KING&WOOD MALLESONS

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www.kwm.com

4 December 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 (ACN 624 330 696) ("T2") – Compulsory acquisition of shares in Realm Resources Limited (ACN 008 124 025) ("Realm")

We refer to the off market takeover bid by T2 for all the shares in Realm that closed at 7pm on 3 August 2018 ("**Takeover Bid**"). Under the Takeover Bid, T2 and its related bodies corporate acquired full beneficial interest in at least 90% of the shares in the bid class.

Accordingly, T2 is exercising its right to commence the process of compulsorily acquiring the remaining ordinary shares in Realm ("**Ordinary Shares**") which it and its related bodies corporate do not otherwise own in accordance with Part 6A.2 of the Corporations Act 2001 (Cth) ("**Corporations Act**").

To that end, in accordance with section 664C(2)(d) of the Corporations Act, please find the following documents enclosed ("**Documents**"):

(a) ASIC Form 6024 (Notice of Compulsory Acquisition) ("**Notice**");

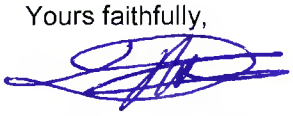
(b) a copy of the independent expert's report prepared by BDO Corporate Finance (WA) Pty Ltd in accordance with Part 6A.4 of the Corporations Act; and

(c) an objection form.

The Notice was lodged with the Australian Securities and Investments Commission on 4 December 2018, the Documents lodged with Realm on 4 December 2018 and will be despatched to remaining Realm holders in accordance with s664C(2)(b).

KING&WOOD MALLESONS

Yours faithfully,



Daniel Natale | Partner
King & Wood Mallesons

Australian Securities & Investments Commission

Form 6024
Corporations Act 2001
664C(1)

Notice of compulsory acquisition

Notice

To each holder of:

Description of class of securities

Class of securities ('the class')

Ordinary Shares

in

Name of target company

Name ('the Company')

Realm Resources Limited

ACN/ARBN/ARSN

008 124 025

Insert name of 90% Holder

1. T2 Resources Fund Pty Limited

('the 90% holder')

Tick one box

☒ holds either alone or with a related body corporate, full beneficial interests in at least 90% of the securities (by number) in the class.

☐ has voting power of at least 90% in the Company and holds, either alone or with a related body corporate, full beneficial interests in at least 90% by value of all securities of the Company that are either shares or convertible into shares.

2. Under subsection 664A(3) of the Corporations Act 2001 ('the Act') the 90% Holder may compulsorily acquire all the

Description of class of securities

Ordinary Shares

if less than 10% by value of holders in that class have objected to the acquisition by the end of the objection period set out in this notice or the Court approves the acquisition under section 664F of the Act.

3. The 90% Holder hereby gives notice that it proposes to compulsorily acquire

Description of class of securities

each Ordinary Share

that you hold for the cash amount of

Cash amount for the securities. This may be expressed as an amount per security.

$1.35 per Ordinary Share

A notice sent by post to you is taken to be given to you 3 days after it is posted.

4. Under section 664E of the Act, you, (or anyone who acquires the securities during the objection period) have the right to object to the acquisition of your securities by completing and returning the objection form that accompanies this notice within

Period during which holders may return the objection form. The period must be at least one month.

1 month

of receipt of this notice. The objection cannot be withdrawn.

5. You have the right to obtain the names and addresses of everyone else who holds securities in the class from the Company register.

6. Under section 664F of the Act, if 10% of holders of securities covered by this compulsory acquisition notice have objected to the acquisition before the end of the objection period, the 90% Holder may, within one month after the end of the objection period, apply to the Court for approval of the acquisition of the securities covered by this notice.

7. During the last 12 months the 90% Holder or an associate has purchased securities of the same class for

Details of the consideration given for the securities

Total value consideration of $1.35:

(i) for each share accepted during the 90% Holder's takeover offer which closed on 3 August 2018, comprised of $1.00 of offer consideration and $0.35 of compensation ordered by the Takeover's Panel; and

(ii) for other securities acquired from remaining holders for the same consideration.

Continued... Notice

Include any information that is known to the 90% Holder or any related bodies corporate that is material to deciding whether to object to the acquisition and has not been disclosed in an expert's report under section 667A of the Act.

8.

Signature

Name of person signing

Martin Boland

Capacity

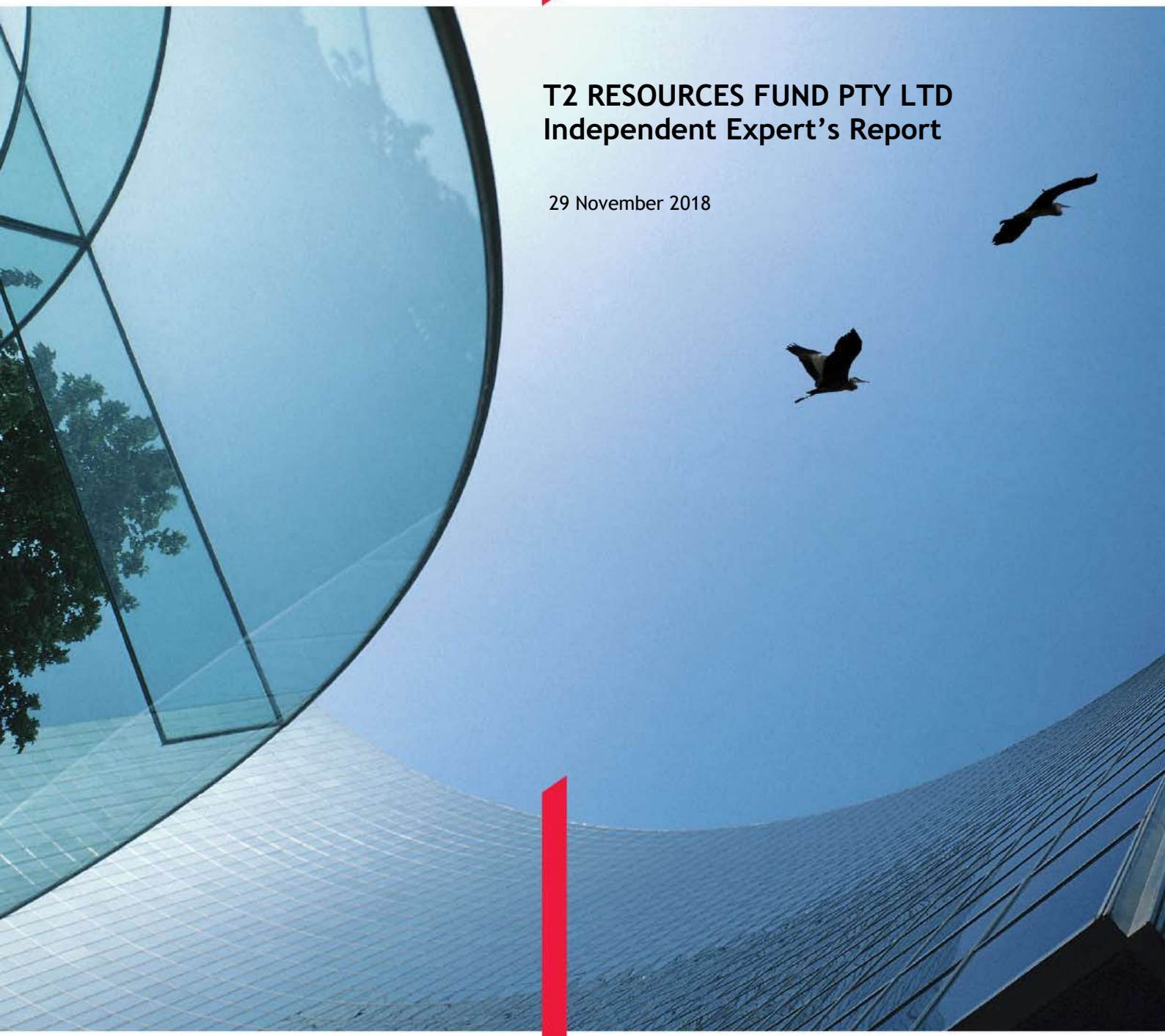
Director

Signature

Date signed

2 7 / 1 1 / 1 8

[D D] [M M] [Y Y]



T2 RESOURCES FUND PTY LTD
Independent Expert's Report

29 November 2018

Financial Services Guide

29 November 2018

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 (‘**we**’ or ‘**us**’ or ‘**ours**’ as appropriate) has been engaged by T2 Resources Fund Pty Limited (‘**T2 Resources**’) to provide an independent expert’s report on the proposed compulsory acquisition of the remaining Realm Resources Limited (‘**Realm**’) shares that it does not already own. You will be provided with a copy of our report as a retail client because you are a shareholder of Realm.

Financial Services Guide
In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide (‘**FSG**’). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- Who we are and how we can be contacted;
- The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- Any relevant associations or relationships we have; and
- Our internal and external complaints handling procedures and how you may access them.

Information about us
BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide
We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice
We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.

Fees, commissions and other benefits that we may receive
We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately $135,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees
All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from T2 Resources for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals
We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution
Internal complaints resolution process
As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

When we receive a written complaint, we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than **45 days** after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme
A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ('**AFCA**').

AFCA is an external dispute resolution scheme that deals with complaints from consumers in the financial system. It is a not-for-profit company limited by guarantee and authorised by the responsible federal minister. AFCA was established on the 1 November 2018 to allow for the amalgamation of all FOS schemes into one. AFCA will deal with complaints from consumers in the financial system by providing free, fair and independent financial services complaint resolution. If an issue has not been resolved to your satisfaction you can lodge a complaint with AFCA at any time.

Our AFCA Membership Number is 12561. Further details about AFCA is available on its website www.afca.org.au or by contacting it directly via the details set out below.

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
AFCA Free call: 1800 931 678
Website: www.afca.org.au
Email: info@afca.org.au

You may contact us using the details set out on page 1 of the accompanying report.

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Subiaco, WA 6008
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Australia

29 November 2018

The Directors
T2 Resources Fund Pty Limited
c/ - Taurus Funds Management Pty Ltd
Suite 4101, Level 41, Gateway
1 Macquarie Place
Sydney NSW 2000

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 25 July 2018, Realm Resources Limited ('**Realm**' or '**the Company**') announced that T2 Resources Fund Pty Limited ('**T2 Resources**' or '**the Bidder**') and its holding entities and associates increased its holding in Realm from 88.94% (per the previous substantial holder notice) to 90.10%. By exceeding the 90% threshold T2 Resources has the right, but not the obligation, under Chapter 6A.2 of the Corporations Act 2001 Cth ('**Corporations Act**') to compulsorily acquire any remaining Realm shares that it does not already own ('**Compulsory Acquisition**').

On 20 August 2018, T2 Resources lodged its intention to buy out the remaining holders of securities with the Australian Securities and Investment Commission ('**ASIC**') and announced this on the Australian Securities Exchange ('**ASX**'). The Compulsory Acquisition will take place at a price of $1.35 per share, comprised of $1.00 of cash per share and $0.35 per Realm share paid as compensation (in cash) pursuant to an undertaking given to the Australian Takeovers Panel ('**the Panel**').

The notice of compulsory acquisition to minority shareholders of Realm is to be accompanied by this independent expert's report.

2. Summary and Opinion

2.1 Requirement for the report

The directors of T2 Resources have requested that BDO Corporate Finance (WA) Pty Ltd ('**BDO**') prepare an independent expert's report ('**our Report**') to provide an opinion as to whether or not the terms of the Compulsory Acquisition notice ('**Notice of Compulsory Acquisition**') give a 'fair value' for the securities, to the minority shareholders of Realm ('**Shareholders**').

Our Report is prepared pursuant to Chapter 6A.4 of the Corporations Act and is to be included in the Notice of Compulsory Acquisition for Realm in order to assist the Shareholders in their assessment of the terms of the Compulsory Acquisition.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ('**ASIC**') Regulatory Guide 10 'Compulsory acquisitions and buyouts' ('**RG 10**'), Regulatory Guide 111 'Content of Expert's Reports' ('**RG 111**') and Regulatory Guide 112 'Independence of Experts' ('**RG 112**').

In arriving at our opinion, we have assessed the terms of the Compulsory Acquisition as outlined in the body of this report. To determine if the terms of the Compulsory Acquisition offer a 'fair value' for the securities, we have:

- compared the value of a Realm share (including a premium for control) with the Consideration; and
- set out the reasons for our opinion.

2.3 Opinion

We have considered the terms of the Compulsory Acquisition as outlined in the body of this report. We have concluded that the terms of the Compulsory Acquisition give a fair value to Shareholders as the Consideration per share is within our assessed range of values for a Realm share.

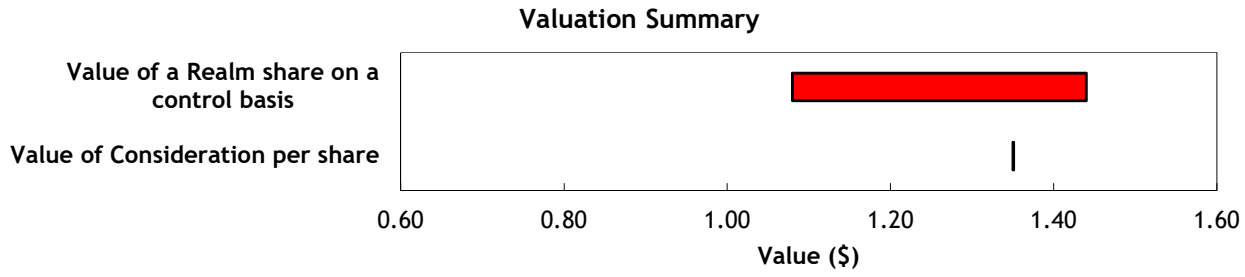
2.4 Fair value

In section 12, we determined that the Consideration compares to the value of a Realm share, as detailed below.

	Ref	Low $	Preferred $	High $
Value of a Realm share on a control basis	10.3	1.08	1.26	1.44
Value of Consideration per share	11	1.35	1.35	1.35

Source: BDO analysis

The above valuation ranges are graphically presented below:



The above pricing indicates that the terms of the Compulsory Acquisition give a fair value to Shareholders.

3. Scope of the Report

3.1 Purpose of the Report

Chapter 6A of the Corporations Act gives a person a right to compulsorily acquire securities under certain circumstances, depending on the level of a person's interest in the relevant class of securities or the relevant entity overall.

There are two types of compulsory acquisition under Chapter 6A of the Corporations Act:

a) compulsory acquisition following a takeover bid under Part 6A.1 (post-bid compulsory acquisition); and

b) general compulsory acquisition under Part 6A.2.

The Compulsory Acquisition will be undertaken as a general compulsory acquisition under Part 6A.2 of the Corporations Act.

Part 6A.2 Division 1 of the Corporations Act concerns compulsory acquisition of securities by a 90% holder. Section 664A(3) provides that a 90% holder in relation to a class of securities of a company may compulsorily acquire all the securities in that class if the person and its related bodies corporate has full beneficial interests in at least 90% by value of all the securities of the company that are either shares or convertible into shares.

To compulsorily acquire securities under section 664A, sections 664C(1) and 664C(2) provide that a 90% holder must give a compulsory acquisition notice to each other person who is a holder of securities in the class together with a copy of an expert's report under section 667A and an objection form.

Accordingly, our Report is prepared to accompany the Notice of Compulsory Acquisition and objection form to be sent to Realm's shareholders.

3.2 Regulatory guidance

Chapter 6A of the Corporations Act prescribes the steps an expert must take in reaching an opinion for compulsory acquisitions and buy-outs. Section 667A(1) requires an expert to:

a) provide an opinion on whether the proposed terms in the buy-out or acquisition notice give a 'fair value' for the securities; and

b) set out the reasons for its opinion.

RG 111.48 states that to determine what 'fair value' is, s667C requires that an expert:

a) first assess the value of the entity as a whole;

b) then allocate that value among the classes of issued securities in the company (taking into account the relative financial risk and the voting and distribution rights of the classes); and

c) then allocate the value of each class pro rata among the securities in that class (without allowing any premium or applying a discount for particular securities or interest in that class).

RG 111.49 states that in determining the fair value for securities, an expert must also take into account the prices paid for securities in that class in the previous six months (s667C(2)).

RG 111 suggests that where the transaction is a control transaction, the expert should focus on the substance of the control transaction rather than the legal mechanism to effect it. RG 111 suggests that

where a transaction is a control transaction, it should be analysed on a basis consistent with a takeover bid.

In our opinion, the Compulsory Acquisition is a control transaction as defined by RG 111 and we have therefore assessed the Compulsory Acquisition as a control transaction to consider whether, in our opinion, it offers a fair value to Shareholders.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than or equal to the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. When considering the value of the securities subject of the offer in a control transaction the expert should consider this value inclusive of a control premium.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between the fair value of a Realm share on a control basis prior to the Compulsory Acquisition and the value of the consideration being offered per share by T2 Resources (fair value – see Section 12 'Do the terms of the Compulsory Acquisition offer a fair value?'); and
- The reasons for our fair value opinion (reasons – see Section 12 'Do the terms of the Compulsory Acquisition offer a fair value?')

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('**APES 225**').

A Valuation Engagement is defined by APES 225 as follows:

'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'

4. Outline of the Compulsory Acquisition

T2 Resources and its associates have full beneficial interests in approximately 96.3% of Realm shares. Pursuant to section 664A of the Act, T2 Resources is entitled to compulsorily acquire the remaining Realm shares in which it does not already have full beneficial interests.

T2 Resources has decided to exercise its rights pursuant to the compulsory acquisition provisions of the Act to acquire all the remaining Realm shares that it does not already own for total consideration of $1.35 per share. The total consideration comprises $1.00 of cash per Realm share held and $0.35 per share paid (in cash) as compensation pursuant to an undertaking given to the Panel.

The sequence of corporate events leading up to and following the announcement of the compulsory acquisition can be found in section 5.2 of our Report.

5. Profile of Realm

5.1 History

Realm is a metallurgical coal producer with operations and assets in Australia and South Africa. Through its subsidiaries, Realm holds a 70% interest in the Foxleigh Coal Mine located in Queensland, Australia. Realm also holds an interest in Alumicor SA Holdings Proprietary Limited ('**Alumicor**'), a South African aluminium waste toll treating business and in Chrometco Limited ('**Chrometco**'), a Johannesburg Stock Exchange ('**JSE**') listed mining company. The Company also holds platinum group metals exploration assets in South Africa.

Realm undertook restructuring in 2011 to focus on coal and is in the process of divesting its interests in Alumicor and Chrometco. Its registered office is located in Brisbane, Queensland.

The Company's current board members and senior management are set out below:

- Mr Gordon Galt – Non-Executive Chairman;
- Mr Michael Rosengren – Managing Director;
- Mr Geoff Marshall – Non-Executive Director;
- Mr Michael Anderson – Non-Executive Director;
- Mr Michael Davies – Non-Executive Director;
- Mr Craig McGown – Non-Executive Director;
- Mr Graham Yerbury – Chief Financial Officer; and
- Mr Paul Frederiks – Company Secretary.

5.2 Recent Corporate Events

On 31 August 2016, Realm announced it had completed the acquisition of the Foxleigh coal mine and two adjoining tenements through its subsidiary Middlemount South Pty Ltd ('**Middlemount**').

On 13 September 2016, Realm was suspended from official quotation pending an ASX review into the application of listing rules 11.1.2 and 11.1.3 to the Foxleigh acquisition, in particular whether this constituted a significant change to the Company's activities. In order to be reinstated, Realm had to receive shareholder approval for the change in activities and re-comply with Chapters 1 and 2 of the ASX Listing Rules, which included the issue of 231 million new shares under the ASX's 20% minimum free float requirement.

On 15 June 2017, an Extraordinary General Meeting ('**EGM**') relating to the Foxleigh acquisition was announced and the Company was temporarily reinstated to official quotation until the EGM.

On 14 July 2017, it was announced that Realm shareholders approved the Foxleigh acquisition, a 1-for-10 consolidation of its capital and the issue of up to 25 million new shares (post consolidation) at the EGM. Following approval, the Company was again suspended from official quotation until it re-complied with Chapters 1 and 2 of the ASX Listing Rules.

On 9 February 2018, T2 Resources announced its intention to make an off-market takeover bid for all of the issued shares in Realm that it did not already own, for $0.90 cash per share. The offer was made on

behalf of Realm's majority shareholders Taurus Resources No. 2 L.P. and Taurus Resources No. 2 Trust, which at the time of the offer, collectively owned 85.16% of the issued capital of Realm.

On 12 February 2018, Taurus Funds Management Pty Ltd ('**Taurus**') exercised 10 million options with an aggregated exercise price of $0.50 per option for the issue of 10 million Realm shares. The options were issued under a $5,000,000 convertible equity linked facility, which was approved by Realm shareholders at the 2013 Annual General Meeting.

On 29 March 2018, Realm released a Target's Statement recommending shareholders reject the offer, which was deemed neither fair nor reasonable by the independent expert.

On 4 May 2018, Realm issued a Supplementary Target's Statement recommending shareholders reject the offer as there was no change to the outcome of the IER or Independent Technical Expert's Report.

On 15 May 2018, T2 Resources issued a third Supplementary Bidder's Statement, presenting an increased offer of $1.00 per share.

On 21 May 2018, Realm issued a second Supplementary Target's Statement, advising shareholders to reject the increased offer on the grounds of no material change to the circumstances or the valuation assessed by the independent expert.

On 29 May 2018, Realm lodged a Panel application in relation to "unacceptable circumstances" arising from the takeover offer from T2 Resources. Realm applied to the Panel on the basis that (among other things) T2 Resources blocked a proposed capital raising to prevent the Company from diluting the Bidder (and its associates) to a holding below 80%, which prevented Realm from relisting.

On 31 May 2018, the Panel announced that it had accepted the undertakings in relation to Realm and T2 Resources. Further information on the undertakings can be found in the Panel's media release.

On 8 June 2018, the Bidder submitted a proposal to further enhance the offer to total consideration of $1.25 per share, comprising $1.00 of cash consideration and $0.25 per share by way of a capital reduction that would be paid by Realm to all shareholders excluding the Bidder. This was conditional on (among other things) the Bidder achieving a relevant interest of 90% within one month of the further enhanced offer being announced by Realm. However, as stated in the fourth Supplementary Bidder's Statement released on 12 June 2018, the independent sub-committee of Realm rejected the proposal of an enhanced offer, therefore it was not put to shareholders. As a result, the existing offer of $1.00 per share remained.

On 29 June 2018, the Panel determined that the actions of T2 Resources had the potential to coerce Realm shareholders into accepting the offer. The actions (among others) noted by the Panel included the following:

- The suspension of Realm denied shareholders with an observable value of Realm shares in light of market developments;
- The recognition by T2 Resources of the improved financial and operational position following the acquisition of Foxleigh; and
- T2 Resources changing its position from supporting to opposing the relisting of Realm.

On 3 July 2018, the Panel released a declaration and orders in relation to the Panel application by Realm outlined above. Included in the orders was the requirement that T2 Resources undertook to pay an extra $0.35 per share to accepting shareholders as compensation.

On 4 July 2018, T2 Resources issued a Fifth Supplementary Bidder's Statement detailing a final and unconditional offer of $1.35 comprised of $1.00 cash consideration and $0.35 of compensation per Realm share, pursuant to the undertaking given to the Panel.

On 5 July 2018, Realm issued a fourth Supplementary Target's Statement recommending shareholders take no action until a supplementary IER is prepared.

On 18 July 2018, Realm issued a Fifth Supplementary Target's Statement and revised IER determining that the offer of $1.35 is not fair but reasonable. Based on the outcome, it was recommended by the non-affiliated Directors that shareholders accept the offer.

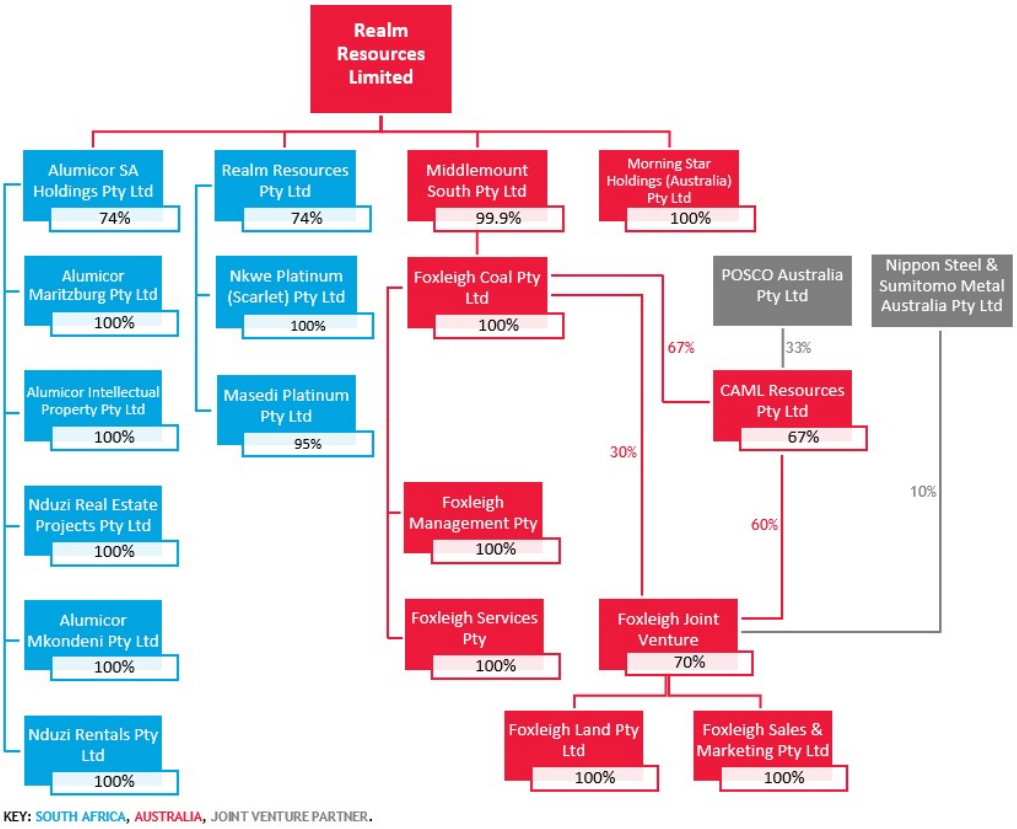
On 25 July 2018, the Company announced a change in substantial holders notice which was the first time the Bidder's holding in Realm exceeded 90%, being the compulsory acquisition threshold. On this date, the Bidder held 90.1% of Realm.

On 13 August 2018, Realm announced that at the time the offer closed on 3 August 2018, the Bidder held an interest of 96.3% of Realm shares. In accordance with Part 6A.2 of the Corporations Act 2001 (Cth) T2 Resources advised of its intention to commence the Compulsory Acquisition process for the remaining shares of Realm.

On 19 October 2018, the Company announced an updated coal resource at Foxleigh and the adjacent tenements. The updated coal resource relates to areas including Foxleigh West, Foxleigh North/Eagle's Nest. Further information on this resource update can be found in the Company's ASX announcement and the Independent Valuation and Technical Assessment Report in Appendix 5.

On 19 November 2018, the Company announced that there had been a failure in the eastern high wall of the One Tree West open pit at the Foxleigh Coal mine. The failure will delay coal recovery until the early part of calendar year 2019, however, there will be no material impact on coal washing, production or coal sales as there are sufficient coal stocks to maintain current production rates for the immediate future.

5.3 Corporate Structure



Source: Realm company website

5.4 Projects

Foxleigh

The Foxleigh coal mine (‘**Foxleigh**’) is located in the Bowen Basin coalfield of Queensland, Australia, approximately 12km south of Middlemount and 272km northwest of Rockhampton. The open cut mine was established in 1999 and produces low-volatile pulverised coal injection (‘**LV PCI**’) for export to Asian steel mills.

In August 2016, Realm, through its subsidiary Middlemount, acquired a 70% interest in the Foxleigh coal mine and full ownership of two adjoining tenements from Anglo American Metallurgical Coal Assets Pty Ltd (‘**Anglo**’) for consideration of $46.82 million in cash and semi-annual royalties for a period of 12.5 years. Royalties are payable on Realm’s share of coal extracted and sold from Foxleigh and are calculated based on the average gross value of coal sold. The terms of the royalty are $1.00 per tonne if the average price is greater than $105.00 per tonne, $2.00 per tonne if the average price is greater than $115.00 per tonne and $3.00 per tonne if the average price is greater than $130.00 per tonne, capped at $75.00 million.

The acquisition of Foxleigh took place though Realm’s 99.9% owned subsidiary Middlemount, which is currently the manager and operator of the mine. Under both Anglo and Realm, the mine has been owned through a joint venture with POSCO Australia Pty Ltd (‘**POSCO**’) and Nippon Steel & Sumitomo Metal Australia Pty Ltd (‘**Nippon**’) which hold 20% and 10% respectively and are longstanding customers of Foxleigh.

The Foxleigh mine has seven mining leases, two granted exploration permits for coal and one granted mineral development licence and covers 58,000 hectares ('**ha**'). Coal is processed at the Foxleigh Coal Handling and Preparation Plant before it is transported by private haul road and the Capcoal rail loop to Dalrymple Bay port for export. As the mine was acquired on a going concern basis, this included a number of procurement and services contracts, landholder access agreements and logistics contracts, including access to port and rail capacity. Foxleigh also has a number of long-term contracts with customers located primarily in South Korea, Taiwan and Japan. In 2018, over 95% of coal from Foxleigh was sold under contract as opposed to the spot market.

As detailed in Section 5.2 above, there was a failure in the eastern high wall of the One Tree West open pit at the Foxleigh Coal mine in early November 2018. The failure will delay coal recovery until the early part of calendar year 2019, however, there will be no material impact on coal washing, production or coal sales as there are sufficient coal stocks to maintain current production rates for the immediate future.

Aluminium Waste Toll Treating Business

In 2008, Realm acquired a 74% interest in South African subsidiary Alumicor SA Holdings Pty Ltd ('**Alumicor**'), which operates an aluminium waste toll treatment plant in Pietermaritzburg, South Africa. For over 10 years, the plant has operated a dross and scrap processing agreement with aluminium smelting company Hulamin Limited, which was renewed in July 2017.

Realm has received a number of offers to purchase with associated due diligence, with this process continuing.

Platinum Group Metals Exploration Projects

Realm holds a 74% interest in South African subsidiary Realm Resources Pty Ltd, which owns three platinum group metals exploration projects located in South Africa. The projects are in early exploration stages and are situated in the Eastern Limb of the Bushveld Igneous Complex, which hosts more than half of the world's platinum group metals deposits.

In 2012, Realm entered into an agreement with JSE listed chrome and platinum explorer, Chrometco, in which Realm vended additional platinum group metals assets to Chrometco in exchange for 45 million shares. Just under 90% of Chrometco was recently acquired by the Sail Group of companies under a conditional agreement in which Chrometco received cash, a controlling stake in two fully financed chrome projects and a stake in Sail Minerals.

5.5 Historical Balance Sheet

Statement of Financial Position	Reviewed as at 30-Jun-18 $'000s	Audited as at 31-Dec-17 $'000s	Audited as at 31-Dec-16 $'000s
CURRENT ASSETS			
Cash and cash equivalents	136,051	64,853	69,160
Trade and other receivables	30,094	29,630	19,076
Inventories	17,044	31,630	25,644
Current tax assets	-	295	234
Assets held for sale	3,042	2,533	-
TOTAL CURRENT ASSETS	**186,231**	**128,941**	**114,114**
NON-CURRENT ASSETS			
Trade and other receivables	3,763	3,235	1,546
Available for sale financial assets	743	743	121
Property plant and equipment	87,534	86,650	63,129
Deferred tax assets	24,003	26,013	995
Exploration, evaluation & mining infrastructure	6,324	5,927	7,006
TOTAL NON-CURRENT ASSETS	**122,367**	**122,568**	**72,797**
TOTAL ASSETS	**308,598**	**251,509**	**186,911**
CURRENT LIABILITIES			
Trade and other payables	52,232	44,104	38,940
Income tax payable	46,957	25,909	-
Provisions	9,772	8,298	16,414
Liabilities associated with assets held for sale	275	306	-
Borrowings	95	1,302	48,667
TOTAL CURRENT LIABILITIES	**109,331**	**79,919**	**104,021**
NON-CURRENT LIABILITIES			
Trade and other payables	14,457	15,610	21,480
Provisions	11,655	16,108	28,038
TOTAL NON-CURRENT LIABILITIES	**26,112**	**31,718**	**49,518**
TOTAL LIABILITIES	**135,443**	**111,637**	**153,539**
NET ASSETS	**173,155**	**139,872**	**33,372**
EQUITY			
Contributed equity	52,030	46,315	46,315
Retained earnings (accumulated losses)	118,731	90,939	(12,091)
Reserves	2,355	2,223	(1,177)
Non-controlling interests	39	395	325
TOTAL EQUITY	**173,155**	**139,872**	**33,372**

Source: Audited financial statements for the years ended 31 December 2016, 31 December 2017 and reviewed financial statements for the half year ended 30 June 2018.

We note that Realm's auditor issued an unmodified audit report with no qualifications for the years ended 31 December 2016 and 31 December 2017 and an unqualified review report for the half year ended 30 June 2018.

Commentary on the statement of financial position

- Cash and cash equivalents increased from $64.85 million at 31 December 2017 to $136.05 million at 30 June 2018 largely as a result of receipts from customers of $214.17 million and proceeds from the exercise of options of $5.72 million which were partially offset by payments to suppliers and employees of $136.45 million and the purchase of property plant and equipment for $8.13 million. For the year ended 31 December 2017, receipts from customers of $340.19 million was offset primarily by payments to suppliers and employees of $245.09 million, purchase of property plant and equipment of $31.69 million, repayment of borrowings of $47.59 million and finance charges of $10.57 million.
- Inventories of $17.04 million at 30 June 2018 mainly comprise approximately $10 million in stores and $7 million in coal.
- Items relating to assets held for sale as at 31 December 2017 and 30 June 2018 comprise Realm's interest in Alumicor. Following Realm's decision to exit the aluminium business and seek a buyer for its interest in Alumicor, all associated assets and liabilities were included in assets held for sale.
- For financial reporting purposes, PPE of $87.53 million at 30 June 2018 comprised reclassified exploration costs of $52.78 million and $34.74 million held by Middlemount. PPE held by Middlemount at 30 June 2018 comprised mainly $1.83 million in land, $14.61 million in plant and equipment, $10.52 million in mine development and $7.89 million in works in progress after impairment.
- Total provisions (current and non-current) of $21.43 million at 30 June 2018 comprise employee entitlements of $4.97 million, current environmental rehabilitation provisions of $5.02 million and non-current environmental rehabilitation of $11.44 million relating to the Foxleigh mine.

5.6 Historical Statement of Profit or Loss and Other Comprehensive Income

Statement of Profit or Loss and Other Comprehensive Income	Reviewed for the half year ended 30-Jun-18	Audited for the year ended 31-Dec-17	Audited for the year ended 31-Dec-16
	$'000s	$'000s	$'000s
Revenue			
Revenue from continuing operations	205,378	344,975	111,513
Finance income	374	-	-
Other income	6,824	1,085	46
Expenses			
Cost of sales	(96,992)	(110,419)	(39,402)
Royalties	(21,790)	(35,721)	(10,866)
Impairment	-	-	(5,765)
Depreciation and amortisation	(7,419)	(6,049)	(2,820)
Selling and distribution costs	(24,435)	(38,704)	(12,800)
Administrative expenses	(4,890)	(12,880)	(3,783)
Other expenses	(29)	(16,366)	(1,226)
Finance costs	(6,737)	(17,377)	(15,928)
Profit from continuing operations before tax	50,284	108,544	18,969
Income tax benefit (expense)	(23,019)	(5,684)	889
Profit from continuing operations after tax	**27,265**	**102,860**	**19,858**
Profit from discontinued operations before tax	174	240	30
Income tax benefit (expense)	(3)	-	(122)
Profit from discontinued operations after tax	**171**	**240**	**(92)**
Exchange differences on translation of foreign operations	365	(1,038)	151
Total comprehensive profit for the period	**27,801**	**102,062**	**19,917**

Source: Audited financial statements for the years ended 31 December 2016 and 31 December 2017 and reviewed financial statements for the half year ended 30 June 2018.

Commentary on the statement of profit or loss and other comprehensive income

- Revenue from continuing operations increased from $111.51 million for the year ended 31 December 2016 to $344.98 million for the year ended 31 December 2017 mainly as a result of a full year of production in 2017, with the Foxleigh acquisition occurring in August 2016. Coal sales accounted for over 95% of revenue for the year ended 31 December 2016, with only $4.04 million generated through the Company's interest in the aluminium waste treatment plant (Alumicor).
- Revenue from continuing operations of $205.38 million for the half year ended 30 June 2018 was derived solely through the Company's coal projects, with saleable production of 1.15 million tonnes and shipments of 1.57 million tonnes.
- Gross profit for the half year ended 30 June 2018 was $108.39 million, a 22% decrease from the same period in the previous year. This was primarily the result of an 8% decrease in the benchmark price of coal combined with a 58% increase in the cost of sales, which comprised mainly contractor costs and wages.
- Realm's gross profit margin also decreased from 68% for the year ended 31 December 2017 to 53% for the half year ended 30 June 2018.

- The royalties expense relates to royalties paid semi-annually to Anglo on Realm's 70% share of coal extracted and sold from Foxleigh.
- Finance costs for the years ended 31 December 2016 and 31 December 2017 and for the half year ended 30 June 2018 related primarily to drawings of US$51.2 million from the Performance Guarantee Facility made available by Taurus Mining Finance Fund for the Foxleigh acquisition and the US$48.00 million bridge facility made available by Taurus Resources Fund No. 2. Finance costs decreased for the half year ended 30 June 2018, following the full repayment of the bridge facility in August 2017.
- Finance costs related primarily to interest paid on drawings from the Taurus Performance Guarantee Facility (made available by Taurus Mining Finance Fund for the Foxleigh acquisition) and the Taurus bridging facility (made available by Taurus Resources Fund No. 2). Finance costs decreased for the half year ended 30 June 2018, following the full repayment of the bridge facility in August 2017.

5.7 Capital Structure

Set out in the tables below are the key elements of the current capital structure of Realm.

The share structure of Realm as at 22 October 2018 is outlined below:

	Number
Total Ordinary Shares on Issue	252,926,162
Top 20 Shareholders	250,928,667
Top 20 Shareholders - % of shares on issue	99.21%

Source: Share registry information

The range of shares held in Realm as at 22 October 2018 is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	271	41,283	0.02%
1,001 - 10,000	143	639,985	0.25%
10,001 - 100,000	57	1,925,552	0.76%
100,001 - and over	13	250,319,342	98.97%
TOTAL	**484**	**252,926,162**	**100.00%**

Source: Share registry information

The ordinary shares held by the most significant shareholders as at 22 October 2018 are detailed below:

Name	No of Ordinary Shares Held	Percentage of Issued Shares
J P Morgan Nominees Australia Limited*	212,314,280	83.94%
T2 Resources Fund Pty Limited*	31,338,721	12.39%
M Resources Pty Ltd	2,886,830	1.14%
Latimore Family Pty Ltd <Latimore Family Account>	1,469,498	0.58%
Total Top 4	**248,009,329**	**98.06%**
Total Ordinary Shares on Issue	**252,926,162**	**100.00%**

Source: Share registry information

*We note that J P Morgan Nominees Australia Limited is the nominee holder of the Bidder, with the total interest of the Bidder (including all associates) being 96.3% at 22 October 2018.

6. Profile of T2 Resources

T2 Resources is a special purpose vehicle established solely to make the takeover bid for Realm and hold the Realm shares. T2 Resources is wholly owned by Taurus Resources No.2 Trust and T2 Resources No.2 LP (**'T2 LP'**), which acts through its general partner Taurus Resources Limited GO No.2 LLC (**'Taurus LLC'**) (collectively,**'T2 Fund'**). The T2 Fund is a limited partnership, investment vehicle incorporated in the Cayman Islands and is the entity that initially held the shares in Realm. The T2 Trust is an unlisted investment trust established in Australia and managed by Taurus.

The directors of T2 Resources are set out below:

- Martin Boland; and
- Rohan Menon.

Taurus is a principal investment firm based in Sydney, Australia. The company provides financing solutions to both listed and unlisted, mid-tier and junior mining companies worldwide, through project and acquisition finance and private equity investments. Taurus' clients include high net worth and institutional investors.

At the time the takeover bid was first announced, Taurus' associated entities held combined voting power of 85.73% of the shares in Realm. At the date of this report, the Taurus and its associated entities hold 96.3% of the issued capital of Realm.

7. Economic analysis

The Australian economy remains on track to achieve growth in coming years, with the pace of growth increasing. Supported by domestic monetary policy, latest national accounts show an increase in Gross Domestic Product (**'GDP'**) of 3.4 percent, with this trend forecast to continue. Business conditions in Australia remain positive, and growth in non-mining sectors is expected to continue.

Australia's terms of trade have increased over recent years, primarily driven by increases in commodity prices such as coal, nickel and iron ore. Sustained global demand should continue to boost exports, and record export volumes are forecast over the next two years. After that time, demand is expected to stabilise at a high level as major projects reach their targeted production levels. Having depreciated along with most other currencies, the Australian dollar (**'AUD'**) is currently trading within a downward trend against the US dollar (**'USD'**) but still remains within the range it has been in over the past two years.

Low interest rates continue to support spending and growth of the Australian economy. Money market rates are higher than they were at the start of the year, despite a downward trend since June. To partially offset the increase, some lenders have marginally increased their standard variable mortgage rates. The Reserve Bank of Australia (**'RBA'**) is likely to consider higher interest rates to be appropriate at some point, if the economy continues to display sustainable growth.

The outlook for the labour market remains encouraging, with the unemployment rate of 5.3 percent at its lowest point in six years. Furthermore, leading indicators of employment growth point to above-average growth in the period ahead. This is also supported by an increase in the number of job vacancies. Above-trend GDP growth is expected to increase in the coming years, which may provide the stimulus for growth and the possibility for inflationary pressures. Analysts expect a continued gradual decline in the unemployment rate to 5 percent by 2020.

The RBA's forecasts are for inflation to increase in 2019 and 2020. Inflation is expected to fall toward the lower end of the range in the near term, as a result of once-off declines in some administered prices. Gradual progress towards bringing inflation closer to the midpoint of the target is expected over coming years.

Global Economic Analysis

Global economic expansion is continuing, with advanced economies growing at an above-trend rate and is anticipated to reach 3.9 percent in 2018 and 2019. Despite a global cyclical upswing, world growth is becoming less synchronised with the rate of expansion peaking in some countries and not others. This divergence between countries is expected to continue in the medium term. Among emerging market and developing economies, growth projections are dwindling from escalating trade tensions and higher US yields.

The growth of China's economy continues to slow, with a decrease in the production of consumer related goods and a reduction in infrastructure investment. The Chinese authorities had responded to the slowing in growth with targeted fiscal stimulus, including the announcement of new rail infrastructure projects and directives to hasten progress on some current infrastructure projects. The strength in Chinese crude steel production had supported imports of high-quality iron ore and coking coal. In turn, this had supported benchmark steel and iron ore prices, which had remained in a relatively tight range since the end of March, although the premiums for higher-quality iron ore had increased.

Globally, inflation remains low although it has increased due to both higher oil prices and an increase in wages growth. In the United States, inflation is forecast to increase from tight labour market conditions

and fiscal stimulus. Government bond yields have moved slightly higher, although credit spreads remain low.

Source: www.rba.gov.au *Statement by Philip Lowe, Governor: Monetary Policy Decision*, www.imf.org *World Economic Outlook Update July 2018*

8. Industry analysis

8.1 Overview

Coal is a combustible sedimentary rock found below the earth's surface, comprised mostly carbon (50-98%), hydrogen (3-13%), oxygen and small amounts of other elements including nitrogen and sulphur. When burnt, coal releases energy as heat, which can be utilised in variety of processes, including energy generation. The quality of a coal deposit is determined by the temperature and pressure at which the deposit is formed in addition to the length of time in formation, commonly known as its 'organic maturity'. There are two methods generally used to mine coal, being opencast mining and underground mining, with the choice of extraction largely determined by the geology of the coal deposit.

The rank of coal refers to the physical and chemical properties that coals of different maturities possess. Lower rank brown coals such as Lignite generally possess a much lower organic maturity, have a soft texture, a dull earthly appearance and are characterised by high moisture levels and low energy (carbon) content. Higher ranked black coals such as Anthracite, which is the highest quality and most scarce type of coal, are harder, stronger, contain less moisture, and produce more energy. Black coal can be categorised into two main types, metallurgical (coking) coal and thermal (steaming) coal.

Due to its high carbon content and caking ability, metallurgical coal is used in the production of both iron and steel and to a lesser extent, for the smelting and casting of base metals. Of the different types of metallurgical coal, hard coal is the most valuable as it has the lowest ash and moisture content and produces the highest quality coke and most energy.

Pulverised coal injection ('**PCI**') and semi soft coking coal may be used to supplement this process, acting as an auxiliary fuel source to increase the effectiveness of blast furnaces powered by high quality coking coal. In the PCI process, finely ground coal is injected into the blast furnace to provide energy and reductant in addition to the coke bed. This increases the efficiency of the furnace while reducing the cost of the process by minimising the consumption of higher quality coking coal. Realm's primary asset is the Foxleigh open cut mine, which utilises truck and excavator methods to extract low volatile PCI metallurgical coal for export to Asian steel mills.

8.2 Metallurgical Coal Demand

Globally, metallurgical coal demand increased from c. 808.4 million tonnes in 2007 to c. 1,014.4 million tonnes in 2017 indicating a compound annual growth rate ('**CAGR**') of 2.3%. During the same period, global crude steel production increased from c. 1,348 million tons to 1,689 million tons (a CAGR of 2.3%). Growth has however slowed over the past few years, with global coal demand growing at a CAGR of 0.4% from 996.4 million tonnes in 2013 to c. 1,014.4 million tonnes in 2017 following closely that of crude steel production which grew at a CAGR of 0.5% from c. 1,650 million tonnes in 2013 to c. 1,689 million tonnes in 2017. The Organisation for Economic Co-operation and Development ('**OECD**') forecast the global demand

of steel to fall in the range of 1.87 billion tonnes to 2.0 billion tonnes by 2035, which should also derive the global demand for metallurgical coal.

The table below shows the top five countries by demand for metallurgical coal from 2013 to 2017; those highlighted represent key markets for Foxleigh:

000 tonnes	2013	2014	2015	2016	2017	*CAGR%*
China	604,487	607,196	592,842	597,852	615,270	*0.4%*
Japan	72,110	72,128	69,013	68,960	67,364	*-1.7%*
India	43,219	46,265	48,886	54,234	56,740	*7.0%*
Russia	43,094	44,273	45,054	44,706	44,356	*0.7%*
South Korea	35,135	40,332	39,885	39,774	40,200	*3.4%*
Others	198,360	199,315	197,354	187,092	190,428	*-1.0%*
Global	996,406	1,009,509	993,034	992,620	1,014,358	*0.4%*

Source: Bloomberg intelligence, World steel in figures 2018 (World Steel Association)

Global metallurgical coal exports increased from c. 219.9 million tonnes in 2007 to c. 310.7 million tonnes in 2017 (CAGR of 3.5%). Growth in exports slowed down over the past few years with global coal exports growing at a CAGR of 0.1% from c. 309.0 million tonnes in 2013 to c. 310.7 million tonnes in 2017. The largest increase in metallurgical coal exports was witnessed by China (19.9%) and Mongolia's exports to China. Mongolia's exports to China increased at a CAGR% of 18.0% from c. 17.3 million tonnes in 2013 to c. 33.6 million tonnes in 2017.

The table below shows the breakdown of global metallurgical coal exports by country:

000 tonnes	2013	2014	2015	2016	2017	*CAGR%*
Australia	169,833	186,471	185,679	188,072	170,734	*0.1%*
Canada	38,989	34,210	30,370	30,230	32,373	*-4.5%*
US	60,094	57,194	41,737	37,131	50,126	*-4.4%*
Other exports to Japan	21,638	21,888	20,856	22,276	21,553	*-0.1%*
Mongolia exports to China	17,330	19,226	14,344	26,316	33,578	*18.0%*
China	1,111	797	969	1,203	2,297	*19.9%*
Global metallurgical coal exports	**308,996**	**319,786**	**293,955**	**305,228**	**310,662**	***0.1%***

Source: Bloomberg intelligence

Global metallurgical coal imports increased from c. 181.9 million tonnes in 2007 to c. 278.5 million tonnes in 2017 (CAGR of 4.4%). Growth in imports declined over the past few years with global coal imports growing at a CAGR of -0.9% from c. 288.6 million tonnes in 2013 to c. 278.5 million tonnes in 2017. Largest increase in metallurgical coal imports was witnessed by Africa and Middle East (imports from US) which increased at a CAGR of 12.4% from c. 1.2 million tonnes in 2013 to c. 1.9 million tonnes in 2017. Imports of metallurgical coal by India increased of CAGR 5.8% from c. 35.9 million tonnes in 2013 to c. 44.9 million tonnes in 2017.

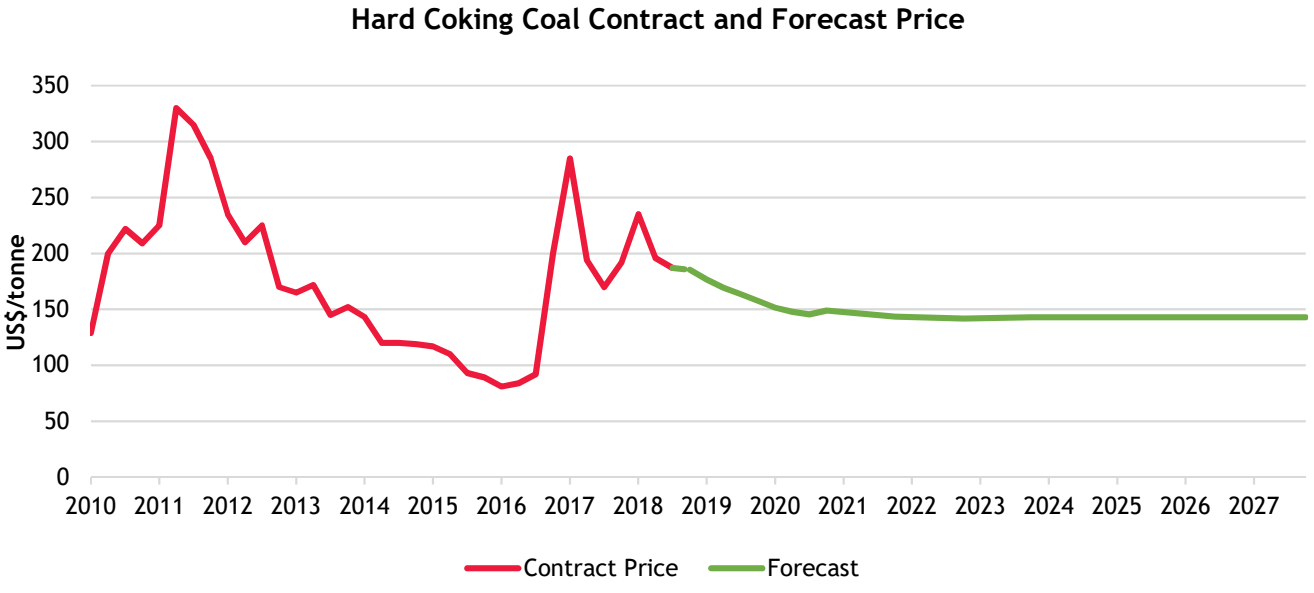
The table below shows the breakdown of global metallurgical coal imports by country; those highlighted represent key markets for the product from Foxleigh:

000 tonnes	2013	2014	2015	2016	2017	*CAGR%*
China	75,421	62,440	47,999	59,307	69,901	*-1.9%*
Japan	77,041	74,250	70,663	73,975	71,880	*-1.7%*
South Korea	27,808	29,463	29,420	28,056	26,049	*-1.6%*
Taiwan	6,727	6,870	6,405	6,581	6,599	*-0.5%*
Indian	35,920	42,829	46,927	42,716	44,939	*5.8%*
Europe	26,494	31,197	21,099	16,244	17,863	*-9.4%*
North America	6,207	5,587	4,290	3,903	4,545	*-7.5%*
South America	8,164	7,524	5,860	6,118	7,160	*-3.2%*
Africa & Middle East (from U.S.)	1,156	1,074	572	786	1,845	*12.4%*
Others	23,644	28,179	35,038	35,288	27,714	*4.1%*
Global metallurgical coal imports	**288,582**	**289,413**	**268,274**	**272,975**	**278,495**	***-0.9%***

Source: Bloomberg intelligence

Prices

PCI coal has historically been priced at a discount to premium hard coking coal. The graph below shows the historical and forecast quarterly price of hard coking coal, based on the average quarterly contract price of all seaborne hard coking coal. The price of Australian Coking Coal on 6 November 2018 (as sourced from Bloomberg) was US$219/t.



Source: Bloomberg and Consensus Economics

The key highlights of metallurgical coal price movements according to Bloomberg are as follows:

- Metallurgical coal prices to decline 17.0% during the second half of 2018.
- Bloomberg intelligence expects it to be US$145 per metric ton during 2019.

- We have used Consensus Economics as the basis for our forecast pricing used in our DCF as detailed in section 10.1.1.1.

9. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ('**FME**')
- Discounted cash flow ('**DCF**')
- Quoted market price basis ('**QMP**')
- Net asset value ('**NAV**')
- Market based assessment such as resource multiple

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

It is possible for a combination of different methodologies to be used together to determine an overall value where separate assets and liabilities are valued using different methodologies. When such a combination of methodologies is used, it is referred to as a 'sum-of-parts' ('**Sum-of-Parts**') valuation.

The approach using the Sum-of-Parts involves separately valuing each asset and liability of the company. The value of each asset may be determined using different methods as described above.

The component parts are then valued using the NAV methodology, which involves aggregating the estimated fair market value of each individual company's assets and liabilities.

9.1 Valuation of Realm

In our assessment of the value of a Realm share, we have chosen to employ (and disregard) the following methodologies for the following reasons:

- Sum-of-Parts method, as our primary method, which estimates the market value of a company by separately valuing each asset and liability of the company. The value of each asset may be determined using different methods. The component parts of Realm are valued using the NAV method and the DCF method. As a cross check to the DCF value, we have considered comparable market transactions;
- the resource multiple method as a cross check to our Sum-of-Parts valuation;
- We have not used a FME valuation to value Realm as the core value of the Company lies in its mining assets which are finite life assets. As such, it would not be appropriate to value Realm using a FME approach; and
- Realm shares are listed on the ASX, however the Company's shares have been suspended from quotation since 14 July 2017. Therefore, we do not consider there to be an active market on which the shares are traded. As such, we do not consider it appropriate to rely on the QMP approach to value a share in Realm.

Methodologies adopted

We have employed the Sum-of-Parts methodology in assessing the fair market value of Realm by aggregating the estimated fair market value of its underlying assets and liabilities, having consideration for the following;

- We have valued the Foxleigh mine using a DCF valuation as the mine is currently producing and has a track record of operations. Therefore, we consider that we have a reasonable basis under *Regulatory Guide 170 Prospective Financial Information* (**'RG 170'**) and *Information Sheet 214 Mining and resources – Forward-looking statements* (**'IS 214'**) to apply the DCF methodology for use of a DCF valuation. We have also engaged CSA Global Pty Ltd (**'CSA'**) to act as independent technical specialist to perform a review of the technical project assumptions contained in the Foxleigh cash flow model prepared by the Company;
- The additional resource that CSA have advised should not be included in the Foxleigh discounted cash flow model has been valued by CSA as an in-ground resource using the comparable market transaction approach;
- We have considered the work performed by CSA as well as the methodologies used and consider them to be in accordance with industry practices and compliant with the requirements of the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015 Edition) (**'Valmin Code'**). A copy of CSA's Technical Assessment and Valuation Report is attached in Appendix 5;
- We have valued the Company's interest in Alumicor based on sale negotiations which are currently in progress as well as considering the book value of its interest;
- We have valued the Company's investment in Chrometco using the QMP approach. Chrometco is listed on the JSE, therefore there is a regulated and observable market on which the shares are traded; and
- We have valued Realm's other assets and liabilities using the cost approach as they reflect the assets and liabilities which are not included in the DCF methodology and are not income generating in themselves.

10. Valuation of Realm

10.1 Sum-of-Parts valuation

The value of Realm's assets on a going concern basis is reflected in our valuation below:

Sum-of-Parts	Ref	Low $'000	Preferred $'000	High $'000
DCF value of Foxleigh	10.1.1	159,000	187,000	216,000
Value of residual resources outside Foxleigh mine plan	10.1.2	40,000	58,000	75,000
Value of Alumicor	10.1.3	2,170	2,170	2,170
Value of interest in Chrometco	10.1.4	362	395	428
Present value of corporate costs	10.1.5	(28,000)	(28,000)	(28,000)
Value of other assets and liabilities	10.1.6	99,878	99,878	99,878
Total value of Realm		273,410	319,443	365,476
Number of shares outstanding ('000)		252,926	252,926	252,926
Value per share ($)		**1.08**	**1.26**	**1.44**

Source: BDO analysis

We have been advised that there has not been a significant change in the net assets of Realm since 30 June 2018 other than the adjustments set out below.

RG111.48 requires that we first asset the value of the entity as a whole and then we allocate that value among the classes of securities. Realm has only one class of securities on issue which means that the entire value of the Company is allocated to the issued ordinary shares of Realm without applying any premium or allowing any discount for particular securities or interests in that class.

As such the table above indicates the net asset value of a Realm share on a control basis is between $1.08 and $1.44.

We note the following in relation to our valuation of Realm.

10.1.1. DCF Value of Foxleigh

We elected to use the DCF approach to value Foxleigh. The DCF approach estimates the fair market value by discounting the future cash flows arising from Foxleigh to their net present value. Performing a DCF valuation requires the determination of the following:

- the expected future cash flows that Foxleigh is expected to generate; and
- an appropriate discount rate to apply to the cash flows of Foxleigh to convert them to present value equivalent.

10.1.1.1. Future cash flows of the Foxleigh Project

A detailed cash flow model for Foxleigh was prepared by the directors of Realm with the assistance of advisors (**'the Model'**). The Model estimates the future cash flows expected from PCI Coal production at Foxleigh over a 14.5-year mine life, based on determined JORC compliant reserves. The Model was prepared in real terms and includes the Company's corporate costs.

We have assessed the reasonableness of the Model and the material assumptions that underpin it. We have made certain adjustments to the Model where it was considered appropriate, to arrive at an adjusted

model (‘**the Adjusted Model**’). In particular, we have adjusted the Model to reflect any changes to technical assumptions as a result of CSA’s review, in addition to any changes to the economic and other input assumptions that we consider appropriate as a result of our research. We have also adjusted the Model to reflect cash flows on a nominal basis. We have also adjusted the Model to remove the corporate costs incurred and have therefore presented the value of corporate costs separately in our Sum-of-Parts valuation.

The Model was prepared based on estimates of production profile, operating costs, project and sustaining capital expenditure. The main assumptions underlying the Model include:

- mining and production volumes;
- commodity prices;
- foreign exchange rates;
- operating costs;
- project and sustaining capital expenditure;
- royalty payments;
- taxation; and
- discount rate.

We undertook the following analysis on the Model:

- analysed the Model to confirm its integrity and mathematical accuracy;
- appointed CSA as technical expert to review, and where required, provide changes to the technical assumptions underpinning the Model;
- conducted independent research on certain economic and other inputs such as commodity prices, exchange rates, inflation and discount rate applicable to the future cash flows of Foxleigh;
- held discussions with Realm’s management and advisors regarding the preparation of the forecasts in the Model and its assumptions; and
- performed a sensitivity analysis on the value of Foxleigh as a result of flexing key assumptions and inputs.

We have not undertaken a review of the cash flow forecasts in accordance with the Standard on Assurance Engagements ASAE 3450 ‘Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information’ and do not express an opinion on the achievability of the forecast. However, nothing has come to our attention as a result of our procedures to suggest that the assumptions on which the Adjusted Model has been based have not been prepared on a reasonable basis.

Appointment of a technical expert

CSA was engaged to prepare a report providing a technical assessment of the assumptions underlying the Model. CSA’s assessment involved the review and provision of opinion on the reasonableness of the assumptions adopted in the Model, including but not limited to:

- mining physicals (volume mined, recovery and grade);
- processing assumptions (products and recovery);
- operating costs (mining, selling and other costs);
- capital expenditure (project and sustaining capital);

- opening inventory balances;
- rehabilitation; and
- other relevant assumptions.

CSA's Independent Technical Assessment and Valuation Report is included in Appendix Five.

Limitations

Since forecasts relate to the future, they may be affected by unforeseen events and they depend, in part, on the effectiveness of management's actions in implementing the plans on which the forecasts are based. Accordingly, actual results may vary materially from the forecasts included in the Model, as it is often the case that some events and circumstances frequently do not occur as expected, or are not anticipated, and those differences may be material.

Economic assumptions

Inflation

We note that the cash flows contained in the Model are in real terms. Given that the coal prices obtained from our research sources are quoted on a nominal basis, we applied inflation to the Model in order to convert all the cash flows to nominal terms in the Adjusted Model.

We have adopted an annual inflation rate of 2.2% which is based on the average forecast inflation rate, as sourced from Bloomberg, whilst also having consideration for historical inflation rates in Australia. Our assessment of forecast inflation is supported by the fact it lies within the RBA's inflation target range of 2% to 3% per annum.

Foreign exchange rate

The revenue cash flows presented in the Model are denominated in United States Dollars (**'US$'**). We note that the consideration per share for the Compulsory Acquisition is denominated in Australian Dollars (**'A$'**), therefore, for the purpose of our fairness assessment, we have converted the cash flows in the Model from US$ to A$ at the following forecast exchange rates:

Exchange rate	CY18	CY19	CY20	CY21	CY22	CY23+
A$/US$	0.72	0.73	0.75	0.76	0.76	0.76

Source: Bloomberg and BDO analysis

Revenue assumptions

Pricing

As detailed in our industry analysis in Section 8, Realm produces PCI Coal which is priced at a discount to the benchmark Hard Coking Coal price, upon which forecasts are typically prepared by industry analysts. As such, our assessment of forecast pricing comprises two parts.

The first part, is to form a view on forecast benchmark Hard Coking Coal prices over the life of mine for Foxleigh. In forming our view, we have had regard to both historical and forecast Hard Coking Coal prices from Bloomberg, as well as consensus analyst views on forecast prices, as published by Consensus Economics.

Based on our analysis, we have adopted the following nominal forecast Hard Coking Coal prices:

Hard Coking Coal Forecast Prices	CY18	CY19	CY20	CY21	CY22	CY23+
Coal - Coking (US$/tonne)	185	165	145	143	143	146*

Source: Consensus Economics and BDO analysis

*We have applied our forecast inflation rate of 2.2% to the forecast pricing beyond 2027 as our 2023 forecast represents the nominal forecast for the period from 2023 to 2027. Using the same analyst views, the consensus real long term forecast per Consensus Economics is US$127/t.

The second part of our assessment is to form a view on the discount applied to the headline Hard Coking Coal price in order to arrive at the PCI Coal price (**'PCI Discount'**). There are a number of differing analyst views on the price outlook for PCI coal and the discount applicable to the Hard Coking Coal Forecast prices. In forming our view, we have considered the following:

- effective PCI Discount realised historically by Realm;
- views presented by independent industry experts;
- views presented in broker and independent research reports;
- discussions with CSA on its view of future PCI discounts; and
- discussions with Realm's management.

Based on our analysis, we have adopted a PCI Discount of 24% for the life of mine for Foxleigh. The resulting nominal PCI Coal price forecasts we have adopted in the Adjusted Model are as follows:

PCI Coal Forecast Prices	CY18	CY19	CY20	CY21	CY22	CY23+
Coal - Coking (US$/tonne)	185	165	145	143	143	146*
PCI Discount	24%	24%	24%	24%	24%	24%
PCI Coal price (US$/tonne)	**141**	**125**	**110**	**109**	**109**	**111**

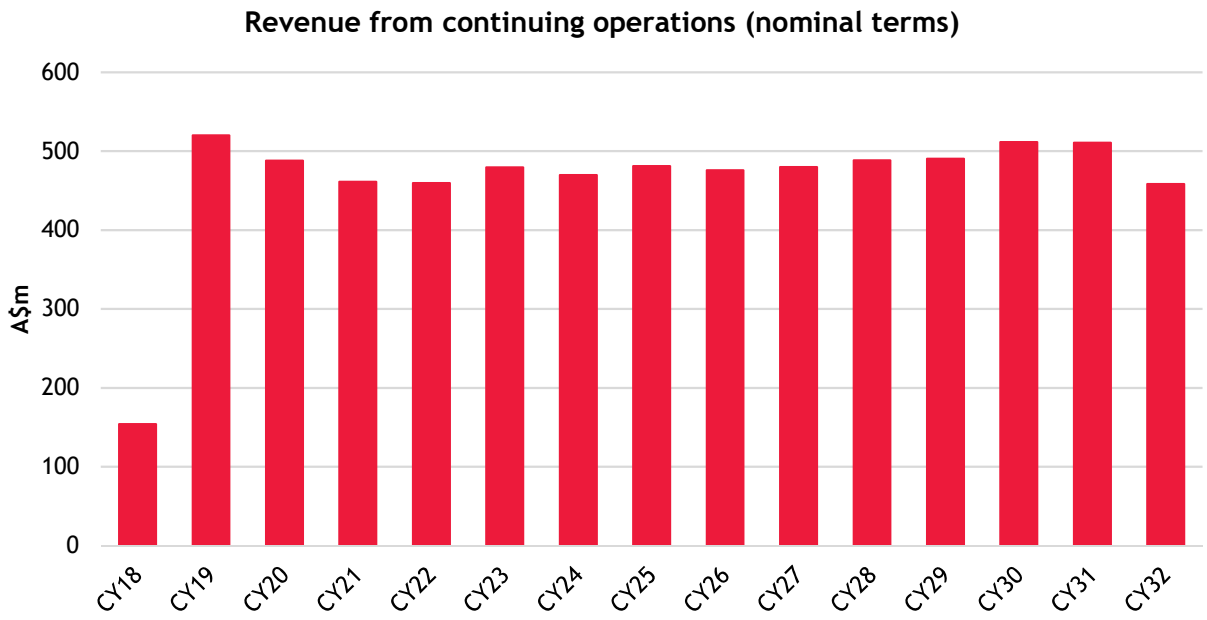
Source: Consensus Economics, Bloomberg and BDO analysis

*We have applied our forecast inflation rate of 2.2% to the forecast pricing beyond 2027 as our 2023 forecast represents the nominal forecast for the period from 2023 to 2027

Revenue from continuing operations

The graph below shows the forecast revenues from the sale of PCI Coal to be received over the life of the Foxleigh mine, as per the Adjusted Model.

We note that our valuation date is 30 September 2018, therefore CY18 in the charts below represents three months' of operations.



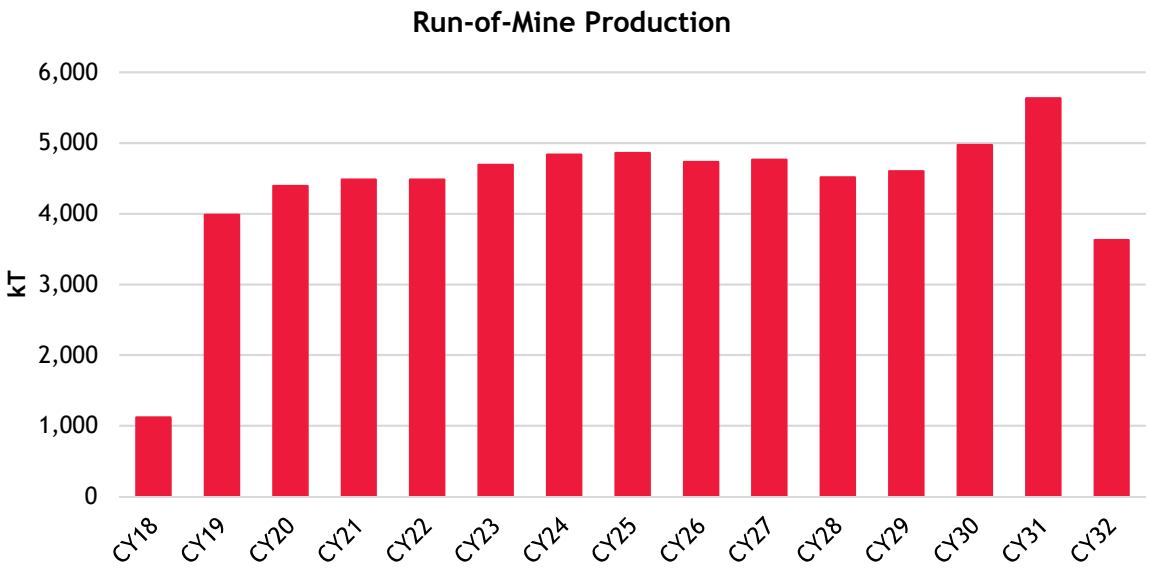
Source: Adjusted Model

Other income and associated cost savings

Realm historically received revenue from a Take or Pay commitment relating to its port and rail capacities. Under the Take or Pay commitment, Anglo Metallurgical Coal Assets Pty Ltd rebated to Middlemount its 70% interest of any unutilised port or rail capacity. However, on 14 November 2018, this arrangement was terminated which results in these rebates not being received subsequent to 1 January 2019. On termination of this arrangement, CSA have estimated that the cost savings will amount to approximately $1 million per annum on a real basis (based on a 100% interest) over the life of mine.

Mining Physicals

The graph below shows the forecast run-of-mine production over the life of mine for Foxleigh, as per the Adjusted Model.



Source: Adjusted Model

Operating Expenditure

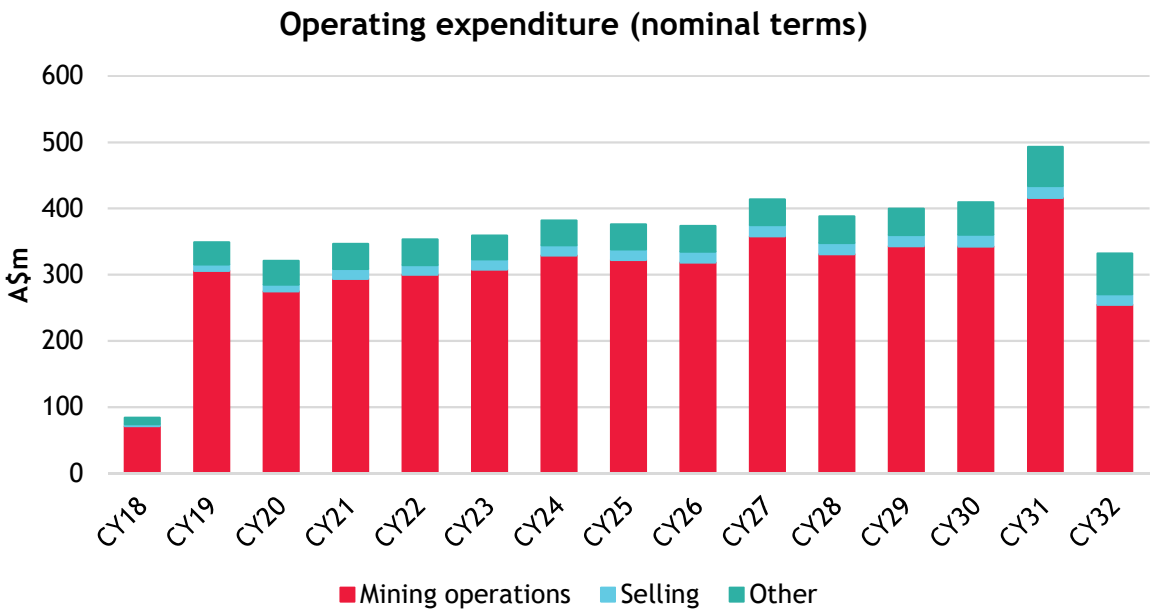
Key operating expenditure relating to Foxleigh comprises mining and haulage costs, selling costs (marketing and demurrage) and other costs (exploration, rehabilitation, general administration and rehabilitation finance costs).

Rehabilitation finance costs relate to the financial security provided by the Company to the Queensland Government to cover any costs or expenses incurred in taking action to prevent or minimise environmental harm, rehabilitation or to restore the environment, should Realm fail to meet its obligations under the Environmental Protection Act 1994.

The Department of Environment and Science is responsible for determining the form and amount of the financial security required. In the case of Realm and Foxleigh, it was decided that the financial security was to take the form of a financial guarantee, for which Taurus Mining Finance Fund L.P. has made a US$98.5 million facility available to the Company in order to satisfy this requirement. Given the nature of this facility, we consider the costs associated with it to be operating expenses and that the facility itself, does not constitute debt.

As detailed in Section 5.2, there was a failure in the eastern high wall of the One Tree West open pit at the Foxleigh Coal mine in early November 2018. CSA has evaluated the impact of the failure on the Foxleigh Coal mine and concluded that coal recovery will be delayed until the early part of calendar year 2019, however, there will be no material impact on coal washing, production or coal sales as there are sufficient coal stocks to maintain current production rates for the immediate future. Consequently, CSA does not consider any adjustments to the Model are required, with the exception of an additional $700,000 in stabilisation works relating to the failure, which have been included in operating expenditure for the quarter ending 31 December 2018.

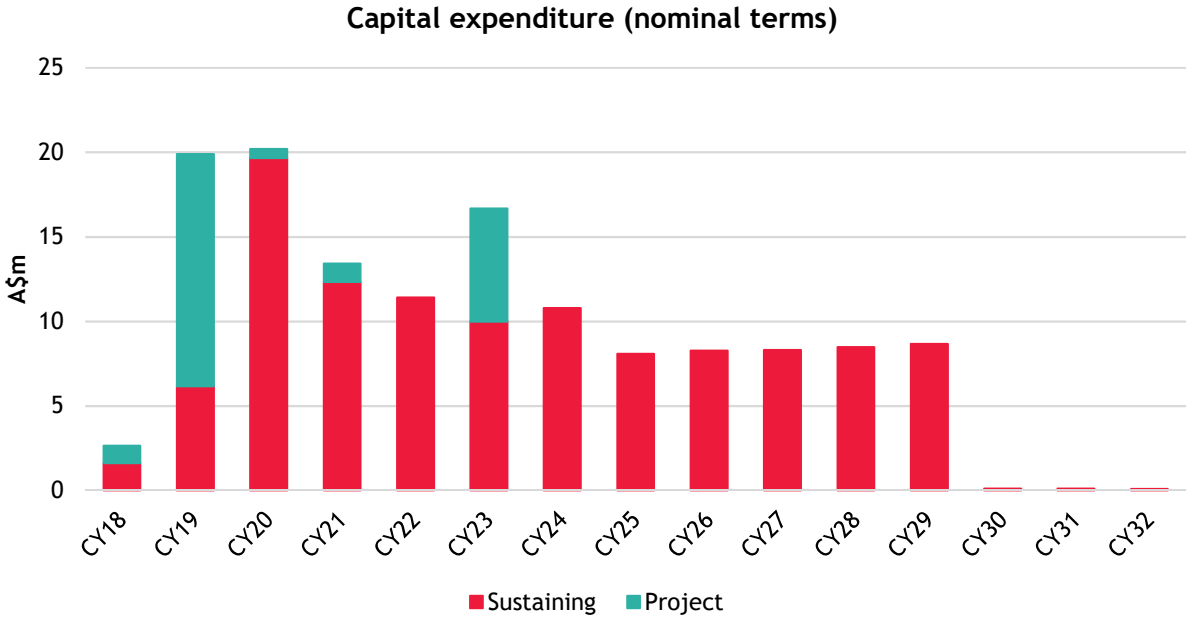
The graph below shows the forecast operating expenditure over the life of mine for Foxleigh, as per the Adjusted Model.



Source: Adjusted Model

Capital Expenditure

The capital expenditure requirements for Foxleigh comprise sustaining and project capital. Sustaining capital primarily relates to fleet replacements costs whilst project capital expenditure includes creek diversion and structural refurbishment costs. The graph below shows the forecast capital expenditure over the life of mine for Foxleigh, as per the Adjusted Model.



Source: Adjusted Model

Royalties

The Adjusted Model includes the following royalties:

Royalty payable to Anglo American Metallurgical Coal Assets Pty Ltd

Realm pays to Anglo American Metallurgical Coal Assets Pty Ltd a semi-annual royalty payment on its 70% share of coal extracted and sold from Foxleigh for a period of 12.5 years, with the payment being made based on the average coal price achieved in each six-month period based on the following scale:

- if the average coal price achieved is greater than A$105 per tonne then a payment of A$1.00 per tonne; or
- if the average coal price achieved is greater than A$115 per tonne then a payment of A$2.00 per tonne; or
- if the average coal price achieved is greater than A$130 per tonne then a payment of A$3.00 per tonne.

Royalty payments are capped at A$75 million in aggregate.

Royalty payable to Taurus Mining Finance AIV L.P.

Realm pays to Taurus Mining Finance AIV L.P. a monthly royalty of 1% of the gross revenue attributable to the Company's 70% interest in Foxleigh. The payments are to be made over the life of mine.

Royalty payable to the Queensland State Government

Realm pays to the Queensland State Government a royalty based on the average price per tonne realised each period, pursuant to the following schedule:

- up to and including A$100 – 7% of the value
- over A$100 and up to and including A$150
    - first A$100 – 7% of value
    - balance – 12.5% of value
- more than A$150
    - first A$100 – 7% of value
    - next A$50 – 12.5% of value
    - balance – 15% of value

Taxation

Tax has been applied to the Adjusted Model in accordance with the relevant legislation in Australia. The current corporate tax rate for exporting mining companies in Australia is 30%, which has been adopted over the life of mine for Foxleigh. We have also included the net deferred tax assets of the Company in the Adjusted Model. BDO Corporate Tax (WA) Pty Ltd have confirmed the reasonableness of these assumptions.

10.1.1.2. Discount rate assessment

In our assessment of an appropriate discount rate to apply to cash flows from Foxleigh, we consider the most appropriate discount rate to be the cost of equity. This is because the Company does not hold debt and therefore, the cash flows in the Adjusted Model represent cash flows to equity holders.

We have selected a nominal after tax cost of equity in the range of 8.5% to 12.5% per annum to discount the cash flows of the Foxleigh Project to their present value. We have used a rounded discount rate of 10.5% in our preferred valuation. In selecting this range of discount rates, we have considered the following:

- the rate of return for comparable ASX listed coal producing companies; and
- the risk profile of Realm as compared to the comparable companies identified.

A detailed consideration of how we arrived at our adopted discount rate range is shown in Appendix Three.

10.1.1.3. Sensitivity analysis

The value of Foxleigh is derived under the DCF approach. Our valuation is highly sensitive to changes in the key assumptions underpinning the Adjusted Model. We have therefore included an analysis to consider the value of Realm's 70% interest in Foxleigh under various scenarios and in applying:

- a change of +/- 10% to the PCI Coal price;
- a change of +/- 10% to operating expenditure;
- a change of +/- 10% to capital expenditure;
- a change of +/- 10% to the A$/US$ exchange rate;
- a PCI discount in the range of 20% to 28%; and
- a discount rate in the range of 8.5% to 12.5%.

The following sensitivities have been prepared to assist Shareholders in considering the potential effects to the value of Foxleigh if our base case assumptions change.

Sensitivity Analysis				
Percentage change	NPV (A$m)	NPV (A$m)	NPV (A$m)	NPV (A$m)
	PCI Forecast (US$/t)	**Operating expenditure (A$/t)**	**Capital expenditure (A$/t)**	**Exchange rate (A$/US$)**
-10%	35.5	322.2	192.4	350.2
-8%	68.0	295.2	191.4	314.3
-6%	99.4	268.3	190.4	279.9
-4%	128.7	241.3	189.4	247.1
-2%	158.5	214.4	188.4	216.7
0%	**187.4**	**187.4**	**187.4**	**187.4**
2%	216.1	160.4	186.4	159.1
4%	244.6	133.2	185.4	131.1

Sensitivity Analysis				
Percentage change	NPV (A$m)	NPV (A$m)	NPV (A$m)	NPV (A$m)
	PCI Forecast (US$/t)	**Operating expenditure (A$/t)**	**Capital expenditure (A$/t)**	**Exchange rate (A$/US$)**
6%	274.1	105.3	184.4	104.7
8%	304.0	76.2	183.4	77.5
10%	333.7	46.2	182.4	50.5

Source: Adjusted Model and BDO analysis

In considering the above sensitivities, Shareholders should note the following:

- the variables described above may have compounding or offsetting effects and are unlikely to move in isolation;
- the variables for which we have performed sensitivities are not the only variables which are subject to deviation from the forecast assumptions; and
- the sensitivities performed do not cover the full range of possible variances from the base case assumptions used (i.e. variances could be greater than the percentage increases or decreases set out in this analysis).

PCI Discount					
Discount rate (%)	20%	22%	**24%**	26%	28%
NPV (A$m)	263.5	226.3	**187.4**	148.5	109.4

Source: Adjusted Model and BDO analysis

Discount Rate					
Discount rate (%)	8.5%	9.5%	**10.5%**	11.5%	12.5%
NPV (A$m)	205.8	196.2	**187.4**	179.3	171.9

Source: Adjusted Model and BDO analysis

With consideration for the valuation outcomes above, we estimate our preferred fair value of Foxleigh on a 70% basis to be $187 million. Based on the sensitivities presented above, we consider an appropriate range of values to be between $159 million and $216 million. Given the sensitivity of the value of Foxleigh to changes in key assumptions such as the forecast PCI price, the PCI Discount and the exchange rate, we consider a wide range of values to be appropriate.

10.1.2. Value of residual resource outside the Foxleigh mine plan

We have engaged CSA to value the residual resource outside the Foxleigh mine plan as we do not have a reasonable basis for inclusion of this in our DCF valuation. As such, we have commissioned CSA to value the residual resource. CSA have used the comparable transactions approach and the yardstick approach to value the residual resource, which we consider to be in accordance with the VALMIN Code and industry practices. The value of the residual resource outside the Foxleigh mine plan is set out in the table below.

Value of residual resources	Low $'000	Preferred $'000	High $'000
Foxleigh South (70%)	11,000	16,000	21,000
Foxleigh North (70%)	11,000	16,000	21,000
Roper Creek (100%)	7,000	10,000	13,000
Foxleigh West (70%)	11,000	15,000	20,000
Total	**40,000**	**58,000***	**75,000**

Source: CSA Independent Technical Assessment and Valuation Report

*we note that there is a rounding difference of $1 million, we have presented the values as they appear in the CSA report

10.1.3. Value of Alumicor

The Company has announced its intention to sell its 74% interest in Alumicor and as such has reclassified it as a held for sale asset. Realm has been in advanced sale discussions, however for commercial reasons, we have not disclosed the details of these negotiations.

We consider the value of Alumicor (on a 100% basis) to be approximately 30 million South African Rand ('**ZAR**'). Given that Realm holds a 74% interest in Alumicor, this equates to ZAR 22.20 million. We have converted this implied sale value at an exchange rate of AUD/ZAR 10.2446, giving a value of $2.17 million for Realm's 74% interest.

We do not consider it appropriate to use a secondary valuation approach to value the Company's interest in Alumicor as it is not considered to be a material asset of the Company. Given the relative value of Alumicor to Realm as a whole, the use of an alternative valuation approach is unlikely to have a material impact on our valuation of a Realm share.

10.1.4. Value of Chrometco

Realm holds 45 million shares in Chrometco, a JSE listed chrome and platinum group metals miner based in South Africa. These 45 million shares represent 1.77% of Chrometco's outstanding shares and correspond to a value of ZAR6.75 million South African Rand ('**ZAR**'), based on the closing price of one Chrometco share on 15 October 2018, being ZAR0.15. We have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 15 October 2018.

Share Price per unit (ZAR)	15-Oct-18	10 Days	30 Days	60 Days	90 Days
Closing price	0.150				
Volume weighted average price (VWAP)		0.115	0.119	0.121	0.118

Source: Bloomberg, BDO analysis

We consider the value of a Chrometco share to range from ZAR0.11 to ZAR0.13.

We consider Realm's 1.77% interest in Chrometco to be a large parcel relative to historical trading volumes and the lack of liquidity detailed above. Therefore, we consider it unlikely that Realm would be able to dispose its holding at the current market price. As such, we have applied a marketability discount to our assessed market price. In determining the level of marketability discount to apply we have considered the time that Realm would require to sell its entire holding in Chrometco and realise the value in cash, based on historical trading volumes. We consider it appropriate to apply a liquidity discount of 25% as a result of Realm requiring approximately 516 trading days (based on historical trading volumes) to sell its 1.77% holding in Chrometco. As such, we have determined the value of Realm's holding in Chrometco to be in the range set out below.

Value of Realm's 1.77% holding in Chrometco	Low Value	High Value
Number of shares held by Realm	45,000,000	45,000,000
Assessed value of a Chrometco share (ZAR)	0.11	0.13
Value of Realm's holding (ZAR)	4,950,000	5,850,000
Marketability discount applied	25%	25%
Value of Realm's 1.77% holding in Chrometco (ZAR)	**3,712,500**	**4,387,500**
ZAR:AUD exchange rate as at 15 October 2018	10.2446	10.2446
Value of Realm's 1.77% holding in Chrometco (rounded) ($)	**$362,000**	**$428,000**

Source: Bloomberg, BDO analysis

10.1.5. Present value of corporate costs

As detailed in Section 10.1.1.1 we have assessed the reasonableness of the Model and the material assumptions that underpin it. The Model includes estimates of the corporate costs to be incurred by Realm during the forecast period. These corporate costs consist of all administration costs that cannot be directly attributable to the operations at the Company's Foxleigh mine. In deriving the Adjusted Model we have removed all corporate costs and have separately assessed their value.

As part of our analysis, we have considered the corporate costs that Realm has incurred historically, as presented below:

	Annualised half-year ended 30-Jun-18	Year ended 31-Dec-17	Year ended 31-Dec-16
Corporate costs ($m)	9.8*	12.9	3.9

* represents the annualised corporate costs based on the financial statements for the half year ended 30 June 2018

Source: Realm's annual reports for the years ended 31 December 2017 and 31 December 2016 and the financial statements for the half year ended 30 June 2018

We note that the corporate costs of Realm are lower for the year ended 31 December 2016 as a result of the Foxleigh mine being acquired in August 2016 and as a result, 2016 only includes four full months of Foxleigh operations. We would expect the corporate and administration costs to increase following the acquisition of a producing asset. Therefore, we have weighted our assessment of the corporate costs toward the 2017 full year and annualised 2018 half-year corporate costs in assessing the reasonableness of the Company's forecast corporate costs over the life of mine. We also note that the defending of the takeover offer may have caused an increase in the corporate costs incurred, therefore we consider it appropriate to consider the corporate costs incurred by comparable companies.

We have considered the corporate costs incurred by ASX-listed companies with a similar size and scale of operations to Realm. We have analysed ASX-listed mining companies which have either one or two major

projects located within Australia, whilst considering other company characteristics such as revenue and market capitalisation as a proxy for the scale of operations.

Our analysis of the corporate costs for the identified comparable ASX listed companies is set out below:

Company Name	Commodity	Revenue for the year ended 30 June 2018 (A$m)	Market Capitalisation at 30 June 2018 (A$m)	Corporate Costs (A$m) per annum*
Aeris Resources Limited	Copper	236.0	84.3	7.21
Alkane Resources Limited	Gold/Mineral Sands	130.0	113.9	7.33
Blackham Resources Limited	Gold	118.3	60.3	5.19
Doray Minerals Limited	Gold	159.2	185.4	7.03
Grange Resources Limited	Iron Ore	337.4	231.5	3.50
Hillgrove Resources Limited	Copper	158.5	52	5.17
Metals X Limited	Diversified Metals	209.9	337.6	6.28
Millennium Minerals Limited	Gold	120.0	182.2	6.18
Pantoro Limited	Gold	87.2	141.6	2.60
Ramelius Resources Limited	Gold	341.8	243.2	7.14
Red River Resources Limited	Diversified Metals	51.4	404.9	9.80
Silver Lake Resources Limited	Gold	255.6	309.8	6.84
Tribune Resources Limited	Gold	180.0	265.5	8.15
Mean		**183.5**	**200.9**	**6.34**
Median		**159.2**	**185.4**	**6.84**

Source: Annual Reports and BDO analysis

* We note that we have used the most recent year end for our comparable companies, being either 30 June 2018 or 31 December 2017

Based on the above analysis of corporate costs incurred by companies with similar size and nature of operations as Realm, as well as taking into account the historical corporate costs incurred by Realm, we consider that the corporate costs of $6.44 million per annum on a real basis included in the Adjusted Model are reasonable.

We have applied our assessed forecast inflation rate of 2.2% per annum to the corporate costs over the life of mine and have discounted these cash flows at the Company's weighted average cost of capital of 10.5%, as detailed in Appendix Three.

We have also offset the corporate costs by the corporate income of approximately $1.8 million per annum on a real basis received by Middlemount for managing the Foxleigh joint venture. Further, we have reduced the corporate cost cash flows to incorporate the tax shield received by the Company on incurring these net corporate costs.

Based on the above analysis, we have assessed the present value of corporate costs to be $29 million, which we have input into our Sum-of-Parts valuation.

We note that neither our valuation nor opinion is sensitive to changes in these corporate cost assumptions. See Appendix Seven for further details on the comparable companies in our analysis.

10.1.6. Value of other assets and liabilities

Other assets and liabilities of Realm represent the assets and liabilities that have not been specifically addressed in our Sum-of-Parts valuation. From our discussions with Realm and analysis of these other assets and liabilities, outlined in the table below, we do not believe that there is a material difference between their book value and their fair value unless an adjustment has been noted below.

The table below represents a summary of the assets and liabilities identified:

Other assets and liabilities	Note	Reviewed as at 30-Jun-18 $'000s	Adjusted NAV $'000s
CURRENT ASSETS			
Cash and cash equivalents	a	136,051	113,536
Trade and other receivables	b	30,094	-
Inventories	c	17,044	-
Assets held for sale	d	3,042	-
TOTAL CURRENT ASSETS		**186,231**	**113,536**
NON-CURRENT ASSETS			
Trade and other receivables		3,763	3,763
Available for sale financial assets	e	743	-
Property plant and equipment	f	87,534	-
Deferred tax assets	g	24,003	-
Exploration, evaluation & mining infrastructure	h	6,324	-
TOTAL NON-CURRENT ASSETS		**122,367**	**3,763**
TOTAL ASSETS		**308,598**	**117,299**
CURRENT LIABILITIES			
Trade and other payables	i	52,232	-
Income tax payable	j	46,957	12,191
Provisions	k	9,772	4,860
Liabilities associated with assets held for sale assets		275	275
Borrowings		95	95
TOTAL CURRENT LIABILITIES		**109,331**	**17,421**
NON-CURRENT LIABILITIES			
Trade and other payables		14,457	-
Provisions	k	11,655	-
TOTAL NON-CURRENT LIABILITIES		**26,112**	**-**
TOTAL LIABILITIES		**135,443**	**17,421**
NET ASSETS		**173,155**	**99,878**

Source: Reviewed financial statements of Realm for the half year ended 30 June 2018, management accounts for the three months ended 30 September 2018 and BDO analysis

We have not undertaken a review of Realm's unaudited accounts in accordance with Australian Auditing and Assurance Standard 2405 'Review of Historical Financial Information' and do not express an opinion on

this financial information. However, nothing has come to our attention as a result of our procedures that would suggest the financial information within the management accounts has not been prepared on a reasonable basis.

Note a) Cash and cash equivalents

Management have provided us with the bank balance at 30 September 2018, which we have verified by obtaining bank statements and reconciliations to support this balance. Management have also confirmed that there are no other material adjustments to cash and cash equivalents subsequent to 30 September 2018.

Our adjustments to cash and cash equivalents is as follows:

Cash and cash equivalents	A$'000s
Cash and cash equivalents at 30-Jun-18	**136,051**
Movements in cash to 30 September 2018	(22,515)
Adjusted cash and cash equivalents	**113,536**

Note b) Trade and other receivables

The Company's trade and other receivables relate primarily to receivables from sale of product from Foxleigh. These receivables are reflected in the Adjusted Model. We have received the consolidation workbook at 30 September 2018 to support the receivables included in the Adjusted Foxleigh Model. The receivables unrelated to Foxleigh are not material, therefore we have adjusted the balance of trade and other receivables to nil.

Note c) Inventories

We have adjusted the Foxleigh Model to include the coal inventories and as such we have reduced the book value of inventories to nil. CSA has confirmed the reasonableness of the opening inventories balance in the Adjusted Model. The book value of inventory also includes parts and equipment, however we consider the value of this inventory to be inherent in the DCF value of Foxleigh, therefore we have not assigned separate value to this component of inventory.

Note d) Assets held for sale

The assets held for sale relate to the Company's interest in Alumicor, which has been separately valued in our Sum-of-Parts (section 10.1.3).

Note e) Available for sale financial assets

The available for sale financial assets relate primarily to the shares held in Chrometco, which has been separately valued in our Sum-of-Parts (section 10.1.4).

Note f) Property, plant and equipment

The non-mining related property, plant and equipment held by Realm is not material. The value of mining equipment is inherent in the DCF valuation of Foxleigh (section 10.1.1), therefore we have adjusted the value of property, plant and equipment to nil in our valuation of other assets and liabilities. We note that based on the management accounts at 30 September 2018, there has not been a material movement in the book value of property, plant and equipment since the reviewed position at 30 June 2018.

Note g) Deferred tax assets

We have adjusted the deferred tax assets to nil as we have included the net effect of deferred tax in the Adjusted Model.

Note h) Exploration, evaluation and mining infrastructure

The exploration assets and mining infrastructure are either inherent in the DCF valuation of Foxleigh or have been separately valued by CSA. Therefore, we have adjusted this balance to nil in our assessment of the value of other assets and liabilities.

Note i) Trade and other payables

Trade and other payables largely relate to mining related costs incurred prior to our valuation date. We have adjusted the Model to include the trade and other payables, therefore we have reduced the trade and other payables to nil. Management have provided us with a consolidation workbook at 30 September 2018 and a listing which supports the management accounts balance at 30 September 2018.

Note j) Income tax payable

Management advise that the Company made net payments of $34.77 million in relation to its income tax liability as set out below.

Income tax payable	$'000s
Income tax payable at 30-Jun-18	**46,957**
Repayment of tax liability	(34,766)
Adjusted income tax payable	**12,191**

The adjustment above is supported by the management accounts at 30 September 2018 as well as the movements in cash and cash equivalents for which we have been provided with bank statements and reconciliations.

Note k) Provisions

We have reduced the balance of provisions to only include those provisions relating to employee entitlements. The Adjusted Foxleigh Model includes rehabilitation costs therefore we have removed the rehabilitation provisions from our valuation of other assets and liabilities. We have included all employee entitlements in current provisions as the non-current portion is not material.

10.2 Secondary valuation approach – comparable market transactions

We have considered comparable market transactions as a cross check to the value of Foxleigh as derived from the DCF valuation and valuation of residual resource in section 10.1.1 and 10.1.2 respectively. We have not used a trading resource multiple as a cross check to the value of Realm derived using the Sum-of-Parts approach because trading multiples can be skewed by the other assets and liabilities held by the comparable companies. As such, it often does not provide meaningful results.

We consider it more appropriate to cross check the value of Foxleigh using comparable market transactions as values derived from transaction multiples are more reliable as the comparability of asset purchases can be more closely aligned (as compared to trading multiples) to the subject of the valuation.

Further, given the core value of Realm lies in its Foxleigh mine, a cross check of Foxleigh provides a suitable proxy for a cross check of the Sum-of-Parts valuation. We do not consider a cross check of the other assets and liabilities to be appropriate as there is minimal scope for varying results under alternative appropriate approaches.

We have identified the following comparable market transactions in our analysis:

Project name	Acquirer	Announcement date	Consideration ($m)	% Acquired	Coal Price at Announcement Date ($/t)	Adjusted Deal Value (A$m)	Atributable Resource (including reserves) (Mt)	Transaction multiple (A$/t)
Gregory Crinum	Sojitz Corporation	30-May-18	100.00	100%	258.85	99.85	120.90	0.83
Hail Creek, Valeria	Glencore PLC	20-Mar-18	2,212.68	76%*	305.63	2,448.30	1,505.00	1.63
Curragh	Coronado Coal LLC	22-Dec-17	700.00	100%	248.87	727.00	948.00	0.77
Wotonga	Stanmore Coal Limited	01-Jul-15	7.00	100%	121.39	14.90	14.50	1.03
Tarrawonga	Whitehaven Coal Limited	06-Nov-17	21.50	30%	250.03	74.09	112.00	0.66
Warkworth	Yancoal Australia Ltd	27-Sep-17	293.03	29%	216.09	1,208.62	801.90	1.51
Ashton	Yancoal Australia Ltd	01-Sep-14	21.20	10%	128.47	426.52	268.00	1.59
Foxleigh	Realm Resources Limited	29-Aug-16	75.00	70%	121.05	228.78	82.30	2.78
Kestrel	EMR Capital	27-Mar-18	2,930.07	80%	304.88	3,105.05	421.00	7.38
Winchester South	Whitehaven Coal Limited	22-Mar-18	259.98	75%	304.52	294.22	356.00	0.83
							Minimum	**0.66**
							Maximum	**7.38**
							Median	**1.27**
							Mean	**1.90**

Source: ASX announcements, CSA Global, Capital IQ and BDO analysis

*transaction includes the acquisition of the Hail Creek and Valeria projects, therefore 76% represents the weighted average of the interest acquired

Given the volatility of the coal price since 2014, we have normalised the implied deal values based on the current hard coking coal price. This has the impact of normalising the amount that companies are willing to pay for coal assets and allows comparisons between historical transaction multiples.

A list of the comparable transactions identified are further detailed in Appendix Six.

As detailed in Section 10.1.1 and 10.1.2 the value of Foxleigh (DCF value and value of residual resource) is between $199 million and $291 million with a preferred value of $245 million. Our calculation of the implied resource multiple for our valuation is set out below:

	Low	Preferred	High
Foxleigh value (A$m) (70%)	199	245	291
Attributable Resource (Mt) (Realm's interest)	238.14	238.14	238.14
Implied Transaction Multiple (A$/t)	0.84	1.03	1.22

As per the above analysis, the valuation of Foxleigh implies a resource multiple of between $0.84/t and $1.22/t, with a preferred value of $1.03/t. The mean and median transaction multiples of $2.21/t and $1.27/t respectively and the average resource multiple excluding the Kestrel acquisition and those acquisitions of projects with no declared reserves is $1.55/t. We have excluded the Kestrel acquisition as it appears to be an outlier and is skewing the dataset. We also consider it appropriate to assess the average multiple paid for acquisitions of projects with declared reserves as these projects are more comparable to Foxleigh.

We note that transaction multiples can give such varying results as a result of the following:

- each transaction can present special value to the purchaser, meaning that the price that an acquirer is willing to pay will differ based on factors other than resource tonnes;
- the category of resources that a project has or whether it has reserves will impact the multiples observed on a transaction;
- the profile of the consideration can differ between transactions, for example a royalty may be granted over the mine's future production in one transaction but not another, or the consideration may be deferred, contingent or upfront, which will impact the amount that an acquirer is willing to pay to acquire an asset;
- the quality and type of coal produced at the project being acquired will affect the price that an acquirer is willing to pay; and
- the infrastructure available at the project such as whether the mine has been constructed, whether it has access to port, road and rail etc will impact the multiple observed on a transaction.

Despite the above, the transaction multiple implied by our value of Foxleigh is broadly comparable to the comparable transaction resource multiples presented above, therefore we consider it to provide support to our valuation of Foxleigh.

10.3 Assessment of Realm Value

Based on the results above in our opinion the value of a Realm share to be between $1.08 and $1.44, with a preferred value of $1.26.

We consider the net asset value, which is a control value, to represent the fair value of Realm's shares to Shareholders. This represents the amount that would be distributed to shareholders if all the Company's assets and liabilities were sold and settled on an orderly basis. In our opinion no premium would be received in excess of the net asset value by selling 100% of the Company noting that RG111.11 requires that any special value of the target to a particular bidder should not be taken into account in the assessment of fairness.

Pursuant to RG111.49, we have considered the price paid for securities in that class over the previous six months. Given that the Company's shares have been suspended from trading since July 2017, the only

trading in the Company's shares over the last six months have been the acceptances under the takeover offer.

11. Valuation of Consideration

Under the terms of the Compulsory Acquisition, T2 Resources is offering total consideration per share of $1.35 per share, comprising $1.00 in cash and $0.35 per Realm share paid as compensation pursuant to an undertaking given to the Takeovers Panel.

12. Do the Compulsory Acquisition Terms Offer a Fair Value?

12.1 Fair value opinion

The value of a Realm share on a control basis is compared to the value of the Consideration as shown below:

	Ref	Low $	Preferred $	High $
Value of a Realm share on a control basis	10	1.08	1.26	1.44
Value of the Consideration	11	1.35	1.35	1.35

We note from the table above that the value of the Consideration is within our assessed range of values of a Realm share on a control basis. Therefore, we consider that the terms of the Compulsory Acquisition give a fair value to Shareholders.

12.2 Reasons for our fair value opinion

We have concluded that the terms of the Compulsory Acquisition give a fair value to Shareholders as the value of the Consideration is within our range of assessed values for a Realm share.

12.3 Conclusion

We have considered the terms of the Compulsory Acquisition as outlined in the body of this report and have concluded that the Compulsory Acquisition terms give a fair value to Shareholders.

13. Sources of information

This report has been based on the following information:

- Compulsory Acquisition Notice on or about the date of this report;
- Audited financial statements of Realm for the years ended 31 December 2017 and 31 December 2016;
- Reviewed financial statements of Realm for the half year ended 30 June 2018;
- Unaudited management accounts of Realm for the period from 1 July 2018 to 30 September 2018;
- Foxleigh project model;
- Excerpt from Board Minutes regarding the status of the Company's Alumicor investment;
- RBA's monetary policy decision dated 2 October 2018;
- IMF World Economic Outlook July 2018;
- Bloomberg;
- S&P Capital IQ;
- Energy and Metals Consensus Forecast for October 2018;
- Independent Technical Assessment and Valuation Report dated 29 November 2018 performed by CSA Global Pty Ltd;
- Share registry information;
- ASX announcements; and
- Discussions with Directors and Management of Realm and T2.

14. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of $135,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by T2 Resources in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by the T2 Resources, including the non-provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Realm and T2 Resources and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Realm and T2 Resources and their respective associates.

Neither the two signatories to this report nor BDO Corporate Finance (WA) Pty Ltd, have had within the past two years any professional relationship with Realm or T2 Resources, or their associates, other than in connection with the preparation of this report.

A draft of this report was provided to Realm and T2 Resources and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

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15. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Fellow of Chartered Accountants Australia & New Zealand. He has over 30 years' experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 350 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the immediate past Chairman of BDO in Western Australia, Corporate Finance Practice Group Leader of BDO in Western Australia and the Global Natural Resources Leader for BDO.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans over 20 years in the Audit and Assurance and Corporate Finance areas. Adam is a CA BV Specialist and has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

Ashton Lombardo is a member of the Australian Institute of Chartered Accountants. Ashton has over seven years of experience in Corporate Finance and has facilitated the preparation of numerous independent expert's reports and valuations. Ashton has a Bachelor of Economics and a Bachelor of Commerce from the University of Western Australia and has completed a Graduate Diploma of Applied Corporate Governance with the Governance Institute of Australia.

16. Disclaimers and consents

This report has been prepared at the request of T2 Resources for inclusion in the Notice of Compulsory Acquisition which will be sent to all Realm Shareholders. T2 Resources engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the Compulsory Acquisition of the shares in Realm that T2 Resources does not already own.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Notice of Compulsory Acquisition. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Compulsory Acquisition Notice other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of T2 Resources or Realm. The Directors of T2 Resources and Realm are responsible for conducting appropriate due diligence in relation to T2 Resources and Realm. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

The forecasts provided to BDO Corporate Finance (WA) Pty Ltd by Realm and its advisers are based upon assumptions about events and circumstances that have not yet occurred. Accordingly, BDO Corporate Finance (WA) Pty Ltd cannot provide any assurance that the forecasts will be representative of results that will actually be achieved.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Compulsory Acquisition, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Realm, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent valuations for mineral assets held by Realm.

The valuer engaged for the mineral asset valuation, CSA, possess the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation is appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd is required to provide a supplementary report if we become aware of a significant change affecting the information in this report arising between the date of this report and prior to the date of the meeting or during the offer period.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD

Sherif Andrawes

Director

Adam Myers

Director

Appendix 1 – Glossary of Terms

Reference	Definition
The Act	The Corporations Act 2001 Cth
AFCA	Australian Financial Complaints Authority
Alumicor	Alumicor SA Holdings Proprietary Limited
Anglo	Anglo American Metallurgical Coal Assets Pty Ltd
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
AUD	Australian Dollar
BDO	BDO Corporate Finance (WA) Pty Ltd
The Bidder	T2 Resources Fund Pty Limited
CAGR	Compound annual growth rate
CAPM	Capital Asset Pricing Model
Chrometco	Chrometco Limited
The Company	Realm Resources Limited
Compulsory Acquisition	T2 Resources' proposed compulsory acquisition of any remaining Realm Resources Limited shares that it does not already own
CSA	CSA Global Pty Ltd
DCF	Discounted Future Cash Flows
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EGM	Extraordinary General Meeting
FME	Future Maintainable Earnings
FOS	Financial Ombudsman Service
Foxleigh	The Foxleigh coal mine
FSG	Financial Services Guide
GDP	Gross Domestic Product
Ha	Hectares

Reference	Definition
JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition)
JSE	Johannesburg Stock Exchange
LV PCI	Low-volatile pulverised coal injection
Middlemount	Middlemount South Pty Ltd
NAV	Net Asset Value
Nippon	Nippon Steel & Sumitomo Metal Pty Ltd
Notice of Compulsory Acquisition	Compulsory Acquisition notice
OECD	Organisation for Economic Co-operation and Development
The Panel	The Australian Takeovers Panel
PCI	Pulverised coal injection
POSCO	POSCO Australia Pty Ltd
QMP	Quoted market price
RBA	Reserve Bank of Australia
Regulations	Corporations Act Regulations 2001 (Cth)
Our Report	This Independent Expert's Report prepared by BDO
Realm	Realm Resources Limited
RG 111	Content of expert reports (March 2011)
RG 112	Independence of experts (March 2011)
RG 170	Regulatory Guide 170 Prospective Financial Information
Section 411	Section 411 of the Corporations Act
Section 611	Section 611 of the Corporations Act
Shareholders	Shareholders of Realm Resources Limited not associated with T2 Resources
Sum-of-Parts	A combination of different methodologies used together to determine an overall value where separate assets and liabilities are valued using different methodologies
T2 LP	T2 Resources No.2 LP
T2 Resources	T2 Resources Fund Pty Ltd
Taurus	Taurus Funds Management Pty Ltd
Taurus LLC	Taurus Resources Limited GO No.2 LLC
USD	US Dollar
Valmin Code	Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015 Edition)

Reference	Definition
Valuation Engagement	An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.
VWAP	Volume Weighted Average Price
WACC	Weighted Average Cost of Capital

Appendix 2 – Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 *Net asset value ('NAV')*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

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

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 *Quoted Market Price Basis ('QMP')*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a liquid and active market in that security.

3 *Capitalisation of future maintainable earnings ('FME')*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax (‘**EBIT**’) or earnings before interest, tax, depreciation and amortisation (‘**EBITDA**’). The capitalisation rate or ‘earnings multiple’ is adjusted to reflect which base is being used for FME.

4 *Discounted future cash flows (‘DCF’)*

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

5 *Market Based Assessment*

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

Appendix 3 – Discount Rate

Determining the correct discount rate, or cost of capital, for a business requires the identification and consideration of a number of factors that affect the returns and risks of a business, as well as the application of widely accepted methodologies for determining the returns of a business.

The discount rate applied to the forecast cash flows from a business represents the financial return that will be required before an investor would be prepared to acquire (or invest in) the business.

The capital asset pricing model ('**CAPM**') is commonly used in determining the market rates of return for equity type investments and project evaluations. In determining a business' weighted average cost of capital ('**WACC**'), the CAPM results are combined with the cost of debt funding. WACC represents the return required on the business, whilst CAPM provides the required return on an equity investment.

In our assessment of the appropriate discount rate for Realm, we consider the most appropriate discount rate to use is the cost of equity. This is because as at 30 June 2018, Realm had approximately $95,000 in borrowings compared to its book value of equity of approximately $173 million. We do not consider this level of debt to be material relative to the equity value and as such the operations of Realm is assumed to be fully funded via equity. Further, given that the mine is currently producing, is self-funding and does not have unfunded forecast capital expenditure requirements, we consider it appropriate to assume the current funding structure is maintained over the life of the mine. Therefore, we have used a cost of equity as our discount rate for our DCF valuation.

Cost of Equity and Capital Asset Pricing Model

CAPM is based on the theory that a rational investor would price an investment so that the expected return is equal to the risk free rate of return plus an appropriate premium for risk. CAPM assumes that there is a positive relationship between risk and return, that is, investors are risk averse and demand a higher return for accepting a higher level of risk.

CAPM calculates the cost of equity and is calculated as follows:

CAPM	
K_e	$= R_f + ß \times (R_m - R_f)$
Where:	
K_e	= expected equity investment return or cost of equity in nominal terms
R_f	= risk free rate of return
R_m	= expected market return
$R_m - R_f$	= market risk premium
ß	= equity beta

The individual components of CAPM are discussed below.

Risk Free Rate (R_f)

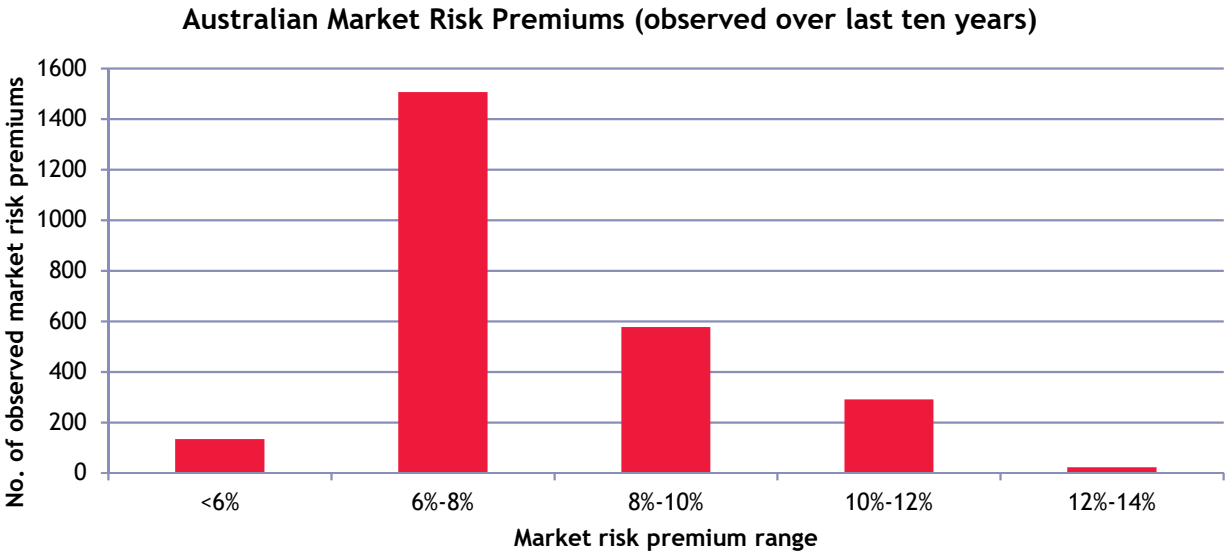
The risk free rate is normally approximated by reference to a long term government bond with a maturity equivalent to the timeframe over which the returns from the assets are expected to be received.

We have considered current and implied forward yields for the 10-year Australian Government Bond yield. Based on our analysis, we have adopted a long term estimate of the 10-year Australian Government Bond yield of 3.0% for Realm.

Market Risk Premium ($R_m - R_f$)

The market risk premium represents the additional return that investors expect from an investment in a well-diversified portfolio of assets. It is common to use a historical risk premium, as expectations are not observable in practice. In order to determine an appropriate market risk premium in Australia, we have analysed historical data. Our sample of data included the daily historical market risk premiums in Australia over the last ten years.

The market risk premium is derived on the basis of capital weighted average return of all members of the S&P 200 Index minus the risk free rate, which is dependent on the 10-year Australian Government Bond rate.



Source: Bloomberg and BDO analysis

The graph above illustrates the frequency of observations of the Australian market risk premium over the past ten years. The graph indicates that a high proportion of the sample data for Australian market risk premiums lie in the range of 6% to 8%. This is supported by the long term historical average market risk premium of between 6% and 8%, which is commonly used in practice. For the purpose of our report we have adopted a market risk premium of between 6% and 8% for Realm.

Equity Beta

Beta is a measure of the expected correlation of an investment's return over and above the risk free rate, relative to the return over and above the risk free rate of the market as a whole; a beta greater than one implies that an investment's return will outperform the market's average return in a bullish market and underperform the market's average return in a bearish market. On the other hand, a beta less than one implies that the business will underperform the market's average return in a bullish market and outperform the market's average return in a bearish market.

Equity betas are normally estimated using either an historical beta or an adjusted beta. The historical beta is obtained from the linear regression of a stock's historical data and is based on the observed relationship between the security's return and the returns on an index. An adjusted beta is calculated based on the assumption that the relative risk of the past will continue into the future, and is hence derived from historical data. It is then modified by the assumption that a stock will move towards the market over time, taking into consideration the industry risk factors, which make the operating risk of the company greater or less risky than comparable listed companies.

It is important to note that it is not possible to compare the equity betas of different companies without having regard to their gearing levels. It is generally accepted that a more valid analysis of betas can be achieved by 'ungearing' the equity beta to derive an asset beta (β_a) by applying the following formula:

Asset beta (β_a)	
β_a	= β / (1+(D/E x (1-t))
Where:	
β_a	= ungeared or asset beta
β	= equity beta
D	= value of debt
E	= value of equity
t	= corporate tax rate

Selected Beta (β)

In order to assess the appropriate equity beta for Realm, we have had regard to the equity beta of ASX-listed companies predominantly involved in the production of coal. We do not consider it appropriate to include Realm in our data set, as the Company's shares have been suspended from trading since 14 July 2017.

The betas below have been assessed over a four-year weekly period against the S&P All Ordinaries Index, from 31 August 2014 to 31 August 2018.

Company	Market Capitalisation 16-Oct-18 (A$m)	Geared Beta (β)	Gross Debt/Equity (%)	Ungeared Beta (βa)	R^2
Whitehaven Coal Limited	5,161	1.74	11%	1.62	0.22
New Hope Corporation Limited	3,167	0.90	1%	0.90	0.08
Stanmore Coal Limited	227	1.01	0%	1.01	0.03
Bathurst Resources Limited	215	0.92	42%	0.71	0.01
Mean	**2,193**	**1.14**	**14%**	**1.06**	**0.09**
Median	**1,697**	**0.97**	**6%**	**0.96**	**0.06**

Source: Bloomberg and BDO analysis

Descriptions of the comparable companies are provided in Appendix 4.

In selecting an appropriate beta for Realm, we have considered the similarities and differences between Realm and the companies set out above. The comparable similarities and differences noted are:

- the assets held by the companies listed above have varying risk profiles depending on the maturity of the assets and stages and location of production and;

- companies such as Whitehaven Coal Limited ('**WHC**') and New Hope Corporation Limited ('**NHC**') operate on a significantly larger scale compared to that of Realm, and have a portfolio of coal assets at different stages and locations. For example, NHC owns multiple coal mines in New South Wales and Queensland as well as oil and gas assets in Victoria and Queensland. This is in contrast to Realm, which is essentially a single asset company with the core value of Realm being in the Foxleigh mine in Queensland. In addition, WHC and NHC's market capitalisations were $5.2 billion and $3.2 billion respectively, compared to Realm which is being valued at approximately $341 million based on the $1.35 per share Compulsory Acquisition consideration and the 252,926,162 shares on issue as at 13 September 2018.

In selecting an appropriate ungeared beta for Realm, we have considered the ungeared betas of the companies listed above as well as the above factors.

As set out in the table above, the average ungeared beta based on our data set is 1.06.

Based on our analysis, we consider an appropriate beta for Realm to be in the range of 1.00 to 1.10. We have then regeared the ungeared beta based on the debt to equity structure of Realm as at 30 June 2018. As detailed above, we have assumed the Foxleigh mine is fully funded by equity. Based on this, the regeared beta range was unchanged from the ungeared beta range, giving a regeared beta of 1.00 to 1.10.

Cost of Equity

We have assessed the cost of equity in our assessment of Realm prior to the Compulsory Acquisition to be in the range of 9.0% to 11.8% with our preferred value being a rounded midpoint of 10.5%.

Input	Value adopted	
	Low	High
Risk free rate of return	3.00%	3.00%
Equity market risk premium	6.00%	8.00%
Beta (regeared)	1.00	1.10
Cost of Equity	**9.0%**	**11.8%**

Source: Bloomberg and BDO analysis

Appendix 4 – Comparable Company Descriptions

Company name	Company description
Whitehaven Coal Limited	Whitehaven Coal Limited develops and operates coal mines in New South Wales. The company operates through two segments, Open Cut Operations and Underground Operations. It operates six mines in North West New South Wales; five open cut mines at Maules Creek, Tarrawonga, Rocglen, Werris Creek, and Sunnyside; and one underground mine at Narrabri. The company offers thermal coal and metallurgical coal used in the production of steel. As of 9 August 2018, it had 985 million tons of recoverable coal reserves and 885 million tons of marketable coal reserves. The company sells its coal primarily in Japan, Taiwan, Korea, India, China, Malaysia, Indonesia, Vietnam, the Philippines, Chile and Australia. Whitehaven Coal Limited was founded in 1999 and is headquartered in Sydney, Australia.
New Hope Corporation Limited	New Hope Corporation Limited explores, develops, produces, and processes coal, and oil and gas properties. It operates through three segments: Coal Mining in Queensland, Coal mining in New South Wales, and Oil and Gas. The company has interests in two open cut coal mines in South East Queensland that produce thermal coal, including the New Acland project, which is located in north-west of Oakey, Queensland; and the Jeebropilly coal mine located in the West Moreton region near Ipswich. It also holds interests in oil projects and exploration permits based in the Eromanga Basin of south west Queensland; and two onshore exploration permits in the Otway Basin of south western Victoria. In addition, the company is involved in marketing and logistics activities, port operation and agriculture activities. It serves in Japan, Taiwan, China, Chile, Korea, Indonesia, Vietnam, India and Australia. The company was founded in 1952 and is based in Brookwater, Australia. New Hope Corporation Limited is a subsidiary of Washington H. Soul Pattinson and Company Limited.
Stanmore Coal Limited	Stanmore Coal Limited explores, produces, and sells metallurgical and thermal coal in Australia. It holds interest in the Isaac Plains, Isaac Downs, Belview, The Range, Lilyvale, Mackenzie, Tennyson, and Clifford projects in the Bowen and Surat basins of Queensland. The company also exports its products. Stanmore Coal Limited was founded in 2009 and is headquartered in Brisbane, Australia.
Bathurst Resources Limited	Bathurst Resources Limited engages in the exploration, development, and production of coal in New Zealand. The company holds interests in the Canterbury Coal mine located in the west of Christchurch; Stockton mine located in the north of Westport; and Takitimu mine located in the Northwest of Invercargill. It also owns Maramarua and Rotowaro mines in the Waikato region; and the Cascade and Escarpment mines near Westport. The company exports its coal primarily to steel manufacturers. The company was formerly known as Bathurst Resources (New Zealand) Limited and changed its name to Bathurst Resources Limited in December 2013. Bathurst Resources Limited was incorporated in 2013 and is based in Wellington, New Zealand.

Source: S&P Capital IQ and BDO analysis

Appendix 5 – Independent Valuation Report

CSA Global
Mining Industry Consultants

INDEPENDENT TECHNICAL ASSESSMENT AND VALUATION

Mineral Assets of Realm Resources Limited

CSA Global Report Nº R429.2018
29 November 2018

www.csaglobal.com

Report prepared for

Client Name	T2 Resources Fund Pty Limited
Project Name/Job Code	TFMITV01
Contact Name	Martin Boland
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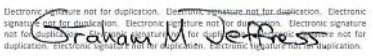
Authorisation and Signature

CSA Global Authorisation	Graham M. Jeffress BSc (Hons), RPGeo, FAIG, FAusIMM, FSEG	Signature:	

Executive Summary

T2 Resources Fund Pty Limited (T2) holds a 96.3% interest in Realm Resources Limited (Realm) having recently closed an off-market takeover offer for Realm at A$1.35 per share. T2 intends to progress with General Compulsory Acquisition for the remaining shares it does not own in Realm. Realm's major asset is a 70% interest in the Foxleigh Coal Mine.

Foxleigh Coal Mine

Foxleigh is an open-cut coal mining operation located 16 km to the southeast of the town of Middlemount, in the Bowen Basin in Central Queensland. The mine has been operating since the year 2000, producing a low volatile, low ash Pulverised Coal Injection (PCI) metallurgical coal.

The mine extracts coal from four seams within the Late Permian aged Rangal Coal Measures, which comprise approximately 200 m of coal-bearing strata dominated by fluvial derived siltstones, mudstones and fine-grained sandstones. The four seams of economic interest in descending stratigraphic order are the Roper, Middlemount, Tralee and Pisces seams. These seams are commonly split and recognised as a series of sub-seams.

Mining is performed at Foxleigh using conventional open cut truck and excavator methods delivering approximately 3 million tonnes per annum (Mt/a) of product coal (2018) at a strip ratio of 14.98 bcm/t product. Raw coal is washed at Foxleigh's coal handling and preparation plant (CHPP) and hauled 27 km via a private haul road to a dedicated train loading facility near the Capcoal (German Creek) rail loop. The metallurgical PCI coal is railed the remaining 280 km to the Dalrymple Bay Coal Terminal (DBCT) at the port of Hay Point near Mackay for export to markets including South Korea, Taiwan and Japan.

It is the opinion of CSA Global Pty Ltd (CSA Global) that the major geological risk to mining at Foxleigh remains the structural complexity and the resulting impacts on mining costs and scheduling. Additional risks include the long-term paucity of coal quality data and the variable depth of weathering identified in some areas. CSA Global is however of the view that with 17 years of mining experience, many of these geological risks will continue to be manageable.

CSA Global is of the view that the Resources estimated in 2016–2017 are reasonable considering the geology of the deposit and the information available. CSA Global considers however that the significantly higher strip ratios in some resource areas including Roper Creek may result in these Resources being uneconomic at current mining costs and product prices.

It is the view of CSA Global that the inherently higher risks associated with seam continuity and quality resulting from the MBGS 2018 Resource reclassifications may result in the significant downgrading of any subsequent Reserve classifications that are yet to be derived from these Resources, particularly those outside of the current Foxleigh mine plan. The impact of high strip ratios may also result in a significant proportion of these Resources being rendered uneconomic when considering current mining costs and PCI prices. In assessing the market value of the individual coal resource areas, cognisance should be taken of factors such as coal seam depth and strip ratios.

CSA Global notes that the Corporate Model only considers mining the Foxleigh Plains and One Tree/Pipeline pits, and does not consider mining material from Far South or Daggers Tip. On this basis, CSA Global considers the Corporate Model reserve quantities, appropriate for the discounted cash flow (DCF) valuation of these areas.

As noted in Section 2.6.5 of this report, it is CSA Global's view that there is no reasonable basis to apply reserve conversion factors to the Roper Creek resources or Inferred Resources of the other areas, due to the current lack of technical information detailing economic pit limits, mine designs, prime and rehandle

waste movement, geotechnical issues, run of mine (ROM) and marketable coal production and coal qualities, for example, prohibits a reasonable or realistic representation in the Corporate Model.

Based on CSA Global's site visit, review of the documentation provided and discussions with Realm personnel, CSA Global believes that the current Foxleigh Corporate Model and the mine plan that it is premised on, is appropriate and fit for purpose. CSA Global has recommended some adjustments in certain capital expenses and operating expenses to BDO Corporate Finance (WA) Pty Ltd (BDO) for the purposes of BDO's valuation of the Mine Valuation opinion, as detailed in the body of this report.

Valuation Opinion

CSA Global's opinion on the likely market value of the coal resources outside the current Foxleigh mine plan, as at 30 September 2018, is provided in Table 1. CSA Global believes that the coal resources contained in the Foxleigh Plains and One Tree/Pipeline pits are appropriately valued by the current Foxleigh mine plan, and these resources are therefore excluded from this valuation opinion.

CSA Global stresses that this is an opinion on likely value, and not actual value, which can only be tested by going to market.

The Valuation Basis employed by CSA Global is Market Value, as defined by the VALMIN Code (2015). The Valuation Date is 30 September 2018. The currency is Australian dollars (A$) unless otherwise stated.

Table 1: CSA Global opinion on value of coal resources outside of Foxleigh mine plan, as at 30 September 2018

Area	Resources	Tonnes (Mt)	Realm Interest	100% basis			Realm Equity basis		
				Low (A$M)	High (A$M)	Preferred (A$M)	Low (A$M)	High (A$M)	Preferred (A$M)
Foxleigh South	Carlo Creek, Daggers Tip, Far South, Western Corridor	55.6	70%	16	30	23	11	21	16
Foxleigh North	Eagle's Nest, Foxleigh North	82.3	70%	16	30	23	11	21	16
Roper Creek	Roper Creek	48.3	100%	7	13	10	7	13	10
Foxleigh West	Foxleigh West	67.6	70%	15	29	22	11	20	15
Total		**253.8**		**54**	**102**	**78**	**40**	**75**	**58**

Note: The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.

In forming an opinion on the Market Value of the declared coal resources outside of the current Foxleigh mine plan, the valuation approach adopted by CSA Global has been to rely primarily on market-based methods (primarily the Comparative Transaction method). This was based on the declared coal Resources outside of the Foxleigh Plains and One Tree/Pipeline pits. As a crosscheck on the order of magnitude of the valuation, CSA Global considered an order of magnitude crosscheck valuation based on yardstick market factors applied to the declared resource base.

In recognition of the fact that the reasonable prospects of eventual economic extraction of the various coal resources outside of the current mine plan vary, CSA Global has also considered the comparative

factors listed in Table 17 in assessing the value of the individual resource areas outside of the current Foxleigh mine plan.

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1 Introduction

1.1 Context, Scope and Terms of Reference

T2 Resources Fund Pty Limited (T2) holds a 96.3% interest in Realm Resources Limited ACN 008 124 025 (Realm), having recently closed an off-market takeover offer for Realm at A$1.35 per share. T2 intends to progress with General Compulsory Acquisition for the remaining shares it does not own in Realm.

Realm's current significant holdings include:

- A 70% interest in the Foxleigh Coal Mine, located in the Bowen Basin, Queensland, Australia. It is an operating open cut, truck and excavator coal mine producing premium low volatile pulverised coal injection (PCI) metallurgical coal. It currently produces approximately 3.0 million tonnes (Mt) annually (100% basis) forecasting up to 3.2 Mt annually by 2020, which is transported by truck and rail to Dalrymple Bay port near Mackay, then shipped to Asian steel mill customers.

T2 has engaged BDO Corporate Finance (WA) Pty Ltd (BDO) to prepare an Independent Expert Report (IER) for inclusion within a Notice of Compulsory Acquisition to be sent to those shareholders of Realm that did not accept the T2 takeover offer.

BDO has in turn commissioned CSA Global Pty Ltd (CSA Global) to prepare an independent technical assessment and valuation of the mineral assets of Realm (an Independent Technical Assessment and Valuation Report, the "Report") for inclusion in the IER. The Report, or a summary of it, is to be appended to the IER, and as such, will become a public document.

The Report addresses the following scope of work ("the Services"):

- Review the technical project assumptions and provide an assessment on the reasonableness of the following assumptions adopted in the Foxleigh cash flow model ("Corporate Model"), namely:
  - the resources and reserves incorporated into the Corporate Model
  - mining physicals (including tonnes of coal mined, quality, waste material and mine life)
  - processing physicals (including coal processed and produced)
  - production and operating costs (including but not limited to drilling, blasting, mining, haulage, processing, transport, general administration, distribution and marketing, contingencies and royalties or levies)
  - capital expenditure (including but not limited to pre-production costs, project capital costs, sustaining capital expenditure, salvage value, rehabilitation and contingency)
  - the opening inventory balance at 30 September 2018
  - any other relevant technical assumptions not specified above.

Where CSA Global considered an assumption included in the Corporate Model to be unreasonable, CSA Global has advised BDO and provided advice to enable BDO to make the appropriate changes to the Corporate Model.

CSA Global assisted BDO with valuing the other assets of Realm, including the Foxleigh (residual resource).

The Services exclude any work in relation to:

- Marketing, commodity price and exchange rate assumptions adopted in the Corporate Model
- Financial and/or corporate taxation analysis
- Discount rate determination.

In preparing the independent technical assessment and valuation, CSA Global has:

- Adhered to the VALMIN and JORC codes, including the inclusion of appropriate Competent Person's Statements as required.
- Taken due note of any guidance issued by such bodies as the Australian Securities and Investments Commission (ASIC) and the Australian Securities Exchange (ASX), including ASIC Regulatory Guide 111 – Content of Expert Reports, ASIC Regulatory Guide 112 – Independence of Experts, and ASIC Regulatory Guide 170 – Prospective financial information.
- Taken guidance from the Independent Expert on specific requirements they had.
- Required access to all available information relating to the projects. CSA Global has relied on the accuracy and completeness of the data provided to it by Realm, and that Realm has made CSA Global aware of all material information in relation to the projects.
- Has required site inspections to assess the Foxleigh project.
- Has required access to an independent tenement report that Realm holds adequate security of tenure for mining operations, exploration and assessment of the projects to proceed.
- Required that Realm provide an indemnity to the effect that Realm will indemnify and compensate CSA Global in respect of preparing the Report against any and all losses, claims, damages and liabilities to which CSA Global or its Associates may become subject under any applicable law or otherwise arising from the preparation of the Report to the extent that such loss, claim, damage or liability is a direct result of Realm or any of its directors or officers knowingly providing CSA Global with any false or misleading information, or Realm, or its directors or officers knowingly withholding material information.
- Required an indemnity that T2 will compensate CSA Global for any liability relating to any consequential extension of workload through queries, questions or public hearings arising from the Report.
- Reserved the right to refuse to provide an opinion or report where it is impossible or impractical to obtain sufficient accurate or reliable data or information.
- Kept records of discussions with the Commissioning Entity, a list of all documents referred to in the Report, copies of all Material source documents and of our notes.

1.2 Compliance with the VALMIN and JORC Codes

The Report has been prepared in accordance with the VALMIN Code 2015[1], which is binding upon Members of the Australian Institute of Geoscientists (AIG) and the Australasian Institute of Mining and Metallurgy (AusIMM), the JORC Code[2] and the rules and guidelines issued by such bodies as the ASIC and ASX that pertain to Independent Experts' Reports (IERs).

The authors have taken due note of the rules and guidelines issued by such bodies as ASIC and ASX, including ASIC Regulatory Guide 111 – Content of Expert Reports, ASIC Regulatory Guide 112 – Independence of Experts, and ASIC Regulatory Guide 170 – Prospective financial information.

1.3 Principal Sources of Information

The Report has been based upon information available up to and including 30 September 2018. The information was provided to CSA Global by T2 and Realm or has been sourced from the public domain

[1] *Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets. The VALMIN Code, 2015 Edition*. Prepared by the VALMIN Committee, a joint committee of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists.

[2] *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The JORC Code, 2012 Edition*. Prepared by: The Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC).

and includes both published and unpublished technical reports prepared by consultants, and other data relevant to Realm's projects.

The authors have endeavoured, by making all reasonable enquiries, to confirm the authenticity and completeness of the technical data upon which this ITAVR is based.

CSA Global Associate Principal Mining Engineer, Mr Scott Barton, visited the Foxleigh operation on 24–25 September 2018.

CSA Global relies on the independent opinion of ClarkeKann Lawyers, as stated in Tenement Report dated 11 October 2018, with regards to the status of the Foxleigh Mine tenure. ClarkeKann Lawyers have confirmed to CSA Global that they have no present or contingent interest in the tenements the subject of their report. CSA Global makes no other assessment or assertion as to the legal title of tenements and is not qualified to do so.

1.4 Authors of the Report – Qualifications, Experience and Competence

This Report has been prepared by CSA Global, a privately-owned consulting company that has been operating for over 30 years; with its headquarters in Perth, Western Australia.

CSA Global provides multi-disciplinary services to a broad spectrum of clients across the global mining industry. Services are provided across all stages of the mining cycle from project generation, to exploration, resource estimation, project evaluation, development studies, operations assistance, and corporate advice, such as valuations and independent technical documentation.

The valuation of Mineral Resources and Exploration Properties was completed by CSA Global Principal Consultant, Mr Trivindren Naidoo, MSc (Exploration Geology), Grad.Cert (Mineral Economics), FGSSA, MAusIMM, Pr.Sci.Nat. Trivindren is an exploration geologist with 20 years' experience in the minerals industry, including 14 years as a consultant. He has an extensive background in mineral exploration, and specialises in due diligence reviews, project evaluations and valuations, as well as code-compliant reporting. Trivindren's knowledge is broad-based, and he has wide-ranging experience in the field of mineral exploration and resource development, having managed or consulted on various projects ranging from first-pass grassroots exploration to brownfields exploration and evaluation. He has completed independent evaluations and valuations of numerous mineral assets ranging from early stage exploration properties to multiple operating mines, across various commodities and jurisdictions. Trivindren has the relevant qualifications, experience, competence, and independence to be considered a "Specialist" under the definitions provided in the VALMIN Code and a "Competent Person" as defined in the JORC Code.

The information in this Report that relates to the Technical Assessment of Mineral Resources was completed by CSA Global Associate Principal Consultant, Dr Michael Creech, PhD, MAusIMM (CPGeo). Michael is a Principal Geologist with over 35 years' experience in the Coal and Coal Seam Gas (CSG)/ Coalbed Methane (CBM) industries including exploration, production, managerial and principal consultant positions. In 2013/2014, he convened the Committee reviewing the Australian Coal Guidelines, a document that is referenced in the JORC Code and was ratified in late 2014. He has successfully completed various consulting roles in both coal and CBM disciplines, located in Western Australia, eastern Australia, China, South Africa and Indonesia. Michael has the relevant qualifications, experience, competence and independence to be considered a "Competent Person" relevant to the style of mineralisation and type of deposit described in the Report, as defined in the JORC Code.

Technical aspects of this Report concerning mining matters have been prepared by, and the site visit to the Foxleigh operations was undertaken by, CSA Global Associate Principal Mining Engineer, Mr Scott Barton, BEng (Mining, Hons), GDipAppFin, MAusIMM. Scott is a mining engineer with over 20 years' experience coal due diligence and technical reviews for financial institutions and mining houses as

part of a mine sale process. He has been involved in the management of a broad range of projects including: conceptual, prefeasibility and feasibility studies; commercial and technical assessments; resource optimisation; ultimate and interim stage mine designs, as well as mine scheduling ranging in scope from strategic life of mine (LOM) schedules for multiple projects to short-term planning for individual operations. Scott has considerable experience in all aspects of mine design, mine planning, strategic and conceptual studies through to detailed feasibility studies specifically in detailed fleet selection, economic modelling and costing. Scott has the relevant qualifications, experience, competence and independence to be considered an "Expert" under the definitions provided in the VALMIN Code and a "Competent Person" as defined in the JORC Code.

The reviewer of the report is CSA Global Principal Geologist, Ms Ivy Chen, BAppSc (Geology), MAusIMM, GAICD. Ivy is a corporate governance specialist, with over 30 years' experience in mining and resource estimation. She served as the national geology and mining adviser for the Australian Securities and Investments Commission (ASIC) from 2009–2015. Ivy's experience in the mining industry in Australia and China, as an operations and consulting geologist includes open pit and underground mines for gold, manganese and chromite, and as a consulting geologist she has conducted mineral project evaluation, strategy development and implementation, through to senior corporate management roles. Recent projects completed include listings and other commercial transactions on the Australian, Singapore, Hong Kong and UK stock exchanges. Ivy is a company director in the ASX junior resources listed space, and is a member of the VALMIN committee.

The authoriser of the Report is CSA Global Manager Corporate, Principal Geologist, Mr Graham Jeffress, BSc (Hons) Applied Geology, FAIG, RPGeo (Mineral Exploration), FAusIMM, FSEG, MGSA. Graham is a geologist with over 28 years' experience in exploration geology and management in Australia, Papua New Guinea and Indonesia. He is Principal Geologist with CSA Global in Perth and manages the corporate services work undertaken by CSA Global. Graham has worked in exploration (ranging from grassroots reconnaissance through to brownfields, near-mine and resource definition), project evaluation and mining in a variety of geological terrains, commodities and mineralisation styles within Australia and internationally. He is competent in multidisciplinary exploration, and proficient at undertaking prospect evaluation and all phases of exploration. Graham has completed numerous independent technical reports (IGR, CPR, QPR) and valuations of mineral assets. Competent Person Reports, and Independent Valuation Reports. He now coordinates and participates in CSA Global's activities providing expert technical reviews, valuations and independent reporting services to groups desiring improved understanding of the value, risks, and opportunities associated with mineral investment opportunities. Graham was a Federal Councillor of the Australian Institute of Geoscientists for 11 years and joined the Joint Ore Reserves Committee in 2014.

1.5 Prior Association and Independence

The authors of this Report have no prior association with T2 or Realm in regard to the Mineral Assets. Neither CSA Global, nor the authors of this Report, have or have had previously, any material interest in T2 or Realm or the mineral properties in which Realm have an interest. CSA Global's relationship with T2 is solely one of professional association between client and independent consultant.

CSA Global is an independent geological consultancy. This Report is prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this Report. The fee for the preparation of this Report is approximately A$84,000.

No member or employee of CSA Global is, or is intended to be, a director, officer or other direct employee of T2 or Realm. No member or employee of CSA Global has, or has had, any shareholding in T2 or Realm. There is no formal agreement between CSA Global and T2 to CSA Global conducting further work for T2.

1.6 Declarations

The statements and opinions contained in this Report are given in good faith and in the belief that they are not false or misleading. This Report has been compiled based on information available up to and including the date of this Report. The statements and opinions are based on the reference date of 13 October 2018 and could alter over time depending on exploration results, mineral prices and other relevant market factors.

The opinions expressed in this Report have been based on the information supplied to CSA Global by T2 and Realm. The opinions in this Report are provided in response to a specific request from T2 to do so. CSA Global has exercised all due care in reviewing the supplied information. Whilst CSA Global has compared key supplied data with expected values, the accuracy of the results and conclusions from the review are entirely reliant on the accuracy and completeness of the supplied data. CSA Global does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them. Opinions presented in this Report apply to the site conditions and features, as they existed at the time of CSA Global's investigations, and those reasonably foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of this Report, about which CSA Global had no prior knowledge nor had the opportunity to evaluate.

CSA Global's valuations are based on information provided by T2 and Realm and public domain information. This information has been supplemented by making all reasonable enquiries to confirm the authenticity and completeness of the technical data.

No audit of any financial data has been conducted. The valuations discussed in this Report have been prepared at a valuation date of 30 September 2018. It is stressed that the values are opinions as to likely values, not absolute values, which can only be tested by going to the market.

2 Foxleigh Coal Mine

Realm's primary asset is the Foxleigh Coal Mine.

2.1 Project Background

Foxleigh is an open-cut coal mining operation located 16 km to the southeast of the town of Middlemount, in the Bowen Basin in Central Queensland. The operation mines a number of coal seams in the Rangal Coal Measures, and has been operating since the year 2000, producing a low volatile, low ash PCI metallurgical coal.

2.1.1 Location and Access

The mine is located in the Bowen Basin coalfields of central Queensland, 12 km southeast of the town of Middlemount and 272 km northwest of the port of Rockhampton (Figure 1). The nearest city is Mackay, situated 240 km to the northeast. Nearby mines include Capcoal (German Creek, Grasstree, Lake Lindsay, Oak Park, Bundoora amongst others), Curragh, Yarrabee, Middlemount and Jellinbah.

Access to the mine is via a sealed road from the Middlemount–Capella Road.

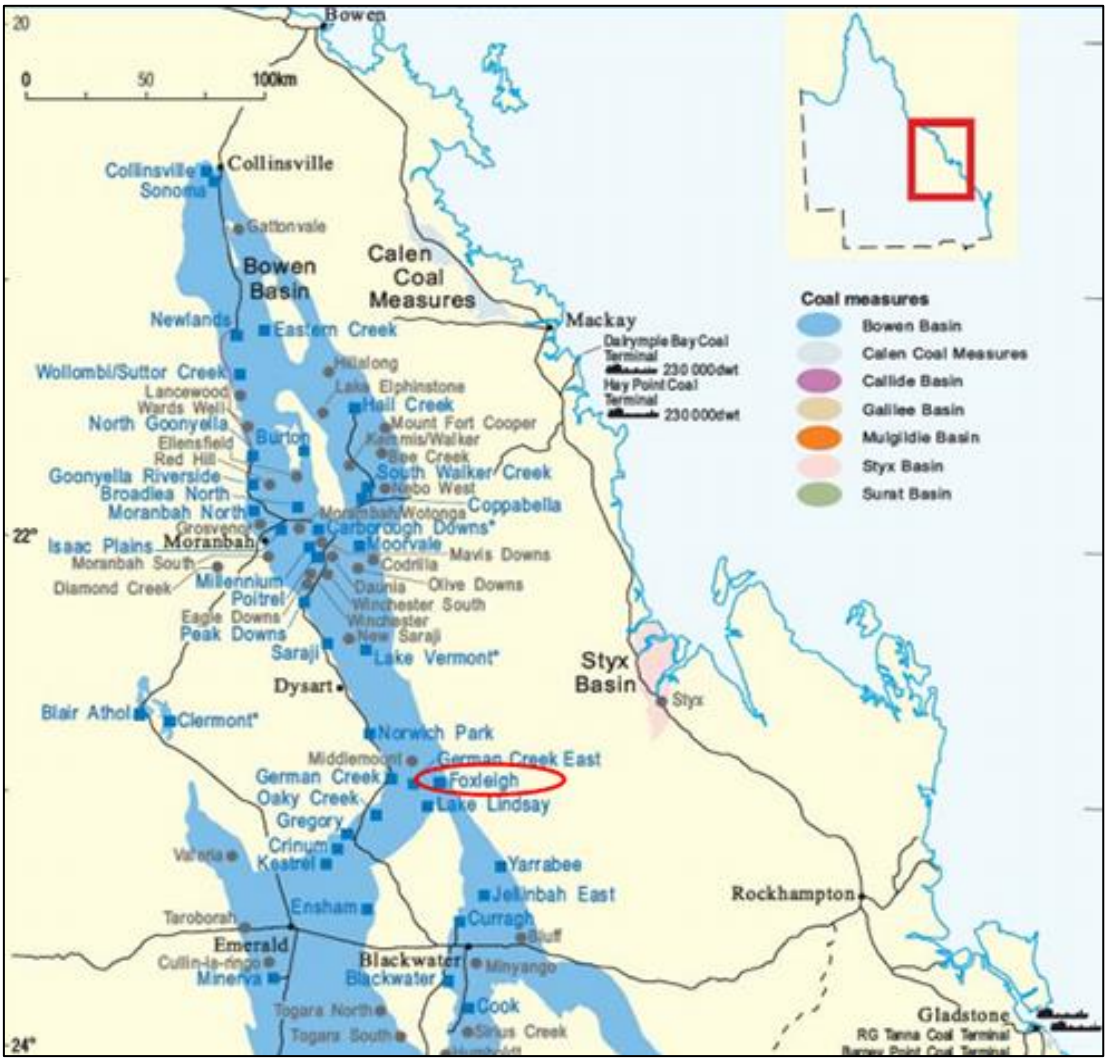

Figure 1: Foxleigh Mine location

Source: Realm Resources website

2.1.2 Topography and Climate

The area is flat to undulating, with the Foxleigh Mine located within the Mackenzie River catchment in the Fitzroy River basin. It is traversed by three ephemeral creeks; Cockatoo Creek, Roper Creek and Carlo Creek. Carlo Creek and Cockatoo Creek have major diversion channels directing waterflow around the open pits and through the lease. The other creeks eventually flow into Roper Creek before entering the Mackenzie River upstream of the Bingegang Weir.

The climate of the region is sub-tropical, with hot wet summers and cool dry winters. The temperature ranges from an average high of 34°C in January to an average low of 9°C in July. Rainfall is seasonal, with an average of 90 mm in January and 18 mm in July. Rainwater runoff generally flows from northwest to southeast across the site. Coal production and exploration activities are typically continuous throughout the year, although heavy summer rains may result in localised flooding which can disrupt coal production and rail transport. Vegetation in the region comprises mostly cleared grassland that supports pastures for cattle grazing.

2.1.3 Local Infrastructure

Transport infrastructure in the region is well developed, including the Gregory and Capricorn highways and Dysart-Middlemount, Middlemount-Capella, Lilyvale and Fitzroy Development roads, as well as access to both the Blackwater and Goonyella rail systems, which connect to coastal ports near Gladstone and Mackay. Emerald, the largest regional town in the coalfield, is approximately 1.5 hours' drive time away.

The nearest town to Foxleigh is Middlemount, located in the Isaac Regional Council local government area, which supports a population of approximately 21,500. It is the main commercial centre in the area and has a full range of services including schools, banks, post office, shopping centres and medical services. The town was established in the 1980s to support the local coal mining industry, and Anglo American Metallurgical Coal Assets Pty Ltd (AAMC) owns most of the housing and operates and maintains some of the town infrastructure.

Foxleigh has both electrical connection and water supply to service the mine.

2.2 Ownership and Tenure

CSA Global relies on the independent opinion of ClarkeKann Lawyers, as stated in the Tenement Report dated 11 October 2018, with regards to the status of the Foxleigh Mine tenure and the ownership of the mine. ClarkeKann Lawyers found the tenements to be in good standing as at 10 October 2018, and have confirmed to CSA Global that they have no present or contingent interest in the tenements the subject of their report. CSA Global makes no other assessment or assertion as to the legal title of tenements and is not qualified to do so.

On 30 August 2016, Realm announced to the ASX that its 99.9% owned subsidiary company, Middlemount South Company Pty Ltd (MMS), had completed the Foxleigh transaction with AAMC. The transaction comprised acquisition of:

- A 100% interest in Foxleigh Coal Pty Ltd (FCL) which holds a 70% interest in the Foxleigh Coal Mine and a 100% interest in EPC855
- A 100% interest in EPC1669.

The Foxleigh Mine is owned by the Foxleigh Joint Venture, which currently consists of POSCO Australia Pty Ltd (20%), Nippon Steel & Sumitomo Metals Australia Pty Ltd (10%) and MMS (70%). The mine is operated by MMS, and joint venture partners POSCO and Nippon are longstanding customers of Foxleigh.

The Foxleigh Coal Mine tenure (Table 2 and Figure 2) consists of seven granted Mining Leases, two granted Exploration Permits for Coal, and one granted Mineral Development Licence. No application for tenure renewal on the existing mining leases is required until 2034.

Table 2: Foxleigh Mine tenure

Tenement	Holder	Realm beneficial interest	Current area (ha)	Grant date	Expiry date	Status
ML70171	CAML Resources Pty Ltd (60%) Foxleigh Coal Pty Ltd (30%) Nippon Steel & Sumitomo Metal Australia Pty Ltd (10%)	70%	2,495	4 Nov 1999	30 Nov 2034	Granted
ML70309		70%	2,042	28 Oct 2004	30 Nov 2034	Granted
ML70310		70%	171	2 Oct 2015	30 Nov 2034	Granted
ML70429		70%	1,038	22 Sep 2014	30 Nov 2034	Granted
ML70430		70%	123	22 Sep 2014	30 Nov 2034	Granted
ML70431		70%	2,636	22 Sep 2014	30 Nov 2034	Granted
ML70470		70%	435	13 Nov 2012	30 Nov 2034	Granted
EPC1139		70%	45,064	7 Aug 2007	6 Aug 2022	Granted
EPC855	Foxleigh Coal Pty Ltd (100%)	100%	2,841	20 Oct 2003	19 Oct 2022	Granted
MDL3028	Foxleigh Coal Pty Ltd (100%)	100%	2,898	24-Jul-2018	31 Jul 2023	Granted

Note: CAML Resources Pty Ltd is owned by MMS (66.66%) and POSCO (33.34%).
Source: ClarkeKann

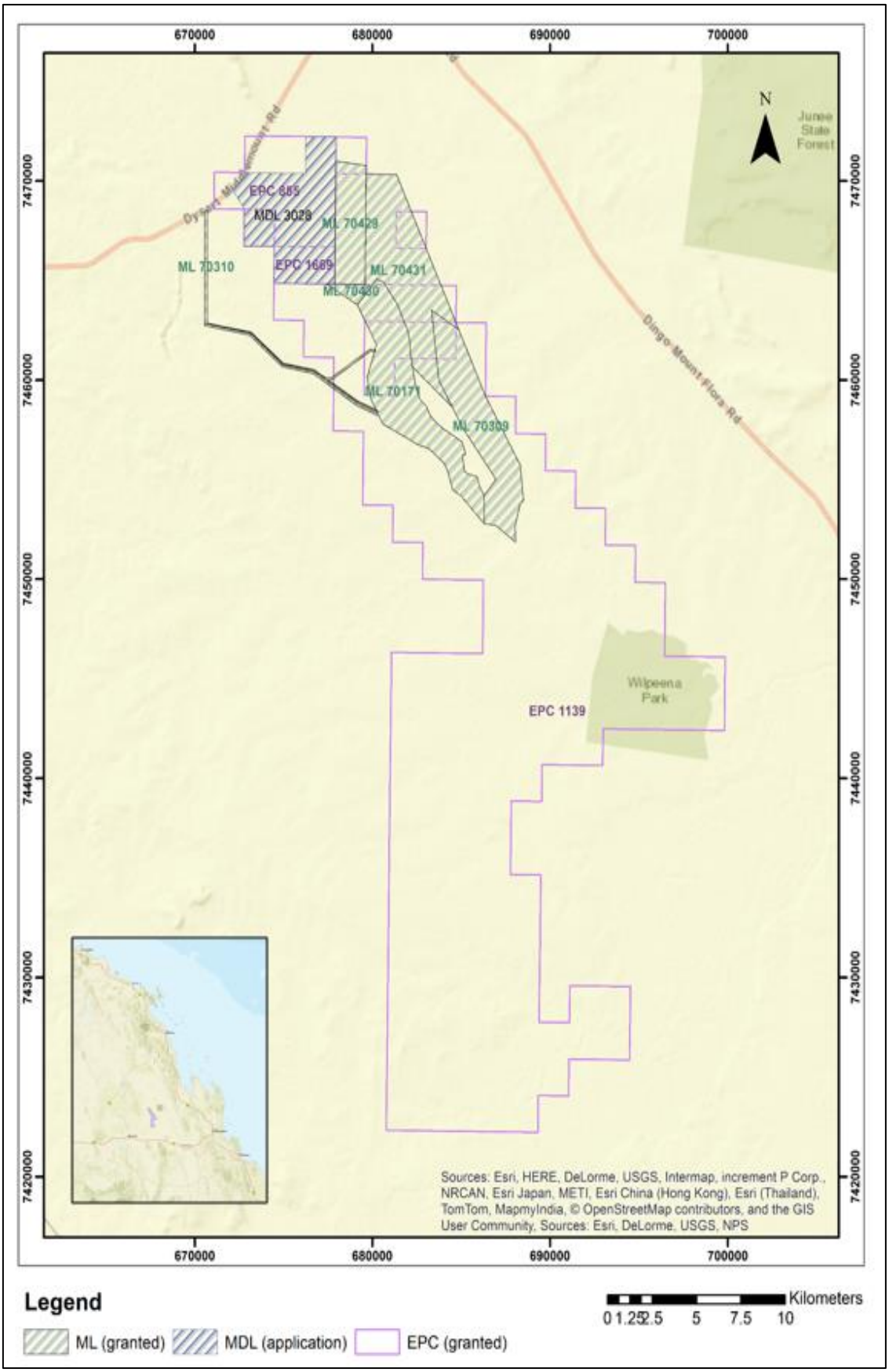

Figure 2: Foxleigh tenure

Source: Realm Resources website
Note: MDL3028 was granted in July 2018, and EPC1669 has been cancelled in favour of MDL3028

2.3 Exploration History

Between the early 1960s to the present day, approximately 7,000 boreholes have been drilled within and immediately adjacent to the Foxleigh Mine and associated tenements. Due to the structural complexity of the area, over 95% of the holes drilled were open holes with the primary aim being to identify seam locations and understand the local structural features. Initial scout drilling was carried out by Utah in the 1960s. Amongst the early explorers Capricorn Coal Management (Capcoal) dominated (1989–1991) whilst this was followed by extensive work predominantly by CAML Resources Pty Ltd (CAML) (1998–1999).

Majority of the exploration at the Foxleigh Joint Venture was conducted by AAMC between 2007 and 2016. This involved the drilling of 6,500 drill holes, of which 200 were cored holes primarily aimed to gain a better understanding of the seam and product qualities. AAMC also conducted approximately 110 seismic lines oriented perpendicular to seam strike and structural features (Figure 3). Once again, this was to improve the understanding of the structural framework of the mine area. These seismic lines were generally spaced between 70 m and 500 m apart and were mostly acquired by Velseis between 2009 and 2014.

Following the acquisition of the AAMC Foxleigh Joint Venture stake in 2016, MMS has continued the exploration effort with extensive drilling both adjacent to current operations and in surrounding deposits along strike (Figure 3). The aim of this exploration was to improve the understanding of the resources and enable the estimation of adequate Resources and Reserves for the future operation of the mine.

The understanding of the geology of the area has also been augmented by over 17 years of mining in several locations within the Foxleigh Joint Venture tenements. This mining has demonstrated that seam quality can be reasonably well predicted on a mine scale. Seam structure continues to be a significant challenge for the mine and remains a risk for both mine scheduling and in-pit costs. Emphasis in exploration has therefore continued to concentrate on resolving the nature of the faulting and confirming seam locations across the area. Exploration to reduce geological risk and to identify JORC Resources ahead of mining is also ongoing, requiring the drilling of both slim and large diameter cores for quality testing ahead of mining.

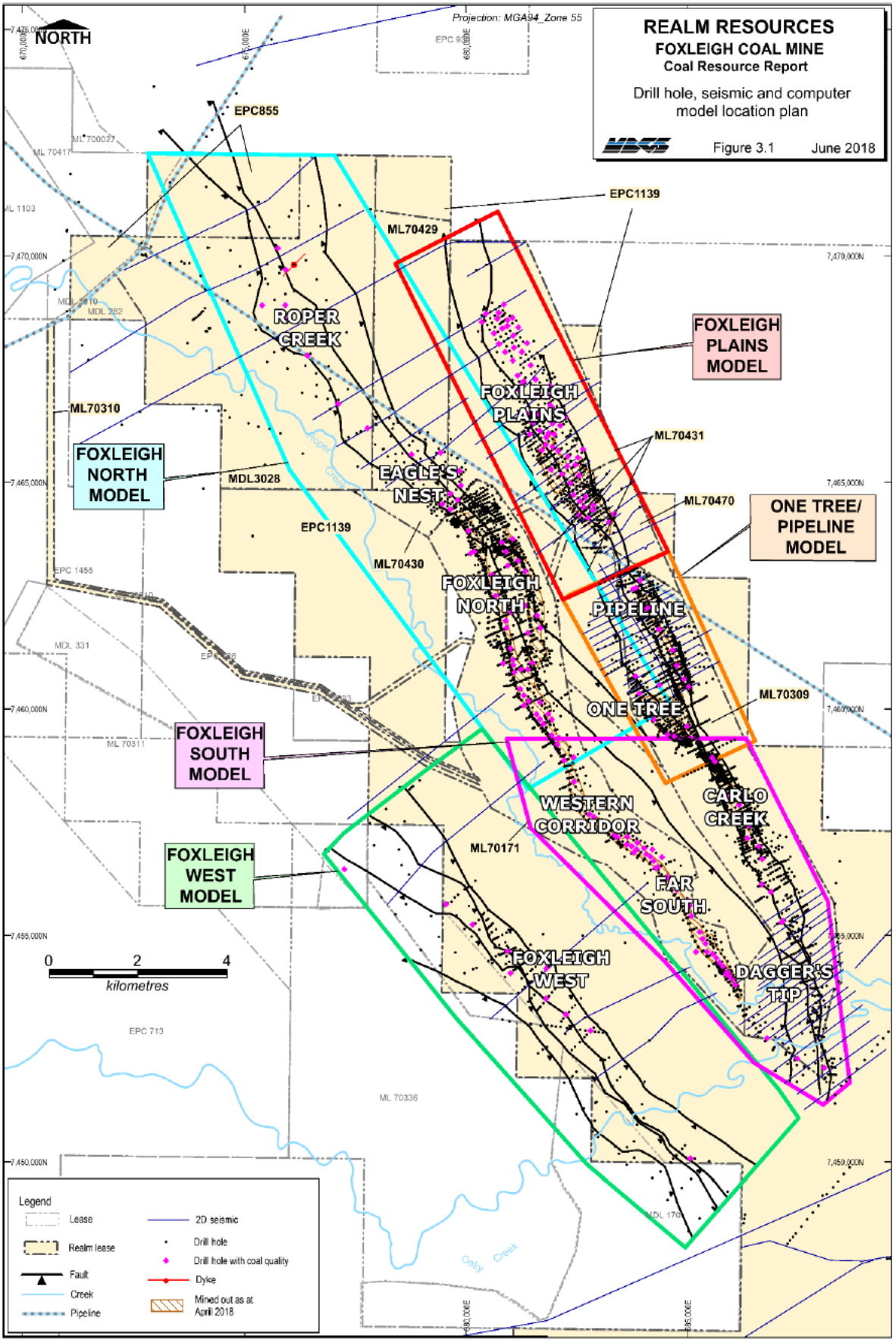

Figure 3: Foxleigh coal deposits, geologic models and current drilling

Source: MBGS (2018)

2.4 Geology

2.4.1 Regional Geology

The Foxleigh Coal Mine is located in the Bowen Basin of central Queensland (Figure 1). The mine extracts coal from four seams within the Late Permian aged Rangal Coal Measures (Figure 4). These Coal Measures comprise approximately 200 m of coal-bearing strata dominated by fluvial derived siltstones, mudstones and fine-grained sandstones. The four seams of economic interest in descending order are the Roper, Middlemount, Tralee and Pisces seams (Figure 5). These seams are commonly split and recognised as a series of sub-seams.

The Triassic Rewan Formation overlies the Rangal Coal Measures and is itself overlain by unconsolidated Quarternary sediments and a Tertiary weathered profile. The base of weathering is therefore located close to the base of the Tertiary sediments and the top of the Rewan Formation. Though generally less than 20–35 m below the surface, the depth of weathering does increase to the north reaching a maximum thickness of 80 m in the Roper Creek area. The thickness of the weathering profile has implications for highwall stability, overall strip ratios (due to the required shallow batter angles in the weathered overburden) as well as coal quality near sub-crop.

Structurally, the Foxleigh Joint Venture operations are located within a broad north-northwest oriented plunging synclinal structure (22 km long by 6 km wide) with the apex located to the southeast at Daggers Tip (Figure 3 and Figure 6). This synclinal feature is bounded by two regionally significant thrust fault systems, the Jellinbah Fault to the west and the Foxleigh/Yarrabee Fault to the east. These fault systems are complex in nature and have generally thrust strata east over west along low angle fault planes with displacements of hundreds of metres (Figure 7). These faults are the result of horizontal compression of the strata in the geological past causing shortening in the north-northeast to south-southwest direction. This contrasts to “normal” faulting which is the result of horizontal loading that compresses the strata vertically.

There are numerous less significant thrust faults in the mine area trending sub-parallel to the major bounding features (Figure 8). These smaller fault systems have resulted in raising strata closer to the surface on the eastern side of each fault system providing multiple open cut mining opportunities targeting the same seams. These fault zones also exhibit complex structural elements including zones of steep seam dips, overturned and vertically repeated strata often presenting challenging geotechnical issues (related to associated weakened strata and variable depths of weathering) that impact on mining costs and scheduling.

Thrust style faulting however does provide benefits for mining compared to “normal” style faulting. Firstly, from an exploration perspective, multiple open cut opportunities are created as strata is thrust repeatedly over deeper strata. Secondly, adjacent to normal fault planes, strata are displaced laterally and affected seams may be locally absent. In contrast, seams adjacent to thrust faults generally remain present against both sides of the fault and may also involve vertical repetitions of the seams. Within these fault zones, individual seams also may thicken as a result of steep dips and localised seam repetitions caused by smaller thrust faults located within the seams themselves.

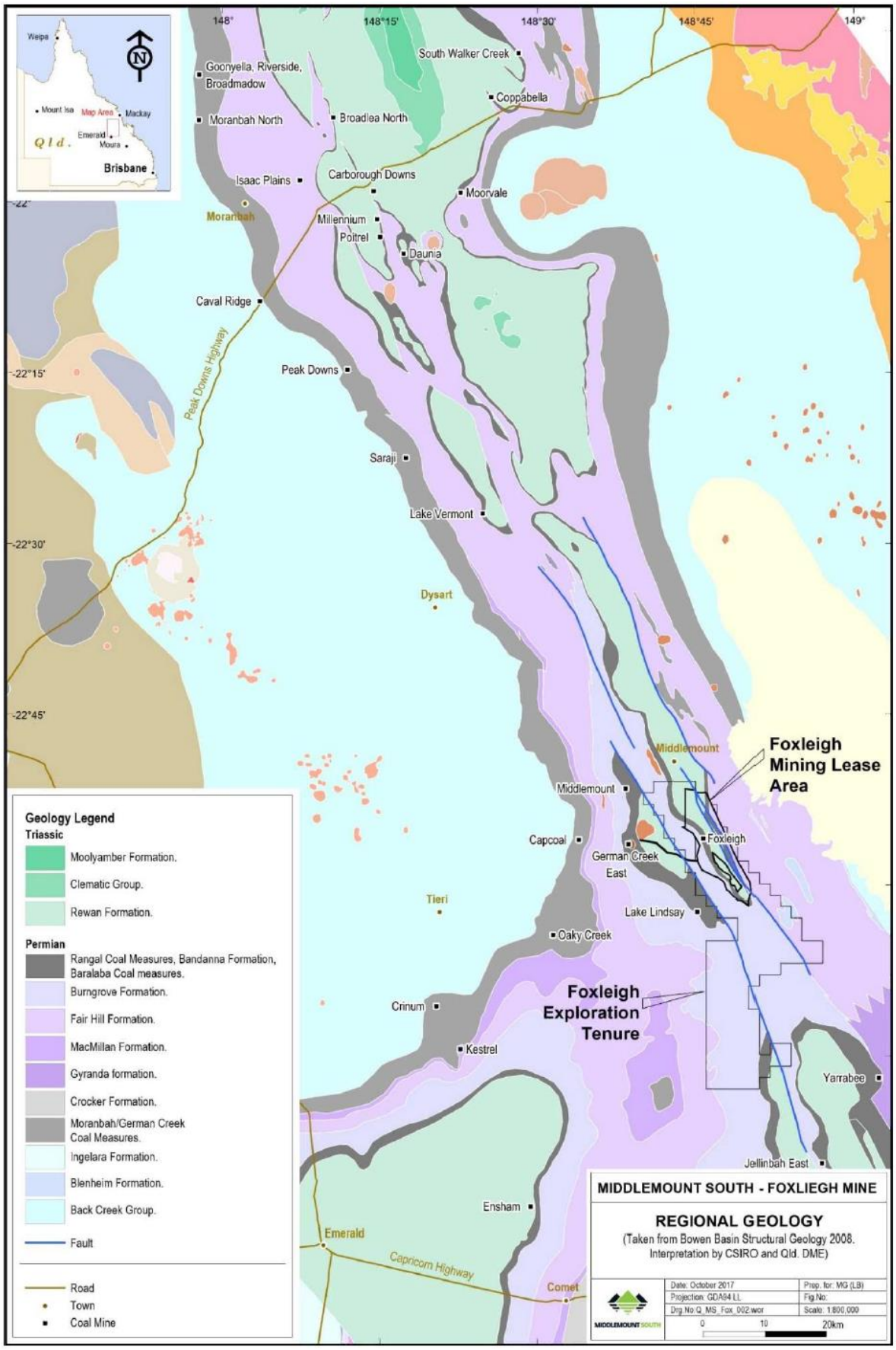

Figure 4: Middlemount South regional geology

Source: Measured Group (2017)

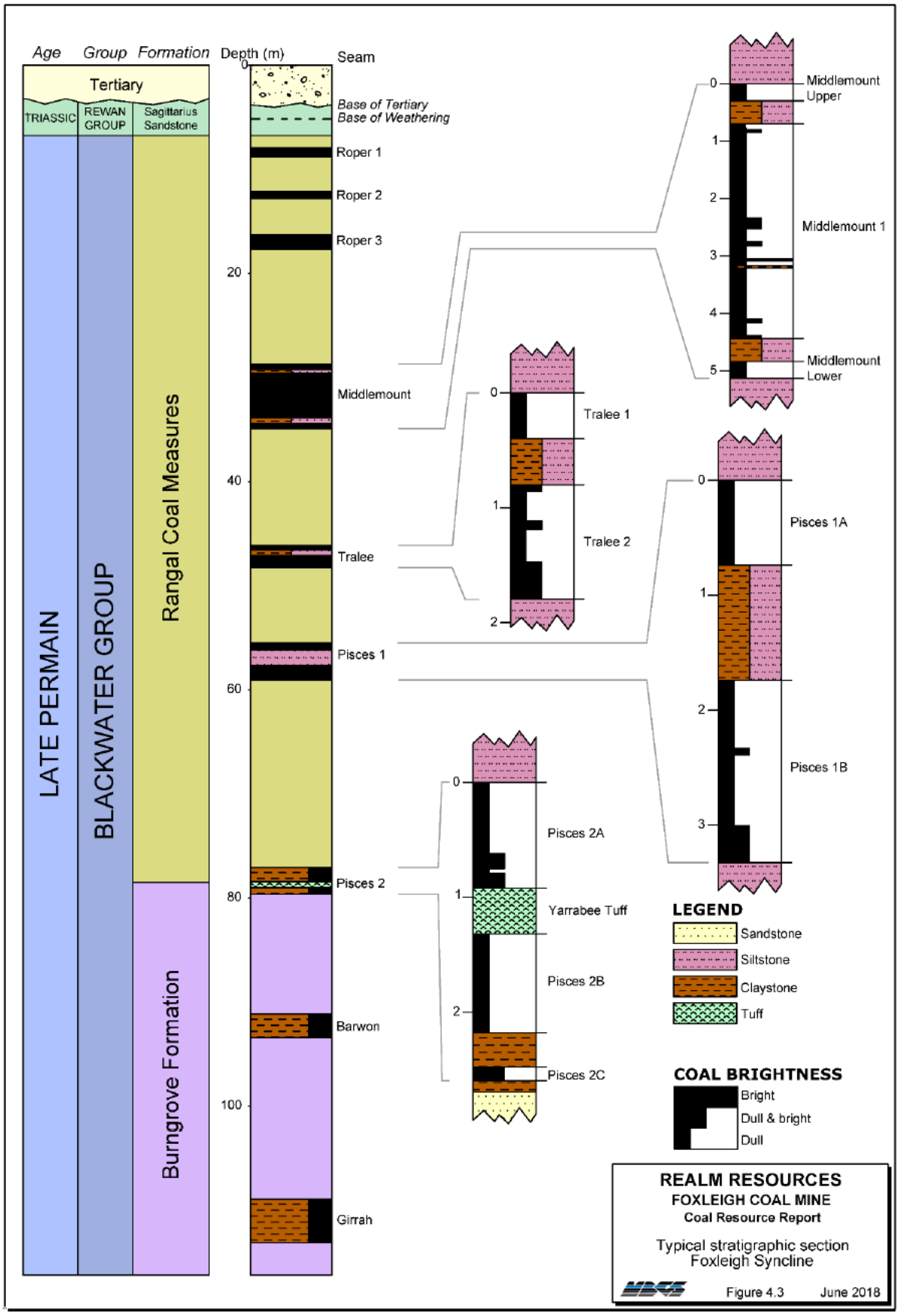

Figure 5: Typical stratigraphic section – Foxleigh Syncline

Source: MBGS (2018)

2.4.2 Local Geology

The Foxleigh Mine exploits four seams (and sub-seams) of the uppermost Rangal Coal Measures:

- Roper Seam is the uppermost target seam in the sequence and is generally comprised of two major splits with Roper 1 being the most consistent with a thickness of between 1 m and 1.5 m. There is only limited coal quality for this seam and though ash is variable it generally contains low phosphorus which is useful for blending other seams with higher levels of phosphorous.
- The Middlemount Seam is the primary seam of interest with a thickness generally between 3 m and 6 m (averaging 4.5 m). This seam may be structurally enhanced by thrust faulting in localised areas resulting in seam thicknesses exceeding 20 m. Raw ash is generally 8% to 14% air dried basis (adb) and sulphur is typically 0.45% to 0.7% (adb). Phosphorous is variable being generally between 0.05% and 0.1%.
- The Tralee Seam is generally split into multiple sub-seams. The Tralee 2 Seam is the primary split being up to 3 m thick with a variable raw ash content of between 15% and 40% (adb). Sulphur and phosphorous are generally higher than the overlying Middlemount Seam, being 0.5 to 1.0% and .01% to 0.2% (adb).
- The Pisces Seam is split multiple times but is generally recognised as two sub-seams, being the Pisces 1 and Pisces 2 seams. The Pisces 1B Seam averages 2.0 m to 2.5 m in thickness, 10% to 20% raw ash and sulphur of 0.5% to 1% (all adb). Phosphorous is however high and variable with a range of 0.014% to 0.65%. The Pisces 2 Seam is split by the regionally significant Yarrabee Tuff into the 2A and 2B seams. Raw ash of both these splits is high, averaging 24% and 49% respectively and phosphorous levels are variable.

Structural complexity is more intense on the eastern limb of the syncline adjacent to the Foxleigh Yarrabee Fault Zone. On the western limb of the syncline, seam dips are generally shallower and the structure is generally less complex. As already discussed, structural complexity presents challenges for the mine in relation to both scheduling and pit wall stability.

The primary coal quality issues for the mine are ash and phosphorous levels that vary both between seams and laterally across the various mine areas. Ash can be managed with washing resulting however in variable yields and therefore, impacting on mining costs. Phosphorous cannot be reduced using beneficiation, requiring careful monitoring in-pit and blending to ensure satisfactory product specifications. Areas that rely less on the Middlemount Seam generally present higher and more variable ash and phosphorous. Foxleigh coal has historically been considered good quality on the world PCI metallurgical coal market.

The establishment of new mine areas in the future will result in the exposure of oxidised coal of poor quality and greater proportions of less competent overburden requiring shallower batter slopes and consequently higher effective strip ratios (over and above a simple linear strip ratio). This risk could be mitigated if new mine areas can be connected or mined in sequence along sub-crop.

There is evidence of igneous intrusions in the broader mine area with sills and intruded seams intersected in exploration drilling, though on a rare basis. There is only occasional evidence of heat effected coal intersected in parts of the mine which have impacted on coal quality.

It is the opinion of CSA Global that the major geological risk to mining at Foxleigh remains the structural complexity and the resulting impacts on mining costs and scheduling. Additional risks include the long-term paucity of coal quality data and the variable depth of weathering identified in some areas. However, CSA Global is of the view that with 17 years of operating experience, many of these geological risks will continue to be manageable.

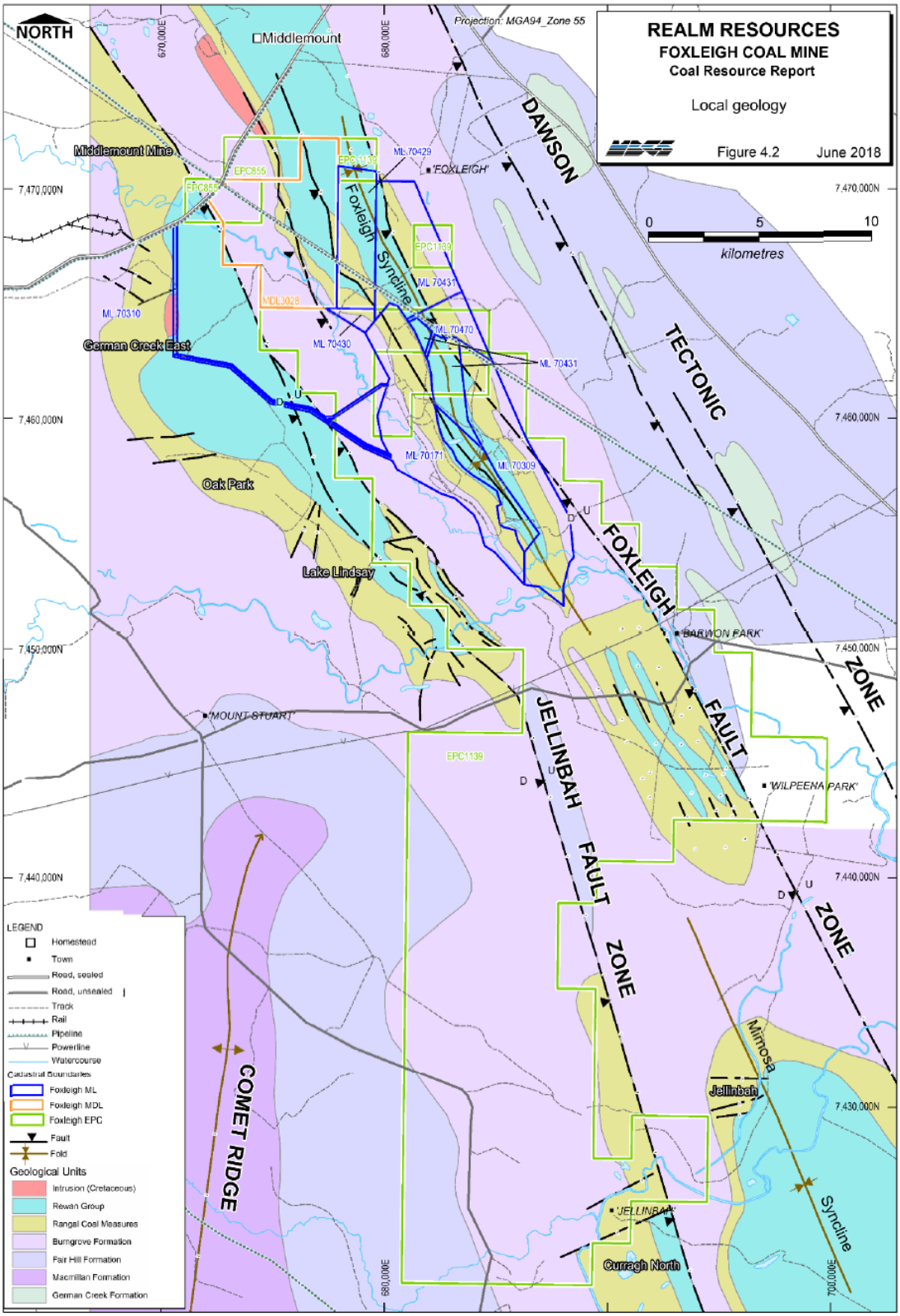

Figure 6: Geological map (below Tertiary strata)

Source: MBGS (2018)

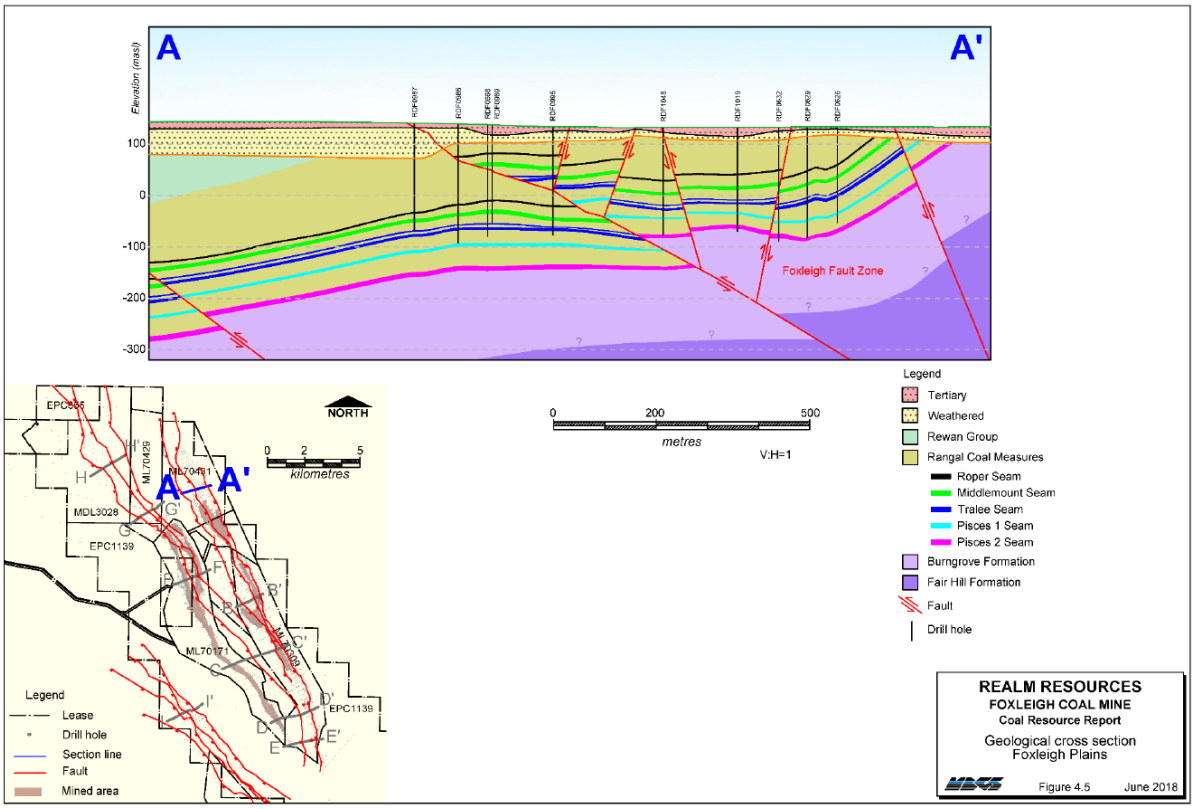

Figure 7: Schematic geological cross section – Foxleigh Plains

Source: MBGS (2018)

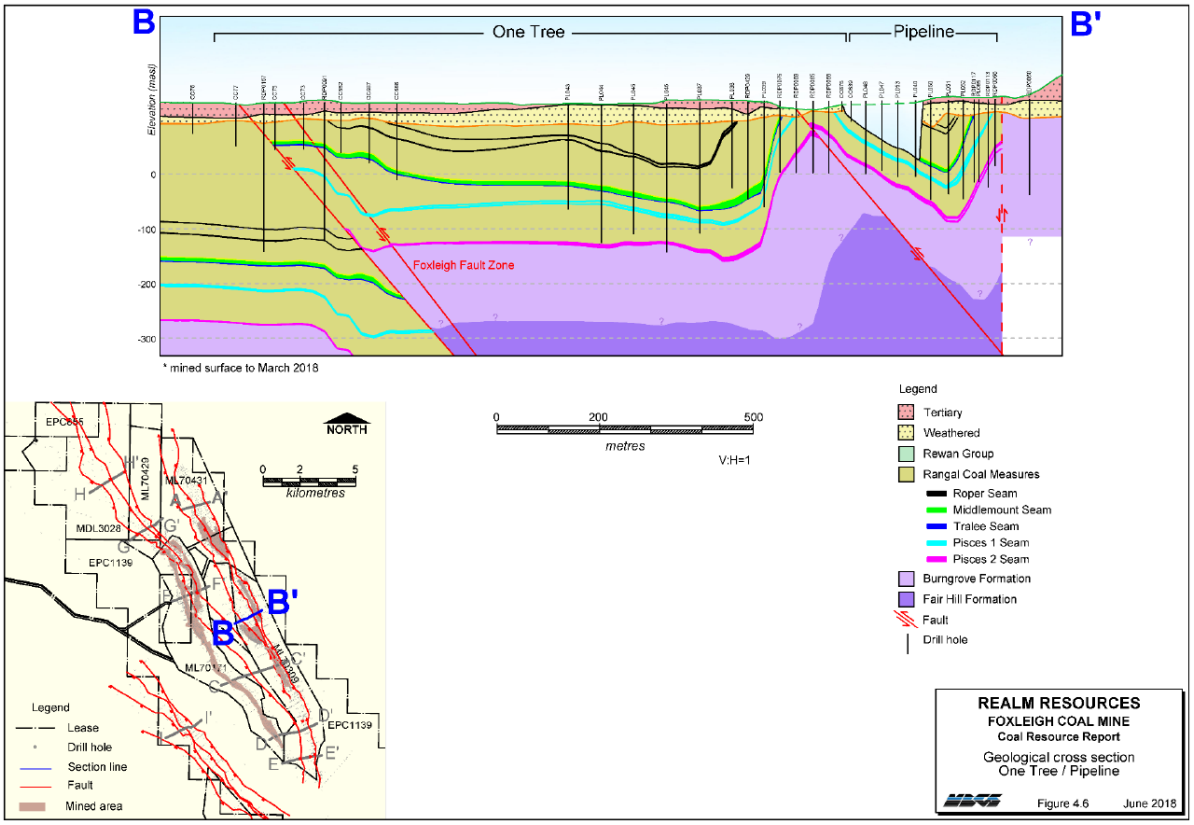

Figure 8: Schematic cross section – One Tree and Pipeline

Source: MBGS (2018)

2.4.3 Exploration Potential

There is potential to identify additional Resources adjacent to current operations and adjoining EPC tenements (Figure 3). These include Foxleigh North, Eagles Nest, Roper Creek, Far South, Daggers Tip and Foxleigh West. These areas are currently supported by two-dimensional (2D) seismic and only sparse drilling, providing good opportunities to improve resource confidence and tonnes.

Lower strip ratios and phosphorous levels at Daggers Tip suggest this part of the deposit may warrant further exploration as well as exploration between the established regions to enable more continuous mining along sub-crop zones, potentially reducing strip ratios in the long term.

CSA Global is of the view that conversion of some of lower Resource categories (Inferred and Unallocated to Measured and Indicated) will successfully be achieved with ongoing and regular exploration as a necessary part of mine planning. There are sufficient opportunities both adjacent to current operations and elsewhere within Foxleigh Joint Venture tenements to ensure adequate Resources and Reserves are available for the LOM plan.

2.5 Mineral Resources

2.5.1 Data Collection Techniques

Due to the structural complexity of the Foxleigh Mine area, the vast majority of holes drilled (96%) are geophysically logged open holes targeting structure. Due to the structural complexity of the deposit, drill holes are generally placed on a series of lines perpendicular to the structural framework. With the exception of the Far South area, seam structure interpretations are supported by 2D geophysical surveys providing sufficient information to resolve most structural elements.

Coal quality testing generally follows the established AAMC programs developed over several years, using NATA approved laboratories. A total of over 1,300 samples have been taken, including raw ply analyses and detailed washability on seam composites and subsequent testing of various product coals.

Based on a review of the Mineral Resource documentation, and a comparison with relevant Australian Standards and industry accepted practices, it is the view of CSA Global that the analytical work undertaken at Foxleigh complies with relevant Australian Standards and industry accepted practices.

2.5.2 Mineral Resource Estimation (2016–2017)

Mineral Resources at Foxleigh Coal Mine were estimated in 2016 by Encompass, with Foxleigh Plains updated in 2017 following exploration by the Measured Group. A maiden Resource estimate was reported for the Roper Creek region in 2017 by McElroy Bryan Geological Services (MBGS). These estimates are summarised in Table 3. At the time of these reports, no resources were estimated for the Western Corridor, Foxleigh North, Eagles Nest or Foxleigh West deposits due to insufficient geological confidence (Encompass, 2016). As a consequence, coal resources in these project areas remained unallocated.

Geological cut-offs used for resource estimation were generally consistent within these reports, including either a nominal 15:1 lineal strip ratio (or 200 m depth for the Roper Creek report), minimum seam thickness of 0.3 m and maximum seam ash of 40% (Encompass and Measured Group) or 35% (MBGS). In the case of the Roper Creek estimate, the underlying Pisces Seam was discounted as a resource due to the high incremental strip ratio and high ash of the seam.

CSA Global considers that the use of a 200 m depth cut-off remains comparative where all relevant seams are present at average thicknesses for the region. Where individual seams sub-crop, thin or are stratigraphically absent, a nominal 15:1 strip ratio would be a more appropriate and conservative depth

restriction. Aside from this consideration, the cut-offs used for these estimates are considered appropriate for this location and style of deposit.

It is the view of CSA Global that the software packages used for these estimates are regularly in the industry for Resource reporting and are fit for purpose. CSA Global is also of the view that the techniques and parameters used to model the geology conform to industry recognised standards and are appropriate for this style of deposit and location.

The spacing of points of observation used in this series of reports are comparable and generally conform to industry recognised standards. Due to the structural complexity of the region, structural points of observation (geophysically logged open holes) are approximately half the standard distance, used for coal quality points of observation (geophysically logged and sampled core hole). Structural continuity is supported by numerous 2D seismic lines.

The spacing used by Measured Group (and therefore Encompass) was also supported by geostatistical analysis. MBGS did not indicate the spacing of points of observation used to define resource confidence directly; however, their categorisation of the Roper Creek Resources as Indicated satisfactorily reflects the spacing of data points that are documented within the report.

CSA Global is of the view that the spacings of Points of Observation employed for all these estimates conform to industry recognised standards and are appropriate to this style of deposit in central Queensland.

Table 3: Foxleigh Coal Resources (100% basis) 2016–2017

Resource area	Measured (Mt)	Indicated (Mt)	Inferred (Mt)	Total (Mt)	Average ash % (adb)
Foxleigh Plains (2017)	28.5	24.5	10	63	17.3
One Tree-Pipeline	9.8	6.6	4.1	20.5	12.4
Far South	4.2	6.1	2.3	12.6	11.9
Carlo Creek-Daggers Tip	0.0	0.7	9.5	10.2	11.6
Roper Creek (2017)	0.0	42	6	48	17.0
TOTAL	**42.5**	**79.9**	**31.9**	**154.3**	**15.7**

The 2017 revised Resource estimate at Foxleigh Plains increased Measured and Indicated Resources by 9.2 Mt and 8.7 Mt, respectively, largely as a result of additional exploration which also allowed for the inclusion of the Pisces Seam.

The resources in the Roper Creek area are held by Realm (100%) and their inclusion into the operations is dependent on the satisfactory conclusion of commercial agreements with the joint venture partners. There is an increase in thickness of both the unconsolidated Quaternary and weathered Tertiary strata at Roper Creek that results in a weathering profile thickening to the north to a maximum of 80 m. As a result of the reduced batter slope angles required to stabilise this overburden material, in conjunction with the thin and steep nature of the sub-crop, actual strip ratios at Roper Creek will necessarily be significantly greater than a simple lineal relationship would suggest.

CSA Global is of the view that the Coal Resources estimated above are reasonable, considering the geology of the deposit and the information available. However, CSA Global considers that the significantly higher strip ratios at Roper Creek may result in these Coal Resources being uneconomic at current mining costs and product prices. It is noted there is no commentary on “reasonable prospects of eventual economic extraction” in the MBGS report on Roper Creek that necessarily should address this issue for the reader.

The additional geological risks that may impact on these Coal Resource estimates include issues with structural complexity and impacts of near-surface oxidation on coal quality. It is noted that drilling at Roper Creek, Far South, Foxleigh West and Western Corridor have at the time of reporting, incorporated a significantly low proportion of holes that were geophysically logged (27–68%). This represents a geological risk with regards to seam identification in open holes, whilst seam recoveries in cored holes cannot be independently confirmed without this information.

2.5.3 Mineral Resource Estimation (MBGS, 2018)

MMS (a subsidiary of Realm) recently commissioned MBGS to update estimates across most of the Foxleigh operations. The last such report was prepared by AAMC in 2013. This most recent report (dated 31 August 2018) incorporated additional exploration subsequent to the 2016–2017 series of reports, most notably at Foxleigh Plains, Eagle's Nest/Foxleigh North and Foxleigh West. There was a significant increase in Coal Resources estimated from a previous total of 155 Mt to a new total of 350 Mt. The single largest contributors were from new estimates of 83 Mt and 68 Mt for Eagle's Nest/Foxleigh North and Foxleigh West attributed in part to the additional exploration.

A significant proportion of this increase however is attributable to a revised modelling procedure and a review of resource classification criteria conducted by MBGS (refer to Table 6.8 in the MBGS report). The review of classification used by MBGS in this report results in maximum distances between points of observation effectively doubling in many resource areas compared to previous estimates (refer Table 4 below). These distances also do not conform with normal industry practice for this deposit style and location and have not been justified in detail. The use of geophysics in open holes to support quality points of observation is discussed but no geostatistical evidence was presented to support the proposed changes. It is accepted that geophysics can be used to support seam ash continuity between existing cored holes; however, geophysics cannot directly predict yield, nor various coke properties, sulphur, phosphorous and fluorine for washed coal products. These are critical tests to support anticipated PCI product values.

Table 4: Maximum distance between "points of observation" (metres)

	Measured		Indicated		Inferred		Extrapolate
	Structure	Quality	Structure	Quality	Structure	Quality	
Measured and Encompass	200	600	400	1200	800	2400	1200
MBGS (Syncline East)	250	600	1000	2500	1250	"sparse"	none
MBGS (Syncline west)	500	1500	1000	2500	1800	"sparse"	none

CSA Global considers that the resulting distances between points of observation used in this report do not adequately reflect the style of deposit nor industry standards for this operation. The increase in spacings is also inadequately explained in the report and the use of geophysics to support increased spacings does not adequately reflect the complex suite of critical quality parameters associated with this mine and the product coal.

CSA Global also considers there is potential for resources estimated in some areas (such as Roper Creek and Foxleigh West) to include uneconomic coal or coal that has a very low "prospect of eventual economic extraction" due to high strip ratios. There is no commentary in the MBGS (2018) report regarding "reasonable prospects of eventual economic extraction" which is a requirement of the JORC Code. This commentary would necessarily address this issue in an open fashion for the reader.

It is the view of CSA Global that the above issues will impact negatively on any future Coal Reserves estimate that may be derived from these Coal Resources. The inherently higher risks associated with seam continuity and quality resulting from the resource reclassifications used may result in the significant downgrading of the subsequent Coal Reserve classifications derived from these Coal

Resources. The impact of high strip ratios may also result in a significant proportion of these Coal Resources being rendered uneconomic when considering current mining costs and PCI prices. In assessing the market value of the individual coal resource areas, we have considered factors such as coal seam depth and strip ratios, and incorporated them in our opinion on the likely value of the resource areas, as discussed in Section 3.3 of this report.

2.5.4 Coal Reserves

Realm released an ASX company announcement on 20 December 2016 detailing Foxleigh Coal Resources and Coal Reserves prepared by Encompass Mining in accordance with the JORC Code (2012) and effective as at 31 October 2016. These same Resources and Reserves estimates were included with updated text in the Independent Geologist's Report prepared by Encompass which was incorporated into Realm's Notice of Extraordinary General Meeting dated 14 June 2017. On 22 December 2017, Realm released an ASX company announcement updating only the Resources and Reserves for the Foxleigh Plains area prepared by the Measured Group. Table 5 is a summary of these reserve statements, listing the most recent tonnages for each area.

Table 5: Summary of Foxleigh Coal Reserves (Mt; 100% basis)

Area	Effective date	ROM Reserve			Marketable Reserve		
		Proved	Probable	Total	Proved	Probable	Total
Foxleigh Plains (ML70431 and ML70470)	30 Sep 17	33.5	17.7	51.2	22.6	11.6	34.3
Pipeline (ML70309)	31 Oct 16	0.6	0.0	0.6	0.4	0.0	0.4
One Tree (ML70309)		7.8	3.7	11.5	6.3	3.0	9.3
Far South (ML7171 and EPC1139)		2.3	3.8	6.1	1.8	3.2	5.0
Daggers Tip (ML70171 and ML70309)		0.0	0.2	0.2	0.0	0.1	0.1
TOTAL		**44.2**	**25.4**	**69.6**	**31.1**	**17.9**	**49.1**

Appendix 1 of "*Additional Information – Foxleigh Plains Project Coal Reserves Estimates, Section 10.1.4 Cashflow*" of the 22 December 2017 JORC update by the Measured Group states their analysis indicated years 2017 to 2030 inclusive to be cash flow positive and years 2031 and 2032 are cash flow negative. As a result, quantities in 2031 and 2032 were removed from the Coal Reserve estimate. The Measured Group quantifies the tonnages included in 2031 and 2032 and removed from the Reserve as:

- 4.85 Mt run of mine (ROM) (Probable)
- 2.86 Mt marketable (Probable).

An estimate of depletions to these JORC Code Coal Reserves based on actual mined quantities as reported by Foxleigh up to 31 August 2018 is shown in Table 6.

Table 6: Estimated Reserve depletion

Area	ROM Reserve	Marketable Reserve
Foxleigh Plains (ML70431 and ML70470)	3.3	2.3
Pipeline (ML70309)	0.6	0.5
One Tree (ML70309)	0.5	0.4
Far South (ML7171 and EPC1139)	0.0	0.0
Daggers Tip (ML70171 and ML70309)	0.0	0.0
Total	**4.4**	**3.1**

The Adjusted Reserves defined in Table 7 comprise the JORC Coal Reserves, less depletion estimate to 31 August 2018, plus tonnages previously removed from Foxleigh Plains due to negative cash flow. A comparison of ROM and marketable reserves included in the Corporate Model from 1 September 2018 with the Adjusted Reserves indicate the differences shown in Table 7.

Table 7: Comparison of estimated Coal Reserves and Corporate Model quantities

Area	Adjusted Reserves		Corporate Model[1]		Difference	
	ROM	Marketable	ROM	Marketable	ROM	Marketable
Foxleigh Plains (ML70431 and ML70470)	52.7	34.9	54.2	35.6	-1.5	-0.8
Pipeline (ML70309)	0	0	0	0	0	0
One Tree (ML70309)	11.0	8.9	11.7	9.6	-0.7	-0.6
Far South (ML7171 and EPC1139)	6.1	5.0	0	0	6.1	5.0
Daggers Tip (ML70171 and ML70309)	0.2	0.1	0	0	0.2	0.1
Total	**70.0**	**48.8**	**65.9**	**45.2**	**4.2**	**3.7**

[1] *The Corporate Model quantities for July 2018 to 2020 inclusive have been adjusted to match the 2018–2020 budget.*

The comparison indicates the Corporate Model includes approximately 3% more material than was declared as Reserves from 1 September 2018. More specifically:

- 1.5 Mt ROM producing
- 0.8 Mt marketable reserves in the Foxleigh Plains area
- 0.7 Mt ROM producing
- 0.6 Mt marketable reserves in the One Tree area.

Discussions with MMS staff, corroborated by review of the updated resource models, confirm that it is reasonable to assume the additional 3% of material in the Corporate Model will be accounted for by the re-classification of Inferred Coal Resources or the conversion of new resources included in drilling programs completed since the initial JORC estimates were compiled.

CSA Global notes that based on the detailed production schedules in the LOM plan the Corporate Model only considers mining the Foxleigh Plains and One Tree/Pipeline pits and does not consider mining material from Far South or Daggers Tip.

On this basis, CSA Global considers the Corporate Model reserve quantities appropriate for the valuation.

2.6 Mining, Processing and Infrastructure

Mining is performed at Foxleigh using conventional open cut truck and excavator methods (Figure 9) delivering 3 million tonnes per annum (Mt/a) of product coal (2018) at a strip ratio of 15.9 bcm/t product. Raw coal is washed at Foxleigh's coal handling and preparation plant (CHPP) and hauled 27 km via a private haul road to a dedicated train-loading facility near the Capcoal (German Creek) rail loop. The metallurgical PCI coal is railed the remaining 280 km to the Dalrymple Bay Coal Terminal (DBCT) at the port of Hay Point near Mackay for export to markets including South Korea, Taiwan and Japan.

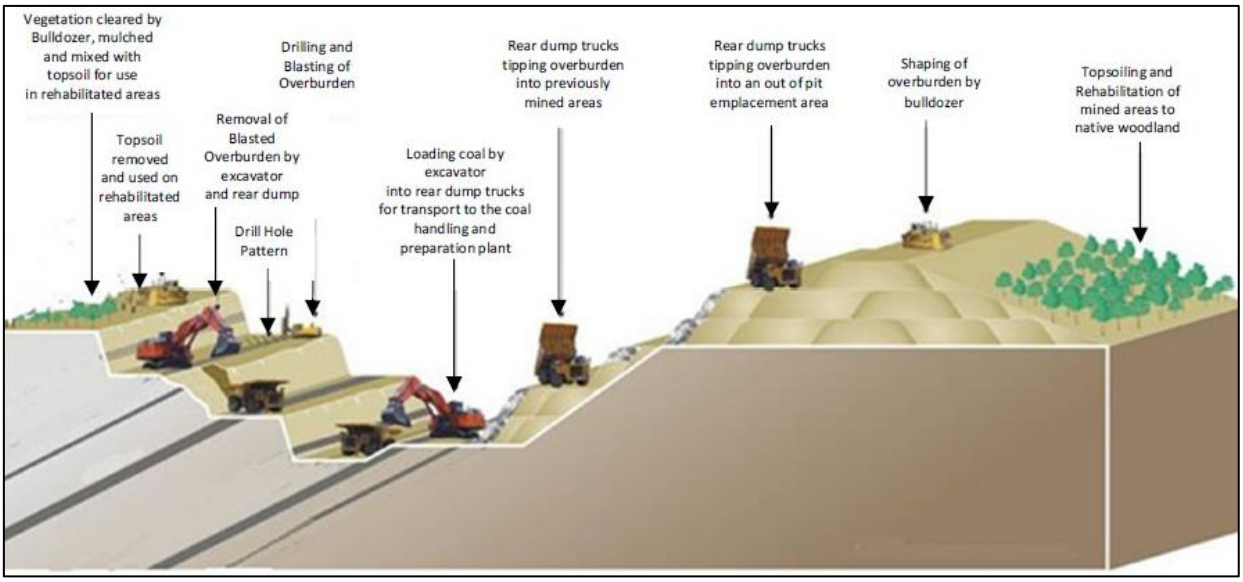

Figure 9: Truck and excavator terrace generic mining method

Source: Encompass Mining (2017)

2.6.1 Corporate Model

Realm provided a Microsoft Excel based financial model ("Corporate Model") including physicals, pricing and revenue, taxation and royalties, operating and capital costs representative over the Foxleigh mine life. These inputs drive the generation of cash flows in real terms and Australian dollars for the Foxleigh operation. The physicals, fleets selection and capital replacement schedules reflect consideration of mining in the Foxleigh Plains and One Tree/Pipeline areas only. This section reviews the salient factors influencing the operating and capital costs over the mine life and determines if any adjustments to the Corporate Model inputs are warranted.

2.6.2 Site Visit

CSA Global visited the Foxleigh site on 25 September 2018 inspecting key aspects of the operation and liaising with relevant MMS staff regarding the three-year budget, LOM plan, geology, pit, ROM, CHPP, transport and train load out (TLO) operations, coal quality, rehabilitation, water supply and workforce, among other things. Current mining practices were observed in both the Foxleigh Plains and One Tree pits, including support operations and ROM stockpile management. Other key inspections included the maintenance facilities, CHPP, product coal haulage fleet and TLO.

2.6.3 Blending Strategy

Historically, the Foxleigh Mine almost exclusively targeted coal from the high-quality Middlemount Seam in a single seam operation. Commencing with the extension of mining into the Foxleigh Plains area, coal production now includes the Roper, Tralee, Pisces 1 and Pisces 2 seams in addition to the Middlemount. The Pisces seams have a higher ash relative to Middlemount, resulting in a lower overall yield. This move necessitates the opening of additional areas like One Tree to ensure the continual supply of Middlemount Seam coal to maintain product specifications while enabling other higher ash, lower-yielding seams to be blended.

The blending strategy is to schedule the operation such that product specifications are met, but not exceeded, ensuring that the opportunity to "blend up" the lower quality coal is not lost while minimising the post CHPP stockpile holding time for blending.

Product coal quality management challenges will remain over the LOM with particular focus on non-ash qualities such as phosphorous and fluorine levels. Further blending options may be required to manage these levels, including opening additional coal mining areas. Based on our review of the mine plan and quality certificates of recent coal deliveries, CSA Global considers the blending strategy facilitated by recent changes to the mine plan to be appropriate and effectively mitigates risk associated with the operation. The physicals and associated costs representing the implementation of this blending strategy are appropriately modelled in the Corporate Model.

2.6.4 Mine Design

Additional sources of Middlemount seam coal are required to supplement the Foxleigh Plains production to satisfy the blending strategy. Currently, mining from the One Tree area meets this requirement with additional areas being potentially available, if required. A mine life to 2032 sees the depletion of these two pits as presented in the Corporate Model.

A margin ranking process typical for multi-seam coal deposits formed the basis of pit limit definition, which also correlates closely with strip ratio. This result is indicative of reasonable consistency in coal quality across each pit. Subsequent long-term mine planning has been performed off-site using reputable software packages commonly used throughout the industry.

Mining development in both Foxleigh Plains and One Tree pits utilises traditional truck and excavator methods. Following topsoil removal and box-cut establishment, the advancing face is developed using horizontal haul-back methods to minimise waste haulage distance and elevation. The target coal seams progress from a gentle anticline in the west to a syncline in the east, becoming vertical at the eastern limit, clearly illustrated in Figure 10 and Figure 11. This significantly varying seam inclination means coal presents quite differently across the breadth of the bench and mining methods at the contacts change accordingly.

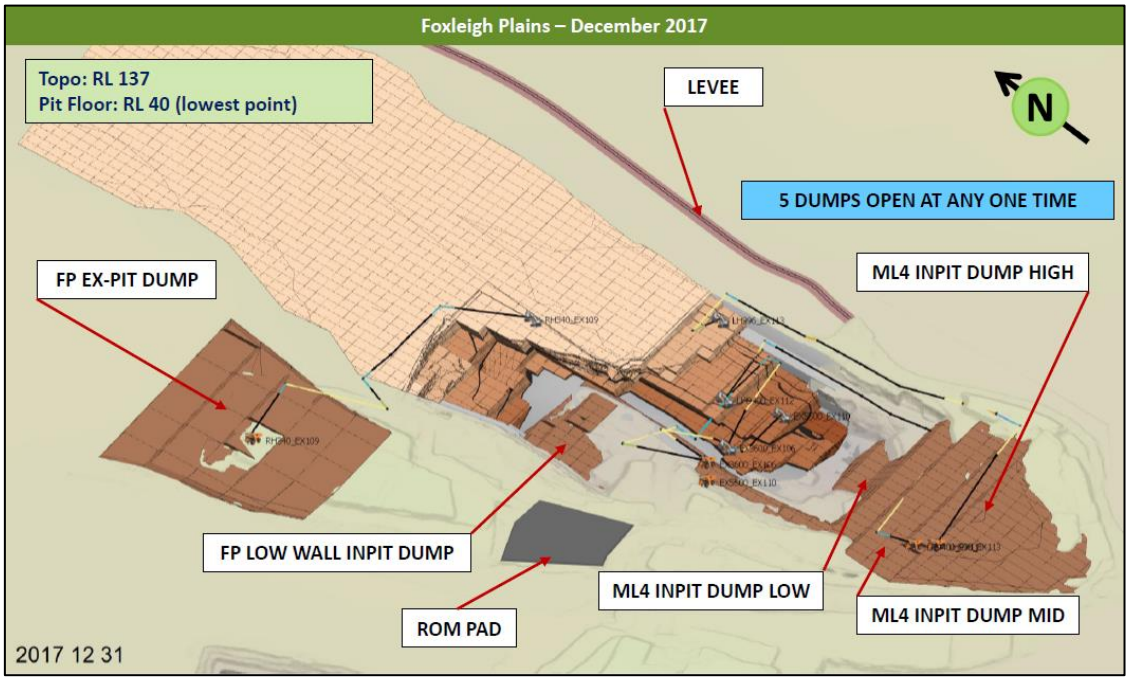

Figure 10: Foxleigh Plains pit design

Source: Foxleigh 2018–2020 Budget

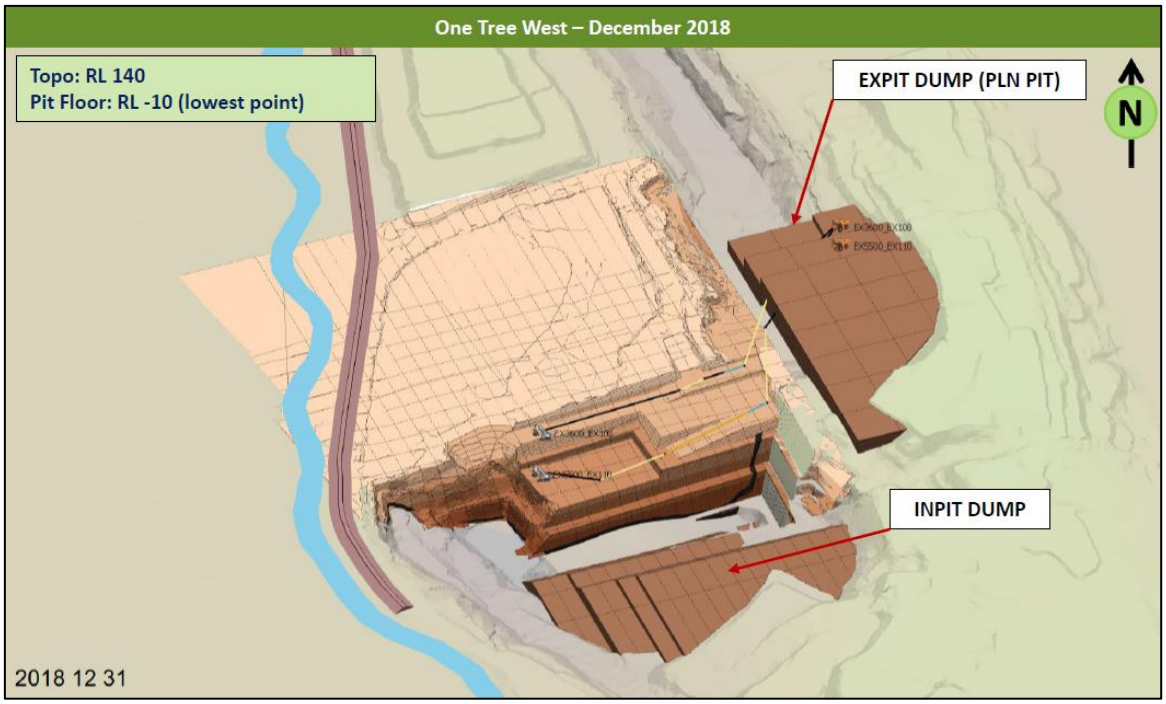

Figure 11: One Tree pit design

Source: Foxleigh 2018–2020 Budget

The pit design geometry appears to fit within the recommended geotechnical design profiles. Some geotechnical issues in recent years have been associated with faulting along the western limits of the Foxleigh Plains pit. Corrective measures, ongoing monitoring and operating in more than one pit have mitigated this geotechnical risk and CSA Global considers no adjustment to the Corporate Model is required for geotechnical issues.

Recent modelling and extension of the One Tree pit to the west will require the repositioning of some 4–5 km of the previous Cockatoo Creek diversion in mid-2019.

The BMA pipeline crosses the site from east to west, north of Pipeline and south of Foxleigh Plains pits. Currently, there are no plans considering its relocation, to exploit resources sterilised beneath.

Previous high grading operations by AAMC has complicated short-term pit designs, tightened work space and increased haulage distances as seen to the left of Figure 12 and Figure 13. The current medium-term plan will return the bench width to the full width of the advancing face, simplifying pit operation, increasing working room and shortening haulage distances while further mitigating risk of interruptions due to geotechnical issues on the western wall.

Figure 12: Foxleigh Plains

Source: CSA Global site visit, September 2018; advancing face towards left

Figure 13: One Tree

Source: CSA Global site visit, September 2018; advancing face towards left

CSA Global considers the mine plan to be appropriate for the scheduled reserves and no adjustment to the Corporate Model is required.

2.6.5 Mine Schedule

The Deswik scheduling software used to compile the LOM plan production schedule for Foxleigh is well established in the Australian mining industry and appropriate for deposits like Foxleigh.

The LOM plan production schedule adopted for the Corporate Model shown in Figure 14 maintains a relatively consistent material movement profile commencing in the 4th quarter of 2018 (a partial calendar year) and finishing in the third quarter of 2032 (a partial calendar year). The average strip ratio from 2018 to 2032 is 11.6 bcm prime waste per product tonne. 2018 and 2019 present a spike in the incremental strip ratio as additional pits are opened.

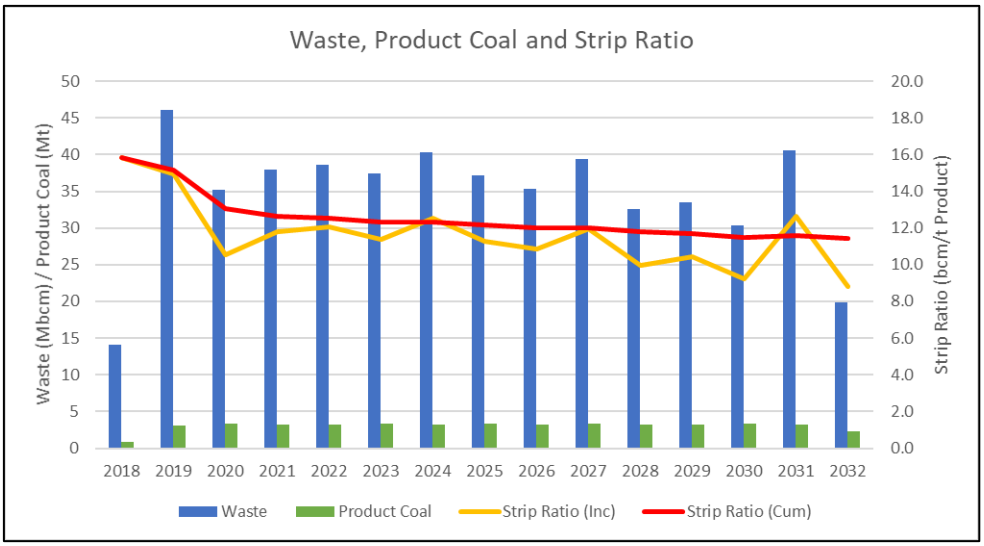

Figure 14: Waste, product coal and strip ratio

Source: CSA Global review of Corporate Model

Some differences in quantities were found between material movement profiles included in the Corporate Model for 2018–2020 and the 2018–2020 budget on which the Corporate Model is based during CSA Global's review. CSA Global has updated the Corporate Model quantities to match the 2018–2020 budget excluding actuals to June 2018.

Table 8 quantifies the ROM coal production and product coal tonnages by pit from the 2018–2020 budget and LOM plan assumed in the Corporate Model commencing 1 October 2018. The slight difference in quantities to those shown in Table 7 is due to the difference in the respective dates, as well as the basis of the tables. Table 7 is a validation of the JORC Reserve statement figures fed into the mine plan, from 1 September 2018 onwards, whereas Table 8 summarises forecast production from the mine schedule, commencing 1 October 2018. These quantities slightly exceed the total ROM and marketable reserves quoted on 30 September 2017 and 31 October 2016 for Foxleigh Plains and One Tree pits respectively as discussed above.

Table 8: 2018[1]–2032 coal production

Pit	ROM (kt)	Product (kt)
Foxleigh Plains	54.1	35.6
One Tree	11.6	9.7
Total	**65.7**	**45.3**

[1] 2018 commencing 1 October 2018

Source: Foxleigh 2018 Budget and LOM plan Quarterly Physicals

No attempt has been made to apply reserve conversion factors to the Roper Creek resources or Inferred Coal Resources of other areas, as the current lack of technical information detailing economic pit limits, mine designs, prime and rehandle waste movement, geotechnical issues, ROM and marketable coal production and coal qualities, for example, prohibits a reasonable or realistic representation in the Corporate Model.

2.6.6 Mine Equipment

The production mining equipment fleets in the Foxleigh 2018–2020 budget and the Corporate Model to 2032 are summarised in Table 9, and supporting ancillary fleets listed in Table 10. Primary excavator fleets from 2021 to 2032 are defined in the Corporate Model capital replacement schedules.

Table 9: Production equipment fleet

Class	Model	Size	2018	2019	2020	2021–2032
Excavator	Liebherr R996B	37.5 m^3	1	2	2	2
	Bucyrus RH340	34 m^3	1	1	1–0	0
	Hitachi EX5500	29 m^3	1	1	1–0	0
	Liebherr R9400	23 m^3	1–2	2	2	2
	Hitachi EX3600	23 m^3	2–1	0	0	0
Truck	Caterpillar 793	218 t	14–18	21	20–12	12
	Caterpillar 789	180 t	13	13	13–9	9
	Caterpillar 785	145 t	3–0	0	0	0

Source: Foxleigh 2018 Budget & Corporate Model

An excavator fleet of two Liebherr R996B excavators and two Liebherr R9400 excavators from 2021 is **insufficient** to deliver the production schedule contained in the Corporate Model. An additional R996B to replace the RH340 retired in July 2020 and associated truck fleet of five Cat 793's will be required to meet Corporate Model production requirements. CSA Global has included a capital allowance of A$12 million for the R996B excavator only. The additional supporting truck fleet are assumed to be sourced on a hire basis, consistent with the existing truck fleet and the operating costs are allowed for in the Corporate Model.

The existing Bucyrus RH340, Hitachi EX5500 and two Hitachi EX3600 excavators are all at or approaching their replacement lives and the two Hitachi EX3600 excavators are planned to remain on site as backup units when retired.

The forecast spike from 14 to 21 Caterpillar 793 trucks in 2019 reflects six operating excavators, an increased strip ratio and an increased proportion of waste being hauled to ex-pit dumps as additional work areas are opened. Truck fleet hours used as the basis for truck fleet number estimation have been modelled in the Spry haulage simulation software package, a widely used package in the Australian mining industry.

The excavator fleet (with the exception of the EX5500) is owned by MMS and truck fleets are under contract on a dry hire basis from Comiskey Mining Services excluding fuel, tyres and minor repairs. Trucks remain on hire for the duration of the project with excavator hire rather than purchase/replacement commencing from 2025 as each unit reaches the end of its operating life.

The relatively high equipment availabilities assumed in the LOM plan for a 24/7 operation reflect the hire arrangement for the truck fleets, brand new excavator line-up in their maintenance honeymoon period and backup excavator units remaining on site.

Table 10: Ancillary equipment fleet

Class	Model	Application	2018	2019-32	Owned	Hired
Wheel Loader	Komatsu WA900	ROM	3	3	2	1[1]
	Caterpillar 988	Various	1	1	1	
Dozer	Komatsu WD900	Pit	2	2	2	
	Caterpillar D11	Pit	3	3	2	1
	Komatsu 475-5	TLO	2	2	2	
	Caterpillar D10	Pit	4	4	3	1
	Caterpillar D9	Coal	1	1	1	
Grader	Caterpillar 24M	Pit	2	0		2
	Caterpillar 16H	Pit	2	2	2	
	Caterpillar 14M	Roads	1	1	1	
Watercart	Caterpillar 785	Pit	1	1		1
	Caterpillar 777	Pit	2	2		2
	Caterpillar 773	Pit	1	1		1
	Body Truck	Pit	1	1		1
Drills	SKS75	Pit	1	1		1[2]
	MD6540-A	Pit	1	1		1[2]
	SKS55	Pit	1	1		1[2]
Road Truck	B-Triples 180 t	Coal haulage	3	?		3[3]
	BAB Quad 350 t	Coal haulage	2	?		2[3]
Excavator	Hitachi ZX870	Coal	1	1	1	
Service Truck	Volvo	Service	1	1	1	
	Mann	Service	3	3	3	
Tyre Handler	Caterpillar 966D	Workshop	1	1	1	
Tool Carrier	Caterpillar IT28	Workshop	1	1	1	
Crane	Franna 25 t	Workshop	1	1	1	

[1] *Drills owned and operated by drilling subcontractor; 2 operational, 1x SKS55 backup unit.*
[2] *Road trucks owned and operated by coal haulage contractor; new contract 2019.*
Source: Foxleigh 2018 Budget and discussions with MMS Staff

Foxleigh currently has a mix of owned and hired ancillary plant. Similar to the ownership strategy adopted for excavators, capital expenditure for owned ancillary equipment due for replacement from 2025 ceases, and new plant is mobilised to site on a hired basis.

Both the production drills and coal haulage road truck fleets are owned, operated and maintained by their respective subcontractors.

Based on a review of the nominated fleet, mine plan, and inclusion of a fifth mining fleet, CSA Global considers the nominated ancillary equipment fleet numbers to be appropriate and sufficient to deliver the planned mine schedule.

2.6.7 Mine Equipment Productivities

The excavator productivity rates for mining waste and coal documented in the 2018 Foxleigh Budget are consistent with those achieved on site in 2017 and are included in Table 11. The annual production rates derived when the hourly excavator productivity rates are considered together with the time usage model are reasonable for equipment in these three classes and Foxleigh's operating conditions.

Coal mining productivity rates are impacted by top of coal and floor of seam cleaning processes using ancillary equipment and an 85-tonne excavator. Further, in areas where the seam dip is steeply inclined

to vertical, greater care is taken to ensure maximum recovery of the coal resource while minimising dilution at the contacts.

Table 11: Excavator hourly productivity rates

Material	Units	RH340/R996B	EX5500-6	EX3600/R9400
Free Dig	bcm/h	2,050	1,900	1,100
Uppers Horizon	bcm/h	1,800	1,650	1,050
Mids Horizon	bcm/h	1,650	1,500	975
Lowers Horizon	bcm/h	1,600	1,350	950
Average waste (2018–2020)	bcm/h	1,730	1,460	980
Coal	t/h	1,600	1,500	1,150

Source: Foxleigh 2018 Budget

Future improvement in the productivity rates is feasible as working room and bench width increases in accordance with the LOM plan. The material classifications listed in Table 11 appropriately reflect a general increase in material density and rock competency as depth increases. Universal compressive strength (UCS) ranges between 1 MPa and 10 MPa for Free Dig and the Uppers, 15–20 MPa for the Mids and 30–40 MPa for the Lowers.

2.6.8 Drill and Blast

Both the drilling and blasting activities for Foxleigh are undertaken by subcontractors. The current drilling contractor is Coldwell Drilling Co. Australasia. Established in 1978, Coldwell is well experienced in the Bowen basin coal fields. Coldwell operates two production drills at Foxleigh, namely:

- Cat SKS75
- Cat MD6540-A
- Cat SKS55 is held on site as a backup unit.

Production drilling is typically on 30 m benches using 229 mm holes on a 6 m x 7 m pattern, tightening with depth. Penetration rates between 60 and 70 m per hour are typical.

Blasting is performed under contract by Platinum Blasting Services with the group being established in 2014. Holes are dewatered, primed and fed with a water proof product with the following typical powder factors:

- Uppers: 0.36 kg/bcm
- Mids: 0.48 kg/bcm
- Lowers: 0.58 kg/bcm.

Through-seam blasting is practiced with appropriate standoff from the coal seam.

CSA Global considers the drilling process and powder factors to be reasonable for an operation like Foxleigh.

2.6.9 Staff and Workforce

The Foxleigh organisation structure is typical of Queensland coal operations with appropriate staff numbers in each department. Approximately 70% of the mining workforce are labour hire and 30% are employed under an enterprise agreement with turnover rates being relatively low for a Bowen Basin operation. Approximately half the workforce holds union membership and currently work 12-hour shifts on an even time roster. The mining workforce will grow from 2018 and recede to about 200 operators by the end of 2020. Total manning numbers including staff and subcontracts are forecast to stabilise around 400 by 2020.

2.6.10 Site Water Balance

Foxleigh's water inflows currently exceed outflows making the site net positive. Key water inflow sources include:

- Surface runoff
- Groundwater
- Tailings water,
- Bingegang Weir pipeline supply contract.

The main water outflow activities include:

- Evaporation
- CHPP via product coal and rejects
- Haul roads
- Stockpiles
- Offsite discharge
- Dam spillages
- Vehicle washdowns and other workshop activities.

The CHPP is the largest single activity to consume water on site and interruptions or supply shortages can directly impact the operations ability to produce saleable coal.

SunWater supplies approximately 40% of all commercial water in Queensland and maintains a significant network servicing the mining sector. SunWater manages Fairbairn Dam about 12 km southwest of Emerald which feeds several downstream weirs on the Mackenzie River including the Bingegang Weir. At the time of writing, Bingegang Weir was at 48% capacity and Fairbairn Dam just below 20%. Forecast for future inflows to Fairbairn Dam are reasonable to low. Foxleigh Mining has two long-term supply contracts to 30 June 2029 with an aggregate volume of 1,289 ML per annum with SunWater via the Bingegang Weir pipeline. The 32 km pipeline is capable of supplying water at 7 ML per day.

Foxleigh currently prefer the use of this clean water supply in the CHPP; however, the abundance of water retained and managed onsite in numerous dams and voids is sufficient for several years of operation.

The risk of water shortages impacting the operation is low and no adjustments to the Corporate Model are considered necessary.

2.6.11 Processing

Foxleighs first product coal shipments were made in early 2000 with ROM coal being trucked 27 km to the Capcoal mining project for processing on a tolling basis and rail loading. The Foxleigh CHPP (Figure 15) was manufactured and commenced operation in 2006 with an initial design accommodating multiple raw coal sources including both thermal and coking coal. More recently, the CHPP has been upgraded to a "nameplate" capacity of 650 t/h. In its current state at an average feed rate of 650 t/h and operating for 7,000 hours per year, the plant can process 4.6 Mt of ROM coal and has a potential upside of 0.6 Mt/a to 5.2 Mt/a of ROM coal. This capability accommodates the forecast annual feed rates assumed in the Corporate Model, however, CSA Global notes that 2031 assumes the processing of 5.6 Mt of ROM coal with considerable drop in yield to 56.9%. Sustaining an annual CHPP throughput of 5.6 Mtpa is not considered reasonable without considerable capital expenditure to lift the hourly capacity to 800 tph. This capital expenditure would not occur in the last 21 months of operation. There is potential however, for the plant to operate in excess of 7,000 hours in a single year. Furthermore, there is

potential to process an additional 250 - 300 kt ROM in the nine months of 2032. CSA Global considers the assumed 2031 throughput rate to be unreasonable, but not material as the majority of excess ROM coal could be processed in the months following 2031.

The CHPP has recently commenced a three-year A$5.6 million capital replacement and upgrade project due for completion in 2020. Various improvements will include:

- 800 t/h infrastructure upgrade study
- On-site fluorine/phosphorous sampling capability
- Secondary sizer motor and other ROM infrastructure upgrades for raw coal handling
- Product coal receival upgrade and stockpile stair modifications for product coal handling
- Coarse circuit screen replacement, wing tank and correct medium oversize protection
- Fine coal circuit centrifuge replacement
- Ultrafine circuit classifying cyclone and flotation circuit upgrade.

ROM coal from each seam within each pit is segregated for processing separately. Also, ROM coal feed sourced from the eastern side of the pits where seam inclination is steeply inclined or vertical is managed as it includes a higher proportion of dilution directly affecting plant yields. Table 12 shows the seam yields and product ash forecast from 2018 to 2020.

Table 12: Product quality (2018–2020)

Pit	Seam	Yield	Product (kt)	Ash
Foxleigh Plains	Roper	64–67%	862	9.0%
Foxleigh Plains	MMT1	75–78%	3,441	8.4%
Foxleigh Plains	TRA2	73–81%	2,262	10.0%
Foxleigh Plains	Pi1B	64–67%	187	9.0%
One Tree	MMT1	83%	2,115	8.4%
One Tree	MMTL	63%	450	8.4%
Total			**9,317**	**9.0%**

Source: Foxleigh 2018 Budget

The 2018 PCI quality specification forecast in the Foxleigh 2018–2020 budget is included in Table 13.

Table 13: 2018 PCI product quality specification

PCI specification	Unit	2018
Ash	%	9.0
Volatiles	%	10.2
Phosphorous	%	0.11
Sulphur	%	0.49
CV	kCal	7,756

Source: Foxleigh 2018 Budget

CSA Global considers the forecast PCI coal specification to be consistent with a low-vol PCI coal on an air-dried basis and represents one of the lower volatile PCI specifications currently exported from Australia. The specification is consistent with the SGS Australia certificates of sampling and analysis issued this year for shipments from the Dalrymple Bay Coal Terminal. The coal quality specification schedule in the LOM plan, on which the Corporate Model is based, remains reasonably consistent over the mine life.

Figure 15: Foxleigh CHPP

Source: Foxleigh IM, November 2015

2.6.12 Coal Haulage and TLO

Washed product coal from the CHPP is conveyed to the 700-tonne truck loadout bin shown in Figure 16. Three product types varying in ash content are loaded into 180-tonne Triple-B road trains and transported approximately 27 km via a private haul road to the Capcoal TLO facility and placed in Foxleigh's coal stockyard.

Figure 16: Foxleigh CHPP truck load-out

Source: CSA Global site visit, September 2018

Toll is currently engaged under contract to haul product coal from the bin to the TLO at 9,500 tonnes per day (t/d), 24 hours per day, 363 days per year. On occasions when the CHPP exceeds the subcontractor's daily capacity, it is put down in the product stockpile and transported at a later time. The product coal haulage contract just awarded in Sep 2018 increases the daily capacity to 11,000 t/d with the contract term increased to four years with a one-year option designed to attract newer equipment and improve reliability.

The private haul road is sheeted with gravel forming a good running surface allowing maximum speeds to be maintained and contains only one intersection near the TLO facility. Ongoing road maintenance is performed by Foxleigh with a culvert replacement program currently underway. Several sections of the road including bridges limit the overall running surface width and subsequently maximum truck size.

Based on our review of the operations and observations from the site visit, CSA Global conclude that the coal haulage process presents a low risk to the project.

Side tipping road-trains dump product coal in to the receival bin and is transported to one of three coal stockpiles via 700 t/h skyline conveyor (shown in Figure 17). During the train loading process, coal is selectively reclaimed from under the stockpile for quality blending through three coal valves feeding an underground conveyor to feed the TLO facility at up to 4,000 t/h.

Figure 17: TLO

Source: Foxleigh IM, November 2015

2.6.13 Rail

Centrally located within the Bowen Basin, Foxleigh Coal Mine potentially has access to both domestic and export markets through three major Queensland coal export ports via three rail systems as shown in Figure 18.

Foxleigh has an allocation of capacity, on a “take or pay” basis, under Anglo American’s existing agreements with Pacific National Pty Ltd (Pacific National) for haulage and rail access provided by Aurizon Network Limited (Aurizon) in the Goonyella rail system to the DBCT some 280 km from site.

The “Below Rail” track access agreement with Aurizon for a contracted tonnage up to 3.5 Mtpa expires on 30 June 2024, with a “first rights” of renewal beyond that. The “Above Rail” haulage agreement with Pacific National for up to 3.5 Mtpa expires on 31 December 2021. Under this arrangement with Anglo, MMS have a 2.4 Mtpa commitment and receive a rebate from Anglo for any capacity not used above the commitment. The agreement was altered on 14 Nov 2018 to reflect the forecast average annual export

rate in the new LOMP of approximately 3.1 Mtpa. The JV have released 0.2 Mtpa of above and below rail capacity back to Anglo with above rail, below rail and port capacity now all aligning at 3.3 Mtpa allowing the operation some variation in annual output. This change also releases Anglo from the previous rebate obligations to MMS. The current fixed cost component of the rail cost is $5.0001 / t Prod. The 0.2 Mtpa reduction will result in an annual rail cost saving of ($5.0001 x 0.2 Mt) $1M pa on a 100% basis. These changes will be effective from 1 Jan 2019.

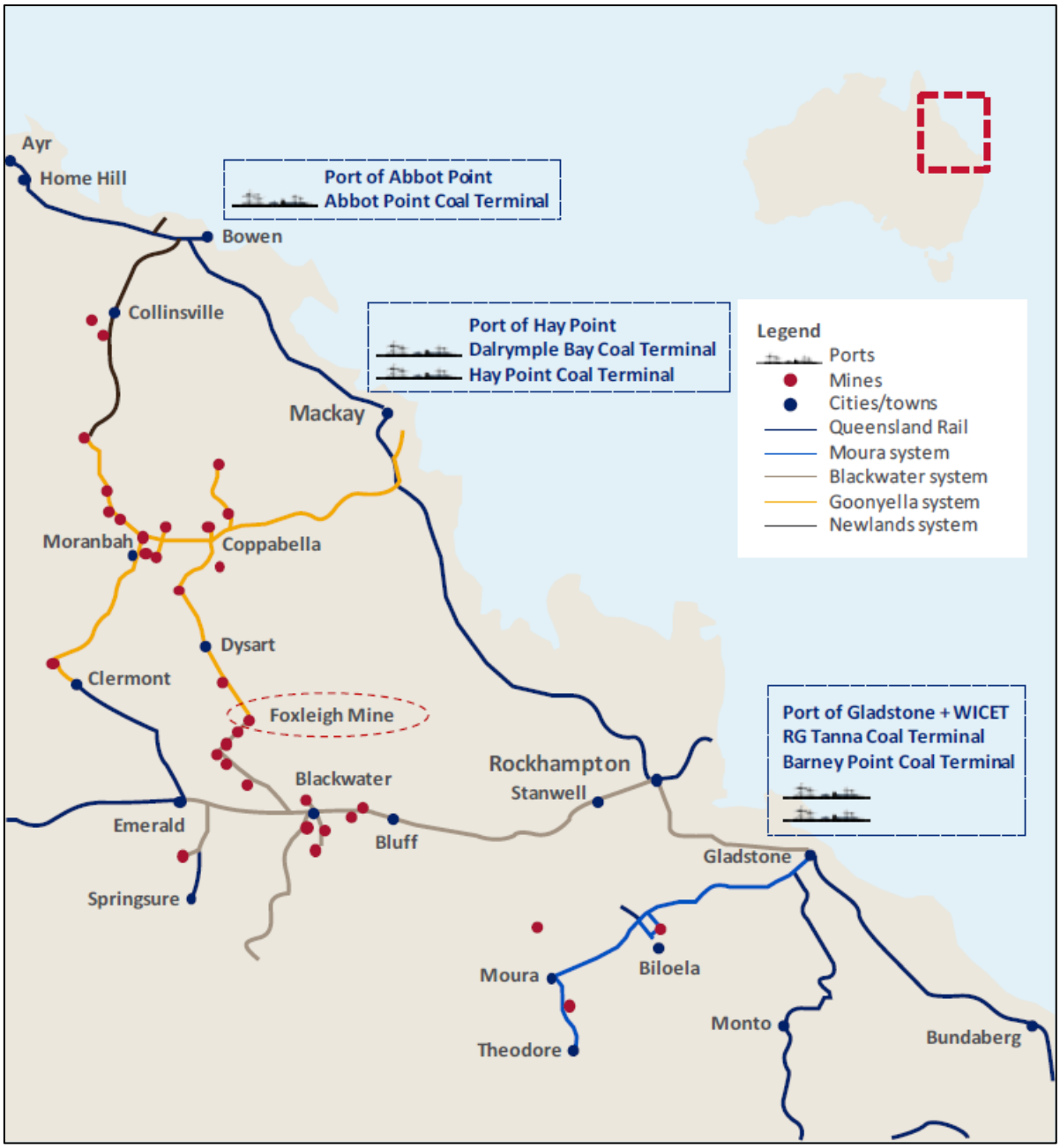

Figure 18: Central Queensland rail network

Source: Realm Resources website

Trains consisting of 120 wagons each with a nominal payload between 9,950 tonnes and 10,030 tonnes are loaded at the Capcoal mining project TLO facility and railed to the DBCT. Coal from both the Foxleigh and Capcoal mines is loaded via the coal TLO facility located on the Capcoal rail loop. Foxleigh's right to use the loadout facility and rail loop arise under an agreement between the respective joint ventures with the responsibility for the loading of trains remaining with the Capcoal joint venture.

2.6.14 Port

The DBCT is located in the port of Hay Point and is adjacent to the BMA operated Hay Point Coal Terminal (HPCT). DBCT is owned by the Queensland state government and is leased to DBCT Management (DBCTM) who manage the daily terminal operations, maintenance and port and harbour services.

Foxleigh has a DBCT Port User Access Agreement providing for port capacity of up to 3.3 Mt/a and will expire on 30 June 2024 but are subject to rolling five-year options in order to maintain evergreen renewal rights beyond this. This agreement will automatically renew after the expiry date until either party defaults or gives notice to terminate the contract.

Capable of also transporting product coal to the Port of Abbot Point and the Port of Gladstone if required, CSA Global consider Foxleigh's assumption to ensure port access is reasonable.

2.6.15 Mine Rehabilitation

The Foxleigh Plan of Operations reports the 2018 area of disturbance to be approximately 2,231 hectares. Several areas previously operated by AAMC are being reworked and a current topsoil deficit in some areas will be made up over time. Foxleigh's progressive rehabilitation activities currently address about 200 hectares per year with the rehabilitation management plan appropriately addressing the rehabilitation obligations over the life of the mine..

The rehabilitation objectives are to return the Foxleigh Mine to a self-sustaining, low maintenance vegetation state comparable to the native ecosystem suitable for light grazing.

2.6.16 Capital Cost Estimates

Foxleigh currently has a mix of owned and hired ancillary plant operating in the Foxleigh Plains and One Tree pits. The current ownership strategy for mobile equipment is:

- Owned excavators – capital replacement until 31 December 2024, thence hired replacements thereafter
- Trucks – hired until the end of mine life
- Owned dozers – capital replacement until the end of mine life
- Currently hired ancillary equipment – remains hired until the end of mine life
- Owned ancillary equipment – capital replacement until 31 December 2024; hired replacements thereafter.

The Corporate Model generates a capital replacement schedule for owned equipment based on nominal replacement lives of 40,000 service meter units (smu) for small equipment and 60,000 smu for large equipment.

CSA Global considers the unit capital prices assumed in the Corporate Model for owned equipment to be reasonable and have included a capital allowance of A$12 million for a R996B commencing in 2020 to establish a fifth mining fleet. CSA Global has made allowances for the following issues and recalculated the capital replacement schedule:

- A formula issue with the model has resulted in all equipment being replaced at 60,000 smu. Small equipment replacement lives have been modelled at 40,000 smu.
- Different sized tracked dozers were modelled at the same capital replacement cost. Appropriate capital cost has been assigned.
- To meet production requirements CSA Global has allowed for a fifth excavator at the end of 2020.
- Differences in CSA Global's understanding of the owned ancillary fleet list have been included.

Similarly, the incremental hire cost for owned equipment not replaced post 2024 in the Corporate Model has been recalculated to address:

- Variation in hire rates for different sized tracked dozers
- Variation in hire rates for different sized rear dump trucks.

The Corporate Model assumes an annual capital replacement allowance of A$1.5 million for dozers from 2025 to 2029 inclusive. This allowance reasonably matches the estimated capital replacement schedules for dozers during this time.

All plant and equipment associated with the drilling and coal haulage contracts are assumed to be covered inclusively by the contract rates and no capital allowances are made. All costs associated with maintaining the private coal haul road are assumed covered in the operating rates and no specific capital allowances for culverts and bridges are included.

The mine's existing equipment workshop at the mine industrial area (MIA) is reasonably designed to service and maintain all site equipment, perhaps with the exception of the Cat 793 fleet, particularly during poor weather. Realm currently plan to establish a new workshop centrally located relative to the Foxleigh Plains and One Tree pits in 2019. This facility is estimated to cost around A$7 million.

The Cockatoo Creek diversion indicated in Figure 11 will require re-alignment in 2019 to permit the planned extension of operations in to the area west of the One Tree pit. CSA Global has included a capital allowance of A$1.2 million per km for approximately 4.5 km to access these additional reserves.

The 2018–2020 budget details the CHPP capital replacement and upgrade project currently underway at Foxleigh. No allowance for this capital expenditure is made in the Corporate Model so CSA Global has included the following 2018–2020 budget estimates:

- 2018 – A$4.08 million (A$2.89 million remaining as at 1 Oct 2018)
- 2019 – A$1.03 million
- 2020 – A$0.50 million.

The Corporate Model includes sustaining capital allowances for the mobile equipment and the CHPP. CSA Global understands these allowances to include all infrastructure around the MIA including the administrative facilities.

CSA Global has included a sustaining capital allowance of approximately A$75,000 per year for the TLO to cover various items, in particular the conveyor drives. The TLO was built and commissioned in 2008, so further to the sustaining capital allowance, CSA Global has included a capital allowance of A$6 million at the 15-year mark (2023) for structural refurbishments.

Extending the LOM beyond 2032 by exploitation of the coal resources, such as Roper Creek and Dagger Tip areas, would require significant capital expenditure associated with refurbishing the CHPP and potentially include changing the fleet ownership strategy and reverting to owning key mobile mining plant, among other issues. For reasons previously discussed, these resources have not been included in the Corporate Model discounted cash flow (DCF).

2.6.17 One Tree West Pit wall failure 14 November 2018

Figure 19 shows the geotechnical incident which occurred on 14 Nov 2018 in the eastern end wall of the One Tree West pit. Coal seams are almost vertical in the area of the circular failure with strata being tightly folded and characterised by reverse dips and often slicken sides with clay. Mining in the area has relaxed the tightly compressed strata and the failure happened over time.

There has been no loss to reserves due to the incident, however, access to approximately 298 kt ROM coal will be delayed several weeks as stabilisation remediation works are carried out. This will have no impact on downstream activities including washing and product shipments given the relatively large ROM stockpiles on site.

The stabilisation works will include moving approximately 200 kbcm more waste than originally planned. Removal of the failure material will require additional dozer push but won't require drill and blast, and haul lengths will typical be shorter in-pit runs. Stabilisation works for the area will cost around $700k assuming an all-up mining rate of $3.50/bcm.

The eastern end wall will be redesigned and mining re-sequenced to improve stability in the lower horizons and minimise risk. Additional and ongoing geotechnical advice will be required to manage wall stability.

CSA Global considers no additional changes to the Corporate Model are warranted in relation to this issue beyond the $700k stabilisation works based on the information currently available.

Figure 19: One Tree West Eastern End Wall Failure (14 November 2018)

Source: Realm Resources

2.6.18 Operating Cost Estimates

Foxleigh has several contracts in place for key operational activities or supplies, including but not limited to:

- Mobile mining equipment dry hire
- Earthmoving tyre supply
- Coal haulage
- Production drilling
- Production blasting
- Rehabilitation

- Camp and facilities management.

These major contracts along with the fact that two-thirds of the workforce are labour hire, should allow Foxleigh to forecast its three-year budget with a higher degree of certainty compared to a typical owner-operated coal mine. Coupled with comparable actual costs incurred in previous years, the three-year budget is well calibrated. The operating costs forecast for 2018 and 2019 will be higher than expected for the steady state operation due to increased strip ratios. This medium-term plan aligning the current operation with the LOM plan opens new areas mitigating coal quality risk and increases working space for increased production, both directly affect truck haulage costs.

Considering the foregoing and a like-for-like comparison between unit rates at the conclusion of the three-year budget and CSA Global's steady state operating cost estimates discussed below, CSA Global considers the three-year operating budget to reasonably represent the costs to be incurred.

The Realm Corporate Model opex schedule comprises unit rates in real terms for items listed in Table 14 with years 2018 to 2020 inclusive derived from the current three-year Foxleigh budget and steady state rates for 2021 onwards adjusted as necessary.

Table 14: Corporate Model opex base unit rates (2021 onwards)

Item	Unit (A$)	Rate
Overburden costs	$/bcm (all waste)	4.09
ROM coal mining costs	$/ROM t	3.67
CHPP	$/feed t	4.11
Site haulage and TLO	$/t sales	4.07
Rail costs	$/t sales	12.02
Port costs	$/t sales	5.39
Exploration (discretionary)	$/t ROM	0.96
Rehabilitation (discretionary)	$/t ROM	1.62
General and administration (G&A)	$/t ROM	5.11
Marketing costs (and logistics)	$/t sales	1.38
Demurrage costs	$/t sales	1.28
Total FOB (excluding royalty)[1]	**$/t sales**	**95.94**

[1] *Based on 2021 quantities*

CSA Global estimates the Corporate Model 2021 overburden cost breakdown based on the 2018–2020 budget as follows:

- Drill and blast A$0.20 + A$0.60 =A$0.80/bcm
- Mining and maintenance A$0.75 + A$1.87 = A$2.62/bcm
- Fuel A$0.60/bcm
- Overheads A$0.07/bcm
- **Total** **A$4.09/bcm**

From 2018 to 2021, the average depth of mining increases, impacting both truck haulage distances and cycle times. Similarly, the volume ratio of Lowers to Uppers increases impacting drilling and blasting requirements. The decreasing volume in the Uppers and increasing volume in the Lowers equates to an increase for drilling and blasting costs of about A$0.20/bcm over the next four years. Tighter drilling patterns in the Lowers increases drilled metres per bcm while increasing rock competency requires higher powder factors for good fragmentation. A drill and blast rate of A$0.80/bcm by 2021 is reasonable.

The Foxleigh mobile mining fleet comprises a mix of owned and hired equipment. The hire rates exclude allowances for:

- Fuel
- Tyres
- Minor repairs under A$30,000.

To estimate a reasonable mining base rate, CSA Global has built up the unit rate operating costs from first principles for each plant item in the fleet using average life of plant costing expressing the total rate in A$/bcm based on the fleets production capability. A base mining and maintenance rate of A$2.46/bcm was estimated compared to the estimated Corporate Model 2021 budget value of A$2.62/bcm. Given the Corporate Model 2021 budget value includes an 'as incurred' maintenance estimate rather than life of plant average, CSA Global finds the 2021 Corporate Model rate reasonably reflects the selected equipment, ownership strategy and operating conditions.

At the time of writing, the Mackay terminal gate price for diesel fuel averaged around A$1.51/litre. This rate is now materially higher than it has been in recent years. The current fuel rebate of A$0.412/litre gives a site fuel price of A$1.10/litre before transport, storage and dispensing costs. Foxleigh has a fuel supply agreement with BP with a typical gate price discount being based on volume. Fuel consumption volumes will increase over 2018 and 2019 before declining again; however, a discounted rate should be sustainable from 2021. This price applied to the average fuel consumption for the mining fleet equates to A$0.82/bcm compared to the estimated Corporate Model value of A$0.60/bcm.

Given the foregoing and leaving the allowance for overheads unchanged, CSA Global estimates a reasonable comparable total overburden base rate build-up to comprise:

- Drill and blast A$0.20 + A$0.60/bcm
- Mining and maintenance A$2. 46/bcm
- Fuel A$0.82/bcm
- Overheads A$0.07/bcm
- **Total** **A$4.15/bcm**

The 2021 Corporate Model overburden base rate is A$4.09. Adjusting A$0.22/bcm for fuel gives a total adjusted overburden base rate of A$4.31/bcm, which differs less than 4% from CSA Global's comparable estimated rate.

In addition to the mining, fuel, maintenance and overheads unit rates the ROM coal mining costs unit rate includes an allowance for ROM coal haulage from pit crest stockpiles to the CHPP and haulage of coarse rejects to voids. CSA Global estimates a reasonable comparable total coal base rate build-up to comprise:

- Mining and maintenance A$1.67/t ROM
- Fuel A$0.56/t ROM
- Overheads A$0.05/t ROM
- ROM haulage to CHPP A$1.00/t ROM
- Coarse rejects haulage A$1.35/t reject (A$0.32/ ROM)
- **Total** **A$3.59/t ROM**

The 2021 Corporate Model ROM coal mining cost is A$3.67/t ROM. Adjusting A$0.15/t ROM for fuel gives a total adjusted ROM coal mining base rate of A$3.82/t ROM, approximately 6% higher than CSA Global's comparable estimated rate.

During the 2018–2020 budget period, the new excavator fleet will experience a period with nearly no maintenance costs until the first major components are due for replacement, after which maintenance costs will increase over the life of the asset.

CSA Global considers the Corporate Model overburden and coal mining and maintenance rates to be on the high side of a reasonable range for the mix of equipment deployed, scale of operation and operating

conditions experienced at Foxleigh. On this basis, CSA Global recommends only two adjustments to the Corporate Model from 2018 onwards total overburden and ROM coal mining rates, namely:

- An additional $0.22/bcm and $0.15/t ROM for the under-estimate fuel cost, and
- the adjusted incremental hire costs to reflect CSA Global's revised replacement schedule for owned equipment replaced with hire equipment

The application of the fuel and incremental hire adjustments to the Corporate Model from 2018 result in a gross increase of $139.7 million over the life of the mine.

The CHPP unit rate of A$4.11/t feed forecast in the Corporate Model from 2021 is about 20% below those realised to date and forecast from 2017 to 2020. An improvement in the unit operating rate indicated in the Corporate Model from 2018 to 2020 is expected as the current capital upgrade project is completed and interruptions cease, however, CSA Global considers a base rate of A$4.50/t feed from 2021 is more reasonable at the forecast annual feed rates.

CSA Global considers the site haulage and TLO unit rate allowances for 2018 to 2020 in the Corporate Model to be reasonable with slight changes being indicative of external component price fluctuations, particularly fuel price. CSA Global estimates the 2021 site haulage and TLO unit rate allowance of A$4.07/t sales approximately comprise:

- Product haulage to the TLO A$3.17/t product
- TLO maintenance and operation A$0.90/t railed
- **Total** **A$4.07/t product coal**

The Foxleigh 2018–2020 budget indicates the TLO unit rate of A$0.90/t railed comprises an approximate allowance for maintenance of A$0.20/t railed and A$0.70/t railed for operations.

Site actuals and forecast product coal haulage prices reflect the subcontract being awarded following an open competitive tender process.

The open tender process adopted to award the product coal haulage contract has achieved a rate representative of the current market. CSA Global considers the forecast combined site haulage and train loading cost of A$4.07/t product coal sold to be reasonable.

The rail umbrella coal transport service agreement variable charge structure comprises a:

- Weekly charge,
- Monthly charge, and
- Access charge,

driven by tonnage and diesel fuel price with an annual CPI adjustment. The combined rail cost of A$12.02/t product excluding any CPI adjustment appears reasonable as it correlates with Foxleigh's historical costs and is similar to other sites in the region. In addition to the A$12.02/t product rail cost there will be a A$1M annual saving on the fixed component effective 1 Jan 2019 for the reduction in above and below rail capacity from 3.5 Mtpa to 3.3 Mtpa as discussed in Section 2.6.13.

The port access agreement variable charge structure comprises a:

- Monthly tonnage payment, and
- Terminal infrastructure charge per tonne,

with a revenue cap and annual adjustments. The port cost of A$5.39/t product is slightly lower than Foxleigh's historical costs for port access and appears reasonable in comparison to the combined handling and infrastructure costs typically charged by the coal terminals.

As expected, the Corporate Model allowance for exploration halves in five years and ceases by 2028. The unit rate of A$0.96/t ROM decreases to A$0.41/t ROM in 2023 and A$0.21/t ROM in 2026. The current 2018 budget of A$4 million comprises A$3.1 million for brownfields and A$0.9 million for greenfields.

CSA Global considers this operating allowance to be reasonably representative for the drilling and modelling projects required.

The Corporate Model rehabilitation allowance of A$124.3 million from 2018 to 2032 averages about A$6 million per year from 2018 to 2029, thence A$54 million over the last three years. The current Financial Assurance lodged with the Queensland Government is approximately A$80 million (on a 100% JV basis). The Foxleigh Plan of Operations includes a rehabilitation liability cost estimate prepared using the Department of Environment and Heritage Protection (DEHP) financial assurance calculator of A$116 million in 2018.

The actual cost to complete land rehabilitation to meet its final land use requirements is difficult to estimate precisely; however, CSA Global considers the Corporate Model allowance to be reasonable as it represents the DEHP estimate plus a contingency.

The Queensland Government has introduced a new framework for the regulation of mine rehabilitation. The Mineral and Energy Resources (Financial Provisioning) Bill 2018 was passed on 14 November 2018 but has not yet been enacted. This includes a system that replaces the current financial assurance system. This framework presents a potential change to how rehabilitation provisions are managed, including removing the requirement to lodge a financial assurance with the Queensland Government. Also, eliminating the cost of a bank guarantee over the rehabilitation liability may be countered by the introduction of a non-refundable levy. No changes to the Corporate Model are currently recommended in light of these potential changes. CSA Global note that the amendments with regards to non-use management areas (voids) are not retrospective for holders of existing Environmental Approvals.

The G&A of A$5.11/t ROM is a back calculation of a relatively fixed cost of A$23.7 million per year for site management costs, including:

- General management expenses onsite and within the community
- Commercial
- Information technology
- Site overheads including insurance, rates, joint venture management fee, legal, industry body membership and mining lease rental
- Camp, including an additional 28 rooms in 2018, cleaning resources and overflow into the Capcoal camp
- Site infrastructure and mine site cleaning.

As such, the G&A rate will vary year to year; however, CSA Global considers the rate to be a reasonably representative average for LOM.

The estimate for marketing costs and logistics in the Corporate Model is 1% of revenue in US$. CSA Global has not undertaken a breakdown of marketing costs but considers the rate to be reasonable compared to Foxleigh's historical costs, taking into consideration the increased annual coal sales forecast.

A number of independent events related to the rail network and port have affected the timing of supply over the last 12 to 18 months, including:

- Cyclone Debbie in Apr 2017 caused considerable supply interruptions with its affects being felt for some months. As at December 2017 45 ships were queued at DBCT, the longest queues since 2010.
- In July 2018 train control centre workers at Aurizon's Rockhampton control centre began a number of stoppages and work bans after pay rise negotiations with Aurizon collapsed.
- DBCT delayed return of one of its three coal loaders from maintenance that was scheduled for July and ran into August. DBCT has a comparatively constrained storage capacity and relies a lot more than others in blending shipments in "active time" with rail shipments rather than in its storage yard. This means the the facility has struggled to catch up with its commitments.

These and other issues have seen strong demand for coking coals as reflected in the recent spot prices.

The Queensland Competition Authority (QCA) has a regulatory role to ensure monopoly businesses operating in Queensland, particularly in the provision of key infrastructure, do not abuse their market power through unfair pricing or restrictive access arrangements. The QCA have economic regulation over DBCT and govern the process for access to the Aurizon network with the Aurizon Network's access undertaking (UT5). The undertakings are part of the process by which the QCA sets the price that miners pay to use Aurizon's rail network and the 2017 draft access undertaking (DAU) applicable from July 2017 to July 2021 is under dispute and yet to be finalised. In an attempt to reform, that would see miners pay lower freight bills, the QCA moved to trim $100 million from Aurizon's allowable maintenance cost recovery and offered an overall pricing package that came in at $3.9 billion, approximately $1 billion short of the amount Aurizon believe they should be able to earn. Since February 2018 the Aurizon networks agility to respond to short term demand signals has decreased as it has shifted the priorities of network maintenance from access flexibility to cost and schedule predictability to conform with UT5. QCA's final decision on Aurizon's DAU scheduled for 20 September 2018 has been delayed until after a judicial hearing review is completed, potentially pushing resolution into 2019. However, the reduced track access flexibility and increased susceptibility to demand issues appears to be a reality going forward. At the time of writing there remains 33 boats queued at the DBCT and market watchers' current view is this will remain the norm.

The Corporate Model forecast rate allowed for demurrage from 2018 is A$1.28/t sales. The average rate realised over the previous seven years is A$1.66/t sales, however, the events of 2018 have seen the actual average demurrage rate increase to $3.39/t sales (US$2.44/t sales at an exchange rate of 0.72 AUD:USD as at 26 September 2018). The demand on the rail network correlates with the demand for coking coals and consensus forecasts indicate about a 25% price reduction from 2018 to 2022 on coking coal tonnes transported.

Anomalies like cyclone Debbie aside, CSA Global considers an appropriate estimate for demurrage to decline from an actual of $3.39/t sales in 2018 to $2.60/t sales by 2022.

Based on the foregoing, Table 15 lists CSA Global's estimate of the opex base rates for 2021 going forward and before specific time-based adjustments.

Table 15: CSA Global opex base unit rates (2021 onwards)

Item	Unit (A$)	Rate
Overburden costs	$/bcm (all waste)	4.31
ROM coal mining costs	$/ROM t	3.82
CHPP	$/feed t	4.50
Site haulage and TLO	$/t sales	4.07
Rail costs	$/t sales	12.02
Port costs	$/t sales	5.39
Exploration (discretionary)	$/t ROM	0.89
Rehabilitation (discretionary)	$/t ROM	1.51

Item	Unit (A$)	Rate
G&A	$/t ROM	5.11
Marketing costs (and logistics)	$/t sales	1.57[2]
Demurrage costs[1]	$/t sales	2.80
Total FOB (excluding royalty)[1]	**$/t sales**	**100.83**

[1] *Based on 2021 quantities*
[2] *1% of revenue assuming BDO revenue stream*

3 Valuation of Coal Resources not included in the Foxleigh Model

Valuation of Mineral Assets is not an exact science; and a number of approaches are possible, each with varying positives and negatives. While valuation is a subjective exercise, there are various generally accepted procedures for establishing the value of Mineral Assets. CSA Global considers that, wherever possible, inputs from a range of methods should be assessed to inform the conclusions about the Market Value of Mineral Assets.

The valuation is always presented as a range, with the preferred value identified. The preferred value need not be the median value and is determined by the Practitioner based on their experience and professional judgement.

Refer to Appendix 1 for a discussion of Valuation Approaches and Valuation Methodologies, including a description of the VALMIN classification of Mineral Assets.

3.1 Markets and Pricing

The variation in the price of coal over the past five years is illustrated in Figure 20. CSA Global notes that, from the indices illustrated, Premium Hard Coking Coal Australia Export FOB East Coast Port is most applicable for the low-volatile coking coal produced by Foxleigh Mine.

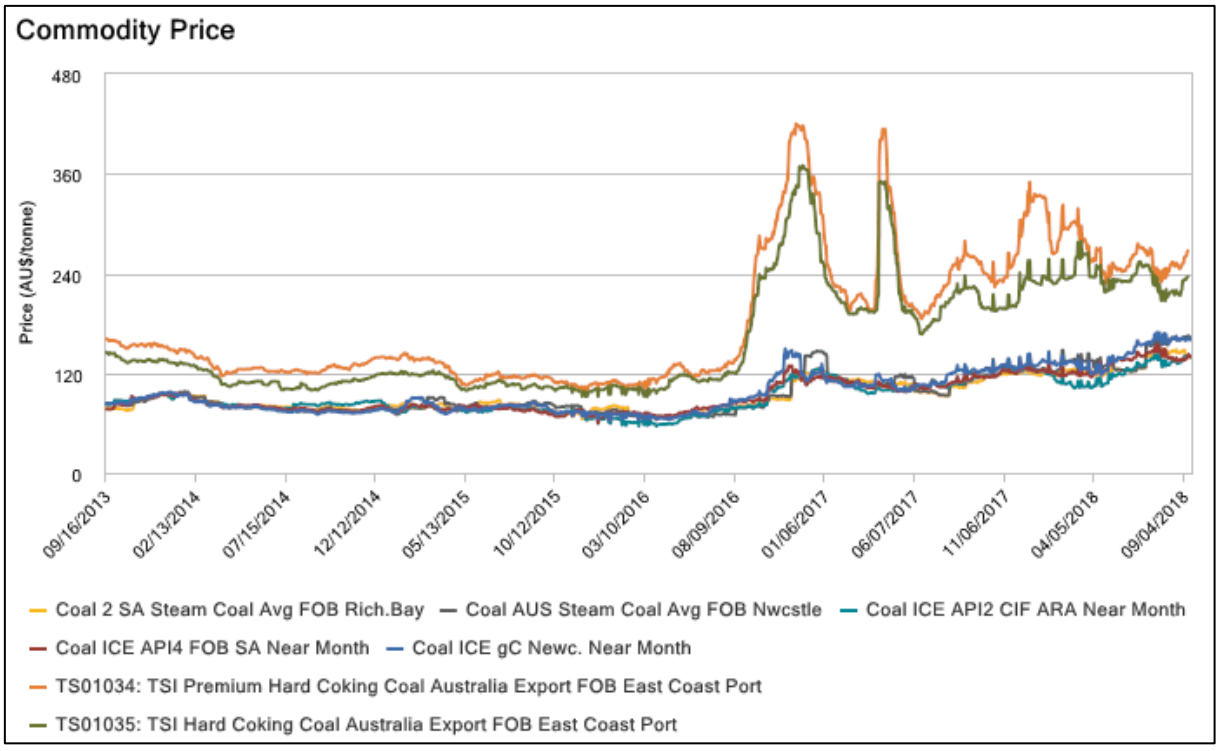

Figure 20: Coal price history over past five years

Source: S&P Global Market Intelligence platform

Figure 20 clearly illustrates a change in the market price of coal in late 2016, with the price of coking coal (orange and green lines) and thermal coal (the other lines) diverging from this period, with the relative price of coking coal to thermal coal increasing markedly, and the volatility of coking coal prices also increasing. This highlights the need to normalise transaction prices when considering transactions that occurred at different times over this period.

3.2 Previous Valuations

CSA Global is aware of two previous valuations of the Foxleigh Mine.

3.2.1 Realm Acquisition of Foxleigh

On 30 August 2016, Realm announced to the ASX that its 99.9% owned subsidiary company, MMS, had completed the Foxleigh transaction with AAMC. The transaction comprised acquisition of:

- A 100% interest in Foxleigh Coal Pty Ltd (FCL) which holds a 70% interest in the Foxleigh Coal Mine and a 100% interest in EPC855
- A 100% interest in EPC1669.

Realm paid approximately A$47 million in cash to AAMC, and in addition agreed to pay AAMC a semi-annual royalty on its 70% share of coal extracted and sold from the assets acquires for a period of 12.5 years. The royalty payments are contingent on the price at which the Foxleigh coal is sold. The royalty payments are capped at A$75 million in aggregate, with the royalty agreement itself expiring after 12.5 years from the acquisition date (Realm ASX announcement dated 30 August 2016, Realm annual report 2016).

3.2.2 Deloitte Valuation

In March 2018, Deloitte Corporate Finance Pty Ltd (Deloitte) prepared an IER to support a Target's Statement released by Realm in relation to T2's offer to acquire all of the shares in Realm that it did not already own. In Deloitte's opinion, the value of Realm's 70% interest in the Foxleigh Coal Mine was in the range of A$340 million to A$410 million. This was based on a DCF model and considered "significant opportunities for the operator to reduce the operating cost of the mine", as well as assuming that the current 15-year LOM was "capable of being economically extended by mining the Daggers Tip, Pipeline, and Roper Creek areas".

As noted in Section 2.6.5 of this report, it is CSA Global's view that there is no reasonable basis to apply reserve conversion factors to the Roper Creek resources or Inferred Resources of the other areas, due to the current lack of technical information detailing economic pit limits, mine designs, prime and rehandle waste movement, geotechnical issues, ROM and marketable coal production and coal qualities, for example, prohibits a reasonable or realistic representation in the Corporate Model.

3.3 Valuation Approach

The Valuation Basis employed by CSA Global is Market Value, as defined by the VALMIN Code (2015). The Valuation Date is 30 September 2018. The currency is Australian dollars (A$) unless otherwise stated.

In forming an opinion on the Market Value of the declared coal resources outside of the current Foxleigh mine plan, the valuation approach adopted by CSA Global has been to rely primarily on Market-based methods (primarily the Comparative Transaction method). This was based on the declared coal Resources outside of the Foxleigh Plains and One Tree/Pipeline pits. As a crosscheck on the order of magnitude of the valuation, CSA Global considered an order of magnitude crosscheck valuation based on Yardstick market factors applied to the declared resource base.

CSA Global considers that the value of the coal resources within the Foxleigh Plains and One Tree/Pipeline areas are appropriately valued by the DCFs contemplated in the current Foxleigh mine plan. As such, no further value has been placed on sterilised resources in these areas, including the resources underlain by the BMA pipeline.

The current Foxleigh Mine resources outside of the current mine plan are summarised in Table 16. These are reported in resource areas defined by the mineral resource models developed and reported by MBGS (2018) and illustrated in Figure 3.

Table 16: Resource base of areas considered (100% basis)

Area	Resources	Tonnes (Mt)	Measured (Mt)	Indicated (Mt)	Inferred (Mt)
Foxleigh South	Carlo Creek, Daggers Tip, Far South, Western Corridor	55.6	7.5	33.1	15
Foxleigh North	Eagle's Nest, Foxleigh North	82.3	48.5	29.5	4.3
Roper Creek	Roper Creek	48.3	0	43.4	4.9
Foxleigh West	Foxleigh West	67.6	0	44	23.6
Total outside Mine Plan		**253.8**	**56**	**150**	**47.8**

As detailed in Section 2.5 of this report, the reasonable prospects of eventual economic extraction of the various resource areas differ, primarily on the basis of depth of the coal seams, likely stripping ratios, and structural complexity. Therefore, in assessing the market value of the individual coal resource areas, cognisance was taken of factors such as coal seam depth and strip ratios.

Table 17 summarises a comparison of the various resource areas in terms of these aspects, and introduces a subjective valuation factor that, in the professional judgement of CSA Global, accurately reflects the relative value of the various resource areas, at the current stage of knowledge and development. Further work in exploring these areas, and de-risking them in terms of detailed technical studies to evaluate mining options, may well influence these relative valuation factors, by mitigating some of the risks.

Table 17: Factors considered in valuing resources

	Resource	Overburden	Coal seams	Likely stripping ratio	Structure	Drill-hole coverage	Comparative factor
In Mine Plan	Foxleigh Plains	Shallow	5	Low	Complex	Dense	1.2
	Pipeline	Shallow	4	Low	Complex	Dense	1.2
	One Tree	Shallow	4	Intermediate	Complex	Dense	1
Not in Mine Plan	Carlo Creek	Intermediate	4	Intermediate	Complex	Intermediate	0.7
	Daggers Tip	Shallow	4	Low	Complex	Sparse	0.5
	Far South	Shallow	4	Low	Simple	Intermediate	0.7
	Western Corridor	Shallow	4	Low	Simple	Intermediate	0.7
	Foxleigh North	Shallow	4	Low	Intermediate	Sparse	0.5
	Eagle's Nest	Deep	4	High	Intermediate	Intermediate	0.3
	Roper Creek	Deep	3	High	Intermediate	Sparse	0.3
	Foxleigh West	Intermediate	3	High	Simple	Sparse	0.5

Note: Value of resources in mine plan not considered in this report.

3.4 Comparative Transactions

CSA Global identified 11 transactions involving advanced coal resources in Queensland and New South Wales post-2013. These transactions are summarised in Table 25 and analyses in Table 26, both of which can be found in Appendix 2 of this report.

In analysing the comparative transactions (Table 18 and Figure 21), CSA Global assessed the implied purchase price on the basis of A$/t of total declared coal resource tonnes at the time of the transaction. This was then normalised to the September 2018 average TS01034: TSI Premium Hard Coking Coal

Australia Export FOB East Coast Port price of A$261.08/t to correct for movements in the coal price over the period being considered.

Table 18: Analysis of comparative transactions

	Implied (A$/t)	Normalised (A$/t)
No. of transactions	11	11
Minimum	0.34	0.60
Maximum	2.20	2.28
Mean	0.96	1.22
Median	0.76	0.94

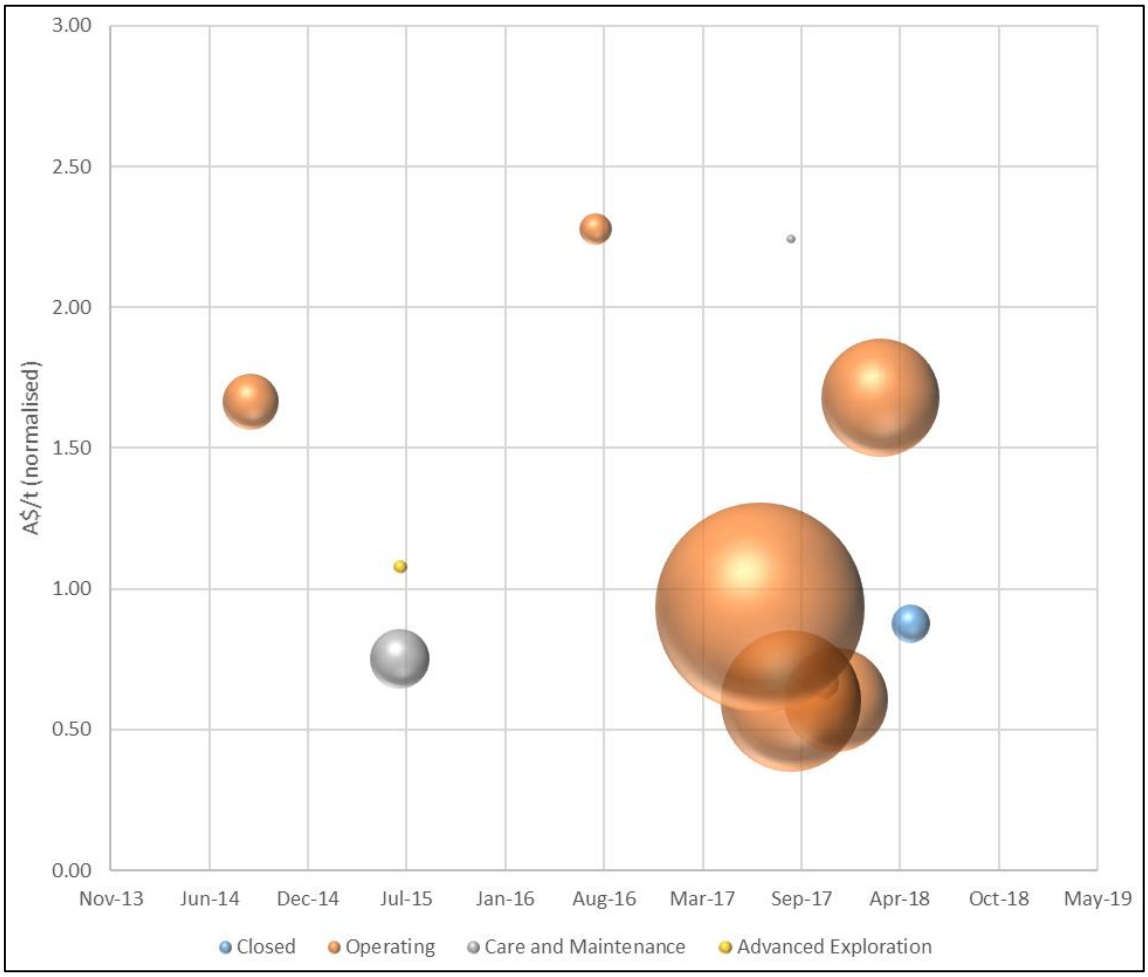

Figure 21: Comparative transactions grouped by project status

Note: Bubble sizes proportionate to total declared coal resource at time of transaction.

CSA Global notes the majority of the comparative transactions involve operating mines, with the remainder either being previously operating mines that were on care and maintenance at the time of the transaction, or advanced exploration projects awaiting development. These would therefore form a good comparative set for valuing the Foxleigh resource base as a whole, including the current reserves.

The current reserves of Foxleigh Mine are excluded from this valuation exercise. As the reserves logically would have the greatest comparative value, as they are associated with the least amount of technical risk, CSA Global believes that the lower end of the comparative transactions range (A$0.60/t to A$0.70/t) would be appropriate in assessing the value of declared coal resources outside of the coal reserves.

The lower end of the range (A$0.60/t) is based on the low end of the transaction set, and the high end of the range (A$0.70/t) is rounded from the 20th percentile of the transaction set.

In recognition of the fact the reasonable prospects of eventual economic extraction of the various coal resources outside of the current mine plan vary, CSA Global has also considered the comparative factors listed in Table 17 in assessing the value of the individual resource areas outside of the current Foxleigh mine plan.

The value of the resource areas outside of the current Foxleigh mine plan has been assessed using the total resource base of the area, and the average comparative factor of the individual resources that comprise the resource area (Table 19). These values have been applied to the valuation range of A$0.60/t to A$0.70/t to derive the individual low and high valuation factors indicated in Table 19. The Preferred value in this case is the median of the high and low values.

Table 19: Summary of valuation considering comparative transactions (100% basis)

Area	Resources	Tonnes (Mt)	Comparative factor[#]	Low factor (A$/t)	High factor (A$/t)	Low value (A$M)	High value (A$M)	Preferred value (A$M)
Foxleigh South	Carlo Creek, Daggers Tip, Far South, Western Corridor	55.6	0.65	0.39	0.46	21.7	25.3	23.5
Foxleigh North	Eagle's Nest, Foxleigh North	82.3	0.4	0.24	0.28	19.8	23.0	21.4
Roper Creek	Roper Creek	48.3	0.3	0.18	0.21	8.7	10.1	9.4
Foxleigh West	Foxleigh West	67.6	0.5	0.3	0.35	20.3	23.7	22.0
Total value of resources outside current Foxleigh mine plan						**70.4**	**82.1**	**76.3**

[#] *Comparative factor for area assessed from average comparative factors for individual resources from Table 17.*
The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.

3.5 Yardstick Crosscheck

CSA Global used the Yardstick method as an order of magnitude check on the Coal Resources valuation completed using comparative transactions. The Yardstick order of magnitude check is simplistic (e.g. it is very generalised and does not address project specific value drivers but takes an "industry-wide" view). It provides a non-corroborative valuation check on the primary comparative transactions valuation method, allowing CSA Global to assess the reasonableness of the derived comparative transactions valuation and whether there are any potential issues with their preferred primary valuation method.

For the Yardstick order of magnitude check, CSA Global used the September 2018 average TS01034: TSI Premium Hard Coking Coal Australia Export FOB East Coast Port price of A$261.08/t, to allow for comparison with the valuation based on comparative transactions.

In addition, CSA Global utilised the following Yardstick factors for coal resources, in line with commonly used factors for bulk commodities:

- Inferred Mineral Resources: 0.05% to 0.10% of spot price
- Indicated Mineral Resources: 0.10% to 0.20% of spot price
- Measured Mineral Resources: 0.20% to 0.50% of spot price.

Applying these factors to the Foxleigh coal resources outside of the current mine plan results in the preferred values and valuation ranges summarised in Table 20. The Preferred value in this case is the median of the high and low values.

Table 20: Summary of crosscheck valuation using Yardstick method (100% basis)

Area	Resources	Tonnes (Mt)	Measured (Mt)	Indicated (Mt)	Inferred (Mt)	Low (A$M)	High (A$M)	Preferred (A$M)
Foxleigh South	Carlo Creek, Daggers Tip, Far South, Western Corridor	55.6	7.5	33.1	15	14.5	31.0	22.8
Foxleigh North	Eagle's Nest, Foxleigh North	82.3	48.5	29.5	4.3	33.6	79.8	56.7
Roper Creek	Roper Creek	48.3	0	43.4	4.9	12.0	23.9	18.0
Foxleigh West	Foxleigh West	67.6	0	44	23.6	14.6	29.1	21.9
Total		**253.8**	**56**	**150**	**47.8**	**74.6**	**163.9**	**119.3**

Note: The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.

3.6 Valuation Opinion

CSA Global's opinion on the likely market value of the coal resources outside the current Foxleigh mine plan, as at 30 September 2018 ,is provided in Table 21 and illustrated in Figure 22. CSA Global believes that the coal resources contained in the Foxleigh Plains and One Tree/Pipeline pits are appropriately valued by the current Foxleigh mine plan, and these resources are therefore excluded from this valuation opinion.

CSA Global stresses that this is an opinion on likely value, and not actual value, which can only be tested by going to market.

CSA Global's preferred value for each of these resource areas is primarily based on the preferred value and range derived from the comparative transactions method. Based on the technical knowledge and state of development of these resources, CSA Global's professional opinion is that a range of approximately 30% above and below the preferred value is reasonable, in that it accurately affects the technical uncertainties associated with the deposits at this stage. Therefore the selected high and low values are 30% above and 30% below the preferred values, respectively.

Table 21: CSA Global opinion on value of coal resources outside of Foxleigh mine plan, as at 30 September 2018

Area	Resources	Tonnes (Mt)	Realm Interest	100% basis			Realm Equity basis		
				Low (A$M)	High (A$M)	Preferred (A$M)	Low (A$M)	High (A$M)	Preferred (A$M)
Foxleigh South	Carlo Creek, Daggers Tip, Far South, Western Corridor	55.6	70%	16	30	23	11	21	16
Foxleigh North	Eagle's Nest, Foxleigh North	82.3	70%	16	30	23	11	21	16
Roper Creek	Roper Creek	48.3	100%	7	13	10	7	13	10
Foxleigh West	Foxleigh West	67.6	70%	15	29	22	11	20	15
Total		**253.8**		**54**	**102**	**78**	**40**	**75**	**58**

Note: The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.

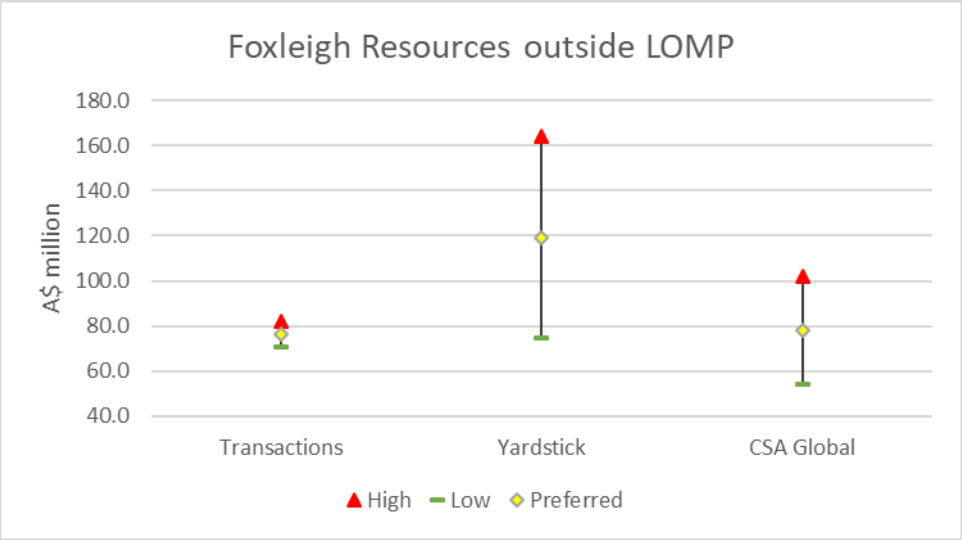

Figure 22: Valuation range for all coal resources outside of Foxleigh mine plan (100% basis)

CSA Global's opinion of the valuation ranges and the preferred values of the Foxleigh South (Figure 23), Foxleigh North (Figure 24), Roper Creek (Figure 25) and Foxleigh West (Figure 26) coal resources are primarily based on the Comparative Transactions valuation outcomes, as supported by the Yardstick order of magnitude check.

In the case of Foxleigh South and Foxleigh West, there was good overlap between the valuation ranges of the two methods, with very similar preferred values.

In the case of Foxleigh North and Roper Creek, the Yardstick crosscheck valuation range did not overlap with the comparative transactions valuation range, but these were nonetheless of the same order of magnitude, lending support to the comparative transactions valuation. In both cases, the Yardstick valuation range was higher, as this method is informed by an industry-wide view on resources, and does not take the project-specific circumstances and risks into account, specifically the comparatively high strip ratios and sparse drill-hole density for these resource areas.

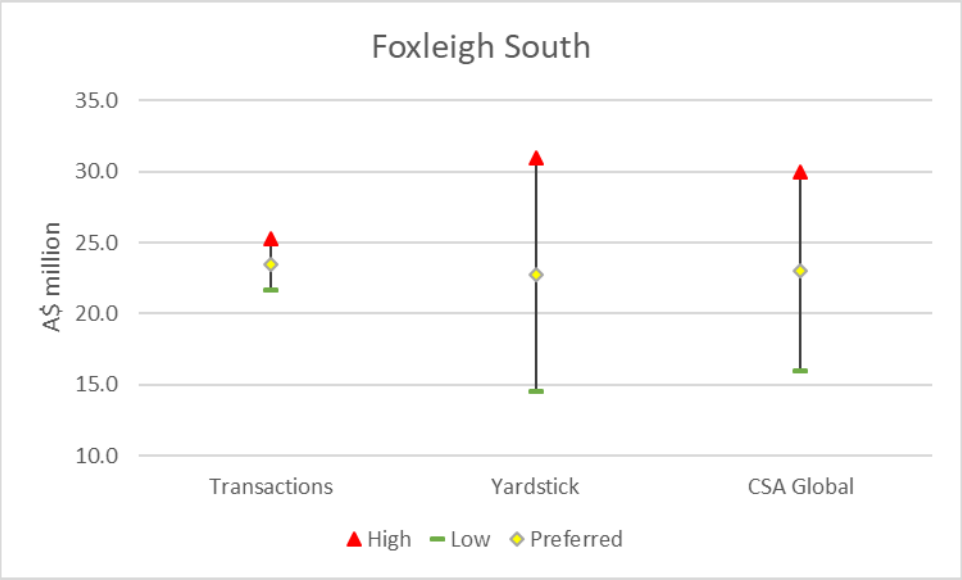

Figure 23: Valuation range for Foxleigh South resources (100% basis)

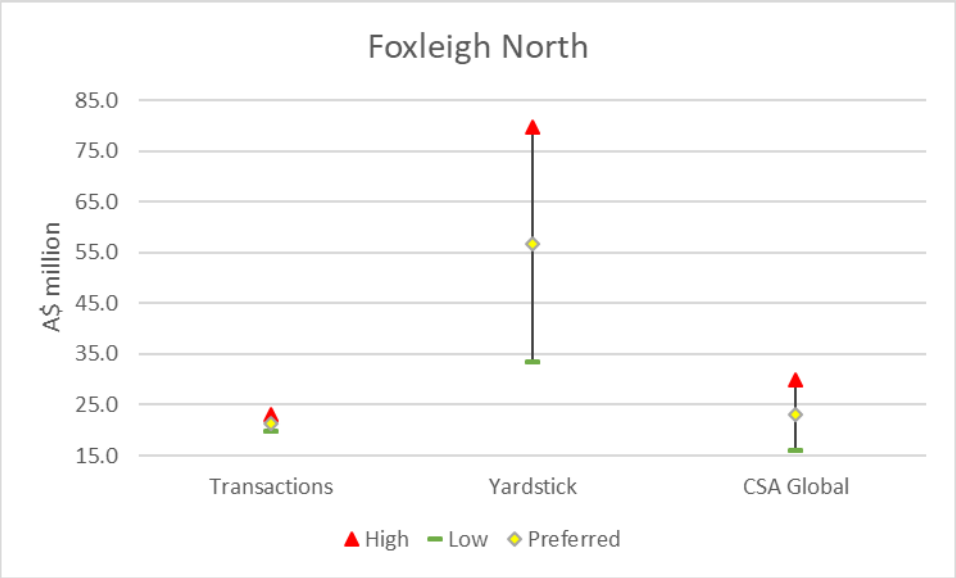

Figure 24: Valuation range for Foxleigh North resources (100% basis)

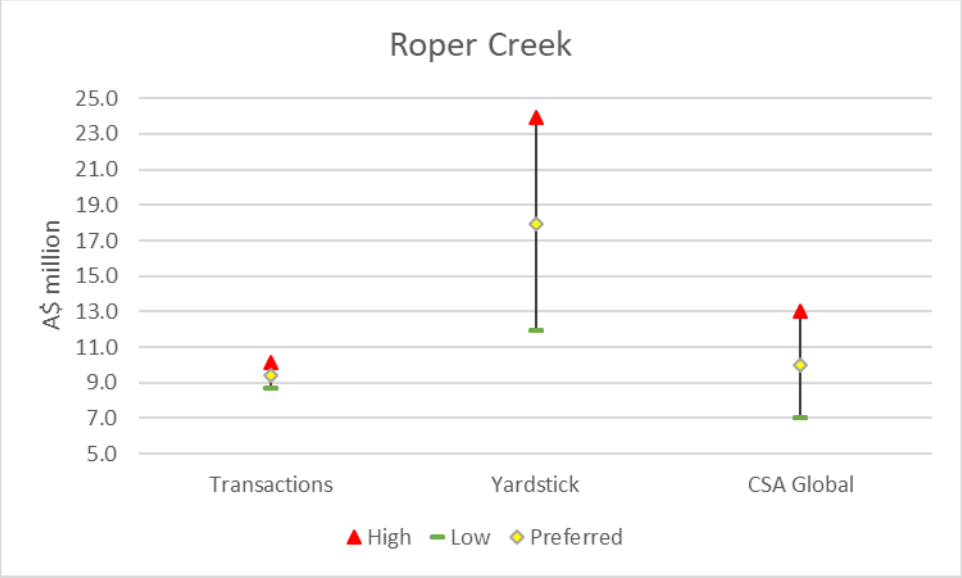

Figure 25: Valuation range for Roper Creek resources (100% basis)

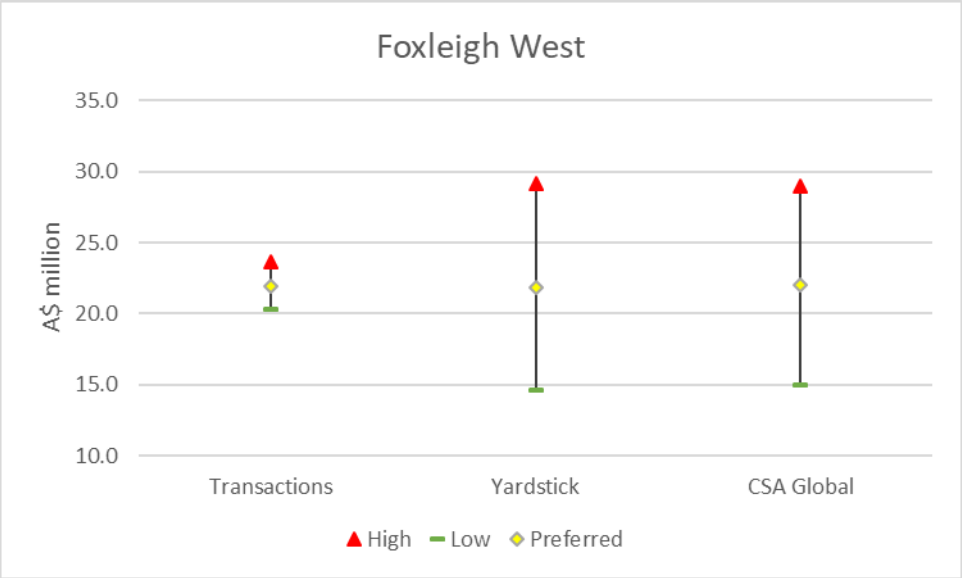

Figure 26: Valuation range for Foxleigh West resources (100% basis)

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5 Glossary

Below are brief descriptions of some terms used in this report. For further information or for terms that are not described here, please refer to internet sources such as Wikipedia (www.wikipedia.org).

Ash:	Ash content of coal is the non-combustible residue left after coal is burnt. It represents the bulk mineral matter after carbon, oxygen, sulphur and water (including from clays) has been driven off during combustion.
Basis:	Basis refers to the state of the sample on which the quality assessment is based and considers the moisture and ash values within the sample.
Batters and berms:	Technical terms for the components of a final pit wall. The slope batters are typically 10–20 m high vertically and have slopes between 40° and 70°. The horizontal berms between the batters are typically 5–10 m wide.
Beneficiation:	Coal beneficiation is a process by which the quality of raw coal is improved by either reducing the extraneous matter that gets extracted along with the mined coal or reducing the associated ash or both.
Composition:	Composition of coal refers to the chemical characteristics of a coal sample. These in turn depend on the combination of rank, type and grade of the coal, and also the extent to which the coal may have been modified by beneficiation.
Confidence:	Confidence in Resource classification refers to the assessment of the critical data for a coal deposit and likely variation in the resource estimate following additional exploration.
Fluvial:	Fluvial processes are associated with rivers and streams and the deposits and landforms created by them.
Grade (coal):	Coal Grade refers to the inorganic constituents of a coal (the mineral matter) in terms of their total proportion (% mineral matter or its residue on combustion, ash) and in terms of their individual constituents (e.g. % Na, S, P etc.).
Highwall:	The unexcavated face of exposed overburden and coal in a surface mine or in a face or bank on the uphill side of a contour mine excavation.
Metallurgical coal:	A grade of low-ash, low-sulphur and low-phosphorus coal that can be used to produce high grade coke, which is an essential fuel and reactant in the blast furnace process for primary steelmaking.
Overburden:	In mining, overburden (also called waste or spoil) is the material that lies above an area that lends itself to economical exploitation, such as the rock, soil, and ecosystem that lies above a coal seam or ore body.
Permian:	A geologic period and system which spans 47 million years from the end of the Carboniferous Period 298.9 million years ago, to the beginning of the Triassic period 251.902 million years ago.
Quality (coal):	Quality is a term that encompasses all aspects of rank, type and grade that contribute to giving a coal its properties, as indicated by a standard suite of tests.
Quaternary:	The Quaternary is the most recent geological period of time in Earth's history, spanning the last two million years and extending up to the present day.
Rank (coal):	Rank is a concept that describes the degree of coalification (physical and chemical transformation from vegetable material to coal) that has been achieved by plant materials. Rank is indicated by a range of properties, including moisture and calorific value for low rank coals and mean maximum reflectance of vitrinite for higher rank coals.

Scheduling:	Production scheduling in surface mines is. defined as the sequence in which blocks of the orebody are extracted and moved in order to maximise the net present value, subject to mining, economic and processing constraints.
Seam:	A coal seam is a bed of coal usually thick enough to be profitably mined.
Strip ratio:	The ratio of the volume of overburden (or waste material) required to be handled in order to extract some tonnage of ore.
Sub-crop:	A sub-crop is that part of a geological formation (e.g. a coal seam) that is close to the surface but is not outcropping. It is usually under the soil profile or alluvial sediments.
Synclinal:	Sloping downward toward each other to create a trough.
Tertiary:	The former term for the geologic period from 66 million to 2.58 million years ago.
Thrust:	A thrust fault is a break in the Earth's crust, across which older rocks are pushed above younger rocks.
Triassic:	The Triassic is a geologic period and system which spans 50.6 million years from the end of the Permian Period 251.9 million years ago, to the beginning of the Jurassic Period 201.3 million years ago.
Type (coal):	Coal type refers to the composition of a coal in terms of its organic components, recognised as its macerals. The macerals are recognised according to a standard classification system, which refers to the original plant material from which they were formed and the degree of subsequent decomposition and degradation.
Volatile:	Volatile matter in coal refers to the components of coal, except for moisture, which are liberated at high temperature in the absence of air.

6 Abbreviations and Units of Measurement

°	degrees
°C	degrees Celsius
2D	two-dimensional
AAMC	Anglo American Metallurgical Coal Assets Pty Ltd
ad	air dried
adb	air dried basis
AIG	Australian Institute of Geoscientists
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
Aurizon	Aurizon Network Limited
AusIMM	Australasian Institute of Mining and Metallurgy
BCM	bank cubic metre
BDO	BDO Corporate Finance (WA) Pty Ltd
CAML	CAML Resources Pty Ltd
Capcoal	Capricorn Coal Management
CBM	coalbed methane
CHPP	Coal Handling and Preparation Plant
CSA Global	CSA Global Pty Ltd
CSG	coal seam gas
DBCT	Dalrymple Bay Coal Terminal
DBCTM	Dalrymple Bay Coal Terminal Management
DCF	discounted cash flow
Deloitte	Deloitte Corporate Finance Pty Ltd
DHEP	Department of Environment and Heritage Protection
dmtu	dry metric tonne units
EPC	Exploration Permit for Coal
FCL	Foxleigh Coal Pty Ltd
FOB	free on board
G&A	general and administration
HPCT	Hay Point Coal Terminal
IER	Independent Expert's Report
km	kilometres
km^2	square kilometres
kt/a	thousands of tonnes a year
LOM	life of mine
LV	low volatile
m	metre(s)
M	million(s)
MBGS	McElroy Bryan Geological Services

MDL	Mineral Development Licence
MIA	mine industrial area
ML	Mining Lease
mm	millimetre(s)
MMS	Middlemount South Company Pty Ltd
Mt	million tonnes
Mt/a	million tonnes per annum
Pacific National	Pacific National Pty Ltd
PCI	pulverised coal injection
Realm	Realm Resources Limited
ROM	run of mine
smu	service meter units
t	tonnes
t/a	tonnes per annum
t/d	tonnes per day
t/h	tonnes per hour
T2	T2 Resources Fund Pty Limited
TLO	train load out
UCS	universal compressive strength

Appendix 1: Valuation Approaches

Mineral Assets are defined in the VALMIN Code[3] as all property including (but not limited to) tangible property, intellectual property, mining and exploration Tenure and other rights held or acquired in connection with the exploration, development of and production from those Tenures. This may include the plant, equipment and infrastructure owned or acquired for the development, extraction and processing of Minerals in connection with that Tenure.

Business valuers typically define market value as "The price that would be negotiated in an open and unrestricted market between a knowledgeable, willing, but not anxious buyer, and a knowledgeable, willing but not anxious seller acting at arm's length." The accounting criterion for a market valuation is that it is an assessment of "fair value", which is defined in the accounting standards as "the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction." The VALMIN Code defines the value of a Mineral Asset as its Market Value, which is "the estimated amount (or the cash equivalent of some other consideration) for which the Mineral Asset should exchange on the date of Valuation between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing where the parties had each acted knowledgeably, prudently and without compulsion".

Market Value usually consists of two components, the underlying or Technical Value, and a premium or discount relating to market, strategic or other considerations. The VALMIN Code recommends that a preferred or most-likely value be selected as the most likely figure within a range after taking into account those factors which might impact on Value.

The concept of Market Value hinges upon the notion of an asset changing hands in an arm's length transaction. Market Value must therefore take into account, inter alia, market considerations, which can only be determined by reference to "comparative transactions". Generally, truly comparable transactions for Mineral Assets are difficult to identify due to the infrequency of transactions involving producing assets and/or Mineral Resources, the great diversity of mineral exploration properties, the stage to which their evaluation has progressed, perceptions of prospectivity, tenement types, the commodity involved and so on.

For exploration tenements, the notion of value is very often based on considerations unrelated to the amount of cash which might change hands in the event of an outright sale, and in fact, for the majority of tenements being valued, there is unlikely to be any "cash equivalent of some other consideration". Whilst acknowledging these limitations, CSA Global has identified what it considers to be comparative transactions that have been used in assessing the values to be attributed to the Mineral Assets.

Valuation Methods for Exploration Projects

The choice of valuation methodology applied to Mineral Assets, including exploration licences, will depend on the amount of data available and the reliability of that data.

The VALMIN Code classifies Mineral Assets into categories that represent a spectrum from areas in which mineralisation may or may not have been found through to Operating Mines which have well-defined Ore Reserves, as listed below:

- **"Early-stage Exploration Projects"** – tenure holdings where mineralisation may or may not have been identified, but where Mineral Resources have not been identified.

[3] *Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (The VALMIN Code) 2015 Edition.* Prepared by the VALMIN Committee, a joint committee of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists.

- **"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 one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the Mineral Resources category.
- **"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.
- **"Development Projects"** – tenure holdings for which 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 Prefeasibility Study.
- **"Production Projects"** – tenure holdings – particularly mines, wellfields and processing plants – that have been commissioned and are in production.

Each of these different categories will require different valuation methodologies, but regardless of the technique employed, consideration must be given to the perceived "market valuation".

The Market Value of Exploration Properties and Undeveloped Mineral Resources can be determined by four general approaches: Cost; Market; Geoscience Factor or Income.

Cost

Appraised Value or Exploration Expenditure Method considers the costs and results of historical exploration.

The Appraised Value Method utilises a Multiple of Exploration Expenditure (MEE), which involves the allocation of a premium or discount to past expenditure through the use of the Prospectivity Enhancement Multiplier (PEM). This involves a factor which is directly related to the success (or failure) of the exploration completed to date, during the life of the current tenements.

Guidelines for the selection of a PEM factor have been proposed by several authors in the field of mineral asset valuation (Onley, 1994). Table 22 lists the PEM factors and criteria used in the Report.

Table 22: Prospectivity Enhancement Multiplier (PEM) factors

PEM range	Criteria
0.2–0.5	Exploration (past and present) has downgraded the tenement prospectivity, no mineralisation identified
0.5–1.0	Exploration potential has been maintained (rather than enhanced) by past and present activity from regional mapping
1.0–1.3	Exploration has maintained, or slightly enhanced (but not downgraded) the prospectivity
1.3–1.5	Exploration has considerably increased the prospectivity (geological mapping, geochemical or geophysical activities)
1.5–2.0	Scout drilling (rotary air blast, air-core, RCP) has identified interesting intersections of mineralisation
2.0–2.5	Detailed drilling has defined targets with potential economic interest
2.5–3.0	A Mineral Resource has been estimated at Inferred JORC category, no concept or scoping study has been completed
3.0–4.0	Indicated Mineral Resources have been estimated that are likely to form the basis of a prefeasibility study
4.0–5.0	Indicated and Measured Resources have been estimated and economic parameters are available for assessment

Geoscience Factor

The Geoscience Factor method seeks to rank and weight geological aspects, including proximity to mines, deposits and the significance of the camp and the commodity sought.

The Geoscience Factor (or Kilburn) method, as described by Kilburn (1990) and expanded on by Goulevitch and Eupene (1994), provides an approach for the technical valuation of the exploration potential of mineral properties, on which there are no defined resources.

Valuation is based upon a calculation in which the geological prospectivity, commodity markets, and mineral property markets are assessed independently. The Geoscientific Factor method is essentially a technique to define a Value based upon geological prospectivity. The method appraises a variety of mineral property characteristics:

- Location with respect to any off-property mineral occurrence of value, or favourable geological, geochemical or geophysical anomalies
- Location and nature of any mineralisation, geochemical, geological or geophysical anomaly within the property and the tenor of any mineralisation known to exist on the property being valued
- Number and relative position of anomalies on the property being valued
- Geological models appropriate to the property being valued.

The Geoscientific Factor method systematically assesses and grades these four key technical attributes of a tenement to arrive at a series of multiplier factors (Table 23).

Table 23: Geoscience Factor ranking

Rating	Address/Off-property factor	On-property factor	Anomaly factor	Geological factor
0.5	Very little chance of mineralisation; Concept unsuitable to the environment	Very little chance of mineralisation; Concept unsuitable to the environment	Extensive previous exploration with poor results	Generally unfavourable lithology; No alteration of interest
1	Exploration model support; Indications of prospectivity; Concept validated	Exploration model support; Indications of Prospectivity; Concept validated	Extensive previous exploration with encouraging results; Regional targets	Deep cover; Generally favourable lithology/alteration (70%)
1.5	Reconnaissance (rotary air blast/air-core) drilling with some scattered favourable results; Minor workings	Exploratory sampling with encouragement	Several early stage targets outlined from geochemistry and geophysics	Shallow cover; Generally favourable lithology/alteration (50% to 60%)
2	Several old workings; Significant RCP drilling leading to advanced project	Several old workings; reconnaissance drilling or RCP drilling with encouraging intersections	Several well-defined targets supported by recon drilling data	Exposed favourable; Lithology/alteration
2.5	Abundant workings; Grid drilling with encouraging results on adjacent sections	Abundant workings; Core drilling after RCP with encouragement	Several well-defined targets with encouraging drilling results	Strongly favourable lithology, alteration
3	Mineral Resource areas defined	Advanced resource definition drilling (early stages)	Several significant sub-economic targets; No indication of “size”	Generally favourable lithology with structures along strike of a major mine; Very prospective geology
3.5	Abundant workings/mines with significant historical production; Adjacent to known mineralisation at Prefeasibility Study stage	Abundant workings/mines with significant historical production; Mineral Resource areas defined	Several significant sub-economic targets; Potential for significant “size”; Early stage drilling	
4	Along strike or adjacent to Resources at Definitive	Adjacent to known mineralisation at	Marginally economic targets of significant	

Rating	Address/Off-property factor	On-property factor	Anomaly factor	Geological factor
	Feasibility Study stage	Prefeasibility Study stage	"size" advanced drilling	
4.5	Adjacent to development stage project	Along strike or adjacent to Resources at Definitive Feasibility Study stage	Marginal economic targets of significant "size" with well drilled Inferred Resources	
5	Along strike from operating major mine(s)	Adjacent to development stage project	Several significant ore grade co-relatable intersections	

The Basic Acquisition Cost (BAC) is an important input to the Geoscientific Factor method and it is calculated by summing the application fees, annual rent, work required to facilitate granting (e.g. native title, environmental etc) and statutory expenditure for a period of 12 months. Each factor is then multiplied serially by the BAC to establish the overall technical value of each mineral property. A fifth factor, the market factor, is then multiplied by the technical value to arrive at the fair market value.

Market

Market Approach Method or Comparative Transactions looks at prior transactions for the property and recent arm's length transactions for comparative properties.

The Comparative Transaction method provides a useful guide where a mineral asset that is comparable in location and commodity has in the recent past been the subject of an "arm's length" transaction, for either cash or shares.

In an exploration joint venture or farm-in, an equity interest in a tenement or group of tenements is usually earned in exchange for spending on exploration, rather than a simple cash payment to the tenement holder. The joint venture or farm-in terms, of themselves, do not represent the Value of the tenements concerned. To determine a Value, the expenditure commitments should be discounted for time and the probability that the commitment will be met. Whilst some practitioners invoke complex assessments of the likelihood that commitments will be met, these are difficult to justify at the outset of a joint venture, and it seems more reasonable to assume a 50:50 chance that a joint venture agreement will run its term. Therefore, in analysing joint venture terms, a 50% discount may be applied to future committed exploration, which is then "grossed up" according to the interest to be earned to derive an estimate of the Value of the tenements at the time that the agreement was entered into.

Where a progressively increasing interest is to be earned in stages, it is likely that a commitment to the second or subsequent stages of expenditure will be so heavily contingent upon the results achieved during the earlier phases of exploration that assigning a probability to the subsequent stages proceeding will in most cases be meaningless. A commitment to a minimum level of expenditure before an incoming party can withdraw must reflect that party's perception of minimum value and should not be discounted. Similarly, any upfront cash payments should not be discounted.

The terms of a sale or joint venture agreement should reflect the agreed value of the tenements at the time, irrespective of transactions or historical exploration expenditure prior to that date. Hence the current Value of a tenement or tenements will be the Value implied from the terms of the most recent transaction involving it/them, plus any change in Value as a result of subsequent exploration. Where the tenements comprise applications over previously open ground, little to no exploration work has been completed and they are not subject to any dealings, it is thought reasonable to assume that they have minimal, if any Value, except perhaps, the cost to apply for, and therefore secure a prior right to the ground, unless of course there is competition for the ground and it was keenly sought after. Such tenements are unlikely to have any Value until some exploration has been completed, or a deal has been struck to sell or joint venture them, implying that a market for them exists.

High quality Mineral Assets are likely to trade at a premium over the general market. On the other hand, exploration tenements that have no defined attributes apart from interesting geology or a "good address" may well trade at a discount to the general market. Market Values for exploration tenements may also be impacted by the size of the land holding, with a large, consolidated holding in an area with good exploration potential attracting a premium due to its appeal to large companies.

Yardstick

The Rule-of-Thumb (Yardstick) method is relevant to exploration properties where some data on tonnage and grade exist may be valued by methods that employ the concept of an arbitrarily ascribed current in situ net value to any Ore Reserves (or Mineral Resources) outlined within the tenement (Lawrence 2001, 2012).

Rules-of-Thumb (Yardstick) methods are commonly used where a Mineral Resource remains is in the Inferred category and available technical/economic information is limited. This approach ascribes a heavily discounted in-situ value to the Resources, based upon a subjective estimate of the future profit or net value (say per tonne of ore) to derive a rule-of-thumb.

This Yardstick multiplier factor applied to the Resources delineated (depending upon category) varies depending on the commodity. Typically, a range from 0.4% to 3% is used for base metals and PGM, whereas for gold and diamonds a range of 2% to 4.5% is used. The method estimates the in situ gross metal content value of the mineralisation delineated (using the spot metal price and appropriate metal equivalents for polymetallic mineralisation as at the valuation date).

The chosen percentage is based upon the valuer's risk assessment of the assigned JORC Code's Mineral Resource category, the commodity's likely extraction and treatment costs, availability/proximity of transport and other infrastructure (particularly a suitable processing facility), physiography and maturity of the mineral field, as well as the depth of the potential mining operation.

Income

The Income Approach is relevant to exploration properties on which undeveloped Mineral Resources have been identified by drilling. Value can be derived with a reasonable degree of confidence by forecasting the cash flows that would accrue from mining the deposit, discounting to the present day and determining a net present value (NPV).

The Income Approach is not appropriate for properties without Mineral Resources.

Valuation Approaches by Asset Stage

Regardless of the technical application of various valuation methods and guidelines, the valuer should strive to adequately reflect the carefully considered risks and potentials of the various projects in the valuation ranges and the preferred values, with the overriding objective of determining the "fair market value".

Table 24 below shows the valuation approaches that are generally considered appropriate to apply to each type of mineral property.

Table 24: Valuation approaches for different types of mineral properties (VALMIN, 2015)

Valuation approach	Exploration properties	Mineral Resource properties	Development properties	Production properties
Income	No	In some cases	Yes	Yes
Market	Yes	Yes	Yes	Yes
Cost	Yes	In some cases	No	No

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Appendix 2: Comparative Transactions

Table 25: Summary of Comparative Transactions

Transaction	Project	State	Coal type	Date announced	Coal price (A$/t)	Buyer	Seller	Equity	Synopsis	Comment
Sojitz acquisition of Gregory Crinum	Gregory Crinum	Qld	Coking	May-18	245.56	Sojitz Corporation	BHP Billiton Group; Mitsubishi Corp.	100%	In May 2018, Sojitz announced the acquisition of the Gregory Crinum mine, currently on care and maintenance, from BHP and Mitsubishi for A$100 million.	Operation on care and maintenance since 2016.
Glencore acquisition of Hail Creek	Hail Creek, Valeria	Qld	Coking	Mar-18	284.51	Glencore plc	Rio Tinto	82%	In March 2018, Glencore announced the acquisition of an 82% interest in the operating Hail Creek coal mine, and a 71.2% interest in the Valeria coal resource, from Rio Tinto for a total cash consideration of US$1.7 billion.	Operating mine and growth asset.
Coronado acquisition of Curragh	Curragh	Qld	Coking	Dec-17	318.66	Coronado Coal LLC	Wesfarmers Limited	100%	In December 2017, Wesfarmers announced the sale of its Curragh coal mine in Queensland to Coronado for A$700 million.	Operating mine – coking coal and thermal coal products, relatively high cost.
Lenton acquisition of Burton	Burton	Qld	Coking	Sep-17	256.69	Lenton Joint Venture	Peabody Energy Corporation	100%	In September 2017, Peabody announced the sale of the majority of the Burton Mine to the Lenton Joint Venture for A$14 million. Lenton would assume the reclamation obligations associated with the four leases being acquired, reducing Peabody's asset retirement obligation by US$53 million while also releasing an estimated US$30 million of restricted cash.	Operation on care and maintenance. Strategic - adjoins the New Lenton Project, and delivers infrastructure to unlock New Lenton Project, with combined resources over 380 Mt.
Stanmore acquisition of Wotonga	Wotonga	Qld	Coking	Jul-15	116.75	Stanmore Coal Limited	Peabody Energy Corporation	100%	In July 2015, Stanmore announced an agreement to acquire the Wotonga project for A$7 million (A$2 million upfront, and A$5 million deferred).	Historical resource, with strategic value as a platform for development.

Transaction	Project	State	Coal type	Date announced	Coal price (A$/t)	Buyer	Seller	Equity	Synopsis	Comment
Sekitan acquisition of Wilkie Creek	Wilkie Creek	Qld	Thermal	Jul-15	116.75	Sekitan Resources Pty Ltd.	Peabody Energy Corporation	100%	In July 2015, Peabody announced an agreement to sell its mothballed Wilkie Creek operation to Sekitan for up to US$75 million, including cash of up to US$20 million and assumption of liabilities totalling US$55 million. The agreement was terminated in October 2015.	
Whitehaven consolidation of Tarrawonga	Tarrawonga	NSW	Coking	Nov-17	252.75	Whitehaven Coal Limited	Idemitsu Kosan Co., Ltd.	30%	In November 2017, Whitehaven announced the acquisition of the remaining 30% interest in Tarrawonga that it did not already own. Consideration was A$21.5 million.	
Yancoal acquisition of Warkworth	Warkworth	NSW	Coking	Sep-17	256.69	Yancoal Australia Ltd	Mitsubishi Development Pty Ltd	29%	In September 2017, Yancoal announced that it had exercised its call option to purchase Mitsubishi's 28.9% interest in the Warkworth joint venture for US$230 million, taking Yancoal's interest in the Warkworth joint venture to 84.5%.	
Glencore acquisition of Hunter Valley	Hunter Valley	NSW	Coking	Jul-17	212.79	Glencore plc	Mitsubishi Development Pty Ltd; Yancoal Australia Ltd	49%	In July 2017, Glencore agreed to acquire a 49% interest in the Hunter Valley Operations for US$1,139 million, of which US$710 million would be paid to Mitsubishi and US$429 million would be paid to Yancoal. In addition, Glencore would pay a portion of contingent and non-contingent royalties.	
Yancoal consolidation of Ashton	Ashton	NSW	Coking	Sep-14	124.04	Yancoal Australia Ltd	ITOCHU Corporation	10%	In September 2014, Yancoal acquired the remaining 10% interest in Ashton that it did not already own from ITOCHU for A$21.2 million.	

Transaction	Project	State	Coal type	Date announced	Coal price (A$/t)	Buyer	Seller	Equity	Synopsis	Comment
Realm acquisition of Foxleigh	Foxleigh	Qld	Coking	Aug-16	149.28	Realm Resources Limited	Anglo Coal	70%	In August 2016, Realm announced the acquisition of a 70% interest in Foxleigh, through its 99.9% held subsidiary, Middlemount South. Consideration included approximatelyA$47 million in cash, and a royalty payment stream contingent on the realised price at which Foxleigh coal is sold, with the royalty capped at an aggregate A$75 million, with the royalty expiring after 12.5 years. At the time of the transaction, Realm estimated that the net present value of the future royalty payments was A$28 million.	

Table 26: Analysis of Comparative Transactions

Transaction	Project	Coal type	Date announced	Coal price (A$/t)	Asset details	Stage	Tonnes (Mt)	Classification	A$/t	Normalised (A$/t)	Comment
Sojitz acquisition of Gregory Crinum	Gregory Crinum	Coking	May-18	245.56	The Gregory Crinum opencast coking coal mine in the Bowen Basin was closed and place on care and maintenance in 2016, with a remaining resource base of 121.6 Mt of coal. Production level just prior to closure was 2.7 Mt/a.	Closed	122	Reserves, Measured, Indicated, Inferred	0.82	0.87	Operation on care and maintenance since 2016.
Glencore acquisition of Hail Creek	Hail Creek, Valeria	Coking	Mar-18	284.51	The Hail Creek coal mine was operating at a production rate of 9.38 Mt/a, with a total resource base of 817 Mt of coal. The Valeria coal resource project had a total resource base of 762 Mt.	Operating	1,212	Reserves, Measured, Indicated, Inferred	1.83	1.68	Operating mine and growth asset.

Transaction	Project	Coal type	Date announced	Coal price (A$/t)	Asset details	Stage	Tonnes (Mt)	Classification	A$/t	Normalised (A$/t)	Comment
Coronado acquisition of Curragh	Curragh	Coking	Dec-17	318.66	The Curragh coal mine was an operating coal mine, producing 8.5 Mt/a of combined coking coal and thermal coal products. Coronado announced a total resource base of 948 Mt.	Operating	948	Reserves, Measured, Indicated, Inferred	0.74	0.60	Operating mine – coking coal and thermal coal products, relatively high cost.
Lenton acquisition of Burton	Burton	Coking	Sep-17	256.69	The assets acquired consisted of four mining tenements and their infrastructure, which was described as “the majority” of the Burton Coal Mine.	Care and Maintenance	6	Reserves	2.20	2.24	Operation on care and maintenance. Strategic – adjoins the New Lenton Project, and delivers infrastructure to unlock New Lenton Project, with combined resources over 380 Mt.
Stanmore acquisition of Wotonga	Wotonga	Coking	Jul-15	116.75	A JORC (2002) coal resource of 14.5 Mt was known at the time, and additional drilling showed additional extensions and further prospectivity, but the lack of geophysical surveying precluded disclosure of a current resource at the time of the transaction.	Advanced Exploration	15	Historical	0.48	1.08	Historical resource, with strategic value as a platform for development.
Sekitan acquisition of Wilkie Creek	Wilkie Creek	Thermal	Jul-15	116.75	The mine was placed on care and maintenance in 2013 due to the drop in coal prices. The reported resource base in 2010 was 306 Mt.	Care and Maintenance	306	Reserves, Measured, Indicated, Inferred	0.34	0.75	
Whitehaven consolidation of Tarrawonga	Tarrawonga	Coking	Nov-17	252.75	Tarrawonga was an operating mine, producing both coking coal and thermal coal products. It was producing at 2.2 Mt/a, with a total resource base of 111 Mt.	Operating	111	Reserves, Measured, Indicated, Inferred	0.65	0.67	
Yancoal acquisition of Warkworth	Warkworth	Coking	Sep-17	256.69	Warkworth was an operating coal mine in NSW, producing 12.3 Mt of saleable coal in 2016,	Operating	1,718	Reserves, Measured, Indicated,	0.59	0.60	

Transaction	Project	Coal type	Date announced	Coal price (A$/t)	Asset details	Stage	Tonnes (Mt)	Classification	A$/t	Normalised (A$/t)	Comment
					consisting of both metallurgical and thermal coal products. The mine had a total resource base of 1,718 Mt.			Inferred			
Glencore acquisition of Hunter Valley	Hunter Valley	Coking	Jul-17	212.79	The Hunter Valley operations constituted an operating coal mine, producing 14.8 Mt in 2017, with a total resource base of 3,816 Mt.	Operating	3,816	Reserves, Measured, Indicated, Inferred	0.76	0.94	
Yancoal consolidation of Ashton	Ashton	Coking	Sep-14	124.04	Ashton was an operating coal mine in NSW, with production of 1.28 Mt in 2014, and a total resource base of approximately 268 Mt.	Operating	268	Reserves, Measured, Indicated, Inferred	0.79	1.67	
Realm acquisition of Foxleigh	Foxleigh	Coking	Aug-16	149.28	Foxleigh was an operating coking coal mine, producing 3.2 Mt in 2016, with a total resource base of 82 Mt.	Operating	82	Reserves, Measured, Indicated, Inferred	1.30	2.28	

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Appendix 6 – Comparable Market Transactions

Project	Acquirer	% acquired	Deal value ($m)	Implied Deal Value	Announcement Date	Coal Price at Announcement Date ($/t)	Adjusted Deal Value
Gregory Crinum	Sojitz Corporation	100%	100.00	100.00	30/05/2018	258.85	99.85
Hail Creek, Valeria	Glencore PLC	76%	2,212.68	2,895.02	20/03/2018	305.63	2,448.30
Curragh	Coronado Coal LLC	100%	700.00	700.00	22/12/2017	248.87	727.00
Wotonga	Stanmore Coal Limited	100%	7.00	7.00	01/07/2015	121.39	14.90
Tarrawonga	Whitehaven Coal Limited	30%	21.50	71.67	06/11/2017	250.03	74.09
Warkworth	Yancoal Australia Ltd	29%	293.03	1,010.45	27/09/2017	216.09	1,208.62
Ashton	Yancoal Australia Ltd	10%	21.20	212.00	01/09/2014	128.47	426.52
Foxleigh	Realm Resources Limited	70%	75.00	121.05	29/08/2016	121.05	228.78
Kestrel	EMR Capital	80%	2,930.07	3,662.59	27/03/2018	304.88	3,105.05
Winchester South	Whitehaven Coal Limited	75%	259.98	346.64	22/03/2018	304.52	294.22

Project	Acquirer	Inferred resources (Mt)	Indicated resources (Mt)	Measured resources (Mt)	Mineral resources (Mt)	Mineral reserves (Mt)
Gregory Crinum	Sojitz Corporation	0.30	112.70	7.90	120.90	-
Hail Creek, Valeria	Glencore PLC	112.00	1,160.00	91.00	1,363.00	142.00
Curragh	Coronado Coal LLC	140.00	251.00	305.00	696.00	252.00
Wotonga	Stanmore Coal Limited	-	14.50	-	14.50	-
Tarrawonga	Whitehaven Coal Limited	27.00	33.00	52.00	112.00	41.00
Warkworth	Yancoal Australia Ltd	290.40	393.25	118.25	801.90	334.00
Ashton	Yancoal Australia Ltd	48.00	76.00	144.00	268.00	15.60
Foxleigh	Realm Resources Limited	20.00	29.00	33.30	82.30	52.70
Kestrel	EMR Capital	100.00	139.00	1.00	240.00	181.00
Winchester South	Whitehaven Coal Limited	132.00	146.00	78.00	356.00	-

A description of the transactions used for our transaction multiple analysis is set out below:

Project	Acquirer	Description
Gregory Crinum	Sojitz Corporation	In May 2018, Sojitz Corporation acquired 100% of the Gregory Crinum Coal Mine from BHP Billiton Corporation and Mitsubishi Corporation for consideration of $100 million. The mine is located approximately 60 km north east of Emerald in Queensland.
Hail Creek, Valeria	Glencore PLC	In March 2018, Glencore PLC acquired an 82% interest in the Hail Creek Coal Mine and a 71% interest in the Valeria Coal Mine, from Rio Tinto, for a total cash consideration of US$1.7 billion. The Hail Creek Complex is located in the northern Bowen Basin, 120km south-west of Mackay, in central Queensland. The Valeria Coal Mine is located in the central Bowen Basin, approximately 40km north-west of Emerald in Queensland.
Curragh	Coronado Coal LLC	In December 2017, Coronado Coal LLC acquired the Curragh Coal Mine from Wesfarmers Limited for $700 million. The project is located approximately 30km north of Blackwater in Queensland.
Wotonga	Stanmore Coal Limited	In July 2015, Stanmore Coal Limited acquired 100% of the Wotonga Coal Project from Peabody Energy Corporation for $7 million. The project is located 10km from the existing Isaac Plain Complex in Queensland.
Tarrawonga	Whitehaven Coal Limited	In November 2017, Whitehaven Coal Limited acquired the remaining 30% interest in the Tarrawonga Coal Project from Idemitsu Kosan Co. Ltd. for consideration of $21.5 million. The project is located 16km east of Boggabri in New South Wales.
Warkworth	Yancoal Australia Ltd	In September 2017, Yancoal Australia Limited exercised its call option to acquire 28.9% of the Warkworth Coal Project from Mitsubishi Development Pty Ltd for US$230 million, taking its interest in the project to 84.5%. The project is located 15km south-west of Singleton in the Hunter Valley, New South Wales.
Ashton	Yancoal Australia Ltd	In September 2014, Yancoal Australia Limited acquired the remaining 10% interest in the Ashton Coal Project from the ITOCHU Corporation for the consideration of $21.2 million. The project is located 15km north-west of Singleton in the Hunter Valley, New South Wales.
Foxleigh	Realm Resources Limited	In August 2016, Realm Resources Limited acquired a 70% interest in the Foxleigh Coal Project from Anglo Coal Limited, for consideration of $47 million in cash and a royalty stream with an estimated (at the time by the Company) net present value of $28 million. The project is located in the Bowen Basin in central Queensland.
Kestrel	EMR Capital	In March 2018, EMR Capital acquired an 80% interest in the Kestrel Coal Mine from Rio Tinto for the consideration of $2.9 billion. The project is located in the Bowen Basin at Crinum, 51km north east of Emerald in Queensland.
Winchester South	Whitehaven Coal Limited	In March 2018, Whitehaven Coal Limited acquired a 75% interest in the Winchester South Coal Project from Rio Tinto for consideration of $260 million. The project is located 30km from Moranbah in the Bowen Basin in Queensland.

Appendix 7 – Comparable Company Descriptions (Corporate Cost Analysis)

Company Name	Company Description
Aeris Resources Limited	Aeris Resources Limited produces and sells copper, gold, and silver products. Its flagship asset is the Tritton Copper Operations located in New South Wales. The company was formerly known as Straits Resources Limited and changed its name to Aeris Resources Limited in December 2015. The Company is headquartered in Fortitude Valley in Queensland.
Alkane Resources Limited	Alkane Resources Limited is a mining and exploration company in the Central West of New South Wales. The company has two advanced projects, being its Tomingley Gold Operations and the nearby Dubbo Project. It also explores for gold, copper, zirconium, hafnium, niobium, tantalum, yttrium, and rare earth elements. The company is headquartered in Burswood, Western Australia.
Blackham Resources Limited	Blackham Resources Limited's operates the Matilda-Wiluna Gold operation in Australia, with first gold production occurring in October 2016. The company is based in West Perth, Australis.
Doray Minerals Limited	Doray Minerals Limited explores for and produces gold and copper in Australia. Its projects include the Deflector gold-copper mine that consists of gold bullion and gold-copper concentrates in the southern Murchison region of Western Australia. It also holds the Andy Well gold mine, which is located to the north of Meekatharra in the Murchison region of Western Australia. The company was founded in 2009 and is based in West Perth.
Grange Resources Limited	Grange Resources Limited engages in the integrated iron ore mining and pellet production business in the northwest region of Tasmania. The company is involved in the mining, processing, and sale of iron ore; and exploration, evaluation, and development of mineral resources at the Southdown Magnetite and related Pellet plant projects. It owns interests in the Savage River magnetite iron ore mine located to the southwest of the city of Burnie. The company is based in Burnie, Tasmania.
Hillgrove Resources Limited	Hillgrove Resources Limited operates its Kanmantoo Copper mine located in the Adelaide Hills region of South Australia. Hillgrove Resources Limited is based in Unley, South Australia.

Company Name	Company Description
Metals X Limited	Metals X engages in the operation of tin and copper mines in Australia. The company is also involved in the exploration and development of base metals projects. The company holds a 50% interest in the Renison tin project located on the west coast of Tasmania and a 100% interest in the Nifty copper project, as well as Maroochydore copper project in Western Australia. It also holds a 100% interest in the Central Musgrave project that covers an area of 2,000 square kilometers of exploration tenure, including the Wingellina nickel deposit, the Claude Hills nickel deposit, and the Mt Davies exploration prospects located in the Central Musgrave ranges. The company was incorporated in 2004 and is based in Perth, Western Australia.
Millennium Minerals Limited	Millennium Minerals Limited develops, mines, and processes gold properties in Australia. It holds a 100% interest in the Nullagine gold project that covers an area of 276 square kilometres located in the East Pilbara of Western Australia. The company is based in Belmont, Western Australia.
Pantoro Limited	Pantoro Limited is a gold exploration and production company. The company holds interests in the Halls Creek project that comprises the Nicolsons project located in the Kimberley region of Western Australia; and the Grants Creek project located to the north of the Halls Creek project in Western Australia. The company is headquartered in West Perth, Western Australia.
Ramelius Resources Limited	Ramelius Resources Limited is a gold producer with operations in Western Australia. The company holds an interest in the Mt Magnet gold project located within the north-south striking Meekatharra-Mt Magnet greenstone belt of the Western Australian Murchison province and the Vivien gold deposit. The company is headquartered in East Perth, Western Australia.
Red River Resources Limited	Red River Resources Limited explores for and produces zinc, copper, lead, gold, silver, and base metal deposits in Australia. Its major project is the Thalanga zinc project, which is located in Northern Queensland. The company is based in Charters Towers, Queensland.
Silver Lake Resources Limited	Silver Lake Resources Limited operates as a gold producing and exploration company in Australia. It also explores for silver deposits. The company holds interests in the Mount Monger gold mine located within the Kalgoorlie terrane subdivision of the Eastern Goldfields province. Silver Lake Resources Limited is headquartered in South Perth, Western Australia.
Tribune Resources Limited	Tribune Resources Limited explores for, develops, and produces mineral properties in Australia. It is predominately a gold producer with its major projects being the East Kundana and West Kundana gold projects located in Australia. The company is based in South Perth, Western Australia.

CORPORATIONS ACT
PART 6A.2
OBJECTION FORM

The Directors
T2 Resources Fund Pty Limited
Suite 4101, Level 41
1 Macquarie Place
Sydney NSW 2000
ACN 624 330 696
("**T2 Resources**")

Dear Sirs / Madam

OBJECTION TO COMPULSORY ACQUISITION OF SHARES IN REALM RESOURCES LIMITED

Pursuant to section 664E(1) of the *Corporations Act 2001* (Cth) ("**Corporations Act**"),

I/we…… (*insert name*) of …… (*insert address*), being the holder of …… ordinary shares in Realm Resources Limited (*insert number of shares held*) covered by the notice of compulsory acquisition ("**Notice**") hereby notify T2 Resources that I/we object to the compulsory acquisition of the ordinary shares in Realm Resources Limited held by me/us and acknowledge that this objection:

(i) relates to all securities of the above class that are covered by the Notice and are held by me/us as at the end of the objection period (being one month after the date of the Notice); and

(ii) cannot be withdrawn.

By returning this form, you acknowledge that the personal information you provide in this form is collected by T2 Resources in accordance with the Corporations Act. Pursuant to those laws, T2 Resources is required to disclose your personal information to the Australian Securities & Investment Commission, Realm Resources Limited and make disclosure of this information in a public announcement uploaded to the Australian Securities Exchange.

The reason(s) for my/our objection is as follows:

Reason for objection (attach an extra page if necessary)

Signature of Shareholder(s)

Individual or Shareholder 1	**Shareholder 2**	**Shareholder 3**
Sole Director and Sole Company Secretary/ Sole Director (cross out titles as applicable)	**Director**	**Director/Company Secretary (cross out titles as applicable)**

Name of shareholder(s) (print)

Capacity of representative (if applicable)

Holder Identification Number (HIN) or Security Holder Reference Number (SRN)

Date

INSTRUCTIONS:

1. Please insert your name, address and number of shares where indicated on this Objection Form.

2. Please sign and date this Objection Form where indicated. This Objection Form will not be valid unless it is signed correctly in accordance with the specified signing instructions set out below.

Individual: Where the holding is in one name, the shareholder must sign.

Joint Holding: Where the holding is in more than one name, all of the shareholders must sign.

Power of Attorney: Where signing as Power of Attorney ("**POA**"), you must attach an original certified copy of the POA to this form.

Companies: Where the holding is in the name of a company, this form must be signed in accordance with the Corporations Act, either as:

- a sole director and sole company secretary **OR** a sole director (if no company secretary exists), **OR**
- two directors, **OR**
- a director and a company secretary

Overseas Companies: Where the holding is in the name of an overseas company (companies incorporated outside Australia) the form must be signed as above, or documentation must be provided showing that the company can sign in an alternate manner.

Deceased Estate: All executors must sign and a certified copy of Probate or Letters of Administration must accompany this form.

3. If you wish to object to the compulsory acquisition, this Objection Form must be returned to the address specified above by no later than one month after the Notice was given. Under the *Corporations Act 2001* (Cth), the Notice is deemed given 3 days after it is posted.