant license conditions. The licensing authority has discretion within the framework of the Russian Subsoil Law to refuse or grant the requested amendment.

As a general rule under the Russian Subsoil Law, a subsoil user is liable for the costs of conservation and liquidation of any mining plant and any other underground equipment that is not related to the subsoil works. In addition, the Russian Subsoil Law specifically establishes that a user is liable for all costs for early termination of a license if it is caused by the user directly threatening human life and health, or materially or repeatedly violating the terms of its license, or applying to terminate its license. The state covers conservation and liquidation expenses if a license is terminated for emergency reasons, such as natural disasters, flooding, war and other similar circumstances, or in the event of a direct threat to human life and health not caused by the user.

RUSSIAN LAWS AND REGULATIONS RELATING TO LAND

In order to engage in a commercial activity including mineral extraction on a land plot, a party must either own the land, lease the land or have the right to use the land either perpetually or for a fixed term.

The system for the registration of land rights in Russia involves:

- A system of state cadastral registration of real estate objects; and
- A system of state registration of rights to real estate and transactions therewith.

Cadastral registration

The procedures and rules for cadastral registration of real estate are regulated, inter alia, by the Federal Law “On State Cadastre of Real Estate” No. 221-FZ dated 24 July 2007 (the **Law on State Cadastre**). As a result of cadastral and technical registration, real estate objects (including land plots) are described, individualized and given a state registration (or cadastral) number, and acquire characteristics that allow them to be unambiguously distinguished from other real estate objects. Only upon cadastral registration does a real estate property become an object of civil rights that can be further registered pursuant to The Federal Law “On the State Registration of Rights to Real Estate and Transactions Therewith” No. 122-FZ dated 21 July 1997 (the **Registration Law**). The Federal Service on State Registration, Cadastre and Cartography is responsible for state registration of rights to real estate and for cadastral registration of real estate (including land plots). For a description of certain risks attaching to TRC in connection with the Cadastral registration, see Section 11.2.10.

State registration of rights to real estate

The right of ownership and other proprietary interest to real estate, its creation, encumbrance, transfer and termination are subject to state registration and certain transactions with real estate only become effective upon registration. The state registration of the creation and transfer of rights to real estate is certified by a certificate of state registration of rights. In the absence of state registration, the rights to real estate are invalid. The Registration Law stipulates procedures for the registration of rights to real estate.

The Unified State Register of Rights to Real Estate and Transactions Therewith (the **State Register**) records rights to, and encumbrances over, real estate objects. The current status of rights to a particular real estate object must be checked by obtaining an extract from the State Register, which contains basic information regarding the land (and any encumbrances) and the rights holder and can be provided for a fee to any person submitting a written request to the registration authority. However, as a registered right to real estate may be disputed through legal proceedings and evidence of a recorded right or lack of such a right recorded in the State Register in relation to a real estate object is not conclusive it is essential in Russia to carry out an additional legal due diligence exercise on the current legal status of rights to that real estate object and the historical chain of transfer of rights thereto.

Environmental laws and regulations

Environmental matters in Russia are regulated primarily by the Federal Law No. 7-FZ dated 10 January 2002 “On Environmental Protection”, as amended (the **Russian Environmental Law**), as well as by a number of other federal and local laws and regulations. Subsoil users are subject to various laws, regulations and other legal requirements relating to the protection of the environment, including those governing the discharge of substances into the air, water and soil, processing, management and disposal of hazardous substances and waste, decommissioning and clean-up operations in respect of contaminated sites, and flora and fauna protection. A range of environmental authorisations, permits and approvals is required in relation to the development and operation of a mining project in Russia. The Russian Federal Government and the Ministry of Natural Resources and Ecology are responsible for coordinating activities of a number of regulatory authorities involved in the environmental control, implementation and enforcement of environmental laws and regulations.

Operations that may affect the environment must be approved by the environmental expert commissions appointed by the Ministry of Natural Resources and Ecology in accordance with the Federal Law No. 174-FZ dated 23 November 1995 “On Ecological Expert Examination”, as amended and the Russian Environmental Law. Conducting such operations without a mandatory state ecological

expert review may result in civil, administrative or criminal liability, as well as in revocation of licenses, including the subsoil licenses. Environmental impact assessments may be required as part of this process.

As a general rule, under the Russian Environmental Law, a legal entity or individual who causes harm to the environment must compensate the Russian State for such damage in full pursuant to rates or estimating procedures approved by the environmental authorities. Further if an entity's operations violate environmental requirements or cause harm to the environment or to any individual or other legal entity, the environmental authorities may suspend the operations of the entity. A court action may also suspend (for up to 90 days), fine or order compensation from, any legal entity and its employees who fail to comply with the environmental requirements and regulations. In addition, the individuals in default may be subject to criminal liability in the form of fines or imprisonment for up to five years. Courts may also impose clean-up obligations on violators.

RUSSIAN HEALTH AND SAFETY LAWS AND REGULATIONS

An entity conducting mining operations in Russia is responsible for maintaining a safe working environment that meets applicable industrial safety requirements. The principal law regulating industrial safety in Russia is the Federal Law No. 116-FZ dated 21 July 1997 "On Industrial Safety of Dangerous Industrial Facilities", as amended (the **Health and Safety Law**), and its regulations which further address safety rules for mining and production operations. Activities in relation to regulated industrial sites are subject to a state industrial safety review. Any deviation from project documentation is prohibited unless reviewed by a licensed expert and approved by the Federal Service for Environmental, Technological and Nuclear Supervision or other relevant regulatory authority. Further, entities engaged in such activities have a wide range of obligations under the Health and Safety Law and the Labour Code of the Russian Federation (No. 197-FZ dated 30 December 2001), as amended, including the obligation to maintain industrial safety controls, insurance for third party liability for injuries caused in the course of operation of industrial sites, personnel training programs and systems to cope with industrial accidents.

Any company or individual (including company directors and other managers) violating the industrial safety rules may incur fines, administrative suspension of business activity (for up to 90 days) and/or civil liability in the form of compensation of losses (including compensating individuals for any loss of earnings and health-related damages). Individuals may also incur criminal liability in the form of a fine or imprisonment for up to seven years.

RIGHTS OF MINORITY INDIGENOUS PEOPLE IN RUSSIA

There is no equivalent in the Russian Federation to the Australian concept of native title and aboriginal heritage. The Russian Federation does however have legislation which provides for certain rights of indigenous people. Under the Regulation of the Government of the Russian Federation No. 631-r dated 8 May 2009 Anadirskiy (formerly Beringovskiy), the municipal district of Chukotka autonomous region (the district where both licensed areas of NPCC are located), is not explicitly included in the list of places of traditional residence and traditional economic activity of minority indigenous people of the Russian Federation. However, owing to administrative reforms in the re-naming of districts this may be an error in the regulation, which refers to a district that no longer exists of which the Anadirskiy municipal district used to be part of rather than an intentional omission. The Zapadny Subsoil License further states that (as on the date of its issuance) no special protected natural sites, lands belonging to indigenous people or other areas of restricted or limited use occur within the areas delineated in the Zapadny Subsoil License.

13.11.2. OVERVIEW OF COLOMBIA LEGAL AND MINING REGULATORY REGIME

REGULATION OF MINING ACTIVITIES IN COLOMBIAN

The mining sector in Colombia is governed by the Colombian Mining Code Law 685 of 2001 modified by Law 1382 of 2010 (the **Mining Code**) and other ancillary rules and regulations, which regulate and apply to the different stages of mining activities including prospecting, exploration, construction and installation of infrastructure, extraction, processing, transportation and export of minerals.

The Colombian Ministry of Mines and Energy is the main authority designated with legal capacity to regulate mining activities in Colombia, which has delegated its authority in relation to the administration of mineral resources to the Colombian Institute of Geology and Mining, INGEOMINAS (the **Colombian Mining Authority**). The Colombian Mining Authority has primary responsibility for management of the mining industry, and is the main authority which issues, certifies and controls Colombian mining titles.

Licensing of mining activities

In Colombia, minerals of any kind and location found in the soil and subsoil are the exclusive property of the State. The right to explore and exploit state owned minerals can only be conducted through a mining concession contract, duly issued and registered in the National Mining Registry (**Mining Concession Contract**). Pursuant to a Mining Concession Contract, the State awards individuals or legal entities the temporary right, for them to conduct at their own risk, exploration and exploitation, processing and marketing of deposits owned by the State.

An applicant must satisfy various conditions prior to the grant of a Mining Concession Contract. For example, an applicant must confirm in its constitution or articles of association that its purpose is the exploration and exploitation of minerals, or must amend its constitution accordingly. In order to hold a Mining Concession Contract, foreign entities must have a representative domiciled in Colombia, and must open a branch office or incorporate a subsidiary in Colombia. Foreign entities must also provide a parent company guarantee or bank guarantee to guarantee their performance of the conditions of a Mining Concession Contract.

An applicant that does not comply with the relevant conditions may be convicted for illicit use or exploration or exploitation of mineral resources and disqualified from obtaining a Mining Concession Contract for up to five years.

Once registered with the National Mining Registry, a Mining Concession Contract is valid for 30 years, and can be extended upon application by a further 20 years. Various conditions are imposed on the grant of the Mining Concession Contract, such as a bond (the amount of which varies depending on the phase of the Mining Concession as set out below), payment of annual surface rent, payment of royalties and conditions on assignment. Rights under a Mining Concession Contract may be assigned upon written notification to the Colombian Mining Authority. If no objection to the assignment is made by the Colombian Mining Authority within 45 days after receiving such notice, the assignment of rights and transaction document will be registered at the National Mining Registry. In order to be able to register the assignment at the National Mining Registry, the proposed assignor must be able to demonstrate compliance with obligations under and conditions of the Mining Concession Contract.

Mining Concessions are classified according to the phase in which the mining activity is in. These are:

- The exploration phase;
- The construction and assembly phase; and
- The exploitation phase.

Exploration phase

The purpose of the exploration phase is to allow the holder of a Mining Concession (the **concessionaire**) to evaluate resources and reserves, determine the location and characteristics of deposits, prepare a detailed mining plan (**Work Plan**) and environmental impact study (**Environmental Impact Study**) for approval by the relevant authorities, determine the means and methods for the exploitation of the resource and consider the scale and term of expected production.

The term of the exploration phase is 3 years, commencing on registration of the Mining Concession Contract. The concessionaire may apply to extend the term for further 2 year periods, up to a maximum total term of 11 years.

Before the exploration phase expires, the concessionaire must submit to the Colombian Mining Authority a final Work Plan, which will be attached to the Mining Concession Contract and form part of the concessionaire's obligations. The Work Plan must cover the area which will be developed in the exploitation phase under the Mining Concession Contract, and must comply with the provisions of the Mining Code.

The concessionaire must also submit to the relevant Colombian authority a final Environmental Impact Study which must comply with applicable regulations. Further information regarding environmental regulation of mining activities in Colombia is set out below.

Construction and assembly phase

At the end of the exploration phase, the construction and assembly period commences, during which the concessionaire has the right to construct and install the plant and equipment and other infrastructure necessary for the extraction and processing of the relevant minerals. The term of the construction and assembly phase is three years, however the concessionaire can commence extractive work prior to the expiry of the term, provided it gives prior written notice to the Colombian Mining Authority of the anticipated exploitation works.

Exploitation phase

The exploitation phase is the period in which the concessionaire extracts, collects and processes the relevant minerals, completes mining activities and closes or decommissions the facilities and infrastructure. The exploitation phase continues for the remaining duration of the Mining Concession (a total of 30 years). The concessionaire may apply to extend the term of a Mining Concession for up to 20 additional years, provided that the application is made at least two years before the expiration of the initial term of the Mining Concession and that the concessionaire is free of any debt. An application to extend must be accompanied by technical, economic, environmental and social studies that explain the current state of the resources to be exploited. Extensions are only granted if it is proven that such an extension would be beneficial for the State.

An Environmental License is required in order to carry out exploitation, as detailed below. During the exploitation phase, the concessionaire must pay royalties in accordance with the terms and conditions established by relevant regulatory provisions.

Surface rights and land tenure

Mining Concession Contracts do not grant the holder any surface rights. A concessionaire may reach agreement with the holder of surface rights (including other mining concession holders) for the purpose of conducting mining operations, which may include appropriate remuneration or compensation. If the concessionaire cannot reach such agreement, Colombian law provides for mandatory easements over land to ensure the efficient exploration and exploitation of legal mining titles and further provides authority to impose appropriate easements as necessary. The compensation payable to the surface owner must be based on the reasonable market value of the land and the contemplated use of the land for the purpose of the mining activities, and should not take into consideration any mineral wealth.

In addition to this, as the mining industry is considered an activity of public interest in Colombia, it is also possible for a concessionaire to request that the Colombian Mining Authority expropriate land which is considered indispensable for mining activities. In such cases, in the absence of any agreement, if an expropriation request is granted, the relevant authorities will determine the value of compensation that must be paid to the surface rights owners.

COLOMBIAN ENVIRONMENTAL LAWS AND REGULATIONS

Pursuant to Colombian environmental regulations, activities that do or may generate a serious deterioration of the renewable natural resources, the environment or introduce considerable changes to the landscape require a license (**Environmental License**).

Environmental Licenses are granted by a national, state or regional authority (**Colombian Environmental Authority**) depending on the nature or scale of the project and the proposed works or activities.

An Environmental License authorises the holder to perform certain works or activities, subject to compliance with conditions concerning: (i) the management and mitigation of the effects of the works or activities; (ii) rehabilitation after performance of the works or activities; and (iii) compensation for environmental damage caused. An Environmental License is granted for the life of the mining project and covers all phases of the Mining Concession (construction, exploitation, benefaction and internal transportation of corresponding minerals or materials). A concessionaire must apply for an Environmental License for the purpose of construction activities and for the exploitation of minerals. During the exploration phase, the concessionaire does not generally require an Environmental License, although it must still comply with applicable environmental regulations in conducting exploration activities. An Environmental License will lose validity if a mining project is not commenced within five years of its issue.

For the purposes of the grant of an Environmental License, a concessionaire must prepare an Environmental Impact Study for submission to the relevant Colombian Environmental Authority which will include, amongst other things: (i) a description of the project and the resource to be exploited; (ii) a description of the likely or possible environmental impacts of the proposed activities; and (iii) the measures to be taken to prevent, mitigate, correct and rehabilitate environmental harm. If the works or activities to be conducted pursuant to mining project are changed in a way that may cause further impact to the environment over and above what is identified in the Environmental Impact Study, the concessionaire must notify the competent Colombian Environmental Authority and have an amendment of the Environmental License approved.

Neighbouring communities must also be informed of an intended development and the mitigation and control measures to be implemented in relation to the environmental impacts that can occur.

A breach of the conditions imposed by an Environmental License is considered a violation of the applicable environmental laws, and penalties for breach can range from a cash penalty to suspension or even decommissioning of the project, depending on the severity of the breach.

COLOMBIAN HEALTH AND SAFETY LAWS AND REGULATIONS

Under Colombian health and safety law, certain measures must be adopted and maintained to preserve the occupational health and safety of people employed and engaged by a concessionaire conducting mining activities in Colombia, including preparing and implementing safety management plans and monitoring systems.

A concessionaire must elect one person for each mining operation who takes responsibility for the supervision and technical direction of mining works. That person must also submit reports to the Colombian Mining Authority in relation to compliance with applicable occupational health and safety regulations.

RIGHTS OF INDIGENOUS PEOPLES IN COLOMBIA

Under Colombian law a concessionaire must, as part of its submission for an Environmental License, notify the Colombian Environmental Authority of the presence of any ethnic and/or Afro-Colombian communities in the area in which a mining project is to take place. The Ministry of the Interior in Colombia is responsible for certifying the presence of such communities, the people they belong to, who represents them, their geographical location and whether the indigenous groups have any formal legal title to the land.

Upon certifying the existence of ethnic and/or Afro-Colombian communities or the existence of legally constituted territories of those communities in the area directly affected by the project, the concessionaire must undertake a consultation process with such

communities as a condition precedent to the granting of an Environmental License. The Colombian Environmental Authority must consider the result of the consultation process when issuing the Environmental License. Certain conditions may be imposed on the grant of the Environmental License, such as a requirement to pay compensation to indigenous communities, and to mitigate the environmental impact of activities conducted.

13.12. TAXATION CONSIDERATIONS

The comments below provide a general outline of Australian tax issues for Shareholders that hold shares on capital account. They do not apply to Shareholders that are banks, insurance companies or taxpayers that carry on a business of trading in shares, or hold shares on revenue account.

These comments are based on the law in Australia in force at the time of issue of this Prospectus. While you hold of the Shares, the taxation laws of Australia or their interpretation may change. The precise implications will depend upon each Shareholder's specific circumstances. Shareholders should seek professional advice on the taxation implications of holding the Shares, taking into account their specific circumstances.

13.12.1. AUSTRALIAN TAX RESIDENTS

13.12.1.1. DIVIDENDS ON A SHARE

Dividends distributed by the Company on a Share will be assessable income of the Australian tax resident Shareholder. Tax resident individual and complying superannuation entity Shareholders should include in their assessable income the dividend actually received, together with any imputation credit attached to the dividend. Australian resident Shareholders that are individuals or complying superannuation funds should be entitled to a tax offset equal to the imputation tax credit attached to the dividend to offset against the tax payable by the Shareholders on their taxable income. Where the tax offset exceeds the tax payable on the Shareholder's taxable income, such Shareholders should be entitled to a tax refund.

The same treatment generally applies to corporate Shareholders except that imputation credits received will not give rise to a refund.

Shareholders who are trustees (other than trustees of complying superannuation entities) or partnerships should include the imputation credit in determining the net income of the trust or partnership.

The relevant beneficiary or partner may be entitled to a tax offset equal to the beneficiary's or partner's share of the net income of the trust or partnership as the case may be.

All Australian resident Shareholders will, among other things, need to satisfy the 'holding period' rule to be entitled to the benefit of the imputation tax credit offset outlined above. This requires that a Shareholder hold the Shares at risk for a period of not less than 45 days (excluding the days of acquisition and disposal) and that the benefit of the dividend is not passed on within 45 days. Shareholders should seek professional advice to determine if these requirements, as they apply to them, have been satisfied.

13.12.1.2. DISPOSAL OF SHARES

The disposal of a Share by a Shareholder will be a capital gains tax (CGT) event. A capital gain will arise where the capital proceeds on disposal exceed the cost base of the Share (broadly the amount paid to acquire the Share). The CGT discount may be applied against the net capital gain where the Shareholder is an individual, complying superannuation fund or trustee, the Shares have been held 12 months or more and certain other requirements have been met. Where the CGT discount applies, any capital gain arising to individuals and entities acting as trustees (other than a trust that is a complying superannuation entity or a FHSA trust as defined in the First Home Saver Accounts Act (Cth)) may be reduced by 50% after offsetting current year or prior year capital losses. Beneficiaries of trust estates should seek their own advice regarding taxation of income of the trust estate. For a complying superannuation entity, any capital gain may be reduced by 33 1/3%, after offsetting current year or prior year capital losses. The CGT discount is not available to corporate shareholders.

A capital loss will be realised where the reduced cost base of the Share exceeds the capital proceeds from disposal. Capital losses may only be offset against capital gains realised by the Shareholder in the same income year or future income years.

13.12.2. NON-RESIDENTS

Non-resident Shareholders should seek their own independent taxation advice regarding the taxation implications in their local jurisdiction, as well as the taxation implications in Australia. The following comments may not apply to non residents who hold shares in the course of carrying on business in Australia. Where distributions to non-resident Shareholders include dividends, these dividends should not be subject to Australian withholding tax to the extent these dividends are franked or declared to be paid out of conduit foreign income. To the extent that distributions to non-residents include unfranked dividends which are not declared conduit foreign income, the Company will withhold tax at the rate applicable to each non-resident Shareholder. Where dividend withholding tax is withheld by the Company, non-resident Shareholders may be able to claim a credit for this tax in their country of residence.

If you are not an Australian resident for tax purposes and you sell Shares that you held on capital account, an Australian capital gains tax liability should not arise unless:

- You and your associates (if any) beneficially own or owned for a period of 12 months during the 2 years preceding the sale of Shares, 10% or more of the issued capital of the Company; and
- More than 50% of the Company's assets, determined by value, comprise, directly or indirectly, 'taxable Australian real property'.

Individuals either becoming or ceasing to be Australian tax residents should seek advice about their particular circumstances.

13.12.3. TAX FILE NUMBERS

A Shareholder is not required to quote their tax file number (TFN) to the Company. However, if TFN or exemption details are not provided, Australian tax may be required to be deducted by the Company from distributions and/or dividends at the maximum marginal tax rate plus the Medicare levy (currently totalling 46.5%).

A Shareholder that holds Shares as part of an enterprise may quote their Australian Business Number instead of their TFN. Non-residents are exempt from this requirement so long as they are not carrying on business in Australia.

13.12.4. AUSTRALIAN GOODS AND SERVICES TAX

Investors should not be liable for goods and services tax in respect of their investment in the Shares.

13.13. INTERESTS OF DIRECTORS, ADVISORS AND PROMOTERS

Other than as set out in this Prospectus:

- No amount has been paid or agreed to be paid and no benefit has been given or agreed to be given to a Director, or proposed Director to induce them to become, or to qualify as, a director of the Company
- None of the following persons:
 - a Director or proposed Director of the Company;
 - each person named in the Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus;
 - a promoter of the Company; or
 - an underwriter to the issue of the New Shares,

holds or held at any time during the last 2 years an interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer of the New Shares; or
- the Offer of the New Shares;

or was paid or given or agreed to be paid or given any amount or benefit for services provided by such persons in connection with the formation or promotion of the Company or the Offer of the New Shares.

13.13.1. INTERESTS OF DIRECTORS

The Directors are not required to hold any Shares under the provisions of the Company's Constitution.

Set out below are details of the interests of the Directors in securities in the Company immediately before the lodgement of the Prospectus with ASIC. Interests include those held directly or otherwise.

TABLE 13.1: INTERESTS OF DIRECTORS

DIRECTOR	SHARES	OPTIONS
A Manini	17,657,183	7,631,000
O Hegarty	9,934,336	4,315,500
B Jamieson	Nil	1,000,000
M Grant	Nil	2,039,000

The Directors are entitled to apply for New Shares under the Offer.

NON-EXECUTIVE DIRECTORS

The Constitution provides that the non-executive Directors of the Company are entitled to such remuneration as determined by the Directors, which must not exceed in aggregate the maximum amount determined by the Company in general meeting.

Currently it has been determined that such remuneration will not exceed \$1,000,000 per annum, to be apportioned among the non-executive Directors as they determine in their absolute discretion. The Directors acknowledge that as the Company grows, the demands on the Directors will increase and the Directors' fees will be increased commensurate with their responsibilities and workload, as determined by the Board and approved by the members.

For the current financial year, it is expected that non-executive Directors' fees will not exceed \$500,000 in total.

EXECUTIVE DIRECTOR

Refer to Section 5.4.2 for information on remuneration of TRC's executive director.

13.13.2. INTERESTS OF ADVISORS

The Company has engaged the following professional advisors:

- Gryphon Partners has acted as Corporate Advisor to the Company in connection with the Offer. The Company has paid \$154,202 for such services to the date of this Prospectus. In addition, Gryphon Partners will be paid upon Completion of the Offer an amount equal to 0.5% of the market capitalisation of the Company based on the Offer Price up to an amount of \$2 million. The balance above \$2 million may be paid to Gryphon Partners at the sole discretion of TRC having regard to Gryphon Partners' performance as Corporate Advisor in relation to the Offer.
- Credit Suisse (Australia) Limited has acted as Lead Manager to the Offer. The Lead Manager is responsible for any fees due to any Co-Managers, Co-Lead Managers and Brokers appointed by it pursuant to the Underwriting Agreement as summarised in Section 13.10.1.
- Clayton Utz has acted as Australian legal advisor to the Company in connection with the Offer and has performed Australian due diligence enquiries on legal matters. The Company has paid or agreed to pay approximately \$1,700,000 for such services to the date of this Prospectus. Further amounts may be paid to Clayton Utz in accordance with its time-based charge-out rates.
- KPMG Transaction Services has prepared the Investigating Accountant's Report included in this Prospectus. The Company has paid or agreed to pay approximately \$550,000 for such services to the date of this Prospectus. Further amounts may be paid to KPMG Transaction Services in accordance with their time-based charge-out rates.
- KPMG has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Auditor to the Company in the form and context it is so named. As the New Shares under the Offer have not been and will not be registered under the U.S. Securities Act of 1933, KPMG has not filed a consent in the United States under the U.S. Securities Act of 1933.
- Link Market Services Limited has been appointed to act as the Share Registry of the Company in relation to the Offer.
- AME prepared the AME Industry Report included in this Prospectus. The Company has paid or agreed to pay approximately \$123,750 for those services to the date of this Prospectus.
- BDA prepared the BDA Technical Report included in this Prospectus. The Company has paid or agreed to pay approximately \$174,244 for those services to the date of this Prospectus. Further amounts may be paid to BDA in accordance with its time-based charge-out rates.
- McElroy Bryan prepared an independent geology report, an extract of which is contained within the BDA Technical Report included in this Prospectus. The Company has paid or agreed to pay approximately \$150,458 for those services to the date of this Prospectus.
- Norton Rose (Central Europe) LLP prepared the Solicitor's Report on Russian Mining Assets included in this Prospectus. The Company has paid or agreed to pay approximately \$208,360 for those services to the date of this Prospectus. Further amounts may be paid to Norton Rose (Central Europe) LLP in accordance with its time-based charge-out rates.
- Suárez Zapata Partners Abogados S.A.S. prepared the Solicitor's Report on Colombian Mining Assets included in this Prospectus. The Company has paid or agreed to pay approximately \$24,367 for those services to the date of this Prospectus. Further amounts may be paid to Suárez Zapata Partners Abogados S.A.S. in accordance with its time-based charge-out rates.
- Resolve Geological undertook geological studies in connection with the preparation of this Prospectus. The Company has paid or agreed to pay approximately \$112,447 for those services to the date of this Prospectus. Further amounts may be paid to Resolve Geological in accordance with its time-based charge-out rates.
- Bob Leach prepared the Coal Quality Report included in this Prospectus. The Company has paid or agreed to pay approximately \$41,409 for those services to the date of this Prospectus. Further amounts may be paid to Bob Leach in accordance with its time-based charge-out rates.

- Coffey Environments undertook a review of environmental studies in connection with the preparation of this Prospectus. The Company has paid or agreed to pay approximately \$24,180 for those services to the date of this Prospectus. Further amounts may be paid to Coffey Environments in accordance with its time-based charge-out rates.
- Ausenco Sandwell undertook infrastructure and coal transport studies in connection with the preparation of this Prospectus. The Company has paid or agreed to pay approximately \$38,596 for those services to the date of this Prospectus. Further amounts may be paid to Ausenco Sandwell in accordance with its time-based charge-out rates.
- MMC undertook mining studies in connection with the preparation of this Prospectus. The Company has paid or agreed to pay approximately \$204,534 for those services to the date of this Prospectus. Further amounts may be paid to MMC in accordance with its time-based charge-out rates.

Unless stated otherwise, all such payments have been paid or are payable in cash. The Company is also required to pay the out-of-pocket expenses of the advisors listed above.

13.14. COSTS OF THE OFFER

The expenses connected with the Offer, which are payable by the Company, are estimated to be approximately \$7.5 million. This includes advisory, legal, accounting, tax, listing and administrative fees, the Lead Manager fees, Prospectus design and printing, marketing, Share Registry and other expenses.

TABLE 13.2: COSTS OF THE OFFER

ITEM	\$
Legal costs	2,500,000
Lead Manager / Underwriting costs	1,600,000
Advisory costs	1,800,000
Consultants / Independent Experts costs	900,000
Marketing and administrative costs	700,000
Total	7,500,000

13.15. ASX WAIVERS

The Company has applied to ASX for a waiver of: (i) ASX Listing Rule 1.1 (Condition 11) to permit the Company to have options on issue with an exercise price of less than 20 cents; and (ii) ASX Listing Rule 10.14 to grant to TRC's Managing Director and Chief Executive Officer, Martin Grant, the Tranche 2, 3 and 4 options referred to in Section 5.4.2 of this Prospectus, in accordance with the terms of the Employment Agreement.

13.16. LITIGATION AND CLAIMS

As far as the Directors are aware, there are no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company is directly or indirectly concerned which are likely to have a material adverse effect on the business or financial position of the Company.

13.17. GOVERNING LAW

This Prospectus and the contracts that arise from the acceptance of the Applications are governed by the law applicable in Victoria (Australia), and each applicant for New Shares under this Prospectus submits to the exclusive jurisdiction of the courts of Victoria (Australia).

13.18. ADVISORS' CONSENTS AND DISCLAIMERS OF RESPONSIBILITY

Written consents to the issue of this Prospectus have been given and at the time of lodgement of this Prospectus with ASIC have not been withdrawn by the following parties:

- Gryphon Partners has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the corporate advisor to the Company in connection with the Offer in the form and context it is so named.
- Credit Suisse (Australia) Limited has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Lead Manager and Underwriter in the form and context it is so named.
- Clayton Utz has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Company's Australian legal advisers in the form and context it is so named.

- KPMG Transaction Services has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to: (i) be named in this Prospectus as Investigating Accountant to the Company; and (ii) the inclusion in this Prospectus of the Investigating Accountant's Report in the form and context in which each appears.
- KPMG has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Auditor to the Company in the form and context it is so named.
- Link Market Services Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Company's Share Registry in the form and context in which it is so named.
- AME has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to: (i) be named in this Prospectus as Independent Coal Market Expert to the Company; (ii) the inclusion in this Prospectus of the AME Coal Market Report; (iii) the inclusion of statements in this Prospectus based on statements in the AME Coal Market Report; and (iv) the use of extracts from and/or references to the AME Coal Market Report as included in this Prospectus, in the form and context in which each appears.
- BDA has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to: (i) be named in this Prospectus as Independent Technical Expert to the Company; (ii) the inclusion in this Prospectus of the BDA Technical Report; and (iii) the inclusion of statements in this Prospectus based on statements in the BDA Technical Report, in the form and context in which each appears.
- McElroy Bryan has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to: (i) be named in this Prospectus as Independent Geologist to the Company; (ii) the inclusion in this Prospectus of an extract of its report contained within the BDA Technical Report; and (iii) the inclusion of statements in this Prospectus based on statements in the extract of its report contained within the BDA Technical Report in the form and context in which each appears.
- Norton Rose (Central Europe) LLP has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to: (i) be named in this Prospectus; (ii) the inclusion in this Prospectus of its Solicitor's Report on Russian Mining Assets; (iii) the inclusion of statements in this Prospectus based on statements in its Solicitor's Report on Russian Mining Assets; and (iv) the inclusion of statements in this Prospectus made by it or based on statements made by it, in the form and context in which each appears.
- Suárez Zapata Partners Abogados S.A.S. has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to: (i) be named in this Prospectus; (ii) the inclusion in this Prospectus of its Solicitor's Report on Colombian Mining Assets; (iii) the inclusion of statements in this Prospectus based on statements in its Solicitor's Report on Colombian Mining Assets; and (iv) the inclusion of statements in this Prospectus made by it or based on statements made by it, in the form and context in which each appears.
- Resolve Geological has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to: (i) be named in this Prospectus; (ii) the use of the graphical and statistical information, photographs and diagrams supplied by it as included in this Prospectus; and (iii) the inclusion of statements in this Prospectus made by it or based on statements made by it, in the form and context in which each appears.
- Bob Leach has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to: (i) be named in this Prospectus; (ii) the inclusion in this Prospectus of the Coal Quality Report; (iii) the use of the graphical and statistical information supplied by it as included in this Prospectus; and (iv) the inclusion of statements in this Prospectus based on statements in the Coal Quality Report, in the form and context in which each appears.
- Coffey Environments has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to: (i) be named in this Prospectus; and (ii) the inclusion of statements in this Prospectus made by it or based on statements made by it, in the form and context in which each appears.
- Ausenco Sandwell has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to: (i) be named in this Prospectus; (ii) the use of the graphical and statistical information, photographs and diagrams supplied by it as included in this Prospectus; and (iii) the inclusion of statements in this Prospectus made by it or based on statements made by it, in the form and context in which each appears.
- MMC has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to: (i) be named in this Prospectus; (ii) the use of the graphical and statistical information supplied by it as included in this Prospectus; and (iii) the inclusion of statements in this Prospectus made by it or based on statements made by it, in the form and context in which each appears.
- Neil Biggs has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, his written consent to: (i) be named in this Prospectus; and (ii) the inclusion of statements in this Prospectus based on information compiled by Mr Biggs, in the form and context in which each appears.

- Bell Potter Securities Limited has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as a Co-Lead Manager in the form and context it is so named.
- Each of E.L. Baillieu Stockbroking Limited, Evans and Partners Pty Ltd and Shaw Stockbroking Limited has given and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as a Co-Manager in the form and context it is so named.

No entity or person referred to above has made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, except as stated above.

Each entity or person referred to above has not authorised or caused the issue of this Prospectus and, to the extent permitted by law, disclaims and takes no responsibility for any statements in or omissions from this Prospectus, except as stated above.

13.19. COMPETENT PERSON'S STATEMENT

The information in this Prospectus that relates to Resources is based on information compiled by Neil Biggs. Mr Biggs is a Member of the Australasian Institute of Mining and Metallurgy and is employed by Resolve Geo Pty Ltd. Mr Biggs has sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves*. Mr Biggs consents to the inclusion in the Prospectus of the matters based on his information in the form and context in which it appears.

13.20. STATEMENT OF DIRECTORS

The Directors report that after due inquiries by them, in their opinion, since the date of the financial statements in the financial information in Section 9, there have not been any circumstances that have arisen or that have materially affected or will materially affect the assets and liabilities, financial position, profits or losses or prospects of the Company, other than as disclosed in this Prospectus.

This Prospectus is authorised by each Director of the Company who consents to its lodgement with ASIC and its issue.

14. Glossary, Technical Terms and Abbreviations

14.1. GENERAL GLOSSARY

KEY DEFINITIONS	
AEST	Australian Eastern Standard Time
Amaam Project or Amaam	Amaam Project comprising tenement License No. AND 13867 TP (also known as the Zapadniy Subsoil License)
AME or Independent Coal Market Expert	AME Consulting Pty Limited ACN 000 998 505
AME Coal Market Report	The AME Coal Market Report in Section 6
Applicant(s)	Person(s) who submit(s) an Application Form
Application	An application made to acquire a specific number of Shares pursuant to this Prospectus
Application Amount	The value of the Application to acquire a specific number of Shares pursuant to this Prospectus
Application Form	Application form attached to or accompanying this Prospectus
Application Monies	Money submitted by Applicants in respect of their Applications
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited ABN 98 008 624 691 or Australian Securities Exchange as the context requires
ASX Settlement	ASX Settlement Pty Ltd ABN 99 008 504 532
ASX Settlement Operating Rules	The operating rules of the settlement facility provided by ASX Settlement
ASX Listing Rules	The listing rules of ASX
AUD or \$	Australian dollar
Ausenco Sandwell	Ausenco Engineering Canada Inc. Corporate Registry No. BC0842855
BDA or Independent Technical Expert	Behre Dolbear Australia Pty Ltd ACN 065 713 724
BDA Technical Report	The Independent Technical Experts Report prepared by BDA (as set out in Section 7) and which also incorporated the opinion of the Independent Geologist
Bering	Bering Coal Investments Ltd, a limited liability company incorporated in Cyprus
Board	The Board of Directors of TRC (from time to time)
Bob Leach	Bob Leach Pty Ltd ACN 127 213 183
Broker	Any ASX participating organisation
Broker Firm Offer	The Offer of Shares under this Prospectus to: - Australian and New Zealand residents who are, if in Australia, sophisticated or professional investors (within the meaning of section 708(8) and 708(11) of the Corporations Act, respectively) or, if in New Zealand, a person whose principal business is in the investment of money or who, in the course of and for the purposes of their business, habitually invests money (pursuant to section 3(2)(a)(ii) of the New Zealand Securities Act 1978); or - following lodgement of this Prospectus, to Australian resident investors who are not Institutional Investors and who have received a firm allocation from their Broker.
Business Development Deed	Business Development Deed between TRC and TRM as summarised in Section 13.10.3
CHESS	Clearing House Electronic Sub-Register System operated by ASX Settlement
Closing Date	The date by which Applications must be lodged for the Offer, being 22 August 2011 for the Broker Firm Offer, unless the Company and Lead Manager agree to vary this date
Co-Lead Manager	Bell Potter Securities Limited ABN 25 006 390 772
Co-Managers	Evans and Partners Pty Ltd ABN 85 125 338 785, E.L. Baillieu Stockbroking Limited ACN 006 519 393, and Shaw Stockbroking Limited ABN 24 003 221 583

KEY DEFINITIONS	
Coal Quality Report	The report on coal quality of the Amaam and Landazuri Projects prepared by Bob Leach (as set out in Section 8)
Coffey Environments	Coffey Environments Australia Pty Ltd ACN 140 765 902
Company or TRC	Tigers Realm Coal Limited ACN 146 752 561
Colombian Concession Contracts	The Jaguar 1 Concession Contracts, the Jaguar 2 Concession Contracts and the Las Palmas Concession Contract
Completion of the Offer	Completion of the Offer made under this Prospectus
Constitution	The constitution of TRC
Corporate Advisor	Gryphon Partners
Corporations Act	Australian Corporations Act 2001 (Cth)
Director	A director of TRC (from time to time)
Eastshore	Eastshore Coal Holding Limited, a company incorporated in Cyprus
Eastshore Group	Eastshore and its controlled subsidiaries
Eastshore Shareholders' Agreement	Agreement between Bering, TR Cyprus and Eastshore as set out in 12.10.5.
Eligible US Fund Manager	Dealer or other professional fiduciary organised, incorporated or (if an individual) resident in the United States that is acting for an account (other than an estate or trust) held for the benefit or account of persons that are not US Persons for which it has and is exercising investment discretion, within the meaning of Rule 902(k)(2)(i) of Regulation S under the US Securities Act
Existing Shareholders	Holders of Shares in TRC on the date of this Prospectus
Existing Shares	Shares held by Existing Shareholders
Exposure Period	The period commencing on 29 July 2011 and ending on 12 August 2011
FY	Financial Year, 1 January to 31 December
Gross Offer Proceeds	The number of New Shares to be issued under the Offer multiplied by the Offer Price
Group	Tigers Realm Coal and each related body corporate
Gryphon Partners	Gryphon Partners Advisory Pty Ltd ACN 133 870 096
Independent Geologist	McElroy Bryan Geological Services Pty Ltd ACN 053 807 926
Independent Technical Experts	Behre Dolbear Australia Pty Ltd ACN 065 713 724
IFRS	International Financial Reporting Standards
IPO	Initial Public Offer of TRC
Institutional Investor	An investor to whom offers or invitations in respect of securities can be made without the need for a lodged prospectus (or other formality, other than a formality which the Company is willing to comply with), including in Australia persons to whom offers or invitations can be made without the need for a lodged prospectus under sections 708(8) or 708(11) of the Corporations Act and in New Zealand persons to whom offers or invitations can be made without the need for a registered prospectus under Section 3(2)(a) of the Securities Act 1978 (NZ), provided that such person is not located in the United States (other than an Eligible US Fund Manager) unless it and any such underlying investor for whose account or benefit it is acting is reasonably believed to be a QIB, or if it is in United States, it is an Eligible US Fund Manager
Institutional Offer	The invitation to Institutional Investors under this Prospectus to acquire Shares, as described in Section 3.7
Institutional Offering Memorandum	International offering memorandum under which the Institutional Offer will be made in certain overseas jurisdictions, which consists of this Prospectus and a prospectus wrap
Investigating Accountant's Report	The report covering the pro forma historical financial information disclosed in the Prospectus and set out in Section 10
Jaguar Coal	Jaguar Coal Colombia S.A.S., a company incorporated in Colombia
Jaguar 1 Concession Contracts	Colombian mining concession contracts numbered FHD-161 F12-161 and GE3-083
Jaguar 2 Concession Contracts	Colombian mining concession contracts numbered EIQ-092, EK7-151 and FEL-165

KEY DEFINITIONS	
KPMG	KPMG ABN 51 194 660 183
KPMG Transaction Services	KPMG Transaction Services (Australia) Pty Ltd ABN 65 003 891 718
Landazuri Coal Basin	The coal basin that hosts the Landazuri Project
Landazuri Project or Landazuri	Landazuri Project comprising tenements FHD-161, GE3-083, F12-161, FEL-165, EK7-151, EIQ-092 and GFN-141B
Las Palmas Coal	Las Palmas Coal S.A.S., a company incorporated in Colombia
Las Palmas Concession Contracts	Colombian mining concession contract numbered GFN-141B
Lead Manager or Underwriter	Credit Suisse (Australia) Limited ACN 007 016 300
LIBOR	London Inter-bank Offer Rate
Management	TRC's senior management personnel from time to time, including all management personnel seconded or otherwise made available to TRC by TRM, as described in Section 5.3
McElroy Bryan	McElroy Bryan Geological Services Pty Ltd ACN 053 807 926
Minimum Application	2,000 Shares
MMC	Runge Limited ACN: 010 672 321 trading as Minarco-MineConsult
New Shareholders	Persons who acquire Shares under the Offer
New Shares	Some or all of the Shares offered by TRC under the Offer, as described in the Prospectus
NPAT	Net profit after income tax
NPCC	CJSC Northern Pacific Coal Company, a company incorporated in Russia
Offer	The offer under this Prospectus of 75.0 million New Shares
Offer Price	Price of New Shares offered pursuant to this Prospectus
Official List	The official list of entities that ASX has admitted and not removed from listing
Original Exposure Period	The period commencing on 29 July 2011 and ending on 5 August 2011
Original Prospectus	The prospectus dated 29 July 2011 in relation to the issue of New Shares in the Company, which was lodged with ASIC on that date
Projects	Amaam Project and Landazuri Project
Prospectus	This replacement prospectus dated 15 August 2011, which was lodged with ASIC on that date and which replaces the Original Prospectus
QIB	Qualified institutional buyer, as such term is defined in Rule 144A under the US Securities Act
Resolve Geological	Resolve Geo Pty Ltd ABN 39 100 586 534
Retail Investor	An investor who is not an Institutional Investor
Rio Tinto	Rio Tinto Limited ACN 004 458 404 and its wholly owned subsidiaries
Russian Subsoil Law	The Law of the Russian Federation No. 2395-1 "On Subsoil", dated 21 February 1992, as amended
Russian Subsoil Licenses	The Dalniy Subsoil License and the Zapadniy Subsoil License
Siberian	Siberian Tigers International Corporation, a limited liability company incorporated under the laws of the Republic of Cyprus
Services Agreement	Services Agreement between TRC and TRM as summarised in Section 13.10.2
Share Registry	Link Market Services Limited ACN 083 214 537
Shareholders	Holders of Shares
Shares	A fully paid ordinary share in TRC
Solicitor's Report on Colombian Mining Assets	The report by Suárez Zapata Partners Abogados S.A.S. dated 22 July 2011 regarding TRC's interests in the Colombian Concession Contracts (as set out in Section 12.2 of the Prospectus)
Solicitor's Report on Russian Mining Assets	The report by Norton Rose (Central Europe) LLP dated 30 June 2011 regarding TRC's interests in the Russian Subsoil Licenses (as set out in Section 12.1 of the Prospectus)
Staff Option Plan	The staff option plan as detailed in Section 13.7
Subsidiary	Has the meaning given in the Corporations Act

KEY DEFINITIONS	
Successful Applicant	An Applicant who is allocated Shares under the Offer
Tenements	The Colombian Concession Contracts and the Russian Subsoil Licenses
TR Coal International	TR Coal International Limited ACN 146 827 876
TR Coal Spain	TR Coal Spain, S.L., a sole partner company incorporated in Spain
TR Cyprus	Tigers Realm Minerals (Cyprus) Pty Ltd, a company incorporated in Cyprus
TRC Policies and Code of Conduct	Corporate Governance Policies adopted by the Company, including the policies set out in Section 5.5.
TRM	Tigers Realm Minerals Pty Ltd ACN 132 725 583
Underwriting Agreement	The underwriting agreement dated 15 August 2011 between TRC, TRM and the Lead Manager under which the Lead Manager has agreed to underwrite the Offer.
Underwritten Offer Shares	Means 75.0 million New Shares to be offered under the offer.
US or United States	The United States of America, its territories and provinces, any state of the United States of America and the District of Columbia
US Person	Has the meaning given to it in Rule 902(k) under Regulation S of the US Securities Act
US Securities Act	United States Securities Act of 1933
USD	United States dollar
Zapadny Subsoil License	Russian subsoil license numbered AND 13867 TP, granted under the Russian Subsoil Law

14.2. GLOSSARY OF TECHNICAL TERMS AND ABBREVIATIONS

KEY DEFINITIONS	
ADB	Air dried basis
AD	Air dried
Ash	The residue remaining after a pulverised sample of the coal is incinerated under standard laboratory conditions
AR	As received
ASTM	ASTM D388 Standard Classification of Coals by Rank
BFS	Bankable Feasibility Study
coking coal or hard coking coal	Coal which is suitable for making metallurgical coke
CHPP	Coal handling and preparation plant
CSN	Crucible swelling number (also known as Free Swelling Index or FSI)
CSR	Coke strength after reaction
ddpm	dial divisions per minute
exploration target	A target area where there is insufficient data from historical and current exploration activities to identify a resource in compliance with the JORC Code, and is purely conceptual in nature
Fluidity or Gieseler Fluidity or Gieseler Maximum Fluidity	Gieseler maximum fluidity (by dial divisions per minute) or Gieseler fluidity (by maximum dial divisions per minute) is a measure of the coal's plasticity/fluidity during carbonisation, where a coal changes from a solid material to a fluid (plastic) state, and then to a fused porous solid (coke) during cooling.
FENOCO	Ferrocarriles del Norte de Colombia S.A.
FOB	Free on board
GAD	Gross air dried
GAR	Gross as received
Gray King Coke Type	The measure of a coal's coke swelling properties.
HCC	Hard coking coal
Indicated Resources	That part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence, as defined in JORC Code
Inferred Resources	That part of a coal deposit for which quality can only be estimated with a low level of confidence, as defined in JORC Code

KEY DEFINITIONS	
In-situ	In its natural position
JORC Code	A code prepared by the Joint Ore Reserve Committee in late 2004 which defines criteria for public reporting of ore and coal Resources and reserves
LOM	Life of mine
Marketable Reserves	Saleable coal from recoverable reserves, as defined in JORC Code
Mddm	Maximum dial divisions per minute
Measured Resources	That part of a coal deposit for which quality and quantity can be estimated with a high level of confidence, as defined in JORC Code
Metallurgical Coal	Metallurgical coal is a broader term comprising coking coal and PCI coal
Middle Umir Formation or Umir Formation	The geological formation which is host to the Landazuri Project coals
Mineral Resource or Resource	A concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories, as defined in JORC Code
Mt	Millions of tonnes
Mtpa	Millions of tonnes per annum
Open cut	A mine worked at and from the surface
Overburden	Material which overlies a deposit of useful material
PFS	Pre-feasibility study
Rank	Ro max
Recoverable Reserves or Coal Reserves or Reserves or Mineral Reserves	The economically mineable part of Measured or Indicated coal Resource at the time of reporting, as defined in JORC Code
Ro max	Rank of coal in terms of degree of reflectance of vitrinite
ROM	Run of mine
Specific energy	Heat content of coal
Strip ratio	The volume of overburden that must be moved for each metric ton of ROM coal produced
t	Tonnes
Thermal coal	Coal which is combusted to provide heat for steam generation and subsequent power generation, or burned for heat generation alone
Total moisture	The total moisture content of coal as sampled
Tpa	Tonnes per annum
Underground	A mine worked at from underground
Vitrinite and Reactives	The reactive components (macerals) of the coal which include vitrinite, liptinite and reactive semifusinite
Volatile matter	The loss in mass of a coal sample less that due to moisture when coal is heated under standard laboratory conditions

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15. Corporate Directory

DIRECTORS

Antony Manini, Non-Executive Chairperson
Martin Grant, Managing Director & Chief Executive Officer
Owen Hegarty, Non-Executive Director
Brian Jamieson, Independent Non-Executive Director

COMPANY SECRETARY & CHIEF FINANCIAL OFFICER

David Forsyth, Company Secretary
Ben Stockdale, Acting Chief Financial Officer

REGISTERED AND HEAD OFFICE

Level 7
333 Collins Street
Melbourne VIC 3000
Telephone: +613 8644 1300
Fax number: +613 9620 5444
Web address: www.tigersrealmcoal.com

CORPORATE ADVISOR

Gryphon Partners Advisory Pty Ltd
Level 10
81 Flinders Street
Adelaide SA 5000

LEAD MANAGER AND UNDERWRITER

Credit Suisse (Australia) Limited
1 Macquarie Place
Sydney NSW 2000

CO-LEAD MANAGER

Bell Potter Securities Limited
Level 32, Aurora Place
88 Phillip Street
Sydney NSW 2000

CO-MANAGERS

Evans and Partners Pty Ltd
32 Jolimont Terrace
East Melbourne VIC 3002

E.L. Baillieu Stockbroking Limited
360 Collins Street
Melbourne VIC 3000

Shaw Stockbroking Limited
Level 15, 60 Castlereagh Street
Sydney NSW 2000

AUSTRALIAN LEGAL ADVISORS TO THE OFFER

Clayton Utz
333 Collins Street
Melbourne VIC 3000

RUSSIAN LEGAL ADVISORS

Norton Rose (Central Europe) LLP
White Square Office Center
Butyrsky Val str 10, bldg. A
Moscow 125047
Russian Federation

COLOMBIAN LEGAL ADVISORS

Suárez Zapata Partners Abogados S.A.S.
Calle 87 No 10-93 / Office 302
Bogotá DC
Colombia

INVESTIGATING ACCOUNTANT

KPMG Transaction Services (Australia) Pty Ltd
147 Collins Street
Melbourne VIC 3000
AFSL: 245402

AUDITOR

KPMG
147 Collins Street
Melbourne VIC 3000

INDEPENDENT TECHNICAL EXPERTS

Behre Dolbear Australia Pty Ltd
Level 9
80 Mount Street
North Sydney NSW 2060

INDEPENDENT GEOLOGIST

McElroy Bryan Geological Services Pty Limited
680 Willoughby Road
Willoughby NSW 2068

INDEPENDENT COAL MARKET EXPERT

AME Consulting Pty Ltd
AME House
342 Kent Street
Sydney NSW 2000

SHARE REGISTRY

Link Market Services Limited
Level 1, 333 Collins Street
Melbourne VIC 3000

