

# TIGERS

REALM COAL



## Investor Presentation Entitlement Offer 29 June 2016

# Important Information and Disclaimer



This investor presentation (**Presentation**) has been prepared by Tigers Realm Coal Limited (ABN 50 146 752 561) (**TIG or Company**). This Presentation has been prepared in relation to a pro rata non-renounceable entitlement offer of new TIG ordinary shares (**New Shares**), to be made to eligible shareholders of the Company, under section 708AA of the Corporations Act 2001 (Cth) (**Corporations Act**) as modified by Australian Securities & Investments Commission (**ASIC**) Corporations Instrument 2016/84 (**Entitlement Offer**).

A person is an eligible shareholder if they (i) are registered as a holder of existing TIG ordinary shares as at 7.00pm on 4 July 2016 (**Record Date**), (ii) have a registered address on the TIG share register in Australia, New Zealand or certain other foreign jurisdictions determined by the Directors (as described in the "Selling Restrictions" section of this Presentation), (iii) are not in the United States, and (iv) are eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered (**Eligible Shareholders**).

## Summary information

This Presentation contains summary information about the Company, its subsidiaries and their activities, which is current as at the date of this Presentation. The information in this Presentation is of a general nature and does not purport to be complete nor does it contain all the information which a prospective investor should consider when making an investment decision or that would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act. This Presentation should be read in conjunction with the Company's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (**ASX**), which are available at [www.asx.com.au](http://www.asx.com.au).

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## Future performance

This Presentation contains certain forward-looking statements which can be identified by the use of forward-looking terminology, including, without limitation, the terms "forecast", "estimate", "likely", "anticipate", "believe", "expect", "project", "opinion", "predict", "outlook", "guidance", "intend", "should", "could", "may", "target", "plan", "consider", "forecast", "aim", "will" and similar expressions. Indications of and guidance on future earnings and financial position and performance are also forward-looking statements as are any statements in this Presentation regarding the conduct and outcome of the Entitlement Offer and use of proceeds and the Company's operations. You are cautioned not to place undue reliance on forward-looking statements. While due care and attention has been used in the preparation of any forward-looking statements, any such statements, opinions and estimates in this Presentation, are based on assumptions and contingencies subject to change without notice, as are statements about market and industry trends, projections, guidance and estimates. Any forward-looking statements contained in this Presentation are not guarantees or predictions of future performance and involve known and unknown risks, contingencies and uncertainties and other factors, many of which are beyond the control of the Company, and may involve significant elements of subjective judgment and assumptions as to future events, which may or may not be correct. Refer to the 'Summary of Key Risks' section of this Presentation for a non-exhaustive summary of certain general and company-specific risk factors that may affect the Company, its business and any investment in New Shares. Actual results, performance or achievements may vary materially from any forward-looking statements and the assumptions on which such statements are based. Investors should consider any forward-looking statements contained in this Presentation in light of those risks and disclosures. Any forward-looking statements are based on information available to the Company as at the date of this Presentation. Except as required by law or regulation (including the ASX Listing Rules), the Company disclaims any obligation and makes no undertaking to provide any additional or updated information whether as a result of new information, future events or results or otherwise, or to reflect any change in expectations or assumptions.

## Past performance

Investors should note that past performance, including past share price performance and any historical information in this Presentation is given for illustrative purposes only and cannot be relied upon as an indicator of (and provides no guidance as to) future Company performance including future share price performance. This historical information is not represented as being indicative of Company's views on its future financial condition and/or performance. The historical information in this Presentation is, or is based upon, information that has been released to ASX.

## Financial information

All dollar values are in Australian dollars (\$, A\$ or AUD) unless otherwise stated. All references to US dollars (US\$) assume an exchange rate of US\$1 to A\$1.35172, based on the Reserve Bank of Australia official rate at 28 June 2016 of 1A\$ = US\$0.7398. You should be aware that the financial data in this Presentation includes "non-IFRS financial information". The non-IFRS financial information does not have a standardised meaning prescribed by the Australian Accounting Standards and, therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. You are cautioned not to place undue reliance on any non-IFRS financial information included in this Presentation. Amounts, totals and change percentages are calculated on whole numbers and not the rounded amounts presented.

## Disclaimer

To the maximum extent permitted by law, the Company, its related bodies corporate and affiliates, and each of their respective advisers, directors, officers, partners, employees and agents exclude and disclaim all liability, including without limitation for negligence or for any expenses, losses, damages or costs incurred by you as a result of your participation in the Entitlement Offer and the information in this Presentation being

# Important Information and Disclaimer



inaccurate or incomplete in any way for any reason, whether by negligence or otherwise. To the maximum extent permitted by law, each of the Company, its related bodies corporate and affiliates, and each of their respective advisers, directors, officers, partners, employees and agents make no representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of information in this Presentation.

## Competent Persons Statements

The information presented in this Presentation relating to Coal Resources at Amaam North is based on information compiled and modelled by Anna Fardell, Consultant (Resource Geology) of SRK Consulting (Kazakhstan) Ltd, who is a Fellow of the Geological Society of London; and reviewed by Keith Philpott, Corporate Consultant (Coal Geology) of SRK Consulting (UK) Ltd, who is a Fellow and Chartered Geologist of the Geological Society of London. Keith has worked as a geologist and manager in the coal industry for over 40 years and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results. Mineral Resources and Ore Reserves". Keith Philpott consents to the inclusion in this Presentation of the matters based on his information in the form and context in which it appears.

The information compiled in this Presentation relating to exploration results, exploration targets or Coal Resources at Amaam is based on information provided by TIG and compiled by Neil Biggs, who is a member of the Australasian Institute of Mining and Metallurgy and who is employed by Resolve Coal Pty Ltd, and has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the JORC Code. Neil Biggs consents to the inclusion in this Presentation of the matters based on his information in the form and context in which it appears.

The information in this Presentation relating to the Project F, Amaam North Reserve Estimate is based on information compiled by Maria Joyce, a consultant to the Company and a Competent Person who is a Chartered Engineer of the Australasian Institute of Mining and Metallurgy. Maria Joyce is the head of the technical services division and full-time employee of MEC Mining Pty Ltd. Maria Joyce has sufficient experience that is relevant to the style of mineralization, type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Maria Joyce consents to the inclusion in this Presentation of the matters based on her information in the form and context in which it appears.

## Note A – TIG's interests in the Amaam Coking Coal Project

Amaam Licences: TIG's current beneficial ownership is 80%. TIG will fund all project expenditure until the completion of a bankable feasibility study. After completion of a bankable feasibility study each joint venture party (TIG and Bering Coal Investments Limited) is required to contribute to further project expenditure on a pro-rata basis, or Bering Coal Investments Limited has an option to progressively convert its 20% ownership to a 2% royalty of gross sales revenue. Additionally, Siberian Tigers International Corporation is also entitled to receive a royalty of 3% gross sales revenue from coal produced from within the Amaam licences.

Amaam North Licences: TIG's current beneficial ownership is 80%. TIG will fund all project expenditure until the completion of a bankable feasibility study. After completion of a bankable feasibility study each joint venture party (TIG and BS Chukchi Investments Limited) is required to contribute to further project expenditure on a pro-rata basis, or BS Chukchi Investments Limited has an option to progressively convert its 20% ownership to a 2% royalty of gross sales revenue. Additionally, Siberian Tigers International Corporation is entitled to a royalty of 3% gross sales revenue from coal produced from within the Amaam North licences. TIG has entered into a Heads of Agreement to increase its ownership of the Amaam North Project from 80% to 100%. For further details, please refer to the Company's ASX Announcement on 29 June 2016.

## Note B – Inferred Resources

According to the commentary accompanying the JORC Code an "Inferred Mineral Resource" is that part of a Mineral Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to an Ore Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

## Note C – Indicated Resources

According to the commentary accompanying the JORC Code an "Indicated Mineral Resource" is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of modifying factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to assume geological and grade (or quality) continuity between points of observation where data and samples are gathered.

## Note D – Measured Resources

According to the commentary accompanying the JORC Code a "Measured Mineral Resource" is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape, and physical characteristics are estimated with sufficient confidence to allow the application of modifying factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to confirm geological and grade (or quality) continuity between points of observation where data and samples are gathered. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proved Ore Reserve or under certain circumstances to a Probable Ore Reserve.

## Note E – Exploration Target

According to the commentary accompanying the JORC Code an "Exploration Target" is a statement or estimate of the exploration potential of a mineral deposit in a defined geological setting where the statement or estimate, quoted as a range of tonnes and a range of grade (or quality), relates to mineralisation for which there has been insufficient exploration to estimate a Mineral Resource. Any such information relating to an Exploration Target must be expressed so that it cannot be misrepresented or misconstrued as an estimate of a Mineral Resource or Ore Reserve. The terms Resource or Reserve must not be used in this context.

## Note F – Reserves

According to the commentary accompanying the JORC Code a "Reserve" is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of modifying factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified.

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# 1 Corporate Summary



## Operational Update

Amaam and Amaam North have combined coal Resources of 632 million tonnes (**Mt**) with the majority of these resources being of Coking Coal quality.

Project F within Amaam North has 110.6 Mt of coal Resources, 16.1 Mt of which have already been classified as Product Reserves.

The recently completed Project F Feasibility Study supports the establishment of a 20 year, 1 Mt per annum (**Mtpa**) low cost mining operation with potential to more than double output with open pit expansions and underground mining.

## Entitlement Offer

**TIG is seeking to raise up to A\$23.3 million (US\$17.2 million) under a 1 for 1 pro-rata non-renounceable entitlement offer (Entitlement Offer) for continued exploration and development of the Company's projects in Chukotka, Russian Federation, including but not limited to:**

- **commencing Phase 1 of development and construction of Project F**
- **general corporate purposes and working capital**
- **undertaking of compliance works to ensure continued tenure of its exploration and mining licences**

## 2 Tigers Realm Coal, Assets and Strategy



Taking customer coal samples – April 2016

# Corporate Overview



## Capital Structure

ASX code	TIG
Shares on issue	895.8M
Options	31.4M
Market capitalisation	A\$23.3 <sup>1</sup>
Pro-forma cash (28 June 2016)	A\$2.8M
Debt	Nil

<sup>1</sup> As at 28 June 2016, based on a share price of A\$0.026

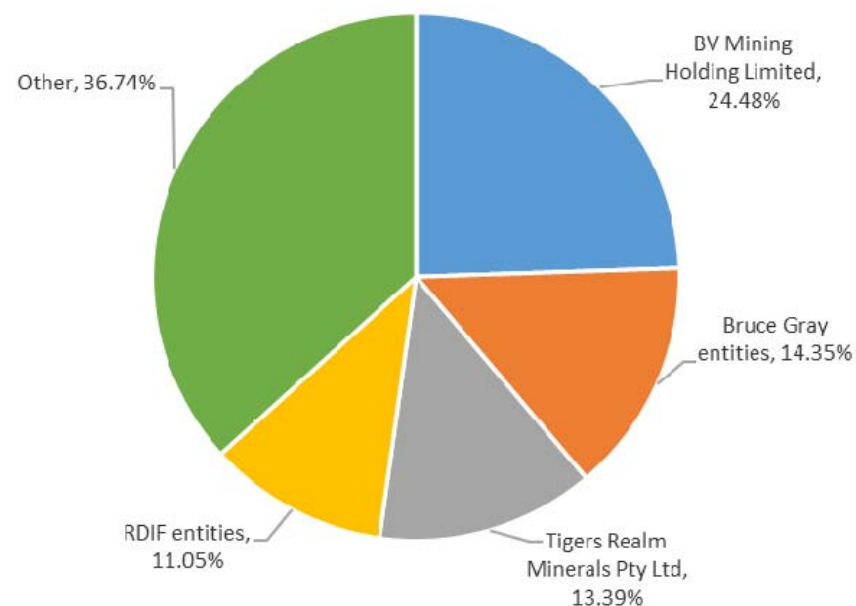
## Board of Directors

**Craig Wiggill** - Non-Executive Chairman  
**Owen Hegarty** - Non-Executive Director  
**Bruce Gray** - Non-Executive Director  
**Tav Morgan** - Non-Executive Director  
**Tagir Sitdekov** - Non-Executive Director

## Senior Management

**Peter Balka** - Chief Executive Officer  
**Denis Kurochkin** - Chief Financial Officer and General Director for Russian Entities  
**Scott Southwood** - General Manager Marketing  
**Marcus Trost** - Manager Exploration  
**Gennadiy Fandyushkin** - Chief Geologist

## Shareholders (as at 28 June 2016)



Note: Bruce Gray entities comprise Hanate Pty Ltd as trustee for Hanate Trust - 11.96%, and Pine Ridge Holdings Pty Ltd as trustee for Pine Ridge Superannuation Fund - 2.39%

Note: RDIF entities comprise Russian Direct Investment Management - 10.43%, RDIF Co investment Partnership I LP - 0.52%, and RDIF Co investment Partnership II LP - 0.1%

# Overview of Assets



## Projects

- Amaam Coal Basin
- Amaam North Coal Basin (including Project F)

## Total Resources (JORC)

- 632 Mt

## Project F Reserves (JORC)

- 16.1 Mt Product Coal

## Exploration Target (JORC)

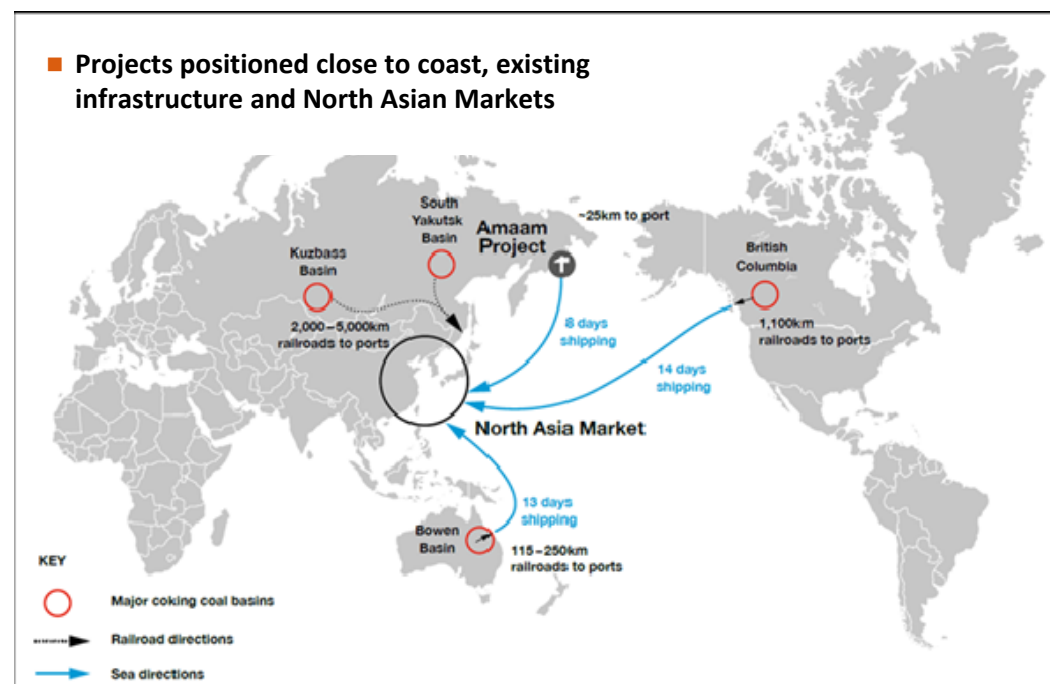
- 115 to 410 Mt Exploration Target

## Other Assets

- Beringovsky Port and Coal Terminal
- Initial CAT mining fleet

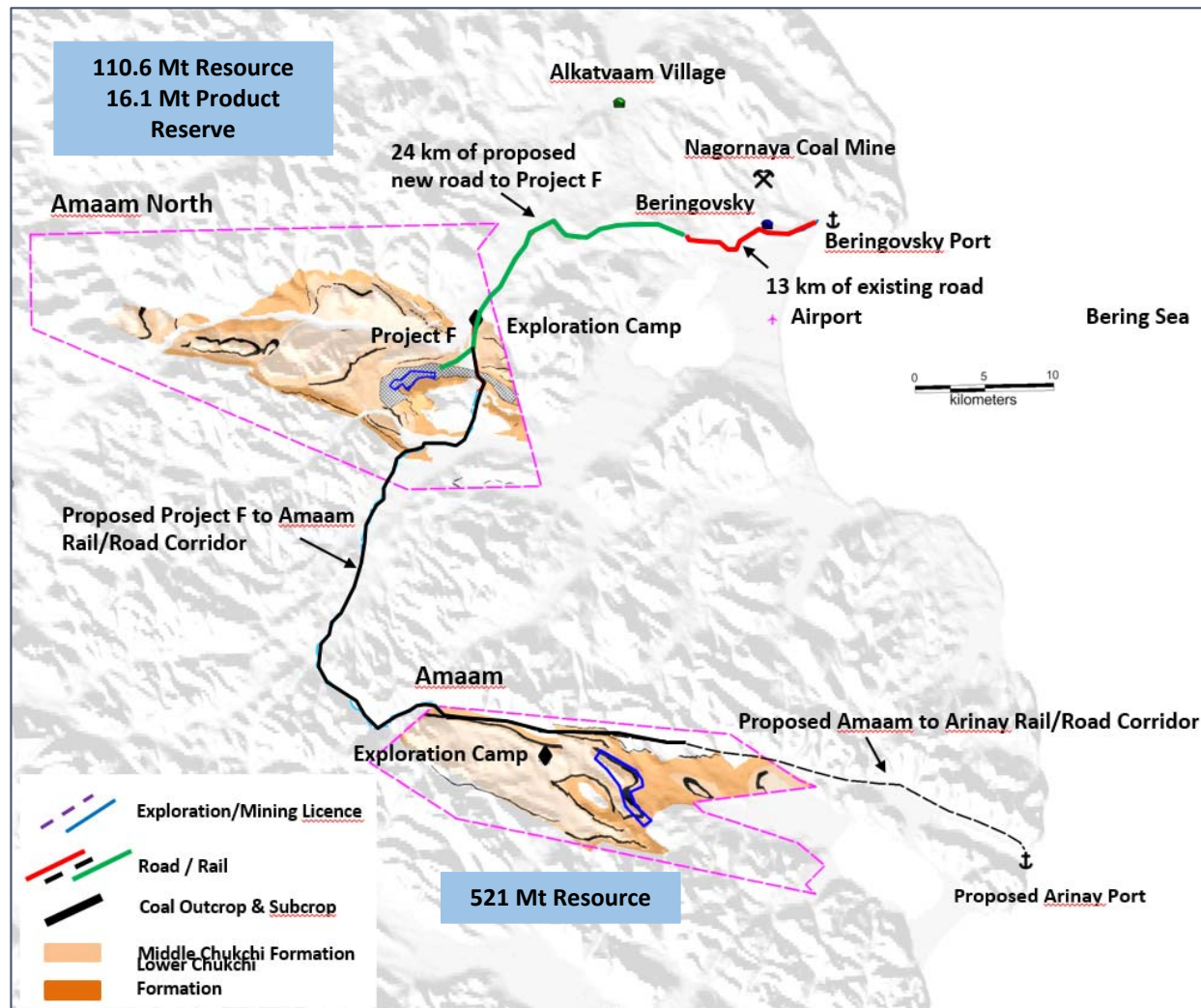
	Amaam North	Amaam
Ownership	80% <sup>1</sup>	80% <sup>1</sup>
Total Resources	110.6 Mt	521 Mt
Additional Exploration Target	25 to 40 Mt	90 to 370 Mt
Status	Project F 1.0 Mtpa Feasibility Study complete & development ready	Preliminary Feasibility Study on 5 Mtpa open pit completed

- Projects positioned close to coast, existing infrastructure and North Asian Markets



1: For further details on TIG's interests in the Amaam North and Amaam Projects, please see Note A of the "Important Information and Disclaimer" section of this Presentation.

# Development Strategy



TIG's strategy is to become a significant supplier of 5 to 10 Mtpa of Coking Coal to the seaborne market via the progressive development of the Amaam and Amaam North coal basins

## Stage 1

Development of Project F to a 1.0 Mtpa operation through Beringovskiy Port

- Phase One to 0.6 Mtpa utilising existing infrastructure and mining fleet
- Phase Two to 1.0+ Mtpa with construction of a coal handling and preparation port (CHPP), and infrastructure, port and mining fleet upgrades

## Stage 2

Production increases expected from Project F and Amaam North

## Stage 3

Development of Amaam to full capacity and the establishment of a transportation corridor to a year-round port at Arinay Lagoon

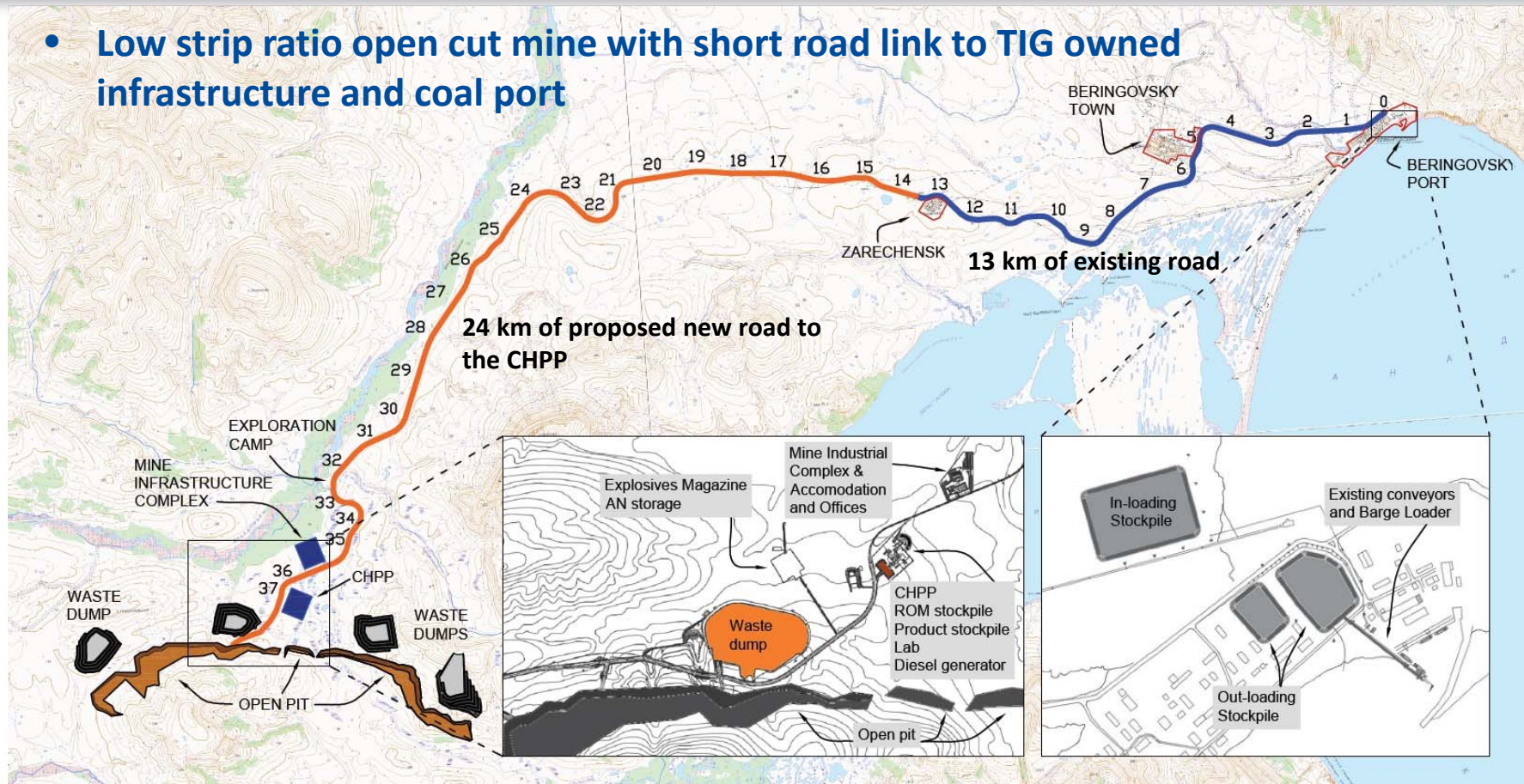
### 3 Overview of Project F



Taking customer coal samples – April 2016

# Project F Layout

- Low strip ratio open cut mine with short road link to TIG owned infrastructure and coal port

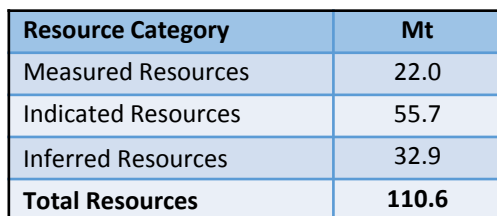


Port

Minesite

Project F - Mine to Port in 37 km

**TIGERS**  
REALM COAL



- | Resources       | Mt           | Moisture %  | Ash %        | Volatile Matter % | Fixed Carbon % | Sulphur %   | CV kCal/kg   |
|-----------------|--------------|-------------|--------------|-------------------|----------------|-------------|--------------|
| Seam 4          | 48.3         | 1.28        | 13.98        | 27.46             | 57.37          | 0.30        | 7,020        |
| Seam 1 to 3 & 5 | 62.3         | 1.08        | 19.15        | 25.98             | 53.75          | 0.27        | 6,567        |
| <b>Total</b>    | <b>110.6</b> | <b>1.17</b> | <b>16.90</b> | <b>26.63</b>      | <b>55.33</b>   | <b>0.28</b> | <b>6,765</b> |

1: ROM and Product Coal includes 15% Inferred Resources

# Project F Indicative Coal Quality



- Coal products have attractive properties for nearby Asian markets

Quality Parameter	Semi Hard Coking Coal	Seam 4 Thermal	Seams 1 to 3 Thermal
Total Moisture	9.0	15	15
Inherent Moisture	1.0	3.5	3.5
Ash (% adb)	9.5	12	25
Volatile Matter (% adb)	27.2	27.5	23.8
Fixed Carbon (% adb)	62.3	57	47.7
Total Sulphur (% adb)	0.31	0.33	0.26
Phosphorus (% db)	0.04	0.037	0.037
HGI	75	65	63
Crucible Swelling No.	6 - 7	<1	<1
Maximum Fluidity (ddpm)	80 - 100		
Rank (RoMax %)	1.0		
Vitrinite (% by vol.)	55 - 60		
Calorific Value (kcal/kg, net as received)	-	5700	4700
Chlorine (% db)	-	0.034	0.028
Ash Fusion (°C red.)	-	1320	1500
Deformation	-		
Spherical	-	1350	1530
Hemisphere	-	1380	1550
Flow	-	1400	1560

## Semi Hard Coking Coal (SHCC)

- Approximately 88% of revenue 1.0 Mtpa Base Case
- The coking product is based on a mix of raw and washed Seam 4 coal with washed lower seam (Seams 1-3) coal
- The quality is similar to some well known and utilised Queensland SHCC (Blackwater, Dawson Semi-hard, Cook, Poitrel)
- Additional selling points are very low sulphur and phosphorus

## Thermal Coal

- Two general types of Thermal Coal
- Higher Calorific Value (**CV**) Seam 4 coal
- Lower CV Seams 1 to 3 coal
- Saleable products to be blended depending on customer requirements

# Project F – Financial Information

## Project Costs

Product Operating Costs	US\$/t FOB	A\$/t FOB
Site FOB Operating Costs	37 to 45	47 to 63
Other Company Costs	6 to 9	8 to 12
<b>Total TIG Costs</b>	<b>43 to 54</b>	<b>58 to 73</b>

Project Capital Costs	US\$M LOM	A\$ LOM
Direct	78 to 100	105 to 135
Indirect & Contingency	23 to 29	31 to 39
Closure	22 to 23	29 to 31
<b>Total</b>	<b>123 to 152</b>	<b>166 to 205</b>



Source: Wood Mackenzie February 2016

- **Project F key cost advantages:**
  - Low stripping ratio compared to competitors
  - Short overland transport
  - TIG owned port reduces third party charges
- **2015 Seaborne HCC Costs range between A\$67 (US\$50)/t and A\$216 (US\$160)/t FOB<sup>1</sup>**
- **With site operating costs expected to be between A\$50 (US\$37) to A\$60 (US\$45)/t FOB, Project F has the potential to be one of the world's lowest cost Coking Coal producers**

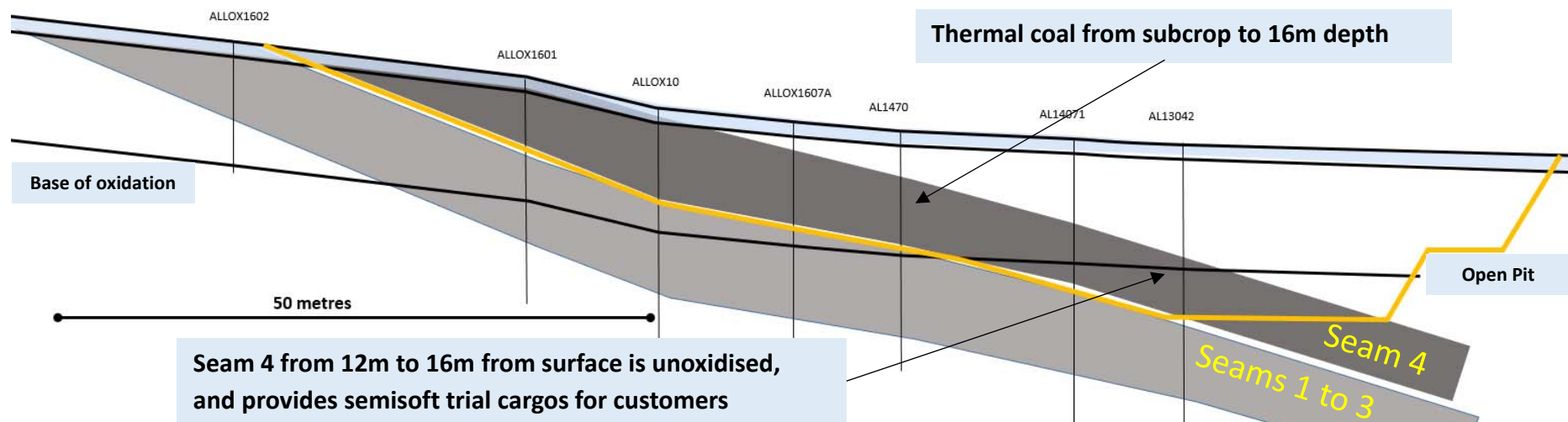
1: Source: Wood Mackenzie February 2016

## 4 Overview of Project F Phase One



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# Project F Phase One Description



**Phase One is expected to utilise a preliminary road, and existing infrastructure and mining equipment already on site to produce unwashed Thermal Coal and semi soft Coking Coal from the low ash upper Seam 4**

- Seam 4 can produce a low ash low sulphur thermal product, and an (unwashed) semi soft coking coal from the base of oxidation to around 16m depth. Waste is free dig and rip/doze, no drilling and blasting is expected to be required.
- Additional mining and crushing equipment, 40t excavator for coal mining, 70t excavator dedicated to waste handling, coal sizer at Port.
- Construction of low cost preliminary road from the Project F mine-site to Port with a coal haulage fleet comprising 12, 6 x 4 wheel drive 32t trucks, coal trucks to be loaded in pit by 40t excavator to eliminate ROM coal rehandling.
- Exploration camp area to be base for operations, additional facilities for maintenance of small mining equipment, upgrades to exploration camp for additional staff, erection of additional office already on site.
- Maintenance of coal haulage and stockpile fleet at existing facilities in the Port.
- Upgrades at the Port, three additional barges, barge loading system refurbishment, Port operated on contract basis.
- A new laboratory at the Port for coal quality test work for grade control and sales superintending.

### **Phase One of Project F is expected to target near surface thermal and coking coals.**

- It is the springboard to the full development of Project F which in turn is expected to facilitate the development of the whole Amaam Project.
- It will involve the construction of a preliminary haul road and utilise existing company owned infrastructure and mining equipment which is already on site.
- Additional site Capital Costs are estimated to be between A\$8.5M and A\$10.9 M (US\$6.3M to US\$8.1M).
- Production is expected to commence in late Q4 2016.
- It is expected to produce up to 600,000 tonnes per annum (**tpa**) of product with a site operating cost estimated to be between A\$30.40/t and A\$39.20/t (US\$22.50/t to US\$29.00) FOB.

# Project F Phase One Indicative Coal Qualities



## Coal Sales

- Expected Thermal Coal sales of up to 570 ktpa
- Small tonnages (30ktpa) of unwashed semisoft Coking Coal have been included in the plan for provision of trial cargos to Asian customers
- There is a potential to sell higher tonnages of semisoft (instead of as thermal), and this represents potential revenue upside

## Thermal Coal Marketing

- Indicative Thermal Coal Quality appears to be attractive to many Asian markets
- High CV, low sulphur bituminous Thermal Coal
- The coal appears to be suitable for markets in Japan, Korea, Taiwan, China, S.E. Asia and India
- Favourable for smaller, general industry users in N.E. Asia who require low sulphur and high CV, with discharge ports limited to smaller vessels
- Quality assessed by a number of Japanese and Korean trading houses. All recommended selling to Japanese and Korean general industry users on basis of quality and cargo size

## Semisoft Coking Coal Marketing

- The Indicative Coal Quality for lower Ash (<10%) Seam 4 fresh coal is a low sulphur semisoft
- The coal appears to be suitable for Japanese, Korean and Taiwanese steel mills and could be sold directly or through traders
- Interest in this coal has been expressed by Japanese steel mills and various traders in the past

Quality Parameter	Semisoft Coking Coal	Thermal Coal
Total Moisture	9.0	14.5
Inherent Moisture	1.5	2.5
Ash (% adb)	9.5	12.0
Volatile Matter (% adb)	27.5	27.5
Fixed Carbon (% adb)	61.5	58.0
Total Sulphur (% adb)	0.35	0.33
Phosphorus (% db)	0.06	-
HGI	65	65
Crucible Swelling No.	5	<1
Maximum Fluidity (ddpm)	80	-
Rank (RoMax %)	1.0	-
Vitrinite (% by vol.)	55 - 60	-
Calorific Value (kcal/kg, net as received)	-	5875
Chlorine (% db)	-	0.03
Ash Fusion (°C red.) Deformation	-	1320
Spherical (Softening)	-	1350
Hemisphere	-	1380
Flow	-	1400

## 5 Entitlement Offer



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## Details of the Entitlement Offer



Offer Structure and Size	<ul style="list-style-type: none"> <li>1 for 1 pro-rata non-renounceable<sup>1</sup> entitlement offer to raise up to AU\$23.3 million (US\$17.2 million)</li> </ul>
Offer Price	<ul style="list-style-type: none"> <li>\$0.026 per New Share</li> <li>4.4% discount to 5 day volume-weighted average price of TIG's shares on ASX over the 5 trading days up to and including 28 June 2016</li> </ul>
Ranking	<ul style="list-style-type: none"> <li>New Shares will rank pari passu with existing shares</li> </ul>
Record Date	<ul style="list-style-type: none"> <li>7.00pm (Melbourne time), 4 July 2016</li> </ul>
Use of proceeds	<p>Proceeds raised under the Entitlement Offer will be used for continued exploration and development of TIG's projects in Chukotka, Russian Federation, including but not limited to:</p> <ul style="list-style-type: none"> <li>Commencing Phase 1 of development and construction of Project F</li> <li>General corporate purposes and working capital</li> <li>Undertaking of compliance works to ensure continued tenure of TIG's exploration and mining licences</li> </ul>

<sup>1</sup> Entitlements are non-renounceable, meaning that Eligible Shareholders who do not take up their entitlements will not be able to transfer or receive any value in respect of those entitlements and their percentage shareholding in TIG will be diluted as a result of the Entitlement Offer.

# Details of the Entitlement Offer



## Underwriting

- The Entitlement Offer is underwritten by the following substantial shareholders, in their respective proportions noted below:
  - BV Mining Holding Limited (40.00%) (**BVMHL**);
  - Hanate Pty Ltd as trustee for Hanate Trust (40.00%) (**Hanate**) (being an entity controlled by Bruce Gray); and
  - Limited Liability Company <<RDIF Investment Management>> (**RDIF**) (20.00%), (together, the **Underwriters**)
- The Company, each Underwriter and Pine Ridge Holdings Pty Ltd (an entity controlled by Bruce Gray) as trustee for Pine Ridge Holdings Superannuation Fund (**Pine Ridge Holdings**) have entered into an underwriting agreement (**Underwriting Agreement**) under which each Underwriter and Pine Ridge Holdings has agreed (severally) with the Company to take up their respective entitlements as shareholders under the Entitlement Offer and each Underwriter has agreed (severally) with the Company to underwrite its respective proportion of any shortfall under the Entitlement Offer
- RDIF's obligation to underwrite its proportion of the shortfall under the Entitlement Offer (**RDIF Underwritten Shares**) is subject to FIRB approval, and the satisfaction of the requirements of RDIF's investment mandate<sup>1</sup> (being receipt of Shareholder Approval in respect of BVMHL and BVMHL satisfying its obligation to subscribe for its full entitlement and proportion of shortfall shares in accordance with the Underwriting Agreement) (**RDIF Investment Mandate Requirements**)
- BVMHL and Hanate's respective obligations to underwrite their respective proportion of any shortfall under the Entitlement Offer are each subject to shareholder approval, in accordance with item 7 of section 611 of the Corporations Act if, and to the extent, required so that such acquisition by either BVMHL or Hanate pursuant to their respective underwriting obligations does not breach section 606 of the Corporations Act (**Shareholder Approval**)

1. RDIF's investment mandate only allows it to invest in transactions where a qualified co-investor invests at least the same amount (or such greater amount as may be provided by a decision of the RDIF Investment Committee for that transaction). For further details, in relation to RDIF's investment mandate and the RDIF Investment Mandate Requirements, please refer to section 4.10 of the Entitlement Offer Booklet).

## Details of the Entitlement Offer



### Underwriting (continued)

- If FIRB approval is obtained by RDIF, the RDIF Investment Mandate Requirements are satisfied, and Shareholder Approval is obtained, each Underwriter has agreed with the Company that it will subscribe for any shortfall under the Entitlement Offer in its respective proportion under the Underwriting Agreement, being:
  - BVMHL - 40.00%;
  - Hanate - 40.00%; and
  - RDIF - 20.00%
- If FIRB approval is not obtained by RDIF, and Shareholder Approval is obtained, BVMHL and Hanate have each agreed with the Company that they will subscribe for:
  - any shortfall under the Entitlement Offer in their respective proportions under the Underwriting Agreement - being BVMHL (40.00%) and Hanate (40.00%); and
  - underwrite the RDIF Underwritten Shares in the following proportions - BVMHL (50.00%); and Hanate (50.00%)
- If:
  - FIRB approval is obtained by RDIF, the RDIF Investment Mandate Requirements are not satisfied, and Shareholder Approval is not obtained in respect of Hanate; or
  - FIRB approval is not obtained by RDIF, and Shareholder Approval is not obtained,each Underwriter (other than RDIF) has agreed with the Company that it will subscribe for its respective proportion of the shortfall which does not require Shareholder Approval (but no New Shares for which Shareholder Approval is required (**Conditional Underwritten Shares**)) and RDIF will not be required to subscribe for the RDIF Underwritten Shares
- The Company will pay underwriting fees of up to A\$234,000 (in aggregate). The final underwriting fee payable (and the relevant fee received by each Underwriter) will depend upon the number of shortfall shares for which each Underwriter subscribes (including as a result of whether FIRB approval and Shareholder Approval is obtained)

# Project F Phase One Financials and Use of Funds



Proceeds raised under the Entitlement Offer will be used for continued exploration and development of the Company's projects in Chukotka, Russian Federation, including but not limited to:

- Commencing Phase 1 of development and construction of Project F
- General corporate purposes and working capital
- Undertaking of compliance works to ensure continued tenure of TIG's exploration and mining licences

Sources and Uses of Funds A\$ (million)			Sources and Uses of Funds US\$ (million)		
	Sources	Uses		Sources	Uses
Entitlement Offer	23.3		Entitlement Offer	17.2	
Commencing Phase 1 of development and construction of Project F		16.4	Commencing Phase 1 of development and construction of Project F		12.1
General corporate purposes and working capital		4.4	General corporate purposes and working capital		3.2
Compliance works to ensure continued tenure of exploration and mining licences		2.0	Compliance works to ensure continued tenure of exploration and mining licences		1.5
Costs of Entitlement Offer		0.5	Costs of Entitlement Offer		0.4
Total sources and uses	23.3		Total sources and uses	17.2	

# Financial Information – Proforma Balance Sheet



All amounts are stated in '000s AUD	Adjustment No.	Audited 31 December 2015	1 January through 30 April 2016 Adjustments	Net proceeds of Offer	Pro-forma 30 April 2016
<b>Current Assets</b>					
Cash and cash equivalents	1-2	7,074	-3,483	22,795	26,386
Trade and other receivables	3	1,428	-326		1,102
Prepayments		578			578
Other current assets		857			857
<b>Total current assets</b>		<b>9,937</b>	<b>-3,809</b>		<b>28,923</b>
<b>Non-current assets</b>					
Property, plant and equipment		2,909			2,909
Other non-current assets		717			717
<b>Total non-current assets</b>		<b>3,626</b>	<b>0</b>		<b>3,626</b>
<b>Total assets</b>		<b>13,563</b>	<b>-3,809</b>		<b>32,549</b>
<b>Current Liabilities</b>					
Lease liability	4	2,296	-671		1,625
Other current liabilities		564			564
<b>Total current liabilities</b>		<b>2,860</b>	<b>-671</b>		<b>2,189</b>
<b>Non-current liabilities</b>					
Lease liability		1,722			1,722
<b>Total non-current liabilities</b>		<b>1,722</b>	<b>0</b>		<b>1,722</b>
<b>Total liabilities</b>		<b>4,582</b>	<b>-671</b>		<b>3,911</b>
<b>Net assets</b>		<b>8,981</b>	<b>-3,138</b>		<b>28,638</b>
<b>Equity</b>					
Share capital	1	151,185		22,795	173,980
Reserves		32,009			32,009
(Accumulated losses)		-146,963	-2,673		-149,636
<b>Total equity attributable to equity holders of the Company</b>		<b>36,231</b>	<b>-2,673</b>		<b>56,353</b>
Non-controlling interest	5	-27,250	-465		-27,715
<b>Total equity</b>		<b>8,981</b>	<b>-3,138</b>		<b>28,638</b>

## Financial Information – Proforma Balance Sheet



The Pro-forma Statement of Financial Position illustrates the effect of the Entitlement Offer on the Company. It has been prepared based on the audited Statement of Financial Position as at 31 December 2015 and does not purport to be a financial statement compliant with Australian Accounting Standards. The 31 December 2015 audited Statement of Financial Position has been adjusted for the following material events/items that have or may occur subsequent to 31 December 2015:

1. Receipt of AUD 23.29 million in proceeds from the Entitlement Offer, net of AUD 0.5 million in costs.
2. Net cash outflows for the 4 months ended 30 April 2016.
3. Net settlement of VAT receivable for the 4 months ended 30 April 2016.
4. Settlement of AUD 0.67 million in finance lease liability for the 4 months ended 30 April 2016.
5. Non controlling interest in cash outflows for the 4 months ended 30 April 2016.

# Indicative Entitlement Offer Timetable



Event	Date
Announcement of the Entitlement Offer	29 June 2016
Record Date for the Entitlement Offer	7.00pm (Melbourne time) 4 July 2016
Entitlement Offer Booklet despatched, Entitlement Offer opens	7 July 2016
Entitlement Offer closes	5.00pm (Melbourne time) 26 July 2016
Shares quoted on a deferred settlement basis	27 July 2016
Notify ASX of under subscriptions (if any)	29 July 2016
Issue Date for New Shares under the Entitlement Offer that do not require FIRB approval or Shareholder Approval*	3 August 2016
If Shareholder Approval is obtained - Issue Date for Conditional Underwritten Shares (other than RDIF Underwritten Shares)	Six business days after Shareholder Approval is obtained
If Shareholder Approval is obtained and FIRB approval or objection occurs - Issue Date for RDIF Underwritten Shares	On the later of: (i) six business days after the occurrence of FIRB approval or objection; and (ii) six business days after Shareholder Approval is obtained
Trading of New Shares	On the business day after the relevant issue date
Despatch of holding statements for New Shares	As soon as reasonably practicable after the relevant issue date

# Indicative Entitlement Offer Timetable



*\* The obligation of the Underwriters (other than RDIF) to underwrite their respective Conditional Underwritten Shares is subject to Shareholder Approval. In addition, RDIF's obligation to underwrite the RDIF Underwritten Shares is subject to FIRB approval and the RDIF Investment Mandate Requirements (refer to section 4.10 of the Entitlement Offer Booklet for further details). If Shareholder Approval is obtained and FIRB approval is not obtained by RDIF, BVMHL and Hanate will underwrite the RDIF Underwritten Shares.*

*The timetable above is indicative only and may be subject to change. TIG reserves the right to amend any or all of these dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, TIG reserves the right to extend the closing date of the Entitlement Offer, to accept late applications under the Entitlement Offer (either generally or in particular cases) and to withdraw the Entitlement Offer, without prior notice. Any extension of the closing date will have a consequential effect on the issue date of New Shares.*

## 6 Summary of Key Risks



Taking customer coal samples – April 2016

# Summary of Key Risks



TIG is subject to a variety of risk factors. Some of these are specific to its business activities, while others are of a more general nature. Individually, or in combination, these risk factors may affect the future operating and financial performance of TIG, its investment returns and the value of an investment in shares in TIG.

The risks listed in this section are not an exhaustive list of risks associated with an investment in TIG, either now or in the future, and this information should be considered in conjunction with TIG's other periodic and continuous disclosure announcements lodged with ASX (including all other information in this Presentation). Many of the risks described in this section are outside the control of TIG, its directors and management.

This section discusses the key risks associated with an investment in TIG shares, which may affect the future operating and financial performance of TIG and the value of TIG shares. Before investing in TIG shares, you should consider whether such an investment is suitable for you having regard to your personal circumstances and following consultation with your legal, financial and taxation advisers. Additional risks and uncertainties that TIG is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect the Company's operating and financial performance and the value of TIG shares.

## Operating risks

### Uncertainty in estimation of Mineral Resources and Reserves

Estimating the quantity and quality of Mineral Resources is an inherently uncertain process and the Mineral Resources and Reserves stated, as well as any Mineral Resources or Reserves TIG states in the future, are and will be estimates, and may not prove to be an accurate indication of the quantity of coal that TIG has identified or that it will be able to extract. Resource estimates (including those contained in this Presentation and the Entitlement Offer Booklet) are stated to the JORC Code and are expressions of judgement based on knowledge, experience and industry practice. There are risks associated with such estimates, including that coal mined may be of a different quality, tonnage or strip ratio from the estimates. Resource estimates are necessarily imprecise and depend to some extent on interpretations and geological assumptions, coal prices, cost assumptions, and statistical inferences which may ultimately prove to have been unreliable. A decline in the price of coal, stabilisation at a price lower than recent levels, increases in production costs, decreases in recovery rates or changes in applicable laws and regulations, including environment, permitting, title or tax regulations, that are adverse to TIG, may mean the volumes of coal that TIG can feasibly extract may be significantly lower than the resource estimates indicated in this Presentation. If it is determined that mining of certain of TIG's coal resources have become uneconomic, this may ultimately lead to a reduction in TIG's aggregate resources. If TIG's actual mineral resources are less than current estimates, TIG's prospects, value, business, results of operations and financial condition may be materially adversely affected.

### Amaam and Amaam North development risk

TIG is at the preliminary stage of determining the economic and technical viability of the Amaam Licence and large parts of the Amaam North Licence. To date TIG has completed a Preliminary Feasibility Study (PFS) and subsequent resource updates on the Amaam project. There is a risk that the more detailed studies in relation to the Amaam project may disprove assumptions or conclusions reached in the PFS, may reveal additional challenges or complexities and may indicate the cost estimates are incorrect. In addition, TIG must proceed through a number of steps before making a final investment decision with respect to the projects, conducting definitive feasibility studies, converting Resources to Reserves, obtaining government approvals and permits and obtaining adequate financing.

### Project F development and production risk

The process of developing and constructing Project F will be subject to many uncertainties, including the timing and cost of construction, the receipt of required government permits and the availability of financing for the projects. There is a risk that unexpected challenges or delays will arise, or that coal quality and quantity results will differ from the estimates on which TIG's cost estimates are based, increasing the costs of production and/or resulting in lower sales. Such risks exist both in respect of Project F on Amaam North, as well as in respect of the Amaam project as a whole, where TIG has yet to decide to proceed to production, including obtaining all relevant licences and permits.

Mining and development operations can be affected by force majeure circumstances, environmental considerations and cost overruns for unforeseen events. Any event that impacts on the production rates potentially may reduce the quantity of coal mined and thereby reduce the amount of coal available for sale. Events that could adversely impact on production rates include, but are not limited to geotechnical and geological conditions; equipment availability, utilisation rates and failure; development rates at which relevant coal seams are exposed; weather (including flooding) and natural disasters; unexpected maintenance or technical problems; depletion of TIG's reserves; increased or unexpected reclamation costs; and interruptions due to transportation delays; interruptions to supplies of required materials and services; and the actions of potential contractors engaged by TIG to operate its projects (including any breach of contract or other action outside the Company's control).

# Summary of Key Risks



## **Additional funding requirements**

At 31 December 2015, TIG held cash of AUD 7.074 million and had no bank or other debt financing other than a finance lease liability for mining equipment. At 31 December 2015, TIG had net current assets of AUD 7.077 million (31 December 2014: AUD 20.853 million). The Company is currently not in a position to generate significant income from its operations and as such is reliant upon the equity and/or debt markets for additional working capital. TIG will need to raise further capital and/or seek debt financing in order to maintain adequate working capital and to advance the development of both Project F and the Amaam Project in its entirety. The success of any future fund raising is dependent upon the availability, timing and terms of such funding, which may not meet the Company's financing needs both in respect of working capital and mine development. TIG's ability to secure funding in amounts sufficient to meet its financial needs could be adversely affected by many factors beyond its control, including but not limited to, economic conditions and the state of the capital markets.

TIG has signed a non-binding term sheet with Fund Vostok, a Russian government fund supporting infrastructure development in the Far East, to finance RUB 1.5 Billion (AUD 31.0 million, assuming an exchange rate of 0.02070 as at 27 June 2016) for construction of the Project F site access and haulage road. However, this is subject to TIG raising finance for the balance of the construction costs of A\$162.2 million, for which there is no guarantee of success. TIG has commenced the process to obtain funding of mine infrastructure by concentrating its efforts, but not being solely reliant upon, funding infrastructure development through equity and/or debt funding from China and other key potential sales markets. If TIG is unable to raise the necessary funds, it will have to revise its planned capital expenditures and may be required to reduce the scope of its anticipated activities.

## **Product quality**

TIG has conducted coal quality analysis on a number of drill cores recovered from Amaam and Amaam North. In the absence of sufficient coking coal test work, no guarantee can be given as to the type of coking coal that could ultimately be produced at Amaam. If the quality of the Amaam coking coal is lower than currently anticipated, TIG's prospects, value, project and financial condition may be materially adversely affected. For Project F Amaam North, the coking coal quality test work conducted has indicated the main product as a semi-hard coking coal, however, further coking coal tests and production may indicate part of the coking coals at the project to be of a lesser quality and there is a risk coal sales revenue will be less than forecast with adverse affects on TIG's forecast cash flows.

## **Coal market and demand**

TIG's profits are expected to be derived from the production and marketing of coal. In developing its business and mine plans, TIG has made certain assumptions regarding coal prices and demand for coal. The price that TIG will receive for its coal depends on numerous factors and accordingly, some or all of the Company's underlying assumptions may, or may not materially change and actual coal prices and demand may differ materially to those expected by the Company. The factors which affect coal prices and demand include the outcome of future sales contract negotiations, general economic activity, industrial production levels, changes in foreign exchange rates, changes in energy demand and demand for steel, changes in the supply of seaborne coal, changes in international freight rates or other transportation infrastructure and costs, the cost of other commodities and substitutes for coal, market changes in coal quality requirements and government regulation which restricts the use of coal, imposes taxation on the resources industry or otherwise affects the likely volume of sales or pricing of coal. All of these factors are out of TIG's control and may have a material adverse impact on coal prices and demand.

## **Concentration of sector profits**

TIG's planned income source is currently expected to be derived primarily from the exploration for and mining, production and sale of coal. The concentration of the Company's future reliance solely on coal as a source of income and profits significantly increases the adverse effect on the Company's financial position and performance which may arise as a result of adverse local and global supply and demand conditions.

## **Currency**

Significant changes in the Australian / US Dollar and the Australian Dollar / Russian Rouble exchange rate may have a significant impact on TIG's ability to fund the capital expenditure required to construct the Company's projects. The majority of TIG's anticipated sales will provide for payment in foreign currencies (principally in US dollars). TIG's financial position and results will be denominated in Australian dollars. Any strengthening of the Australian dollar against the US dollar will, if all other factors are equal, adversely affect the Company's financial performance, due to the resultant lower Australian dollar receipts. The Company's Board will consider whether to manage currency fluctuation risk, by hedging the US dollars which it expects to receive under any export contracts. However, there can be no assurance that the Company will hedge its exchange rate exposure, that it will be able to hedge such exposure on acceptable terms in the future or that any exchange rate hedging conducted by the Company will be effective or will not result in an adverse financial impact arising from the inability to benefit from a favourable movement in exchange rates.

## **Licences and permits**

TIG will require certain licenses, permits and approvals to develop the projects. To obtain the numerous permits issued by various governmental agencies and regulatory bodies that impose strict regulations on various environmental and safety matters in connection with coal mining may take longer than currently planned and affect TIG's planned development and production schedule. The permitting rules are

# Summary of Key Risks



complex and may change over time, and delays in obtaining applicable permits would reduce TIG's production, cash flow, and profitability. There are also a number of conditions and regulatory requirements that TIG must satisfy with respect to its tenements to maintain its interests in those tenements in good standing, including meeting specified drilling and reporting commitments. TIG has submitted and is currently completing the process of updating its exploration licences (known as "Licence Actualisation") which will incorporate the Company's current exploration, evaluation and mining plans into the terms of the licences. The outcome of the Licence Actualisation process is dependent upon decisions made by the regulatory authorities, and may affect the timing, nature and cost of exploration and evaluation works required to be undertaken in the Amaam and Amaam North Licences.

There is a risk that regulatory authorities may approve amendments or update existing licence terms that are not in accordance with the Company's submissions, as a result of which there may be a material adverse effect on the Company's financial position, cash flows and future funding requirements and its ability to operate. There is a risk that TIG may fail to obtain or be delayed in obtaining the licences, permits and approvals, or meet the conditions required to maintain its interests in the Licences which may adversely affect TIG's ability to proceed with the projects, financial condition and results of operations.

## **Capital and operating costs**

TIG's business, results of operations and financial condition may vary with fluctuations in capital and operating costs. A significant increase in the Company's production or capital costs could have a material impact on the profitability of its potential resource and reserves estimates. TIG's main production expenses are expected to include contractor costs, materials (including construction materials), personnel costs and energy, and its main capital costs will be the development capital expenditure related to transport and related infrastructure, mining and production related works, initially focused on the realisation of the Project F Licence and subsequently the Amaam project in its entirety. Material changes in the costs of TIG's mining and processing operations as well as its capital costs could occur as a result of unforeseen events, including international and local economic and political events, many of which are beyond the Company's control, and which could have a material adverse effect on the Company's financial position, performance and its operations. In past resource cycles, operating and capital costs have tended to increase as commodity prices have increased. Thus, TIG may be faced with higher than currently expected operating and capital costs in the future.

## **Environmental risks and hazards**

TIG's operations and activities are subject to the laws and regulations of the Russian Federation. The Company seeks to conduct its operations and activities to the highest standard of environmental obligations, including compliance with all relevant environmental laws and regulations. As with most exploration projects and mining activities, the Company's operations and activities are expected to have an impact on the environment, particularly when advanced exploration and mining activities are undertaken. TIG is unable to predict the effect on its operations of additional or amended environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations on any of its tenements. Further, there can be no assurance that new environmental laws, regulations or stricter enforcement policies and practices, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments which could have a material adverse effect on the Company's business, financial condition and performance. Although the project areas have a low population density, environmental impacts and breaches have the potential to impact on community relations which may lead to operational delays resulting in loss of production and reputation.

## **Failure to enter into, or reliance on, major customers for sales / off-takes**

TIG is yet to establish any sales or off-take agreements in respect of its planned production of coal from its projects. As a result, there is a risk that the Company may be unable to find a buyer for its coal or secure terms of sale which are acceptable to the Company.

Assuming the Company is able to secure sales or off-take agreements in the future, it may be required to depend on a small number of large customers, the loss of any of which, or inability to collect payment from, could adversely affect the Company's results of operations and financial condition. Furthermore, the Company's ability to receive payment for coal sold and delivered depends on the continued creditworthiness of its customers. If the Company is unable to collect payments from some or any of its customers, the Company's financial condition and results of operations could be materially adversely affected. Should the Company be unable to find customers to purchase its entire produced volume, its financial results may also be adversely affected.

## **Competition and substitution**

Competition in the coal industry is based on many factors, including price, production capacity, coal quality and characteristics, transportation capability and costs and brand name. TIG faces competition from other international producers of coal. An increase in production or reduction in price of competing coals may adversely impact TIG's ability to sell its coal products and the price attained for sales. The development of new steel making technologies or practices may also lead to greater use of lower quality coals or other carbon sources in substitution for the metallurgical coals sought to be produced by the Company. This could alter the demand for, and the price of, the metallurgical coals anticipated to be produced by the Company.

# Summary of Key Risks



## Foreign operations

TIG's projects are located in the Russian Federation. Investing in emerging markets such as Russia involves greater risk than investing in more developed markets. Operating in this jurisdiction may expose TIG to a range of significant country specific risks including general economic, regulatory, legal, social and political conditions. These and other country specific risks may affect TIG's ability wholly or in part to operate its business in the Russian Federation.

## Political

Changes, if any, in mining or investment policies or shifts in political attitude in Russia or elsewhere may adversely affect TIG's operations. Operations may be affected to varying degrees by Russian Federal and/or local government regulations including but not limited to: pricing controls; export controls; currency remittance; income taxes; foreign investment; maintenance of claims; environmental legislation; land use; land claims of local people; water use; mine safety and Federal and local government participation. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral tenure and development could result in loss, reduction or expropriation of entitlements. The occurrence of these factors and uncertainties cannot be accurately predicted. TIG does and will endeavour to maintain insurance within ranges of coverage in accordance with industry practice to insure against the risks it considers appropriate after consideration of the Company's needs and circumstances. Insurance of risks associated with coal exploration and production is not always available and, where available, costs can be prohibitive. However, no assurance can be given as to the Company's ability to obtain such insurance coverage in the future at reasonable rates or that any coverage arranged will be adequate and available to cover any and all potential claims. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

## Litigation

TIG may be exposed to risks of litigation which may have a material adverse effect on its financial position. All industries, including the coal exploration and mining industry, are subject to legal claims, with and without merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the uncertainty of the litigation process, the resolution of any particular legal proceeding to which the Company is or may become subject could have a material effect on its financial position, results from operations or the Company's activities.

## Key personnel

A number of key personnel are important to attaining TIG's business goals and objectives. The loss of key personnel or the failure to recruit sufficiently qualified and experienced staff could affect the Company's future financial performance, and its share price. TIG has entered into employment contracts with a number of key personnel whose expertise and experience in the mining industry is important to the continued development and operation of its interests. Due to management's experience and the important role they have taken in developing TIG's mining, business and financial plans, the Company could be adversely affected if any of them ceased to actively participate in or left the Company's management team entirely. There may be a limited number of persons with the requisite experience and skills to serve in the Company's senior management positions if existing management leave the Company. TIG may not be able to locate or employ qualified executives on acceptable terms. The Company does not currently maintain "key person" insurance. If it cannot attract, train and retain qualified managers, the Company may be unable to successfully manage its growth or otherwise compete effectively in the international coal industry.

## Risks associated with the Entitlement Offer

### Dilution and Control

Upon completion of the Entitlement Offer, assuming the Entitlement Offer is fully subscribed, the number of shares in the Company will increase from 895,834,935 to approximately 1,791,669,870. If a shareholder does not participate in the Entitlement Offer, to the extent to which the shareholder does not participate, their holdings will be diluted. As detailed in Section 4.11 of the Entitlement Offer Booklet, the Entitlement Offer may have an effect on the control of the Company. There is also a risk that ASIC or any other party could bring an action to the Australian Takeovers Panel (Panel) claiming that the Entitlement Offer gives rise to unacceptable circumstances. If an action is brought to the Panel and is successful, there are a broad range of orders that the Panel can make, including requiring the Company to amend the terms of the Entitlement Offer or withdraw the Entitlement Offer.

### Underwriting risk

As noted in the "Details of the Entitlement Offer" section of this Presentation, the Entitlement Offer is underwritten by BVMHL, Hanate and RDIF pursuant to an underwriting agreement between the Company, the Underwriters and Pine Ridge Holdings Pty Ltd as trustee for Pine Ridge Holdings Superannuation Fund. As noted above, the obligations of the Underwriters (other than RDIF) to underwrite their respective Conditional Underwritten Shares is subject to Shareholder Approval. In addition, RDIF's obligations to underwrite the RDIF Underwritten Shares is subject to FIRB approval and the RDIF Investment Mandate Requirements (refer to section 4.10 of the Entitlement Offer Booklet for further details). If FIRB approval is not obtained by RDIF, BVMHL and Hanate will underwrite the RDIF Underwritten Shares in the following proportions - BVMHL (50%); and Hanate (50%). There is a risk that either or both of FIRB approval or Shareholder Approval are not obtained. Depending on the level of participation of

# Summary of Key Risks



Eligible Shareholders, this may impact the Company's ability to raise the full amount under the Entitlement Offer, and have potential control implications (as described in section 4.11 of the Entitlement Offer Booklet).

The Underwriting Agreement sets out various events, the occurrence of which will entitle the Underwriters to terminate the Underwriting Agreement. These events include where:

- a material statement in the documents published in connection with the Entitlement Offer (**Offer Documents**) is false, misleading or deceptive or a material matter is omitted from the Offer Documents;
- the Entitlement Offer or any of the Offer Documents do not comply with any applicable law or regulatory requirement, or there is any contravention by the Company of the Corporations Act, the Listing Rules or TIG's Constitution;
- a cleansing notice issued by TIG under section 708AA(2)(f) of the Corporations Act is defective (within the meaning of section 708AA(11) of the Corporations Act), or a corrective statement is issued or required to be issued in accordance with section 708AA(12) of the Corporations Act;
- ASIC makes a determination, exemption or order which would prevent TIG from making the Entitlement Offer under section 708AA of the Corporations Act;
- approval for the ASIC relief referred to in section 4.2 of the Entitlement Offer Booklet is not obtained, or is subsequently withdrawn, or is varied in a way that would have a material adverse effect on the success of the Entitlement Offer;
- in relation to the Entitlement Offer or an Offer Document, ASIC (i) applies for an injunction order or compensation orders under section 1324, section 1325 or Part 9.5 of the Corporations Act or gives notice of an intention to prosecute TIG or any of its Directors; (ii) holds, or gives notice of intention to hold, a hearing or investigation under Part 3 of the Australian Securities and Investments Commission Act 2001 (Cth); or (iii) prosecutes or gives notice of an intention to prosecute, or commences proceedings against, or gives notice of an intention to commence proceedings against, or commences or threatens to commence any inquiry or investigation into, TIG or any of its representatives;
- TIG is prevented from issuing and allotting the New Shares in accordance with the Corporations Act, ASX Listing Rules, applicable laws, an order of a court of competent jurisdiction, the Takeovers Panel or a government authority;
- quotation approval of ASX is not granted by the time required by the Offer Documents and the Underwriting Agreement or, if granted, is subsequently withdrawn or withheld, or ASX removes TIG from the Official List of ASX or suspends or ceases trading in its securities;
- TIG withdraws the Entitlement Offer or the Entitlement Offer fails to proceed;
- an insolvency event occurs in relation to TIG or any of its subsidiaries or there is an act or omission which would result in such an insolvency event occurring;
- TIG is in default of any of the terms and conditions of the Underwriting Agreement;
- there is an adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of TIG, including (i) an adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company from those disclosed in the Offer Documents; or (ii) an adverse change in the earnings, future prospects or forecasts of TIG from those disclosed in the Offer Documents;
- a representation and warranty given by TIG under the Underwriting Agreement is not true or correct;
- a review, inquiry or investigation is undertaken by ASIC, ASX, the Australian Taxation Office, the Takeovers Panel or any other regulatory or government agency in relation to the Entitlement Offer or the Offer Documents;
- an obligation arises on TIG to provide ASIC with a corrective notice under the Corporations Act, or a new circumstance arises which, if known at the time of the issue of this Presentation, would have been required to be included in this Presentation or the cleansing statement released to ASX under section 708AA(2)(f) of the Corporations Act;
- the results of the due diligence investigations undertaken by TIG in connection with the Entitlement Offer are false, misleading or deceptive;
- a statement in the certificate to be issued by TIG to the Underwriters under the Underwriting Agreement is untrue or incorrect, or misleading or deceptive (including by omission); or
- there is: (i) an adverse change or disruption to the political or economic conditions or financial markets of Australia, the Russian Federation, the United Kingdom, the United States of America or the international financial markets or any change or development involving a prospective change in national or international political, financial or economic conditions; (ii) a general moratorium on commercial banking activities in Australia, the United States of America or the Russian Federation declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries; or (iii) trading in all securities quoted or listed on ASX, the Moscow Stock Exchange, the London Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect.

The ability of the Underwriters to terminate the Underwriting Agreement in respect of certain events will depend on whether the Underwriters have reasonable and bona fide grounds to believe, and they do believe that the event has, or is likely to have, a material adverse effect on the success or settlement of the Entitlement Offer; or could give rise to a material liability of the Underwriters under any law or regulation.

Accordingly, there is a risk that one or more of the Underwriters may terminate their obligations under the Underwriting Agreement if any such events occur.

# Summary of Key Risks



## **General Risks**

### **General economic risks**

TIG's ability to obtain funding for the projects, financial performance and ability to execute its business strategy is influenced by a variety of general economic and business conditions, including coal prices, inflation, interest rates and exchange rates, supply and demand (including for coal specifically), industrial disruption, access to debt and capital markets and governmental fiscal and monetary policy. Changes in general economic conditions may result from many factors including government policy in Australia, Russia and abroad, international economic conditions, significant acts of terrorism, hostilities or war or natural disasters. A deterioration or an extended period of adversity in any of these conditions could have an adverse impact on TIG's financial position and/or financial performance.

### **Regulatory risk**

TIG's operations are subject to a number of Australian, Cypriot and Russian national and local laws, including those relating to mining, prospecting and exploration, development permit and licence requirements, environment, land use, royalties, taxes and charges, water, mine safety, occupational health, foreign currency movements and cross border currency movements. No assurance can be given that the Company can or will be successful in obtaining all or any relevant permission, approval, licence or that such authorisations will remain in force without modification or revocation. To the extent that any and all required approvals are not obtained or retained in a timely manner or at all, the Company may be curtailed or prohibited from continuing or proceeding with exploration and or mining activities or repatriating profits for distribution to and in Australia.

### **Tax and royalties risk**

Changes to income tax (including capital gains tax), GST, VAT, stamp duty or other revenue legislation and other practices of the tax authorities in both Australia and the Russian Federation may change following the date of the Entitlement Offer or adversely affect the Company's profitability, net assets and cash flow. In particular, both the level and basis of taxation may change. Changes to the royalty regime in the Russian Federation or any other place where the Company may produce coal in the future may also have an adverse effect on the Company's financial performance and cash flows.

### **Wars, terrorism, political and environmental events**

Events may occur within or outside Australia and the Russian Federation that could impact upon the world economy, the market for coal, the Company's operations and the price of its Shares. These events include war, acts of terrorism, civil disturbance, political intervention and natural events such as earthquakes, floods, fires and poor weather affecting roadways, mining and transport of coal.

### **Limited liquidity**

There can be no guarantee that there will continue to be a market for shares or that the price of shares will increase. There may be relatively few buyers or sellers of TIG's shares on the ASX at any given time. This may affect the volatility in the Company's share market price. It may also affect the prevailing market price at which shareholders are able to sell their shares, which may result in the shareholders receiving a market price for their Shares that is less or more than the Offer Price.

### **Stock market risk**

The New Shares are to be quoted on the ASX, where their price may rise or fall in relation to the Offer Price. The New Shares issued under the Entitlement Offer carry no guarantee in respect of profitability, dividends, return of capital, or the price at which they may trade on ASX. The value of the New Shares will be determined by the stock market and will be subject to a range of factors beyond the control of the Company, its Directors and officers. Such factors include, but are not limited to, the demand for and availability of shares, movements in domestic interest rates, exchange rates, fluctuations in the Australian and international stock markets and general domestic and economic activity. Returns from an investment in the New Shares may also depend on general stock market conditions as well as the performance of the Company. There can be no guarantee that an active market in the New Shares will develop or that the market price of the New Shares will not decline below the Offer Price.

# Selling Restrictions



This Presentation does not constitute an offer of New Shares of the Company in any jurisdiction in which it would be unlawful. In particular, this Presentation may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

## **Cayman Islands**

No offer or invitation to subscribe for New Shares may be made to the public in the Cayman Islands.

## **European Economic Area - Cyprus and Netherlands**

The information in this Presentation has been prepared on the basis that all offers of New Shares will be made pursuant to an exemption under the Directive 2003/71/EC (Prospectus Directive), as amended and implemented in Member States of the European Economic Area (each, a Relevant Member State), from the requirement to produce a prospectus for offers of securities.

An offer to the public of New Shares has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in that Relevant Member State:

- to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments;
- to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, MiFID);
- to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID;
- to fewer than 150 natural or legal persons (other than qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive) subject to obtaining the prior consent of the Company or any underwriter for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of New Shares shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

## **Guernsey**

The New Shares may only be offered or sold in or from within the Bailiwick of Guernsey to existing shareholders of the Company.

## **Hong Kong**

WARNING: The contents of this Presentation have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Entitlement Offer. If you are in doubt about any contents of this Presentation, you should obtain independent professional advice.

## **New Zealand**

The New Shares are not being offered or sold to the public in New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

This Presentation has not been registered, filed with or approved by any New Zealand regulatory authority. This Presentation is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

## **Russia**

This Presentation is not a public offer or advertisement of securities in the Russian Federation and is not an offer, or an invitation to make offers, to purchase, sell, exchange or transfer any securities in the Russian Federation or to or for the benefit of any Russian person or entity, unless and to the extent otherwise permitted under Russian law, and must not be made publicly available in Russia. Information contained in this Presentation is intended only for persons who are "qualified investors" within the meaning of Article 51.2 of the Federal Law No. 39-FZ "On the Securities Market" dated 22 April 1996, as amended (the Russian QIs) and must not be made available to any persons who are not Russian QIs or otherwise permitted under Russian law to access such information. The securities have not been and will not be registered in Russia and are not intended for "placement", "public circulation", "offering" or "advertising" (each as defined in Russian law) in the Russian Federation except as permitted by Russian law.

# Selling Restrictions



## **Singapore**

This Presentation and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Presentation and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares may not be issued, circulated or distributed, nor may these securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the SFA), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This Presentation has been given to you on the basis that you are an existing holder of the Company's shares. In the event that you are not such a shareholder, please return this Presentation immediately. You may not forward or circulate this Presentation to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

## **United Kingdom**

Neither the information in this Presentation nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (FSMA)) has been published or is intended to be published in respect of the New Shares. This Presentation is issued on a confidential basis to fewer than 150 persons (other than "qualified investors" (within the meaning of section 86(7) of FSMA)) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this Presentation, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This Presentation should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) FSMA does not apply to the Company.

In the United Kingdom, this Presentation is being distributed only to, and is directed at, persons (i) who fall within Article 43 (members or creditors of certain bodies corporate) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005, as amended, or (ii) to whom it may otherwise be lawfully communicated (together relevant persons). The investment to which this Presentation relates is available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Presentation or any of its contents.