

4 July 2018

To Market Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Electronic lodgement

Dear Sir / Madam

T2 Resources Fund Pty Limited ("Bidder") – off market takeover bid for the entire share capital of Realm Resources Limited ("Target")

We refer to the Bidder's takeover bid for the entire issued share capital of the Target made under the bidder's statement dated 23 February 2018 (as supplemented or replaced from time to time) ("**Bidder's Statement**").

In accordance with section 647(3)(a)(ii) of the *Corporations Act 2001* (Cth) ("**Corporations Act**") (as modified by ASIC Class Order [CO 13/528]), we enclose a copy of the Bidder's fifth supplementary bidder's statement ("**Fifth Supplement**").

In addition, the Bidder has declared the Offer unconditional. In accordance with section 650F of the Corporations Act, please see the noticed attached as annexure B to the Fourth Supplement.

A copy of the enclosed Fifth Supplement and section 650F notice will be lodged with the Australian Securities & Investments Commission and the Target today. Further, a copy will also be sent to each Target security holder in accordance with section 648B and 648C.

Yours faithfully



**Daniel Natale | Partner
King & Wood Mallesons**

FIFTH SUPPLEMENTARY BIDDER'S STATEMENT



If you are in any doubt as to how to act, you should consult your professional adviser as soon as possible.

**in respect of the Offer by:
T2 RESOURCES FUND PTY LIMITED**
**to purchase all of your shares in:
Realm Resources Limited
ACN 008 124 025**

For each Realm Share you will receive total value of \$1.35 per Realm Share, comprised of \$1.00 of consideration under the Offer and \$0.35 of compensation (payable by 3 December 2018). The Offer is now final.

**THE BIDDER RECOMMENDS
THAT YOU ACCEPT THE OFFER**

Legal Adviser **KING & WOOD
MALLESONS**

This document is the fifth supplementary bidder's statement ("**Fifth Supplement**") to the Bidder's Statement dated 23 February 2018 ("**Original Bidder's Statement**") issued by T2 Resources Fund Pty Limited (ACN 624 330 696) ("**Bidder**") and lodged with the Australian Securities and Investments Commission ("**ASIC**") on 23 February 2018, in relation to the off-market takeover bid by the Bidder ("**Offer**") for all the ordinary shares in Realm Resources Limited (ACN 008 124 025) ("**Realm**"), as supplemented by the Bidder's first supplementary bidder's statement dated 14 March 2018 ("**First Supplement**") which attaches the replacement bidder's statement dated 14 March 2018 ("**Replacement Bidder's Statement**"), the Bidder's second supplementary bidder's statement dated 15 March 2018 ("**Second Supplement**"), the Bidder's third supplementary bidder's statement dated 15 May 2018 ("**Third Supplement**") and the Bidder's fourth supplementary bidder's statement dated 12 June 2018 ("**Fourth Supplement**").

This Fifth Supplement is to be read together with the First Supplement, the Replacement Bidder's Statement, the Second Supplement, the Third Supplement and the Fourth Supplement. Unless the context requires otherwise, defined terms in the Replacement Bidder's Statement (as supplemented by the First Supplement, the Second Supplement, the Third Supplement and Fourth Supplement) have the same meaning in this Fifth Supplement. This Fifth Supplement prevails to the extent of any inconsistency with the First Supplement, the Replacement Bidder's Statement, the Second Supplement, the Third Supplement and the Fourth Supplement.

Where the context requires, words defined in the ASX Settlement Operating Rules (being the operating rules of the settlement facility provided by ASX Settlement Pty Ltd) have the same meaning in this Fourth Supplement.

This Fifth Supplement is dated 4 July 2018 and a copy was lodged with ASIC on that date. Neither ASIC nor any of its officers takes any responsibility for the contents of this Fifth Supplement.

Update on Panel proceedings and resulting variations to the Offer

- Accepting Shareholders will now receive a total value of \$1.35 per Realm Share (“**Total Value**”), to be satisfied as follows:
 - \$1 Cash Consideration per Realm Share under the Offer; and
 - compensation of \$0.35 per Realm Share (payable by 3 December 2018) pursuant to the undertaking given to the Takeovers Panel described in section 1 below.
- The Total Value of \$1.35 per Realm Share is final and will not be increased in the absence of a superior proposal for Realm.
- The Bidder has declared the Offer unconditional (please refer to Annexure B).
- The Takeovers Panel has ordered that the Offer Period has been extended to 7:00pm on 3 August 2018.
- If you wish to benefit from the increased Total Value of \$1.35 per Realm Share, and have not already accepted, you should accept now and you will receive the following payments in accordance with the following timetable:
 - \$1 Cash Consideration per Realm Share, to be paid:
 - by 3 August 2018 if you accepted on or before 7:00pm on 4 July 2018; or
 - the earlier of:
 - one month of your acceptance if you accepted after 7:00pm on 4 July 2018; or
 - 24 August 2018; and
 - \$0.35 per Realm Share, to be paid by 3 December 2018 at the latest.
- All Realm Shareholders who have accepted into the bid before 7:00pm (Sydney time) on 2 July 2018 may withdraw their acceptances until 7:00pm (Sydney time) on 3 August 2018.

1 Takeovers Panel declaration and undertakings

Panel proceedings and orders

Realm initiated proceedings at the Takeovers Panel in relation to the Bidder's Offer. After considering the application, the Panel made a declaration of unacceptable circumstance on 28 June 2018 (attached as Annexure A).

In connection with that declaration, the Panel made the following orders:

- 1 The terms of the Offer and all contracts resulting from acceptance of the Offer are varied to extend the offer period to close at 7:00pm (Sydney time) on 3 August 2018; and
- 2 Each Realm Shareholder who accepted the Offer by 7:00pm on 2 July 2018 is entitled to withdraw that acceptance until at 7:00pm (Sydney time) on 3 August 2018

Bidder Group undertakings given to the Panel

In addition, the Takeovers Panel sought and received the following undertakings:

1. The Bidder has undertaken:
 - (i) to pay, or procure the payment of, an extra \$0.35 per share to Realm Shareholders who accept the Offer by way of compensation within 4 months from the end of the offer period (which ends on 3 August 2018); and
 - (ii) that, if it or any of its associate undertake a subsequent proposal to acquire 100% of the remaining Realm shares which it and its associates do not already own on or before 31 December 2018 (including by way of compulsory acquisition or a new control transaction) it will deliver Realm shareholders at least \$1.35 per Realm Share in total value;
2. Gordon Galt, Michael Davies, Michael Anderson and Craig McGown (being the Bidder's nominee Realm directors) have provided undertakings in effect to provide Realm's sub-committee with the ability to pursue a capital raising proposal (subject to certain qualifications) for a period of 3 months following the close of the bid or one month after the capital raising is launched (provided it is launched within that 3 month period).
3. The Bidder and T2 LP have provided undertakings that (for the period the undertakings described in paragraph 2 are in force) they will not exercise any right or take any steps to nominate additional directors to the board of Realm and will exercise their rights and take all reasonable steps to ensure that there are at least 2 directors on the Realm board at all times who are independent of the Bidder, T2 LP and their associates.

Undertakings 2 and 3 above will cease to operate if the Bidder and its related bodies corporate acquire greater than 90% interest in Realm shares, allowing them to compulsorily acquire the remaining shares in Realm under Part 6A.2 of the Corporations Act 2001 (Cth) ("**Corporations Act**"). As at 4 July 2018, the Bidder has voting power of 86.85%.

2 Extension of Offer Period

The Takeovers Panel's orders dated 29 June 2018 extended the Offer Period from 7:00pm (Sydney time) on 2 July 2018 to 7:00pm (Sydney time) on 3 August 2018.

In accordance with the orders, the Bidder issued a notice of extension on 2 July 2018.

3 Total Value now \$1.35 per Realm Share

3.1 Total Value now \$1.35

Accepting Shareholders will now receive a total value of \$1.35 per Realm Share, to be satisfied as follows:

- (a) \$1 Cash Consideration per Realm Share under the Offer; and
- (b) \$0.35 per Realm Share compensation payable pursuant to the undertaking given to the Takeovers Panel described in section 1 above.

3.2 Payment terms

If the Bidder becomes entitled to proceed to compulsory acquisition under either Part 6A.1 or Part 6A.2 of the Corporations Act, Shareholders who accept into the Offer before the end of the Offer Period will receive consideration for their Realm Shares sooner than shareholders whose Realm Shares are compulsorily acquired.

If you accept before 7:00pm (Sydney time) on 4 July 2018, you will receive the first payment of \$1 per Realm Share by 3 August 2018. If you accept after this time, you will receive your first payment of \$1 per Realm Share on the earlier of one month of your acceptance and 24 August 2018.

All accepting Realm Shareholders will receive the additional \$0.35 compensation per Realm Share by 3 December 2018 at the latest. If the Bidder is able to commence compulsory acquisition before the end of the Offer Period, payment may be made earlier.

4 Offer is declared unconditional

The Bidder has elected to declare the Offer unconditional.

The Offer, and each of the contracts resulting from acceptance of the Offer, has now been freed from the remaining condition set out in paragraph (a) of Appendix 2 of the Bidder's Statement.

The formal notice required under 650F of the Corporations Act to declare the bid unconditional is attached to this Fifth Supplement as Annexure B.

5 Withdrawal Rights

The Takeovers Panel has also ordered that each Realm Shareholder who has accepted the Offer up to 7:00pm (Sydney time) on 2 July 2018 has the right to withdraw their acceptance by giving a notice of withdrawal ("**Withdrawal Notice**") to the Bidder within one month commencing on the day after the day on which the relevant Realm Shareholder receives this notice.

The recommended methods of giving a Withdrawal Notice are:

- (a) Written notice to the Bidder:

This method of giving the Withdrawal Notice is available for shares in a CHES Holding or an Issuer Sponsored Holding.

The Bidder should receive from the Realm Shareholder a notice in writing that sets out the following information and states that the Realm Shareholder wants to initiate a withdrawal. The notice in writing should be signed by the Realm Shareholder.

The information that should be provided in the Withdrawal Notice is:

- (i) the registered name of the Realm Shareholder; and
- (ii) the Realm Shareholder's SRN or HIN (as applicable).

The Bidder recommends that you send the Withdrawal Notice to the Bidder at the following address:

T2 Resources Fund Pty Limited
c/o Computershare Investor Services Pty Limited
GPO Box 52
Melbourne VIC 3001

Neither the Bidder nor Computershare Investor Services Pty Limited will be responsible for any delays in the process of you sending a Withdrawal Notice to the Bidder or Computershare.

- (b) Withdrawal Notice for shares in a CHESS Holding by instruction to a Controlling Participant:

If your Realm Shares are in a CHESS Holding, the Withdrawal Notice may be given by following the steps set out below. This method is available in the alternative to the method outlined in section 3(a).

- (i) you must instruct your broker (the Controlling Participant) to Transmit a Valid Originating Message to ASX Settlement in respect of the Realm Shares in that CHESS Holding in accordance with Rule 14.16.1 of the ASX Settlement Operating Rules; and
- (ii) your Controlling Participant must Transmit a Valid Originating Message to ASX Settlement in respect of the relevant Realm Shares before the Defeating Conditions are satisfied or waived by the Bidder.

You should ensure your Controlling Participant has sufficient time to satisfy the above requirements for the giving of the Withdrawal Notice. The Bidder nor Computershare Investor Services Pty Limited will be responsible for any delays in your Controlling Participant transmitting a Valid Originating Message.

- (c) Withdrawal Notice for shares held Beneficially:

Beneficial owners whose Realm Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee should contact that nominee for assistance in initiating a withdrawal.

If a Realm Shareholder withdraws an acceptance in this manner, the Bidder must, before the end of 14 days after the day it is given the Withdrawal Notice:

- (a) return to the Realm Shareholder any documents that were sent by the Realm Shareholder to the Bidder with the acceptance of the Offer; and
- (b) if the shares are in a CHESS Holding, Transmit to ASX Settlement a Valid Originating Message that authorises the release of those shares from the Offer Accepted Subposition in which the CHESS Holding has been reserved in accordance with Rule 14.16.3 or 14.16.5 of the ASX Settlement Operating Rules as applicable.

No acknowledgement of valid receipt of a Withdrawal Notice will be given to you by or on behalf of the Bidder.

6 Comparison of the Offer Price vs capital raising price

If the Bidder does not acquire greater than 90% of Realm shares by the end of the Offer Period, the Taurus nominee directors have undertaken, with some qualifications, not to interfere with the progress of the independent sub-committee of Realm (“**Sub-Committee**”) regarding the capital raise necessary to achieve the 20% free float of Realm Shares required to facilitate a relisting. These undertakings will last for a period of 3 months following the end of the Offer Period or one month after the capital raising is launched (provided it is launched within that 3 month period).

Realm Shareholders should be aware that there is no minimum price at which the Sub-Committee can undertake the capital raising. In addition, there is no certainty the capital raising will be successful, noting that, so far as the Bidder is aware, there is currently no firm offer to underwrite any such capital raising.

7 How to accept

The Offer may only be accepted for all of your Realm Shares. You may accept the Offer during the Offer Period in the manner specified below. How you accept the Offer depends on whether your Realm Shares are in a CHESS Holding or an Issuer Sponsored Holding. Your personalised Acceptance Form outlines which type of holding you have.

- **If you hold your Realm Shares in an Issuer Sponsored Holding** (your SRN starts with an “I”), to accept the Offer you must complete, sign and return the enclosed personalised Acceptance Form in accordance with the instructions on it and lodge it by returning it (together with all other documents required by the instructions on your personalised Acceptance Form) in the reply paid envelope provided or to the address indicated on the form (and set out below) so that your acceptance is received before the end of the Offer Period.
- **If you hold your Realm Shares in a CHESS Holding** (your HIN starts with an “X”), to accept the Offer you must comply with the ASX Settlement Operating Rules by doing one of the following:
 - (i) instruct your Controlling Participant (usually your broker) to initiate acceptance of the Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules in sufficient time for the Offer to be accepted before the end of the Offer Period. Acceptances must be received by 7pm (Sydney time) on the last day of the Offer Period, unless the Offer Period is extended; or
 - (ii) complete and sign the accompanying personalised Acceptance Form and send it (together with all other documents required by the instructions on the form) directly to your Controlling Participant (usually your Broker) in sufficient time for the Offer to be accepted before the end of the Offer Period with instructions to initiate acceptance of the Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period. Acceptances must be received by 7pm (Sydney time) on the last day of the Offer Period, unless the Offer Period is extended; or
 - (iii) complete, sign and return your personalised Acceptance Form in accordance with the instructions on it and lodge it by returning it to the address indicated on the Application Form (and set out below) in sufficient time so that your acceptance is received before 7pm (Sydney time) on the second last day of the Offer Period, unless the Offer Period is extended. This will authorise the

Bidder to instruct your Broker or other Controlling Participant to initiate acceptance of the Offer on your behalf.

- **If you are a Broker or an ASX Settlement Participant**, to accept the Offer you must initiate acceptance in accordance with the requirements of the ASX Settlement Operating Rules before the end of the Offer Period. Acceptances must be received by 7pm (Sydney time) on the Closing Date, unless the Offer Period is extended.
- **If some of your Realm Shares are held in an Issuer Sponsored Holding and some in a CHESS Holding**, if you wish to accept the Offer you will need to accept the Offer separately for each holding. Paragraphs 4.3(a) and 4.3(c) of the Offer Terms in Appendix 1 of the Original Bidder's Statement contains further information on how to accept the Offer.

The postal and delivery addresses for your completed personalised Acceptance Form are as follows.

By post	Computershare Investor Services Pty Limited GPO Box 52 Melbourne Victoria 3001 Australia
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A reply paid envelope (for use by Realm Shareholders within Australia) is enclosed for your convenience.

The transmission of your personalised Acceptance Form and other documents is at your own risk.

For full details see section 4 of the Offer Terms in Appendix 1 of the Original Bidder's Statement.

8 Next steps and authorisation

This Fifth Supplement has been approved by a resolution passed by all of the directors of T2 Resources Fund Pty Limited.

Signed by Martin Boland of the Bidder in accordance with section 351 of the Corporations Act on behalf of T2 Resources Fund Pty Limited.



Martin Boland
Director



Australian Government

Takeovers Panel

MEDIA RELEASE

No: TP18/46

Friday, 29 June 2018

Realm Resources Limited – Declaration of Unacceptable Circumstances and Orders

The Panel has made a declaration of unacceptable circumstances (Annexure A) and final orders (Annexure B) in relation to an application dated 29 May 2018 by Realm Resources Limited in relation to its affairs (see [TP18/37](#)).

Background

Realm Resources Limited (**Realm**) is an ASX listed company (ASX code: RRP). On 30 August 2016, Realm acquired a 70% interest in the Foxleigh mine in Queensland's Bowen Basin from Anglo American Metallurgical Coal Assets Pty Ltd (**Foxleigh Acquisition**).

ASX decided that the Foxleigh Acquisition triggered the application of Chapter 11 of the Listing Rules and required Realm to comply with Chapters 1 and 2 of the Listing Rules as if it were applying for admission to the official list. ASX required, among other things, that Realm have a free float of not less than 20% of the shares on issue. Realm's shares were to remain suspended from trading until the above requirements could be satisfied.

At all relevant times, Taurus Funds Management Pty Limited as manager of Taurus Resources No. 2 LP and Taurus Resources No. 2 Trust (together, **T2**), held over 85% of Realm's ordinary shares. Messrs Gordon Galt and Michael Davies, nominees of T2, were directors of Realm.

In order to satisfy the 20% free float requirement, Realm decided to undertake a capital raising in which T2 would not participate. On 8 June 2017, T2 signed a statement confirming its intention to support the capital raising. The capital raising and Foxleigh Acquisition were approved by Realm shareholders on 14 July 2017.

There were delays in undertaking the capital raising for various reasons. Realm updated the market from time to time on the status of the re-listing.

On 15 December 2017, T2 made a non-binding indicative proposal to acquire all the Realm shares it did not own for \$0.90 per share.

Prior to the date of the proposal, the nominees of T2 on the Realm board were supportive of the capital raising. At various times after the date of the proposal, the T2 nominees indicated that they would not support the capital raising or the re-listing of Realm on ASX.

On 9 February 2018, T2 announced its intention make an off-market takeover bid to acquire all the Realm shares it did not own for \$0.90 per share. On 23 February 2018, T2 released a bidder's statement which included statements to the effect that:

- (a) there was no certainty when re-listing of Realm shares might occur and the offer provided shareholders with certainty by comparison
- (b) T2 intended to compulsorily acquire the outstanding Realm shares if it became entitled to; and if not would seek to replace some or all of the current directors with its nominees and
- (c) T2 did not support Realm's continued listing, would not support the capital raising, and would cause Realm to apply for de-listing and as a consequence, if T2 does not proceed with compulsory acquisition shareholders may not be able to readily sell their shareholding.

The Realm board established an independent subcommittee who recommended that Realm shareholders should reject T2's bid. On 15 May 2018, T2 increased its offer price to \$1.00 per share. The independent Realm directors continued to recommend that shareholders reject T2's bid.

On 31 May 2018, two additional nominees of T2 were appointed to the Realm board.

The Panel considers that, in combination:

- (a) the continuing suspension of Realm, which denied shareholders a market and a readily observable value for Realm shares in light of market developments
- (b) the recognition by T2 of the improved financial and operational position of Realm since the Foxleigh Acquisition which likely increased the value of Realm
- (c) T2 changing its position from actively supporting the re-listing to actively opposing it
- (d) the intention of T2 to remove Realm from the official list whether or not its takeover bid results in it reaching the threshold for achieving compulsory acquisition
- (e) active steps taken by the nominees of T2 on the Realm board to stop the re-listing

- (f) the statements in the bidder's statement referred to in paragraphs 25 and 26 of the declaration and
- (g) the nomination of the additional directors of Realm which would ensure the intentions of T2 could be given effect to,

had the potential to coerce Realm shareholders to accept the T2 bid.

The Panel decided to extend time under s657C for the making of the application.

Declaration

The Panel considered that the circumstances were unacceptable:

- (a) having regard to the effect that the Panel is satisfied they will have or are likely to have on:
 - (i) the control, or potential control, of Realm or
 - (ii) the acquisition, or proposed acquisition, by a person of a substantial interest in Realm
- (b) in the alternative, having regard to the purposes of Chapter 6 set out in section 602 of the *Corporations Act 2001* (Cth) (**Act**).

The Panel did not consider it against the public interest to make the declaration, and in making it had regard to the matters in s657A(3).

Orders

The Panel has made orders providing withdrawal rights to shareholders who have accepted T2's bid before 7pm (Sydney time) on 2 July 2018 and extending the bid period until 7pm (Sydney time) on 3 August 2018. The Panel is considering whether to make further orders or accept undertakings in lieu of further orders.

The sitting Panel was Kelvin Barry, Teresa Dyson and Rod Halstead (sitting president).

The Panel will publish its reasons for the decision in due course on its website www.takeovers.gov.au.

Allan Bulman
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Australian Government

Takeovers Panel

**ANNEXURE A
CORPORATIONS ACT
SECTION 657A
DECLARATION OF UNACCEPTABLE CIRCUMSTANCES**

REALM RESOURCES LIMITED

CIRCUMSTANCES

1. Realm Resources Limited (**Realm**) is an ASX listed company (ASX code: RRP).
2. Foxleigh is an open cut mining operation near Middlemount in Queensland's Bowen Basin. On 30 August 2016, Realm announced that its subsidiary had acquired (among other assets) a 70% interest in Foxleigh from Anglo American Metallurgical Coal Assets Pty Ltd.
3. On 13 September 2016, Realm requested a voluntary suspension from trading and sought ASX's determination on the application of Chapter 11 of the Listing Rules to the transaction. ASX decided that Realm was required to comply with Chapters 1 and 2 of the Listing Rules as if it were applying for admission to the official list and ASX included a requirement that Realm obtain shareholder approval and have a free float of not less than 20% of the shares on issue.
4. At all relevant times, Taurus Funds Management Pty Limited as manager of Taurus Resources No. 2 LP and Taurus Resources No. 2 Trust (together, **T2**), held over 85% of Realm's ordinary shares.
5. At all relevant times, Messrs Gordon Galt and Michael Davies, nominees of T2, were directors of Realm. Mr Galt was Realm's chairman.
6. Realm began considering ways in which it could satisfy the 20% free float requirement. It decided on a capital raising in which T2 would not participate. On 8 June 2017, T2 signed a statement confirming its intention to support the capital raising.
7. Between 15 June 2017 and 13 July 2017 Realm shares were reinstated to trading ahead of a shareholders' meeting. The shares were then suspended again (and remain suspended) pending compliance with Chapters 1 and 2 of the Listing Rules.
8. On 14 July 2017, Realm shareholders approved on a show of hands:
 - (a) a capital raising to enable Realm to meet the 20% free float requirement (no price or date was set) and
 - (b) the acquisition of Foxleigh.

9. From time to time Realm kept the market updated on its re-listing. On 9 October 2017, Realm announced to the market that the re-listing was “*unlikely to occur before early 2018*”.
10. Up until at least 23 November 2017, the nominees of T2 on the Realm board appear to have been supportive of the timetable for the capital raising. The minutes of the meeting on 23 November 2017 state that the board was presented with the proposed timeline for “*prospectus and re-listing timetable with a view to re-listing in early March 2018*”, and that:

[Mr Galt] confirmed the timeline is acceptable however he needs to see the [broker’s] valuation before he instructs the [due diligence committee] to reconvene.
11. On 30 November 2017, an internal briefing paper was presented to certain members of the T2 Investment Committee (but not to Mr Galt or Mr Davies). The paper:
 - (a) proposed “*a friendly takeover offer for Realm’s minority shareholders*”
 - (b) stated that “*The objective of the transaction is to secure as large a shareholding in [Realm] as possible and take private*”
 - (c) stated that “*Given T2 already has a majority shareholding, a traditional control premium is not considered relevant*”
 - (d) suggested an indicative offer price of \$1.00 was being considered and
 - (e) stated that T2 would seek to delist Realm if it did not achieve 100% ownership and would make its intentions clear in the bidder’s statement.
12. On or around 2 December 2017, the T2 Investment Committee approved the transaction with an offer price of \$1.00.
13. On or before 5 December 2017, T2 had put in place information barriers excluding Mr Galt and Mr Davies from deliberations and decisions in respect of the bid.
14. An email to the Realm board, including to Mr Galt and Mr Davies, on 11 December 2017, further discussed the capital raising timetable indicating a need to settle the terms of the capital raising by 22 December 2017.
15. At 4.51pm on 15 December 2017, T2 made a non-binding indicative proposal to acquire all the Realm shares it did not own for \$0.90 per share.
16. A T2 internal briefing paper dated 15 December 2017 stated “*The offer will be presented to Realm shareholders as a choice between immediate liquidity or remaining a shareholder in an illiquid entity. T2’s intentions to seek a de-listing of Realm from the ASX will be made clear in its Bidder’s Statement.*”

17. On 16 December 2017, Realm established a subcommittee to respond to the proposal (and any subsequent takeover offer).¹
18. On 25 January 2018, a paper on the proposed takeover bid was presented at a T2 Advisory Board Meeting stating, similar to the statements on 29 November and 15 December 2017, “*The objective of the transaction is to secure as large a shareholding in Realm as possible and take private. The offer will be presented to Realm shareholders as a choice between immediate liquidity or remaining a shareholder in an illiquid entity*”.
19. The paper also noted that “*Since completing the acquisition, Realm has introduced a new plan of operations at Foxleigh which has resulted in the mine achieving record levels of production and a significant reduction in unit operating costs. Coupled with improving coal prices this has allowed Realm to generate over \$100m in free cash flow from Foxleigh since acquisition.*”
20. On 31 January 2018, at the Realm board meeting, Mr Galt, indicated that he would not support the re-listing of Realm on ASX. The minutes note a declaration of Messrs Galt and Davies because of the non-binding proposal and state:

[Mr Rosengren] requested a mandate to continue the relisting process as market previously informed as waiting for new Managing Director to start. [Mr Galt] stated that he would not support relisting on ASX as did not believe coal assets were appropriately valued nor was there access to capital, compared to other jurisdictions. [Mr Beecher] requested a sub-committee be formed to progress the capital raise in order to nullify any potential conflict issues. [Messrs Galt and Davies] advised they are not conflicted, [Mr Beecher] disagreed. [Mr Galt] indicated that there was no rush as likely that Proposal would pass some milestones in next 2 weeks and that there would not be a need for relisting. [Mr Davies] advised the meeting on the likely timetable for the bidding process, pointing out that the capital raise was unlikely to occur before August.
21. Mr Galt reiterated his objection to continuing the re-listing process at subsequent board meetings on 22 February 2018 and 30 April 2018.
22. On 9 February 2018, T2 announced its intention make an off-market takeover bid to acquire all the Realm shares it did not own for \$0.90 per share. The bid would be subject to prescribed occurrences not occurring such as Realm issuing new shares.
23. In response, the independent subcommittee released an announcement recommending that shareholders take no action ahead of further guidance from Realm. Messrs Davies and Galt took issue with the release of the announcement without the full board having had an opportunity to review it

¹ The subcommittee comprised two directors (James Beecher and Staffan Ever) and the company secretary. Staffan Ever was subsequently replaced by Michael Rosengren.

first. Mr Davies raised concerns with the statement in the announcement that the company thought the price offered by T2 is too low, rather than the independent subcommittee, and queried why he and Mr Galt had not seen any advice on the value of Realm.

24. The minutes of a Realm board meeting held on 22 February 2018 noted that Mr Galt *“recommended advising the market that the relisting process is suspended until there is a resolution of the takeover offer”* and both he and Mr Davies *“indicated that progressing the relisting was a waste of money and a distraction while the bid was underfoot as the bid had restrictions on triggering relisting.”* Mr Galt also stated that *“he had not seen the bidders statement, but the bidders statement could contain words to the effect that should the takeover not succeed the board could be spilled and a vote for delisting passed.”*
25. On 23 February 2018, the bidder’s statement was released. It included an offer on conditions as in paragraph 22. It included statements to the effect that:
 - (a) there was no certainty when re-listing of Realm shares might occur and the offer provided shareholders with certainty by comparison
 - (b) T2 intended to compulsorily acquire the outstanding Realm shares if it became entitled to; and if not would seek to replace some or all of the current directors with its nominees and
 - (c) T2 did not support Realm’s continued listing, would not support the capital raising, and would cause Realm to apply for de-listing.
26. In the letter to shareholders in T2’s bidder’s statement, Mr Martin Boland on behalf of T2 said:

If you do not accept the Offer and the Bidder does not compulsorily acquire the Realm Shares which have not been accepted into the Offer, you will remain a minority shareholder in Realm. In that circumstance, given Realm’s likely ongoing suspension from trading on the ASX and the Bidder’s intention to cause Realm to apply for removal of Realm from the official list, you may not be able to readily sell your shareholding.
27. On 29 March 2018, Realm released its target’s statement recommending rejection of the offer. The independent expert’s report attached to the target’s statement concluded that the bid was neither fair nor reasonable (on a control basis), and the estimated fair market value for Realm shares was between \$1.62 and \$1.92 per share.
28. On 11 April 2018, Mr Galt advised Realm’s company secretary that T2 wanted to include resolutions for the appointment of 2 new directors in the notice of meeting for the Realm AGM scheduled for 31 May 2018. The two additional directors were elected on 31 May 2018.

29. On 30 April 2018, Realm held a board meeting. Mr Galt advised the board that he did not “*support the tabled resolution to progress the capital raise.*” This was because “*in his view*”
- *the capital raise is not timely and should only be considered when the bid was completed*
 - *he will not sign off on \$1.00 raising price*
 - *the process is going to take less than six weeks when it starts, and*
 - *costs associated with proceeding with the capital raising as proposed are unknown.*”
30. Messrs Galt and Davies voted against the resolution to proceed with the capital raising at this time. A majority of the Realm board voted to proceed. Mr Galt advised the Board that he would call a board meeting, to take place immediately following the AGM, to cancel the resolution. This board meeting was ultimately cancelled by Mr Galt.
31. As recently as 12 March 2018, the independent subcommittee advised shareholders that it was “*continuing with the preparations for the capital raising and re-listing in parallel with responding to the bid.*”
32. A report prepared by Realm’s broker dated 19 April 2018 included a valuation of Realm of \$1.21 per share (this did not include a premium for control). On 2 May 2018, Messrs Galt and Davies suggested to the independent subcommittee that the market should be made aware of the broker valuation to ensure Realm complied with its continuous disclosure obligations. Mr Galt also suggested that such an announcement should include a statement that T2 did not support the capital raising.
33. On 15 May 2018, T2 released a third supplementary bidder’s statement increasing the offer price to \$1.00 per share.
34. On 21 May 2018, in the second supplementary target’s statement, Realm’s non-affiliated directors continued to recommend that shareholders reject T2’s bid “*for the reasons set out in section 1 of the Original Target’s Statement*”. In the Original Target’s Statement, the reasons included that there were other potential alternatives, including “*a re-listing of Realm Shares on ASX.*”
35. The Panel considers that, in combination:
- (a) the continuing suspension of Realm, which denied shareholders a market and a readily observable value for Realm shares in light of market developments
 - (b) the recognition by T2 of the improved financial and operational position of Realm since the Foxleigh Acquisition which likely increased the value of Realm, including as described in paragraph 19 of this declaration

- (c) T2 changing its position from actively supporting the re-listing to actively opposing it
- (d) the intention of T2 to remove Realm from the official list whether or not its takeover bid results in it reaching the threshold for achieving compulsory acquisition
- (e) the active steps taken by the nominees of T2 on the Realm board to stop the re-listing, including the matters described in paragraph 30 of this declaration
- (f) the statements in the bidder's statement referred to in paragraphs 25 and 26 of this declaration and
- (g) the nomination of the additional directors of Realm (which directors were elected at Realm's AGM) which would ensure the intentions of T2 could be given effect to,

had the potential to coerce Realm shareholders to accept the T2 bid.

EFFECT

36. It appears to the Panel that the acquisition of control over voting shares in Realm has not taken place in an efficient, competitive and informed market, and Realm shareholders have not been given enough information to enable them to assess the merits of T2's bid.

CONCLUSION

37. It appears to the Panel that the circumstances are unacceptable circumstances:
- (a) having regard to the effect that the Panel is satisfied they will have or are likely to have on:
 - (i) the control, or potential control, of Realm or
 - (ii) the acquisition, or proposed acquisition, by a person of a substantial interest in Realm
 - (b) in the alternative, having regard to the purposes of Chapter 6 set out in section 602 of the *Corporations Act 2001* (Cth) (**Act**).
38. The Panel considers that it is not against the public interest to make a declaration of unacceptable circumstances. It has had regard to the matters in section 657A(3).

DECLARATION

The Panel declares that the circumstances constitute unacceptable circumstances in relation to the affairs of Realm.

Bruce Dyer
Counsel
with authority of Rod Halstead
President of the sitting Panel
Dated 28 June 2018



Australian Government

Takeovers Panel

**ANNEXURE B
CORPORATIONS ACT
SECTION 657D
ORDERS**

REALM RESOURCES LIMITED

The Panel made a declaration of unacceptable circumstances on 28 June 2018.

THE PANEL ORDERS

1. The terms of the offer dated 14 March 2018 by T2 Resources Fund Pty Limited (**T2**) to acquire fully paid ordinary shares in Realm Resources Limited (**Offer**) and all takeover contracts resulting from the Offer are varied to extend the offer period to close at 7pm (Sydney time) on 3 August 2018.
2. A person who accepts the Offer by 7pm (Sydney time) on 2 July 2018 may withdraw their acceptance on the same terms that would have applied under s650E of the Corporations Act 2001 (Cth) had T2 varied the Offer to close at 7pm (Sydney time) on 3 August 2018.
3. T2 must as soon as practicable take all action and give all notices that would have been required under sections 650D and 650E of the Corporations Act 2001 (Cth) had T2 varied the Offer to close at 7pm (Sydney time) on 3 August 2018.
4. Parties have liberty to apply for further orders.

**Bruce Dyer
Counsel
with authority of Rod Halstead
President of the sitting Panel
Dated 29 June 2018**

**T2 RESOURCES FUND PTY LIMITED
("BIDDER")**

NOTICE FREEING TAKEOVER OFFER FROM DEFEATING CONDITIONS

TO: Realm Resources Limited (ACN 008 124 025) ("**Target**")
ASX Limited ("**ASX**")

This notice relates to the Bidder's takeover bid for all the issued share capital of the Target ("**Offer**") made under the Bidder's Statement dated 23 February 2018 (as supplemented from time to time) ("**Bidder's Statement**").

In accordance with section 650F of the *Corporations Act 2001* (Cth), the Bidder gives notice that:

- (a) the Offer, and each contract resulting from acceptance of the Offer, is free from all the conditions set out in Appendix 2 of the Bidder's Statement; and
- (b) as at the date of this notice, the Bidder's voting power in the Target is 86.85%.

Unless the context requires otherwise, defined terms in the Bidder's Statement have the same meaning in this notice.

Date: 4 July 2018

Signed by  on behalf of T2 Resources Fund Pty Limited

