

29 June 2016

Dear Shareholder

**TIGERS REALM COAL LIMITED - ENTITLEMENT OFFER  
NOTIFICATION TO ELIGIBLE SHAREHOLDERS**

On 29 June 2016, Tigers Realm Coal Limited (**Tigers Realm Coal** or **Company**) announced a 1 for 1 pro rata non-renounceable entitlement offer of Tigers Realm Coal fully paid ordinary shares (**New Shares**) in Tigers Realm Coal at an offer price of A\$0.026 per New Share to raise up to A\$23.3 million (US\$17.2 million) (**Entitlement Offer**). The Entitlement Offer is being made without a prospectus in accordance with section 708AA of the Corporations Act 2001 (Cth) (as modified by ASIC Corporations Instrument 2016/84).

This letter is to inform you about the Entitlement Offer. This letter is not an offer to issue entitlements or New Shares to you, nor an invitation for you to apply for entitlements or New Shares. You are not required to do anything in response to this letter.

**DETAILS OF THE ENTITLEMENT OFFER**

The Entitlement Offer is being made to Eligible Shareholders (as defined below) to subscribe for 1 New Share for every 1 existing Tigers Realm Coal share held as at 7.00pm (Melbourne time) on 4 July 2016 (**Record Date**) (**Entitlement**).

The offer price of A\$0.026 per New Share represents a 4.4% discount to the 5 day volume-weighted average price of the Company's shares on ASX over the 5 trading days up to and including 28 June 2016.

Further details about the Entitlement Offer, including an Investor Presentation, are set out in an Offer Booklet relating to the Entitlement Offer (**Offer Booklet**), which will be despatched to Eligible Shareholders on or around 7 July 2016.

The proceeds from 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; and
- undertaking compliance works to ensure continued tenure of the Company's exploration and mining licences.

The Entitlement Offer is being underwritten by the Company's substantial shareholders BV Mining Holding Limited (**BVMHL**) Hanate Pty Ltd (an entity controlled by Bruce Gray) as trustee for Hanate Trust (**Hanate**) and Limited Liability Company <<RDIF Investment Management>> (**RDIF**) (together, the **Underwriters**), part of which is subject to Shareholder Approval (as defined below), FIRB approval and the RDIF Investment Mandate Requirements (as defined below).

The Company, each Underwriter and Pine Ridge Holdings Pty Ltd (an entity controlled by Bruce Gray) as trustee for Pine Ridge Holdings Pty Ltd (an entity controlled by Bruce Gray) as trustee for Pine Ridge 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 pursuant to the Entitlement Offer as described below.

In accordance with the Underwriting Agreement:

- RDIF's obligation to underwrite its proportion of the shortfall under the Entitlement Offer (**RDIF Underwritten Shares**) is subject to FIRB approval and satisfaction of the 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 the acquisition by either BVMHL or Hanate pursuant to their respective underwriting obligations does not breach section 606 of the Corporations Act (**Shareholder Approval**);
- to the extent there is a shortfall under the Entitlement Offer because Eligible Shareholders (other than the Underwriters and Pine Ridge Holdings) do not participate in the Entitlement Offer:
  - 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 that shortfall 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:
    - that shortfall in their respective proportions under the Underwriting Agreement - being BVMHL (40.00%) and Hanate (40.00%); and
    - the RDIF Underwritten Shares in the following proportions - BVMHL (50.00%); and Hanate (50.00%); or
  - if:
    - FIRB approval is obtained by RDIF, the RDIF Investment Mandate Requirements are 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 for which Shareholder Approval is not required (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; and

- 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).

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) (**RDIF Investment Mandate**). In relation to the Company and the Entitlement Offer, and in accordance with the RDIF Investment Mandate, BVMHL is the only Underwriter which satisfies the criteria for a qualified co-investor and the RDIF Investment Committee has approved the acquisition by RDIF of New Shares (including RDIF Underwritten Shares) up to a maximum of 50% of the total number of New Shares (including shortfall shares) acquired by that qualified co-investor. For this reason, RDIF's obligation to underwrite the RDIF Underwritten Shares is subject to 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**).

The Company will convene a general meeting of shareholders to propose a resolution to seek the Shareholder Approval, which is expected to be held in late August 2016. Notice of the general meeting will be sent to shareholders (and announced on ASX) in due course.

Further details of the underwriting arrangements are provided in the Offer Booklet released to ASX in connection with the Entitlement Offer.

## ELIGIBILITY CRITERIA

You are being sent this letter because Tigers Realm Coal believes that you are an Eligible Shareholder. Shareholders who are eligible to participate in the Entitlement Offer (**Eligible Shareholders**) are those who:

- (a) are registered as an existing Tigers Realm Coal shareholder as at 7.00pm (Melbourne time) on the Record Date;
- (b) have a registered address on the Tigers Realm Coal share register in Australia, New Zealand, or certain other foreign jurisdictions determined by the Directors (as described in the "Selling Restrictions" section of the Investor Presentation disclosed to ASX on 29 June 2016 and which may include shareholders in Cayman Islands, Cyprus, Guernsey, Hong Kong, Netherlands, United Kingdom, Singapore or Russia) as at the Record Date;
- (c) are not in the United States; and
- (d) are eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered.

Shareholders who are not Eligible Shareholders are not entitled to participate in the Entitlement Offer (**Ineligible Shareholders**) and will not be sent the Offer Booklet for the Entitlement Offer. Tigers Realm Coal will notify those shareholders who are Ineligible Shareholders.

## INDICATIVE TIMETABLE

Event	Date
Ex Date	1 July 2016
Record Date	7.00pm (Melbourne time), 4 July 2016
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
Issue of New Shares issued under the Entitlement Offer that do not require FIRB approval or Shareholder Approval*	4 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
Despatch of holding statements for New Shares	On the business day after the relevant issue date
Normal trading of New Shares	As soon as reasonably practicable after the relevant issue date

*\* 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. If FIRB approval is not obtained by RDIF, and Shareholder Approval is obtained, BVMHL and Hanate will underwrite the RDIF Underwritten Shares.*

This timetable is indicative only. The directors may vary these dates subject to the ASX Listing Rules. An extension of the closing date will delay the anticipated date for issue of the New Shares.

The directors of the Company also reserve the right not to proceed with the whole or part of the Entitlement Offer any time prior to allotment and issue of the New Shares under the Entitlement Offer. In that event, the relevant application monies (without interest) will be returned in full to applicants.

## CAPITAL STRUCTURE

The capital structure of Tigers Realm Coal following the issue of New Shares, assuming the maximum number of New Shares is issued under the Entitlement Offer and subject to rounding, will be as follows:

Existing Shares on issue as at 29 June 2016	895,834,935
Approximate number of New Shares to be issued under the Entitlement Offer	895,834,935
Approximate number of Shares on issue after the Entitlement Offer <sup>1</sup>	1,791,669,870

1. This assumes that Shareholder Approval is obtained for the issue of Conditional Underwritten Shares.

New Shares will be fully paid and rank equally with, and have the same dividend entitlements as, existing Tigers Realm Coal shares.

Shareholders are entitled to receive dividends as declared from time to time. No dividend has been paid or declared as at the date of this letter. Payment of future dividends will be dependent on future profitability and the financial position of the Company.

Fractional Entitlements will be rounded up to the nearest whole number of New Shares.

Tigers Realm Coal also has 31,406,000 options on issue which are not quoted on ASX.

## **FURTHER INFORMATION**

If you have any questions in relation to any of the above matters please contact Tigers Realm Coal on + 61 3 8644 1326 at any time from 9.00am to 5.00pm (Melbourne Time) during the Entitlement Offer period. You may also wish to contact your stockbroker, accountant or other professional adviser.

On behalf of the Board and management of Tigers Realm Coal, I thank you for your continued interest in the Company.

Yours sincerely

A handwritten signature in black ink, appearing to read 'CW', with a stylized flourish at the end.

Craig Wiggill  
Non-Executive Chairman  
Tigers Realm Coal Limited

## **NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES**

This letter is issued by Tigers Realm Coal. This letter is not a prospectus or offer document under Australian law or under any other law. It is for information purposes only and does not constitute an offer, invitation or recommendation to subscribe for, retain or purchase any securities in Tigers Realm Coal in any jurisdiction. This letter does not constitute financial product advice and does not and will not form any part of any contract for the acquisition of Tigers Realm Coal shares. No action has been, or will be, taken to register any offer or otherwise permit a public offering of securities outside Australia and New Zealand. This letter may not be released or distributed in the United States.

This letter does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or in any other jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. None of the Entitlements or the New Shares have been, or will be, registered under the U.S. Securities Act of 1933 (**Securities Act**) or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold in the United States, except in transactions exempt from, or not subject to, the registration requirements of the Securities Act and applicable US state securities laws.