

ASX RELEASE

23 January 2014

Tigers Realm Coal Limited announces changes to the proposed capital raising package announced on 12 December 2013

Tigers Realm Coal Limited (**TIG** or the **Company**) has amended the proposed funding package announced on 12 December 2013 to address concerns raised by the Takeovers Panel in respect of an application to the Takeovers Panel made by Dr Bruce Gray and announced by the Takeovers Panel on 17 December 2013. The Company and certain of its key managers and directors have also given undertakings to the Takeovers Panel in relation to those proceedings. The proposed amendments to the funding package, and the form of the undertakings, are described in further detail in this announcement. In addition, the Company has reached an agreement with Dr Gray that, subject to the satisfaction of certain conditions, will see a release of all claims made by him against the Company. In light of these and other undertakings and the amendments to the funding package described in this announcement, the Panel has declined to make orders in respect of the application allowing the Company to move to a general meeting of shareholders to seek approval of the financing.

Amendments to subscription agreements

Under the amendments to the proposed funding package, BV Mining Holding Limited (**BVMHL**) will still subscribe for an aggregate of 219,263,985 shares in TIG at an issue price of A\$0.165 per share to raise approximately A\$36.2 million and the Russian Direct Investment Fund (**RDIF**) will still subscribe for 99,000,000 shares in TIG at an issue price of A\$0.165 per share to raise approximately A\$16.3 million. However, the terms of the respective subscription agreements have been amended.

Summary of amendments to the subscription agreement between TIG, TRM and BVMHL

TIG, Tigers Realm Minerals Pty Ltd (**TRM**) and BVMHL have agreed to amend their subscription agreement. The material amendments to that agreement are summarised below.

- BVMHL's subscription for shares in TIG is now via a single tranche with the entire tranche now subject to shareholder approval.
- The US\$400,000 break fee has been removed from the subscription agreement. The cost reimbursement provision has been amended so that US\$325,000 of the \$US400,000 is payable on five days written notice by BVMHL, and the remaining US\$75,000 is payable following completion of the placement to BVMHL.

- The entry into escrow arrangements by certain of the key shareholders and directors of the Company is no longer a condition precedent to the placement of shares to BVMHL. The escrow deeds between each of those shareholders and the Company have been terminated and new escrow deeds have been executed. Under the terms of the new escrow deeds, the escrow arrangements will be subject to shareholder approval. The successful or unsuccessful passage of the resolution to approve the escrow arrangements will have no impact on the issue of shares to BVMHL or RDIF.
- BVMHL may, by written notice, terminate the subscription agreement at any time at its sole discretion with immediate effect.
- Completion of the placement to BVMHL is inter-conditional on completion in respect of the placement to RDIF.

Summary of amendments to the subscription agreement between TIG, TRM and RDIF

TIG, TRM and RDIF have agreed to amend their subscription agreement. The material amendments to that agreement are summarised below.

- The subscription by RDIF in respect of the 99,000,000 will be subject to shareholder approval for the purposes of item 7 of section 611 of the *Corporations Act 2001* (Cth) (not ASX Listing Rule 7.1 as previously required). The practical implication of this is that an independent expert will be required to opine on the proposed placement to RDIF (as well as the placement to BVMHL, which was always the case).
- The cost reimbursement provision has been amended so that US\$80,000 of the \$US150,000 is payable on five days written notice by RDIF, and the remaining US\$70,000 is payable following completion of the placement to RDIF.
- The entry into escrow arrangements by certain of the key shareholders and directors of the Company is no longer a condition precedent to the placement of shares to RDIF. As noted above, the escrow deeds between each of those shareholders and the Company have been terminated and new escrow deeds have been executed. Under the terms of the new escrow deeds, the escrow arrangements will be subject to shareholder approval. The successful or unsuccessful passage of the resolution to approve the escrow arrangements will have no impact on the issue of shares to RDIF or BVMHL.
- RDIF may, by written notice, terminate the subscription agreement at any time at its sole discretion with immediate effect.
- Completion of the placement to RDIF is inter-conditional on completion in respect of the placement to RDIF.

Placement to new and existing shareholders in TIG

The capital raising package announced by TIG on 12 December 2013 included a placement of 47,612,290 shares in TIG to new and existing shareholders (being sophisticated and professional investors for the purposes of sections 708(8) and 708(11) of the *Corporations Act*) at an issue price of A\$0.165 per share to raise approximately A\$7.85 million (the **Parallel Placement**). TIG has received conditional commitments from new and existing shareholders in respect of those shares,

however the placements have not yet completed. The commitments to the Parallel Placement were conditional on the placements to BVMHL and RDIF taking place. The Company will therefore seek reconfirmation from the placees in respect of their conditional commitments under the Parallel Placement in light of the amendments to the funding package described in this announcement.

When the Parallel Placement was announced, the placement to BVMHL was to be via two tranches, with the first tranche in respect of 131,000,000 shares. Under this scenario, TIG required shareholder approval for the purposes of ASX Listing Rule 7.1 to issue shares under the Parallel Placement. As noted above, under the revised terms of the placement to BVMHL, the entire placement is now to be via a single tranche which will be subject to shareholder approval. The Company therefore has capacity under ASX Listing Rule 7.1 to issue shares under the Parallel Placement without the need to obtain shareholder approval. Under the terms of the subscription agreements with each of BVMHL and RDIF, the Company cannot issue shares to investors pursuant to the Parallel Placement prior to completion of the placements to BVMHL and RDIF unless BVMHL and RDIF consent. Completion in respect of the Parallel Placement will also be conditional upon completion of the placements to BVMHL and RDIF unless BVMHL and RDIF otherwise consent. The issue of shares to directors under the Parallel Placement will still be subject to shareholder approval for the purposes of ASX Listing Rule 10.11.

Share purchase plan

The Company still intends to undertake a share purchase plan in respect of 10,000,000 shares to existing shareholders of TIG at an issue price of A\$0.165 per share. The Company will announce further details of the share purchase plan in due course.

Agreement reached with Dr Bruce Gray

As disclosed by the Company in its investor presentation dated 12 December 2013, Bruce Gray, a director of the Company and substantial shareholder, indicated that he had a claim against the Company and several of its directors in relation to certain representations made to him in connection with the Company's February 2013 placement. Another shareholder had also indicated that he would join any claim brought by Dr Gray. As noted in that announcement, the Board reviewed the facts surrounding the alleged misrepresentations and that review did not indicate to the Board that any officer of the Company had acted improperly.

Dr Gray has reached an agreement with the Company in respect of those claims on the basis that the Company has not made any admission of liability in respect of those claims. Under the agreement, subject to, amongst other things, the completion of the placements to BVMHL and RDIF, Dr Gray has given an unqualified and complete release to the Company, its officers and employees from any such claims and the Company has released Dr Gray from any counterclaims it may have had in connection with the allegations made by Dr Gray. The other shareholder who had previously indicated that he would join any claim brought by Dr Gray has also released the Company in respect of any such potential claims.

The material terms of the agreement reached between Dr Gray and the Company are summarised below:

- Dr Gray will subscribe for 15,151,515 shares in the Company at an issue price of \$0.165 per share. Dr Gray's subscription for these shares will form part of, and not be issued in addition to, the 47,612,290 shares offered to investors pursuant to the Parallel Placement. The issue of shares to Dr Gray will be subject to shareholder approval for the purposes of ASX Listing Rule 10.11.
- Subject to the completion of the placements to BVMHL and RDIF, TIG will grant Dr Gray certain anti-dilution rights and board representation rights consistent with those provided to BVMHL and RDIF.
- Anti-dilution rights. The anti-dilution rights require the Company to provide Dr Gray with an opportunity to participate in placements by the Company to the extent that enables him to maintain his pre-placement percentage ownership in the Company. These rights are subject to ASX approval and any additional conditions imposed by the ASX. In the event that ASX approval is not granted, the Company agrees that any new placements will only be offered in the first instance to all existing shareholders that hold 1% or more of the shares on issue at that time, in proportion to their respective relevant interests in the Company.
- Board representation rights. Dr Gray will have the right to appoint one nominee (which may be himself) and one alternative to the nominee, to the board of the Company for such time as he holds at least 10% of the shares on issue in the Company. This is not in addition to the board seat which Dr Gray currently has.

TRM has agreed to grant Dr Gray options over a certain number of TRM's shares in the Company at an exercise price of \$0.165 per share. The number of shares over which options are held will be equal to such number of shares that would enable Dr Gray to maintain his current ownership percentage in the Company (being 19.37%) if those options were exercised immediately following completion of the Parallel Placement and the placements to BVMHL and RDIF. The options expire 24 months from the date of grant, and may be exercised all at once or at different times.

The Company has agreed to put a resolution to shareholders to approve the grant of the options by TRM to Dr Gray. This is because the option deed gives Dr Gray an immediate technical relevant interest in those options even though the options will not be granted unless and until the placements to BVMHL and RDIF complete. This technical relevant interest would mean that, until such time as the placements to BVMHL and RDIF complete, Dr Gray would have a relevant interest in excess of 20% of the shares on issue in the Company, which would require shareholder approval pursuant to the takeovers provisions of the *Corporations Act 2001* (Cth). If shareholders do not approve the grant of the options by TRM to Dr Gray, Dr Gray can waive the requirement for shareholder approval on and from such time as completion takes place in respect of the placements to BVMHL and RDIF. The practical effect of this is that shareholders will be asked to vote on the issue of options by TRM to Dr Gray, however the outcome of that vote will not impact TRM's ability to grant those options to Dr Gray.

Support

The Takeovers Panel stated that it considered each of BVMHL and RDIF to be an associate of Antony Manini (Board Chairman), Craig Parry (Managing Director and CEO), Owen Hegarty (Director), David Forsyth (Company Secretary) and TRM (a 22.6% holder in the Company). For this reason, Messrs Manini, Parry and Hegarty will be unable to vote on any resolutions in respect of the placements to BVMHL and RDIF, and will therefore not be providing a recommendation to shareholders on whether to vote in favour of those resolutions. In addition, neither TRM nor Mr Forsyth will be able to vote on any such resolutions.

On 12 December 2013, the Company stated in its announcement that TRM and each of Messrs Manini, Parry, Hegarty and Forsyth had informed the Company that they would vote all of their shares in the Company in favour of the resolutions to approve the placements to BVMHL and RDIF. As explained above, those shareholders are no longer able to vote on the resolutions to approve the issue of shares to BVMHL and RDIF. Each of those shareholders has informed the Company that they no longer intend to vote their shares in the Company in favour of the resolutions to approve the placements to BVMHL and RDIF and will now abstain from voting on those resolutions.

Each of the following individuals, all of whom own shares in the Company and who are directors or senior employees of the Company, has informed the Company that, subject to a superior proposal emerging, he will vote all his shares in the Company in favour of all resolutions in respect of the placements to BVMHL and RDIF (other than where they are excluded from voting on a particular resolution by the ASX Listing Rules). In the event that a rival proposal to the proposed placements to BVMHL and RDIF emerges, each of the following persons has stated, and has given an undertaking to the Takeovers Panel, that he will consider any such rival proposal in good faith and on its merits, and after having considered all aspects of that proposal, only support the placements to BVMHL and RDIF if he considered that the rival proposal was not a superior proposal to the placements to BVMHL and RDIF.

- Craig Wiggill, Director
- Brian Jamieson, Director
- Chris McFadden, Head of Commercial, Strategy and Corporate Development
- David George, Manager, Investors Relations
- Peter Balka, Chief Operating Officer
- Tim Berry, General Manager HSEC

Bruce Gray also supports the placements to BVMHL and RDIF and, subject to a superior proposal emerging, recommends that shareholders vote in favour of all resolutions in respect of those placements.

Undertaking given to the Takeovers Panel by the Company

The Company has given an undertaking to the Takeovers Panel stating, among other things, that each of TRM and Antony Manini, Craig Parry, Owen Hegarty and David Forsyth will be excluded from voting on all resolutions in connection with the placements to BVMHL and RDIF.

Conclusion

TIG is pleased to have reached these agreements with the relevant parties. The Company is excited to put to shareholders the opportunity to bring two important and very strategic Russian shareholders onto the register as it embarks on the next phase of the Company's development.

TIG shares currently in voluntary suspension

The Company's shares will remain in voluntary suspension until the Company receives reconfirmation from placees in respect of their conditional commitments under the Parallel Placement - refer to the opening paragraph under the heading "Placement to new and existing shareholders in TIG" within this ASX Release.

Further details about Tigers Realm Coal can be found at **www.tigersrealmcoal.com**

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