

19 February 2014

Address Line 1
Address Line 2
Address Line 3
Address Line 4
Address Line 5
Address Line 6

Dear Shareholder,

In announcements dated 12 December 2013 and 23 January 2014, Tigers Realm Coal Limited (the **Company**) outlined details of a proposed capital raising package. The components of the package are:

- significant investments in the Company by two international funds, Baring Vostok Private Equity Fund V and the Russian Direct Investment Fund, through the placement of ordinary shares to raise a combined A\$52.5m;
- a placement of ordinary shares to existing and new shareholders to raise A\$7.85m; and
- a Share Purchase Plan of ordinary shares to existing shareholders to raise A\$1.65m.

The 23 January 2014 announcement also referred to agreements reached with Bruce Gray, a director of the Company and a substantial shareholder.

Various aspects of the capital raising package and one of the agreements with Bruce Gray require shareholder approval. To obtain such approvals, a general meeting of the Company will be held at 10am on 21 March 2014.

The enclosed booklet contains the Notice of Meeting and an Explanatory Memorandum. The Explanatory Memorandum contains important information with regard to the matters for which shareholder approval is being sought. I encourage you to read the Explanatory Memorandum carefully so as to make an informed decision on each of the resolutions.

A Proxy Form covering the five items of business is also enclosed for your attention and return to the Company's Registry.

The booklet also contains a report by an Independent Expert, DMR Corporate Pty Ltd. The Independent Expert reports on four of the resolutions to be put to shareholders. I encourage you to read the report carefully as well.

The Board considers that the capital raising package represents a very positive development for the Company and, in particular, 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.

Should you have any queries in relation to the booklet or the General Meeting, please contact David George, Manager Investor Relations, on +61 3 8644 1322.

Yours sincerely

A handwritten signature in black ink, appearing to read 'A Manini'.

Antony Manini

Chairman

Tigers Realm Coal Limited

TIGERS REALM COAL LIMITED

ABN 50 146 752 561

NOTICE OF GENERAL MEETING

AND

EXPLANATORY MEMORANDUM

AND

PROXY FORM

TIME: 10am (Melbourne time)
DATE: 21 March 2014
PLACE: The Davies Room
Rendezvous Grand Hotel
328 Flinders Street, Melbourne, Victoria

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or professional advisers prior to voting.

CONTENTS

1. Notice of Meeting (setting out the proposed Resolutions)
 2. Explanatory Memorandum (explaining the proposed Resolutions)
 3. Glossary
 4. Proxy Form
 5. Independent Expert's Report
-

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

A General Meeting of the Shareholders of Tigers Realm Coal Limited ABN 50 146 752 561 will be held at 10am (Melbourne time) on Friday, 21 March 2014, at:

The Davies Room

Rendezvous Grand Hotel

328 Flinders Street, Melbourne, Victoria

KEY DATES

Last time and date by which Proxy Form must be received by the Share Registry	10am on 19 March 2014
Time and date for determining eligibility to vote at the Meeting	7pm on 19 March 2014
General Meeting	10am on 21 March 2014
Anticipated completion of the BVMHL Placement, RDIF Placement and Parallel Placement	28 March 2014

YOUR VOTE IS IMPORTANT

The business of the General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the General Meeting at the time and place set out above.

VOTING ENTITLEMENT

Pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Directors have determined that the shareholding of each member for the purposes of ascertaining voting entitlements for the General Meeting will be as it appears in the Company's share register at

7.00pm (Melbourne time) on 19 March 2014. Accordingly, transactions registered after this time will be disregarded in determining entitlements to attend and vote at the General Meeting.

VOTING BY PROXY OR CORPORATE REPRESENTATIVE

A proxy form is enclosed. To be valid, duly signed proxies (and an authority under which the proxy is signed or a certified copy of the authority) must be received at the Company's Share Registry, Link Market Services Limited, at the address or facsimile number below not later than 10am (Melbourne time) on 19 March 2014.

Alternatively, you can lodge your proxy online via the Tigers Realm Coal registry (www.linkmarketservices.com.au and go to the Proxy Voting icon) by the same date and time.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on that member's behalf. If a member is entitled to cast two or more votes, the member may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. When more than one person is appointed, and the proportion of the member's voting right is not specified, each proxy may exercise half the votes. Fractions of votes will be disregarded. If more than one proxy is present at the meeting, neither will be entitled to vote on a show of hands. A proxy need not be a member and may be an individual or a body corporate.

A proxy form must be signed by the member or the member's attorney. Proxies given by a body corporate must be signed in accordance with the Corporations Act, the body corporate's constitution or by attorney. In the case of shares jointly held by two or more persons, all joint holders must sign the proxy form.

A member which is a body corporate and entitled to attend and vote at the meeting, or a proxy which is a body corporate and is appointed by a member entitled to attend and vote at the meeting, may appoint an individual to act as its representative at the meeting by providing that person with a letter or certificate, executed in accordance with the Corporations Act, authorising the person as the representative; or a copy of the resolution, certified by the secretary or a director of the body corporate, appointing the representative. A copy of the letter, certificate or resolution, or other evidence satisfactory to the Chairman of the meeting, must be produced prior to admission to the meeting.

Share Registry

Postal Address:

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

Or by hand:

Link Market Services Limited
Level 12, 680 George St
Sydney NSW 2000

Facsimile

(612) 9287 0309

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of Shareholders of Tigers Realm Coal Limited ABN 50 146 752 561 (the **Company**) will be held at The Davies Room, Rendezvous Grand Hotel, 328 Flinders Street, Melbourne, Victoria at 10am (Melbourne time) on 21 March 2014.

The Explanatory Memorandum that accompanies this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Memorandum and the proxy form are part of this Notice of Meeting.

Terms and abbreviations used in this Notice of Meeting and the Explanatory Memorandum are defined in the Glossary.

AGENDA

1. RESOLUTION 1.1 TO 1.6 – APPROVAL OF THE ISSUE AND ALLOTMENT OF SHARES TO THE DIRECTORS

1.1 To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, the Shareholders hereby approve the allotment and issue of 100,000 fully paid ordinary shares at an issue price of \$0.165 per Share to Antony Manini (or his nominee(s)) on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion: In accordance with Listing Rule 14.11, the Company will disregard any votes cast on this Resolution by Antony Manini and any associate of that person.

The Company need not, however, disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

1.2 To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, the Shareholders hereby approve the allotment and issue of 60,000 fully paid ordinary shares at an issue price of \$0.165 per Share to Craig Parry (or his nominee(s)) on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion: In accordance with Listing Rule 14.11, the Company will disregard any votes cast on this Resolution by Craig Parry and any associate of that person.

The Company need not, however, disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

1.3 To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, the Shareholders hereby approve the allotment and issue of 200,000 fully paid ordinary shares at an issue price of \$0.165 per Share to Brian Jamieson (or his nominee(s)) on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion: In accordance with Listing Rule 14.11, the Company will disregard any votes cast on this Resolution by Brian Jamieson and any associate of that person.

The Company need not, however, disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

1.4 To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, the Shareholders hereby approve the allotment and issue of 303,030 fully paid ordinary shares at an issue price of \$0.165 per Share to Owen Hegarty (or his nominee(s)) on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion: In accordance with Listing Rule 14.11, the Company will disregard any votes cast on this Resolution by Owen Hegarty and any associate of that person.

The Company need not, however, disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

1.5 To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, the Shareholders hereby approve the allotment and issue of 100,000 fully paid ordinary shares at an issue price of \$0.165 per Share to Craig Wiggill (or his nominee(s)) on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion: In accordance with Listing Rule 14.11, the Company will disregard any votes cast on this Resolution by Craig Wiggill and any associate of that person.

The Company need not, however, disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

1.6 To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, the Shareholders hereby approve the allotment and issue of 15,151,515 fully paid ordinary shares at an

issue price of \$0.165 per Share to Bruce Gray (or his nominee(s)) on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion: In accordance with Listing Rule 14.11, the Company will disregard any votes cast on this Resolution by Bruce Gray and any associate of that person.

The Company need not, however, disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2. RESOLUTION 2 – APPROVAL OF THE BVMHL PLACEMENT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of item 7 of section 611 of the Corporations Act and for all other purposes, the Shareholders hereby approve:

- (a) the acquisition by BVMHL (as defined in the Explanatory Memorandum) (or its permitted nominee(s)) of a relevant interest in 219,263,985 fully paid ordinary shares in the Company at an issue price of \$0.165 per Share on the terms and conditions set out in the Explanatory Memorandum; and*
- (b) as a consequence of (a), the acquisition by BVMHL of a relevant interest in any Shares in the Company in which the Company has a relevant interest."*

Independent Expert's Report

Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under item 7 of section 611 of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the transaction the subject of this Resolution to the non-associated Shareholders of the Company.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by BVMHL and any of its associates, including TRM, Craig Parry, Antony Manini, Owen Hegarty and David Forsyth (and any of their related entities).

The Company need not, however, disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

3. RESOLUTION 3 – APPROVAL OF THE RDIF PLACEMENT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of item 7 of section 611 of the Corporations Act and for all other purposes, the Shareholders hereby approve:

- (a) the acquisition by RDIF (as defined in the Explanatory Memorandum) (or its permitted nominee(s)) of a relevant interest in 99,000,000 fully paid ordinary shares in the Company at an issue price of \$0.165 per Share on the terms and conditions set out in the Explanatory Memorandum; and*
- (b) as a consequence of (a), the acquisition by RDIF of a relevant interest in any Shares in the Company in which the Company has a relevant interest."*

Independent Expert's Report

Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under item 7 of section 611 of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the transaction the subject of this Resolution to the non-associated Shareholders of the Company.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by RDIF and any of its associates, including TRM, Craig Parry, Antony Manini, Owen Hegarty and David Forsyth (and any of their related entities).

The Company need not, however, disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

4. RESOLUTION 4 – APPROVAL OF ESCROW ARRANGEMENTS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of item 7 of section 611 of the Corporations Act and for all other purposes, the Shareholders hereby approve the acquisition by Tigers Realm Coal Limited and Tigers Realm Minerals Pty Ltd of a relevant interest in all Shares the subject of the escrow arrangements described in the Explanatory Memorandum."

Independent Expert's Report

Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under item 7 of section 611 of the Corporations Act. The Independent Expert's Report comments on the reasonableness of the transaction the subject of this Resolution to the non-associated Shareholders of the Company.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by the Company, any of its associates and the following: TRM, Craig Parry, Antony Manini, Owen Hegarty and David Forsyth (and any of their related entities).

The Company need not, however, disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

5. RESOLUTION 5 – APPROVAL OF OPTION DEED

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of item 7 of section 611 of the Corporations Act and for all other purposes, the Shareholders hereby approve the acquisition by Bruce Gray and Hanate Pty Ltd of a relevant interest in all Shares the subject of the Option Deed (as defined in the Explanatory Memorandum) on the terms and conditions described in the Explanatory Memorandum."

Independent Expert's Report

Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under item 7 of section 611 of the Corporations Act. The Independent Expert's Report comments on the reasonableness of the transaction the subject of this Resolution to the non-associated Shareholders of the Company.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Bruce Gray and TRM (and any of their related entities).

The Company need not, however, disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

By Order of the Board



David Forsyth

Company Secretary

19 February 2014

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the General Meeting to be held at The Davies Room, Rendezvous Grand Hotel, 328 Flinders Street, Melbourne, Victoria at 10am (Melbourne time) on Friday, 21 March 2014.

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Meeting.

OVERVIEW

General background to proposed capital raisings

On 12 December 2013, the Company announced a capital raising package comprising the BVMHL Placement, the RDIF Placement, the Parallel Placement and the proposed Share Purchase Plan, to raise up to \$62,019,586. In addition, the Company disclosed that 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 indicated that he would join any claim brought by Dr Gray.

On 16 December 2013, Dr Gray made an application to the Takeovers Panel seeking orders in respect of the proposed Capital Raisings announced by the Company on 12 December 2013. During the proceedings conducted by the Panel, the terms of the BVMHL Placement and the RDIF Placement were amended. In addition, the Company reached an agreement with Dr Gray in relation to the claim noted above. Furthermore, the other Shareholder noted above has executed a deed of release with the Company in respect of any such claim he may have had.

The amendments to the BVMHL Subscription Agreement, the RDIF Subscription Agreement and the terms of the settlement agreement with Dr Gray are summarised in the announcement to the ASX made by TIG on 23 January 2014.

The Parallel Placement

The Parallel Placement comprises an issue and allotment of 47,612,290 Shares to Parallel Placement Investors and Directors, to raise approximately \$7.85 million. TIG has received conditional commitments from new and existing Shareholders in respect of those shares, however the placements have not yet been completed. The commitments to the Parallel Placement were conditional on the placements to BVMHL and RDIF completing. The Company will therefore seek reconfirmation from the Parallel Placement Investors in respect of their conditional commitments in light of amendments to the funding package described in this Explanatory Memorandum.

Under the terms of the BVMHL Subscription Agreement and the RDIF Subscription Agreement, 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.

Directors of the Company have agreed to subscribe for an aggregate of 15,914,545 Shares pursuant to the Parallel Placement. The issue of Shares to the Directors under the Parallel Placement is subject to Shareholder approval for the purposes of Listing Rule 10.11.

(See section 1 of this Explanatory Memorandum for further information on the Parallel Placement.)

The BVMHL Placement

Under the BVMHL Placement, BVMHL has agreed to subscribe for 219,263,985 Shares at an issue price of \$0.165 per Share, to raise \$36,178,557. The subscription, issue and allotment of the Shares under the BVMHL Placement are subject to a number of conditions, including Shareholder approval for the purposes of item 7 of section 611 of the Corporations Act and completion in respect of the RDIF Placement.

(See section 2 of this Explanatory Memorandum for further information on the BVMHL Placement.)

The RDIF Placement

Under the RDIF Placement, RDIF has agreed to subscribe for 99,000,000 Shares at an issue price of \$0.165 per Share to raise \$16,335,000. The subscription, issue and allotment of the Shares under the RDIF Placement are subject to a number of conditions, including Shareholder approval for the purposes of item 7 of section 611 of the Corporations Act and completion in respect of the BVMHL Placement.

(See section 3 of this Explanatory Memorandum for further information on the RDIF Placement.)

Share Purchase Plan

If Shareholders approve the BVMHL Placement and the RDIF Placement pursuant to Resolutions 2 and 3 of the Notice, the Company intends to undertake a share purchase plan. Under the SPP, 10,000,000 Shares will be offered to eligible Shareholders at an issue price of \$0.165 per Share, to raise approximately \$1.65 million. The Company will announce further details of the SPP in March 2014.

Use of funds

The proceeds raised under the Capital Raisings will be applied towards funding the bankable feasibility study at Project F (located at Amaam North), further drilling at Amaam and Amaam North and the commencement of development and construction of Project F assuming timely completion of the bankable feasibility study and no adverse events. Part of the proceeds raised under the Capital Raisings will also be applied to costs and expenses associated with the above.

TIG anticipates that these funds will provide a material part of the equity component of the development cost of Project F however the funds will not be sufficient to allow for construction of the entire project and a further funding round will be necessary. While TIG hopes to develop Project F to a stage where debt funding options become available there is no guarantee that such funding will be obtained or available on favourable terms or at all. If debt funding is unavailable or not available on favourable terms then a further equity issue will continue to be the primary option available to the Company to progress the completion of development and construction of Project F.

The funds raised in the capital raising announced in December 2013 will not be sufficient to allow TIG to undertake the entire Amaam Project BFS however critical path items for this study and drilling to meet licence obligations at Amaam until the end of 2014 are provided for in TIG's budget. However, such critical path items and drilling may need to be reappraised against other spending

priorities if unanticipated costs arise on any of TIG's projects or the next funding round is delayed or both. TIG sees the Amaam Project as a core medium to long-term value driver for the Company. As such it intends to continue work on the Amaam Project in the future. It will seek to fund the Amaam Project BFS and subject to the outcome of this study and the corporate strategy at that time it may seek to fund Amaam Project development costs at the appropriate time via and subject to availability, the appropriate mix of debt and equity. If debt funding is unavailable or not available on favourable terms then a further equity issue will be the primary option available to the Company to progress the development of the Amaam Project.

Issue price under the BVMHL Placement, the RDIF Placement, the Parallel Placement and the Share Purchase Plan

The issue price under the Capital Raisings is \$0.165 per Share. This represents a 5.8% discount to the five day VWAP, and a 3.8% discount to the 30 day VWAP, of the Shares on the ASX for the period up to and including 4 December 2013 (being the last trading day before the announcement of the Capital Raisings).

Dilutive impact of the BVMHL Placement, the RDIF Placement, the Parallel Placement and the Share Purchase Plan

As at the date of the Notice, TIG has on issue 524,223,017 Shares. It is proposed that 219,263,985 Shares will be issued under the BVMHL Placement, 99,000,000 Shares will be issued under the RDIF Placement, 47,612,290 Shares will be issued under the Parallel Placement and 10,000,000 Shares will be issued under the Share Purchase Plan, which would result in TIG having in aggregate 900,099,292 Shares on issue following completion of those transactions. The current Shares on issue would represent 58.24% of the aggregate number of Shares on issue following completion of the BVMHL Placement, the RDIF Placement, the Parallel Placement and the Share Purchase Plan.

Subscription Agreements

The material terms of the BVMHL Subscription Agreement are summarised in Schedule 1 of this Explanatory Memorandum. The material terms of the RDIF Subscription Agreement are summarised in Schedule 2 of this Explanatory Memorandum.

Agreement reached with 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 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.

As disclosed by the Company on 23 January 2014, the Company has reached an agreement with the Dr Gray 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 the completion of the placements to BVMHL and RDIF, Dr Gray has agreed to give an unqualified and complete release to the Company, its officers and employees from any such claims and the Company has agreed to give an unqualified and complete release to 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 executed a deed of release with the Company in connection to 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 Listing Rule 10.11. See section 1 of this Explanatory Memorandum for further information.
- Subject to the completion of the placements to BVMHL and RDIF, the Company 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 addition, the Company also agrees that any new material 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 alternate director, to the board of the Company for such time as he has a relevant interest in 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. This right will lapse if Dr Gray threatens, initiates or causes the initiation of a new claim against the Company (except where the claim is against the Company for a breach of the agreement between Dr Gray and the Company). On or prior to the date of the next annual general meeting of TIG, Dr Gray has agreed to resign from the TIG Board and has agreed to nominate his son, Andrew Gray, as a Director of TIG pursuant to this board representation right.

TRM and Hanate Pty Ltd (**Hanate**) (a company controlled by Dr Gray) have also executed an Option Deed pursuant to which TRM has agreed to grant Hanate options over a certain number of Shares held by TRM at an exercise price of \$0.165 per Share, subject to completion of the BVMHL Placement and the RDIF Placement. The number of Shares over which options are to be held is equal to such number of Shares that would enable Dr Gray to maintain his ownership percentage in the Company as at the date of the Option Deed (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 the first to occur of completion of the BVMHL Placement and completion of the RDIF Placement, and may be exercised all at once or at different times. The options must be exercised in minimum parcels of 10 million or such other number of options remaining at the relevant time if that number is less than 10 million.

TRM has a pre-emptive right over any Shares transferred to Dr Gray under the Option Deed, such that Dr Gray is unable to dispose of those Shares to a third party during the option period without

first offering those Shares to TRM (except where those Shares are disposed of pursuant to a takeover bid, scheme of arrangement, buy-back or reduction of capital).

As detailed above, the Company has agreed to put a resolution to Shareholders to approve the grant of the options to Hanate pursuant to the Option Deed. This is required as the Option Deed would otherwise technically give Hanate and Dr Gray an immediate relevant interest in Shares the subject of the options on the date of signing the Option Deed, even though the options will not be granted unless and until the placements to BVMHL and RDIF complete. If Shareholders do not approve the grant of the options by TRM to Hanate, Hanate can waive the requirement for Shareholder approval on and from completion of the placements to BVMHL and RDIF. The practical effect of this is that Shareholders will be asked to vote on the increase in Dr Gray's relevant interest in all Shares as a result of the issue of options by TRM to Hanate, however the outcome of that vote will not prevent the options coming into existence.

Support

The Takeovers Panel stated that it considered each of Antony Manini (Chairman of the Company), Craig Parry (Managing Director and CEO of the Company), Owen Hegarty (Director of the Company), David Forsyth (Company Secretary) and TRM (a 22.86% holder in the Company) to be an associate of each of BVMHL and RDIF. For this reason, Messrs Manini, Parry and Hegarty will be unable to vote on the 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 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 of his Shares in the Company in favour of all resolutions in respect of the placements to BVMHL and RDIF (other than where he is excluded from voting on a particular resolution by the 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 considers that the rival proposal is not a superior proposal to the BVMHL Placement and the RDIF Placement.

- Craig Wiggill, Director
- Brian Jamieson, Director
- Chris McFadden, Head of Commercial, Strategy and Corporate Development
- David George, Manager, Investor 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.

1. RESOLUTIONS 1.1 TO 1.6 - APPROVAL OF THE ISSUE AND ALLOTMENT OF SHARES TO THE DIRECTORS

1.1 Background

On 12 December 2013 and 23 January 2014, the Company announced the BVMHL Placement and the RDIF Placement to raise gross proceeds of approximately \$52.5 million (see sections 2 and 3 of this Explanatory Memorandum). In addition, the Company announced plans to raise approximately \$7.85 million under a placement to new and existing Shareholders (the **Parallel Placement**) and approximately \$1.65 million under a Share Purchase Plan. Under the Parallel Placement, the Company has received conditional commitments from new and existing Shareholders to subscribe for an aggregate of 47,612,290 Shares at \$0.165 per Share. These conditional commitments comprise conditional commitments by investors other than Directors in respect of 31,697,745 Shares and conditional commitments by Directors in respect of 15,914,545 Shares.

The participation of the Directors in the Parallel Placement is on the same terms as the Parallel Placement Investors, however the issue and allotment of Shares to the Directors is subject to Shareholder approval for the purposes of Listing Rule 10.11 as each Director is a Related Party of the Company.

Under the terms of the BVMHL Subscription Agreement and the RDIF Subscription Agreement, the Company cannot issue Shares to investors (including the Directors) 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.

1.2 Listing Rules

Under Chapter 10 of the Listing Rules, a company must, generally, obtain shareholder approval for the issue of equity securities (being ordinary shares or securities convertible into ordinary shares) to directors or their associates.

The approval of Resolutions 1.1 to 1.6 will permit the Company to issue Shares to the Directors (or their permitted nominee(s)) at any time within one month of the Meeting (or longer if approved by the ASX under an ASX waiver). Each Director's participation in the Parallel Placement will be on exactly the same terms as the offer made to the Parallel Placement Investors.

If approval is given for the issue of Shares to the Directors under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

1.3 Details of the issue

In accordance with Listing Rule 10.13, Shareholders are advised as follows:

- (a) the maximum number of Shares to be issued:
 - (i) if Resolution 1.1 is passed, is 100,000 Shares to Antony Manini, the Chairman of the board of directors of the Company, or his nominee(s)

-
- (ii) if Resolution 1.2 is passed, is 60,000 Shares to Craig Parry, the Chief Executive Officer of the Company, or his nominee(s);
 - (iii) if Resolution 1.3 is passed, is 200,000 Shares to Brian Jamieson, a Director of the Company, or his nominee(s);
 - (iv) if Resolution 1.4 is passed, is 303,030 Shares to Owen Hegarty, a Director of the Company, or his nominee(s);
 - (v) if Resolution 1.5 is passed, is 100,000 Shares to Craig Wiggill, a Director of the Company, or his nominee(s); and
 - (vi) if Resolution 1.6 is passed, is 15,151,515 Shares to Bruce Gray, a Director of the Company, or his nominee(s);
- (b) if Resolutions 1.1 to 1.6 are passed, the Shares that are the subject of those Resolutions are expected to be issued and allotted on 28 March 2014, and in any event, no later than one month after the date of the Meeting. However, the issue of Shares pursuant to those Resolutions is subject to completion in respect of the BVMHL Placement and the RDIF Placement both occurring, unless BVMHL and RDIF waive this condition;
 - (c) Shares that are the subject of Resolutions 1.1 to 1.6 are to be issued at \$0.165 per Share;
 - (d) the Shares to be issued pursuant to Resolutions 1.1 to 1.6 will be fully paid ordinary shares and will rank equally with the existing Shares on issue;
 - (e) funds raised from the issue of Shares pursuant to Resolutions 1.1 to 1.6 will be used for the purposes described in the "General Background" section of this Explanatory Memorandum; and
 - (f) a voting exclusion statement in respect of each of Resolutions 1.1 to 1.6 is set out in the Notice under that Resolution.

1.4 Additional information in relation to Resolution 1.6

As set out in the Overview section of this Explanatory Memorandum under the heading "Agreement reached with Bruce Gray", TRM has agreed to grant Hanate options over a number of shares in the Company held by TRM pursuant to the Option Deed. Under the terms of the Option Deed, the number of Shares the subject of options will increase in the event that Shareholders do not approve the issue of Shares to Dr Gray pursuant to Resolution 1.6. This increase in the number of Shares the subject of options will enable Dr Gray to maintain his ownership percentage in the Company even if Shareholders do not approve the issue of new Shares to Dr Gray pursuant to Resolution 1.6.

1.5 Recommendation

All of the Directors other than Antony Manini recommend that Shareholders vote in favour of Resolution 1.1. Mr Manini does not wish to make a recommendation to Shareholders about Resolution 1.1 as he has an interest in the outcome of that Resolution.

All of the Directors other than Craig Parry recommend that Shareholders vote in favour of Resolution 1.2. Mr Parry does not wish to make a recommendation to Shareholders about Resolution 1.2 as he has an interest in the outcome of that Resolution.

All of the Directors other than Brian Jamieson recommend that Shareholders vote in favour of Resolution 1.3. Mr Jamieson does not wish to make a recommendation to Shareholders about Resolution 1.3 as he has an interest in the outcome of that Resolution.

All of the Directors other than Owen Hegarty recommend that Shareholders vote in favour of Resolution 1.4. Mr Hegarty does not wish to make a recommendation to Shareholders about Resolution 1.4 as he has an interest in the outcome of that Resolution.

All of the Directors other than Craig Wiggill recommend that Shareholders vote in favour of Resolution 1.5. Mr Wiggill does not wish to make a recommendation to Shareholders about Resolution 1.5 as he has an interest in the outcome of that Resolution.

All of the Directors other than Bruce Gray recommend that Shareholders vote in favour of Resolution 1.6. Dr Gray does not wish to make a recommendation to Shareholders about Resolution 1.6 as he has an interest in the outcome of that Resolution.

2. RESOLUTION 2 – APPROVAL OF THE BVMHL PLACEMENT

2.1 Background

Under the BVMHL Placement, BVMHL has agreed to subscribe for 219,263,985 Shares at an issue price of \$0.165 per Share, to raise \$36,178,557. The subscription, issue and allotment of Shares under the BVMHL Placement are subject to a number of conditions, including Shareholder approval for the purposes of item 7 of section 611 of the Corporations Act and completion in respect of the RDIF Placement. A summary of the key terms of the BVMHL Subscription Agreement is set out in Schedule 1 of this Explanatory Memorandum.

Although completion of the BVMHL Placement is inter-conditional on completion of the RDIF Placement, BVMHL may (but is not required to) waive this inter-conditionality if for any reason the RDIF Placement does not proceed and BVMHL wishes to proceed with the BVMHL Placement.

Resolution 2 seeks Shareholder approval for the purposes of Item 7 of section 611 of the Corporations Act to allow BVMHL to subscribe for, and acquire a relevant interest in, the BVMHL Placement Shares. This will result in BVMHL's voting power in TIG increasing from a starting point that is above 20% and below 90% (see below at section 2.3 for further information).

The issue price of the Shares under the Capital Raisings (including the BVMHL Placement) is \$0.165 per Share. The issue price represents a 5.8% discount to the five day VWAP, and a 3.8% discount to the 30 day VWAP, of the Shares on the ASX for the period up to and including 4 December 2013 (being the last trading day before the announcement of the Capital Raisings).

2.2 BVMHL Share Subscription Agreement

A summary of the key terms of the BVMHL Subscription Agreement is set out in Schedule 1 of this Explanatory Memorandum. You are encouraged to read that summary in full, which includes a summary of the following important provisions:

- conditions precedent to the BVMHL Placement;
- warranties given by the Company in favour of BVMHL;
- anti-dilution rights to be granted by the Company to BVMHL;
- board representation rights to be granted by the Company to BVMHL;
- reserved matters which TIG cannot undertake without the approval of BVMHL;
- indemnity to be given by the Company in favour of BVMHL;
- indemnity to be given by TRM in favour of BVMHL; and
- termination rights of the parties, including BVMHL's right to terminate the BVMHL Subscription Agreement in its sole discretion at any time prior to completion of the BVMHL Placement.

2.3 Item 7 of section 611 of the Corporations Act

(a) Section 606 of the Corporations Act – Statutory Prohibition

Pursuant to section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction that person's or someone else's voting power in the company increases:

- from 20% or below to more than 20%; or
- from a starting point that is above 20% and below 90%.

(b) Voting Power

The voting power of a person in a body corporate is determined in accordance with section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

Following proceedings conducted by the Takeovers Panel, the Panel stated that, including because of the terms of the original subscription agreement dated 11 December 2013 entered into by the Company, BVMHL and TRM, it considered each of TRM, Antony Manini, Craig Parry, Owen Hegarty and David Forsyth to be an associate of BVMHL. BVMHL's associates have an aggregate relevant interest in 169,726,506 Shares which represents approximately 32.38% of the Shares currently on issue. This technically gives BVMHL a current voting power in TIG in respect of those Shares.

(c) Associates

For the purposes of determining voting power under the Corporations Act, a person (**second person**) is an associate of the other person (**first person**) if (pursuant to section 12(2) of the Corporations Act):

- (i) the first person is a body corporate and the second person is:
 - (A) a body corporate the first person controls;
 - (B) a body corporate that controls the first person; or
 - (C) a body corporate that is controlled by an entity that controls the first person;
- (ii) the second person has entered or proposes to enter into a relevant agreement with the first person for the purpose of controlling or influencing the composition of the company's board or the conduct of the company's affairs; or
- (iii) the second person is a person with whom the first person is acting or proposes to act, in concert in relation to the company's affairs.

As noted at paragraph (b) above, the Takeovers Panel stated that it considered each of TRM, Antony Manini, Craig Parry, Owen Hegarty and David Forsyth to be an associate of BVMHL.

(d) **Relevant Interests**

Section 608(1) of the Corporations Act provides that a person has a relevant interest in securities if they:

- (i) are the holder of the securities;
- (ii) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or
- (iii) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

In addition, section 608(3) of the Corporations Act provides that a person has a relevant interest in securities that any of the following has:

- (i) a body corporate in which the person's voting power is above 20%;
- (ii) a body corporate that the person controls.

(e) **Reason section 611 approval is required**

For the reasons set out at paragraph (b) above, BVMHL is deemed to have voting power in 169,726,506 Shares (being approximately 32.38% of the Shares currently on issue) due to the relevant interest in Shares held by its associates.

Although the Takeovers Panel deemed each of TRM, Antony Manini, Craig Parry, Owen Hegarty and David Forsyth to be an associate of BVMHL as set out in paragraph (b) above, any arrangements or understandings between them relate to the implementation and execution of the BVMHL Placement.

BVMHL and each of its associates have notified the Company that on completion of the BVMHL Placement, no agreement, understanding or arrangement in respect of the composition of the Company's board or the conduct of the Company's affairs will exist between BVMHL and any of those persons. As such, BVMHL considers that those persons will cease to be its associates, and each of those persons considers that BVMHL will cease to be its associate, on completion of the BVMHL Placement. BVMHL's voting power in the Company will therefore cease to include Shares in which those persons have a relevant interest on completion of the BVMHL Placement.

Therefore, the proposed acquisition by BVMHL of a relevant interest in 219,263,985 Shares will result in BVMHL's voting power in TIG changing from approximately 32.38% to between approximately 24.36% and 49.92% (depending on whether Resolutions 1.1 to 1.6 are approved, whether Resolution 4 is approved and whether the RDIF Placement completes).

If Resolution 4 is passed, BVMHL's voting power in TIG will increase as a result of its acquisition of Shares under the BVMHL Placement. This is because BVMHL will be deemed to acquire a relevant interest in Shares in which TIG has a relevant

interest. If the escrow arrangements the subject of Resolution 4 are approved by Shareholders, TIG will obtain a relevant interest in 172,725,981 Shares (or 173,489,011 Shares if Resolutions 1.1 to 1.5 are approved).

(See section 2.4(b) below for further information.)

Item 7 of section 611 of the Corporations Act provides an exception to the statutory prohibition under section 606(1) of the Corporations Act set out above. The exception enables a person to acquire a relevant interest in a company's voting shares with shareholder approval.

Shareholder approval under item 7 of section 611 of the Corporations Act in respect of the BVMHL Placement is sought under Resolution 2. If shareholder approval is obtained under item 7 of section 611 of the Corporations Act, shareholder approval is not required for the purposes of Listing Rule 7.1.

2.4 Prescribed Information – Item 7 of section 611 of the Corporations Act

The following information is required to be provided to Shareholders under the Corporations Act in respect of Resolution 2.

(a) Identity of the person proposing to make the acquisition and their associates

BVMHL is proposing to acquire the shares under Resolution 2. BVMHL will hold the investment ultimately for Baring Vostok Private Equity Fund V (BVPEF V). BVPEF V is one of six current private equity funds (**Funds**) advised by Baring Vostok Capital Partners Limited (Guernsey) (**BVCP**), one of Russia's and the region's leading private equity firms. The Funds advised by BVCP have invested over US\$2.1 billion in more than 60 companies since 1994 and currently have committed capital of US\$3.7 billion. The Funds have partially or fully exited 42 projects with an average holding period of 6 years.

The Funds' portfolios have been historically diversified among several rapidly-growing sectors in the region, including Natural Resources; Internet, Media and Telecommunications; Financial Services; and Consumer Goods and Services. Over 35 experienced investment professionals sit in the Moscow office of BVCP's sub-advisor. BVCP's parent company is a member of Baring Private Equity International, a global private equity group with more than US\$12 billion of capital under management by affiliates in Russia/CIS, Asia, India, and Latin America. BVPEF V's investor base consists primarily of pension funds, sovereign wealth funds, and university endowments from North America, Western Europe, the Middle East and Asia.

Associates of BVMHL who are excluded from voting on Resolution 2 are TRM, Craig Parry, Antony Manini, Owen Hegarty and David Forsyth (and any of their related entities).

(b) The maximum extent of the increase in that person's voting power in the Company that would result from the acquisition

For the reasons set out in section 2.3(b), BVMHL is taken to have voting power in TIG of approximately 32.38% through the Shares held by its deemed associates,

TRM, Antony Manini, Craig Parry, Owen Hegarty and David Forsyth. As noted in section 2.3(e), BVMHL and each of its associates have notified that Company that this association will cease on completion of the BVMHL Placement. The proposed acquisition by BVMHL of a relevant interest in 219,263,985 Shares will therefore result in BVMHL's voting power in TIG changing from approximately 32.38% to between approximately 24.36% and 49.92% (depending on whether Resolutions 1.1 to 1.6 are approved, whether Resolution 4 is approved and whether the RDIF Placement completes).

These percentages are calculated based on:

- the 219,263,985 Shares to be acquired by BVMHL pursuant to the BVMHL Placement; and
- subject to the passage of Resolution 4, the 172,725,981 Shares the subject of the escrow arrangements.

Although, subject to the passage of Resolution 4, BVMHL will be taken to have voting power in respect of the Shares held by the Escrowed Shareholders, TIG understands that BVMHL does not have any power to influence how any of the Escrowed Shareholders will vote their Shares.

Set out below are the possible percentage ownerships in the Company to be held by BVMHL (subject to the passage of Resolution 2 and the satisfaction or waiver of the remaining conditions precedent in the BVMHL Subscription Agreement), if BVMHL acquires 219,263,985 Shares under the BVMHL Placement.

	Total Shares on issue¹	Shares held by BVMHL	BVMHL's voting power immediately following completion excluding Escrowed Shares²	BVMHL's voting power immediately following completion including Escrowed Shares³
Resolutions 1.1 to 1.6 are approved and the RDIF Placement completes	900,099,292	219,263,985	24.36%	43.63%
Resolutions 1.1 to 1.6 are approved and the RDIF Placement does not complete	801,099,292	219,263,985	27.37%	49.03%
Resolutions 1.1 to 1.6 are not approved and the RDIF Placement completes	884,184,747	219,263,985	24.80%	44.33%
Resolutions 1.1 to 1.6 are not approved and the RDIF Placement does not complete	785,184,747	219,263,985	27.93%	49.92%

As explained in section 2.1, completion of the BVMHL Placement is inter-conditional on completion of the RDIF Placement. However, BVMHL may (but is not required to) waive this inter-conditionality if for any reason the RDIF Placement

¹ This includes the 10,000,000 Shares to be issued pursuant to the Share Purchase Plan.

² Calculated by reference to the Shares in which BVMHL and its associates have a relevant interest as a percentage of the Shares on issue (excluding the Shares the subject of the Escrow Deeds in which BVMHL would have a deemed relevant interest if Resolution 4 is passed).

³ Calculated by reference to the Shares in which BVMHL and its associates have a relevant interest as a percentage of the Shares on issue (including the Shares the subject of the Escrow Deeds in which BVMHL would have a deemed relevant interest if Resolution 4 is passed).

does not proceed and BVMHL wishes to proceed with the BVMHL Placement. In these circumstances, the releases provided by Dr Gray and the Company to each other would not come into effect, and the indemnity which the Company has agreed to provide BVMHL on completion of the BVMHL Placement would operate to protect BVMHL from liability in respect of any claim brought by Dr Gray.

(c) **The voting power that the person would have as a result of the acquisition**

The voting power that BVMHL would have in the Company as a result of the acquisition under Resolution 2, and the passage of Resolution 4, is set out at paragraph (b) above.

2.5 Prescribed Information – ASIC Regulatory Guide 74

The following further information is required to be provided to Shareholders under ASIC Regulatory Guide 74 in respect of Resolution 2.

(a) **Explanation of the reasons for the proposed acquisition**

The Shares to be issued pursuant to the BVMHL Placement will be issued for aggregate consideration of approximately \$36 million. These funds, together with the funds to be raised from the RDIF Placement, the Parallel Placement and the SPP will be used for the purposes outlined in the Overview section of this Explanatory Memorandum, under the heading "Use of funds".

(b) **When the proposed acquisition is to occur**

It is intended that the Shares that are the subject of Resolution 2 will be issued and allotted on 28 March 2014, and in any event, no later than three months after the date of the Meeting (subject to the satisfaction or waiver of the conditions precedent in the BVMHL Subscription Agreement).

Below is a summary of the outstanding conditions precedent to completion of the BVMHL Placement. See Schedule 1 for further detail on these conditions.

- completion of the RDIF Placement, which is subject to Shareholder approval and FIRB approval;
- the passage of Resolutions 2 and 3;
- Allens providing a legal opinion to TIG, which has been provided to and may be relied upon by BVMHL, in relation to the litigation threatened by Bruce Gray (see below at paragraph (c) for further information); and
- no material adverse change having occurred in respect of TIG.

As described in Schedule 1 of this Explanatory Memorandum, BVMHL also has a right to terminate the BVMHL Subscription Agreement in its sole discretion at any time prior to completion of the BVMHL Placement.

(c) **The material terms of the proposed acquisition**

The material terms of the BVMHL Subscription Agreement are summarised in Schedule 1 to this Explanatory Memorandum. In particular, your attention is drawn to the indemnity which the Company has agreed to provide BVMHL and RDIF upon completion of the BVMHL Placement and the RDIF Placement.

The indemnity is described in further detail below.

Reasons for TIG providing the indemnity

In November 2013, Bruce Gray, a Director of the Company and a substantial shareholder, indicated that he had a claim against the Company and several of its Directors in relation to certain alleged representations made to him in connection with the Company's February 2013 placement. Another Shareholder indicated that he would join any claim brought by Dr Gray.

Upon becoming aware of the threatened litigation, BVMHL and RDIF indicated that they were only prepared to continue with their proposed investments in the Company on certain additional conditions, including indemnity protection in respect of Dr Gray's threatened litigation.

Mutual releases provided by the Company and Dr Gray to each other

Subject to the completion of the placements to BVMHL and RDIF, Dr Gray has agreed to give an unqualified and complete release to the Company, its officers and employees from any such claims and the Company has agreed to give an unqualified and complete release to Dr Gray from any counterclaims it may have had in connection with the allegations made by Dr Gray and their timing. 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 without seeking additional compensation from the Company or other shareholders in exchange for granting such release. See the Overview section under the heading "Agreement reached with Bruce Gray" for further information.

Although completion of the BVMHL Placement is inter-conditional on completion of the RDIF Placement, BVMHL may (but is not required to) waive this inter-conditionality if for any reason the RDIF Placement does not proceed and BVMHL wishes to proceed with the BVMHL Placement. In these circumstances, the releases provided by Dr Gray and the Company to each other would not come into effect, and the indemnity which the Company has agreed to provide BVMHL on completion of the BVMHL Placement would operate in respect of any claim brought by Dr Gray.

The key terms of the indemnity are described in Schedule 1 of this Explanatory Memorandum.

- (d) **Details of the terms of any other relevant agreement between BVMHL and the Company (or any of their associates) that is conditional on (or directly or indirectly depends on) members' approval of Resolution 2**

Escrow Deeds

A number of Shareholders have agreed to enter Escrow Deeds with TIG in respect of their Shares, with the escrow arrangements subject to Shareholder approval. Those Shareholders include TRM, Craig Parry, Antony Manini, Owen Hegarty and David Forsyth who are associates of BVMHL. Further information on these proposed escrow arrangements is set out in section 4 of this Explanatory Memorandum.

If Shareholders approve the Escrow Deeds and the deeds become effective, TIG intends to terminate the Escrow Deeds if Resolution 2 and Resolution 3 are not approved by Shareholders. This is because the escrow arrangements have been requested by BVMHL and RDIF and would therefore not be required if neither of the BVMHL Placement nor the RDIF Placement completes.

Agreements with Bruce Gray

The Company has reached an agreement with Bruce Gray in respect of certain claims made by Dr Gray against the Company and its Directors, and potential counterclaims by the Company against Dr Gray. The terms of this agreement (the Release and Subscription Deed) include mutual releases, top-up rights and board representation rights. That agreement, including the releases, rights and obligations set out in it, is subject to completion of the BVMHL Placement and the RDIF Placement both occurring. If those two placements do not complete, the various releases, rights and obligations of Dr Gray and the Company under that agreement will not come into effect.

In addition, TRM has entered into the Option Deed with Hanate pursuant to which TRM agrees to grant Hanate a number of options to acquire Shares. The grant of those options is also conditional upon completion of the BVMHL Placement and the RDIF Placement.

See the Overview section of this Explanatory Memorandum under the heading "Agreement with Bruce Gray" for further information on these agreements.

(e) **BVMHL's intentions regarding the future of the Company if members approve the acquisition**

Other than as discussed elsewhere in this Explanatory Memorandum, BVMHL has informed the Company that it:

- (i) has no present intention of making any significant changes to the business of the Company;
- (ii) has no present intention of injecting further capital into the Company, although it is noted that BVMHL may participate in future capital raisings conducted by the Company and will have anti-dilution rights in respect of such future capital raisings. These are explained in further detail at section 2.7(f) and set out in the summary of the BVMHL Subscription Agreement at Schedule 1 of this Explanatory Memorandum;
- (iii) has no present intentions in respect of the future employment of present employees of the Company;
- (iv) has no present intentions to transfer any of the assets of TIG to BVMHL or its associates; and
- (v) has no present intentions to redeploy the fixed assets of the Company.

(f) **Any intention of BVMHL to significantly change the financial or dividend distribution policies of the Company**

BVMHL has informed the Company that it has no intention to significantly change the financial or dividend distribution policies of the Company.

(g) **The interests that any Director has in the acquisition or any agreement disclosed at paragraph (d) above**

As noted at paragraph (d) above, Craig Parry, Antony Manini and Owen Hegarty are all parties to escrow arrangements which are subject to Resolution 4.

In addition, as noted above at section 2.3(b), the Takeovers Panel stated that it considered TRM, Antony Manini, Craig Parry, Owen Hegarty and David Forsyth to be associates of BVMHL. BVMHL therefore technically has a current voting power in TIG in respect of all Shares held by those persons, being an aggregate of 169,726,506 Shares which represents approximately 32.38% of the Shares on issue in TIG. However, BVMHL and each of those associates have notified the Company that, for the reasons set out in section 2.3(e), the association will cease on completion of the BVMHL Placement. BVMHL will therefore immediately cease to have voting power in any Shares held by those persons on completion of the BVMHL Placement.

Bruce Gray is also a party to the Release and Subscription Deed with the Company and effectively a party to the Option Deed through Hanate (a company controlled by Dr Gray). These agreements are described in the Overview section of this Explanatory Memorandum under the heading "Agreement with Bruce Gray". Those agreements are subject to completion in respect of the BVMHL Placement and the RDIF Placement.

(h) **Details about any person who is intended to become a Director if members approve Resolution 2**

Pursuant to the terms of the BVMHL Subscription Agreement, BVMHL will be entitled to appoint a director to the Board of TIG following completion of the BVMHL Placement, and will maintain that right for such times as it holds at least 10% of the Shares on issue in TIG (excluding Shares issued by TIG pursuant to stock option plans and any new issue of Shares in which BVMHL was not given an opportunity to participate).

BVMHL has not yet notified the Company who it intends to nominate as a Director if the BVMHL Placement completes. The Company will provide further details on BVMHL's Director nominee in due course.

(i) **Interests and Recommendations of Directors**

The Directors of the Company do not have an interest in the outcome of Resolution 2 other than as Directors and Shareholders of the Company.

Three of the Company's Directors, Messrs Manini, Parry and Hegarty, were considered by the Takeovers Panel to be associates of BVMHL. The grounds for the Takeovers Panel's view did not indicate that the Panel considered that these

Directors had an interest in the outcome of Resolution 2 other than as Directors and Shareholders of the Company. Further, BVMHL and each of those associates have notified the Company that, for the reasons set out in section 2.3(e), the association will cease on completion of the BVMHL Placement. BVMHL will therefore immediately cease to have voting power in any Shares held by those persons on completion of the BVMHL Placement.

See below at section 2.9 for the recommendations of the non-associated Directors on how Shareholders should vote on Resolution 2.

2.6 Advantages of the BVMHL Placement

The Board of TIG is of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on proposed Resolution 2.

(a)	Directors who are not associates of BVMHL recommend you vote in favour of the BVMHL Placement in the absence of a superior proposal	✓
(b)	Enables TIG to raise a significant amount of capital to meet its currently planned capital expenditure plan for 2014	✓
(c)	The Company will face significant financial hardship if the BVMHL Placement and RDIF Placement do not proceed	✓
(d)	The BVMHL Placement and RDIF Placement will introduce large experienced Russian investors onto the Company's register	✓
(e)	Independent Expert's conclusion that the BVMHL Placement is not fair but reasonable	✓
(f)	The Company considers the issue price to be a small discount to the prevailing market price of the Shares and to represent a very attractive issue price for the Company to raise such a significant amount of capital	✓
(g)	The BVMHL Placement and the RDIF Placement are a result of a very thorough exercise undertaken by the Company and its advisers to secure strategic cornerstone investors	✓
(h)	Release from Bruce Gray is conditional on completion of BVMHL Placement and RDIF Placement	✓

(a) **Directors who are not associates of BVMHL recommend you vote in favour of the BVMHL Placement in the absence of a superior proposal**

The Directors who are not associates of BVMHL, being Craig Wiggill, Brian Jamieson and Bruce Gray, believe that the BVMHL Placement is in the best interests of Shareholders and recommend that Shareholders vote in favour of Resolution 2 in the absence of a superior proposal. These Directors have formed their conclusion and made their recommendation based on the matters set out in this section 2.6 and section 2.7.

Messrs Wiggill, Jamieson and Gray intend to vote in favour of Resolution 2 in the absence of a superior proposal. See section 2.9 for further information on the Directors' recommendations.

(b) **Enables TIG to raise a significant amount of capital to meet its currently planned capital expenditure plan for 2014**

The amount to be raised pursuant to the BVMHL Placement and the RDIF Placement will satisfy the Company's currently planned capital expenditure plan for 2014. These funds will be applied towards funding the bankable feasibility study for the Project F coking coal mine at Amaam North, further drilling and Amaam and Amaam North and the commencement of development and construction of Project F, assuming timely completion of the bankable feasibility study and no adverse events.

See the Overview section of this Explanatory Memorandum under the heading "Use of funds" for further information.

(c) **The Company will face significant financial hardship if the BVMHL Placement and RDIF Placement do not proceed**

When the Company announced the proposed funding package on 12 December 2013, it expected that the first tranche of the proposed placement to BVMHL would complete shortly after that announcement. Now that the entire BVMHL Placement is subject to Shareholder approval, and given the additional costs incurred by the Company resulting from the application to the Takeovers Panel and the corresponding amendments to the subscription agreements with each of BVMHL and RDIF, the Company's cash resources are very low.

The Company considers that it would face significant financial hardship if the BVMHL Placement and RDIF Placement do not proceed.

(d) **The BVMHL Placement and RDIF Placement will introduce large experienced Russian investors onto the Company's register**

The presence of two large and experienced world class investors from Russia on the Company's share register would be an extremely positive development for TIG's Amaam and Amaam North projects.

BVMHL will hold the Shares acquired through the BVMHL Placement ultimately for BVPEF V. BVPEF V is one of six private equity funds advised by Baring Vostok Capital Partners Limited (Guernsey) (**BVCP**), one of Russia's and the region's leading private equity firms. (See section 2.4(a) above for further information on BVMHL).

RDIF is a \$10 billion Russian sovereign wealth fund that was created in 2011 under the leadership of both the President and Prime Minister of the Russian Federation. RDIF's management company is a wholly owned subsidiary of the Russian state development bank, State Corporation "Bank for Development and Foreign Economic Affairs (Vnesheconombank)". (See section 3.4(a) for further information on RDIF.)

The involvement of BVMHL and RDIF in the Company may also help it to overcome market preconceptions of Russian sovereign risk.

(e) **Independent Expert's conclusion that the BVMHL Placement is not fair but reasonable**

The Independent Expert has concluded that the BVMHL Placement is not fair but reasonable. (See section 2.8 of this Explanatory Memorandum for further information).

The Independent Expert's Report is provided in full in Annexure A of this Explanatory Memorandum. Shareholders are encouraged to read it carefully in its entirety, including the assumptions, qualifications and disclaimers on which the Independent Expert's conclusion is based.

(f) **The Company considers the issue price to be a small discount to the prevailing market price of the Shares and to represent a very attractive issue price for the Company to raise such a significant amount of capital**

The issue price of Shares under the Capital Raising, including the BVMHL Placement, represents a 5.8% discount to the five day VWAP, and a 3.8% discount to the 30 day VWAP, of the Shares on the ASX for the period up to and including 4 December 2013 (being the last trading day before the announcement of the Capital Raisings). The Company considers this to be a small discount to the prevailing market rate of the Shares and represents a very attractive price for the Company to raise such a significant amount of capital.

(g) **The BVMHL Placement and the RDIF Placement are a result of a very thorough exercise undertaken by the Company and its advisers to secure strategic cornerstone investors**

In accordance with the Company's strategic direction, TIG was engaged in a thorough exercise of seeking potential investors for most of the 2013 calendar year. The Company and its advisers contacted over 70 potential investors during a very lengthy process and at the end of that process, the Capital Raisings were considered by the Board to be significantly better than any other capital raising alternatives available to TIG.

(h) **Release from Bruce Gray is conditional on completion of BVMHL Placement and RDIF Placement**

Bruce Gray is a party to the Release and Subscription Deed with the Company and effectively a party to the Option Deed through Hanate (a company controlled by Dr Gray). These agreements are described in the Overview section of this Explanatory Memorandum under the heading "Agreement with Bruce Gray". The Release and Subscription Deed contains an unqualified and complete release to the Company, its Directors and employees in respect of certain claims made by Dr Gray. This release is conditional on completion of the BVMHL Placement and the RDIF Placement.

2.7 Disadvantages of the BVMHL Placement

The Board of TIG is of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on proposed Resolution 2.

(a)	Dilutive impact of the Capital Raising	X
(b)	Discount of issue price under the Capital Raising to the prevailing market price	X
(c)	A superior capital raising proposal may yet emerge	X
(d)	You may disagree with the non-associated Directors' recommendations	X
(e)	The indemnity to be provided to BVMHL	X
(f)	The other rights to be granted to BVMHL pursuant to the BVMHL Subscription Agreement	X
(g)	Rights to be granted to Bruce Gray on completion of the BVMHL Placement and the RDIF Placement	X

(a) **Dilutive impact of the Capital Raising**

The current Shares on issue would represent 58.24% of the aggregate number of Shares on issue following completion of the BVMHL Placement, the RDIF Placement, the Parallel Placement and the Share Purchase Plan. You may be of the view that the Company should not undertake such a significant capital raising, and that it should instead scale back its activities and undertake a small capital raising that would be less dilutive to existing Shareholders.

(b) **Discount of issue price under the Capital Raising to the prevailing market price**

The issue price of Shares under the Capital Raising, including the BVMHL Placement, represents a 5.8% discount to the five day VWAP, and a 3.8% discount to the 30 day VWAP, of the Shares on the ASX for the period up to and including

4 December 2013 (being the last trading day before the announcement of the Capital Raisings). You may be of the view that this issue price represents too great a discount to the prevailing market price of TIG Shares. You may view the BVMHL Placement as a control transaction and be of the view that the BVMHL Placement should be undertaken at a premium to the prevailing market price.

The Company views the Capital Raisings as a capital raising rather than a control transaction, and considers the discount noted above to be very favourable to existing Shareholders. In a capital raising transaction it is common for shares to be issued at a discount to the prevailing market price of the shares.

(c) **A superior capital raising proposal may yet emerge**

A superior capital raising proposal may emerge in the foreseeable future. The completion of the BVMHL Placement may mean that Shareholders would not obtain the benefit of any such proposal.

However, since the announcement of the Capital Raisings on 12 December 2013, no capital raising has emerged that, in the view of the Directors of the Company, is considered a superior capital raising proposal. Furthermore, in the view of the Directors, it is unlikely that a superior capital raising proposal will emerge in the near future.

(d) **You may disagree with the non-associated Directors' recommendations**

You may disagree with the recommendations of the Directors who are not associates of BVMHL, being Craig Wiggill, Brian Jamieson and Bruce Gray, that the BVMHL Placement is in the best interests of Shareholders (in the absence of a superior proposal). You may also disagree with the view of the Independent Expert who concludes that the BVMHL Placement is not fair but reasonable. See section 2.9 for further information on the Directors' recommendations.

(e) **The indemnity to be provided to BVMHL**

You may be of the view that the disadvantages to TIG in providing the indemnity to BVMHL outweigh the advantages of the BVMHL Placement (and/or that the disadvantages to TIG in providing the indemnity to RDIF similarly outweigh the advantages of the RDIF Placement). Further details on the indemnities to be provided to BVMHL and RDIF are set out in section 2.5(c) of this Explanatory Memorandum.

However, as described in section 2.5, subject to completion of the BVMHL Placement and the RDIF Placement, the Company will have the benefit of a release in respect of any such claims by Dr Gray which, but for such release, would be covered by the indemnity.

(f) **The other rights to be granted to BVMHL pursuant to the BVMHL Subscription Agreement**

Pursuant to the terms of the BVMHL Subscription Agreement, BVMHL will have a number of rights in respect of TIG following completion of the BVMHL Placement.

A summary of some of these rights is set out below. See Schedule 1 of this Explanatory Memorandum for further information on these rights.

- **Anti-dilution rights** pursuant to which BVMHL will be entitled to participate in any placements by TIG such that it maintains its percentage ownership in the Company at that time.
- **Board representation rights** pursuant to which BVMHL will be entitled to appoint a director to the Board of TIG following completion of the BVMHL Placement.
- **Reserved matters rights** pursuant to which the Board of TIG cannot undertake certain actions described in Schedule 1 of this Explanatory Memorandum without the approval of BVMHL.

The above rights will cease to exist if BVMHL's shareholding (combined with BVMHL's permitted nominee's shareholding) in TIG drops to below 10% (or in the case of the anti-dilution rights, drops below 10% or increases to above 30%) of the Shares on issue in TIG (excluding Shares issued by TIG pursuant to stock option plans and any new issue of Shares in which BVMHL was not given an opportunity to participate). RDIF has reciprocal rights under the RDIF Subscription Agreement.

You may be of the view that the disadvantages to TIG in providing the above rights to BVMHL (and the corresponding rights to RDIF in respect of the RDIF Placement) outweigh the advantages of the BVMHL Placement (and the RDIF Placement).

(g) **The other rights to be granted to Bruce Gray on completion of the BVMHL Placement and the RDIF Placement**

Bruce Gray is also a party to the Release and Subscription Deed with the Company and effectively a party to the Option Deed through Hanate (a company controlled by Dr Gray). These agreements are described in the Overview section of this Explanatory Memorandum under the heading "Agreement with Dr Gray". In addition to the unqualified and complete release to be granted by each of Dr Gray and the Company to each other, the Release and Subscription Deed also grants Dr Gray anti-dilution rights and board representation rights. The Release and Subscription Deed and the Option Deed are conditional on completion of the BVMHL Placement and the RDIF Placement.

You may be of the view that the benefits to the Company of the BVMHL Placement and the RDIF Placement are outweighed by the releases and rights granted to Dr Gray pursuant to the Release and Subscription Deed and Option Deed. Although, it is noted that under the Release and Subscription Deed Dr Gray and the Company give mutual releases to each other.

2.8 Independent Expert's Report

The Independent Expert has concluded that the BVMHL Placement is not fair but reasonable.

As the BVMHL Placement will result in BVMHL acquiring an interest in the Company of greater than 20%, the Independent Expert has analysed the BVMHL Placement as a "control transaction" for the purposes of ASIC Regulatory Guide 111. The Independent Expert has therefore adopted a control value in its assessment of the fairness of the BVMHL Placement.

In accordance with ASIC Regulatory Guide 111, the BVMHL Placement is considered "fair" if the value of the Shares on a post transaction minority basis (ie, following completion of the BVMHL Placement and the RDIF Placement without applying a control premium) is equal to or greater than the value of the shares pre-transaction on a control basis (ie, prior to completion of the BVMHL Placement and the RDIF Placement applying a control premium). The Independent Expert concluded that the value of the Shares on a post transaction minority basis is between \$0.166 and \$0.171 per Share and the value of the Shares on a pre-transaction control basis is between \$0.208 and \$0.235 per Share. The Independent Expert has therefore concluded that the BVMHL Placement is not fair, although it concluded that it was reasonable.

The Company views each of the BVMHL Placement, the RDIF Placement and the Parallel Placement individually, and in the aggregate, as a capital raising transaction rather than a control transaction. In a capital raising transaction it is common for shares to be issued at a discount to the prevailing market price of the shares.

The Independent Expert's Report is provided in full in Annexure A of this Explanatory Memorandum. Shareholders are encouraged to read it carefully in its entirety, including the assumptions, qualifications and disclaimers on which the Independent Expert's conclusion is based.

2.9 Recommendation

Following the proceedings conducted by the Takeovers Panel, the Panel stated that it considered TRM, Antony Manini, Craig Parry, Owen Hegarty and David Forsyth to be associates of BVMHL. For these reasons, Messrs Manini, Parry and Hegarty are unable to vote on Resolution 2. As Messrs Manini, Parry and Hegarty are unable to vote on Resolution 2, they are not providing a recommendation to Shareholders on how to vote on the Resolution.

Brian Jamieson, Craig Wiggill and Bruce Gray, being the Directors of the Company who are not associates of BVMHL, recommend Shareholders vote in favour of Resolution 2 in the absence of a superior proposal. Messrs Jamieson, Wiggill and Gray intend to vote all the Shares held by them in favour of Resolution 2, in the absence of a superior proposal.

Messrs Jamieson, Wiggill and Gray believe that the reasons for Shareholders to vote in favour of Resolution 2 outweigh the reasons to vote against it, in the absence of a superior proposal. These reasons, and other relevant considerations are set out sections 2.6 and 2.7 of this Explanatory Memorandum. Additionally, the Independent Expert has concluded that the BVMHL Placement is not fair but reasonable. You should also read the Independent Expert's Report which is set out in Annexure A to this Explanatory Memorandum.

3. RESOLUTION 3 – APPROVAL OF THE RDIF PLACEMENT

3.1 Background

Under the RDIF Placement, RDIF has agreed to subscribe for 99,000,000 Shares at an issue price of \$0.165 per Share, to raise \$16,335,000. The subscription, issue and allotment of Shares under the RDIF Placement are subject to a number of conditions, including Shareholder approval for the purposes of item 7 of section 611 of the Corporations Act and completion in respect of the BVMHL Placement. A summary of the key terms of the RDIF Subscription Agreement is set out in Schedule 2 of this Explanatory Memorandum.

Although completion of the RDIF Placement is inter-conditional on completion of the BVMHL Placement, RDIF may (but is not required to) waive this inter-conditionality if for any reason the BVMHL Placement does not proceed and RDIF wishes to proceed with the RDIF Placement.

Resolution 3 seeks Shareholder approval for the purposes of Item 7 of section 611 of the Corporations Act to allow RDIF to subscribe for, and acquire a relevant interest in, the RDIF Placement Shares. This will result in RDIF's voting power in TIG increasing from a starting point that is above 20% and below 90% (see below at section 3.3 for further information).

The issue price of the Shares under the Capital Raisings (including the RDIF Placement) is \$0.165 per Share. The issue price represents a 5.8% discount to the five day VWAP, and a 3.8% discount to the 30 day VWAP, of the Shares on the ASX for the period up to and including 4 December 2013 (being the last trading day before the announcement of the Capital Raisings).

3.2 RDIF Share Subscription Agreement

A summary of the key terms of the RDIF Subscription Agreement is set out in Schedule 2 of this Explanatory Memorandum. You are encouraged to read that summary in full, which includes a summary of the following important provisions:

- conditions precedent to the RDIF Placement;
- warranties given by the Company in favour of RDIF;
- anti-dilution rights to be granted by the Company to RDIF;
- board representation rights to be granted by the Company to RDIF;
- reserved matters which TIG cannot undertake without the approval of RDIF;
- indemnity to be given by the Company in favour of RDIF;
- indemnity to be given by TRM in favour of RDIF; and
- termination rights of the parties, including RDIF's right to terminate the RDIF Subscription Agreement in its sole discretion at any time prior to completion of the RDIF Placement.

3.3 Item 7 of section 611 of the Corporations Act

(a) Section 606 of the Corporations Act – Statutory Prohibition

See section 2.3(a) for further information on the statutory prohibition under section 606 of the Corporations Act.

(b) **Voting Power**

See section 2.3(b) for further information on the calculation of a person's voting power under the Corporations Act.

Following proceedings conducted by the Takeovers Panel, the Panel stated that, including because of the terms of the original subscription agreement dated 11 December 2013 entered into by the Company, RDIF and TRM, it considered each of TRM, Antony Manini, Craig Parry, Owen Hegarty and David Forsyth to be an associate of RDIF. RDIF's associates have an aggregate relevant interest in 169,726,506 Shares which represents approximately 32.38% of the Shares currently on issue. This technically gives RDIF a current voting power in TIG in respect of those Shares.

(c) **Associates**

See section 2.3(c) for further information on the meaning of the word "associates" for the purposes of calculating a person's voting power under the Corporations Act.

As noted at paragraph (b) above, the Takeovers Panel stated that it considered each of TRM, Antony Manini, Craig Parry, Owen Hegarty and David Forsyth to be an associate of RDIF.

(d) **Relevant Interests**

See section 2.3(d) for further information on the meaning of the term "relevant interests" for the purposes of section 606 of the Corporations Act.

(e) **Reason section 611 approval is required**

For the reasons set out at paragraph (b) above, RDIF is deemed to have voting power in 169,726,506 Shares (being approximately 32.38% of the Shares currently on issue) due to the relevant interest in Shares held by its associates.

Although the Takeovers Panel deemed each of TRM, Antony Manini, Craig Parry, Owen Hegarty and David Forsyth to be an associate of RDIF as set out in paragraph (b) above, any arrangements or understandings between them relate to the implementation and execution of the RDIF Placement.

RDIF and each of its associates have notified the Company that on completion of the RDIF Placement, no agreement, understanding or arrangement in respect of the composition of the Company's board or the conduct of the Company's affairs will exist between RDIF and any of those persons. As such, RDIF considers that those persons will cease to be its associates, and each of those persons considers that RDIF will cease to be its associates, on completion of the RDIF Placement. RDIF's voting power in the Company will therefore cease to include Shares in which those persons have a relevant interest on completion of the RDIF Placement.

Therefore, the proposed acquisition by RDIF of a relevant interest in 99,000,000 Shares will result in RDIF's voting power in TIG changing from approximately

32.38% to between approximately 11.00% and 14.89% (depending on whether Resolutions 1.1 to 1.6 are approved and whether the BVMHL Placement completes).

(See section 3.4(b) below for further information.)

Even though RDIF and each of its associates considers that the association will cease upon completion of the RDIF Placement, to be certain there is no breach of section 606 of the Corporations Act, shareholder approval under item 7 of section 606 of the Corporations Act is being sought.

Item 7 of section 611 of the Corporations Act provides an exception to the statutory prohibition under section 606(1) of the Corporations Act set out in section 2.3(a) of this Explanatory Memorandum. The exception enables a person to acquire a relevant interest in a company's voting shares with shareholder approval.

Shareholder approval under item 7 of section 611 of the Corporations Act in respect of the RDIF Placement is sought under Resolution 3. If shareholder approval is obtained under item 7 of section 611 of the Corporations Act, shareholder approval is not required for the purposes of Listing Rule 7.1.

3.4 Prescribed Information – Item 7 of section 611 of the Corporations Act

The following information is required to be provided to Shareholders under the Corporations Act in respect of Resolution 3.

(a) Identity of the person proposing to make the acquisition and their associates

RDIF is proposing to acquire the shares under Resolution 3. RDIF was created in 2011 under the leadership of both the President and Prime Minister of the Russian Federation to, inter alia:

- spur modernization of the Russian economy by providing growth capital for businesses;
- co-invest alongside top global investors, side-by-side on the same terms;
- act as a catalyst for foreign direct investment in the Russian economy; and
- provide support and alignment of interests with foreign investors.

RDIF's management company is a 100% subsidiary of the Russian state development bank, State Corporation "Bank for Development and Foreign Economic Affairs (Vnesheconombank)". RDIF's funds total US\$10 billion and it makes equity co-investments alongside with its co-investors primarily in the Russian economy. RDIF and its partners have invested US\$3.6 billion into leading companies since its establishment, comprising more than US\$850 million by RDIF and more than US\$2.8 billion by its partners. RDIF has attracted more than US\$10 billion of foreign capital into the Russian economy through long-term strategic partnerships.

One of RDIF's mandates is to work with the Ministry of Economic Development to provide state support to projects in Russia's Far East. Its CEO, Kirill Dmitriev, is a

Deputy Chairman of the Investment Council under Chairman of the State Duma (Russian Parliament).

Associates of RDIF who are excluded from voting on Resolution 3 are TRM, Craig Parry, Antony Manini, Owen Hegarty and David Forsyth (and any of their related entities).

(b) **The maximum extent of the increase in that person's voting power in the Company that would result from the acquisition**

For the reasons set out in section 3.3(b), RDIF is taken to have voting power in TIG of approximately 32.38% through the Shares held by its deemed associates, TRM, Antony Manini, Craig Parry, Owen Hegarty and David Forsyth. As noted in section 3.3(e), RDIF and each of its associates have notified the Company that this association will cease on completion of the RDIF Placement.

The proposed acquisition by RDIF of a relevant interest in 99,000,000 Shares will therefore result in RDIF's voting power in TIG changing from approximately 32.38% to between approximately 11.00% and 14.89% (depending on whether Resolutions 1.1 to 1.6 are approved and whether the BVMHL Placement completes).

These percentages are calculated based on the 99,000,000 Shares to be acquired by RDIF pursuant to the RDIF Placement.

Set out below are the possible percentage ownerships in the Company to be held by RDIF (subject to the passage of Resolution 3 and the satisfaction or waiver of the remaining conditions precedent in the RDIF Subscription Agreement), if RDIF acquires 99,000,000 Shares under the RDIF Placement.

	Total Shares on issue⁴	Shares held by RDIF	RDIF's voting power
Resolutions 1.1 to 1.6 are approved and the BVMHL Placement completes	900,099,292	99,000,000	11.00%
Resolutions 1.1 to 1.6 are approved and the BVMHL Placement does not complete	680,835,307	99,000,000	14.54%
Resolutions 1.1 to 1.6 are not approved and the BVMHL Placement completes	884,184,747	99,000,000	11.20%
Resolutions 1.1 to 1.6 are not approved and the BVMHL Placement does not complete	664,920,762	99,000,000	14.89%

As explained in section 3.1 completion of the RDIF Placement is inter-conditional on completion of the BVMHL Placement. However, RDIF may (but is not required to) waive this inter-conditionality if for any reason the BVMHL Placement does not proceed and RDIF wishes to proceed with the RDIF Placement. In these circumstances, the releases provided by Dr Gray and the Company to each other would not come into effect, and the indemnity which the Company has agreed to

⁴ This includes the 10,000,000 Shares to be issued pursuant to the Share Purchase Plan.

provide RDIF on completion of the RDIF Placement would operate to protect RDIF from liability in respect of any claim brought by Dr Gray.

(c) **The voting power that the person would have as a result of the acquisition**

The voting power that RDIF would have in the Company as a result of the acquisition under Resolution 3 is set out at paragraph (b) above.

3.5 Prescribed Information – ASIC Regulatory Guide 74

The following further information is required to be provided to Shareholders under ASIC Regulatory Guide 74 in respect of Resolution 3.

(a) **Explanation of the reasons for the proposed acquisition**

The Shares to be issued pursuant to the RDIF Placement will be issued for aggregate consideration of \$16,335,000. These funds, together with the funds to be raised from the BVMHL Placement, the Parallel Placement and the SPP will be used for the purposes outlined in the Overview section of this Explanatory Memorandum, under the heading "Use of funds".

(b) **When the proposed acquisition is to occur**

It is intended that the Shares that are the subject of Resolution 3 will be issued and allotted on 28 March 2014, and in any event, no later than three months after the date of the Meeting (subject to the satisfaction or waiver of the conditions precedent in the RDIF Subscription Agreement).

Below is a summary of the outstanding conditions precedent to completion of the RDIF Placement. See Schedule 1 for further detail on these conditions.

- completion of the BVMHL Placement, which is subject to Shareholder approval;
- FIRB approval of the RDIF Placement;
- the passage of Resolutions 2 and 3;
- Allens providing a legal opinion to TIG, which has been provided to and may be relied upon by RDIF, in relation to the litigation threatened by Bruce Gray (see above at section 2.5 for further information); and
- no material adverse change having occurred in respect of TIG.

As described in Schedule 2 of this Explanatory Memorandum, RDIF also has a right to terminate the RDIF Subscription Agreement in its sole discretion at any time prior to completion of the RDIF Placement.

(c) **The material terms of the proposed acquisition**

The material terms of the RDIF Subscription Agreement are summarised in Schedule 2 to this Explanatory Memorandum. In particular, your attention is drawn to the indemnity which the Company has agreed to provide RDIF and BVMHL upon completion of the RDIF Placement and the BVMHL Placement. The indemnity is described in further detail below.

Reasons for TIG providing the indemnity

See above at section 2.5(c) of this Explanatory Memorandum for the reasons why TIG is providing the indemnity.

Mutual releases provided by the Company and Dr Gray to each other

See above at section 2.5(c) of this Explanatory Memorandum for information on the mutual release provided by Dr Gray and the Company to each other.

The key terms of the indemnity are described in Schedule 2 of this Explanatory Memorandum.

- (d) **Details of the terms of any other relevant agreement between RDIF and the Company (or any of their associates) that is conditional on (or directly or indirectly depends on) members' approval of Resolution 3**

Escrow Deeds

A number of Shareholders have agreed to enter Escrow Deeds with TIG in respect of their Shares, with the escrow arrangements subject to Shareholder approval. Those Shareholders include TRM, Craig Parry, Antony Manini, Owen Hegarty and David Forsyth who are associates of RDIF. Further information on these proposed escrow arrangements is set out in section 4 of this Explanatory Memorandum.

If Shareholders approve the Escrow Deeds and the deeds become effective, TIG intends to terminate the Escrow Deeds if Resolution 2 and Resolution 3 are not approved by Shareholders. This is because the escrow arrangements have been requested by RDIF and BVMHL and would therefore not be required if neither of the BVMHL Placement nor the RDIF Placement completes.

Agreements with Bruce Gray

The Company has reached an agreement with Bruce Gray in respect of certain claims made by Dr Gray against the Company and its Directors, and potential counterclaims by the Company against Dr Gray. The terms of this agreement (the Release and Subscription Deed) include mutual releases, top-up rights and board representation rights. That agreement, including the releases, rights and obligations set out in it, is subject to completion of the BVMHL Placement and the RDIF Placement both occurring. If those two placements do not complete, the various releases, rights and obligations of Dr Gray and the Company under that agreement will not come into effect.

In addition, TRM has entered into the Option Deed with Hanate pursuant to which TRM agrees to grant Hanate a number of options to acquire Shares. The grant of those options is also conditional upon completion of the BVMHL Placement and the RDIF Placement.

See the Overview section of this Explanatory Memorandum under the heading "Agreement with Bruce Gray" for further information on these agreements.

(e) **RDIF's intentions regarding the future of the Company if members approve the acquisition**

Other than as discussed elsewhere in this Explanatory Memorandum, RDIF has informed the Company that it:

- (i) has no present intention of making any significant changes to the business of the Company;
- (ii) has no present intention of injecting further capital into the Company, although it is noted that RDIF may participate in future capital raisings conducted by the Company and will have anti-dilution rights in respect of such future capital raisings. These are explained in further detail at section 3.7(f) and set out in the summary of the RDIF Subscription Agreement at Schedule 2 of this Explanatory Memorandum;
- (iii) has no present intentions in respect of the future employment of present employees of the Company;
- (iv) has no present intentions to transfer any of the assets of TIG to RDIF or its associates; and
- (v) has no present intentions to redeploy the fixed assets of the Company.

(f) **Any intention of RDIF to significantly change the financial or dividend distribution policies of the Company**

RDIF has informed the Company that it has no intention to significantly change the financial or dividend distribution policies of the Company.

(g) **The interests that any Director has in the acquisition or any agreement disclosed at paragraph (d) above**

As noted at paragraph (d) above, Craig Parry, Antony Manini and Owen Hegarty are all parties to escrow arrangements which are subject to Resolution 4.

In addition, as noted above at section 3.4(b), the Takeovers Panel stated that it considered TRM, Antony Manini, Craig Parry, Owen Hegarty and David Forsyth to be associates of RDIF. RDIF therefore technically has a current voting power in TIG in respect of all Shares held by those persons, being an aggregate of 169,726,506 Shares which represents approximately 32.38% of the Shares on issue in TIG. However, RDIF and each of those associates have notified the Company that, for the reasons set out in section 3.3(e), the association will cease on completion of the RDIF Placement. RDIF will therefore immediately cease to have voting power in any Shares held by those persons on completion of the RDIF Placement.

Bruce Gray is also a party to the Release and Subscription Deed with the Company and effectively a party to the Option Deed through Hanate (a company controlled by Dr Gray). These agreements are described in the Overview section of this Explanatory Memorandum under the heading "Agreement with Bruce Gray". Those agreements are subject to completion in respect of the BVMHL Placement and the RDIF Placement.

(h) **Details about any person who is intended to become a Director if members approve Resolution 3**

Pursuant to the terms of the RDIF Subscription Agreement, RDIF will be entitled to appoint a director to the Board of TIG following completion of the RDIF Placement, and will maintain that right for such times as it holds at least 10% of the Shares on issue in TIG (excluding Shares issued by TIG pursuant to stock option plans and any new issue of Shares in which RDIF was not given an opportunity to participate).

RDIF has not yet notified the Company who it intends to nominate as a Director if the RDIF Placement completes. The Company will provide further details on RDIF's Director nominee in due course.

(i) **Interests and Recommendations of Directors**

The Directors of the Company do not have an interest in the outcome of Resolution 3 other than as Directors and Shareholders of the Company.

Three of the Company's Directors, Messrs Manini, Parry and Hegarty, were considered by the Takeovers Panel to be associates of RDIF. The grounds for the Takeovers Panel's view did not indicate that the Panel considered that these Directors had an interest in the outcome of Resolution 3 other than as Directors and Shareholders of the Company. However, RDIF and each of those associates have notified the Company that, for the reasons set out in section 3.3(e), the association will cease on completion of the RDIF Placement. RDIF will therefore immediately cease to have voting power in any Shares held by those persons on completion of the RDIF Placement.

See below at section 3.9 for the recommendations of non-associated Directors on how Shareholders should vote on Resolution 3.

3.6 Advantages of the RDIF Placement

The Board of TIG is of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on proposed Resolution 3.

(a)	Directors who are not associates of RDIF recommend you vote in favour of the RDIF Placement in the absence of a superior proposal	✓
(b)	Enables TIG to raise a significant amount of capital to meet its currently planned capital expenditure plan for 2014	✓
(c)	The Company will face significant financial hardship if the RDIF Placement and RDIF Placement do not proceed	✓
(d)	The RDIF Placement and BVMHL Placement will introduce large experienced Russian investors onto the Company's register	✓
(e)	Independent Expert's conclusion is that the RDIF Placement is not fair but reasonable	✓

(f)	The Company considers the issue price to be a small discount to the prevailing market price of the Shares and to represent a very attractive issue price for the Company to raise such a significant amount of capital	✓
(g)	The RDIF Placement and the BVMHL Placement are a result of a very thorough exercise undertaken by the Company and its advisers to secure strategic cornerstone investors	✓
(h)	Release from Bruce Gray is conditional on completion of the RDIF Placement and the BVMHL Placement	✓

(a) **Directors who are not associates of RDIF recommend you vote in favour of the RDIF Placement in the absence of a superior proposal**

The Directors who are not associates of RDIF, being Craig Wiggill, Brian Jamieson and Bruce Gray, believe that the RDIF Placement is in the best interests of Shareholders and recommend that Shareholders vote in favour of Resolution 3 in the absence of a superior proposal. These Directors have formed their conclusion and made their recommendation based on the matters set out in this section 3.6 and section 3.7.

Messrs Wiggill, Jamieson and Gray intend to vote in favour of Resolution 3 in the absence of a superior proposal. See section 3.9 for further information on the Directors' recommendations.

(b) **Enables TIG to raise a significant amount of capital to meet its currently planned capital expenditure plan for 2014**

The amount to be raised pursuant to the RDIF Placement and the BVMHL Placement will satisfy the Company's currently planned capital expenditure plan for 2014. These funds will be applied towards funding the bankable feasibility study for the Project F coking coal mine at Amaam North, further drilling at Amaam and Amaam North and the commencement of development and construction of Project F, assuming timely completion of the bankable feasibility study and no adverse events.

See the Overview section of this Explanatory Memorandum under the heading "Use of funds" for further information.

(c) **The Company will face significant financial hardship if the RDIF Placement and BVMHL Placement do not proceed**

When the Company announced the proposed funding package on 12 December 2013, it expected that the first tranche of the proposed placement to BVMHL would complete shortly after that announcement. Now that the entire BVMHL Placement is subject to Shareholder approval, and given the additional costs incurred by the Company resulting from the application to the Takeovers Panel and the corresponding amendments to the subscription agreements with each of BVMHL and RDIF, the Company's cash resources are very low.

The Company considers that it would face significant financial hardship if the BVMHL Placement and RDIF Placement do not proceed.

(d) **The RDIF Placement and BVMHL Placement will introduce large experienced Russian investors onto the Company's register**

The presence of two large and experienced world class investors from Russia on the Company's share register would be an extremely positive development for TIG's Amaam and Amaam North projects.

RDIF is a US\$10 billion Russian sovereign wealth fund that was created in 2011 under the leadership of both the President and Prime Minister of the Russian Federation. RDIF's management company is a wholly owned subsidiary of the Russian state development bank, State Corporation "Bank for Development and Foreign Economic Affairs (Vnesheconombank)". (See section 3.4(a) of this Explanatory Memorandum for further information on RDIF.)

BVMHL is one of Russia and the region's leading private equity funds. (See section 2.4(a) of this Explanatory Memorandum for further information on BVMHL).

The involvement of BVMHL and RDIF in the Company may also help it to overcome market preconceptions of Russian sovereign risk.

(e) **Independent Expert's conclusion is that the RDIF Placement is not fair but reasonable**

The Independent Expert has concluded that the RDIF Placement is not fair but reasonable. (see section 3.8 of this Explanatory Memorandum for further information).

The Independent Expert's Report is provided in full in Annexure A of this Explanatory Memorandum. Shareholders are encouraged to read it carefully in its entirety, including the assumptions, qualifications and disclaimers on which the Independent Expert's conclusion is based.

(f) **The Company considers the issue price to be a small discount to the prevailing market price of the Shares and to represent a very attractive issue price for the Company to raise such a significant amount of capital**

The issue price of Shares under the Capital Raising, including the RDIF Placement, represents a 5.8% discount to the five day VWAP, and a 3.8% discount to the 30 day VWAP, of the Shares on the ASX for the period up to and including 4 December 2013 (being the last trading day before the announcement of the Capital Raisings). The Company considers this to be a small discount to the prevailing market rate of the Shares and represents a very attractive price for the Company to raise such a significant amount of capital.

(g) **The RDIF Placement and the BVMHL Placement are a result of a very thorough exercise undertaken by the Company and its advisers to secure strategic cornerstone investors**

In accordance with the Company's strategic direction, TIG was engaged in a thorough exercise of seeking potential investors for most of the 2013 calendar

year. The Company and its advisers contacted over 70 potential investors during a very lengthy process and at the end of that process, the Capital Raisings were considered by the Board to be significantly better than any other capital raising alternatives available to TIG.

(h) **Release from Bruce Gray is conditional on completion of BVMHL Placement and RDIF Placement**

Bruce Gray is a party to the Release and Subscription Deed with the Company and effectively a party to the Option Deed through Hanate (a company controlled by Dr Gray). These agreements are described in the Overview section of this Explanatory Memorandum under the heading "Agreement with Bruce Gray". The Release and Subscription Deed contains an unqualified and complete release to the Company, its Directors and employees in respect of certain claims made by Dr Gray. This Release and Subscription Deed is conditional on completion of the BVMHL Placement and the RDIF Placement.

3.7 Disadvantages of the RDIF Placement

The Board of TIG is of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on proposed Resolution 3.

(a)	Dilutive impact of the Capital Raising	X
(b)	Discount of issue price under the Capital Raising to the prevailing market price	X
(c)	A superior capital raising proposal may yet emerge	X
(d)	You may disagree with the non-associated Directors' recommendations	X
(e)	The indemnity to be provided to RDIF	X
(f)	The other rights to be granted to RDIF pursuant to the RDIF Subscription Agreement	X
(g)	Rights to be granted to Bruce Gray on completion of the RDIF Placement and the BVMHL Placement	X

(a) **Dilutive impact of the Capital Raising**

The current Shares on issue would represent 58.24% of the aggregate number of Shares on issue following completion of the RDIF Placement, the BVMHL Placement, the Parallel Placement and the Share Purchase Plan.

You may be of the view that the Company should not undertake such a significant capital raising, and that it should instead scale back its activities and undertake a small capital raising that would be less dilutive to existing Shareholders.

(b) **Discount of issue price under the Capital Raising to the prevailing market price**

The issue price of Shares under the Capital Raising, including the RDIF Placement, represents a 5.8% discount to the five day VWAP, and a 3.8% discount to the 30 day VWAP, of the Shares on the ASX for the period up to and including 4 December 2013 (being the last trading day before the announcement of the Capital Raisings). You may be of the view that this issue price represents too great a discount to the prevailing market price of TIG Shares. You may view the Capital Raisings as a control transaction and be of the view that the RDIF Placement should be undertaken at a premium to the prevailing market price.

The Company views the Capital Raisings as a capital raising rather than a control transaction, and considers the discount noted above to be very favourable to existing Shareholders. In a capital raising transaction it is common for shares to be issued at a discount to the prevailing market price of the shares.

(c) **A superior capital raising proposal may yet emerge**

A superior capital raising proposal may emerge in the foreseeable future. The completion of the RDIF Placement may mean that Shareholders would not obtain the benefit of any such proposal.

However, since the announcement of the Capital Raisings on 12 December 2013, no capital raising has emerged that, in the view of the Directors of the Company, is considered a superior capital raising proposal. Furthermore, in the view of the Directors, it is unlikely that a superior capital raising proposal will emerge in the near future.

(d) **You may disagree with the non-associated Directors' recommendations**

You may disagree with the recommendations of the Directors who are not associates of RDIF, being Craig Wiggill, Brian Jamieson and Bruce Gray that the RDIF Placement is in the best interests of Shareholders (in the absence of a superior proposal). You may also disagree with the view of the Independent Expert who concludes that the RDIF Placement is not fair but reasonable. See section 2.9 for further information on the Directors' recommendations.

(e) **The indemnity to be provided to RDIF**

You may be of the view that the disadvantages to TIG in providing the indemnity to RDIF outweigh the advantages of the RDIF Placement (and/or the disadvantages to TIG in providing the indemnity to BVMHL similarly outweigh the advantages of the BVMHL Placement). Further details on the indemnities to be provided to RDIF and BVMHL are set out in section 3.5(c) of this Explanatory Memorandum.

However, as described in section 2.5, subject to completion of the BVMHL Placement and the RDIF Placement, the Company will have the benefit of a release in respect of any such claims by Dr Gray which, but for such release, would be covered by the indemnity.

(f) **The other rights to be granted to RDIF pursuant to the RDIF Subscription Agreement**

Pursuant to the terms of the RDIF Subscription Agreement, RDIF will have a number of rights in respect of TIG following completion of the RDIF Placement. A summary of some of these rights is set out below. See Schedule 2 of this Explanatory Memorandum for further information on these rights.

- **Anti-dilution rights** pursuant to which RDIF will be entitled to participate in any placements by TIG such that it maintains its percentage ownership in the Company at that time.
- **Board representation rights** pursuant to which RDIF will be entitled to appoint a director to the Board of TIG following completion of the RDIF Placement.
- **Reserved matters rights** pursuant to which the Board of TIG cannot undertake certain actions described in Schedule 1 of this Explanatory Memorandum without the approval of RDIF.

The above rights will cease to exist if RDIF's shareholding (combined with RDIF's permitted nominee's shareholding) in TIG drops to below 10% (or in the case of the anti-dilution rights, drops below 10% or increases to above 30%) of the Shares on issue in TIG (excluding Shares issued by TIG pursuant to stock option plans and any new issue of Shares in which RDIF was not given an opportunity to participate). BVMHL has reciprocal rights under the BVMHL Subscription Agreement.

You may be of the view that the disadvantages to TIG in providing the above rights to RDIF (and the corresponding rights to BVMHL in respect of the BVMHL Placement) outweigh the advantages of the RDIF Placement (and the BVMHL Placement).

(g) **The other rights to be granted to Bruce Gray on completion of the RDIF Placement and the BVMHL Placement**

Bruce Gray is also a party to the Release and Subscription Deed with the Company and effectively a party to the Option Deed through Hanate (a company controlled by Dr Gray). These agreements are described in the Overview section of this Explanatory Memorandum under the heading "Agreement with Dr Gray". In addition to the unqualified and complete release to be granted by each of Dr Gray and the Company to each other, the Release and Subscription Deed also grants Dr Gray anti-dilution rights and board representation rights. The Release and Subscription Deed and the Option Deed are conditional on completion of the BVMHL Placement and the RDIF Placement.

You may be of the view that the benefits to the Company of the BVMHL Placement and the RDIF Placement are outweighed by the releases and rights granted to Dr Gray pursuant to the Release and Subscription Deed and Option Deed. Although, it is noted that under the Release and Subscription Deed Dr Gray and the Company give mutual releases to each other.

3.8 Independent Expert's Report

The Independent Expert has concluded that the RDIF Placement is not fair but reasonable.

As the RDIF Placement will not result in RDIF acquiring an interest in the Company of greater than 20%, the Independent Expert has not analysed the RDIF Placement as a "control transaction" for the purposes of ASIC Regulatory Guide 111. The Independent Expert has therefore not adopted a control value in its assessment of the fairness of the RDIF Placement.

In accordance with ASIC Regulatory Guide 111, the RDIF Placement is considered "fair" if the value of the Shares on a post transaction minority basis (ie, following completion of the BVMHL Placement and the RDIF Placement without applying a control premium) is equal to or greater than the value of the Shares pre-transaction on a minority basis (ie, prior to completion of the BVMHL Placement and the RDIF Placement without applying a control premium). The Independent Expert concluded that the value of the Shares on a post transaction minority basis is between \$0.166 and \$0.171 per Share and the value of the Shares on a pre-transaction minority basis is between \$0.166 and \$0.174 per Share. The Independent Expert has therefore concluded that the RDIF Placement is not fair, although it concluded that it was reasonable.

The Company views each of the BVMHL Placement, the RDIF Placement and the Parallel Placement individually, and in the aggregate, as a capital raising transaction rather than a control transaction. In a capital raising transaction it is common for shares to be issued at a discount to the prevailing market price of the shares.

The Independent Expert's Report is provided in full in Annexure A of this Explanatory Memorandum. Shareholders are encouraged to read it carefully in its entirety, including the assumptions, qualifications and disclaimers on which the Independent Expert's conclusion is based.

3.9 Recommendation

Following the proceedings conducted by the Takeovers Panel, the Panel stated that it considered TRM, Antony Manini, Craig Parry, Owen Hegarty and David Forsyth to be associates of RDIF. For these reasons, Messrs Manini, Parry and Hegarty are unable to vote on Resolution 3. As Messrs Manini, Parry and Hegarty are unable to vote on Resolution 3, they are not providing a recommendation to Shareholders on how to vote on the Resolution.

Brian Jamieson, Craig Wiggill and Bruce Gray, being the Directors of the Company who are not associates of RDIF, recommend Shareholders vote in favour of Resolution 3 in the absence of a superior proposal. Messrs Jamieson, Wiggill and Gray intend to vote all the Shares held by them in favour of Resolution 3, in the absence of a superior proposal.

Messrs Jamieson, Wiggill and Gray believe that the reasons for Shareholders to vote in favour of Resolution 3 outweigh the reasons to vote against it, in the absence of a superior proposal. These reasons, and other relevant considerations are set out sections 3.6 and 3.7 of this Explanatory Memorandum. Additionally, the Independent Expert has concluded that the RDIF Placement is not fair but reasonable. You should also read the Independent Expert's Report which is set out in Annexure A to this Explanatory Memorandum.

4. RESOLUTION 4 – APPROVAL OF THE ESCROW ARRANGEMENTS

4.1 Background

Pursuant to the BVMHL Subscription Agreement and the RDIF Subscription Agreement, the Company and each of:

- TRM;
- Antony Manini;
- Owen Hegarty;
- Brian Jamieson;
- Craig Wiggill;
- Craig Parry;
- David Forsyth;
- Peter Balka;
- Leonid Skoptsov;
- Chris McFadden;
- Paul Tongs; and
- David George (together the ***Escrowed Shareholders***),

have entered into escrow agreements (together the ***Escrow Deeds***). The key terms of the Escrow Deeds are outlined in section 4.2 below.

Escrow arrangements are commonly requested by new cornerstone investors into a project or company. The Escrow Deeds demonstrate that the Escrowed Shareholders, as key individuals and entities behind the Company, are committed to the Company and its projects.

It is a condition precedent to each of the Escrow Deeds that those agreements have no force or effect until Resolution 4 has been passed by Shareholders.

Shareholder approval is sought because the Company, as the counter-party to each of the Escrow Deeds, will obtain a relevant interest in the Shares of the Escrowed Shareholders for the purposes of section 608 of the Corporations Act.

The aggregate number of Shares currently held by the Escrowed Shareholders is 172,725,981, which represents 32.95% of the Shares on issue. If Resolutions 1.1 to 1.5 are approved, the aggregate number of Shares to be escrowed will increase to 173,489,011. The Shares to be held in escrow if Resolution 4 is approved will therefore represent between 19.27% and 32.95% of the Shares on issue, depending on whether Resolutions 1.1 to 1.5 are approved and whether or not completion takes place in respect of the BVMHL Placement and the RDIF Placement.

The Company seeks Shareholder approval for the purposes of item 7 of section 611 of the Corporations Act to allow the Company to acquire a relevant interest in issued voting

shares in itself of above 20%, being the Shares held by the Escrowed Shareholders. No new shares will be issued pursuant to Resolution 4.

The number of Shares held by Escrowed Shareholders, and the percentage of Shares on issue which this represents, will vary depending on whether or not Resolutions 1.1 to 1.6 are approved, and whether or not the BVMHL Placement and the RDIF Placement complete. See section 4.4 below for further information.

4.2 Escrow Deeds

A condition precedent to each of the Escrow Deeds is that Resolution 4 is passed by Shareholders. The Escrow Deeds have no force or effect unless Resolution 4 is passed.

The Escrow Deeds prevent the Escrowed Shareholders, except in certain limited circumstances, from:

- disposing of their Shares in the Company;
- creating any security interest in their Shares in the Company; or
- transferring effective ownership of their Shares in the Company,

for a period of 2 years from the date of Resolution 4 being approved by Shareholders.

The Escrow Deeds also provide that the number of Shares subject to escrow is to reduce by 25% at the conclusion of each six month period following the passage of Resolution 4.

In addition, the Escrow Deed between TIG and TRM permits TRM to transfer Shares to Hanate or its permitted nominee on the exercise of options held by Hanate over TRM's shares in TIG pursuant to the Option Deed. Shares transferred to Hanate or its permitted nominee will not be subject to any escrow arrangements, however TRM will have a pre-emptive right over those Shares. (See section 5 for further information.)

4.3 Item 7 of section 611 of the Corporations Act

(a) **Section 606 of the Corporations Act – Statutory Prohibition**

See section 2.3(a) for further information on the statutory prohibition under section 606 of the Corporations Act.

(b) **Voting Power**

See section 2.3(b) for further information on the calculation of a person's voting power under the Corporations Act.

(c) **Associates**

See section 2.3(c) for further information on the meaning of the word "associates" for the purposes of calculating a person's voting power under the Corporations Act.

(d) **Relevant Interests**

See section 2.3(d) for further information on the meaning of the term "relevant interests" for the purposes of section 606 of the Corporations Act.

(e) **Reason section 611 approval is required**

For the reasons set out at section 4.1 above, the Escrow Deeds will give the Company a relevant interest in the Shares held by the Escrowed Shareholders, which will represent in excess of 20% of the Shares on issue.

Item 7 of section 611 of the Corporations Act provides an exception to the statutory prohibition under section 606(1) of the Corporations Act to acquiring relevant interests in shares in a listed company where that acquisition results in a person's voting power in the company increasing from below 20% to above 20%.

Shareholder approval under item 7 of section 611 of the Corporations Act is therefore required for Resolution 4 to permit the Company to obtain a relevant interest in more than 20% of the Company's issued capital.

4.4 Prescribed Information – Item 7 of section 611 of the Corporations Act

The following information is required to be provided to Shareholders under the Corporations Act in respect of Resolution 4.

(a) **Identity of the person proposing to obtain the relevant interest and their associates**

The person proposing to obtain the relevant interest in the Shares on issue in the Company is the Company.

(b) **The maximum extent of the increase in that person's voting power in the Company that would result from obtaining the relevant interest**

The Company currently has no relevant interest in itself. The Company's maximum interests in itself, should Resolution 4 be approved, and prior to the completion of the Parallel Placement, BVMHL Placement and RDIF Placement is set out below.

Total Shares on issue	Shares subject to escrow	TIG's Percentage relevant interest
524,223,017	172,725,981	32.95%

The Company's maximum interests in itself, should Resolution 4 be passed, assuming that BVMHL acquires 219,263,985 Shares under the BVMHL Placement and RDIF acquires 99,000,000 Shares under the RDIF Placement is set out below:

	Total Shares on issue	Shares subject to escrow	TIG's percentage relevant interest
Resolutions 1.1 to 1.6 are approved and placements to BVMHL and RDIF complete	900,099,292	173,489,011	19.27%
Resolutions 1.1 to 1.6 are not approved and placements to BVMHL and RDIF complete	884,184,747	172,725,981	19.54%

Resolutions 1.1 to 1.6 are approved and placements to BVMHL and RDIF do not complete ⁵	581,835,307	173,489,011	29.82%
---	-------------	-------------	--------

- (c) **The voting power that the person would have as a result of the acquisition, the maximum extent of the increase in the voting power of each of that person's associates that would result from the acquisition and the voting power that each of that person's associates would have as a result of the acquisition**

Save for the Company's ability to enforce the Escrow Deeds, the Company has no other rights in relation to the Shares held by the Escrowed Shareholders. The Company's relevant interest in itself as a result of the Escrow Deeds is set out at paragraph (b) above.

4.5 Prescribed Information – ASIC Regulatory Guide 74

The following further information is required to be provided to Shareholders under ASIC Regulatory Guide 74 in respect of Resolution 4.

- (a) **Explanation of the reasons for the proposed acquisition**

See section 4.1.

- (b) **When the proposed acquisition is to occur**

Immediately following the passage of Resolution 4.

- (c) **The material terms of the proposed acquisition**

See section 4.1.

- (d) **Details of the terms of any other relevant agreement that is conditional on members' approval of Resolution 4**

No other agreements are conditional on the passage of Resolution 4.

- (e) **TIG's intentions regarding the future of the Company if members approve the acquisition of the relevant interest**

Other than as discussed elsewhere in this Explanatory Memorandum, the Company has no present intention to :

- (i) change or discontinue its business;
- (ii) make any major changes to its business or to redeploy any of its assets;
- (iii) enter into any proposed transaction whereby any property will be transferred between the Company and any of its Associates;
- (iv) discontinue the future appointment of TIG's present employees in the ordinary course of business; or

⁵ In these circumstances, the Company intends to release the Shares the subject of the Escrow Deeds. This would therefore remove the relevant interest held by the Company in its own Shares.

-
- (v) significantly change the financial or dividend distribution policies of TIG.

4.6 Independent Expert's Report

The Independent Expert has concluded that the escrow arrangements are reasonable.

The Independent Expert's Report is included in full in Annexure A of this Explanatory Memorandum.

4.7 Recommendation

Following the proceedings conducted by the Takeovers Panel, the Panel stated that it considered TRM, Antony Manini, Craig Parry, Owen Hegarty and David Forsyth should not vote on Resolution 4. As Messrs Manini, Parry and Hegarty are unable to vote on Resolution 4, they are not providing a recommendation to Shareholders on how to vote on the Resolution.

Brian Jamieson, Craig Wiggill and Bruce Gray, being the Directors of the Company who are not excluded from voting on Resolution 4, recommend Shareholders vote in favour of Resolution 4. Messrs Jamieson, Wiggill and Gray intend to vote all the Shares held by them in favour of Resolution 4.

5. RESOLUTION 5 – APPROVAL OF OPTION DEED

5.1 Background

As described in the Overview section of this Explanatory Memorandum under the heading "Agreement reached with Bruce Gray", TRM has agreed to grant Hanate Pty Ltd (a company controlled by Dr Gray) options to acquire a certain number of Shares held by TRM. The grant of the options is subject to completion of the BVMHL Placement and the RDIF Placement. The number of Shares over which options are to be held is equal to such number of Shares that would enable Dr Gray to maintain his ownership percentage in the Company as at the date of the Option Deed (being 19.37%) if those options were exercised immediately following completion of the Parallel Placement and the placements to BVMHL and RDIF. The options will expire 24 months from the date of the first to occur of completion of the BVMHL Placement and completion of the RDIF Placement, and may be exercised all at once or at different times. The options must be exercised in minimum parcels of 10 million or such other number of options remaining at the relevant time if that number is less than 10 million.

The Company has agreed to put a resolution to Shareholders to approve the grant of the options pursuant to the Option Deed. This is required as technically the Option Deed gives Hanate and Dr Gray an immediate relevant interest in Shares in the Company on the date of signing the Option Deed, even though the options will not be granted unless and until the placements to BVMHL and RDIF complete.

The technical operation of the Corporations Act provisions means that, until such time as the placements to BVMHL and RDIF complete, Dr Gray and Hanate would have a relevant interest in Shares which would result in the voting power of each of Dr Gray and Hanate increasing from a starting point that is below 20% to more than 20%. This would require Shareholder approval pursuant to the takeovers provisions of the Corporations Act. If Shareholders do not approve the grant of the options by TRM, Hanate 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, due to the technical operation of the takeovers provisions of the Corporations Act, Shareholders will be asked to vote on the issue of options by TRM. However, the outcome of that vote will not prevent the options coming into existence as this condition may be waived by Hanate at any time following completion of the BVMHL Placement and the RDIF Placement.

5.2 Option Deed

A summary of the key terms of the Option Deed is set out below.

- The grant of the options is conditional on:
 - (i) Completion in respect of the BVMHL Placement and the RDIF Placement. This condition cannot be waived.
 - (ii) The passage of Resolution 5. This condition may be waived by Hanate at any time following completion of the BVMHL Placement and the RDIF Placement.
- The number of Shares subject to the options is calculated as follows:

Before the condition in paragraph (i) above is satisfied and the condition in paragraph (ii) is satisfied or waived, the number of Shares the subject of options is zero.

After the condition in paragraph (i) above is satisfied and the condition in paragraph (ii) is satisfied or waived, the number of Shares the subject of options is as follows:

19.37% of the total number of Shares on issue immediately following completion of the Parallel Placement, the BVMHL Placement and the RDIF Placement, less the number of Shares held by Dr Gray at that point in time, which will either be 101,529,903 or 116,681,418, depending on whether Resolution 1.6 is approved. If Resolution 1.6 is approved, the number of Shares the subject of options will be 55,730,814 and if Resolution 1.6 is not approved, the number of Shares the subject of options will be 67,947,481.

This will enable Dr Gray to maintain his effective current ownership holding in the Company (being 19.37%) following completion of the Parallel Placement, the BVMHL Placement and the RDIF Placement.

- The options will expire 24 months from the date of the first to occur of completion of the BVMHL Placement and completion of the RDIF Placement, and may be exercised all at once or at different times.
- The exercise price of the options is \$0.165 per Share.
- The options may be exercised at any time within the 24 month period noted above, and must be exercised in respect of at least 10,000,000 Shares at a time, or such number of Shares the subject of options that remain outstanding at the date of exercise.
- TRM has a pre-emptive right over any Shares transferred to Dr Gray under the Option Deed, such that Dr Gray is unable to dispose of those Shares to a third party during the option period without first offering those Shares to TRM (except where those Shares are disposed of pursuant to a takeover bid, scheme of arrangement, buy-back or reduction of capital).

5.3 Item 7 of section 611 of the Corporations Act

(a) **Section 606 of the Corporations Act – Statutory Prohibition**

See section 2.3(a) for further information on the statutory prohibition under section 606 of the Corporations Act.

(b) **Voting Power**

See section 2.3(b) for further information on the calculation of a person's voting power under the Corporations Act.

(c) **Associates**

See section 2.3(c) for further information on the meaning of the word "associates" for the purposes of calculating a person's voting power under the Corporations Act.

(d) **Relevant Interests**

See section 2.3(d) for further information on the meaning of the term "relevant interests" for the purposes of section 606 of the Corporations Act.

Section 608(8) of the Corporations Act extends the concept of "control" for the purposes of the term "relevant interest" to circumstances which involve an anticipated performance of a contract which is subject to conditions. This section provides that if, at a particular point in time, the conditions below are satisfied:

- (i) a person has a relevant interest in issued securities;
- (ii) the person:
 - (A) has entered into an agreement with another person with respect to the securities;
 - (B) has given another person an enforceable right, or has been given an enforceable right by another person, in relation to the securities (whether or not the right is enforceable presently or in the future and whether or not on the fulfilment of a condition); or
 - (C) has granted an option to, or has been granted an option by, another person with respect to the securities; and
- (iii) the other person would have a relevant interest in the securities if the agreement were performed, the right enforced or the option exercised,

the other person is taken to already have a relevant interest in the securities.

Section 609(7) of the Corporations Act provides that a person **does not** have a relevant interest in securities merely because of an agreement, if the agreement:

- (i) is conditional on a resolution under item 7 of section 611 of the Corporations;
- (ii) does not confer any control over, or power to substantially influence, the exercise of a voting right attached to the securities; and
- (iii) does not restrict the disposal of the securities for more than three months from the date on which the agreement is entered.

The person will acquire a relevant interest in those securities on the passage of the resolution to approve the acquisition under item 7 of section 611 of the Corporations Act.

(e) **Reason section 611 approval is required**

Pursuant to section 608(8) of the Corporations Act, Hanate and Dr Gray would technically be taken to have an existing relevant interest in the Shares the subject of the Option Deed, even though the options will not be granted unless and until completion takes place in respect of the BVMHL Placement and the RDIF Placement. However, pursuant to section 609(7) of the Corporations Act (which provides an exception to section 609(7) in circumstances where the grant of the securities is subject to shareholder approval for the purposes of item 7 of section

611 of the Corporations Act), Hanate and Dr Gray do not currently have a relevant interest in those Shares because of Resolution 5.

Item 7 of section 611 of the Corporations Act provides an exception to the statutory prohibition under section 606(1) of the Corporations Act to acquiring voting power in over 20% of a public company.

As noted above at section 5.1, as soon as completion takes effect in respect of the BVMHL Placement and the RDIF Placement, the number of Shares on issue in the Company will increase and Dr Gray's shareholding in the Company will be diluted. At that point in time, the number of Shares held by Dr Gray, together with the number of Shares the subject of options pursuant to the Option Deed, will represent 19.37% of the Shares on issue. Therefore, Dr Gray and Hanate would no longer require Shareholder approval for the purposes of the Option Deed, and Hanate may waive that condition in its sole discretion.

The practical effect of this is that, due to the technical operation of the takeovers provisions of the Corporations Act, Shareholders will be asked to vote on the issue of options by TRM. However, the outcome of that vote will not prevent the options coming into existence.

5.4 Prescribed Information – Item 7 of section 611 of the Corporations Act

The following information is required to be provided to Shareholders under the Corporations Act in respect of Resolution 5.

(a) **Identity of the person proposing to obtain the relevant interest and their associates**

The persons proposing to obtain the relevant interest in the Shares on issue in the Company are Hanate and Bruce Gray. Dr Gray is a Director of the Company and Hanate is a company controlled by Dr Gray.

(b) **The maximum extent of the increase in that person's voting power in the Company that would result from obtaining the relevant interest**

Dr Gray currently has a relevant interest in 101,529,903 Shares. This represents 19.37% of the Shares on issue. The maximum number of Shares in which Hanate and Dr Gray would acquire a relevant interest if Resolution 5 is passed is 67,947,481 (this assumes that the BVMHL Placement and RDIF Placement complete, the passage of Resolutions 1.1 to 1.5 are approved and Resolution 1.6 is not approved). If those Shares were acquired by Hanate today, Dr Gray and Hanate would have voting power in an aggregate of 169,477,384 Shares, which represents 32.7% of the Shares currently on issue in the Company.

As explained in section 5.3, the grant of the options under the Option Deed is subject to completion of the BVMHL Placement and the RDIF Placement. At that point in time, the aggregate of the number of Shares held by Dr Gray and the number of Shares the subject of the Option Deed would represent 19.37% of the Shares on issue.

-
- (c) **The voting power that the person would have as a result of the acquisition, the maximum extent of the increase in the voting power of each of that person's associates that would result from the acquisition and the voting power that each of that person's associates would have as a result of the acquisition**

See above at paragraph (b) for an explanation of the voting power that Hanate and Bruce Gray would have as a result of the acquisition of the Shares the subject of the options under the Option Deed.

5.5 Prescribed Information – ASIC Regulatory Guide 74

The following further information is required to be provided to Shareholders under ASIC Regulatory Guide 74 in respect of Resolution 5.

- (a) **Explanation of the reasons for the proposed acquisition**

See section 5.1 for an explanation of the reasons for the proposed acquisition.

- (b) **When the proposed acquisition is to occur**

The proposed acquisition is to occur immediately following the passage of Resolution 5.

- (c) **The material terms of the proposed acquisition**

See section 5.2 for a description of the key terms of the Option Deed.

- (d) **Details of the terms of any other relevant agreement that is conditional on members' approval of Resolution 5**

No other agreements are conditional on the passage of Resolution 5.

- (e) **Bruce Gray's intentions regarding the future of the Company if members approve the acquisition of the relevant interest**

Other than as discussed elsewhere in this Explanatory Memorandum, Dr Gray has informed the Company that he:

- (i) has no present intention of making any significant changes to the business of the Company;
- (ii) has no present intention of injecting further capital into the Company, although it is noted that Dr Gray may participate in future capital raisings conducted by the Company and will have anti-dilution rights in respect of such future capital raisings if the placements to BVMHL and RDIF complete. These are explained further in the Overview section of this Explanatory Memorandum, under the heading "Agreements with Bruce Gray";
- (iii) has no present intentions in respect of the future employment of present employees of the Company;
- (iv) has no present intentions to transfer any of the assets of TIG to himself or his associates;
- (v) has no present intentions to redeploy the fixed assets of the Company;

-
- (vi) has no present intention to significantly change the financial or dividend distribution policies of the Company.

5.6 Independent Expert's Report

The Independent Expert has concluded that the Option Deed is reasonable.

The Independent Expert's Report is included in full in Annexure A of this Explanatory Memorandum.

5.7 Recommendation

The Directors other than Dr Gray recommend that Shareholders vote in favour of Resolution 5. Dr Gray does not wish to give a recommendation on Resolution 5 as he has an interest in the outcome of that Resolution

GLOSSARY

Associate has the meaning given to that term in Listing Rule 14.11.

ASX means ASX Limited (ABN 98 008 624 691) or the financial market operated by it (as the context requires).

BVMHL means BV Mining Holding Limited (registration number: 57510) of 1 Royal Plaza, Royal Avenue, St Peter Port, GY12HL, Guernsey.

BVMHL Placement means the proposed placement of Shares to BVMHL or its permitted nominee(s) in accordance with the terms of the BVMHL Subscription Agreement.

BVMHL Subscription Agreement means a subscription agreement entered into by the Company, BVMHL and TRM in respect of the BVMHL Placement, dated 11 December 2013 and amended on 20 January 2014. A summary of the key terms of the BVMHL Subscription Agreement is set out in Schedule 1 of this Explanatory Memorandum.

Capital Raisings means the BVMHL Placement, the RDIF Placement, the Parallel Placement and the Share Purchase Plan.

Company or **TIG** means Tigers Realm Coal Limited (ABN 50 146 752 561).

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means Messrs Antony Manini, Craig Parry, Brian Jamieson, Owen Hegarty, Craig Wiggill and Bruce Gray, being the directors of the Company and **Director** means any one of them.

Escrow Deeds has the meaning given in section 4.1 of this Explanatory Memorandum.

Escrowed Shares means the Shares the subject of the Escrow Deeds assuming the passage of Resolution 4.

Escrowed Shareholders has the meaning given in section 4.1 of this Explanatory Memorandum.

Explanatory Memorandum means this explanatory memorandum which accompanies the Notice of Meeting.

FIRB means the Foreign Investment Review Board.

Hanate means Hanate Pty Ltd, a company controlled by Bruce Gray.

Independent Expert means DMR Corporate Pty Ltd.

Independent Expert's Report means the report from the Independent Expert, a full copy of which is set out in Annexure A of this Explanatory Memorandum, and any update to that report that Independent Expert issues.

Listing Rules means the listing rules of ASX and any other rules of ASX which are applicable while the company is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

Meeting or **General Meeting** means the meeting convened by the Notice of Meeting.

Notice or **Notice of Meeting** means the notice of meeting accompanying this Explanatory Memorandum.

Option Deed means the option deed executed by TRM and Hanate described in the Overview section of the Explanatory Memorandum under the heading "Agreement reached with Bruce Gray".

Parallel Placement means the proposed placement by the Company to new and existing Shareholders described in the Overview section of this Explanatory Memorandum under the heading "The Parallel Placement".

Parallel Placement Investors means investors who were selected by the Board on the basis of being sophisticated investors or professional investors for the purposes of sections 708(8) and 708(11) of the Corporations Act to receive Shares through the Parallel Placement (other than the Directors).

RDIF means Limited Liability Company <<RDIF Investment Management>> of Capital City, South Tower, 7th floor, 8 bld, 1 Presnenskaya nab. Moscow, Russia 123317.

RDIF Placement means the proposed placement of Shares to RDIF or its permitted nominee(s) in accordance with the terms of the RDIF Subscription Agreement.

RDIF Subscription Agreement means a subscription agreement entered into by the Company, RDIF and TRM in respect of the RDIF Placement, dated 11 December 2013 and amended on 20 January 2014. A summary of the key terms of the RDIF Subscription Agreement is set out in Schedule 2 of this Explanatory Memorandum.

Related Party has the meaning given to that term in section 228 of the Corporations Act.

Release and Subscription Deed means the release and subscription deed executed by Dr Gray, the Company and TRM described in the Overview section of the Explanatory Memorandum under the heading "Agreement reached with Bruce Gray".

Resolutions means the resolutions set out in the Notice of Meeting.

Share means a fully paid ordinary share in the capital of the Company.

Share Purchase Plan or **SPP** means a share purchase plan proposed to be undertaken by the Company in respect of an offer of up to 10,000,000 Shares to existing Shareholders following completion of the Capital Raisings.

Shareholder means a registered holder of a Share.

TRM means Tigers Realm Minerals Pty Ltd (ACN 132 725 583).

VWAP means the volume weighted average sale price.

\$ mean Australian dollars.

Schedule 1

Summary of BVMHL Subscription Agreement

Details	
Parties	TIG, TRM and BVMHL.
Execution Date	11 December 2013; amended on 20 January 2014.
Main Subject Matter	
Subscription • Clause 3	BVMHL (or its nominee(s)) agrees to subscribe for 219,263,985 TIG Shares.
BVMHL's funding obligations • Clause 5	Funds are to be provided 5 business days following the satisfaction or waiver of the conditions precedent.
Conditions precedent to BVMHL's funding obligations • Clause 2	Main CPs which need to be satisfied to trigger BVMHL's obligation to subscribe: • A resolution to approve the issue of 219,263,985 shares to BVMHL (or its nominee) is passed as an ordinary resolution by TIG shareholders. • A resolution to approve the issue of 99,000,000 shares to RDIF (or its nominee) is passed as an ordinary resolution by TIG shareholders. • Allens has provided a legal opinion which may be relied upon by BVMHL in relation to any actual, pending or threatened dispute or litigation in relation to the February 2013 placement. • Public supporting statements have been provided by each of the Key Entities (as defined in the SSA), other than TRM, D Forsyth, O Hegarty, A Manini and C Parry. • TIG has released the ASX announcement required by clause 18.3 of the SSA. • Resolutions to approve the BVMHL nominee director and the escrow arrangements are put to TIG shareholders. • No Material Adverse Change (MAC) in the period between the execution of the SSA and satisfaction of all conditions precedent. BVMHL may terminate the subscription agreement at any time prior to completion.
Capital raising restrictions	• For a six month period, commencing on 11 December 2013, TIG must not issue shares or any securities convertible into shares (other than

imposed on TIG • Clause 7.2	as part of the Additional Capital Raising (as defined in the SSA) or as a result of the exercise of any employee options on issue as at the date of the SSA).
ESOP restrictions • Clause 7.2	• TIG and BVMHL have agreed that TIG will not be permitted to issue any options for a period of six months from the date of the SSA. • TIG has also agreed (by way of a side letter dated 24 November 2013) to complete a review of the option scheme to ensure alignment of employee and director interests with shareholder interests. It is expected that any options granted from 2014 onwards will seek to include a combination of price and milestone requirements for those options to vest.
Warranties and indemnities • Clause 8 • Schedule 1	• TIG is giving a range of warranties, including in relation to its capital structure, corporate structure, group members, Russian subsidiaries' accounts, management accounts, post balance date events, indebtedness, disputes, authorisations, subsoil licences, land access rights, placement capacity, quotation, contractual matters, employees, compliance with law, tax, environment, insurance, intellectual property, information technology, technical information, continuous disclosure and the accuracy of the information provided to BVMHL during due diligence. • The warranties are given as at the date of the SSA and are repeated at completion. • Claims in respect of warranties must be made no later than 24 months after completion. • The minimum claims threshold is \$50,000 in respect of a single claim or series of related claims, and TIG is not liable until the aggregate liability in respect of such claims exceeds \$250,000. • The cap on warranty claims is approximately \$36,178,558. • TIG indemnifies BVMHL in respect of all of TIG's costs, expenses and losses arising out of any dispute against TIG or TIG directors in respect of matters that occur between 1 January 2013 and the time of BVMHL's investment and which relate to the issues addressed in the Allens' legal opinion required as a condition precedent, such indemnity to be in proportion to BVMHL's holding in TIG at the time of any claim. This indemnity is uncapped. • TRM has also agreed to indemnify BVMHL in respect of the matters identified immediately above, and may be required to indemnify BVMHL where TIG fails to satisfy its indemnity obligations to BVMHL. The indemnity provided by TRM is capped at \$3,700,000, except in circumstances where the amount payable would otherwise exceed \$3,700,000, in which case TRM's maximum exposure is limited to the

	value of the TIG shares held by TRM on the date on which the indemnity is called on by BVMHL. TIG has also agreed to indemnify BVMHL against various other matters, including liquidating various non-operational companies and any unpaid taxes.
Further Details	
General Meeting Clause 6	TIG is required to convene a General Meeting of shareholders as soon as possible after the date of the SSA (and in any event by 11 March 2014) to consider resolutions to, amongst other things, approve the issue of the shares to BVMHL for the purposes of the Listing Rules and to allow BVMHL's holding in TIG to exceed 20% of TIG's issued capital.
Anti-dilution Clause 9	BVMHL must be given an opportunity to participate in placements by TIG, to an extent that enables it to maintain its pre-placement percentage ownership in TIG.
Board representation Clause 10	- From the completion date, for as long as BVMHL holds a 10% interest in TIG, BVMHL has the right to appoint one nominee (and an alternate for that nominee) to the Board of TIG. TIG is required to procure the appointment of that nominee. - At or prior to the date of TIG's next AGM the TIG Board will be reduced to six members (including BVMHL's and RDIF's nominees). - A new committee of the Board is to be established in respect of certain strategic and operational matters and BVMHL and RDIF will have certain appointment and observational rights in respect of committees of the Board.
Exclusivity Clause 11	Until the later of the General Meeting or the date two months from the date of the SSA, TIG is not permitted to seek similar capital raisings or to enter into negotiations or agreements with other parties in an attempt to elicit offers for capital raisings or for TIG's business (subject to carve outs in respect of the Additional Capital Raisings contemplated by the SSA).
Cost reimbursement Clause 13	TIG must reimburse BVMHL for certain due diligence expenses (capped at US\$400,000). US\$325,000 is due 5 days from the receipt of a notice from BVMHL, with the remainder due after completion.
Reserved Matters Clause 14	- For as long as BVMHL holds 10% of the issued capital of TIG, TIG may not (without the written consent of BVMHL): - make acquisitions (where the required expenditure exceeds 25% of TIG's net assets). - make disposals (where the value of such a disposal would exceed 25% of TIG's net assets).

	• suspend, cease or abandon the operations in respect of Project F, Amaam North or Amaam. • enter into or amend any agreements or arrangements involving contingency, royalty or similar payments. • issue shares in TIG's subsidiaries to third parties. • appoint any director which results in the number of directors exceeding six. • settle any dispute, claim, proceeding or litigation for an amount in excess of \$250,000 (unless that amount is to be paid for from the proceeds of insurance) or settle any dispute against a director, officer or employee. • settle any dispute, claim, proceeding or litigation in respect of matters or persons disclosed in the Disclosure Letter. • grant options to employees, officers or consultants.
--	--

Schedule 2

Summary of RDIF Subscription Agreement

Details	
Parties	11 December 2013 amended on TIG, TRM and RDIF.
Execution Date	20 January 2014.
Main Subject Matter	
Subscription • Clause 3	RDIF (or its nominee(s)) agrees to subscribe for 99,000,000 ordinary shares in TIG.
RDIF's funding obligations • Clause 5	Funds are to be provided 5 business days following the satisfaction or waiver of the conditions precedent.
Conditions precedent to RDIF's funding obligations • Clause 2	Main CPs which need to be satisfied to trigger RDIF's obligation to subscribe: • A resolution to approve the issue of 99,000,000 shares to RDIF (or its nominee) is passed as an ordinary resolution by TIG shareholders. • A resolution to approve the issue of 219,263,985 shares to BVMHL (or its nominee) is passed as an ordinary resolution by TIG shareholders. • Allens has provided a legal opinion which may be relied upon by RDIF in relation to any actual, pending or threatened dispute or litigation in relation to the February 2013 placement. • Public supporting statements have been provided by each of the Key Entities (as defined in the SSA), other than TRM, D Forsyth, O Hegarty, A Manini and C Parry. • TIG has released the ASX announcement required by clause 17.3 of the SSA. • Resolutions to approve the RDIF nominee director and the escrow arrangements are put to TIG shareholders. • No Material Adverse Change (MAC) in the period between the execution of the SSA and satisfaction of all conditions precedent. • FIRB. RDIF may terminate the subscription agreement at any time prior to completion.
Capital raising restrictions	• For a six month period, commencing on 11 December 2013, TIG must not issue shares or any securities convertible into shares (other than

imposed on TIG • Clause 7.2	as part of the Additional Capital Raising (as defined in the SSA) or as a result of the exercise of any employee options on issue as at the date of the SSA).
ESOP restrictions • Clause 7.2	• TIG and RDIF have agreed that TIG will not be permitted to issue any options for a period of six months from the date of the SSA. • TIG has also agreed (by way of a side letter dated 24 November 2013) to complete a review of the option scheme to ensure alignment of employee and director interests with shareholder interests. It is expected that any options granted from 2014 onwards will seek to include a combination of price and milestone requirements for those options to vest.
Warranties and indemnities • Clause 8 • Schedule 1	• TIG is giving a range of warranties, including in relation to its capital structure, corporate structure, group members, Russian subsidiaries' accounts, management accounts, post balance date events, indebtedness, disputes, authorisations, subsoil licences, land access rights, placement capacity, quotation, contractual matters, employees, compliance with law, tax, environment, insurance, intellectual property, information technology, technical information, continuous disclosure and the accuracy of the information provided to RDIF during due diligence. • The warranties are given as at the date of the SSA and are repeated at completion. • Claims in respect of warranties must be made no later than 24 months after completion. • The minimum claims threshold is \$50,000 in respect of a single claim or series of related claims, and TIG is not liable until the aggregate liability in respect of such claims exceeds \$250,000. • The cap on warranty claims is approximately \$16,335,000 (the subscription amount). • TIG indemnifies RDIF in respect of all of TIG's costs, expenses and losses arising out of any dispute against TIG or TIG directors in respect of matters that occur between 1 January 2013 and the time of RDIF's investment and which relate to the issues addressed in the Allens' legal opinion required as a condition precedent, such indemnity to be in proportion to RDIF's holding in TIG at the time of any claim. This indemnity is uncapped. • TRM has also agreed to indemnify RDIF in respect of the matters identified immediately above, and may be required to indemnify RDIF where TIG fails to satisfy its indemnity obligations to RDIF. The indemnity provided by TRM is capped at \$3,700,000, except in circumstances where the amount payable would otherwise exceed

	\$3,700,000, in which case TRM's maximum exposure is limited to the value of the TIG shares held by TRM on the date on which the indemnity is called on by RDIF. TIG has also agreed to indemnify RDIF against various other matters, including liquidating various non-operational companies and any unpaid taxes.
Further Details	
General Meeting Clause 6	TIG is required to convene a General Meeting of shareholders as soon as possible after the date of the SSA (and in any event within 10 weeks of the date of the SSA) to consider resolutions to, amongst other things, approve the issue of the shares to RDIF.
Anti-dilution Clause 9	RDIF must be given an opportunity to participate in placements by TIG, to an extent that enables it to maintain its pre-placement percentage ownership in TIG.
Board representation Clause 10	- From the completion date, for as long as RDIF holds a 10% interest in TIG, RDIF has the right to appoint one nominee (and an alternate for that nominee) to the Board of TIG. TIG is required to procure the appointment of that nominee. - At or prior to the date of TIG's next AGM the TIG Board will be reduced to six members (including BVMHL's and RDIF's nominees). - A new committee of the Board is to be established in respect of certain strategic and operational matters and BVMHL and RDIF will have certain appointment and observational rights in respect of committees of the Board.
Exclusivity Clause 11	Until the later of the General Meeting or the date two months from the date of the SSA, TIG is not permitted to seek similar capital raisings or to enter into negotiations or agreements with other parties in an attempt to elicit offers for capital raisings or for TIG's business (subject to carve outs in respect of the Additional Capital Raisings contemplated by the SSA).
Cost reimbursement Clause 13	TIG must reimburse RDIF for certain due diligence expenses (capped at US\$150,000). US\$80,000 (plus any VAT) is due 5 days from the receipt of a notice from RDIF, with the remainder due after completion.
Reserved Matters Clause 14	- For as long as RDIF holds 10% of the issued capital of TIG, TIG may not (without the written consent of RDIF): - make acquisitions (where the required expenditure exceeds 25% of TIG's net assets). - make disposals (where the value of such a disposal would exceed 25% of TIG's net assets).

	• suspend, cease or abandon the operations in respect of Project F, Amaam North or Amaam. • enter into or amend any agreements or arrangements involving contingency, royalty or similar payments. • issue shares in TIG's subsidiaries to third parties. • appoint any director which results in the number of directors exceeding six. • settle any dispute, claim, proceeding or litigation for an amount in excess of \$250,000 (unless that amount is to be paid for from the proceeds of insurance) or settle any dispute against a director, officer or employee. • settle any dispute, claim, proceeding or litigation in respect of matters or persons disclosed in the Disclosure Letter. • grant options to employees, officers or consultants.
--	--

Annexure A

Independent Expert's Report

11 February 2014

Mr D J Forsyth
Company Secretary
Tigers Realm Coal Limited
Level 7, 333 Collins Street
Melbourne, VIC 3000

Dear Sir,

INDEPENDENT EXPERT'S REPORT

1. Introduction

The directors of Tigers Realm Coal Limited ("Tigers Realm" or "the Company") have requested DMR Corporate Pty Ltd ("DMR Corporate") to prepare an independent expert's report in respect of several integral parts of a proposed funding package for the issue of up to 375,876,275 Tigers Realm shares at \$0.165 per share. Following these capital raisings Tigers Realm's issued share capital will be increased from 524,223,017 as at 27 January 2014 to a maximum 900,099,292 shares.

If the Tigers Realm shareholders approve all of the resolutions the fundraisings will consist of:

1. A Placement to BV Mining Holding Limited ("BVMHL")

The issue of 219,263,985 shares to BVMHL representing up to a 26.03% interest for \$36,178,557;

2. Placement to Limited Liability Company<<RDIF Management>>, a limited liability company incorporated in Russia ("RDIF")

The issue of 99,000,000 shares to RDIF representing up to an 11.75% interest for \$16,335,000.

In conjunction with the above capital raisings, the Company is also:

- (a) issuing 47,612,290 ordinary shares to placement investors and directors to raise \$7.8 million ("Parallel Placement"); and
- (b) proposing to implement a Share Purchase Plan ("SPP") for the issue of a total of 10,000,000 shares to all existing Tigers Realm shareholders.

The issue of 219,263,985 shares to BVMHL (1. above) will increase their interests up to 26.03%, which is more than the 20% limit imposed by Section 606 of the Corporations Act 2001 ("the Act"). The transaction is however permitted by Section 611 of the Act provided it is agreed to by shareholders, other than those involved in the proposed transaction or persons associated with such persons (i.e. the Non-Associated Shareholders).

2. The Proposed Transactions

At the forthcoming General Meeting Tigers Realm shareholders are being asked to approve the following resolutions, however we are only required to opine on Resolutions 2, 3, 4 and 5:

Resolutions 1.1 to 1.6- APPROVAL OF THE ISSUE AND ALLOTMENT OF SHARES TO DIRECTORS

Resolution 2 - APPROVAL OF THE BVMHL PLACEMENT

"That, for the purposes of item 7 of section 611 of the Corporations Act and for all other purposes, the Shareholders hereby approve:

- (a) the acquisition by BVMHL (as defined in the Explanatory Memorandum) (or its permitted nominee(s)) of a relevant interest in 219,263,985 fully paid ordinary shares in the Company at an issue price of \$0.165 per Share on the terms and conditions set out in the Explanatory Memorandum; and
- (b) as a consequence of (a), the acquisition by BVMHL of a relevant interest in any Shares in the Company in which the Company has a relevant interest."

Resolution 3 - APPROVAL OF THE RDIF PLACEMENT

"That, for the purposes of item 7 of section 611 of the Corporations Act and for all other purposes, the Shareholders hereby approve:

- (a) the acquisition by RDIF (as defined in the Explanatory Memorandum) (or its permitted nominee(s)) of a relevant interest in 99,000,000 fully paid ordinary shares in the Company at an issue price of \$0.165 per Share on the terms and conditions set out in the Explanatory Memorandum; and
- (b) as a consequence of (a), the acquisition by RDIF of a relevant interest in any Shares in the Company in which the Company has a relevant interest."

Resolution 4 - APPROVAL OF ESCROW ARRANGEMENTS

"That, for the purposes of item 7 of section 611 of the Corporations Act and for all other purposes, the Shareholders hereby approve the acquisition by Tigers Realm Coal Limited and Tigers Realm Minerals Pty Ltd of a relevant interest in all Shares the subject of the escrow arrangements described in the Explanatory Memorandum."

Resolution 5 - APPROVAL OF OPTION DEED

"That, for the purposes of item 7 of section 611 of the Corporations Act and for all other purposes, the Shareholders hereby approve the acquisition by Bruce Gray and Hanate Pty Ltd of a relevant interest in all Shares the subject of the Option Deed (as defined in the Explanatory Memorandum) on the terms and conditions described in the Explanatory Memorandum."

If shareholders approve Resolutions 2 and 3 above the directors intend to proceed with the Parallel Placement and a Share Placement Plan ("SPP") to existing shareholders. If this occurs then BVMHL's interests would decrease to 24.36% of the issued capital and RDIF's interests would decrease to 11%. Refer to Appendix A for the different capitalisation scenarios and changes to BVMHL's and RDIF's voting powers.

Under the terms of the BVMHL Subscription Agreement and the RDIF Subscription Agreement, the Company cannot issue shares to investors (including the Directors) pursuant to the Parallel Placement prior to, and the Parallel Placement will be conditional upon, completion in respect of the BVMHL Placement and the RDIF Placement. BVMHL and RDIF may, however, release the Company from this restriction and waive the condition.

The directors have requested DMR Corporate to prepare an independent expert's report in accordance with ASIC Regulatory Guide 111 – Content of expert reports. ASIC Regulatory Guide 111 requires the Independent Expert to advise shareholders whether

the proposed transactions are fair and reasonable, when considered in the context of the interests of the Non-Associated Shareholders.

3. Summary Opinions

3.1 BVMHL Placement

In our opinion the Proposed BVMHL Placement is **not fair however it is reasonable**. Our principal reasons for reaching this opinion are:

- a) in Section 9 we valued the Tigers Realm shares in a range of \$0.208 to \$0.235 per share on a control basis;
- b) in Section 10.3 we concluded that the Tigers Realm shares on a minority basis, post transaction and diluted for the 2 proposed placements have a theoretical value in a range of \$0.166 to \$0.171; and
- c) as the value of the Tigers Realm shares on a post transaction minority basis (\$0.166 to \$0.171), is less than the market value of the Tigers Realm shares pre-transaction on a control basis (\$0.208 to \$0.235), we consider that the Proposed BVMHL Placement **is not fair**.
- d) as BVMHL forms the cornerstone component of the major funding proposals and after considering all of the matters included in Section 12.1, we consider that the advantages mentioned outweigh the disadvantages. For this reason we consider that the Proposed BVMHL Placement **is reasonable**.

3.2 RDIF Placement

In our opinion the Proposed RDIF Placement is **not fair however it is reasonable**. Our principal reasons for reaching this opinion are:

- a) in Section 7.9 we valued the Tigers Realm shares in a range of \$0.166 to \$0.174 per share on a minority interest basis;
- b) in Section 10.3 we concluded that the Tigers Realm shares on a minority basis, post transaction and diluted for the 2 proposed placements have a theoretical value in a range of \$0.166 to \$0.171; and
- c) as the price of the RDIF Placement (\$0.165) is less than the pre-transaction values on a minority basis (\$0.166 to \$0.174), the placement is slightly dilutive and results in an immaterial reduction in the post transaction value of the shares (\$0.166 to \$0.171). In view of the reduction in the post transaction values, we have concluded that the Proposed RDIF Placement **is not fair** even though the placement discount is immaterial.
- d) after considering all of the matters included in Section 12.1, we consider that the advantages mentioned outweigh the disadvantages. For this reason we consider that the Proposed RDIF Placement is reasonable.

3.3 Escrow Arrangements

In our opinion the Proposed Escrow Arrangements are **reasonable** as the advantages of the Escrow Arrangements resolution outweigh the disadvantages for the Non-Associated Shareholders. Our principal reasons for reaching this opinion are:

- a) this resolution is a technicality to comply with the Act and as the Company gains the support of 2 significant new shareholders;
- b) the directors give up their ability to trade their equity interests; and
- c) there is no impact on the Company.

3.4 Option Deed

In our opinion the Proposed Option Deed is **reasonable** as the advantages of the Option Deed resolution outweigh the disadvantages for the Non-Associated Shareholders. Our principal reasons for reaching this opinion are:

- (a) The Option Deed will dilute the equity interests of the current largest shareholder from 22.86% to a possible 6.91%.
- (b) Execution of the option deed was a condition precedent to the release agreement that the Company has entered into with director and substantial shareholder, Bruce Gray. The dispute between Bruce Gray and the Company had the potential to disrupt and possibly prevent the BVMHL and RDIF placements.

4. Structure of this Report

The remainder of this report is divided into the following Sections:

<u>Section</u>		<u>Page</u>
5	Purpose of the Report	4
6	Tigers Realm - Key Information	6
7	Valuation of Tigers Realm Shares	10
8	Proposed BVMHL and RFID Funding Proposals	15
9	Control Premium	18
10	Valuation of the Tigers Realm Shares Post Transaction	19
11	Assessment as to Fairness	19
12	Assessment as to Reasonableness	20
13	Assessment as to Fairness and Reasonableness	23
14	Financial Services Guide	23
<u>Appendix</u>		
A	Analysis of Shareholders' Voting Power	26
B	Sources of Information	27
C	Declarations, Qualifications and Consents	28

5. Purpose of the Report

This report has been prepared to meet the following regulatory requirements:

- **Corporations Act 2001**

Section 606 of the Act contains a general prohibition on the acquisition of shares in a company if, as a result of the acquisition, any person increases his or her voting power in the company:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point that is above 20% and below 90%.

Section 611 of the Act contains various exceptions to the Section 606 prohibition however the Proposed BVMHL and RDIF Placements, the Proposed Escrow Arrangements and the Proposed Option Deed do not meet any of the specified exceptions.

Tigers Realm is therefore seeking shareholder approvals for the Resolutions 2 to 5 under Section 611 of the Act.

- **ASIC Regulatory Guides**

This report has been prepared in accordance with the ASIC Regulatory Guides and more particularly:

RG 111 – Content of Expert Reports (“RG111”)

RG 111.24 An issue of shares by a company otherwise prohibited under s606 may be approved under item 7 of s611 and the effect on the company's shareholding is comparable to a takeover bid. Examples of such issues approved under item 7 of s611 that are comparable to takeover bids under Ch 6 include:

- (b) a company issues securities in exchange for cash and, as a consequence, the allottee acquires over 20% of the company. The allottee could have achieved the same or a similar outcome by using a cash-rich entity to make a scrip takeover bid for the company.

RG111.27 There may be circumstances in which the allottee will acquire 20% or more of the voting power of the securities in the company following the allotment or increase an existing holding of 20% or more, but does not obtain a practical measure of control or increase its practical control over that company. If the expert believes that the allottee has not obtained or increased its control over the company as a

practical matter, then the expert could take this outcome into account in assessing whether the issue price is ‘reasonable’ if it has assessed the issue price as being ‘not fair’ applying the test in RG111.11.

RG111.10 It has long been accepted in Australian mergers and acquisitions practice that the words ‘fair and reasonable’ in s640 established two distinct criteria for an expert analysing a control transaction:

- (a) is the offer ‘fair’; and
- (b) is it ‘reasonable’?

That is, ‘fair and reasonable’ is not regarded as a compound phrase.

RG111.11 Under this convention, an offer is ‘fair’ if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer¹. This comparison should be made:

- (a) assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm’s length; and
- (b) assuming 100% ownership of the ‘target’ and irrespective of whether the consideration is scrip or cash. The expert should not consider the percentage holding of the ‘bidder’ or its associates in the target when making this comparison. For example, in valuing securities in the target entity, it is inappropriate to apply a discount on the basis that the shares being acquired represent a minority or ‘portfolio’ parcel of shares.

RG111.12 An offer is ‘reasonable’ if it is fair. It might also be ‘reasonable’ if, despite being ‘not fair’, the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

RG 111.41 Approval for a sale of securities that would otherwise contravene s606 may be sought under item 7 of s611. Item 7 of s611 envisages that security holders not associated with such a transaction may approve it. In doing so, these security holders may be forgoing:

- (a) the opportunity of receiving a takeover bid; and
- (b) sharing in any premium for control.

RG 111.42 The expert should identify the advantages and disadvantages of the proposal to security holders not associated with the transaction. In contrast with the analysis for an issue of shares approved under item 7 of s611, the expert should provide an opinion either:

- (a) that the advantages of the proposal outweigh the disadvantages; or
- (b) that the disadvantages of the proposal outweigh the advantages.

RG 111.43 A specific issue the expert should determine is whether the vendor is to receive a premium for control.

RG 111.44 The greater the control premium, the greater the advantages of the transaction to the non-associated holders would need to be to support a finding that the advantages of the proposal outweighed the disadvantages. These other advantages may come, for example, from a better long-term profit outlook as the incoming security holder offers superior management skill.

ASIC Regulatory Guide 111 requires that the Proposed BVMHL Placement be assessed as if it was a takeover of Tigers Realm. In assessing a takeover bid, Regulatory Guide 111 states that the expert should consider whether the Proposed BVMHL Placement is both “fair” and “reasonable”.

As the Proposed RDIF Placement is not a control transaction (RDIF only ever

¹ In an ASIC Corporate Finance Liaison presentation in May 2013, ASIC has expressed the view that transactions pursuant to item 7 of Section 611 should be assessed by “comparing the fair market value of the company’s shares pre-transaction on a control basis, with the fair market value of the company’s shares post-transaction on a minority basis.”

attains an 11.75% interest in Tigers Realm), we have not assessed the fairness of this proposed placement on a ‘control basis’.

- **General**

The terms fair and reasonable are not defined in the Act so we have defined them as follows:

Proposed BVMHL Placement

- | | | |
|----------------|---|--|
| Fairness | - | the Proposed BVMHL Placement is “fair” if the value of the shares on a post transaction minority basis is equal to or greater than the fair market value of the shares pre-transaction on a control basis. |
| Reasonableness | - | the Proposed BVMHL Placement may be reasonable whether or not it is fair as this assessment involves consideration of other significant factors that shareholders might consider prior to voting on the resolutions. |

Proposed RDIF Placement

- | | | |
|----------------|---|---|
| Fairness | - | the Proposed RDIF Placement is “fair” if the value of the shares post-transaction on a minority basis is equal to or greater than the fair market value of the shares pre-transaction on a minority basis. |
| Reasonableness | - | the Proposed RDIF Placement may be reasonable whether or not it is fair as this assessment involves consideration of other significant factors that shareholders might consider prior to voting on the resolutions. |

Proposed Escrow Arrangements and the Option Deed

These two transactions do not directly involve the Company or impact on the Non-Associated Shareholders and pursuant to RG 111.42 we have considered the reasonableness of these resolutions by comparing the advantages and disadvantages of these two resolutions from the point of view of the Non-Associated Shareholders.

6. Tigers Realm - Key Information

6.1 Background

Tigers Realm was incorporated on 8 October 2010 and it was listed on the ASX on 29 August 2011 with 2 projects.

Tigers Realm is an emerging global coking coal company focused on development of its Amaam and Amaam North coking coal projects in far east Russia, on the coast of the Pacific Ocean. These resources are located very close to key Asian steel markets.

6.2 Directors

Tigers Realm Board of Directors at the date of this report comprises:

Tony Manini	Non-Executive Chairman	Craig Parry	Managing Director and CEO
Brian Jamieson	Non-Executive Director	Owen Hegarty	Non-Executive Director
Dr Bruce Gray	Non-Executive Director	Craig Wiggill	Non-Executive Director & Senior Advisor

6.3 Share Capital and Capital Raisings

Share Capital

As at 14 November 2013 Tigers Realm had on issue 524,223,017 fully paid ordinary shares. The major shareholders of Tigers Realm on 14 November 2013 are presented in the following table. As at that date, the top 20 shareholders as recorded on the share register held 63.25% of the issued ordinary capital of Tigers Realm.

Shareholder Name	Number of Shares Held
Tigers Realm Minerals Pty Ltd	119,832,920
Professor Bruce Nathaniel Gray & Pine Ridge Superannuation Fund A/C	100,333,334
Namarong Investments Pty Ltd <The Hansen Investment A/C>	18,567,040
JP Morgan Nominees Australia Limited <Cash Income A/C>	18,472,575
Lodestone Equities Limited	16,666,667
HSBC Custody Nominees (Australia) Limited	14,249,863
Regent Pacific Group Ltd	12,700,000
Antman Holdings Pty Ltd	11,867,943
Shimmering Bronze Pty Ltd	9,934,336
Foremost Management Services Pty Limited <Super Fund A/C>	8,924,694
	<u>331,549,372</u>

Source: Tigers Realm share register

Note – Professor Bruce Gray has beneficial interests in 101,529,903 Shares

Free Float

The free float represents the total issued shares less the shares held by strategic investors, company directors and individual employees. We have assessed the free float as 132,641,860 shares.

Options

Tigers Realm also had 49,527,100 options on issue with the following exercise prices:

Number	Exercise Prices \$	Number	Exercise Prices \$	Number	Exercise Prices \$
15,356,100	0.078	10,000,000	0.195	3,000,000	0.250
450,000	0.260	3,182,000	0.340	250,000	0.415
1,000,000	0.425	5,289,000	0.500	3,500,000	0.600
5,500,000	0.750	2,000,000	1.000		

Capital Raisings

On 22 February 2013 Tigers Realm made a placement of shares to institutional and sophisticated investors to fund additional drilling and technical studies at the Amaam and Amaam North Projects, corporate costs and working capital purposes. The placement was in 2 tranches with 62,733,452 shares being issued on 1 March 2013 and a further 43,266,548 shares were issued on 1 May 2013. All shares were issued at \$0.20 per shares and a total of \$21,200,000 was raised.

Tigers Realm's audited statement of financial position as at 31 December 2012 and the reviewed statement of financial position as at 30 June 2013 are as follows:

Tigers Realm Coal Limited	31 December	30 June
Statement Of Financial Position	2012	2013
As At:	\$'000	\$'000
Current assets		
Cash and cash equivalents	8,528	15,417
Trade and other receivables	907	1,939
Prepayments	1,960	3,449
Other current assets	44	68
Total current assets	11,439	20,873
Non-current assets		
Deferred exploration, evaluation and development		
Opening balance	14,289	18,619
Expenditure incurred	16,216	7,245
Discontinued operations	(12,340)	-
Effect of movement in exchange rates	454	878
Property, plant and equipment	4,168	4,323
Intangible assets		
Goodwill	19,843	22,533
Mineral rights	88,773	100,735
Other	41	85
Total non-current assets	131,444	154,418
Total assets	142,883	175,291
Current liabilities		
Trade and other payables	1,300	550
Provision for annual leave	82	149
Provision for annual bonus	523	449
Finance lease liability	-	42
Total current liabilities	1,905	1,190
Non-current liabilities		
Deferred tax liabilities	21,996	26,039
Royalty agreement liability	12,330	28,305
Finance lease liability	-	39
Total non-current liabilities	34,326	54,383
Total liabilities	36,231	55,573
Net assets	106,652	119,718
Equity		
Share capital	73,565	94,416
Reserves	2,922	19,581
Retained earnings	(2,722)	(16,147)
Total equity attributable to equity holders of the company	73,765	97,850
Non-controlling interests	32,887	21,868
Total equity	106,652	119,718

6.5 Operating Performance

Tigers Realm's audited statement of comprehensive income for the financial year ended 31 December 2012 and the reviewed statement of comprehensive income for the six months ended 30 June 2013 are as follows:

Tigers Realm Coal Limited	Year Ended	6 Months Ended
Statement Of Comprehensive Income	31 December	30 June
For Period Ended	2012	2013
	\$'000	\$'000
Continuing operations		
Other income	19	42
Exploration and evaluation expenses	(44)	-
Share based payments	(859)	(1,120)
Administrative expenses		
Wages and salaries, including superannuation	(2,803)	(1,301)
Contractors and consultants	(1,461)	(1,114)
Travel	(920)	(365)
Accounting and audit	(303)	(135)
Other	(1,206)	(492)
Gain/(loss) on revaluation of royalty agreement liability	4,228	(12,869)
Results from operating activities	(3,349)	(17,354)
Net foreign exchange gain/(loss)	(137)	133
Finance income - external interest income	365	188
Net finance income/(expense)	228	321
Profit/(loss) before income tax	(3,121)	(17,033)
Income tax (expense)/benefit	(2,250)	(1,637)
Profit/(loss) from continuing operations	(5,371)	(18,670)
Discontinued operation		
Loss from discontinued operation (net of tax)	(13,039)	-
Profit/(loss) for the period	(18,410)	(18,670)
Other comprehensive income		
Foreign currency translation differences for foreign operations	(377)	9,765
Total comprehensive income for the period	(18,787)	(8,905)
Profit/(loss) is attributable to:		
Owners of the company	(19,779)	(13,425)
Non-controlling interest	1,369	(5,245)
Profit/(loss) for the period	(18,410)	(18,670)
Total comprehensive income is attributable to:		
Owners of the company	(20,156)	(3,660)
Non-controlling interest	1,369	(5,245)
Total comprehensive income for the period	(18,787)	(8,905)

6.6 Cash Flow Statements

Tigers Realm's audited cash flow statement for the financial year ended 31 December 2012 and the reviewed cash flow statement for the six months ended 30 June 2013 are as follows:

Tigers Realm Coal Limited	31 December	30 June
Statement of Cash Flows	2012	2013
For Period Ended:	\$'000	\$'000
Cash flows from operating activities		
Cash receipts from customers	-	42
Cash paid to suppliers and employees	(3,534)	(5,770)
Income taxes paid	(12)	-
Net cash from (used in) operating activities	(3,546)	(5,728)
Cashflows from investing activities		
Exploration and evaluation expenditure	(14,311)	(7,638)
Acquisition of property, plant and equipment	(3,411)	(620)
Disposal of discontinued operation, net of cash disposal	(43)	-
Acquisition of a subsidiary (net of cash acquired)	(380)	-
Interest received	-	188
Net cash from (used in) investing activities	(18,145)	(8,070)
Cash flows from financing activities		
Proceeds of issue of shares	9,677	21,200
Share issue costs	(518)	(349)
Net cash from (used in) financing activities	9,159	20,851
Net increase/(decrease) in cash and cash equivalents	(12,532)	7,053
Cash and cash equivalents at beginning of the period	21,030	8,528
Effects of exchange rate changes on cash and cash equivalents	30	(164)
Cash and cash equivalents at the end of the period	8,528	15,417

7. Valuation of Tigers Realm Shares

7.1 Value Definition

DMR Corporate's valuation of Tigers Realm has been made on the basis of fair market value, defined as the price that could be realized in an open market over a reasonable period of time given the current market conditions and currently available information, assuming that potential buyers have full information, in a transaction between a willing but not anxious seller and a willing but not anxious buyer acting at arm's length.

7.2 Valuation Methodologies

In selecting appropriate valuation methodologies, we considered the applicability of a range of generally accepted valuation methodologies. These included:

- asset based methods;
- share price history;
- capitalisation of future maintainable earnings;
- net present value of future cash flows;
- comparable market transactions; and
- alternate acquirer.

7.3 Asset Based Methods

This methodology is based on the realisable value of a company's identifiable net assets. Asset based valuation methodologies include:

(a) Net Assets

The net asset valuation methodology involves deriving the value of a company or business by reference to the value of its assets. This methodology is likely to be appropriate for a business whose value derives mainly from the underlying value of its assets rather than its earnings, such as property holding companies and investment businesses that periodically revalue their assets to market. The net assets on a going concern basis method estimates the market values of the net assets of a company but does not take account of realization costs.

This valuation methodology is based on the book value of a company's assets. Tigers Realm's major asset is capitalised past exploration, evaluation and development costs. The recoverability of these costs is dependant on the successful development and commercial exploitation or sale of the area of interest to which these costs relate. As such the book value of the company's net assets may not reflect the market value of these assets.

The net assets of Tigers Realm as at 30 June 2013 as per the reviewed financial statements were \$119,718,000 – Section 6.4 above. Based on the issued capital of 524,223,017 fully paid ordinary shares as at 30 June 2013, this equates to a net asset backing of \$0.23 per share.

We have concluded that the net asset backing of a Tigers Realm share was \$0.23 as at 30 June 2013 however this is not considered to be a valuation of the Tigers Realm shares.

(b) Orderly Realisation of Assets

The orderly realisation of assets method estimates the fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner.

We do not consider that this valuation methodology is an appropriate methodology to use to value Tigers Realm as the Company intends to hold its existing interests in the coal projects and develop them in the near future if it can raise the necessary capital to fund the development.

(c) Liquidation of Assets

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a short time frame.

We consider that this methodology is an inappropriate valuation methodology to use as Tigers Realm has existing cash resources and it is still capable of raising equity as and when it is required.

7.4 Share Price History

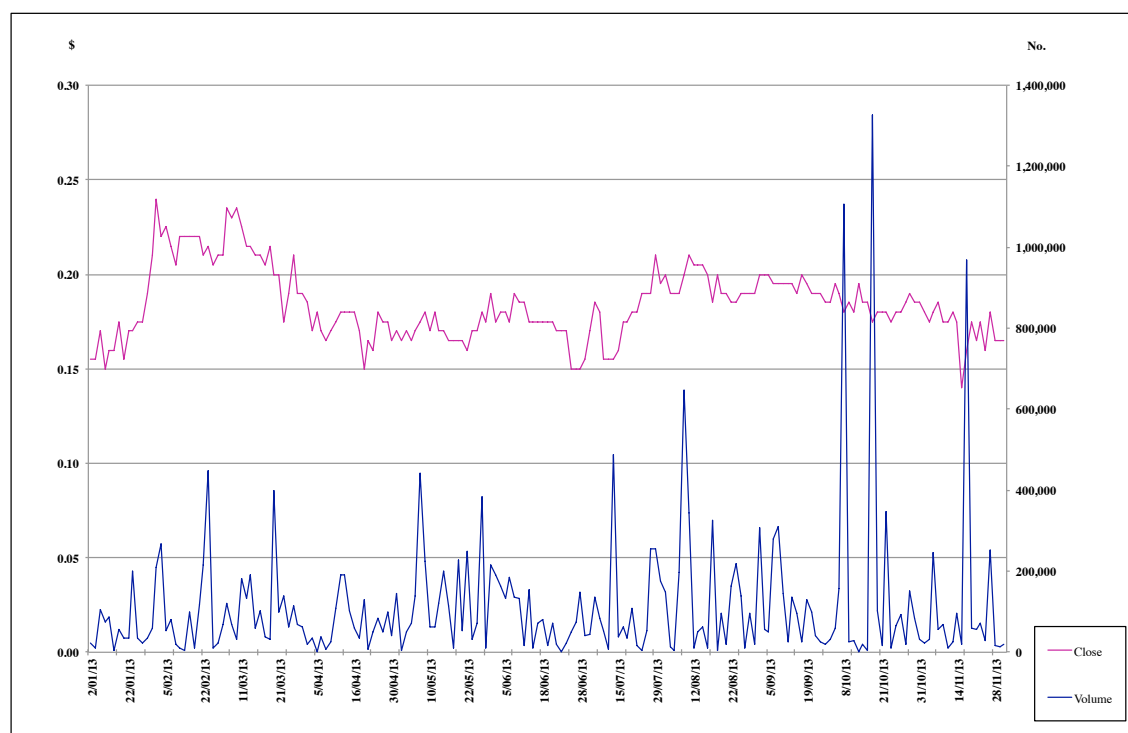
The share price history valuation methodology values a company based on the past trading in its shares.

A table of the share price history of Tigers Realm from 1 January 2013 to 11 December 2013 (the date immediately prior to the \$62 million capital raisings being announced) is as follows:

Month	Share Price			Volume	Value
	High \$	Low \$	Average \$		
2013					
January	0.210	0.150	0.170	790,362	134,508
February	0.250	0.200	0.219	1,570,948	344,596
March	0.240	0.175	0.208	1,915,255	399,288
April	0.190	0.150	0.174	1,331,192	232,042
May	0.195	0.155	0.173	2,888,670	499,474
June	0.200	0.135	0.174	1,684,407	292,748
July	0.210	0.140	0.180	2,008,807	362,192
August	0.210	0.185	0.195	2,426,593	472,846
September	0.200	0.190	0.196	1,726,684	337,588
October	0.195	0.175	0.180	3,706,450	665,678
November	0.185	0.140	0.169	2,048,738	345,285
December 1 to 11	0.165	0.165	0.165	21,010	3,467
				22,119,116	4,089,713

Source: ASX and DMR Corporate

and graphically as:



Source: ASX and DMR Corporate

We comment on the above table and graph below:

Share Volumes

The strategic shareholders and shares held by directors and employees total 391,581,157 shares or 74.7% of the issued capital. The balance of the issued capital is 132,641,860 and this represents the 'free float' that is readily tradeable on market.

The turnover in the last 12 months was 22,119,116 shares or 16.7% of the free float.

We consider that there is sufficient liquidity in the market for Tigers Realm shares for us to apply the share price valuation methodology.

Share Prices

The share price during the period depicted has ranged from a high of \$0.25 on 1 February 2013 to a low of \$0.135 on 27 June 2013.

The following ASX announcements may have had an impact on the daily share prices and the following table summarises the key announcements issued during the 2013 calendar year:

Tigers Realm ASX Announcements:		Daily Closing Price
Date	Headline	
31/01/13	Quarterly Activities Report	\$ 0.210
4/02/13	Excellent results in first holes at Amaam North	\$ 0.220
12/02/13	Investor Presentation	\$ 0.220
19/02/13	Further drilling success at Amaam North	\$ 0.220
22/02/13	Successful Completion of \$21.2M Placement	\$ 0.210
4/03/13	Investor Presentation	\$ 0.210
6/03/13	Update on Amaam Mining Licence Application and Port Status	\$ 0.235
8/03/13	Full Year Statutory Accounts	\$ 0.235
27/03/13	Mining Licence received for Amaam - ownership moves to 60%	\$ 0.210
3/04/13	Achievement of significant Amaam port permitting milestone	\$ 0.185
15/04/13	Positive Amaam Pre-Feasibility Study Completed	\$ 0.180
23/04/13	Amaam North Confirmed as a Significant Coking Coal Discovery	\$ 0.160
29/04/13	Quarterly Activities & Cashflow Report	\$ 0.175
1/05/13	Corporate Update Presentation May 2013	\$ 0.170
4/07/13	Significant New Coking Coal Resource Delineated at Amaam Nth	\$ 0.185
9/07/13	Corporate Update July	\$ 0.155
16/07/13	Quarterly Activities Report	\$ 0.175
26/07/13	Quarterly Cashflow Report	\$ 0.190
26/07/13	Moscow and Amaam Project Investor and Analyst Visit	\$ 0.190
21/08/13	Half Year Accounts	\$ 0.190
23/08/13	Corporate Update August	\$ 0.185
2/09/13	Corporate Update September	\$ 0.200
2/09/13	Positive Amaam Nth Project F Pre-Feasibility Study Completed	\$ 0.200
7/10/13	Corporate Presentation October	\$ 0.190
22/10/13	Australian Microcap Conference Presentation	\$ 0.180
22/10/13	Ownership of Amaam increases from 60% to 80%	\$ 0.180
30/10/13	Quarterly Activities Report and Cash Flow Report	\$ 0.185
14/11/13	Corporate Update November 2013	\$ 0.175
12/12/13	Equity Raising Presentation	\$ 0.170
12/12/13	Significant Capital Raising of approximately \$62M	\$ 0.165

Source: ASX

The volume weighted average price (“VWAP”)(based on closing prices) for the entire 2013 calendar year to 11 December 2013 was \$0.185 per share on a volume of 22,119,116 shares, the 90-day period ended 11 December 2013 was \$0.177 per share on a volume of 6,355,792 shares, the 60-day VWAP was \$0.174 on a volume of 4,345,043 shares and the 30-day VWAP was \$0.166 per share on a volume of 1,632,454 shares.

Summary – Share Price History

Based on the above information we have formed the opinion that the Tigers Realm shares have a market value in a range of \$0.166 to \$0.174 per share.

7.5 Earnings Based Valuation

Capitalisation of earnings is a method commonly used for valuing manufacturing and service companies and, in our experience, is the method most widely used by purchasers of such businesses. This method involves capitalising the earnings of a business at a multiple which reflects the risks of the business and its ability to earn future profits. There are different definitions of earnings to which a multiple can be applied. The traditional method is to use net profit after tax. Another common method is to use Earnings Before Interest and Tax, or EBIT. One advantage of using EBIT is that it enables a valuation to be determined which is independent of the financing and tax structure of the business. Different owners of the same business may have different funding strategies and these strategies should not alter the fundamental value of the business.

As Tigers Realm does not have a history of profitable trading, we consider that the capitalisation of maintainable earnings is not an appropriate methodology to use to value Tigers Realm shares.

7.6 Net Present Value of Future Cash Flows

An analysis of the net present value of the projected cash flows of a business (or discounted cash flow technique) is based on the premise that the value of the business is the net present value of its future cash flows. This methodology requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value of the business remaining at the end of the forecast period.

Tigers Realm has not been generating positive cash flows and has not released to the market long-term cash flow forecasts.

We considered preparing a valuation based on the net present value of the Company's internally assessed future cash flows however we determined that at this stage of the development a valuation based on this methodology would not be meaningful due to the inherent risks which are still imbedded in the project and its future development. These risks² include the following:

- uncertainty in the estimation of mineral resources;
- the projects are at the preliminary stage of determining the economic and technical viability of the two projects;
- there is still doubt on the quality of the coal as 'coal quality' analysis on recovered drill hole cores has yet to be undertaken; and
- the projects are at the pre-development stage and if it is decided to proceed to production, the process of developing and constructing the project will be subject to many uncertainties.

7.7 Comparable Market Transactions

Industry specific methods estimate market values using rules of thumb for a particular industry. Generally rules of thumb provide less persuasive evidence of the market value of a company than other valuation methods because they may not account for company specific factors.

Due to the risk profile referred to in Section 7.6 above, the fact that there are no Reserves under the JORC Code and the majority of its Mineral Resources are in the Inferred Mineral Resources category (the lowest of three Resources categories under the JORC Code) there is a relatively low level of geological certainty at both Amaam coal projects. For this reason we consider that an analysis of the value of Tigers Realm based upon its presently identified reserves and resources is not appropriate.

7.8 Alternate Acquirer

The value that an alternative offeror may be prepared to pay to acquire Tigers Realm is a relevant valuation methodology to be considered.

We are not aware of any offers for the Tigers Realm shares and we can see no reason as to why an offer would be initiated at this time without the consent of the 2 major shareholders.

² Risks have been extracted from the Tigers Realm Equity Raising Presentation dated 12 December 2013 and disclosed on the ASX web site on the same date.

7.9 Conclusion

We consider that the share price valuation methodology is the appropriate methodology to use to value Tigers Realm, however this valuation methodology is based on the sales of small parcels of shares and it is therefore a minority value. On a minority share basis Tigers Realm shares are valued in a range of \$0.166 to \$0.174 per share.

8. Proposed BVMHL and RDIF Funding Proposals

8.1 General

Tigers Realm has determined that its preferred strategic path is to become associated with 2 partners (BVMHL and RDIF) who can provide political direction and support together with the necessary funding to substantially develop the Amaam North project.

8.1.1 The backgrounds to these 2 strategic investors are as follows:

BV Mining Holding Limited -

BVMHL is part of a group of six private equity funds advised by Baring Vostok Capital Partners Limited (Guernsey) (“BVCP”), one of Russia’s and the region’s leading private equity firms. The private equity funds advised by BVCP have invested over US\$2.1 billion in more than 60 companies since 1994 and currently have committed capital of US\$3.7 billion. The funds have partially or fully exited 42 projects with an average holding period of 6 years.

Russian Direct Investment Fund -

RDIF was created in 2011 under the leadership of both the President and Prime Minister of Russia to:

- Invest alongside top global investors, side-by-side on the same terms
- Act as a catalyst for foreign direct investment in Russia
- Provide support and alignment of interests with foreign investors

RDIF’s management company is a 100% subsidiary of the Russian state development bank, Vnesheconombank. RDIF’s funds total US\$10 billion and it makes equity co-investments primarily in the Russian economy.

8.2 BVMHL and RDIF Funding

8.2.1 On 23 January 2014 the Australian Government Takeovers Panel issued a media release stating that the Panel considered that each of BVMHL and RDIF are associated with Tigers Realm Minerals Pty Ltd and Messrs. Manini, Parry, Hegarty and Forsyth because of, among other things, the terms of the share subscription agreements between Tigers Realm, TRM and each of BVMHL and RDIF.

8.2.2 The Proposed Funding Transaction with BVMHL is for the issue of 219,263,985 shares to BVMHL representing up to a 26.03% direct interest for \$36,178,557, however the Takeovers Panel’s release means that BVMHL and its associates have an aggregate interest in 169,726,506 shares which represents up to a 46.17% of the shares currently on issue. This technically gives BVMHL voting power in respect of these shares as distinct from control.

The Proposed Funding Transaction with RDIF is for the issue of 99,000,000 shares to RDIF representing up to an 11.75% interest for \$16,335,000.

Immediately following the issue of the above shares to BVMHL and RDIF, Tigers Realm’s share capital structure will be as follows:

Capital Structure	Actual Ordinary Shares	Actual % Interests	Issue of Shares Per Resolutions 2 & 3	
			Ordinary Shares	% Interests
Current Securityholders				
Tigers Realm Minerals Pty Ltd	119,832,920	22.86%	119,832,920	14.22%
Prof. Bruce Nathaniel Gray & Pine Ridge				
Superannuation Fund	101,529,903	19.37%	101,529,903	12.05%
Remaining Shareholders	302,860,194	57.77%	302,860,194	35.95%
Sub Total	<u>524,223,017</u>	<u>100.00%</u>	<u>524,223,017</u>	<u>62.22%</u>
BVMHL Placement			219,263,985	26.03%
RDIF Placement			99,000,000	11.75%
			<u>318,263,985</u>	<u>37.78%</u>
Total			<u>842,487,002</u>	<u>100.00%</u>

Source: DMR Corporate

If shareholders approve all of the five proposed resolutions then BVMHL's interests will be diluted to 24.63%. If the SPP is established and fully subscribed then BVMHL's interests will be diluted to 24.36% - refer to Appendix A.

- 8.2.3 The Takeovers Panel media release states that each of BVMHL and RDIF are associated with Tigers Realm Minerals Pty Ltd ("TRM") and Messrs. Manini, Parry, Hegarty and Forsyth, because of the terms of the share subscription agreements between Tigers Realm, TRM and each of BVMHL and RDIF. We do not consider that it is necessary to aggregate the combined interests of the entities and individuals in our assessment of 'control' however it is necessary for the determination of voting power and the ability to vote on the various resolutions.

We have considered whether BVMHL's 26.03% interest represents a controlling interest or whether it is a minority interest. Whilst there are currently 2 other major shareholders on the share register with holdings above 19% these shareholders may be diluted if all of the funding and option agreements are implemented. Through the agreements negotiated during the Takeovers Panel deliberations, Bruce Gray may retain his 19.37% interest however TRM may have its interests decreased to 6.91% if Bruce Gray exercises his options over the TRM shares.

BVMHL will become Tigers Realm's largest shareholder with a 24.36% interest and there will be 2 other shareholders each with significant interests (11.0% and 19.37%).

8.2.4 Placement Discounts

There is evidence in the market that large rights issues or private placements have been offered at a discount to the prevailing trading prices of the shares at the time of issue. The magnitude of the discount depends on several things, including, but not limited to the following:

- The size of the raisings compared with the market capitalisation of the company;
- The purpose of the capital raising (i.e. the funding of future developments or the recapitalisation of the company to reduce the level of outstanding borrowings);
- The industry in which the company operates; and

- The specific circumstances of the company.

For the purposes of establishing an appropriate level of rights issue/placement discount the following table analyses rights issues and private placements over the last 3 years in the Australian mining industry. The rights issue/placement price is compared with the closing share price of the issuing company on the day prior to the announcement.

A recent analysis of placement and rights issues discounts conducted by Grant Thornton concluded that an equity raising would require a discount of between 20% and 30% on the current share price if it was to be successful.

The following represents an analysis of placements and rights issue discounts in the mining industry over the last 3 years:

Date Transactions Announced	Target/Issuer	Exchange: Ticker	Share Price 1 Day Prior	Offer Price of Securities	Percentage Discount
08/17/2011	Bandanna Energy Limited (ASX:BND)	ASX:BND	1.190	1.000	15.97%
04/18/2011	Dart Energy Limited (ASX:DTE)	ASX:DTE	0.860	0.750	12.79%
09/14/2010	Cockatoo Coal Limited (ASX:COK)	ASX:COK	0.540	0.400	25.93%
11/16/2010	Sandfire Resources NL (ASX:SFR)	ASX:SFR	7.780	7.300	6.17%
10/14/2010	Tap Oil Ltd. (ASX:TAP)	ASX:TAP	0.970	0.810	16.49%
10/26/2011	Perilya Ltd. (ASX:PEM)	ASX:PEM	0.520	0.420	19.23%
08/27/2009	Northern Iron Limited (ASX:NFE)	ASX:NFE	1.870	1.450	22.46%
04/07/2010	WestSide Corporation Limited (ASX:WCL)	ASX:WCL	0.555	0.450	18.92%
08/22/2011	Senex Energy Limited (ASX:SXY)	ASX:SXY	0.415	0.350	15.66%
07/31/2013	Horizon Oil Limited (ASX:HZN)	ASX:HZN	0.370	0.330	10.81%
11/04/2010	Independence Group NL (ASX:IGO)	ASX:IGO	7.190	6.650	7.51%
11/19/2012	Drillsearch Energy, Ltd. (ASX:DLS)	ASX:DLS	1.490	1.300	12.75%
09/02/2009	Nexus Energy Limited (ASX:NXS)	ASX:NXS	0.395	0.320	18.99%
07/17/2012	Blackthorn Resources Limited (ASX:BTR)	ASX:BTR	1.235	1.100	10.93%
10/04/2012	Base Resources Limited (ASX:BSE)	ASX:BSE	0.420	0.400	4.76%
08/02/2012	Iron Road Limited (ASX:IRD)	ASX:IRD	0.370	0.320	13.51%
04/02/2012	Reed Resources Ltd. (ASX:RDR)	ASX:RDR	0.285	0.180	36.84%
04/12/2013	Buccaneer Energy Limited (ASX:BCC)	ASX:BCC	0.043	0.040	6.98%
06/23/2009	Resource Generation Limited (ASX:RES)	ASX:RES	0.710	0.400	43.66%
01/31/2011	Altona Mining Limited (ASX:AOH)	ASX:AOH	0.390	0.310	20.51%
03/01/2012	Alkane Resources Limited (ASX:ALK)	ASX:ALK	1.250	1.100	12.00%
10/21/2009	Flinders Mines Limited. (ASX:FMS)	ASX:FMS	0.175	0.145	17.14%
05/12/2010	Sino Gas & Energy Holdings Ltd. (ASX:SEH)	ASX:SEH	0.065	0.030	53.85%
03/15/2010	Molopo Energy Limited (ASX:MPO)	ASX:MPO	1.310	1.030	21.37%
01/21/2011	Venturex Resources Limited (ASX:VXR)	ASX:VXR	0.125	0.090	28.00%
11/11/2009	Regis Resources Limited (ASX:RRL)	ASX:RRL	0.520	0.420	19.23%
08/29/2011	Millennium Minerals Limited. (ASX:MOY)	ASX:MOY	0.440	0.310	29.55%
03/08/2012	WestSide Corporation Limited (ASX:WCL)	ASX:WCL	0.480	0.250	47.92%
10/29/2009	Troy Resources Limited (ASX:TRY)	ASX:TRY	2.470	2.000	19.03%
08/01/2011	Base Resources Limited (ASX:BSE)	ASX:BSE	0.575	0.551	4.17%
				Average	19.77%
				Mean	18.03%

Source: Capital IQ and DMR Corporate

We have considered the above analyses and in our opinion a discount of 20% should be applicable to the Tigers Realm proposed placements and rights issues.

If we take the share price values determined in Section 7.4 above and apply a 20% placement discount to current market values we obtain the following theoretical placement/rights issue prices:

Assessment as to Placement Prices		
	Low \$	High \$
Share price based on above VWAP range	0.166	0.174
Less: Placement discount 20%	0.033	0.035
Placement Price	0.133	0.139

Source: DMR Corporate

Based on the above analysis we consider that the placement price of the shares should be in a range of \$0.133 to \$0.139 per share in the current market.

9. Control Premium

A control premium represents the difference between the price that would have to be paid for a share to which a controlling interest attaches and the price at which a share which does not carry with it control of the company could be acquired. Control premiums are normally in a range of 25% to 35%³ above the value of a minority share. The actual control premium paid is transaction specific and depends on a range of factors, such as the level of synergies available to the purchaser, the level of competition for the assets and the strategic importance of the assets.

	Low \$	Mid \$	High \$
Share Price	0.166	0.17	0.174
	25%	25%	35%
Control Value	0.2075	0.2125	0.2349
Rounded	0.208	0.213	0.235

Source: DMR Corporate

After taking the control premiums into account the adjusted share prices on a control basis become \$0.208 to \$0.235 per share.

We have therefore valued the Tigers Realm shares in a range of \$0.208 to \$0.235 per share on a control basis using the share price valuation methodology.

10. Valuation of the Tigers Realm Shares Post Transaction

- 10.1 In Section 7.9 we concluded that the Tigers Realm shares were valued in a range of \$0.166 to \$0.174 per share on a minority basis.
- 10.2 We have extrapolated these values to a post transaction basis by taking the fair market value of the shares and the Company pre-transaction and then adding the Proposed BVMHL and RDIF Placement monies to calculate the theoretical value of a post transaction share on a minority basis. The calculations are as follows:

³ RMS Bird Cameron Control Premium Study 2013

Post Transaction	Low	High
Value of a share on a minority basis pre-transaction	\$0.166	\$0.174
Issued Capital - pre-transaction	524,223,017	524,223,017
Value of the Company on a minority basis pre-transaction	\$ 87,021,021	\$ 91,214,805
Add: BVMHL Placement	\$ 36,178,558	\$ 36,178,558
Add: RDIF Placement	\$ 16,335,000	\$ 16,335,000
	\$ 52,513,558	\$ 52,513,558
Post Transaction Minority Valuation	\$ 139,534,578	\$ 143,728,362
Issued capital on a diluted basis	842,487,002	842,487,002
Value of a minority share post transaction	\$ 0.166	\$ 0.171

Source: DMR Corporate

10.3 Conclusion

Based on the above methodology we have concluded that the Tigers Realm shares on a minority basis, post transaction and diluted for the 2 proposed placements have a theoretical value in a range of \$0.166 to 0.171 per share.

11. Assessment as to Fairness

11.1 BVMHL

If a proposed transaction results in a shareholder having an interest greater than 20% then RG 111.25 stipulates that the proposed transaction "...should be analysed as if it was a takeover bid..." and for this reason we have to adopt the control values in our assessment of the fairness of the proposed transaction.

With the BVMHL Placement BVMHL will have a 26.03% (reducing to a possible 24.36%) interest and RG 111 directs us to evaluate this transaction as a 'control transaction'.

In Section 10.3 we concluded that the Tigers Realm shares on a minority share basis, post transaction and diluted for the 2 proposed placements have a theoretical value in a range of \$0.166 to 0.171 per share.

As the value of the shares on a post transaction minority basis (\$0.166 to \$0.171), is less than the market value of the shares pre-transaction on a control basis (\$0.208 to \$0.235), we consider that the Proposed BVMHL Placement **is not fair**.

11.2 RDIF

RDIF will obtain an 11.75% interest in Tigers Realm from the Proposed RDIF Placement and this may be watered down to an 11.0% interest if all of the other funding initiatives are approved and implemented.

We do not consider that an 11.75% interest represents a controlling interest and in Section 5 above we stated that we will assess the fairness of the Proposed RDIF Placement by comparing the fair market value of the shares pre-transaction on a minority basis with the theoretical value of the shares on a post transaction basis on a minority basis.

In Section 7.9 we concluded that on a minority share basis pre-transaction the Tigers Realm shares are valued in a range of \$0.166 to \$0.174 per share.

In Section 10.3 we concluded that the Tigers Realm shares on a minority share basis, post transaction and diluted for the 2 proposed placements have a theoretical value in a range of \$0.166 to \$0.171 per share.

As the price of the RDIF Placement (\$0.165) is less than the pre-transaction values on a minority basis (\$0.166 to \$0.174), the placement is slightly dilutive and results in an immaterial reduction in the post transaction value of the shares (\$0.166 to \$0.171). In view of the reduction in the post transaction values, we have concluded that the Proposed RDIF Placement **is not fair** even though the placement discount is immaterial.

12. Assessment as to Reasonableness

Prior to deciding whether to approve or reject the Proposed Resolutions, the Tigers Realm shareholders should also consider the following significant factors:

12.1 BVMHL and RDIF Placements

- Tigers Realm's management team and advisers (Nomura and Ernst & Young) contacted a wide pool of parties (in excess of 70 parties in total) as part of the strategic process to seek investors either at the company or project level. The proposed funding package as detailed in Section 1 above has been selected by the Board of directors as the best and most appropriate funding package to place before shareholders for approval.

The placement price of \$0.165 is the highest placement price that Tigers Realm's advisors and the directors have been able to negotiate following presentations to and discussions with over 70 potential investors and financiers.

- The placement price of \$0.165 represents a discount in a range of 0.6% to 5.2% to our assessed market value of the Company's shares. Given our analysis in Section 8.2.4 above, it would appear that this is a low placement discount to the current market values of the Company's shares as placement discounts are normally about 20%.
- The Proposed BVMHL and RDIF Placements will see the emergence of two significant investors on the Company's share register that are able to support the future development of the Company's projects in Russia both politically and financially. The Company still requires mining licenses together with certain other licenses, permits and approvals to develop the two Amaam projects, including the port development to be constructed by Tigers Realm and the upgrade of the existing port at Beringovsky for shipments from Amaam North.
- The Proposed BVMHL and RDIF Placements form a significant proportion of the \$62 million total funding package that has been put in place by the directors. This funding is expected to enable the Company to complete the Bankable feasibility study for the Project F coking coal mine at Amaam North, complete the mine project design, do all things necessary to apply for the mining licence, fund further drilling at both Amaam and Amaam North and to commence the development and construction of Project F.

- In early November 2013 a current director proposed an alternative capital raising transaction and its key points were:
 - * a 1 for 5 Rights Issue at a price of \$0.10 per share to raise approximately \$10.5 million.
 - * Rights issue to be underwritten – the director offered to underwrite the issue for a 3% underwriting fee on the total capital raised under or in connection with the rights issue.

If a shareholder did not subscribe for his entitlement to the rights issue then his interests in Tigers Realm could be severely diluted and the underwriter's interests would increase. In this instance the capital raising would be limited to \$10.5 million and the Company would therefore need to seek further substantial funding in the short term. If this were to occur, the market for new capital may not be conducive to new capital raisings by Tigers Realm at that point of time.

- We do not see the emergence of BVMHL holding a 26.03% interest (this percentage will fall to 24.36% after completion of the Parallel Placement) in the Company as likely to deter a future takeover offer as there are also 2 other shareholders with interests equal to or above 11% each.
- The Proposed BVMHL and RDIF Placements will severely dilute the existing shareholders with the exception of Bruce Gray who has entered into an agreement to maintain his interests at 19.37%.
- If the shareholders do not approve the capital restructuring proposals then another source of funding will be required in the immediate short term and this may be on less favourable terms than the current proposals. We consider that the Non-Associated shareholders may be more severely diluted if this were to occur than in the current funding arrangements.

12.2 Escrow Arrangements

Pursuant to the BVMHL Subscription Agreement and the RDIF Subscription Agreement, the Company and each of:

TRM	Antony Manini
Owen Hegarty	Brian Jamieson
Craig Wiggill	Craig Parry
David Forsyth	Peter Balka
Leonid Skoptsov	Chris McFadden
Paul Tongs	David George

(together the Escrowed Shareholders) have entered into escrow agreements over their existing interests in Tigers Realm together with any additional interests that may be obtained if the Non-Associated Shareholders approve resolutions 1.1 to 1.6 in the notice of meeting to which this report is attached.

The Escrow Agreements prevent the Escrowed Shareholders, except in certain limited circumstances, from:

- disposing of their shares in the Company;
- creating any security interest in their shares in the Company; or
- transferring effective ownership of their shares in the Company,
- for a period of 2 years from the date of Resolution 4 being approved by shareholders.

The Escrow Agreements also provide that the number of shares subject to escrow is to reduce by 25% at the conclusion of each six-month period following the passage of Resolution 4.

In addition, the Escrow Agreement between Tigers Realm and TRM permits TRM to transfer shares to Hanate Pty Ltd or its permitted nominee on the exercise of options held by Hanate Pty Ltd over TRM's shares in TIG pursuant to the Option Deed.

The Escrow Agreements will give the Company a relevant interest in the shares held by the Escrowed Shareholders, which will represent in excess of 20% of the Shares on issue.

Item 7 of Section 611 of the Corporations Act provides an exception to the statutory prohibition under Section 606(1) of the Corporations Act to acquiring voting power in over 20% of a public company. Shareholder approval under item 7 of Section 611 of the Corporations Act is therefore required for Resolution 4 to permit the Company to obtain a relevant interest in more than 20% of its own issued capital.

We have been requested to opine on the fairness of the Proposed Escrow Arrangements and advise the Non-Associated Shareholders whether the proposed resolution is fair and reasonable.

When we value escrowed securities we normally factor in a discount to the market value of the securities to allow for the non-negotiability of the securities subject to the escrow arrangements. In this instance we consider that the Escrowed Shareholders are entering into the Escrow Agreements to assist in the funding proposals with BVMHL and RDIF whilst at the same time they are reducing the value of their current equity interests in the short term.

There is no financial benefit provided by the Company nor is there any consideration or benefit provided to the Company. The impact of the escrow deeds is that shares that may have been sold into the market may now be deferred by the escrow restrictions and this may enhance the value of the shares held by the Non-Associated Shareholders during the escrow period.

In our opinion this resolution is a technicality to comply with the Act and as the Company gains the support of 2 significant new shareholders, the Escrowed Shareholders give up their ability to trade their equity interests for a period of up to 2 years and there is no impact on the Company, we consider that this resolution is reasonable to the Non-Associated Shareholders as the advantages of the Proposed Escrow Arrangements outweigh the disadvantages.

12.3 Approval of Option Deed

During the Takeovers Panel deliberations Bruce Gray and TRM negotiated the Proposed Option Deed to enable Bruce Gray to retain a 19.37% interest in Tigers Realm following the conclusion of all of the proposed funding arrangements.

The Option Deed gives Bruce Gray an interest in up to 67,947,481 Tigers Realm shares currently owned by TRM. The option exercise price is \$0.165 per share and the options expire 2 years from the date of grant.

The Company has agreed to put a resolution to the shareholders to approve the grant of options pursuant to the Option Deed. This is required as technically the Option Deed gives Bruce Gray an immediate relevant interest in 31.13% of the shares in the Company

on the date of signing the Option Deed, even though the options will not be granted unless and until the placements to BVMHL and RDIF complete.

This technicality gives rise to a relevant interest which means that, until such time as the placements to BVMHL and RDIF complete, Bruce 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 Act.

If Shareholders do not approve the grant of the options by TRM to Hanate Pty Ltd, Hanate Pty Ltd 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 Company is not receiving anything nor is it giving anything as the transaction is between 2 independent shareholders and it does not directly relate to Tigers Realm's Non-Associated Shareholders nor does it have any impact of their equity interests.

The Non-Associated Shareholders may however be better off if they approve the Proposed Option Deed resolution as it will dilute the equity interests of the largest shareholder from 22.86% to a possible 6.91%.

On this basis we consider that the Option Deed resolution is reasonable to the Non-Associated Shareholders as the advantages of the Proposed Option Deed outweigh the disadvantages.

12.4 Conclusion as to Reasonableness

After considering all of the above matters we consider that the advantages from the above Sections outweigh the disadvantages. For this reason we consider that all of the proposed resolutions are **reasonable**.

13. Assessment as to Fairness and Reasonableness

After considering the above matters we have concluded that:

- (a) the BVMHL Placement resolution **is not fair however it is reasonable**;
- (b) the RDIF Placement resolution **is not fair however it is reasonable**;
- (c) the Escrow Arrangements resolution **is reasonable**; and
- (d) the Option Deed resolution **is reasonable**.

14. Financial Services Guide

14.1 Financial Services Guide

This Financial Services Guide provides information to assist retail and wholesale investors in making a decision as to their use of the general financial product advice included in the above report.

14.2 DMR Corporate

DMR Corporate holds Australian Financial Services Licence No. 222050, authorizing it

to provide general financial product advice in respect of securities to retail and wholesale investors.

14.3 Financial Services Offered by DMR Corporate

DMR Corporate prepares reports commissioned by a company or other entity (“Entity”). The reports prepared by DMR Corporate are provided by the Entity to its members.

All reports prepared by DMR Corporate include a description of the circumstances of the engagement and of DMR Corporate’s independence of the Entity commissioning the report and other parties to the transactions.

DMR Corporate does not accept instructions from retail investors. DMR Corporate provides no financial services directly to retail investors and receives no remuneration from retail investors for financial services. DMR Corporate does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice to retail investors.

14.4 General Financial Product Advice

In the reports, DMR Corporate provides general financial product advice. This advice does not take into account the personal objectives, financial situation or needs of individual retail investors.

Investors should consider the appropriateness of a report having regard to their own objectives, financial situation and needs before acting on the advice in a report. Where the advice relates to the acquisition or possible acquisition of a financial product, an investor should also obtain a product disclosure statement relating to the financial product and consider that statement before making any decision about whether to acquire the financial product.

14.5 Independence

At the date of this report, none of DMR Corporate, Derek M Ryan nor Mr Paul Lom has any interest in the outcome of the proposed transaction, nor any relationship with Tigers Realm, BVMHL, RDIF or Bruce Gray or their associates.

Drafts of this report were provided to and discussed with the Company Secretary of Tigers Realm. There were no alterations to the methodology, valuations or conclusions that have been formed by DMR Corporate.

DMR Corporate had no part in the formulation of the proposed transactions. Its only role has been the preparation of this report.

DMR Corporate considers itself to be independent in terms of Regulatory Guide 112 issued by ASIC in March 2011.

14.6 Remuneration

DMR Corporate is entitled to receive a fee of \$35,000 for the preparation of this report. With the exception of the above, DMR Corporate will not receive any other benefits, whether directly or indirectly, for or in connection with the making of this report.

14.7 Complaints Process

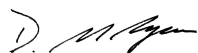
As the holder of an Australian Financial Services Licence, DMR Corporate is required to have suitable compensation arrangements in place. In order to satisfy this requirement DMR Corporate holds a professional indemnity insurance policy that is compliant with

the requirements of Section 912B of the Act. DMR Corporate is also required to have a system for handling complaints from persons to whom DMR Corporate provides financial services. All complaints must be in writing and sent to DMR Corporate at the above address.

DMR Corporate will make every effort to resolve a complaint within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service Limited – GPO Box 3, Melbourne Vic 3000.

Yours faithfully

DMR Corporate Pty Ltd



Derek Ryan
Director



Paul Lom
Director

Analysis of Shareholders' Voting Power

Maximum BVMHL Voting Power	Actual Ordinary Shares	Actual % Interests	Scenario 1			Scenario 2		Scenario 3		Scenario 4		Scenario 5			
			Issue of Option Deed to Bruce Gray by TRM			Issue of Shares Per Resolutions 2 & 3		Parallel Placement		Share Placement Plan		Option Deed			
	Ordinary Shares Per Option Deed	Ordinary Shares	% Interests	Ordinary Shares	% Interests	Ordinary Shares	% Interests	Ordinary Shares	% Interests	Ordinary Shares	% Interests	Ordinary Shares	% Interests		
Current Securityholders															
		(6,164,391)	58,192,529	11.10%	58,192,529	119,832,920	14.22%		119,832,920	13.46%	119,832,920	13.31%	(57,647,047)	62,185,873	6.91%
		6,164,391	163,170,294	31.13%	163,170,294	101,529,903	12.05%	15,151,515	116,681,418	13.11%	116,681,418	12.96%	57,647,047	174,328,465	19.37%
			302,860,194	57.77%	302,860,194	302,860,194	35.95%	302,860,194	302,860,194		302,860,194		302,860,194	302,860,194	
								31,697,745	31,697,745		31,697,745		31,697,745	31,697,745	
Professional Investors & large shareholders								763,030	763,030	0.09%	763,030		763,030	763,030	
Directors - Resolution 1											10,000,000	10,000,000	10,000,000	10,000,000	1.11%
Share Placement Plan															
Sub Total	-	524,223,017	100.00%	524,223,017	62.22%	524,223,017	62.22%	47,612,290	571,835,307	26.57%	10,000,000	581,835,307	27.39%	581,835,307	27.39%
BVMHL Placement															
RDIF Placement															
Total								47,612,290	890,099,292	62.33%	10,000,000	900,099,292	62.75%	900,099,292	62.75%

Scenario 1 – Details the maximum number of shares that Bruce Gray may be entitled to immediately after the BVMHL and RDIF Placements to retain his 19.37% interest.

Scenario 5 – Details to most likely capital structure after all of the proposed capital raisings.

Tigers Realm Limited

Sources of Information

The key documents we have relied upon in preparing this report are:

- Draft Notice of General Meeting and Explanatory Memorandum;
- Amended Share Subscription Agreement between Tigers Realm Coal Limited, Tigers Realm Minerals Pty Limited and BV Mining Holding Limited – December 2013 ;
- Amended Share Subscription Agreement between Tigers Realm Coal Limited, Tigers Realm Minerals Pty Limited and Limited Liability Company <<RDIF Investment Management>> – December 2013;
- Voluntary Escrow Deeds;
- Release and Subscription Deed dated 20 January 2014 between Tigers Realm, TRM and Bruce Gray;
- Deed of Variation dated 22 January 2014 amending the original Option Deed between TRM and Hanate Pty Ltd ATF Hanate Trust (an entity associate with Bruce Gray);
- Executed Terms Sheets for the 2 major Placements;
- Audited financial statements of Tigers Realm for the financial years ended 31 December 2011 and 2012;
- Reviewed half year financial statements for the six months ended 30 June 2013;
- Tigers Realm’s announcements to the ASX since 30 June 2012;
- ASIC Company Search - Tigers Realm Coal Limited – 2 December 2013;
- Broker Equity Research papers from Foster Stockbroking;
- Management Finance Report – October 2013;
- Letter of rights issue funding proposal – 8 November 2013;
- Australian Government Takeovers Panel Media Release - 23 January 2014
- Tigers Realm’s share register as at 14 November 2013;
- Tigers Realm’s options register as at 16 October 2013;
- Tigers Realm’s ASX share price and trade volumes for the period from 1 January 2013 to 13 December 2013 supplied by Capital IQ;
- Research data from Capital IQ and other publically accessible web sites; and
- Discussions with the Company Secretary and a Director.

Tigers Realm Limited**Declarations, Qualifications and Consents****1. Declarations**

This report has been prepared at the request of the Directors of Tigers Realm pursuant to Section 611 of the Act to accompany the notice of meeting of shareholders to approve the Proposed Transactions. It is not intended that this report should serve any purpose other than as an expression of our opinion as to whether or not the Proposed Transactions are fair and reasonable.

This report has also been prepared in accordance with the Accounting Professional and Ethical Standards Board professional standard APES 225 – Valuation Services.

The procedures that we performed and the enquiries that we made in the course of the preparation of this report do not include verification work nor constitute an audit in accordance with Australian Auditing Standards.

2. Qualifications

Mr Derek M Ryan and Mr Paul Lom, directors of DMR Corporate prepared this report. They have been responsible for the preparation of many expert reports and are involved in the provision of advice in respect of valuations, takeovers and capital reconstructions and reporting on all aspects thereof.

Mr Ryan has had over 40 years experience in the accounting profession and he is a Fellow of the Institute of Chartered Accountants in Australia. He has been responsible for the preparation of many expert reports and is involved in the provision of advice in respect of valuations, takeovers and capital reconstructions and reporting on all aspects thereof.

Mr Lom is a Fellow of the Institute of Chartered Accountants in Australia and a Registered Company Auditor with more than 35 years experience in the accounting profession. He was a partner of KPMG and Touche Ross between 1989 and 1996, specialising in audit. He has extensive experience in business acquisitions, business valuations and privatisations in Australia and Europe.

3. Consent

DMR Corporate consents to the inclusion of this report in the form and context in which it is included in the Explanatory Memorandum.



By mail:
Tigers Realm Coal Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



By fax: +61 2 9287 0309



All enquiries to: Telephone: 1300 880 472 Overseas: +61 1300 880 472



X99999999999

SHAREHOLDER PROXY FORM

I/We being a member(s) of Tigers Realm Coal Limited and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

☐

the Chairman
of the Meeting
(mark box)

OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy and to vote for me/us on my/our behalf at the General Meeting of the Company to be held at 10:00am on Friday, 21 March 2014, at The Davies Room, Rendezvous Grand Hotel, 328 Flinders Street, Melbourne, Victoria and at any adjournment or postponement of the meeting. The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒

STEP 2

VOTING DIRECTIONS

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1.1 Approval of the allotment and issue of 100,000 fully paid ordinary shares to Antony Manini	☐	☐	☐	1.6 Approval of the allotment and issue of 15,151,515 fully paid ordinary shares to Bruce Gray	☐	☐	☐
1.2 Approval of the allotment and issue of 60,000 fully paid ordinary shares to Craig Parry	☐	☐	☐	2 Approval of the BVMHL Placement	☐	☐	☐
1.3 Approval of the allotment and issue of 200,000 fully paid ordinary shares to Brian Jamieson	☐	☐	☐	3 Approval of the RDIF Placement	☐	☐	☐
1.4 Approval of the allotment and issue of 303,030 fully paid ordinary shares to Owen Hegarty	☐	☐	☐	4 Approval of escrow arrangements	☐	☐	☐
1.5 Approval of the allotment and issue of 100,000 fully paid ordinary shares to Craig Wiggill	☐	☐	☐	5 Approval of Option Deed	☐	☐	☐

i * If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

IMPORTANT - VOTING EXCLUSIONS

☐

If the Chairman of the Meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of Item 1.1 above, please place a mark in this box. By marking this box, you acknowledge that the Chairman of the Meeting may exercise your proxy even though he/she has an interest in the outcome of that Item and that votes cast by him/her for that Item, other than as proxyholder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Item 1.1 and your votes will not be counted in calculating the required majority if a poll is called on this Item. The Chairman of the Meeting intends to vote undirected proxies in favour of Item 1.1.

STEP 4

SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, all joint holders must sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

TIG PRX402



HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the Company. A proxy may be an individual or a body corporate.

Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, all joint holders must sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry.

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am on Wednesday, 19 March 2014**, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE  www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).



by mail:

Tigers Realm Coal Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



by fax:

+61 2 9287 0309



by hand:

delivering it to Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000.

**If you would like to attend and vote at the General Meeting, please bring this form with you.
This will assist in registering your attendance.**