

5 May 2020

Dear Shareholder,

Notice of Annual General Meeting, Proxy Form and Hybrid Virtual Meeting

We will hold our Annual General Meeting at 3pm (Melbourne time) on Friday 5 June 2020 at the Rendezvous Hotel, 328 Flinders Street, Melbourne. Please find attached the Notice of Meeting and Proxy Form. Also attached is a shareholder question form which you may wish to fill out and return by 29 May 2020, should you have a question to raise.

In view of the evolving COVID – 19 situation, the public health concerns, social distancing and travel restrictions, etc. the TIG Board strongly recommends you participate in the Meeting online. It may be that at the time of the meeting government requirements restrict or prohibit physical attendance at the meeting. A virtual meeting platform has been established and can be accessed online at <https://agmlive.link/TIG20>. Shareholders will be able to view and hear the meeting on their own computer, vote on resolutions and ask questions, as though they are physically at the meeting.

In relation to the Meeting there are 8 items of business to be voted upon including the approval to issue shortfall shares and approve overallocated shares following our recently completed Entitlement Offer. We ask shareholders to consider all the items and submit their proxies as early as possible.

Full details on each of the items of business, how to vote and participate in the virtual meeting are all included in the Notice of Meeting.

We thank all shareholders for their continued support.

Yours sincerely



Craig Wiggill
Chairman



Dmitry Gavrilin
CEO

Tigers Realm Coal Limited
ACN 146 752 561
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that an Annual General Meeting (**Meeting**) of shareholders of Tigers Realm Coal Limited (**Company**) will be held at 3pm (Melbourne time) on 5 June 2020 at the Bresnan Room, Rendezvous Hotel, 328 Flinders Street, Melbourne, Victoria.

In light of the potential health risks created by the coronavirus pandemic (**COVID-19**), as well as the uncertainty around the government imposed restrictions on public gatherings that might be in force at the time of the meeting, the Company strongly encourages shareholders to participate in the Meeting remotely and avoid physical attendance in the following ways:

Direct voting

You can lodge a direct vote by following the instructions set out under the Notes of this Notice of Meeting and as described in the Online Platform Guide (available at: www.tigersrealmcoal.com).

Proxy voting

You can lodge a directed proxy vote in advance of the meeting by following the instructions set out under the Notes of this Notice of Meeting and in the attached Proxy Form.

Virtual participation at the AGM

To avoid the need for you to attend the AGM in person the Company has provided for shareholders to participate virtually through the online platform established by the Company's share registrar Link Market Services (available at: <https://agmlive.link/TIG20>). Further information on how to do this is set out in this Notice of Meeting and the Online Platform Guide.

An explanatory memorandum containing information in relation to the following resolutions accompanies, and forms part of, this Notice of Meeting (**Explanatory Memorandum**) and should be read in conjunction with this Notice of Meeting.

Terms that are not defined in this Notice of Meeting have the meaning given to them in the glossary in the Explanatory Memorandum.

In relation to Resolution 4 and Resolution 5, shareholders should also read the Independent Expert's Report prepared by PKF Melbourne Corporate Pty Ltd (**Independent Expert**), a copy of which accompanies this Notice of Meeting.

AGENDA

1. ORDINARY BUSINESS

1.1 Annual Financial Report

To receive and consider the Financial Report of the Company and its controlled entities and the reports of the Directors and Auditor for the year ended 31 December 2019.

1.2 Resolution 1 - Adoption of Remuneration Report

To consider, and if thought fit, to pass the following Resolution as an ordinary resolution:

"That the Remuneration Report for the year ended 31 December 2019 be adopted."

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company. A voting exclusion statement applies to this Resolution (see section 3 below).

1.3 Resolution 2 - Re-election of Ralph Morgan

To consider and, if thought fit, pass the following Resolution as an ordinary resolution:

"That Mr Ralph ("Tav") Morgan, a Director retiring by rotation in accordance with Article 47(a) of the Constitution and being eligible, be re-elected as a Director."

1.4 Resolution 3 - Re-election of Tagir Sitdekov

To consider and, if thought fit, pass the following Resolution as an ordinary resolution:

"That Mr Tagir Sitdekov, a Director retiring by rotation in accordance with Article 47(a) of the Constitution and being eligible, be re-elected as a Director."

2. SPECIAL BUSINESS

2.1 Resolution 4 - Approval for a proposed issue of Shortfall Shares to Hanate Pty Ltd as Trustee of the Hanate Trust

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"Subject to Resolution 5 being passed by shareholders at the Meeting, that, for the purposes of item 7 of section 611 of the Corporations Act and for all other purposes, approval is given for the issue of 1,303,876,936 fully paid ordinary shares in the Company to Hanate Pty Ltd as Trustee of the Hanate Trust an entity associated with director and substantial shareholder, Dr Bruce Gray (**Hanate**) on the terms and conditions set out in the Explanatory Memorandum, which in addition to the 1,697,577,035 shares already held, will result in Hanate and its Associates voting power increasing from 25.85% to 39.42% in the Company.*

The Independent Expert has opined that the Proposed Hanate Issue is not fair but is reasonable to Non-Interested Shareholders of the Company.

Note: A voting exclusion statement applies to this Resolution (see section 3 below)

2.2 Resolution 5 - Approval for the over-allocation of Shares to Dr Bruce Gray and Related Entities

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"Subject to Resolution 4 being passed by shareholders at the Meeting, that, for the purposes of item 7 of section 611 of the Corporations Act and for all other purposes, approval is given for the over allocation of 66,527,500 fully paid ordinary shares in the Company to Dr Bruce Gray and his Associates under the Entitlement Offer."

The Independent Expert has opined that the Overallocation is not fair but is reasonable to Non-Interested Shareholders of the Company.

Note: A voting exclusion statement applies to this Resolution (see section 3 below)

2.3 Resolution 6 - Ratification of prior issue

To consider and, if thought fit, to pass the following Resolution as an ordinary resolution:

That pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 32,675,919 Shortfall Shares under Listing Rule 7.1, on the terms and conditions set out in the Explanatory Memorandum.

Note: A voting exclusion statement applies to this Resolution (see section 3 below)

2.4 Resolution 7 – Approval of Future Issues under the Tigers Realm Coal Staff Option Plan

To consider and if thought fit, to pass the following resolution as an ordinary resolution:

“That the Company approve the terms of the Tigers Realm Coal Staff Option Plan as described in the Explanatory Memorandum and the grant of options under that Plan”.

Note: A voting exclusion statement applies to this Resolution (see section 3 below)

2.5 Resolution 8 – Approval of 10% Placement Facility

To consider and, if thought fit, to pass the following Resolution as a special resolution:

That, in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities of up to 10% of the issued capital of the Company (at the time of issue), calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum.

Note: A voting exclusion statement applies to this Resolution (see section 3 below)

3. VOTING EXCLUSION STATEMENTS

Resolution 1

The Company will disregard any votes cast on Resolution 1:

- by or on behalf of a member of the Company's key management personnel (**KMP**) named in the Company's Remuneration Report for the year ended 31 December 2019 or their Closely Related Parties (regardless of the capacity in which the vote is cast); or
- as a proxy by a person who is a member of the Company's KMP at the date of the Meeting or their Closely Related Parties.

However, votes will not be disregarded if they are cast as proxy for a person entitled to vote on Resolution 1:

- in accordance with a direction in the Proxy Form; or
- by the Chairperson, in accordance with an express authorisation in the Proxy Form to exercise the proxy even though Resolution 1 is connected, directly or indirectly, with the remuneration of the KMP.

Resolution 4

Pursuant to item 7 of section 611 of the Corporations Act, the Company will disregard any votes cast in favour on Resolution 4 by:

- Hanate; and
- any Associates of Hanate.

Resolution 5

Pursuant to item 7 of section 611 of the Corporations Act, the Company will disregard any votes cast in favour on Resolution 5 by:

- Dr Bruce Gray; and
- any Associates of Dr Bruce Gray.

Resolution 6

The Company will disregard any votes cast in favour on Resolution 6 by or on behalf of:

- a person who acquired Shortfall Shares (as defined in section 4.2 below); and
- any Associates of that person or those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney on the Proxy Form to vote on the resolution in that way;
- the Chairperson of 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; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and

- the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 7

The Company will disregard any votes cast in favour on Resolution 7 by:

- a Director; and
- any Associates of that Director.

However, this does not apply to a vote cast in favour of a resolution by:

- a person as proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form;
- the Chairperson of 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; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way. However, votes will not be disregarded if they are cast as proxy for a person entitled to vote on resolution.

Resolution 8

The Company will disregard any votes cast in favour on Resolution 8 by:

- any person who is expected to participate in the issue of Equity Securities under Resolution 8 and any person who might obtain a material benefit, except a benefit solely in the capacity of a holder of shares, if Resolution 8 is passed; or
- any Associates of those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- a person as proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form;
- the Chairperson of 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; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and

- the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way. However, votes will not be disregarded if they are cast as proxy for a person entitled to vote on resolution.

By order of the Board

A handwritten signature in black ink, appearing to read 'DJF', is written over a faint, illegible stamp.

David J Forsyth
Company Secretary
Tigers Realm Coal Limited

5 May 2020

NOTES

These notes form part of the Notice of Meeting.

How to vote at the AGM

All resolutions will be by poll

The Chairman intends to call a poll on each of the resolutions proposed at the AGM.

Voting entitlements

Pursuant to Regulation 7.11.37 of the Corporations Regulations, the Directors have determined that the shareholding of each member, for the purposes of ascertaining voting entitlements for the Meeting, will be as it appears in the Company's share register at 7 pm (Melbourne time) on 3 June 2020.

Participating in the meeting

Shareholders are encouraged to attend the meeting through the Company's online platform rather than attend in person. The issues around COVID-19 of social distancing restrictions, travel restrictions and other requirements imposed by state and federal governments provide considerable challenges in conducting the physical Meeting. It is unclear what restrictions will apply on the date of the Meeting.

Direct Voting – virtual participation at the AGM using Link Group's online platform

Shareholders may participate through the Company's online platform viewing the AGM live, lodging a direct vote in real time and asking questions online. Shareholders will be able to vote from commencement of the meeting to closure of voting as announced by the Chairman during the AGM.

More information regarding online participation at the AGM is available in the Online Platform Guide. This will be lodged with the ASX and also be available on our website. To participate and vote online at the AGM you will need your shareholder number and postcode. Proxy holders will need their proxy number which will be provided by Link Market Services no later than 24 hours prior to the meeting and following lodgement of the proxy appointment. Please check that your internet browser is compatible by following the instructions in the Online Platform Guide.

Proxies and company representatives

A Proxy Form is enclosed. To be valid, duly signed proxies (and any 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, no later than 3pm (Melbourne time) 3 June 2020. Alternatively, you can lodge your proxy online via the Tigers Realm Coal registry website (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 its 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. Where more than one proxy is appointed, and the proportion of the member's voting rights 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 or 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 or the body corporate's constitution authorising the person as the representative, or a copy of the resolution appointing the representative which is certified by the secretary or a director of the body corporate. A copy of the letter, certificate or resolution, or other evidence satisfactory to the Chairperson of the Meeting, must be produced prior to admission to the Meeting.

Share Registry

Postal address:
Tigers Realm Coal Limited

C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

By hand to:
Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138

(please do not use this address for mailing purposes)

Facsimile: (61 2) 9287 0309

Online: at www.linkmarketservices.com.au

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is to be read in conjunction with the Notice of Meeting of the Company to be held at 3pm (Melbourne time) on 5 June 2020 at the Bresnan Room, Rendezvous Hotel, 328 Flinders Street, Melbourne. Vic. 3000.

The purpose of this Explanatory Memorandum is to provide information to shareholders in deciding how to vote on the Resolutions set out in the Notice of Meeting.

The Directors recommend that shareholders read the Notice of Meeting, this Explanatory Memorandum and the Independent Expert's Report before making any decision in relation to the Resolutions.

Defined terms used in this Explanatory Memorandum are set out in the glossary at the end of this Explanatory Memorandum.

1. ANNUAL FINANCIAL REPORT

The Corporations Act requires:

- the reports of the Directors and Auditors; and
- the annual Financial Report, including the financial statements of the Company for the year ended 31 December 2019,

to be laid before the Meeting. Neither the Corporations Act nor the Constitution requires a vote of shareholders on the reports or statements. However, shareholders will be given an opportunity to raise questions or comments on the management of the Company.

Also, a reasonable opportunity will be given to shareholders as a whole at the Meeting to ask the Auditor questions relevant to the conduct of the audit, the preparation and content of the Auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the Auditor in relation to the conduct of the audit.

2. ADOPTION OF REMUNERATION REPORT

Shareholders will have a reasonable opportunity at the Meeting to ask questions about or make comments on the Remuneration Report. The Remuneration Report on pages 15 to 24 of the Company's Financial Report sets out the remuneration policies of the Company and reports on the remuneration arrangements in place for the Company's KMP during the year ended 31 December 2019. The Financial Report is available on the Company's website at <http://www.tigersrealcoal.com/>.

As prescribed by the Corporations Act, the vote on the adoption of the Remuneration Report is advisory only and does not bind the Directors or the Company. However, the Board will take the outcome of the vote and discussion at the Meeting into account in setting remuneration policy for future years.

3. RE-ELECTION OF DIRECTORS

3.1 Re-election of Ralph ("Tav") Morgan

Mr Morgan was appointed Non-Executive Director of the Company on 1 April 2014. Mr Morgan is a partner at Baring Vostok Capital Partners Group Limited with responsibility for investment projects in the Russian Federation, the Commonwealth of Independent States and Mongolia. Prior to BVCP, Mr Morgan was Managing Director at Goldman Sachs in the Global Natural Resources Group from 2009 to 2012 and was responsible for the investment banking division's advisory work with natural resource

clients in Russia and CIS. From 2004 to 2008, Mr Morgan was a Managing Director and Chief Operating Officer at PJSC MMK Norilsk Nickel and prior to that role he was a partner with the Moscow office of McKinsey and Company. Mr Morgan is a Non-Executive Director of PJSC Magnitogorsk Iron & Steel Works and a Director of the U.S.-Russia Business Council. Mr Morgan holds a BA and MPhil. Mr. Morgan is a member of both the Audit, Risk and Compliance Committee and the Nomination and Remuneration Committee. He holds no other directorships with ASX listed entities.

Recommendation

The Board (with Mr Morgan abstaining) recommends that shareholders vote **in favour** of the re-election of Mr Morgan.

3.2 Re-election of Tagir Sitdekov

Mr Sitdekov was appointed a Non-Executive Director of the Company on 1 April 2014. Mr Sitdekov is currently a First Deputy General Director of Russia Direct Investment Fund and has been involved in the Russian private equity market for over 11 years. Mr Sitdekov's most recent executive role was as Managing Director at A-1, a direct investment arm of Alfa Group. Mr Sitdekov has participated in a number of landmark private equity transactions across a range of industries. From 2003 to 2005 he was CFO at power generating company OJSC Sochi TES and prior to that role he was a Senior Consultant at Creditanstalt Investment Bank for 2 years. Mr Sitdekov holds an MBA. Mr Sitdekov is a member of the Audit, Risk and Compliance Committee. He holds no other directorships with ASX listed entities.

Recommendation

The Board (with Mr Sitdekov abstaining) recommends that shareholders vote **in favour** of the re-election of Mr Sitdekov.

4. APPROVAL OF ISSUE OF NEW SHARES AND SHORTFALL SHARES TO DR BRUCE GRAY AND ASSOCIATES

4.1 Entitlement Offer

On 18 December 2019, the Company announced an accelerated renounceable entitlement offer to Eligible Shareholders of 13 fully paid ordinary shares in the Company (**New Shares**) for every 4 existing shares held on the Record Date (7.00pm on 20 December 2019) at \$0.01 per New Share (**Offer Price**), to raise up to US\$40 million (**Entitlement Offer**).

Further details regarding the Entitlement Offer are set out in the offer documents for the Entitlement Offer lodged with ASX on 18 December 2019, comprising an ASX announcement of the Entitlement Offer, an Investor Presentation, an Entitlement Offer Booklet and a cleansing notice under section 708AA of the Corporations Act (**Offer Documents**). The Retail Entitlement Offer Booklet (which includes the ASX announcement of the Entitlement Offer, Investor Presentation and cleansing notice) was despatched to Eligible Shareholders on 23 December 2019.

The retail and institutional components of the Entitlement Offer closed at 5.00pm on 5 February 2020. The Company received valid applications from Eligible Shareholders for 4,519,050,142 New Shares.

Dr Bruce Gray and his Associates took up their full entitlements under the institutional component of the Entitlement Offer and were allotted a total of 1,313,800,674 New Shares. However, the Company has been recently advised that the number of shares held by HSBC Custody Nominees, a custodian holding shares in TIG for Dr Bruce Gray and his Associates, had been erroneously stated to be

361,440,983 shares, when the correct figure should have been 340,970,983 shares. This had the effect of overstating Dr Bruce Gray and his Associate's shareholding by 20,470,000 shares, and the correct total amount of shares held by Dr Bruce Gray and his Associate's is 383,776,361 shares. This error led to an incorrect entitlement calculation which resulted in the overallocation of 66,527,500 fully paid ordinary shares in the Company to Dr Bruce Gray and his Associates under the Entitlement Offer.

Consequently, the overallocation of 66,527,500 New Shares to Dr Bruce Gray and his Associates is now being put forward for shareholder approval for the purposes of section 611, item 7 of the *Corporations Act 2001* (Cth) (**Overallocation**). Shareholder approval for the Overallocation is being sought under Resolution 5.

4.2 Bookbuild

Following the conclusion of the retail and institutional components of the Entitlement Offer, approximately 1.34 billion entitlements, representing those retail and institutional entitlements which were not taken up in the institutional Entitlement Offer or retail Entitlement Offer or which would have been issued to ineligible retail shareholders (**Shortfall Shares**), were offered for sale in the single shortfall bookbuild (**Bookbuild**). The Bookbuild cleared at the Offer Price and all Shortfall Shares were sold.

Amongst the bids received into the Bookbuild, the Company received a bid from Hanate Pty Ltd as Trustee of the Hanate Trust an entity associated with director and substantial shareholder, Dr Bruce Gray (**Hanate**) for the maximum number of shortfall shares available, being 1,303,876,936 shares.

Hanate's bid into the Bookbuild was made at the end of the Bookbuild process in order to take up the very substantial number of Shortfall Shares that had not been subscribed for by any other shareholder or investor.

Hanate's bid for Shortfall Shares contributes approximately AUD\$13 million in further capital, and ensures that the Entitlement Offer is fully subscribed, allowing the Company to raise the full amount that is sought to be raised under the Entitlement Offer (US\$40 million).

The issue of shares to Hanate is subject to shareholder approval for the purposes of section 611, item 7 of the *Corporations Act 2001* (Cth) (**Proposed Hanate Issue**). Shareholder approval for the Proposed Hanate Issue is being sought under Resolution 4.

4.3 Purpose of Resolution 4 and Resolution 5 and reason for the Proposed Hanate Issue

The purpose of Resolution 4 and Resolution 5 is to seek shareholder approval for the issue of 66,527,500 New Shares to Dr Bruce Gray and his Associates and 1,303,876,936 Shortfall Shares to Hanate at the Offer Price.

Resolution 4 and Resolution 5 are interconditional, and as such both resolutions must be approved in order to approve any issue of shares to Dr Bruce Gray or his related entities, including Hanate.

The proceeds of the Entitlement Offer will be used for the following purposes (values based on a US\$40 million capital raising, which is contingent on shareholder approval of the Proposed Hanate Issue):

- US\$20.5 million to settle the existing Shareholder Debt, including interest;
- up to US\$5.0m for early repayment of leasing obligations with effective interest rate higher than 15% per year;

- up to US\$6.5 million for capital expenditures at the mine and port;
- up to US\$2.0 million for license compliance drilling; and
- up to US\$6.0 million for working capital.

The Company is undertaking the Entitlement Offer in order to meet its substantial need for capital on account of its current financial position as evidenced by its public announcements regarding the on-going recapitalisation process.

The Overallocation, although a mistake, has allowed the Company to raise an additional \$665,705, and will aid the Company in its substantial need for capital.

4.4 Reasons for seeking shareholder approval

Section 606 of the Corporations Act provides that a person must not acquire a relevant interest in the issued voting shares of a company if, because of that acquisition, that person's or someone else's voting power in the company: (i) increases from 20% or below to more than 20%; or (ii) increases from a starting point that is above 20% and below 90% (**Takeovers Prohibition**).

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.

Section 611 of the Corporations Act sets out certain circumstances in which an acquisition of a relevant interest in voting shares will be exempt from the Takeovers Prohibition. Item 7 of section 611 of the Corporations Act provides an exemption to the Takeovers Prohibition where the acquisition is approved (by ordinary resolution) at a general meeting of shareholders.

Shareholder approval under Item 7 of Section 611 of the Corporations Act is required for Resolution 4 and Resolution 5.

For the purposes of Resolution 4, further information regarding the impact on the voting power of each of Hanate and its Associates if shareholder approval is obtained is set out in section 4.6 of this Explanatory Memorandum.

The issue of the Overallocation has resulted in Dr Bruce Gray and his Associates holding a total voting power of 26.9% after the Entitlement Offer (not including the Proposed Hanate Issue) as compared with 25.85% if the entitlement had not been miscalculated

4.5 Overview of Hanate

The identity of the person proposing to acquire Shortfall Shares under the Proposed Hanate Issue is Hanate. Hanate is an Australian proprietary company limited by shares, and Dr Bruce Gray and Julie Anne Gray are the individual shareholders and directors of Hanate.

In addition to the individual shareholders of Hanate, Pine Ridge Holdings is also an Associate of Hanate.

Dr Bruce Gray is a Director of the Company.

4.6 Shareholding and voting power

The following table sets out:

- (a) **Prior to Entitlement Offer** - the shareholding and voting power of Hanate and its Associates in the Company, prior to the issue of any New Shares under the Entitlement Offer;
- (b) **Before the Bookbuild** – the shareholding and voting power of Hanate and its Associates in the Company, following the issue of shares under the institutional component of the Entitlement Offer.
- (c) **Shareholder approval** - the maximum extent of the increase in, and total shareholding and voting power of Hanate and its Associates in the Company, if shareholder approval is obtained to issue the Shortfall Shares to Hanate under the Bookbuild.

Prior to Entitlement Offer		Following institutional component of Entitlement Offer		If shareholder approval is obtained for issue of Shortfall Shares to Hanate under the Bookbuild	
383,776,361	21.42%	1,697,577,035	29.70%	3,001,453,971	39.42%

Note: these figures incorporate the Overallocation

4.7 Expected timing for the Proposed Hanate Issue

If shareholders approve Resolution 4, Hanate's Shortfall Shares will be issued five Trading Days after the Meeting. If not approved, those shares will not be issued.

For completeness, all other shares under the Entitlement Offer (comprising New Shares arising from Entitlements (including the Overallocation) and Shortfall Shares (other than those under the Proposed Hanate Issue)) were issued on 2 January 2020, 17 February 2020 and 18 February 2020.

4.8 Key advantages and disadvantages of the Proposed Hanate Issue and the Overallocation

Set out below are the key advantages and disadvantages of the Proposed Hanate Issue and the Overallocation, to assist shareholders in deciding whether to approve the Resolutions.

(a) Key advantages

- (i) Given both Resolutions 4 and 5 are interconditional on one another, approval of both Resolutions will ensure that the Company raises the full amount that is sought to be raised under the Entitlement Offer (US\$40 million).
- (ii) The Company will be able to apply the proceeds of the Entitlement Offer in accordance with the proposed use of funds described in the Offer Documents (as summarised in section 4.3 of this Explanatory Memorandum).
- (iii) As described in section 4.3 of this Explanatory Memorandum, the Company has explored a number of alternative ways to potentially fund its substantial need for capital and believes that the Entitlement Offer was the most appropriate funding solution for the Company, because it gives Eligible Shareholders the opportunity to participate in the capital raising on a pro rata basis and because of the relatively short time frame in which the funding may be raised.
- (iv) As a consequence of the level of participation by Eligible Shareholders under the Entitlement Offer (and therefore the Bookbuild under the Entitlement Offer), if shareholders do not approve the Resolutions, there is a risk that the amount raised

under the Entitlement Offer will not be sufficient to fund working capital prior to commencement of June shipping season, curtail capital expenditure and limit ability to make early repayment on the higher cost leasing contracts.

- (v) There is no guarantee (having regard to the recent volatility of global markets and the Company's previous endeavours to seek alternative ways to raise capital that the Company would be able to secure such funding on terms that are acceptable to the Company, or at all.
- (vi) The Company has structured the capital raising as a pro rata offer to minimise the potential dilution of the Entitlement Offer to Eligible Shareholders, and is seeking shareholder approval of the Proposed Hanate Issue because it promotes (and is consistent with) good corporate governance and transparency.
- (vii) The Independent Expert has opined that the Proposed Hanate Issue and the Overallocation is reasonable (but not fair) to Non-Interested Shareholders.

(b) Key disadvantages

- (i) The shareholding and voting power of Dr Bruce Gray (and his Associates, including Hanate) will increase as a consequence of the Proposed Hanate Issue and the Overallocation. For further details, see section 4.4 and 4.6 of this Explanatory Memorandum.
- (ii) All other shareholders of TIG (excluding Dr Bruce Gray and his Associates, including Hanate) will be diluted by the issue of Shortfall Shares pursuant to the Proposed Hanate Issue and approval of the Overallocation.
- (iii) Even if shareholder approval is not obtained, the Company has still raised A\$45.2 million under the Entitlement Offer.
- (iv) If shareholder approval is not obtained and the full amount that is sought to be raised under the Entitlement Offer is not raised, the amounts raised would still be applied to each of the proposed use of funds (as summarised in section 4.3 of this Explanatory Memorandum). In that circumstance, the funds raised would be allocated to each proposed use on a pro rata basis.
- (v) The Independent Expert has opined that the Proposed Hanate Issue and the Overallocation is not fair (but reasonable) to Non-Interested Shareholders.

4.9 Independent Expert's Report – Proposed Hanate Issue and Overallocation

In accordance with ASIC Regulatory Guide 74, the Directors have commissioned the Independent Expert to provide an Independent Expert's Report on whether or not the proposed issue to Dr Bruce Gray and his Associates, including Hanate is fair and reasonable to Non-Interested Shareholders.

Because Resolution 4 and Resolution 5 are interdependent, the Independent Expert considered the two resolutions as together forming part of one overall transaction, and has opined that the overall transaction (comprising of the Proposed Hanate Issue and Overallocation) is not fair but is reasonable to Non-Interested Shareholders. A copy of the Independent Expert's Report is annexed to this Explanatory Memorandum.

A summary of the opinion reached by the Independent Expert is set out in section 3 of the Independent Expert's Report.

The primary reasons for reaching this opinion are set out below:

(a) **Assessment of fairness**

Based on the share price history valuation methodology, the Independent Expert assessed the value of the Company's shares to be in the range of \$0.013 to \$0.023 per share *before* the Entitlement Offer on a control basis.

The Independent Expert assessed the value of the Company's shares on a minority basis *after* the Entitlement Offer to be in a range of \$0.01 to \$0.017 per share.

As the minority value of the Company's shares after the Entitlement Offer (minority value range midpoint of \$0.0135 per share) is less than the control value of the Company's shares immediately prior to the Entitlement Offer (control value range midpoint of \$0.018 per share), the Independent Expert concluded that the overall transaction is not fair to Non-Interested Shareholders.

(b) **Assessment of reasonableness**

In the Independent Expert's Report, the Independent Expert analysed a number of other factors that shareholders need to be aware of and the Independent Expert concluded that the overall transaction is reasonable.

The Independent Expert's principal reason for this conclusion is that the Entitlement Offer has been made to raise up to US\$40 million at AU\$0.01 per New Share, however there was a shortfall of approximately AU\$13.4 million under the Entitlement Offer. The Company requires the full US\$40 million to fulfil the stated objectives of the Entitlement Offer as set out in section 2.1 of the Independent Expert's Report, and the Independent Expert opined that if Shareholders do not approve the Proposed Hanate Issue and the Overallocation, the Company may need to seek alternative sources of funding, requiring extensive management focus and expense. The Independent Expert noted that given the current conditions of equity capital markets and coal prices, the availability of alternative funding may be on substantially less advantageous terms than the Proposed Hanate Issue.

The Independent Expert also noted that if Shareholders do not approve the Resolutions, Dr Gray and his Associates will need to dispose of the Overallocation. The need to sell such a large parcel of shares (relative to the recent trading volume in TIG shares) may create an overhang in the market and may put downward pressure on the price at which TIG shares trade on the ASX.

After considering all of the information available to the Independent Expert in respect of the Proposed Hanate Issue and the Overallocation, the Independent Expert has opined that the overall transaction is reasonable to Non-Interested Shareholders.

4.10 Undertakings by Dr Gray in respect of the Overallocation

Dr Bruce Gray has undertaken to not vote, and to ensure that his Associates do not vote, any of the overallocated shares in respect of any shareholder resolutions until the acquisition of the Overallocation and Proposed Hanate Issue has been approved by shareholders. In the event Resolution 4 or Resolution 5, which are interconditional on one another, are not approved by shareholders, Dr Gray has undertaken to procure the divestment of the Overallocation.

4.11 Other relevant agreements

There is no other relevant agreement between the Company and Hanate that is conditional on (or directly or indirectly depends on) shareholder approval of the Proposed Hanate Issue.

4.12 Present intentions regarding the future of the Company

As at the date of this Explanatory Memorandum, Hanate and its Associates, including Dr Bruce Gray, have advised the Company that it does not presently intend to:

- (a) make any changes to the business of the Company;
- (b) inject any further capital into the Company;
- (c) make any changes to the future employment of the present employees of the Company;
- (d) transfer any assets or property between the Company and Hanate or any person Associated with Hanate;
- (e) redeploy the fixed assets of the Company; or
- (f) change the financial or dividend policies of the Company,

if shareholder approval under item 7 of section 611 is obtained (or even if such approval is not obtained).

The Company understands that Dr Bruce Gray and his Associates, including Hanate support the Board's current strategy for the Company.

4.13 Director interests in the Proposed Hanate Issue and Overallocation

Mr. Craig Wiggill and Mr. Owen Hegarty (the **Independent Directors**) do not have a material personal interest in the Proposed Hanate Issue or the Overallocation, or the outcome of the Resolutions.

Mr. Ralph (Tav) Morgan and Mr. Tagir Sitdekov do not have a material personal interest in the Proposed Hanate Issue or the Overallocation, or the outcome of the Resolutions. However, the Company does not consider Messrs. Morgan and Sitdekov to be independent.

Dr. Bruce Gray has a material personal interest in the Proposed Hanate Issue and the Overallocation, and the outcome of the Resolutions.

The Directors (and their Associates) had or have (as applicable) the following relevant interest in the Company (i) prior to the issue of any New Shares under the Entitlement Offer; and (ii) as at the date of this Explanatory Memorandum (i.e. after the issue of New Shares arising from Entitlements and Shortfall Shares arising from the Bookbuild, with the exception of the Proposed Hanate Issue):

Name of Director	Associates	Shareholding in the Company (prior to Entitlement Offer)	Shareholding in the Company (as at the date of this Explanatory Memorandum)
Mr. Craig Wiggill	N/A	1,200,000	5,100,000

Name of Director	Associates	Shareholding in the Company (prior to Entitlement Offer)	Shareholding in the Company (as at the date of this Explanatory Memorandum)
Mr. Owen Hegarty	Shimmering Bronze Pty Ltd	30,412,029	60,412,029
Mr. Ralph (Tav) Morgan	N/A	-	-
Mr. Tagir Sitdekov	N/A	-	-
Dr. Bruce Gray	Hanate and Pine Ridge Holdings	383,776,361	1,697,577,035
Total		435,858,390	1,763,089,064

4.14 Details of any person who is intended to become a Director if the Resolution is passed

No person will be appointed as a Director of the Company if the Resolutions are passed.

4.15 Recommendation for Resolution 4 and Resolution 5

The Independent Directors believe that the potential benefits of the Proposed Hanate Issue and Overallocation outweigh any potential disadvantages.

Having regard to the above, and given Resolution 4 and Resolution 5 are interconditional on one another, the Independent Directors unanimously recommend that shareholders vote in favour of both Resolution 4 and Resolution 5.

As noted above, Dr. Bruce Gray has a material personal interest in Resolution 4 and Resolution 5. For these reasons, Dr Gray does not consider it appropriate to provide a recommendation in relation to the Resolutions.

Mr Morgan and Mr Sitdekov are not independent, and as such have abstained from providing a recommendation.

In respect of their shareholdings in the Company, the Independent Directors intend to vote in favour of the Resolutions. For the reasons set out in the Notice of Meeting, the Company will disregard any votes cast by Dr. Bruce Gray on Resolution 4 and Resolution 5.

Details of the Directors' (and their Associates') relevant interest in the Company is described in section 4.13 of this Explanatory Memorandum.

5. RATIFICATION OF PRIOR ISSUE

5.1 General

As described in section 4.1 above, the Company has undertaken the Entitlement Offer, being an accelerated renounceable entitlement offer to Eligible Shareholders of 13 fully paid ordinary shares in the Company for every 4 existing shares held on the Record Date at the Offer Price, to raise US\$40 million, including via a Bookbuild.

In accordance with the Entitlement Offer, the Company issued 32, 675,919 Shortfall Shares under the Bookbuild using the Company's placement capacity under Listing Rule 7.1 (**Shortfall Share Issue**).

Listing Rule 7.1 provides that a listed company must not, subject to certain exceptions, issue or agree to issue new equity securities equivalent in number to more than 15% of its capital in any 12-month period without the prior approval of its shareholders ("**15% Capacity**").

Listing Rule 7.4 provides that an issue of Equity Securities made without prior approval under Listing Rule 7.1 and/or 7.1A can be treated as having been made with that approval if shareholders subsequently approve it and if the issue did not breach the 15% Capacity or Additional 10% Capacity.

The Company seeks the approval of Shareholders pursuant to Listing Rule 7.4 to ratify the Shortfall Share Issue so as to preserve its capacity to issue further Equity Securities in the next 12 months without the need to obtain further Shareholder approval (subject to the Exchange Rules and ASX Listing Rules). If Resolution 6 is not approved by Shareholders, the Shortfall Share Issue will continue to count towards the Company's 15% Capacity or the Additional 10% Capacity for a period of 12 months after issue. This may have a limiting effect on the ability of the Company to issue Equity Securities over the coming 12 months.

5.2 Recipients of the Shortfall Share Issue

The Shortfall Share Issue was issued to Eligible Shareholders who bid into the Bookbuild for Shortfall Shares.

5.3 Number and class of securities allotted

The Company issued 32, 675,919 fully paid ordinary shares under the Company's existing placement capacity under Listing Rule 7.1.

5.4 Price at which the Shortfall Shares were issued

The Shortfall Shares in the Shortfall Share Issue were issued at \$0.01 per New Share.

5.5 Date on which Shortfall Shares were issued

The Shortfall Share Issue took place on 17 February 2020, with the exception of the possible issue of Shortfall Shares under the Proposed Hanate Issue, which is subject to shareholder approval pursuant to Resolution 4.

5.6 Purpose of issue and use of Funds

The Shortfall Shares were issued as part of the Company's recapitalisation strategy in order to meet its substantial need for capital on account of its current financial position as evidenced by its public announcements regarding the on-going recapitalisation process.

5.7 Summary of material terms of agreement

The Company refers to the ASX announcements titled 'Accelerated Renounceable Entitlement Offer' and 'Investor Presentation' dated 18 December 2019, and the ASX announcement titled 'Retail Entitlement Offer Information Booklet' dated 23 December 2019 with respect to the material terms of the Bookbuild.

5.8 Voting exclusion statement

A voting exclusion statement is included in this Notice of Meeting.

6. APPROVAL OF STAFF OPTION PLAN

6.1 General

In 2010 the Company established a Staff Option Plan to assist in the attraction, motivation and retention of senior executives and employees and encourage their personal commitment and contribution to the Company. The terms of the Staff Option Plan were set out in the Company's Prospectus dated 15 August 2011.

Approval is sought under exception 13 of the Listing Rule 7.2 to "refresh" the 3 year period in which options can be granted under the Staff Option Plan without detracting from the Company's capacity to issue equity securities (without shareholder approval) within the 15% Capacity under ASX listing Rule 7.1. The Staff Option Plan was previously refreshed by the Company at its Annual General Meeting on 11 May 2017. The number of options issued under the Staff Option Plan since it was last refreshed by the Company at its Annual General Meeting in May 2017 is 37,074,000.

Should Resolution 7 be approved by shareholders, the maximum number of options proposed to be issued under the Staff Option Plan is 2,602,669,236

6.2 Eligibility

Pursuant to the Staff Option Plan, options to acquire shares may be offered to eligible employees. All full time and part time employees of the Group, including directors, or such other persons and the Board in its discretion determines, are eligible employees for the purpose of the Staff Option Plan.

6.3 Terms and conditions of the Staff Option Plan

Each option entitles the holder to acquire one Share by paying the exercise price once the option has vested and the relevant vesting conditions (including time or performance conditions) have been satisfied, or waived by the Board at its discretion. Options cannot be transferred without the prior approval of the Board. Options expire seven years from date of grant unless a different expiry period is determined by the Board at the date of grant.

(a) Cessation of employment

Unvested options expire on the date a participant ceases to be employed by the Company. Vested options expire 90 days from the date a participant ceased to be employed by the Company in special circumstances (i.e. death, total and permanent disablement) or 30 days from the date the participant ceases to be employed by the Company in all other circumstances.

(b) Expiry or forfeiture of options

Options subject to vesting conditions are forfeited by a participant if the vesting conditions are not or cannot be satisfied. A participant will also forfeit any unvested options if they commit fraud, gross misconduct or a serious breach of their obligations relating to the Company's affairs. Options will also expire as a result of termination of a participant's employment with the Company as provided above.

(c) Change of Control

On a change of control of the Company, the Board has discretion, and subject to such terms and conditions as it determines, to waive vesting conditions applicable to any unvested options.

(d) *Other terms*

The Staff Option Plan contains other customary terms including in relation to new issues and change in capital structure, administration of the Staff Option Plan and amendment to the Staff Option Plan rules.

A copy of the rules of the Staff Option Plan is available from the Company's registered office.

6.4 Recommendation

As Directors may participate in the Staff Option Plan, they make no recommendation to shareholders in relation to voting on this resolution. It should be noted that any future grants of options under the Staff Option Plan to Directors, or other related parties of the Company, will require separate shareholder approval.

7. APPROVAL OF ADDITIONAL CAPACITY

7.1 Overview

Under Listing Rule 7.1A, an "Eligible Entity" can seek shareholder approval by special resolution at an annual general meeting to issue additional Equity Securities equivalent to 10% of its issued Share capital through placements over a 12 month period after the meeting at which approval is obtained, in accordance with the terms set out below (**10% Additional Capacity**). The 10% Additional Capacity is in addition to the Company's 15% placement capacity under Listing Rule 7.1 and allows the Company to issue up to 25% of its total issued capital.

Shareholders may be aware that ASX announced on 31 March 2020 that, under a Class Waiver the 15% placement capacity will be temporarily lifted to 25% subject to there being a follow on accelerated pro rata entitlement offer or SPP offer. This waiver will expire on 31 July 2020. Notwithstanding that this placement capacity has been temporarily lifted TIG has elected to proceed with this resolution.

An "Eligible Entity" for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an Eligible Entity. The Company will need to remain compliant with the requirements of Listing Rule 7.1A in order for the Company to utilise the 10% Additional Capacity.

The effect of Resolution 8 will be to allow the Company to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue during the period up to 12 months after the Meeting, without using the Company's 15% annual placement capacity granted under Listing Rule 7.1. The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Additional Capacity for 12 months. As a special resolution, Resolution 8 requires approval of 75% of the votes cast by shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative).

The exact number of Equity Securities that could be issued under the 10% Additional Capacity will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 6.2(b) below).

The Directors of the Company believe that Resolution 8 is in the best interests of the Company and unanimously recommend that shareholders vote in favour of Resolution 8.

No Director or their related parties will participate in any issue under the 10% Additional Capacity unless specific approval is obtained for the purposes of Listing Rule 10.11.

7.2 Description of Listing Rule 7.1A

(a) Class of Equity Securities

Any Equity Securities issued under the 10% Additional Capacity must be in the same class as an existing quoted class of Equity Securities of the Company. The Company, as at the date of this Notice of Meeting, has 6,310,720,012 quoted classes of Equity Securities on issue, being ordinary shares. As such, as at the date of this Notice of Meeting, the only classes of Equity Securities that the Company may issue under Listing Rule 7.1A are ordinary shares.

(b) Formula for calculating the 10% Additional Capacity

Listing Rule 7.1A.2 provides that Eligible Entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

Where:

- A** is the number of ordinary securities on issue at the commencement of the relevant period,
- plus the number of fully paid ordinary securities issued in the relevant period under an exception in Listing Rule 7.2 (other than exception 9, 16 or 17);
 - plus the number of fully paid ordinary securities issued in the relevant period on the conversion of convertible securities within Listing Rule 7.2 exception 9 where:
 - the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
 - the issue of, or agreement to issue, the convertible securities was approved, or taken under these rules to have been approved, under Listing Rule 7.1 or Listing Rule 7.4,
 - plus the number of fully paid ordinary securities issued in the relevant period under an agreement to issue securities within Listing Rule 7.2 exception 16 where:
 - the agreement was entered into before the commencement of the relevant period; or
 - the agreement or issue was approved, or taken under these rules to have been approved, under Listing Rule 7.1 or Listing Rule 7.4,
 - plus the number of any other fully paid ordinary securities issued in the relevant period with approval under Listing Rule 7.1 or Listing Rule 7.4,

- plus the number of partly paid ordinary securities that became fully paid in the relevant period;
- less the number of fully paid ordinary securities cancelled in the relevant period.

Note that “A” has the same meaning in Listing Rule 7.1 when calculating an entity’s 15% placement capacity.

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the relevant period where the issue or agreement has not been subsequently approved by the shareholders under Listing Rule 7.4.

(c) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity’s 15% placement capacity under Listing Rule 7.1.

At the date of this Notice of Meeting, the Company has on issue 6,310,720,012 shares. Therefore, the Company has a capacity to issue:

- (i) 946,608,002 shares under Listing Rule 7.1; and
- (ii) subject to shareholder approval being sought under this Resolution, 631,072,001 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities or date of agreement to issue in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 7.2(b) above).

(d) Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Additional Capacity as follows:

Minimum Issue Price

For the purpose of Listing Rule 7.3A.1, the Equity Securities, if issued, will be issued at a price of not less than 75% of the VWAP of the Company’s Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 10 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

Risk of economic and voting dilution

If this Resolution 8 is approved by shareholders and the Company issues Equity Securities under the 10% Additional Capacity, existing shareholders may be subject to the risk of both economic and voting power dilution from that issue. There is a risk that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting at which approval under Listing Rule 7.1A is obtained;
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date for the Equity Securities; and
- (iii) the Equity Securities may be issued as part of consideration for the acquisition of a new asset, in which case, no funds will be raised by the issue of the Equity Securities.

The table below shows the potential dilution of existing shareholders on the basis of the market price of shares of \$0.009 as at 30 March 2020 and the number of ordinary securities on issue as of the date of this Notice used for variable "A". The table also shows:

- (iv) two examples where variable "A" has increased by 50% and 100%. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future shareholders' meeting; and
- (v) two examples where the issue price of shares has decreased by 50% and increased by 100% as against the current market price.

VOTING DILUTION				
Number of Shares on issue (variable "A" in formula)	Dilution Variable	\$0.0045 (50% decrease in current market price)	\$0.009 (current market price)	\$0.0135 (50% increase in current market price)
6,310,720,012 Current	Additional 10% shares issued	631,072,001	631,072,001	631,072,001
	Funds raised	\$2,839,824	\$5,679,648	\$8,519,472
9,466,080,018 50% Increase	Additional 10% shares issued	946,608,002	946,608,002	946,608,002
	Funds raised	\$4,259,736	\$8,519,472	\$12,779,208
12,621,440,024 100% increase	Additional 10% shares issued	1,262,144,002	1,262,144,002	1,262,144,002
	Funds raised	\$5,679,648	\$11,359,296	\$17,038,944

The table presents theoretical examples only, and has been prepared on the following assumptions:

- (i) *The Company issues the maximum number of Equity Securities available under the 10% Additional Capacity.*
- (ii) *None of the performance rights or options that the Company currently has on issue are converted or exercised before the date of the issue of the Equity Securities.*
- (iii) *The 10% voting dilution reflects the aggregate percentage dilution against the issued Share capital at the time of issue, assuming variable A is equal to the total issued Share capital. This is why the voting dilution is shown in each example as 10%.*

- (iv) *The table does not show an example of dilution that may be caused to a particular shareholder by reason of placements under the 10% Additional Capacity, based on that shareholder's holding at the date of the Meeting.*
- (v) *The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1. Dilution experienced by shareholders may be greater if issues have been made utilising the capacity in Listing Rule 7.1 as well.*
- (vi) *The issue of Equity Securities under the 10% Additional Capacity consists only of shares. If the issue of Equity Securities includes ASX listed options, it is assumed that those listed options are exercised into shares for the purpose of calculating the voting dilution effect on existing shareholders.*
- (vii) *A market price of \$0.009 being the closing price of the shares on ASX on 30 March 2020.*

Timing

The date by which the Equity Securities may be issued under the 10% Additional Capacity is as determined under Listing Rule 7.1A.1, being the earlier of:

- (i) the date that is 12 months after the date of the Meeting at which the approval is obtained;
- (ii) the time and date of the Company next annual general meeting; or
- (iii) the time and date of the approval by shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature of scale of activities) or Listing Rule 11.2 (disposal of main undertaking),

(10% Additional Capacity Period).

The approval under Resolution 8 for the 10% Additional Capacity will cease to be valid if shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).

Purposes for which Equity Securities may be issued

The Company may seek to issue the Equity Securities under the 10% Additional Capacity if the Company intends to use the funds raised towards an acquisition of new assets (including expenses associated with such acquisition(s)), continued exploration on the Company's current land holdings and/or general working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 upon issue of any Equity Securities under the 10% Additional Capacity.

Allocation Policy

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Additional Capacity. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to factors that include, but are not limited to the following:

- (iv) the purpose of the issue;

- (v) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
- (vi) the effect of the issue of the Equity Securities on the control of the Company;
- (vii) the financial situation and solvency of the Company; and
- (viii) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Additional Capacity have not been determined as at the date of this Notice of Meeting but may include existing shareholders and/or new investors who are not related parties of the Company or their associates.

If Resolution 8 is approved by shareholders, the Company may issue Equity Securities under the 10% Additional Capacity during the 10% Additional Capacity Period, as and when the circumstances of the Company require.

Equity Securities issued by the Company

The Company has not previously issued Equity Securities pursuant to shareholder approval under Listing Rule 7.1A.

Voting Exclusion

A voting exclusion statement is included in the Notice of Meeting. At the date of the Notice of Meeting, the Company has not approached or invited any particular existing shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities under Listing Rule 7.1A. No existing shareholder's votes will therefore be excluded under the voting exclusion in the Notice of Meeting from voting on Resolution 8.

7.3 Recommendation

The Directors unanimously recommend that shareholders vote **in favour** of Resolution 8.

The Chairperson intends to vote undirected proxies **in favour** of Resolution 8.

GLOSSARY

10% Additional Capacity has the meaning given to it in section 7.1 of the Explanatory Memorandum.

10% Additional Capacity Period has the meaning given to it in section 7.2(d) of the Explanatory Memorandum.

15% Capacity has the meaning given to it in section 5.1 of the Explanatory Memorandum.

ASIC means the Australian Securities and Investments Commission.

Associates has the meaning given in the Corporations Act.

ASX means ASX Limited (ACN 008 624 691).

Auditor means the Company's auditor, currently Deloitte Touche Tohmatsu.

Board means the board of Directors of the Company.

Bookbuild means the single shortfall bookbuild of the Entitlement Offer

Chairperson means the chairperson of the Board, currently Craig Wiggill

Company means Tigers Realm Coal Limited (ACN 146 752 561).

Constitution means the constitution of the Company.

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

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

Directors means the directors of the Company from time to time.

Eligible Entity has the meaning given to it in section 7.1 of the Explanatory Memorandum.

Eligible Shareholders means persons who:

- (a) are registered as a holder of a fully paid ordinary share in the Company as at the Record Date;
- (b) have a registered address on the Company's share register in Australia, New Zealand or certain other foreign jurisdictions into which the Company has decided to extend the Entitlement Offer (including the Cayman Islands, Cyprus, Guernsey, Hong Kong, Netherlands, United Kingdom, Singapore and Russia);
- (c) are not in the United States; and
- (d) are eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered.

Entitlement means an Eligible Shareholder's entitlement to participate in the Entitlement Offer.

Entitlement Offer has the meaning given in section 4.1 of this Explanatory Memorandum. .

Equity Securities means:

- (a) a Share;
- (b) a unit;
- (c) a right to a Share or unit or option;
- (d) an option over an issued or unissued security;

- (e) a convertible security;
- (f) any security that ASX decides to classify as an equity security;
- (g) but not a security ASX decides to classify as a debt security.

Financial Report means the Company report for the year ended 31 December 2019.

Hanate means Hanate Pty Ltd as trustee for Hanate Trust, which is an entity controlled by Dr. Bruce Gray (a Director of the Company).

Independent Directors means Mr. Craig Wiggill and Mr. Owen Hegarty.

Independent Expert means PKF Melbourne Corporate Pty Ltd.

Independent Expert's Report means the written report by the Independent Expert on whether or not the Proposed Hanate Issue and Overallocation is fair and reasonable to Non-Interested Shareholders, a copy of which is annexed to this Explanatory Memorandum.

KMP means the Company's key management personnel.

Listing Rules means the listing rules of the ASX as in force from time to time.

Meeting means the general meeting of shareholders of the Company to be held at 3pm (Melbourne time) on 5 June 2020 at the Bresnan Room, Rendezvous Hotel, 328 Flinders Street, Melbourne. Vic. 3000.

New Shares means the shares issued pursuant to the retail and institutional Entitlements.

Non-Interested Shareholders means shareholders of the Company other than Hanate and its Associates, including Pine Ridge Holdings, who is an Associate of Hanate through their common control by Dr. Bruce Gray (a Director of the Company), for the reasons set out in the Notice of Meeting.

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

Offer Documents means the offer documents for the Entitlement Offer that were lodged with ASX on 29 June 2016, comprising an ASX announcement of the Entitlement Offer, an Investor Presentation, an Entitlement Offer Booklet and a cleansing notice under section 708AA of the Corporations Act.

Offer Price means \$0.01 per New Share.

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

Pine Ridge Holdings means Pine Ridge Holdings Pty Ltd as trustee for Pine Ridge Superannuation Fund, which is an entity controlled by Dr. Bruce Gray (a Director of the Company).

Proposed Hanate Issue has the meaning given in section 4.2 of this Explanatory Memorandum.

Proxy Form means the proxy form attached to this Notice of Meeting.

Record Date means the 7.00pm on 20 December 2019.

Remuneration Report means the remuneration report contained in the Financial Report.

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

Shortfall Shares means the shares to be issued under the Bookbuild.

Shortfall Share Issue has the meaning given in section 5.1 of this Explanatory Memorandum.

Share Registry means Link Market Services Limited, or any other replacement provider of share registry services to TIG from time to time.

Staff Option Plan means the staff option plan set out in the Company's prospectus dated 15 August 2011.

Takeovers Prohibition has the meaning given in section 4.4 of this Explanatory Memorandum.

Trading Day means any day on which the ASX is open for trading.

ANNEXURE - INDEPENDENT EXPERT'S REPORT



30 April 2020

The Directors
Tigers Realm Coal Limited
151 Wellington Parade South
East Melbourne VIC 3002

Dear Directors

Re: Independent Expert's Report

1. Introduction

The directors of Tigers Realm Coal Limited ("Tigers Realm" or "TIG" or "the Company") have requested PKF Melbourne Corporate Pty Ltd ("PKF Corporate") to prepare an Independent Expert's Report ("IER") in respect of the completion of a capital raising that would see Hanate Pty Ltd as trustee for the Hanate Trust ("Hanate"), an entity associated with a director and substantial shareholder of Tigers Realm, Dr Bruce Gray increase its voting power in the Company. The proposal may result in the voting power of Dr Gray increasing from a starting point that is above 20% and below 90% as imposed by Section 606 of the Corporations Act 2001 ("the Act").

2. The Proposed Issue

2.1 Background to the Proposed Issue

On 18 December 2019, Tigers Realm launched a 13 for 4 accelerated renounceable entitlement offer of fully paid TIG ordinary shares at an offer price of AU\$0.01 per TIG new share to raise up to US\$40 million ("the Entitlement Offer").

The funds raised under the Entitlement Offer are to be used as follows:

1. settle existing Shareholder Debt, including interest (US\$20.5 million);
2. license compliance drilling (US\$2.0 million);
3. capital expenditure at the mine and port (US\$6.5 million);
4. working capital (US\$6.0 million); and
5. early repayment of leasing obligations with effective interest rates higher than 15% per year (US\$5.0 million).

On 5 February 2020, Tigers Realm raised approximately AU\$44.86 million under the Entitlement Offer. The shortfall component of the Entitlement Offer was approximately 1.34 billion TIG shares or approximately AU\$13.4 million at an offer price of AU\$0.01 per TIG new share ("the Shortfall Shares"). The Shortfall Shares were allocated lastly to Major Shareholders of Tigers Realm.

The Entitlement Offer subscriptions by the shareholders who provided loans to Tigers Realm were offset against the loans owing so that, with the exception of AU\$1.503 million owing to Dr Bruce Gray, all shareholders loans were repaid by early January 2020.

PKF Melbourne Corporate Pty Ltd
ACN 063 564 045
AFSL No. 222050

Melbourne
Level 12, 440 Collins Street
Melbourne VIC 3000 Australia
p +61 3 9679 2350

PKF Melbourne Corporate Pty Ltd is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member of correspondent firm or firms.

For office locations visit www.pkf.com.au

In the process of reconciling the results of the Entitlement Offer, Tigers Realm became aware that Dr Gray and associated entities were over-allocated 66,527,500 shares over and above their entitlement. This occurred as a result of Dr Gray and associated entities inadvertently overstating their actual shareholding before the Entitlement Offer by 20,470,000 shares. (Their actual shareholding was 383,776,361 shares however they applied for shares in the Entitlement Offer on the basis of a shareholding of 404,246,361 shares. Whilst the over-allocated shares have already been issued, Tigers Realm is now seeking separate shareholder approval to the increase in voting power resulting from the over-allocation. If shareholders do not grant the approval sought, Dr Gray and associated entities will need to dispose of these shares.

On 12 February 2020, Tigers Realm announced to the Australian Securities Exchange (ASX) that Hanate had subscribed for approximately 1.304 billion of the Shortfall Shares or approximately AU\$13.04 million at an offer price of AU\$0.01 per TIG new share. The placement of the Shortfall Shares will enable Tigers Realm to fund the balance of the activities that were planned to be funded from the Entitlement Offer, namely early repayment of leasing obligations with effective interest rates higher than 15% per year and provide additional working capital.

The Shortfall Shares are yet to be issued to Hanate. As the issue of the Shortfall Shares, together with the approval of the shares over-allocated pursuant to the Entitlement Offer, will result in increasing the voting power of Dr Gray and associated entities' from 25.85% to 39.42%, both the over-allocation and the issue of the Shortfall Shares require prior shareholder approval.

2.2 Proposed Resolutions to be Approved by Shareholders

Tigers Realm is seeking shareholder approval at the forthcoming Annual General Meeting ("AGM") for the following two interdependent ordinary resolutions:

Resolution 4: Approval for a proposed issue of Shortfall Shares to Hanate Pty Ltd as Trustee of the Hanate Trust

"Subject to Resolution 5 being passed by shareholders at the Meeting, that, for the purposes of item 7 of section 611 of the Corporations Act and for all other purposes, approval is given for the issue of 1,303,876,936 fully paid ordinary shares in the Company to Hanate Pty Ltd as Trustee of the Hanate Trust an entity associated with director and substantial shareholder, Dr Bruce Gray (Hanate) on the terms and conditions set out in the Explanatory Memorandum, which in addition to the 1,697,577,035 shares already held, will result in Hanate and its Associates voting power increasing from 25.85% to 39.42% in the Company.

Resolution 5: Approval for the over-allocation of Shares to Dr Bruce Gray and Related Entities

"Subject to Resolution 4 being passed by shareholders at the Meeting, that, for the purposes of item 7 of section 611 of the Corporations Act and for all other purposes, approval is given for the over allocation of 66,527,500 fully paid ordinary shares in the Company to Dr Bruce Gray and his Associates under the Entitlement Offer."

As the above resolutions are interdependent, shareholders have to approve both resolutions for either resolution to become effective. For this reason we regard the two resolutions as together forming part of one overall transaction and in the balance of this report we refer to this transaction as the Proposed Issue ("the Proposed Issue").

2.3 Impact of the Proposed Issue

Dr Gray and associated entities, including Hanate, currently hold 1,631,049,535 TIG ordinary shares that carry voting rights, plus a further 66,527,500 shares over-allocated pursuant to the Entitlement Offer and which they are not entitled to vote. As such, Dr Gray and associated entities currently hold 25.85% of the voting power. Resolution 4 seeks approval by the Non-Associated Shareholders for 1,303,876,936 TIG ordinary shares to be issued to Hanate, an associated entity of Dr Gray, as subscribed for under the Proposed Issue.

The table below shows the impact of the Proposed Issue on Tigers Realm's voting power.

Table 1

Tigers Realm Coal Limited Shareholder name	if not approved		if approved	
	Number of shares held	Voting power	Number of shares held	Voting power
Dr Bruce Gray & Associated Entities				
Correct shareholding	1,631,049,535	25.85%	1,631,049,535	21.42%
Shortfall Shares (Resolution 4)			1,303,876,936	17.12%
Overallocated Placement Shares (Resolution 5)			66,527,500	0.87%
Total Dr Bruce Gray & Associated Entities	1,631,049,535	25.85%	3,001,453,971	39.42%
Baring Vostock Mining Holdings Limited	2,377,541,065	37.67%	2,377,541,065	31.22%
Russian Direct Investment Fund	1,098,398,595	17.41%	1,098,398,595	14.42%
Namarong Investments Pty Ltd	429,048,474	6.80%	429,048,474	5.63%
Other Non-Associated Shareholders	774,682,343	12.28%	708,154,843	9.30%
Total Non-Associated Shareholders	4,679,670,477	74.15%	4,613,142,977	60.58%
Total shares on issue	6,310,720,012	100.00%	7,614,596,948	100.00%

As the voting power of Dr Gray and associated entities may increase from a starting point that is above 20% and below 90% as imposed by Section 606 of the Act, the 1,303,876,936 TIG ordinary shares to be issued to Hanate (Resolution 4), an associated entity of Dr Gray, as subscribed for under the Proposed Issue cannot take place without prior approval by the Tigers Realm shareholders in accordance with Section 611 item 7 of the Act. Similarly, Dr Gray and associated entities will not be entitled to exercise any voting rights in respect of the 66,527,500 over-allocated Placement Shares (Resolution 5), unless prior approval by the Tigers Realm shareholders in accordance with Section 611 item 7 of the Act is obtained. Furthermore, unless shareholders approve Resolution 5, Dr Gray and associated entities will be required to dispose of these shares.

The Directors of Tigers Realm have requested PKF Corporate to prepare an IER in accordance with ASIC Regulatory Guide 111 – Content of expert reports. ASIC Regulatory Guide 111 requires the Independent Expert to advise the shareholders whether the Proposed Issue is fair and reasonable, when considered in the context of the interests of the Non-Associated Shareholders (all shareholders entitled to vote on the Proposed Issue).

3. Summary opinions

In our opinion, the Proposed Issue is **not fair but is reasonable to the Non-Associated Shareholders**. Our principal reasons for reaching this opinion are:

Fairness

- a) In Section 7 of this report, we assessed the value of a Tigers Realm ordinary share on a control basis before the Proposed Issue to be in a range of 1.3 cents to 2.3 cents per share;
- b) In Section 8 of this report, we assessed the value of a Tigers Realm ordinary share on a minority basis after the Proposed Issue to be in a range of 1.0 cent to 1.7 cents per share; and
- c) As the minority value range mid point (1.35 cents per share) of a Tigers Realm ordinary share after the Proposed Issue is less than the control value range mid point (1.80 cents per share) of a Tigers Realm share before the Proposed Issue, we have concluded that the Proposed Issue is **not fair**.

Reasonableness

The reasons for assessing the Proposed Issue as **reasonable** are:

- Approval of the Proposed Issue will enable Tigers Realm to repay leasing obligations with effective interest rates higher than 15% per year and provide additional working capital.
- Tigers Realm sought to raise US\$40 million at AU\$0.01 per TIG new share under the Entitlement Offer but the Entitlement Offer resulted in a shortfall of approximately AU\$13.4 million. The Proposed Issue will result in the Shortfall Shares also being placed at AU\$0.01 per TIG new share. If Shareholders do not approve the Proposed Issue, Tigers Realm may need to seek alternative sources of funding, requiring extensive management focus and expense. Given the current conditions of equity capital markets and coal prices, the availability of alternative funding may be on substantially less advantageous terms than the Proposed Issue.
- If Shareholders approve the Proposed Issue, Dr Gray and associated entities will control up to 39.42% of Tigers Realm's voting power, an increase from 25.85%. As a result, the stake of the Non-Associated Shareholders will be diluted from 74.15% to 60.58% and they will have reduced ability to influence the operating, financing and strategic decision of Tigers Realm. Further, as the voting power of Dr Gray and associated entities will increase to 39.42%, this will result in the two major shareholders of Tigers Realm having a 70.64% interest and the capacity to have significant influence over the passing of resolutions in the Company. However, in assessing the impact of the Proposed Issue, Shareholders need to be aware that the two major shareholders of Tigers Realm currently control 63.52% of Tigers Realm voting power and hence the combined voting power will increase from 63.52% to 70.64%.
- If Shareholders approve the Proposed Issue, the consolidation of Dr Gray and associated entities as a major investor may provide a level of market confidence and may also financially support the future production, exploration and development activities of Tigers Realm.
- The issue price of the Tigers Realm ordinary shares subject to the Proposed Issue is not at any premium or discount to the Entitlement Offer in which Non-Associated Shareholders of Tigers Realm were entitled to participate in.

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	5
6	Tigers Realm - key information	8
7	Valuation of Tigers Realm before the Proposed Issue	15
8	Valuation of Tigers Realm after the Proposed Issue	23
9	Assessment as to Fairness	24
10	Assessment as to Reasonableness	25
11	Assessment as to Fairness and Reasonableness	25
12	Financial Services Guide	26
 <u>Appendix</u>		
A	Sources of Information	28
B	Declarations, Qualifications and Consents	29

Attachment

1	Mining One Pty Ltd Independent Technical Specialist report
---	--

5. Purpose of the report

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

- **Corporations Act 2001 – Section 611**

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 an exception to the Section 606 prohibition. For an acquisition of shares to fall within the exception, the acquisition must be approved in advance by a resolution passed at a general meeting of the company in which shares will be acquired.

Tigers Realm is seeking shareholder approval for the Proposed Issue under item 7 of Section 611 of the Act, as the voting power of Dr Gray will increase from a starting point that is above 20% and below 90% as provided by Section 606 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, 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.

RG 111.10 It has long been accepted in Australian mergers and acquisitions practice that the words ‘fair and reasonable’ in s640 establish 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.

RG 111.11 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.

RG 111.12 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 111.27 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 RG 111.11.

¹ In an ASIC Corporate Finance Liaison presentation in May 2013, ASIC has expressed the view that transactions purpose 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”.

ASIC Regulatory Guide 111 requires that the Proposed Issue 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 Issue is both “fair” and “reasonable”.

- **General**

The terms “fair” and “reasonable” are not defined in the Act, however, guidance as to the meaning of these terms is provided by ASIC in Regulatory Guide 111. For the purpose of this report, we have defined them as follows:

Fairness	the Proposed Issue is “fair” if the value of the minority shares held by the Non-Associated Shareholders’ in Tigers Realm after the Proposed Issue is equal to or greater than the control value of the shares in Tigers Realm before the Proposed Issue.
Reasonableness	the Proposed Issue is “reasonable” if it is fair. It may also be “reasonable” if, despite not being “fair” but after considering other significant factors, shareholders should vote in favour of the Proposed Issue in the absence of a superior proposal being received.

What is fair and reasonable for the Non-Associated Shareholders should be judged in all the circumstances of the proposal.

The methodology that we have used to form an opinion as to whether the Proposed Issue is fair and reasonable, is summarised as follows:

- (i) In determining whether the Proposed Issue is fair, we have:
 - assessed the value of Tigers Realm before the Proposed Issue and determined the control value of one Tigers Realm share;
 - assessed the value of Tigers Realm after the Proposed Issue and determined the minority value of one Tigers Realm share; and
 - compared the control value of one Tigers Realm share before the Proposed Issue with the minority value of one Tigers Realm share after the Proposed Issue.
- (ii) In determining whether the Proposed Issue is reasonable, we have analysed other significant factors that the Non-Associated Shareholders should review and consider prior to accepting or rejecting the Proposed Issue.

6. Tigers Realm - key information

6.1 Background

- 6.1.1 Tigers Realm is a coal exploration and development company with two coal properties located in the Chukotka Autonomous Region in the Far East of the Russian Federation. Tigers Realm's primary objective is the development of its two coal properties known as the 'Amaam Coal Project'. The Amaam Coal Project comprises of two coal licenses controlled by Tigers Realm: Amaam North (wholly owned) and Amaam (80% interest).
- 6.1.2 Tigers Realm launched mining operations in 2017 and has promoted and sold coal to Asian metallurgical and thermal customers. Below is a global map showing the location of the Amaam Coal Project.

Figure 1

Amaam Coking Coal Field– World Location Map



Source: Tigers Realm Annual Report 2019

6.1.3 Amaam North Project (100% interest)

The Amaam North licenses are wholly owned by Tigers Realm and located in the Bering Basin in the Chukotka province of Russia. After completing initial construction works in the second half of 2016 at the Fandyushkinsky Field project ("Project F"), Tigers Realm commenced commercial mining at Project F in January 2017.

In September 2018, Tigers Realm was granted an Exploration and Mining licence over the Zvonkoye deposit located next to an eastern extension of Project F. In December 2019, Tigers Realm's Mining and Excavation Plan was approved for the integrated development of the Project F and Zvonkoye license areas.

As part of the Amaam North Project, Tigers Real constructed and owns the 37km pit to port road as well as the Beringovsky Port and Coal Terminal infrastructure which is located approximately 35km to the north east of the Amaam North project.

Set out in the table below is a summary of the operational performance of the Amaam North Project for the financial years ended 31 December 2018 ("FY18") and 31 December 2019 ("FY19").

Table 2

Tigers Realm Coal Limited Amaam North Project	Audited FY17 AU\$'000s	Audited FY18 AU\$'000s	Audited FY19 AU\$'000s
Revenue from the sale and shipment of coal			
Revenue from thermal coal sales	9,820	20,017	22,776
Revenue from semisoft coal sales	4,290	23,000	21,822
Revenue from shipment of coal	1,816	9,260	5,543
	<u>15,926</u>	<u>52,277</u>	<u>50,141</u>
Finance and other income	68	98	300
Cost of coal sold	(13,039)	(31,337)	(45,601)
Change in provisions for current assets	(812)	(369)	-
Change in provisions for inventories	(279)	(306)	(3,363)
Exploration and evaluation expenses	-	(85)	-
Royalty expense	(2,126)	(2,384)	(6,304)
Finance costs	(382)	(1,565)	(4,880)
Other segment expense	(4,299)	(3,698)	(5,474)
	<u>(20,869)</u>	<u>(39,646)</u>	<u>(65,322)</u>
Segment result	<u>(4,943)</u>	<u>12,631</u>	<u>(15,181)</u>

Source: Tigers Realm financial statements for the years ended 31 December 2017, 31 December 2018 and 31 December 2019

Tigers Realm is also focused on the construction and financing of a coal handling and processing plant (CHPP) to enable it to sell a higher-value product of consistent quality into the Semi-Hard coking coal (SHCC) markets. This will allow Tigers Realm to achieve higher average prices than those currently being achieved for the basket of unwashed coal products. Tigers Realm is evaluating the option of a modular plant design to be completed in early 2020 and is targeting its delivery and commissioning to allow the SHCC product to be sold during the 2021 shipping season, subject to securing sufficient financing.

6.1.4 Amaam Project (80% interest)

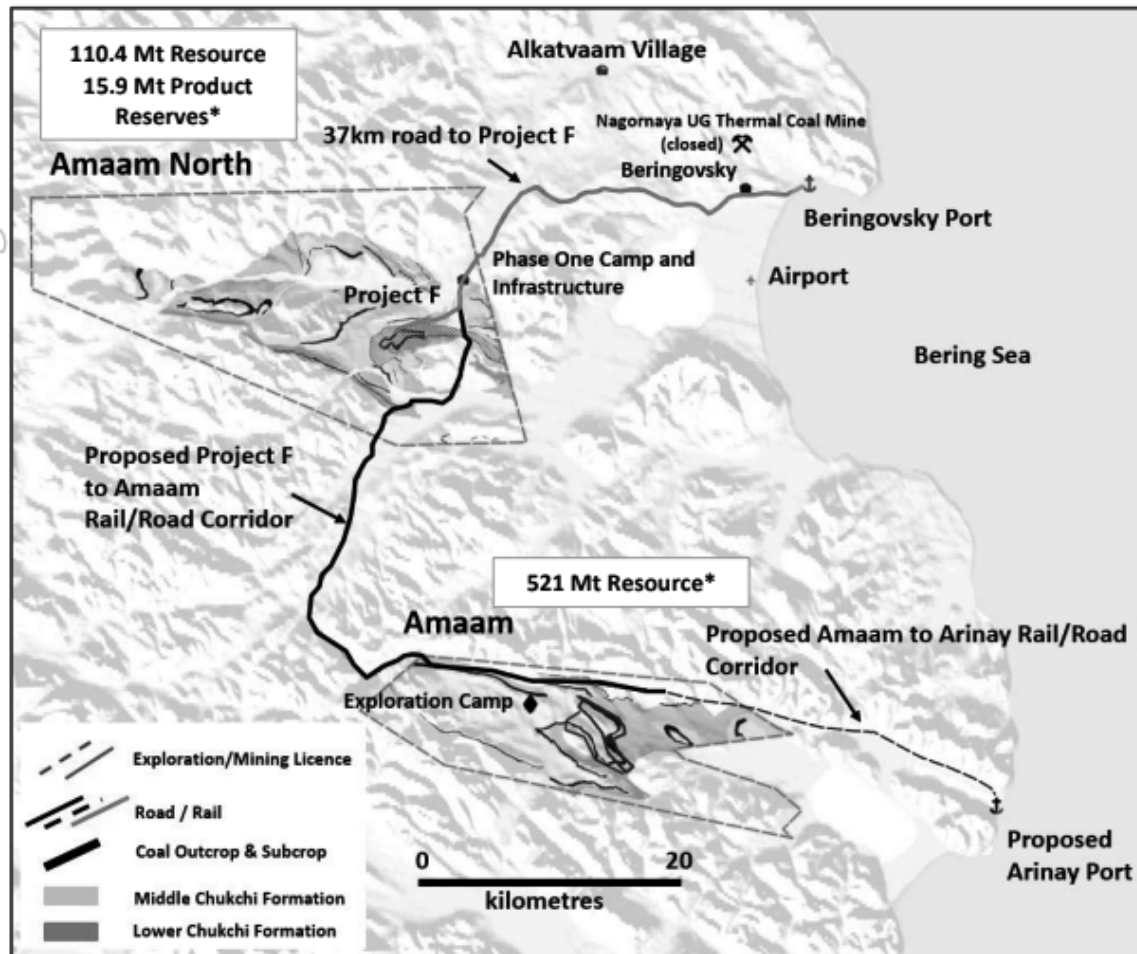
Tigers Realm currently holds an 80% beneficial ownership interest in the Amaam project with the remaining 20% held by Bering Coal Investments Limited ("Bering Coal"). The Amaam project is also located in the Bering Basin in the Chukotka province of Russia. This project is currently at the pre-development stage and will require additional drilling, evaluation and feasibility study work prior to a development decision. Tigers Realm will fund all project expenditure until the completion of a bankable feasibility study (BFS).

After completion of a BFS, each joint venture party is required to contribute to further project expenditure on a pro-rata basis, or Bering Coal has an option to progressively convert its 20% ownership to a 2% royalty of gross sales revenue. Further, Siberian Tigers International Corporation is also entitled to receive a royalty of 2% gross sales revenue from coal produced from within the Amaam licenses.

During the financial year ended 31 December 2019, Tigers Realm incurred approximately AU\$310,000 in exploration and evaluation expenses at the Amaam Project compared to AU\$269,000 during the financial year ended 31 December 2018.

- 6.1.5 The diagram below shows the geographical location of the Amaam Coal Project including resource and reserve sizes and the road/rail infrastructure linking the tenements to the existing Beringovsky Port.

Figure 2



*Total estimated project

Source: Tigers Realm December 2019 Quarterly Production and Activities Report

- 6.1.6 Further detailed information in relation to the Amaam Coal Project and the relevant licences held by Tigers Realm is provided in the Mining One Pty Ltd ("Mining One") Independent Technical Specialist report.

6.2 Directors

Tigers Realm's Board of Directors and other key executives at the date of this report are presented in the table below.

Table 3

Tigers Realm Coal Limited Board of Directors

Mr Craig Wiggill (Chairman and Non-Executive Director)
Mr Owen Hegarty (Non-Executive Director)
Mr Bruce Gray (Non-Executive Director)
Mr Ralph Morgan (Non-Executive Director)
Mr Tagir Sitdekov (Non-Executive Director)
Mr Nikolay Ishmetov (Alternate Director to Tagir Sitdekov)
Mr David Forsyth (Company Secretary)

Source: ASX

6.3 Share capital

- 6.3.1 As at the date of this report, Tigers Realm had on issue 6,310,720,012 fully paid ordinary shares. The major shareholders of Tigers Realm on 18 February 2020 are presented in the table below. As at that date, the top 4 shareholders, as recorded on the share register, held 87.72% of the issued ordinary capital of Tigers Realm.

Table 4

Tigers Realm Coal Limited Shareholder name	Number of shares held	Percentage interest
Baring Vostock Mining Holdings Limited	2,377,541,065	37.67%
Dr Bruce Gray & Associated Entities (Note 1)	1,631,049,535	25.85%
Russian Direct Investment Fund	1,098,398,595	17.41%
Namarong Investments Pty Ltd	429,048,474	6.80%
	5,536,037,669	87.72%

Source: Tigers Realm's Share Register – 18 February 2020 and Annual Report

Note 1 The Annual Report incorrectly disclosed that Dr Bruce Gray and Associated Entities held 1,718,047,035 shares. The shareholding shown in the above table has been adjusted to reflect only the shares to which Dr Bruce Gray and Associated Entities were actually entitled to.

- 6.3.2 As at 26 February 2020, shares held by strategic shareholders, directors and employees total 4,403,819,268² Tigers Realm shares or 69.78% of the issued capital. The balance of the issued capital is 1,906,900,744 Tigers Realm shares or 30.22% of the issued capital and this represents the 'free float' that is readily tradeable on market.
- 6.3.3 Tigers Realm also has a total of 28,346,000 unlisted employee options on issue that are convertible into ordinary shares of Tigers Realm. The employee options on issue have various exercise prices in the range of 8 cents to 50 cents, of which 14,104,000 employee options have an average exercise price of 13 cents and 7,266,000 employee options have an average exercise price of 8 cents. The employee options on issue have various expiry dates ranging between 17 April 2020 and 18 June 2022, of which 21,370,000 expire on 18 June 2022.

² sourced from S&P Capital IQ

6.4 Statements of financial position

Tigers Realm's consolidated statements of financial position as at 31 December 2017, 2018 and 2019 are presented in the table below.

Table 5

Tigers Realm Coal Limited	Audited	Audited	Audited
Consolidated statement of financial position	31-Dec-17	31-Dec-18	31-Dec-19
	AU\$'000s	AU\$'000s	AU\$'000s
Current Assets			
Cash and cash equivalents	2,011	3,554	4,716
Trade and other receivables	2,898	2,586	10,196
Inventories	4,929	15,772	28,805
Prepayments	1,453	1,103	2,936
Investments in restricted financial instruments	861	935	-
Other assets	85	27	20
Total Current Assets	12,237	23,977	46,673
Non-Current Assets			
Inventories	-	1,459	-
Assets in construction	2,183	3,512	9,428
Land & buildings	474	1,493	1,846
Mine infrastructure	5,275	4,609	3,672
Plant & equipment	7,629	9,870	26,103
Fixtures & fittings	39	39	51
Total Non-Current Assets	15,600	20,982	41,100
Total Assets	27,837	44,959	87,773
Current Liabilities			
Trade and other payables	3,767	6,246	13,976
Lease liability	739	2,223	5,197
Loans payable	1,357	1,516	29,393
Advances for future coal sales received	-	-	3,186
Royalty liability	86	638	690
Other financial liabilities	-	-	779
Employee benefits	1,137	1,316	1,263
Total Current Liabilities	7,086	11,939	54,484
Non-Current Liabilities			
Trade and other payables	140	196	134
Lease liability	1,757	2,526	9,234
Royalty liability	5,292	7,602	13,296
Other financial liabilities	-	-	2,889
Provision for site restoration costs	64	156	403
Total Non-Current Liabilities	7,253	10,480	25,956
Total Liabilities	14,339	22,419	80,440
Net Assets	13,498	22,540	7,333
Equity			
Share capital	173,747	173,747	173,108
Reserves	22,693	21,662	25,660
(Accumulated losses)	(163,944)	(152,985)	(171,700)
Total equity attributable to equity holders of the Company	32,496	42,424	27,068
Non-controlling interest	(18,998)	(19,884)	(19,735)
Total Equity	13,498	22,540	7,333

Source: Tigers Realm financial statements for the years ended 31 December 2017, 31 December 2018 and 31 December 2019

6.5 Operating performance

Tiger Realm's consolidated statements of comprehensive income for the financial years ended 31 December 2017 ("FY17"), 2018 ("FY18") and 2019 ("FY19") are presented in the table below.

Table 6

Tigers Realm Coal Limited	Audited	Audited	Audited
Consolidated statement of comprehensive income	FY17	FY18	FY19
	AU\$'000s	AU\$'000s	AU\$'000s
Revenue from the sale and shipment of coal			
Revenue from thermal coal sales	9,820	20,017	22,776
Revenue from semisoft coal sales	4,290	23,000	21,822
Revenue from shipment of coal	1,816	9,260	5,543
	15,926	52,277	50,141
Mining and related costs of coal sold	(9,271)	(14,657)	(27,592)
Transshipment and other port costs	(3,768)	(16,609)	(18,009)
Sales commissions	-	(71)	-
	2,887	20,940	4,540
Gross margin on coal sold			
Other income	68	88	294
Expenses			
Administrative and other operating expenses	(5,766)	(5,690)	(8,991)
Share based payments	(126)	(324)	(248)
Exploration and evaluation expenses	(65)	(354)	(310)
Change in provisions for current assets	(812)	(369)	(3,363)
Impairment of property, plant and equipment	-	-	(460)
Royalty expenses	(2,126)	(2,384)	(6,304)
	(5,940)	11,907	(14,842)
Results from operating activities			
Net foreign exchange gain/(loss)	(670)	566	932
Finance income	5	10	6
Finance costs	(382)	(1,565)	(4,880)
	(6,987)	10,918	(18,784)
Profit/(Loss) before income tax			
Income tax expense	(120)	(38)	(44)
	(7,107)	10,880	(18,828)
Net Profit/(Loss)			
Foreign currency translation difference	(32)	(2,162)	4,012
Total comprehensive income/(loss) for the period	(7,139)	8,718	(14,816)

Source: Tigers Realm financial statements for the years ended 31 December 2017, 31 December 2018 and 31 December 2019

6.6 Cash flow statements

Tigers Realm's consolidated statements of cash flows for the financial years ended 31 December 2017, 2018 and 2019.

Table 7

Tigers Realm Coal Limited	Audited	Audited	Audited
Consolidated statement of cash flows	FY17	FY18	FY19
	AU\$'000s	AU\$'000s	AU\$'000s
Cash flows from operating activities			
Cash receipts from customers	13,983	54,396	50,057
Interest income received	8	13	-
Cash paid to suppliers and employees	(20,465)	(44,851)	(65,025)
Exploration and evaluation expenditure	(65)	(111)	(343)
Interest and financing costs paid	(429)	(1,376)	(4,350)
Income taxes paid	(39)	(54)	(408)
Net cash generated/(used) in operating activities	(7,007)	8,017	(20,069)
Cash flows from investing activities			
Acquisition of property, plant and equipment	(6,020)	(4,859)	(6,026)
Acquisition of restricted financial instruments	(948)	(948)	-
Proceeds from the disposal of restricted financial instruments	-	813	1,049
Proceeds from the disposal of property, plant and equipment	45	-	-
Net cash used in investing activities	(6,923)	(4,994)	(4,977)
Cash flows from financing activities			
Proceeds from issue of shares	-	-	3,240
Repayment of finance lease liabilities	(2,655)	(1,919)	(7,249)
Proceeds from other financial liabilities	-	-	4,373
Repayment of other financial liabilities	-	-	(480)
Proceeds from borrowings	1,365	13,421	46,141
Repayment of borrowings	-	(12,640)	(20,445)
Security deposit	658	-	-
Net cash used in financing activities	(632)	(1,138)	25,580
Net movement in cash and cash equivalents	(14,562)	1,885	534
Cash and cash equivalents at beginning of the period	17,109	2,011	3,554
Effects of exchange rate changes on cash and cash equivalents	(536)	(342)	628
Cash and cash equivalents at the end of the period	2,011	3,554	4,716

Source: Tigers Realm financial statements for the years ended 31 December 2017, 31 December 2018 and 31 December 2019

7. Valuation of Tigers Realm before the Proposed Issue

7.1 Value definition

PKF Corporate's valuation of the securities to be issued by Tigers Realm is 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:

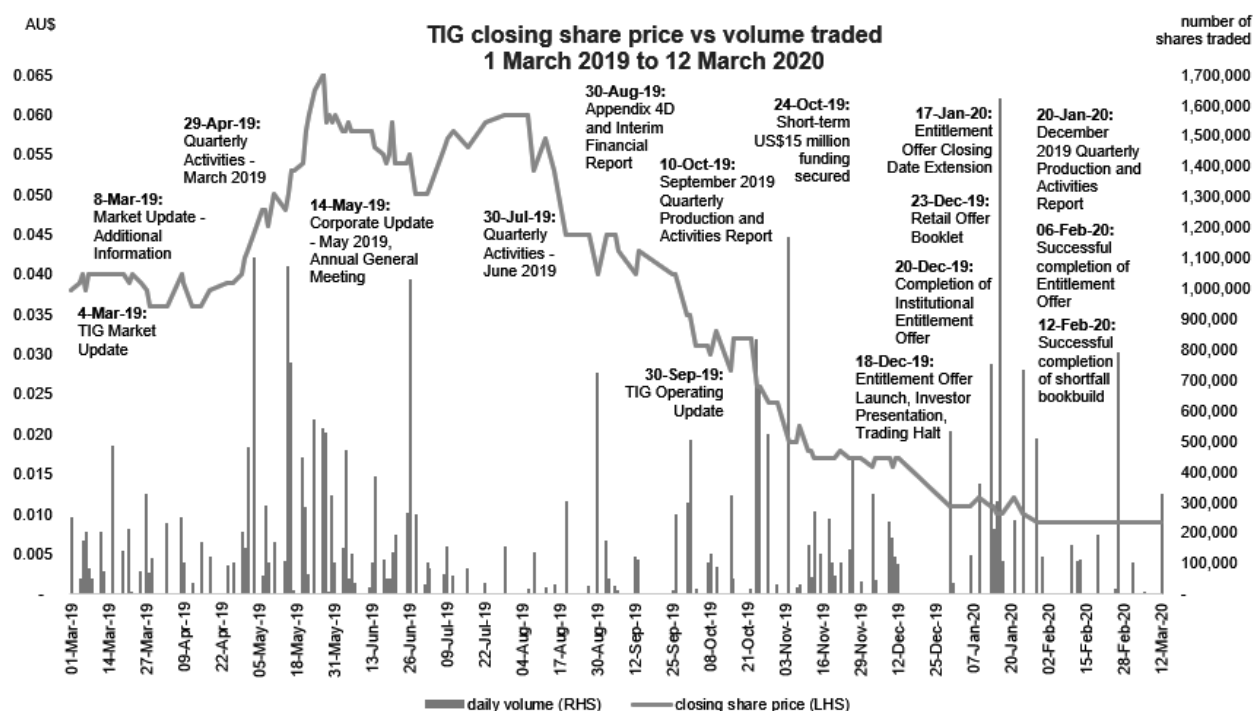
- share price history;
- capitalisation of future maintainable earnings;
- net present value of future cash flows;
- asset based methods;
- comparable market transactions; and
- alternate acquirer.

7.3 Share price history

- 7.3.1 The share price history valuation methodology values a company based on the past trading in its shares. We normally analyse the share prices up to a date immediately prior to the date when a takeover, merger or other significant transaction is announced to remove any price speculation or price escalations that may have occurred subsequent to the announcement of any proposed transaction.
- 7.3.2 As the share price history of Tigers Realm will incorporate all publicly available information, we consider that the share price history is an appropriate methodology to consider in assessing the value of a share in Tigers Realm.
- 7.3.3 We note that the Proposed Issue was announced to the ASX on 18 December 2019 and generally we analyse the share price up to the date of the announcement. However, as the Shortfall Shares subscribed for by Hanate under the Proposed Issue was announced to the ASX on 12 February 2020, we have analysed the share price of Tigers Realm up to that date.

7.3.4 Although we have analysed the share price of Tigers Realm up to 12 February 2020, we have set out below a graph showing the daily closing share price and volume of Tigers Realm shares up to 12 March 2020 as well as a selection of market sensitive announcements on the ASX.

Graph 1



Source: ASX, PKF Corporate analysis

As can be seen from the above graph, over the past four months the Tigers Realm share price has continued to fall following the announcement of funding options, in particular following the Company's announcement to the ASX on 24 October 2019 with respect to the short term loan from Major Shareholders and a proposed recapitalisation³. On 18 December 2019, the Company announced to the ASX the Entitlement Offer at AU\$0.010 per TIG share. Prior to this announcement, the last trade in Tigers Realm shares was priced at AU\$0.017 per share and the 30 day volume weighted average share price (VWAP) of Tigers Realm shares based on closing daily prices on the ASX for business trading dates up to 18 December 2019 was approximately AU\$0.017 per share. Accordingly, the Entitlement Offer represented a discount of 40.5% to the last traded price and VWAP of AU\$0.017 per share.

7.3.5 We have also examined the recent share prices and trading volumes in Tigers Realm shares up to the date the Shortfall Shares were subscribed for by Hanate under the Proposed Issue as announced to the ASX on 12 February 2020 including the VWAP of Tigers Realm shares based on closing daily prices on the ASX for business trading dates. We have set out our analysis in the table below.

Table 8

Tigers Realm Coal Limited Share price analysis	Shares Traded		VWAP AU	Share Price (AU)	
	Number	Value (AU)		Low	High
10 days to 12 February 2020	383,112	\$3,448	\$0.009	\$0.009	\$0.009
20 days to 12 February 2020	3,884,522	\$38,438	\$0.010	\$0.009	\$0.012
30 days to 12 February 2020	5,365,907	\$55,093	\$0.010	\$0.009	\$0.012
60 days to 12 February 2020	8,161,644	\$99,027	\$0.012	\$0.009	\$0.020

Source: ASX, PKF Corporate analysis

³ On 24 October 2019, Tigers Real announced to the ASX the short-term funding package and indicated that it was exploring longer term financing arrangements, including a potential equity raising in the form of a pro rata entitlement offer to all shareholders

As can be seen from the above table, the VWAP calculated has slightly decreased over the past 60 business days up to 12 February 2020 during which the Tigers Realm shares traded in a range of AU\$0.009 to AU\$0.020 per share. The more recent trading in Tigers Realm shares was in a range of AU\$0.009 to AU\$0.012 per share and this trading has been influenced by the Entitlement Offer price at AU\$0.010 per share as well as the significantly higher number of shares on issue.

- 7.3.6 As set out in paragraph 6.3.2 of this report, the 'free float' of Tigers Realm shares that is readily tradeable on market is 1,906,900,744 Tigers Realm shares or 30.22% of the issued capital. We have also calculated the volume of shares traded in Tigers Realm over the past 60 business days of the 'free float'. We have set out our analysis in the table below.

Table 9

Tigers Realm Coal Limited					
Share volume		10 days	20 days	30 days	60 days
Number of shares traded to 12 February 2020		383,112	3,884,522	5,365,907	8,161,644
TIG free float	1,906,900,744	0.02%	0.20%	0.28%	0.43%

Source: ASX, PKF Corporate analysis

- 7.3.7 Based on the above information and our analysis, we consider that the market in Tigers Realm shares is illiquid. As at 19 February 2020, the closing share price of a Tigers Realm share was AU\$0.009 per share.
- 7.3.8 Prior to the Entitlement Offer, Tigers Realm had approximately 1.8 billion shares on issue. The Entitlement Offer was completed at a share price of AU\$0.010 per Tigers Realm share and resulted in the issue of a further approximately 4.5 billion shares. Accordingly, despite the illiquidity in tradeable Tigers Realm shares, the Entitlement Offer demonstrated the ability of Tigers Realm to raise funds and, as such, we have considered the share price valuation methodology in assessing the market value of Tigers Realm shares.
- 7.3.9 Given the size of the Entitlement Offer in comparison to the number of shares on issue before the offer (which was done on the basis of 13 new shares for 4 existing shares), we believe that the issue price of AU\$0.010 per Tigers Realm share reflects the current market value of the Tigers Realm shares. The price is unlikely to recover to the levels before the Entitlement Offer until there is a significant improvement in Tigers Realm value proposition as any incremental improvement in the share price will encourage shareholders to lock in a profit on the Entitlement Offer price. Accordingly, we have formed the opinion that the Tigers Realm shares have a market value in a range of AU\$0.009 to AU\$0.010 per share as at 19 February 2020.
- 7.3.10 The share prices upon which we have formed our opinion reflect the prices at which minority parcels of shares are traded on a daily basis and, as such, do not incorporate a control premium. Accordingly, we have considered the application of a control premium which 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 Tigers Realm could be acquired.

- 7.3.11 In assessing the control premium to be applied to the share price of Tigers Realm, we have relied on the relevant matrix from the RSM Control Premium Study – 2017 applicable to Tigers Realm. We have summarised this research in the table below.

Table 10

Analysis by	Criteria	Control premium	
		20 days pre-announcement Average	Median
All transactions		34.50%	27.00%
Industry	Metals & Mining	35.80%	30.00%
Consideration type	Cash	36.90%	29.60%
Size	> \$25m <= \$50m	41.90%	32.40%

Source: RSM Control Premium Study - 2017

- 7.3.12 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. We note that the above research sets out statistical information about actual control premia paid and, as such, includes an unknown uplift on account of potential acquisition synergy benefits. We are of the opinion that the control premium in a transaction that did not include expected synergies would be lower.
- 7.3.13 After considering the above, we have applied a control premium in a range of 22.50% to 27.75% to the minority share price of one Tigers Realm share in a range of AU\$0.009 to AU\$0.010 per share. We have summarised the results of this calculation in the table below.

Table 11

Tigers Realm Coal Limited Share price methodology	Low	High
Value per TIG share (minority)	AU\$0.009	AU\$0.010
Control premium	22.50%	27.75%
Valuer per TIG share (control)	AU\$0.011	AU\$0.013

Source: PKF Corporate analysis

- 7.3.14 Having regard to the above, we have concluded that the control value of a Tigers Realm share is in a range of **1.1 cents to 1.3 cents per share** as assessed under the share price valuation methodology.

7.4 Capitalisation of future maintainable earnings

- 7.4.1 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.
- 7.4.2 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 the Tigers Realm shares.

7.5 Net present value of future cash flows

- 7.5.1 An analysis of the net present value of the projected cash flows of a business and/or asset (or discounted cash flow technique) is based on the premise that the value of the business and/or asset 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 and/or asset remaining at the end of the forecast period.
- 7.5.2 Tigers Realm generated negative cash flows from operations during the financial year ended 31 December 2019 (refer to Section 6.6 of this report) of AU\$20.069 million net cash outflows. Tigers Realm also generated a loss from mining operations during the financial year ended 31 December 2019 (refer to Section 6.1.3 of this report) of AU\$15.181 million.
- 7.5.3 In considering the application of this methodology, we note that Tigers Realm has ongoing mining operations at Project F within the Amaam North Project. Although Tigers Realm does not have any current long term cash flow forecasts available that can be used to value Project F, we note that Mining One has applied this valuation methodology and in doing so has reviewed and utilised Tigers Realm's 2016 Feasibility study in arriving at a value for Project F in using this methodology. The resultant value only reflects the value of Project F and does not attribute any value to any additional resource within the Amaam North Project.

7.6 Asset based methods

- 7.6.1 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.

The net assets of Tigers Realm as at 31 December 2019 as per the audited financial statements were AU\$7.333 million (refer to Section 6.4 of this report).

Tigers Realm's major assets are property, plant and equipment ("PPE") assets (AU\$41.100 million) and inventories (AU\$28.805 million) as at 31 December 2019. We provide the following comments with regard to these major assets:

- PPE assets as at 31 December 2019 relate to the Amaam North Project only. These assets increased by the net amount of AU\$21.577 million over the twelve months from 31 December 2018 (AU\$19.523) primarily as a result of the investments in mining and port assets totalling AU\$26.366 million. No book value was recognised in respect of any capitalised exploration costs that may have been incurred with respect to the Zvonkoye license area at the Amaam North Project and the license areas at the Amaam Project as at 31 December 2019.
- Inventories as at 31 December 2019 are recorded net of provisions for recoverability and include coal stocks (AU\$11.999 million), fuel and oils (AU\$3.900 million) and other consumables (AU\$12.906 million).

The net assets of Tigers Realm as at 31 December 2019 as per the audited financial statements do not recognise intangible assets such as unexplored and/or unevaluated mineral rights that may exist at the Amaam Coal Project, in particular any mineral resources/reserves at the Zvonkoye license area within the Amaam North Project as well as the license areas within the Amaam Project. Accordingly, the book value of Tigers Realm's assets relating to the Amaam Coal Project may not reflect the market value of these assets.

In light of the above, we have adjusted the net assets of Tigers Realm and reflected our adjustments in the table below and in the corresponding notes.

Table 12

Tigers Realm Coal Limited		Low	High
Net asset approach	notes	AU\$'000s	AU\$'000s
Reported net assets as at 31 December 2019		7,333	7,333
Cash raised during February 2020	1	28,965	28,965
Technical value of the Amaam North Project	2	50,310	65,972
Technical value of the Amaam Project	2	60,648	60,648
Adjusted net assets		147,256	162,918

Source: Tigers Realm financial statements – 31 December 2019, ASX, Mining One, PKF Corporate analysis

Note 1: Tigers Realm raised AU\$45.190 million under the Entitlement Offer, of which AU\$42.004 million, including the amounts to be raised under the Proposed Issue of AU\$13.039 million, was received after 31 December 2019 (cash assets as at 31 December 2019 totalled approximately AU\$4.716 million). As the additional amount of cash totalling AU\$28.965 million (AU\$42.004 million less AU\$13.039 million) is not reflected as part of the nets assets as at 31 December 2019, we have adjusted the net assets of Tigers Realm accordingly.

With the exception of the settlement of Shareholders' loan payable existing as at 31 December 2019 of AU\$14.851 million (AU\$27.890 million less AU\$13.039 million to be raised under the Proposed Issue), we have assumed no other material cash burn since 31 December 2019 and the receipt of funds raised under the Entitlement Offer.

Note 2: We have engaged Mining One Pty Ltd⁴ to assist us in assessing the value of the Amaam Coal Project. A full copy of the Mining One technical valuation report is set out as Attachment 1 to this report. We have reviewed the Mining One technical valuation report and provide in the table below an extract of the Mining One valuation ascribed to Tigers Realm's coal assets.

Figure 3

VALUATION METHOD		Project Technical Value (USD)	
		DCF	COMP TRANS
AMAAM (80%)		*	\$43.06M
AMAAM NORTH (100%)	PROJECT F AREA	\$15M	\$3.88M
	OTHER RESOURCE AREAS	*	\$31.84M
TOTAL RANGE		\$78.78M	\$89.90M
PREFERRED TECHNICAL VALUE		<u>US \$84.34M</u>	

*Comp transaction technical value used for Amaam.

Source: Mining One report

⁴ Mining One Pty Ltd ("Mining One") is an independent private consulting company which has been providing consulting services to the international and local mining industry since 2005.

We have summarised the Mining One technical valuation range set out above in the table below.

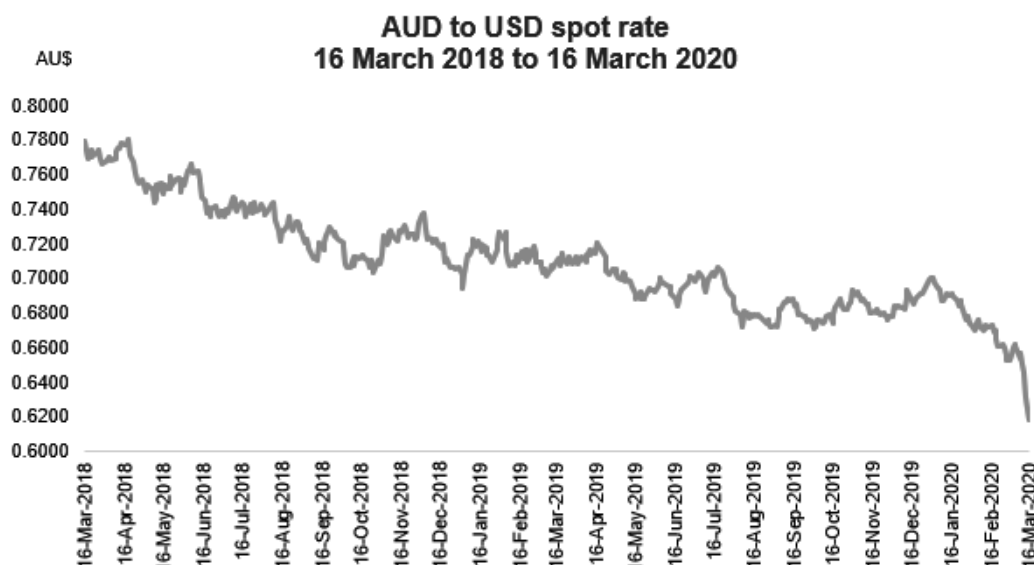
Table 13

Tigers Realm Coal Limited Amaam Coal Project	Low US\$'000s	High US\$'000s
Technical value of the Amaam North Project	35,720	46,840
Technical value of the Amaam Project	43,060	43,060
Total technical value	78,780	89,900

Source: Mining One

As can be seen from the above table, Mining One has provided a valuation range of US\$78.78 million to US\$89.90 million with a preferred technical value of US\$84.34 million in relation to the Amaam Coal Project. Given the recent volatility of the Australian Dollar (AU\$) impacted by the effects of the COVID-19 on the global economy, we have analysed the spot rate of the Australian Dollar against the US Dollar (US\$) over the past two years in order to assess the valuation range in Australian Dollars. We have set out an analysis of the Australian Dollar spot rate in the graph below.

Graph 2



Source: Reserve Bank of Australia, PKF Corporate analysis

Having regard to the above analysis, we have adopted a long term foreign currency exchange rate of AU\$1.00 to US\$0.71 and this rate has been used to translate the US\$ values range determined by Mining One into AU\$.

Based on the net assets valuation methodology, the value of Tigers Realm is in a range of say AU\$147.256 million to AU\$162.918 million. As Tigers Realm has 6,310,720,012 ordinary shares on issue, the Tigers Realm shares have a net asset backing in a range of **2.3 cents to 2.6 cents per share**.

(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.

Given Tigers Realm's level of cash assets, we do not consider that an orderly realisation of its assets is an appropriate valuation methodology to use in assessing the value of Tigers Realm at this point in time.

(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, support from its major shareholders and an ability to raise capital as demonstrated in the recent capital raisings.

7.7 Comparable market transactions

7.7.1 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 an asset than other valuation methods because they may not account for specific factors.

7.7.2 In considering the application of this methodology, we have considered Tigers Realm's interest in the Amaam Coal Project based in the Chukotka Autonomous Region in the Far East of Russia. Whilst the Russian coal mining industry is present in the East of Russia, there is limited comparability between the various companies that operate in this vast geographical area due to the exact region within the East of Russia, access to ports and infrastructure, the difference in the size and quality of the deposit, stage of development, licenses held and ability of the companies to advance the development of their flagship projects due to climate conditions and by obtaining the necessary funding and technical support. For this reason, we have not used the comparable market transaction valuation methodology to value Tigers Realm, however, this valuation methodology has been utilised by Mining One.

7.8 Alternate acquirer

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

7.8.2 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 and support of the major shareholders.

7.9 Conclusion

7.9.1 The applicable valuation methodologies that we have considered are summarised in the table below.

Table 14

Tigers Realm Coal Limited		Low	High
Valuation methodology	section	AU \$	AU \$
Share price history	7.3	0.011	0.013
Net asset approach	7.6.1 (a)	0.023	0.026

7.9.2 As can be seen from the table above, the valuation of a Tigers Realm ordinary share derived from the share price history valuation methodology and the net asset based approach are in a range of 1.1 cents per share to 2.6 cents per share on a control basis. We provide the following comments:

- The results of the share price history valuation methodology have been impacted by the Entitlement Offer, which was priced at a discount of 40.5% to the last traded price. This significant discount and the relatively large number of shares issued at the discounted price (the Entitlement Offer was on the basis of 13 for 4) have combined to reduce the price range within which the Tigers Realm shares are currently trading.
- The results of the share price history valuation methodology (AU\$0.011 to AU\$0.013 per share) compared to the results of the net asset approach (AU\$0.023 to AU\$0.026) reflect a discount of approximately 51% at the mid-point of each value range. Accordingly, we consider this has been impacted by the discounted placement price under the Entitlement Offer which has impacted the trading range of Tigers Realm shares.
- The disconnect between the current share price and the results of the net asset valuation means that whilst Tigers Realm cannot in the current circumstances expect to be able to raise capital at above the price reflected by its share price history, the underlying value of its shares may be higher. Whilst the net asset valuation (based largely on comparable transactions) places a higher value on the net assets of Tigers Realm, the share price history valuation is based on market evidence, which in turn is heavily weighed by the hugely dilutive Entitlement Offer.

7.9.3 Having regard to the above, we have elected not to prefer one methodology over the other but have elected to give both methodologies an equal weighting as the share price methodology reflects the current market value of Tigers Realm shares as impacted by the large placement under the Entitlement Offer, whereas the net asset valuation methodology reflects the underlying value of Tigers Realm net assets. For this reason, we have selected the high end of the share price history and the low end of the net asset approach as representing a reasonable range of the fair market value of a Tigers Realm share. We have therefore concluded the fair market value of a Tigers Realm share lies in a range of **1.3 cents to 2.3 cents per share, with a mid point of 1.80 cents per share, on a control basis.**

8. Valuation of Tigers Realm after the Proposed Issue

- 8.1 The value of Tigers Realm after the Proposed Issue will comprise of its value before the Proposed Issue together with the value of the consideration being offered by Hanate for the subscription of 1,303,876,936 ordinary shares of Tigers Realm. The value of the consideration being offer by Tigers Realm for the subscription of 1,303,876,936 ordinary shares of Tigers Realm at 1 cent per share totals AU\$13,038,769 (1,303,876,936 ordinary shares x 1 cent per share).
- 8.2 To estimate the minority value of a Tigers Realm share, we have eliminated the premium for control from the valuation range of a Tigers Realm share of 1.3 cents to 2.3 cents per share on a control basis. In Section 7.3 of this report, we selected a control premium in a range of 22.50% to 27.75% and the equivalent minority discount is in a range of 18.37% to 21.72%. We have set out in the table below our calculations of the minority value range of a Tigers Realm share.

Table 15

Tigers Realm Coal Limited				
Minority share value	section	formula	Low	High
Value of a Tigers Realm share before the Proposed Issue (control basis)	7.9.3	a	AU\$0.013	AU\$0.023
Total ordinary shares on issue before the Proposed Issue	2.3	b	6,310,720,012	6,310,720,012
Value of Tigers Realm before the Proposed Issue (control basis)		c = a x b	\$82,039,360	\$145,146,560
Control premium elimination to obtain minority value		d	21.72%	18.37%
Value of Tigers Realm before the Proposed Issue (minority basis)		e = c x (1 - d)	\$64,218,677	\$118,486,988
Value of a Tigers Realm share before the Proposed Issue (minority basis)		f = e / b	AU\$0.010	AU\$0.019

- 8.3 As can be seen from the table above, the minority value of a Tigers Realm ordinary share is in a range of 1.0 cent to 1.9 cents per share.

8.4 We have assessed the value of Tigers Realm after the Proposed Issue, on a minority basis, as set out in the table below.

Table 16

Tigers Realm Coal Limited Valuation after the Proposed Issue				
	section	formula	Low	High
Value of a Tigers Realm share before the Proposed Issue (minority basis)	8.3	a	AU\$0.010	AU\$0.019
Total ordinary shares on issue before the Proposed Issue	2.3	b	6,310,720,012	6,310,720,012
Value of Tigers Realm before the Proposed Issue (minority basis)		$c = a \times b$	\$64,218,677	\$118,486,988
Shares to be issued to Hanate if the Proposed Issue is approved	2.1	d	1,303,876,936	1,303,876,936
Issue price	2.1	e	AU\$0.010	AU\$0.010
Funds to be received if the Proposed Issue is approved		$f = d \times e$	\$13,038,769	\$13,038,769
Total ordinary shares on issue in Tigers Realm after the Proposed Issue	2.3	$g = b + d$	7,614,596,948	7,614,596,948
Adjusted value of Tigers Realm after the Proposed Issue (minority basis)		$h = c + f$	\$77,257,446	\$131,525,757
Value of a Tigers Realm share after the Proposed Issue (minority basis)		$i = h / g$	AU\$0.010	AU\$0.017

8.5 In our opinion, after completion of the Proposed Issue the value of a Tigers Realm ordinary share will be in a range of say **1.0 cent to 1.7 cents per share, with a mid point of 1.35 cents per share, on a minority basis.**

9. Assessment as to Fairness

9.1 The Proposed Issue is 'fair' if the value of the minority shares held by the Non-Associated Shareholders' in Tigers Realm after the Proposed Issue is equal to or greater than the control value of the shares in Tigers Realm before the Proposed Issue.

9.2 In Section 7 of this report, we assessed the value of a Tigers Realm ordinary share on a control basis before the Proposed Issue to be in a range of 1.3 cent to 2.3 cents per share, with a mid point of 1.80 cents per share.

9.3 In Section 8 of this report, we assessed the value of a Tigers Realm ordinary share on a minority basis after the Proposed Issue to be in a range of 1.0 cent per share to 1.7 cents per share, with a mid point of 1.35 cents per share.

9.4 As the minority value range mid point (1.35 cents per share) of a Tigers Realm ordinary share after the Proposed Issue is less than the control value range mid point (1.80 cents per share) of a Tigers Realm share before the Proposed Issue, we have concluded that the Proposed Issue is **not fair.**

10. Assessment as to Reasonableness

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

- In Section 9 of this report, we assessed the Proposed Issue as being not fair.
- Approval of the Proposed Issue will enable Tigers Realm to repay leasing obligations with effective interest rates higher than 15% per year and provide additional working capital.
- Tigers Realm sought to raise US\$40 million at AU\$0.01 per TIG new share under the Entitlement Offer but the Entitlement Offer resulted in a shortfall of approximately AU\$13.4 million. The Proposed Issue will result in the Shortfall Shares also being placed at AU\$0.01 per TIG new share. If Shareholders do not approve the Proposed Issue, Tigers Realm may need to seek alternative sources of funding, requiring extensive management focus and expense. Given the current conditions of equity capital markets and coal prices, the availability of alternative funding may be on substantially less advantageous terms than the Proposed Issue.
- If Shareholders approve the Proposed Issue, Dr Gray and associated entities will control up to 39.42% of Tigers Realm's voting power, an increase from 25.85%. As a result, the stake of the Non-Associated Shareholders will be diluted from 74.15% to 60.58% and they will have reduced ability to influence the operating, financing and strategic decision of Tigers Realm. Further, as the voting power of Dr Gray and associated entities will increase to 39.42%, this will result in the two major shareholders of Tigers Realm having a 70.64% interest and the capacity to have significant influence over the passing of resolutions in the Company. However, in assessing the impact of the Proposed Issue, Shareholders need to be aware that the two major shareholders of Tigers Realm currently control 63.52% of Tigers Realm voting power and hence the combined voting power will increase from 63.52% to 70.64%.
- If Shareholders approve the Proposed Issue, the consolidation of Dr Gray and associated entities as a major investor may provide a level of market confidence and may also financially support the future production, exploration and development activities of Tigers Realm.
- The issue price of the Tigers Realm ordinary shares subject to the Proposed Issue is not at any premium or discount to the Entitlement Offer in which Non-Associated Shareholders of Tigers Realm were entitled to participate in.
- If Shareholders do not approve the Proposed Issue, Dr Gray and associated entities will need to dispose of the 66,527,500 shares that were over-allocated as part of the Entitlement Offer. The need to sell such a large parcel of shares (relative to the recent trading volume in TIG shares) may create an overhang in the market and may put downward pressure on the price at which TIG shares trade on the ASX.

10.2 Based on the above, we consider that the advantages of the Proposed Issue outweigh the disadvantages of the Proposed Issue, and for this reason, we consider that the Proposed Issue is **reasonable** for the Non-Associated Shareholders of Tigers Realm.

11. Assessment as to Fairness and Reasonableness

After considering the above matters, we have concluded that the Proposed Issue is **not fair but is reasonable to the Non-Associated Shareholders**.

12. 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.

12.1 PKF Corporate

PKF 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.

12.2 Financial Services Offered by PKF Corporate

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

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

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

12.3 General Financial Product Advice

In the report, PKF 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.

12.4 Independence

At the date of this report, none of PKF Corporate, Mr Paul Lom, Mr Steven Perri nor Mr Stefan Galbo have any interest in the outcome of the Proposed Issue, nor any relationship with Tigers Realm, Dr Gray and associated entities or any of their directors.

Drafts of this report were provided to and discussed with the management of Tigers Realm and its advisers. Certain changes were made to factual statements in this report as a result of the reviews of the draft reports. There were no alterations to the methodology, valuations or conclusions that have been formed by PKF Corporate.

PKF Corporate and its related entities do not have any shareholding in or other relationship with Tigers Realm that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Issue.

PKF Corporate had no part in the formulation of the Proposed Issue. Its only role has been the preparation of this report.

PKF Corporate considers itself to be independent in terms of Regulatory Guide 112 issued by ASIC on 30 March 2011.

12.5 Remuneration

PKF Corporate is entitled to receive a fee of approximately AU\$31,000 for the preparation of this report. With the exception of the above, PKF Corporate will not receive any other benefits, whether directly or indirectly, for or in connection with the making of this report.

12.6 Complaints Process

As the holder of an Australian Financial Services Licence, PKF Corporate is required to have suitable compensation arrangements in place. In order to satisfy this requirement PKF Corporate holds a professional indemnity insurance policy that is compliant with the requirements of Section 912B of the Act.

PKF Corporate is also required to have a system for handling complaints from persons to whom PKF Corporate provides financial services. All complaints must be in writing and sent to PKF Corporate at the above address.

PKF 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 Australian Financial Complaints Authority – GPO Box 3, Melbourne Vic 3000.

Yours faithfully

PKF Melbourne Corporate Pty Ltd



Paul Lom
Director



Steven Perri
Director

Tigers Realm Coal Limited

Sources of Information

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

- Tigers Realm's Annual Reports – 31 December 2017 and 2018;
- Tigers Realm's financial statements for the year ended 31 December 2019;
- Tigers Realm's draft resolution relating to the Proposed Issue for the purpose of the Notice of Annual General Meeting and Explanatory Memorandum;
- Tigers Realm's share register as at 18 February 2020;
- Mining One Pty Ltd Independent Technical Specialist report dated April 2020;
- Research data from publicly accessible web sites in particular Tigers Realm's ASX announcements; and
- Discussions with the management of Tigers Realm.

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

This report has been prepared at the request of the Directors of Tigers Realm pursuant to Section 606 of the Corporations Act 2001 to accompany the notice of meeting of shareholders to approve the Proposed Issue. 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 Issue is 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 Paul Lom, director of PKF Corporate, and Mr Stefan Galbo, prepared this report. They have been responsible for the preparation of expert reports and are involved in the provision of advice in respect of valuations, takeovers, capital reconstructions and reporting on all aspects thereof.

Mr Lom is a Fellow of Chartered Accountants Australia and New Zealand (CAANZ) and an Accredited Business Valuation Specialist (CA BV Specialist) 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.

Mr Galbo is a Member of Chartered Accountants Australia and New Zealand (CAANZ) and an Accredited Business Valuation Specialist (CA BV Specialist). He has been responsible for the preparation of valuation reports relating to shares, businesses, options and performance rights and intellectual property for the purpose of acquisitions, divestments, litigation, taxation and capital reconstruction.

Mr Steven Perri, a director of PKF Corporate reviewed this report. Mr Perri is a Member of Chartered Accountants Australia and New Zealand (CAANZ) and an Accredited Business Valuation Specialist (CA BV Specialist).

3. Consent

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



MARKET VALUATION OF THE COAL ASSETS

of

TIGERS REALM COAL LIMITED



Quality
ISO 9001
SAI GLOBAL

Job No.
Doc No.
Date:
Prepared by:

2726_G
6166
15 April 2020
R Gaulton, S
Hutchin

Mining One Pty Ltd
Level 9, 50 Market Street
Melbourne VIC 3000
Ph: 03 9600 3588
Fax: 03 9600 3944

FINAL REPORT

TABLE OF CONTENTS

EXECUTIVE SUMMARY.....	iii
1 INTRODUCTION.....	4
1.1 Commission and Scope	4
1.2 Applicability of the VALMIN Code	4
1.2.1 Background.....	4
1.2.2 Classification of Mineral Assets	4
1.2.3 Relevant Extracts.....	5
1.3 Independence, Qualifications, Experience and Declarations	6
1.3.1 Declarations.....	7
1.4 Disclaimer	7
2 TECHNICAL ASSESSMENT REPORT – TIGERS REALM COAL	8
2.1 Project Ownership	8
2.2 The Amaam Coal Project - Technical Assessment Summary.....	8
2.2.1 Geological Setting.....	10
2.2.2 JORC Coal Resources Amaam	10
2.2.3 JORC Coal Resources Amaam North.....	12
2.2.4 JORC Coal Reserves – Amaam North.....	14
3 TIGERS REALM COAL LTD MARKET VALUATION	17
3.1 Market valuation Methodology	17
3.2 Tigers Realm Coal - Valuation Basis	18
3.2.1 JORC Resources and Reserves	18
3.2.2 2016 Feasibility Study - Update	21
3.3 Coking Coal Price and Exchange Rates.....	22
3.4 Thermal Coal Price and Exchange Rates.....	22
3.5 Comparable Transaction Valuation.....	23
3.5.1 Allegiance Coal Limited – New Elk Coking Coal Acquisition (Colorado).....	23
3.5.2 Itochu Corporation – Telkwa Coal Project Investment (Canada)	24
3.5.3 Sumitomo– Bowen Coking Coal Hillalong Investment (Australia)	25
3.5.4 Sojitz Corporation – Gregory-Crinum-Project Acquisition (Australia).....	26
3.6 Comparable Transaction Summary	26
3.7 Tigers Realm Coal Limited– Discounted Cash Flow (DCF) Valuation	29
3.7.1 Source Data.....	29
3.7.2 DCF Valuation	30
3.8 Market valuation Summary	32
4 REFERENCES.....	33

TABLE INDEX

Table 2-1: Amaam Deposit – Resources Summary and Coal Quality.....	12
Table 2-2: Amaam North – Resources Summary	14
Table 2-3: JORC Coal Reserve Estimate (Coking Coal).....	15
Table 2-4: JORC Coal Reserve Estimate (Thermal Coal).....	15
Table 2-5: JORC Marketable Coal Reserves (Coking Coal)	16
Table 2-6: JORC Marketable Coal Reserves (Thermal Coal)	16

Table 3-1:	VALMIN Appropriate Valuation Method Assessment.....	17
Table 3-2:	Amaam North – Resources Summary	18
Table 3-4:	Amaam North – Coking Coal Reserves Summary	19
Table 3-5:	Amaam North – Thermal Coal Reserves Summary	19
Table 3-6:	Amaam Deposit – Resources Summary	20
Table 3-8:	Amaam North (Project F) Deposit – Feasibility Study Results 2016	21
Table 3-9:	New Elk Coking Coal Project – Coal Quality Data	23
Table 3-10:	New Elk Coal Project – Comparable Transaction Summary	24
Table 3-11:	Telkwa Coking Coal Project – Coal Quality Data	24
Table 3-12:	Telkwa Project (Itochu Investment) – Comparable Transaction Summary	25
Table 3-13:	Hillalong – Sumitomo Investment – Comparable Transaction Summary	26
Table 3-14:	Gregory-Crinum (Sojitz Corp Investment) – Comparable Transaction Summary	26
Table 3-15:	Comparable Transaction Values - Summary	27
Table 3-16:	Comparable Transaction Values - Summary	27
Table 3-17:	Comparable Transaction Valuation Summary –Tigers Realm Resources	28
Table 3-18:	Feasibility Study Results 2016 – Key Technical Assumptions	31
Table 3-19:	DCF (Amaam North) and Comp Trans (Amaam) Summary	31
Table 3-20:	Market valuation Summary	32

FIGURE INDEX

Figure 2-1:	Regional Map of the Amaam Coal Project
Figure 2-2:	Global Location of the Amaam Coking Coal Project
Figure 2-3:	Stratigraphic Diagram of the Amaam Regional Geology
Figure 2-4:	Schematic Cross Section Showing Seam Correlation
Figure 2-5:	Overlay of Faulting Transposed onto the Amaam Area 3
Figure 2-6:	Location Plan of Amaam North Deposit showing Drillholes (SRK Report 2015)
Figure 2-7:	Amaam North Coal Resource JORC Classification (SRK Report 2015)
Figure 3-1:	Coking Coal Historical Price (US\$/Tonne)
Figure 3-2:	Thermal Coal Historical Price (US\$/Tonne)
Figure 3-3:	Comparable Transaction Value Ranges Summary
Figure 3-4:	Comparable Transaction Ranges with Ascribed per Tonne Values
Figure 3-5:	Project F – Base Case Free Cash Flow (2016 Feasibility Report)
Figure 3-6:	Project F – Sensitivity Analysis (2016 Feasibility Report)

EXECUTIVE SUMMARY

PKF Melbourne Corporate Pty Ltd (PKF) commissioned Mining One Pty Ltd (Mining One) to prepare a Technical Assessment Report containing a Market valuation of the various coal assets controlled by Tigers Realm Coal Limited (Tigers Realm).

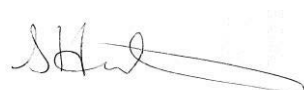
Tigers Realm have an 80% and 100% ownership in two coking coal projects, Amaam and Amaam North respectively located in the Beringovsky Basin, in the Chukotka Autonomous Okrug ("CAO"), approximately 40km from the town of Beringovsky. A port facility is also owned by Tigers Realm that is located 35km northeast of the Amaam North deposit.

JORC 2012 Resources totalling 742.2Mt are reported for both the Amaam and Amaam North deposits in Measured, Indicated and Inferred categories. JORC Reserves totalling 21.4Mt are reported for the Amaam North deposit within both Probable and Proven categories. 750kt of coal were mined for the calendar year 2019 from the Amaam North deposit at strip ratio of 4.7 to 1.

The projects were classified as a combination of pre-development, development and production projects under the VALMIN guidelines. Mining One have completed the market valuation based on the reported JORC Resources and Reserves for each project and the discounted cash flow model contained within the 2016 Feasibility study.

Mining One utilised the Comparable transaction and discounted cashflow valuation methods to ascribe a market value to the projects. These valuation methods were assessed as the most suitable valuation methodologies given the reported JORC resources/reserves and current operational status of the project. Three other valuation methodologies were assessed however each of them were not applicable due to either the project status or lack of data to support the valuation process. The market valuation using the combined valuation methods determined for all projects was estimated to range between US \$78.78M and US \$89.90M with a preferred market value of US \$84.34M. A summary of the valuation is shown below.

ENTITY	VALUATION METHODS	MARKET VALUATIONS (US\$/Tonne)		
		Low	High	Preferred Value
Tigers Realm Coal Ltd	Comparable Transactions	\$0.12	\$0.14	\$0.133
	Discounted Cash Flow			
PREFERRED MARKET VALUE				US \$84.34M



S Hutchin
Principal Geologist
MINING ONE PTY LTD



R Gaulton (Reviewer)
Senior Coal Geologist
MINING ONE PTY LTD

1 INTRODUCTION

1.1 Commission and Scope

PKF Melbourne Corporate Pty Ltd (PKF) has commissioned Mining One Pty Ltd (Mining One) to prepare a Technical Assessment Report containing a Market value of the coal assets of the Amaam and Amaam North deposits controlled by Tigers Realm Coal Limited (Tigers Realm). The scope of the report has been completed under the following VALMIN definitions;

1.2 Applicability of the VALMIN Code

1.2.1 Background

This report has been prepared in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports, also referred to as the VALMIN Code (2015).

The VALMIN Code is a code written for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports prepared by the VALMIN Committee, a joint committee of the AusIMM (Australasian Institute Of Mining and Metallurgy) and AIG (Australian Institute of Geoscientists) and MICA (Mineral Industry Consultants Association).

PKF, as both the Commissioning Entity and Independent Expert, has obtained from Tigers Realm written confirmation that it will comply with the requirements of Clauses 3.3(a), 4.2(a) and 4.2(b) of the VALMIN Code. These clauses relate to independence of the Commissioning Entity from the Independent Expert and the Specialist (i.e. Mining One), and the transparency of all reporting by PKF and Mining One.

1.2.2 Classification of Mineral Assets

The VALMIN 2015 Code (Page 38) defines Mineral Assets classified as either:

(a) **Early Stage Exploration Projects** – *Tenure holdings where mineralisation may or may not have been identified, but where Mineral Resources have not been identified.*

(b) **Advanced Exploration Projects** – *Tenure holdings where considerable exploration has been undertaken and specific targets identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A Mineral Resource estimate may or may not have been made, but sufficient work will have been undertaken on at least on prospect to provide both a good understanding of the type of mineralisation present and encouragement that further will elevate one or more of the prospects to the Mineral Resource category.*

(c) **Pre-Development Projects** – Tenure holdings where Mineral Resources have been identified and their extent estimated (possibly incompletely), but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further work is being undertaken.

(d) **Development Projects** – Tenure holdings where a decision has been made to proceed with construction or production or both, but which are not yet commissioned or operating at design levels. Economic viability of Development Projects will be proven by at least a Pre-Feasibility Study.

(e) **Production Projects** – Tenure holdings – particularly mines, wellfields and processing plants – that have been commissioned and are in production.

The Amaam project is classified for the purposes of this report as a Pre-Development Project and the Amaam North Project is defined as a Production Project. The exploration potential that exists within the license areas is defined as Early Stage Exploration Projects.

1.2.3 Relevant Extracts

Other relevant sections of the VALMIN 2015 Code that specifically relate to this report are defined on Page 39 of the code as follows:

(a) The VALMIN Code (2015) defines a **Technical Assessment** as such; “is an evaluation prepared by a Specialist of the technical aspects of a Mineral Asset. Depending on the development status of the Mineral Asset, a Technical Assessment may include the review of geology, mining methods, metallurgical processes and recoveries, provision of infrastructure and environmental aspects.”

(b) The VALMIN Code (2015) defines a **Technical Assessment Report** as; “involves the Technical Assessment of elements that may effect the economic benefit of a Mineral asset.”

(c) The VALMIN Code (2015) defines a **Technical Value** as; “an assessment of a Mineral Asset’s future net economic benefit at the valuation date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations.”

(c) The VALMIN Code (2015) defines a **Valuation Report** as; “expresses an opinion as to the monetary Value of a Mineral Asset but specifically excludes commentary on the value of any related corporate Securities.”

The Specialist (Mining One Consultants) are following the VALMIN (2015) code in relation to requirements of practitioners as described in Clause 2.2 (a), (b), (c) and (d) in relation to compilation of this report.

In relation to Clause 11.1 of the VALMIN (2015) code the Specialist did not complete a site visit due to the extensive technical information made available by Tigers Realm. An assessment completed by the Specialist therefore concluded that a site inspection would not provide material data or information that would affect the contents of the Technical Assessment Report or the Valuation Report.

1.3 Independence, Qualifications, Experience and Declarations

Mining One Pty Ltd is an independent private consulting company which has been providing consulting services to the international and local mining industry since 2005.

This Technical Assessment Report and Valuation Report has been prepared by Mr R Gaulton, Mr S Hutchin and Mr I Ludjio.

Mr Gaulton is a highly experienced Mining Geologist with over 45 years of experience, he provided a wide range of geological services to SECV mining and resource development operations in the Latrobe Valley (4 open cut operations) between 1973 and 1994. Between 1981 and 1992 he led a team of earth scientists and technical specialists while managing SECV drilling activities and a number of emergent large scale projects and investigations. He was also routinely involved with open pit drainage, dewatering and stability issues. In addition, Rob oversaw the introduction of computer based geological and geophysical data acquisition and the development of digital geological and coal resource models and was responsible for maintenance of the SECV bore data base.

He completed an MSc (Hons) degree in Coal Geology at the University of Wollongong between 1983 and 1985. Between 1972 and 1988 he conducted over 70 internal training sessions on coal geology, pit stability and coal chemistry and lectured part time in earth sciences at the Gippsland Institute of Advanced Education (later Monash University Gippsland) between 1975 and 1987. Rob has also developed and presented a series of sessional lectures on low rank coals for Latrobe University and the University of Wollongong. He currently lectures in Engineering Geology for MSc students at Federation University Gippsland and takes practical geology sessions for Environmental Science students.

Mr Gaulton is appropriately qualified and experience to act in the following capacities:

- A Competent Person as defined in the JORC Code (2012).
- An Independent Expert as defined in the VALMIN Code & ASIC Regulatory Guide 111.

Mr Gaulton does not have any significant pecuniary or beneficial interest in Tigers Realm Coal Limited or its subsidiaries, or in the outcome of this report.

Mr Hutchin is a geologist BSc, with over 21 years of experience in the mining industry, and is a member of the Australian Institute of Geoscientists. Mr Hutchin has relevant experience in relation to coking and thermal coal projects both in Australia and Internationally. He has experience with coal exploration, coal Mineral Resource estimation and completion of due diligence reviews on multiple coal projects.

Mr Hutchin is appropriately qualified and experience to act in the following capacities:

- A Competent Person as defined in the JORC Code (2012).
- An Independent Expert as defined in the VALMIN Code & ASIC Regulatory Guide 111.

Mr Hutchin does not have any significant pecuniary or beneficial interest in Tigers Realm Coal Limited or its subsidiaries, or in the outcome of this report.

Mr Ludjio is a Mining Engineer BE (Mining), with over 20 years of experience in the mining industry, and is a member of the Australasian institute of Mining and Metallurgy, he is CP (min) and also a registered Professional Engineer in the state of Queensland (RPEQ) Mr Ludjio is appropriately qualified and experience to act in the following capacities:

- A Competent Person as defined in the JORC Code (2012).
- An Independent Expert as defined in the VALMIN Code & ASIC Regulatory Guide 111.

Mr Ludjio does not have any significant pecuniary or beneficial interest in Tigers Realm Coal Limited or its subsidiaries, or in the outcome of this report.

1.3.1 Declarations

Mr Rob Gaulton has sufficient experience relevant to the Technical Assessment and Valuation of the Mineral Assets under consideration and to the activity which he is undertaking to qualify as a Practitioner as defined in the 2015 edition of the 'Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets'. Mr Rob Gaulton consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Mr Stuart Hutchin has sufficient experience relevant to the Technical Assessment and Valuation of the Mineral Assets under consideration and to the activity which he is undertaking to qualify as a Practitioner as defined in the 2015 edition of the 'Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets'. Mr Stuart Hutchin consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

1.4 Disclaimer

This report was prepared using data and information which were available to the authors at the time of writing. It is based on data provided which is understood as discussed in Section 1.2.3 above, to be suitably representative of the various coal properties and projects held by Tigers Realm Coal Limited.

2 TECHNICAL ASSESSMENT REPORT – TIGERS REALM COAL

2.1 Project Ownership

Tigers Realm Coal have an 80% interest in the Amaam project with the company required to fund through to bankable feasibility level and then 20% owner (Bering Coal Investments) are required to fund on a pro-rata basis. Bering Coal Investments has the option to convert the 20% interest to a 2% royalty on gross sales revenue. In addition to this royalty a 3% gross sales royalty is also payable to Siberian Tigers International Corporation on production from the Amaam project.

Tigers Realm Coal hold a 100% interest in the Amaam North project.

2.2 The Amaam Coal Project - Technical Assessment Summary

Mining One have reviewed the technical data associated with The Amaam Coking Coal Project and the port facility controlled by Tigers Realm. The Amaam Coal Project consists of two tenements: Amaam and Amaam North. They are located within the Bering Coal Basin within the Chukotka Autonomous Okrag (CAO) in far eastern Russia, an active coal mining region.

The Amaam Tenement is situated approximately 230 km south of the regions capitol Anadyr and the administrative centre of Ugolnye Kopi. Beringovskiy, the supporting town and port facility, is located 40 km to the north of the Amaam project. Amaam North is situated 35km inland and adjacent to Beringovskiy. Figure 2-1 and Figure 2-2 shows the project locations on a regional and global scale.



Figure 2-1: Regional Map of the Amaam Coal Project

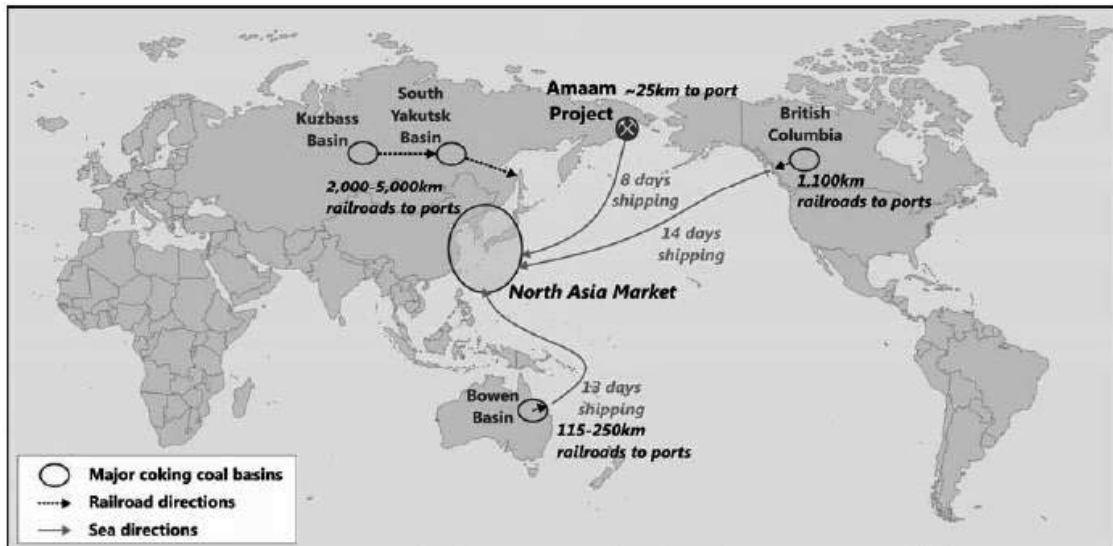


Figure 2-2: Global Location of the Amaam Coking Coal Project

Population and infrastructure in the region is sparse, with no major population centres in proximity. Beringgovsky supports 1500 people, who are primarily employed by the Nagornaya mining operation and its associated industries (including its port). Approximately 1200 indigenous people also inhabit a number of villages.

Overground infrastructure is limited outside of Beringovsky and Nagornaya. Travel to and from the Amaam area is exclusively via helicopter and all-terrain-vehicles (ATV). Transportation within the region by ATV is limited to existing tracks and river beds. Beringovsky is serviced by fixed wing aircraft weekly in the winter and fortnightly during the summer. Shipping into the Beringovsky port is possible between July and October.

The project area is located in the northern part of the Koryak Uplands, characterized by a system of relatively low mountains ranges (600 – 900 m asl) that grade into a piedmont towards the Bering Sea coast. Numerous river valleys dissect these ranges, draining into the Bering Sea. Four main morphological features characterize the area:

- Alpine-artic deserts and tundra, characterized by debris slopes and rocky outcrops at elevations of 600 – 900 m asl.
- Terraced tundra on ancient marine terraces composed of sand and sandy-loam at elevations of 200 – 600 m asl.
- River valleys at elevations of 5 – 200 m asl
- Marshes

The local climate is arctic, with an annual average temperature of 4°C. Average winter daytime temperatures are -14°C and summer daytime temperatures are 9°C. The region has an average of 4 cm of snowfall per month, with strong prevailing northerly winds causing drifts to accumulate in lowland areas. A shoulder season at the beginning and end of summer makes transportation difficult as regular low cloud causes air transport to be unreliable. Without permanent roads, overland transport to and from Anadyr is not possible as the ground has not yet frozen over.

The area is dominated by tundra vegetation that include moss/lichen communities on the steeper slopes, and meadow communities in the valleys. The low-lying wetland areas are dominated by cotton-grass and sphagnum. The area is abundant in both bird and animals of various species including brown bear, salmon, wolverine and wolves.

2.2.1 Geological Setting

The Bering Coal Basin is a tectonic basin of the Cenozoic Anadyrkoryak fold system. The basin consists of a symmetrical graben structure with folding and both normal and thrust faulting. Cretaceous marine and non-marine sediments of the Baryskoyskaya and Koryak formations make up the basement approximately 1.3 to 1.5 km thick. These sediments were syn-depositional to the tectonic events which shaped the basin structure.

The strata above consists of the Palaeogene Chukchi Formation (28 – 65 Ma), which is split into upper, middle and lower formations. Both the lower and middle members are characterized by marine regression. The Lower Chukchi Formation is comprised of lithic marine sandstones, siltstones and conglomerates, and the Middle Chukchi Formation consists of terrestrial sands, silts and mudstones. It is within the middle member that the economic coal seams of the Amaam Coal Project is situated. The Upper Chukchi member consists of terrestrial sandstones and hosts no coal. Quaternary deposits are typically glacial sediments and fluvial gravels and sands. Figure 2-3 below shows the stratigraphy of the Amaam regional geology.

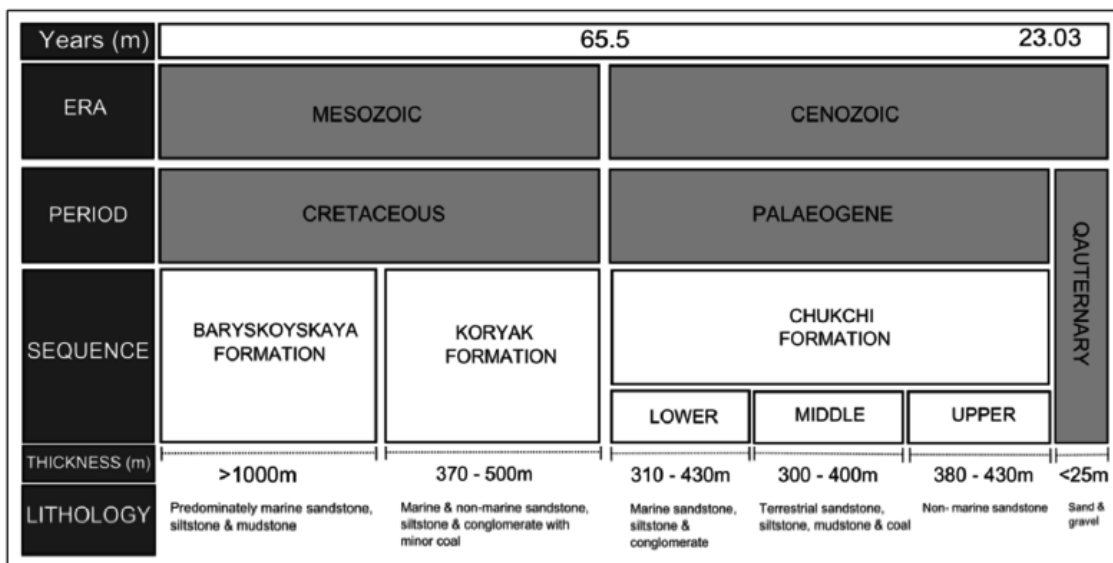


Figure 2-3: Stratigraphic Diagram of the Amaam Regional Geology

2.2.2 JORC Coal Resources Amaam

The Mineral Resources were estimated for the Amaam deposit in 2014 by SRK consultants in compliance with the JORC 2012 code. A total of 522Mt of coal resources are reported within the Amaam deposit area, of this there are 3.1Mt of Measured, 91Mt of Indicated and 428Mt of Inferred Mineral Resources.

Coal seams were modelled to a minimum thickness of 1.2m in addition to coding the model for the main lithological characteristics within the deposit area. The variability within the coal seams can add complexity to the model however drilling has confirmed acceptable levels of lateral continuity to have confidence in reporting of Mineral Resources.



Figure 2-5: Overlay of Faulting Transposed onto the Amaam Area 3

Mining One confirms in the subsequent public report that it is not aware of any new information or data that materially affects the information included in the relevant market announcement and, in the case of estimates of the Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

(<https://www.asx.com.au/asxpdf/20150709/pdf/42zql73q4bvfjk.pdf>) in July 2015.

Table 2-1: Amaam Deposit – Resources Summary and Coal Quality

AMAAM DEPOSIT								
CATEGORY	MT	RD g/m ³	%ASH	%IM	%VM	%FC	GCV	%TS
MEASURED								
Thermal OP	-	-	-	-	-	-	-	-
Coking OP	3.1	1.62	33.7	1.1	23.3	39.0	5102	0.83
Coking UG								
INDICATED								
Thermal OP	-	-	-	-	-	-	-	-
Coking OP	89	1.62	33.7	1.1	23.3	39.0	5102	0.83
Coking UG	2	1.62	33.7	1.1	23.3	39.0	5102	0.83
INFERRED								
Thermal OP	-	-	-	-	-	-	-	-
Coking OP	337	1.62	33.7	1.1	23.3	39.0	5102	0.83
Coking UG	91	1.62	33.7	1.1	23.3	39.0	5102	0.83
TOTAL								
Thermal OP	-	-	-	-	-	-	-	-
Coking OP	425	1.62	33.7	1.1	23.3	39.0	5102	0.83
Coking UG	93	1.62	33.7	1.1	23.3	39.0	5102	0.83
GRAND TOTAL								
GRAND TOTAL	522.1	1.62	33.7	1.1	23.3	39.0	5102	0.83

2.2.3 JORC Coal Resources Amaam North

The Coal Resources were estimated for the Amaam deposit in December 2015 by SRK consultants in compliance with the JORC 2012 code. A total of 110.6Mt of coal resources are reported within the Amaam North deposit area, of this there 22Mt of Measured, 55.7Mt of Indicated and 32.9Mt of Inferred Resources. The location of drilling used to define the Amaam North Resource is shown in Figure 2-6 below. Mining One confirms in the subsequent public report that it is not aware of any new information or data that materially affects the information included in the relevant market announcement and, in the case of estimates of the Mineral

Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

(<https://www.asx.com.au/asxpdf/20150709/pdf/42zql73q4bvijk.pdf>) in July 2015.

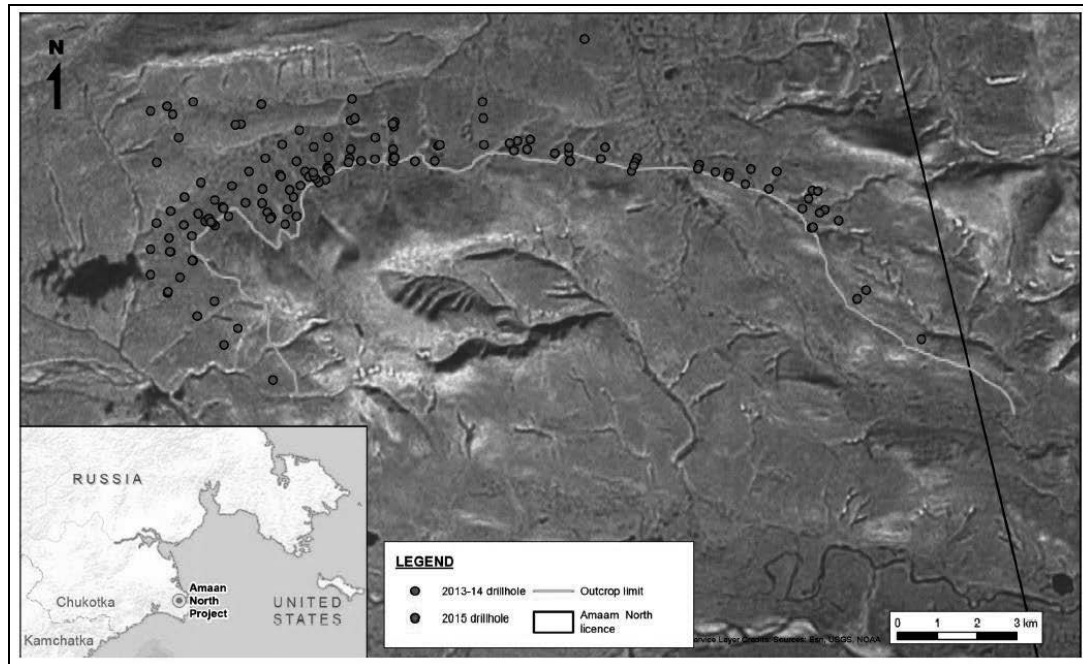


Figure 2-6: Location Plan of Amaam North Deposit showing Drillholes (SRK Report 2015)

The Resources were estimated using Maptek Vulcan software where a gridded seam model was constructed. Coal seams greater than 0.3m thick and with ash content of less than 50% were incorporated into the model. Coal tonnages were then estimated within these seam models.

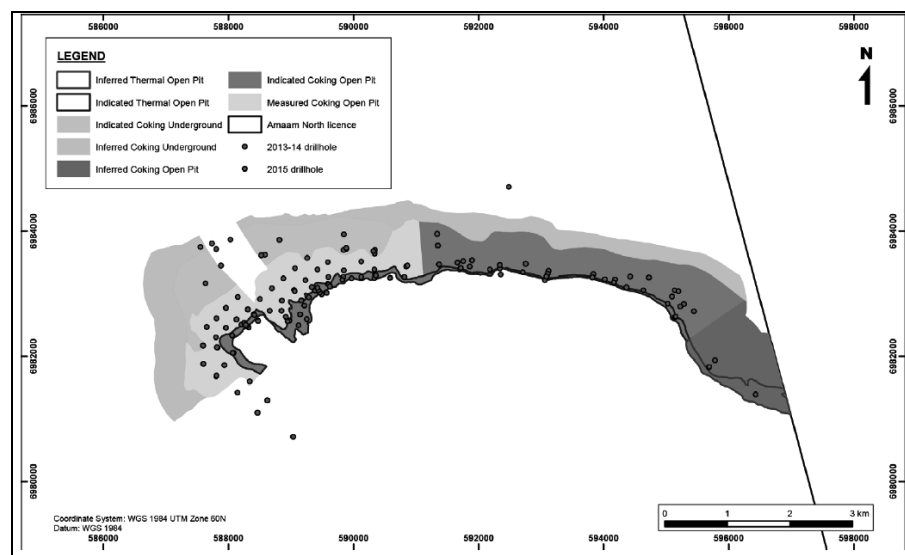


Figure 2-7: Amaam North Coal Resource JORC Classification (SRK Report 2015)

Table 2-2: Amaam North – Resources Summary

AMAAM NORTH DEPOSIT - RESOURCES								
CATEGORY	MT	RD g/m³	%ASH	%IM	%VM	%FC	GCV	%TS
MEASURED								
Thermal OP	-	-	-	-	-	-	-	-
Coking OP	22.0	1.44	17.5	1.10	25.3	56.1	6,750	0.32
Coking UG	-	-	-	-	-	-	-	-
INDICATED								
Thermal OP	3.7	1.45	17.1	1.31	26.1	55.6	6,710	0.28
Coking OP	46.3	1.46	18.1	1.09	26.9	53.8	6,660	0.26
Coking UG	5.7	1.40	13.1	1.1	25.7	60.1	7,180	0.30
INFERRED								
Thermal OP	1.3	1.45	14.8	2.09	27.5	55.5	6,640	0.36
Coking OP	14	1.45	15.8	1.47	27.5	55.0	6,750	0.29
Coking UG	17.6	1.42	15.0	1.1	27.0	56.9	6,970	0.26
TOTAL								
Thermal OP	5.0	1.45	16.5	1.51	26.5	55.6	6,690	0.30
Coking OP	82.3	1.45	17.5	1.16	26.6	54.6	6,700	0.28
Coking UG	23.3	1.42	14.5	1.11	26.7	57.7	7,020	0.27
GRAND TOTAL								
GRAND TOTAL	110.6	1.44	16.9	1.16	26.6	55.3	6,770	0.28

2.2.4 JORC Coal Reserves – Amaam North

MEC Mining Pty Ltd completed an independent estimate of the open cut coal reserves for the Amaam North deposit. They reported estimated reserves as at 24 March 2016, adhering to the guidelines of the 2012 Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (“the JORC Code”).

The Amaam North deposit is a moderately dipping coal deposit with a dip that varies from 8° to 40°. There are 5 main seam groups that are coded from Seam 5 (top) to Seam 1 (bottom), which are subdivided into 15 coal plies. Coking and thermal coal is split by the base of weathering. Coal below the base of weathering is classified as coking coal and coal above the base of weathering and below the base of alluvial is considered thermal coal.

The Reserves presented in Table 2-3 below are based on the coal resources reported in December 2015. The estimated reserve is 9.4 Mt of Proved Open Cut Reserve and 12.0 Mt of Probable Open Cut Reserve on a ROM moisture basis of 6.5%.

Mining One confirms in the subsequent public report that it is not aware of any new information or data that materially affects the information included in the relevant market announcement and, in the case of estimates of the Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

(<https://www.asx.com.au/asxpdf/20160412/pdf/436gbyqqnvkj30.pdf>) in April 2016.

Table 2-3: JORC Coal Reserve Estimate (Coking Coal)

Reserve Category	Seam Group	Resource Category	ROM Tonnes (Mt)	Ash % (ad)	In-situ Density	Inherent Moisture % (ad)	Total Sulphur % (ad)	Volatile Matter % (ad)	Calorific Value Mj/kg (ad)	Fixed Carbon % (ad)
Proved	1	Measured	1.4	29.2	1.6	1.3	0.2	21.3	5,527	48.3
	2	Measured	1.1	29.0	1.6	1.4	0.2	22.3	5,481	47.3
	3	Measured	2.2	34.5	1.6	1.4	0.2	22.6	4,981	41.5
	4	Measured	4.7	17.5	1.4	1.4	0.3	25.8	6,641	55.3
	5	Measured	0.0	42.3	1.7	1.6	0.8	21.8	4,071	34.4
	Total	Measured	9.4	24.6	1.5	1.4	0.3	23.9	5,945	50.1
Probable	1	Indicated	0.8	29.2	1.6	1.2	0.2	23.8	5,484	45.8
	2	Indicated	0.7	28.0	1.6	1.2	0.3	24.7	5,590	46.2
	3	Indicated	2.4	26.4	1.5	1.3	0.2	25.6	5,772	46.5
	4	Indicated	3.6	16.8	1.4	1.3	0.2	27.3	6,720	54.6
	5	Indicated	0.2	31.5	1.6	2.0	0.4	24.8	5,001	41.6
	Total	Indicated	7.8	22.5	1.5	1.3	0.2	26.1	6,144	50.0

Note: Tonnage is reported at a ROM Moisture basis of 6.5%. Qualities are ROM Qualities and reported at an air-dried moisture basis

Table 2-4: JORC Coal Reserve Estimate (Thermal Coal)

Reserve Category	Seam Group	Resource Category	ROM Tonnes (Mt)	Ash % (ad)	In-situ Density	Inherent Moisture % (ad)	Total Sulphur % (ad)	Volatile Matter % (ad)	Calorific Value Mj/kg (ad)	Fixed Carbon % (ad)
Probable	1	Indicated	0.5	27.8	1.6	1.5	0.2	22.2	5,559	48.6
	2	Indicated	0.4	26.9	1.5	1.4	0.2	23.9	5,669	47.9
	3	Indicated	1.1	31.2	1.6	1.5	0.2	23.6	5,216	43.6
	4	Indicated	2.2	17.6	1.4	1.5	0.3	26.5	6,574	54.4
	5	Indicated	0.0	33.8	1.6	2.6	0.3	24.3	4,639	39.3
	Total	Indicated	4.2	23.4	1.5	1.5	0.3	25.0	5,998	50.1

Note: Tonnage is reported at a ROM Moisture basis of 6.5%. Qualities are ROM Qualities and reported at an air-dried moisture basis

MEC Mining estimated 6.1 Mt of proved and 10.0 Mt of Probable Marketable Coal Reserves at a product moisture basis of 10% for washed coal and 8% for bypass coal.

Table 2-5: JORC Marketable Coal Reserves (Coking Coal)

Reserve Category	Seam Group	Resource Category	Product Tonnes (Mt)	Product Ash %(ad)
Proved	1	Measured	0.8	11.8
	2	Measured	0.7	11.3
	3	Measured	1.2	13.9
	4	Measured	3.5	8.1
	5	Measured	0.0	14.2
	Total	Measured	6.1	10.1
Probable	1	Indicated	0.5	8.9
	2	Indicated	0.5	7.0
	3	Indicated	1.5	9.7
	4	Indicated	3.2	10.5
	5	Indicated	0.1	13.0
	Total	Indicated	5.8	9.9

Note: Product Tonnes are reported at a Product Moisture of 10% for washed coal and 8% for Bypass coal, which are blended together to achieve a saleable product Ash. Ash is reported at an air-dried moisture basis.

Table 2-6: JORC Marketable Coal Reserves (Thermal Coal)

Reserve Category	Seam Group	Resource Category	Product Tonnes (Mt)	Product Ash %(ad)
Probable	1	Indicated	0.5	27.8
	2	Indicated	0.4	26.9
	3	Indicated	1.1	31.2
	4	Indicated	2.2	17.6
	5	Indicated	0.0	33.8
	Total	Indicated	4.2	23.4

Note: Product Tonnes are reported at a Product Moisture of 10% for washed coal and 8% for Bypass coal, which are blended together to achieve a saleable product Ash. Ash is reported at an air-dried moisture basis.

3 TIGERS REALM COAL LTD MARKET VALUATION

3.1 Market valuation Methodology




The market valuation for the Tigers Realm Coal projects was calculated using the comparable transaction method and the discounted cash flow method with a preferred value determined from the valuation ranges derived from both of these methods.



The comparable transaction method was deemed suitable due to existence of stated JORC resources for each of the companies selected and four transactions that were assessed and comparable to the Tigers Realm coal project.

A Kilburn Geoscience rating method was not deemed as suitable given the stage of development for each of the company's projects and the statement of JORC Resources, this method is more applicable to pure exploration projects with no stated Resources. A discounted cash flow method was used due to the existence of a detailed financial model for the project. The joint venture method was not used due to the lack of comparable joint venture transactions that could be used to ascribe a value to the Tigers Realm Coal project. Mining One have therefore used two valuation methods namely the comparable transaction method and the discounted cash flow method, the other methods were assessed as not suitable.

When determining the valuation methodologies suitable for the Tigers Realm Coal project Mining One considered multiple valuation methods as summarised in Table 3-1 below.

Table 3-1: VALMIN Appropriate Valuation Method Assessment

Valuation Approach	Specific Method	Mining One Assessment
Market Based	Comparable Transactions 	Four comparable transactions were defined that provided guidance on ascribing a valuation based on project type and geographical location for the Tigers Realm Coal projects. This method was assessed as the most applicable and relevant of the valuation methodologies assessed. The method was therefore used to ascribe a market value.
	Joint Venture 	Insufficient joint venture agreements were available for projects of a similar type in a similar geographical location.
Cost Based	Exploration Expenditure 	The method uses costs incurred in exploration activities so far completed on each of the project to provide a guide to the replacement cost of the projects. Given much of the exploration work on each of the projects completed is more than 5 years old Mining One assessed this method as not being suitable to ascribe a relevant market value for the projects.

Valuation Approach	Specific Method	Mining One Assessment
	Kilburn Geoscience Rating 	The Kilburn Geoscience Rating method uses the basic acquisition costs for each project and then applies multiples to account for the exploration prospectivity of each project area. This method is not suitable given that all of the projects have stated JORC resources and was therefore not used.
Income Based	Discounted Cash Flow (DCF) 	Use of the (DCF) method requires detailed cost models to be supplied for each of the projects. Tigers Realm has completed a Feasibility study for the Amaam North project that produced a cash flow model and sensitivity analysis. The mine is also currently operational.

3.2 Tigers Realm Coal - Valuation Basis

The Mineral Resources and Reserves form the basis for ascribing a Market value to the assets. Coal quality and type in addition to Resource and Reserve quantity and JORC classification categories are key considerations during the valuation process. The Market valuations are calculated based on an 80% ownership for the Amaam project and a 100% interest for the Amaam North project.

3.2.1 JORC Resources and Reserves

A summary of the technical characteristics that guides the valuation in relation to the stated Mineral Resources and Reserves are shown in Table 3-2 below.

Table 3-2: Amaam North – Resources Summary

AMAAM NORTH DEPOSIT - RESOURCES								
CATEGORY	MT	RD g/m ³	%ASH	%IM	%VM	%FC	GCV	%TS
MEASURED								
Thermal OP	-	-	-	-	-	-	-	-
Coking OP	22.0	1.44	17.5	1.10	25.3	56.1	6,750	0.32
Coking UG	-	-	-	-	-	-	-	-
INDICATED								
Thermal OP	3.7	1.45	17.1	1.31	26.1	55.6	6,710	0.28
Coking OP	46.3	1.46	18.1	1.09	26.9	53.8	6,660	0.26
Coking UG	5.7	1.40	13.1	1.1	25.7	60.1	7,180	0.30

AMAAM NORTH DEPOSIT - RESOURCES								
CATEGORY	MT	RD g/m ³	%ASH	%IM	%VM	%FC	GCV	%TS
INFERRED								
Thermal OP	1.3	1.45	14.8	2.09	27.5	55.5	6,640	0.36
Coking OP	14	1.45	15.8	1.47	27.5	55.0	6,750	0.29
Coking UG	17.6	1.42	15.0	1.1	27.0	56.9	6,970	0.26
TOTAL								
Thermal OP	5.0	1.45	16.5	1.51	26.5	55.6	6,690	0.30
Coking OP	82.3	1.45	17.5	1.16	26.6	54.6	6,700	0.28
Coking UG	23.3	1.42	14.5	1.11	26.7	57.7	7,020	0.27
GRAND TOTAL	110.6	1.44	16.9	1.16	26.6	55.3	6,770	0.28

Table 3-3: Amaam North – Coking Coal Reserves Summary

AMAAM NORTH DEPOSIT – RESERVES (COKING COAL)								
CATEGORY	MT	RD g/m ³	%ASH	%IM	%VM	%FC	GCV	%TS
PROVED								
Coking	9.4	1.5	24.6	1.4	23.9	50.1	5,945	0.3
PROBABLE								
Coking	7.8	1.5	22.5	1.3	26.1	50.0	6,144	0.2
TOTAL								
Coking	17.2	1.5	23.55	1.35	25	50	6,045	0.25

Table 3-4: Amaam North – Thermal Coal Reserves Summary

AMAAM NORTH DEPOSIT – RESERVES (THERMAL COAL)								
CATEGORY	MT	RD g/m ³	%ASH	%IM	%VM	%FC	GCV	%TS
PROVED								
Thermal	-	-	-	-	-	-	-	-

AMAAM NORTH DEPOSIT – RESERVES (THERMAL COAL)								
CATEGORY	MT	RD g/m ³	%ASH	%IM	%VM	%FC	GCV	%TS
PROBABLE								
Thermal	4.2	1.5	23.4	1.5	25.0	50.1	5,998	0.3
TOTAL								
Coking	4.2	1.5	23.4	1.5	25.0	50.1	5,998	0.3

Table 3-5: Amaam Deposit – Resources Summary

AMAAM DEPOSIT								
CATEGORY	MT	RD g/m ³	%ASH	%IM	%VM	%FC	GCV	%TS
MEASURED								
Thermal OP	-	-	-	-	-	-	-	-
Coking OP	3.1	1.62	33.7	1.1	23.3	39.0	5102	0.83
Coking UG								
INDICATED								
Thermal OP	-	-	-	-	-	-	-	-
Coking OP	89	1.62	33.7	1.1	23.3	39.0	5102	0.83
Coking UG	2	1.62	33.7	1.1	23.3	39.0	5102	0.83
INFERRED								
Thermal OP	-	-	-	-	-	-	-	-
Coking OP	337	1.62	33.7	1.1	23.3	39.0	5102	0.83
Coking UG	91	1.62	33.7	1.1	23.3	39.0	5102	0.83
TOTAL								
Thermal OP	-	-	-	-	-	-	-	-
Coking OP	425	1.62	33.7	1.1	23.3	39.0	5102	0.83
Coking UG	93	1.62	33.7	1.1	23.3	39.0	5102	0.83
GRAND TOTAL	522.1	1.62	33.7	1.1	23.3	39.0	5102	0.83

3.2.2 2016 Feasibility Study - Update

The Feasibility Study covering the Project F area (Amaam North) was updated in March 2016 internally by Tigers Realm Coal. The base case is to mine via open pit methods 1.3 Mt per annum over a mine life of 21 years from 24.4 Mt of run of mine coal. The strip ratio averages 3.8:1 over the life of the project. The life of mine coal sales consists of 12.06 Mt of coking coal and 4.19 Mt of thermal coal.

The cash flow model contained within the Feasibility Study document delivers an NPV of US\$ 71 million at a 10% discount rate.

Table 3-6: Amaam North (Project F) Deposit – Feasibility Study Results 2016

AMAAM NORTH (PROJECT F)	
AREA	LOM Average US\$/t Product Coal
Mining (including tailings disposal)	13.65
CHPP	4.91
Coal Transport, Port and Transhipping	9.78
+Administration and Services	6.42
Fleet Leasing Costs	4.94
Mineral Extraction Tax (MET)	0.57
Property Tax	0.26
FOB OPERATING COSTS	40.55
Corporate Costs	2.67
License Compliance	0.51
Vendor Royalties (5%)	4.20
TOTAL OPERATING EXPENDITURE	47.92

AMAAM NORTH (PROJECT F)	
DESCRIPTION	Outcome
NPV (10%, after tax)	US\$ 71.1 Million
Internal Rate of Return (IRR)	17%

AMAAM NORTH (PROJECT F)	
After Tax project Cash Flow	US\$ 440.6 million
Typical Yearly After-Tax Cash Flow	US\$ 33.7 million p.a
Taxes and Royalties Paid	US \$95.2 million

3.3 Coking Coal Price and Exchange Rates

Mining One have considered the variability in average coking coal prices in relation to the timing of the comparable transaction data. The coking coal prices were derived from the prices shown in Figure 3-1 below.

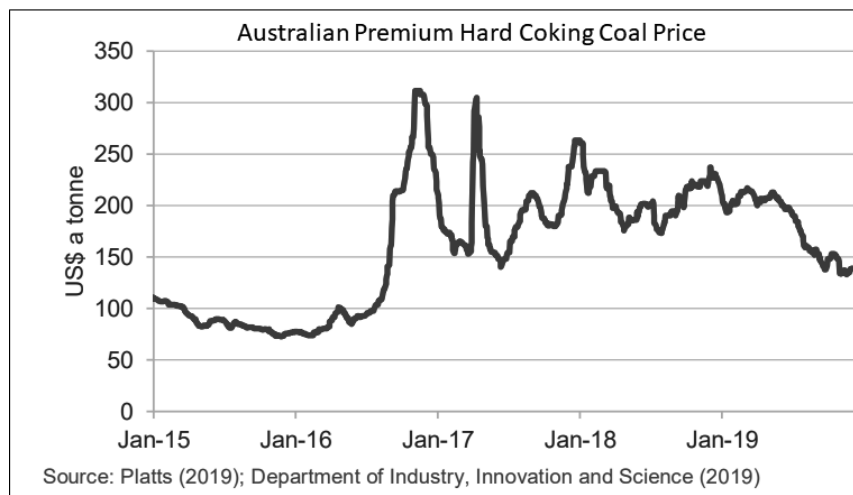


Figure 3-1: Coking Coal Historical Price (US\$/Tonne)

The comparable transactions are associated with projects located in the USA, Canada and Australia. All dollar amounts have been converted back to US Dollars as at the exchange rate at the time of the transaction.

3.4 Thermal Coal Price and Exchange Rates

Mining One have also considered the variability in average thermal coal prices in relation to the timing of the comparable transaction data. The coking coal prices were derived from the prices shown in Figure 3-1 below.

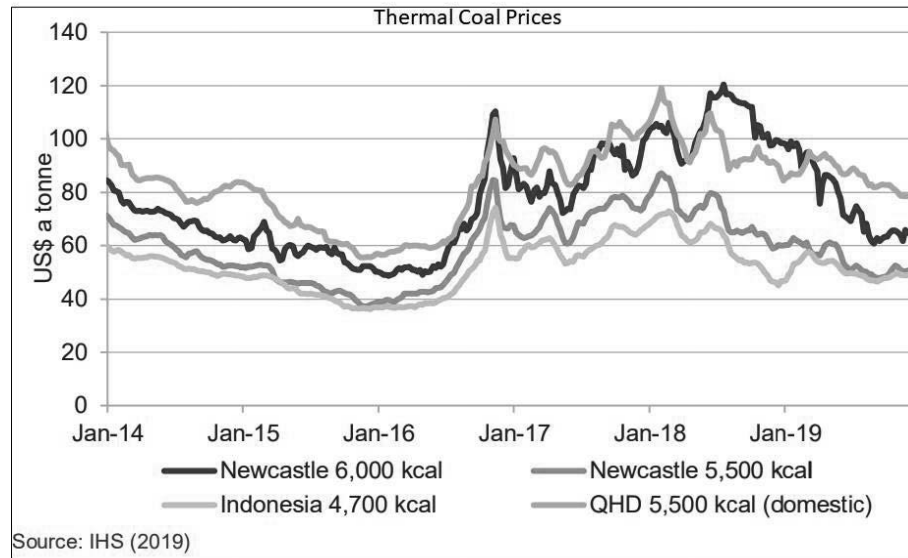


Figure 3-2: Thermal Coal Historical Price (US\$/Tonne)

The Feasibility study results were announced on the 22/04/2016 in the ASX announcement (<https://www.asx.com.au/asxpdf/20160422/pdf/436pcr4y21d0pk.pdf>). Mining One have assessed the parameters used within the study and have not received any additional information or data that would materially change the findings of the study.

3.5 Comparable Transaction Valuation

Mining One have identified four comparable transactions to inform the Market valuation of the Tigers Realm Coal projects. These transactions involve coking coal deposits located in the USA, Canada and Australia, no equivalent Russian coking coal project transactions were defined.

The comparable transactions used are summarised as follows:

3.5.1 Allegiance Coal Limited – New Elk Coking Coal Acquisition (Colorado)

On 15th July 2019 Allegiance Coal Limited announced that it would acquire all shares in the New Elk Coal Company. The New Elk Coal company owns the New Elk Hard coking coal project located in southeast Colorado. The mine is currently on care and maintenance. Total consideration from the acquisition is US\$ 42.31M for a 100% interest in the project.

The New Elk Coal project contains NI43-101 Mineral Resources comprising 271.97 Mt Measured, 289.48 Mt Indicated and 94.8 Mt Inferred. Total stated resources are 656.26 Mt. The Measured plus Indicated to inferred ratio is therefore 0.86.

Coal quality data for the New Elk Coal project Resources is summarised in Table 3-7 below.

Table 3-7: New Elk Coking Coal Project – Coal Quality Data

Coal Quality Metric	Units	All Resources
Total Moisture	%	1.0
Volatile Matter	%	35

Ash	%	8.5
Sulphur	%	0.6
Fixed Carbon	%	55.5
Calorific Value	Kcal/Kg	-

Consideration for the acquisition of the project was equivalent to US \$42.31M through the purchase of all New Elk Coal Company shares. A total transaction value of US \$42.31M was therefore used to ascribe a value per Resource tonne for the project at the time of acquisition.

The transaction value therefore equates to 6.45 cents per Mineral Resource tonne at the time of acquisition announcement in July 2019. The coking coal price in July 2019 averaged US \$135 per tonne. As of February, 2020, coking coal price average between US\$ 90 and \$US 120 per tonne, the adjusted acquisition value range would therefore be between US 4.30 and 5.73 cents per resource tonne valuing the acquisition at between US \$28.22M and \$37.60M. The transactions values are therefore summarised in Table 3-8 below.

Table 3-8: New Elk Coal Project – Comparable Transaction Summary

Project	Transaction Date	Location	Consideration Jul 2019	Coal Price Adjusted Consideration Feb 2020
New Elk Coal	15/07/2019	USA	US \$42.31 M	US \$28.22M - \$37.60M
			US 6.45 cents/tonne	US 4.30 – 5.73 cents/tonne

3.5.2 Itochu Corporation – Telkwa Coal Project Investment (Canada)

On 5th November 2018 Allegiance Coal Limited announced that Itochu Corporation (Japan) would invest US \$5.04M to acquire a 20% interest in the Telkwa coking coal project located in British Columbia, Canada.

The Telkwa project consists of three Resource areas namely the Tenas, Goathorn and Telkwa North deposits. Total Mineral Resources stated at November 2018 are 125.8 Mt that includes 102.3 Mt measured, 22.3 Mt Indicated and 1.2 Mt inferred. The measured plus indicated to total Resource ratio is therefore 0.99.

Mineral Reserves have also been reported as at July 2017 comprising 42.5 Mt of saleable coal. The Resources reported are inclusive of the Reserves.

Coal quality data for the Telkwa project Resources are summarised again in Table 3-9 below.

Table 3-9: Telkwa Coking Coal Project – Coal Quality Data

Coal Quality Metric	Units	All Resources
Total Moisture	%	6.0 - 10.5
Volatile Matter	%	24.6 – 39.0
Ash	%	6.5 – 10.5
Sulphur	%	0.5 – 10.5
Fixed Carbon	%	50 – 64.4
Calorific Value	Kcal/Kg	7,250 – 7,450

Consideration for the acquisition of the 20% in the project was equivalent to US \$5.04M that was provided as cash to Allegiance Coal Limited. A total transaction value of US \$5.04M was therefore used to ascribe a value per Resource tonne for the project at the time of acquisition.

The transaction value therefore equates to US 20 cents per Resource tonne at the time of acquisition in November 2018. The coking coal price in November 2018 was \$200 per tonne. As of February 2020, coking coal price average between US\$ 90 and \$US 120 per tonne, the adjusted acquisition value range would therefore be between US 4.30 and 5.73 cents per resource tonne valuing the acquisition at between US \$28.22M and \$37.60M. The transactions values are therefore summarised in Table 3-8 below.

Table 3-10: Telkwa Project (Itochu Investment) – Comparable Transaction Summary

Project	Transaction Date	Location	Consideration Nov 2018	Coal Price Adjusted Consideration Feb 2020
Telkwa (Itochu)	05/11/2018	Canada	US \$5.04M	US \$3.36M - \$4.48M
			US 20 cents/tonne	US 13.4 – 17.8 cents/tonne

3.5.3 Sumitomo– Bowen Coking Coal Hillalong Investment (Australia)

On 23rd January 2020 Bowen Coking Coal announced that Sumitomo has confirmed a farm in agreement where a 20% interest can be earned in the Hillalong coking coal project can be earned by providing US \$3.4M to fund exploration. The project is located in Queensland, Australia.

The Hillalong project consists of JORC compliant Exploration Target estimated in a range between 61Mt and 409Mt of coking coal. Ash content coal quality potential ranges have been estimated between 18 and 39%.

Consideration for the acquisition of the 20% in the project was equivalent to US \$3.4M that will be provided as cash to fund exploration. A total transaction value of US \$3.4M was therefore used to ascribe a value per Exploration Target tonne for the project at the time of acquisition.

The transaction value therefore ranges between US 6 cents and US 41 cents to US 20 cents per Exploration Target tonne at the time of acquisition in January 2020. Due to the recent nature of the transaction no adjustment has been completed to account for coking coal prices. The transactions values are therefore summarised in Table 3-11 below.

Table 3-11: Hillalong – Sumitomo Investment – Comparable Transaction Summary

Project	Transaction Date	Location	Consideration Jan 2020
Hillalong	27/01/2020	Australia	US \$3.4M
			US 6 cents/tonne – US 41 cents/tonne

3.5.4 Sojitz Corporation – Gregory-Crinum-Project Acquisition (Australia)

On 27th March 2019 Sojitz Corporation announced that they would acquire a 100% interest in the Gregory-Crinum Coking coal project located in Queensland, Australia. Consideration for the project was US \$71M.

The Gregory-Crinum project has reported total Mineral Resources stated as at May 2018 of 112.3 Mt.

Consideration for the acquisition of the 100% in the project was equivalent to US \$71M that was provided as cash. A total transaction value of US \$71M was therefore used to ascribe a value per Resource tonne for the project at the time of acquisition.

The transaction value therefore equates to US 63.2 cents per Resource tonne at the time of acquisition in March 2019. The coking coal price in March 2019 was \$200 per tonne. As of February 2020, coking coal price average between US\$ 90 and \$US 120 per tonne, the adjusted acquisition value range would therefore be between US 42 and 56 cents per resource tonne valuing the acquisition at between US \$47.17M and \$62.89M. The transactions values are therefore summarised in Table 3-8.

Table 3-12: Gregory-Crinum (Sojitz Corp Investment) – Comparable Transaction Summary

Project	Transaction Date	Location	Consideration Mar 2019	Coal Price Adjusted Consideration Feb 2020
Gregory-Crinum	27/03/2019	Australia	US \$71M	US \$47.17M - \$62.89M
			US 63.2 cents/tonne	US 42.0 – 56.0 cents/tonne

3.6 Comparable Transaction Summary

The comparable transaction data show a range of values in relation to the per resource and exploration target tonne paid for the projects. These values are often influenced by the status of the project, accessibility of resources in relation to conversion to reserves and the proportions within each confidence classification. A summary of the values derived from each comparable transaction are shown in Table 3-13 below and also displayed in Figure 3-3.

Table 3-13: Comparable Transaction Values - Summary

Transactions	Value Range (US Cent/Resource or Exploration Target Tonne)		
	Low	High	Average
4 (Coal Price Adjusted)	4.3	56	30.15

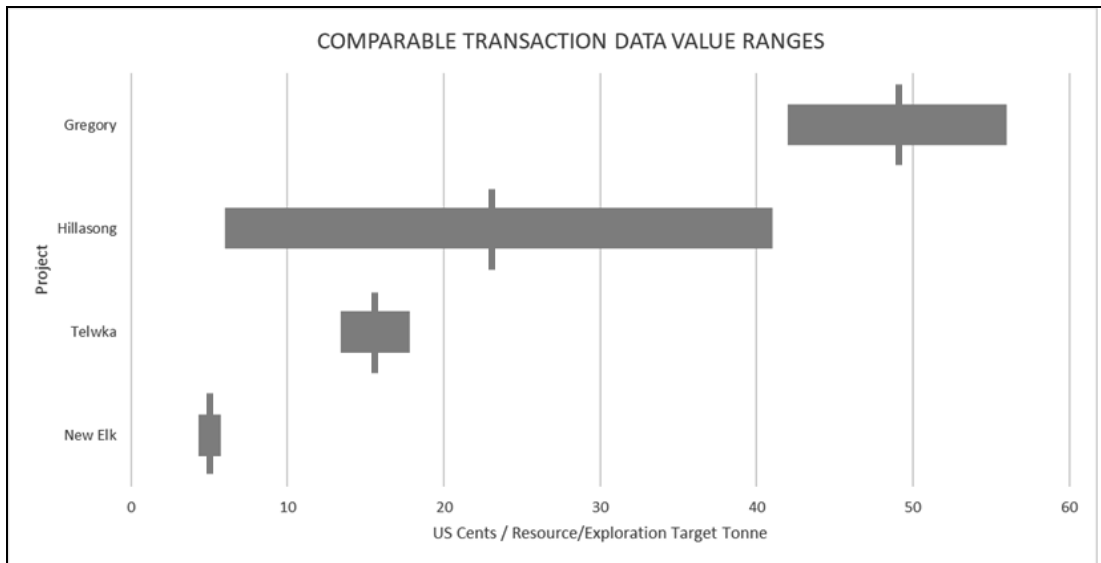


Figure 3-3: Comparable Transaction Value Ranges Summary

Applying these comparable transaction values to the Tigers Realm coal projects gives a range of market valuations between US \$27.21M and US \$354.3M with an average of US \$190.76M.

Since the comparable transaction valuations have been equated to a per Resource and Exploration Target tonne dollar value it is important to take into consideration of the resource classification ratios for each project. The ratio of measured (M) plus indicated (I) to inferred (I) against the dollar per Resource tonne paid for each project. Typically, a higher value is ascribed to a Resource where a higher percentage of the resource falls within the measured and indicated categories in relation to the inferred category. The Amaam North project is currently being mined and therefore attracts a higher per tonne value than the Amaam project that is largely inferred and still in the pre-development stage.

A plot showing the preferred per tonne of Mineral Resource for both the Amaam and Amaam North deposits is shown Figure 3-4 below. The values ascribed for each deposit are justified based on the averages of the Gregory Crinum, Hillasong and Telwka for the Amaam North deposit and the Telwka and New Elk transactions for the Amaam deposit. These are also summarised in Table 3-14.

Table 3-14: Comparable Transaction Values - Summary

Transaction	Value (US cent/Resource or Exploration Target Tonne)		
	Average	Value Ascribed	TIG Deposit

Gregory Crinum	49	29.37	Amaam North	Amaam
Hillasong	23.5			
Telkwa	15.6			
New Elk	4.3	10.31		

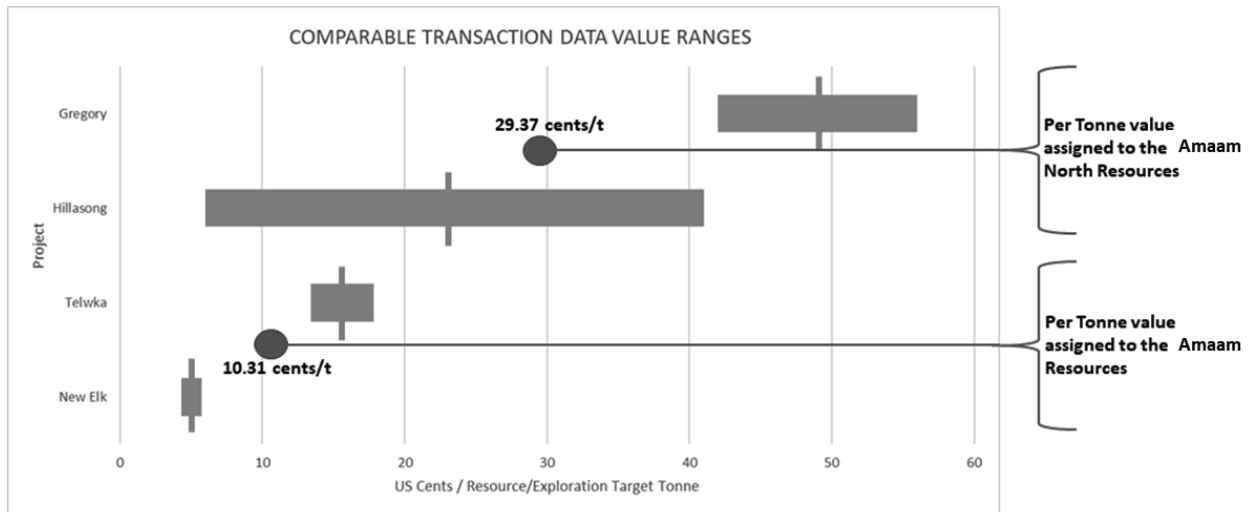


Figure 3-4: Comparable Transaction Ranges with Ascribed per Tonne Values

Using the preferred per Resource tonne value of US 29.37 cents for the Amaam North deposit ascribes a comparable transaction Market value of US \$32.48M. The allocation of the selected US 10.31 cents per Resource tonne at the Amaam deposit ascribes a Market value of US \$53.83M (100% basis).

The project Market valuation ranges are summarized in Table 3-15 below using the comparable transaction method.

Table 3-15: Comparable Transaction Valuation Summary –Tigers Realm Resources

COMPARABLE TRANSACTION METHOD		Project Value Ranges (USD)	
		Low	High
Amaam North (100%)	Project F Area	\$1.87M	\$5.88M
	Other Resource Areas	\$15.38M	\$48.31M
Amaam (80%)		\$20.94M	\$65.16M
TOTAL		\$38.19M	\$119.35M
PREFERRED MARKET VALUE		<u>US \$78.78M</u>	

3.7 Tigers Realm Coal Limited– Discounted Cash Flow (DCF) Valuation

3.7.1 Source Data

Mining One have used the results contained within the 2016 Feasibility study to complete a discounted cash flow (DCF) valuation for the Amaam North (Project F) deposit. Mining One have reviewed the inputs and key assumptions used to inform the cash flow model within the Feasibility study.

The cash flow model used an assumed selling price for coking coal of US\$ 104/t and US\$ 35.06/t for thermal coal. As shown in Figure 3-1 and Figure 3-2 these price assumptions are below the current average price for both types of coal. The free cash flow delivered from the project based on the Feasibility study is shown in Figure 3-5 below.

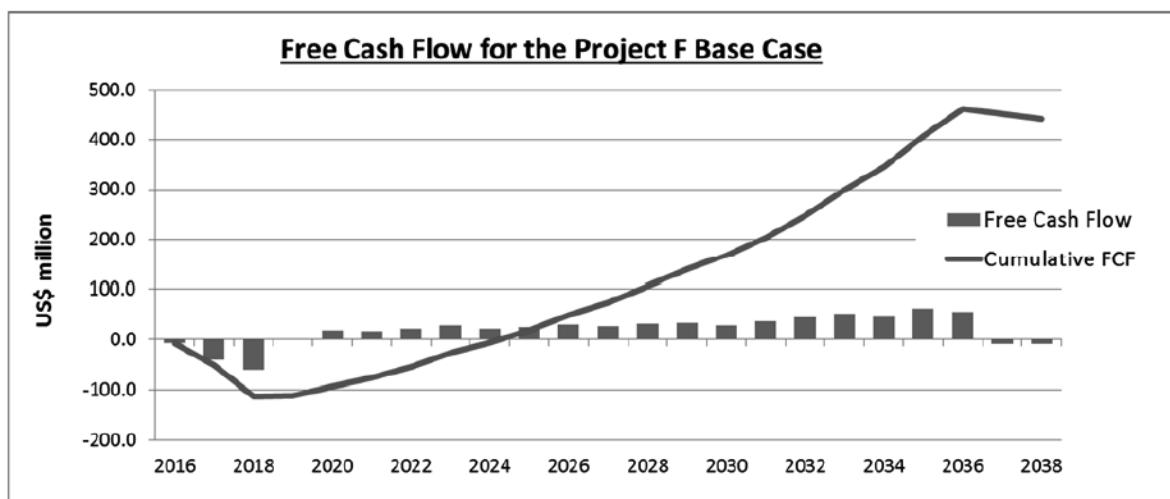


Figure 3-5: Project F – Base Case Free Cash Flow (2016 Feasibility Report)

A sensitivity analysis was also run where seven variables were changed to determine the impact on the project NPV. The largest positive effect was derived where the average coking coal price was increased by 15%, this resulted in a US\$ 130M NPV. The largest negative impact was derived by lowering the average coking coal price by 15%, this resulted in an NPV of US\$ 15M.

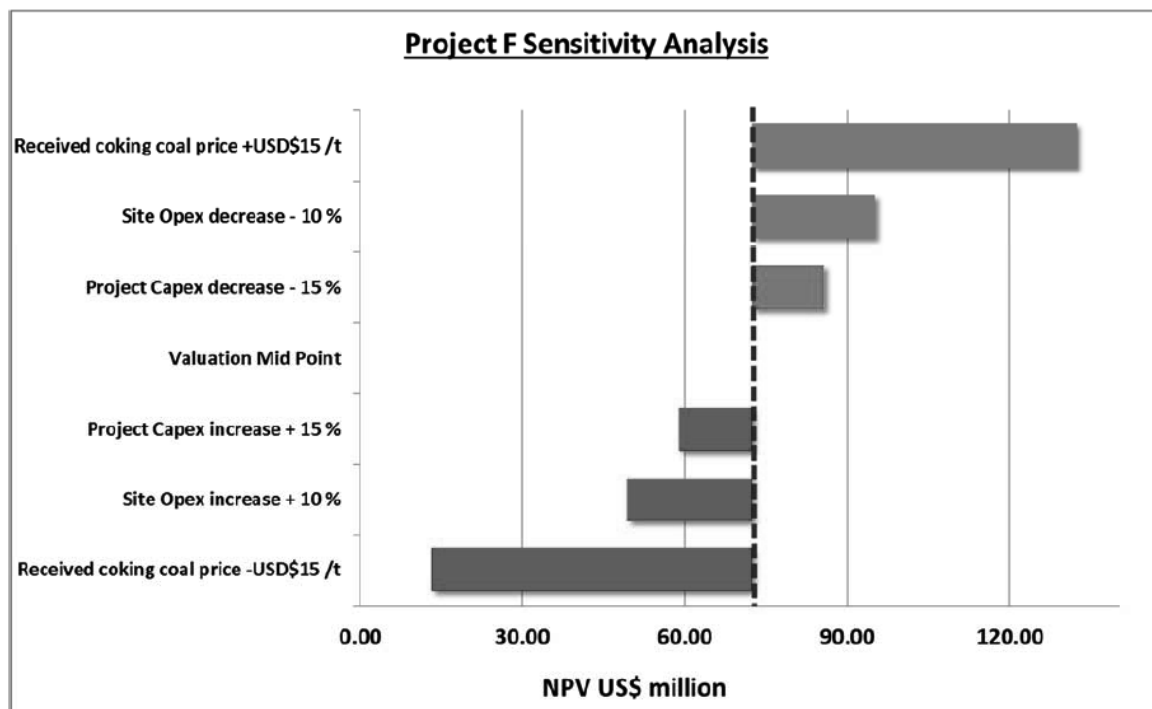


Figure 3-6: Project F – Sensitivity Analysis (2016 Feasibility Report)

3.7.2 DCF Valuation

The sensitivity analysis completed as part of the Feasibility Study results in a large range of potential NPV's away from the base case scenario. The current coking coal selling price is in line with the -15% sensitivity case contained within the Feasibility Study. This price change has a significant impact on the project NPV, i.e. decreasing from US\$ 71M to \$US 15M. The thermal coal selling price is also below the price used within the Feasibility Study of US\$ 35.08. The Appendix 4E Preliminary financial report released on the 28/02/2020 indicates that the average margin per tonne of coal sold was US\$ 8.69 for the year ended December 2019, this contrasts with the US\$ 41.47 for the year ended 2018. Average selling price for the year ended December 2019 was US\$ 53.38 per tonne.

For the purposes of the Market valuation the DCF value derived from the financial model where a -15% decrease in average coal selling price has been used. This price is in line with the current average coking coal price and therefore is assessed as applicable.

Mining One have reviewed the key technical assumptions used within the Feasibility study that are summarised in

Table 3-16.

Tigers Real Coal confirms that all the material assumptions underpinning the production target, or the forecast financial information derived from a production target, in the initial public report referred to continue to apply and have not materially changed.

Table 3-16: Feasibility Study Results 2016 – Key Technical Assumptions

AMAAM NORTH (PROJECT F)	
PHYSICALS	ASSUMPTION
Life of Mine ROM Production	24.5 Mt
Steady State ROM Production Rate	1.3 Mtpa
Total Waste Mined	93.2 M bcm
Life of Mine Strip Ratio	3.8:1
CHPP Bypass Ratio (Coking Coal)	19%
Life of Mine Yield (Coking Coal Product/ROM)	71%
Coking Coal Production	13.4Mt / 0.7Mtpa
Thermal Coal Production	5.47 Mt / 0.33Mtpa

The DCF Market valuation for Amaam North is therefore calculated at US \$15M using a 10% discount rate.

To enable a combined Market value to be estimated for both the Amaam North and Amaam deposits the comparable transaction Market value is applied to the Amaam deposit as calculated in Section 3.6 of this report. The summary of the combined Market value ascribed to both the Amaam North and Amaam deposits using this methodology is therefore summarised in Table 3-17 below.

Table 3-17: DCF (Amaam North) and Comp Trans (Amaam) Summary

VALUATION METHOD	Project Market value (USD)		
	Amaam (80%)	Amaam North (100%)	
		Project F Area	Other Resource Areas
COMPARABLE TRANSACTION	\$43.06M	-	\$31.85M
DISCOUNTED CASH FLOW	-	\$15M	-

PREFERRED MARKET VALUE	<u>US \$89.90M</u>
-------------------------------	---------------------------

3.8 Market valuation Summary

The Market valuation of the Tigers Realm Coal deposits was completed using two valuation methods, namely the comparable transaction and discounted cash flow methods. Mining One has ascribed a Market valuation based on 4 comparable transactions and a discounted cash flow model contained within the 2016 Feasibility study released by Tigers Realm Coal.

A summary of the Market valuations completed and the combined preferred Market value is shown in Table 3-18 below. The preferred Market value for both projects was selected by taking the midpoint value between the DCF and Comparable transaction valuations with valuations also taking into account the 80% ownership for the Amaam project.

Table 3-18: Market valuation Summary

VALUATION METHOD		Project Market value (USD)	
		DCF	COMP TRANS
AMAAM (80%)		*	\$43.06M
AMAAM NORTH (100%)	PROJECT F AREA	\$15M	\$3.88M
	OTHER RESOURCE AREAS	*	\$31.84M
TOTAL RANGE		\$78.78M	\$89.90M
PREFERRED MARKET VALUE		<u>US \$84.34M</u>	

*Comp transaction market value used for Amaam.

4 REFERENCES

- 1) ASIC 2011: Content of Expert Reports; Regulatory Guide 111. Australian Securities & Investments Commission.
- 2) JORC 2012: Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Prepared by Joint Ore Reserves Committee (JORC) of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia
- 3) VALMIN 2015: Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports. Prepared by the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and the Mineral Industry Consultants Association with the participation of ASIC, ASX, MCA, PESA and SAA.
- 4) M. Joyce 2015. Tigers Realm - Amaam North JORC Reserves Report, Russia for Tigers Realm Coal Ltd , MEC Mining Consultants
- 5) A. Fardell & K. Phillpot (December 2015). A Mineral Resource Estimate on the Amaam North Coal Project, Chutoka, Russian Federation, SRK Consulting (Russia) Ltd.
- 6) A. Hansen Ennis (January 2013). Geological Resource Report: Amaam Coal Field: Russia for Tigers Realm Coal. Resolve Consultants.
- 7) Tigers Realm Coal Internal Report (March 2016). Project F Feasibility Study Update
- 8) https://www.allegiancecoal.com.au/irm/PDF/1571_0/ProposedacquisitionoftheNewElkhardcokingcoalmine
- 9) <https://smallcaps.com.au/allegiance-coal-joins-forces-itochu-develop-tenas-project/>
- 10) <https://www.investi.com.au/api/announcements/bcb/9ddc179e-a12.pdf>
- 11) <https://www.sojitz.com/en/news/2019/03/20190327.php>

DOCUMENT INFORMATION

Status	FINAL
Version	2
Print Date	15 th April 2020
Author(s)	Stuart Hutchin
Reviewed By	Rob Gaulton
Pathname	P:\2726_G PKF - Tigers Realm Coal IGR\WPO\Draft\6166v1.doc
File Name	6166_Final.doc
Job No	2726_G
Distribution	PDF emailed to client

DOCUMENT CHANGE CONTROL

Version	Description of changes/amendments	Author (s)	Date
1	Final Report	S Hutchin	15/04/2020

DOCUMENT REVIEW AND SIGN OFF

Version	Reviewer	Position	Signature	Date
1	Rob Gaulton	Senior Coal Geologist		15/04/2020

THIS PAGE HAS BEEN LEFT INTENTIONALLY BLANK

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



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

Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138



ALL ENQUIRIES TO

Telephone: 1300 880 472 Overseas: +61 1300 880 472



X99999999999

PROXY FORM

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

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 and email of the person or body corporate you are appointing as your proxy

Name

Email

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **3:00pm (Melbourne time) on Friday, 5 June 2020 at Bresnan Room, The Rendezvous Hotel, 328 Flinders Street, Melbourne, Vic. 3000 (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolution 1: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolution 1, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

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 ☒

Resolutions

1 Adoption of Remuneration Report (Non binding advisory vote)

For Against Abstain*

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

2 Re-election of Ralph Morgan as a Director

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

3 Re-election of Tagir Sitdekov as a Director

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

4 Approval for a proposed issue of Shortfall Shares to Hanate Pty Ltd as Trustee of the Hanate Trust

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

5 Approval for the over-allocation of Shares to Dr Bruce Gray and Related Entities

For Against Abstain*

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

6 Ratification of prior issue

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

7 Approval of Future Issues under the Tigers Realm Coal Staff Option Plan

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

8 Approval of 10% Placement Facility

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------



* 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.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may 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).

HOW TO COMPLETE THIS SHAREHOLDER 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 PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name and email of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

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 participate in 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, either shareholder may 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 participate in the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must 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 or online at www.linkmarketservices.com.au.

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 **3:00pm (Melbourne time) on Wednesday, 3 June 2020**, 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).



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*
1A Homebush Bay Drive
Rhodes NSW 2138

* During business hours (Monday to Friday, 9:00am–5:00pm)