

15 April 2024

ASX Release - Proposed Sale of Russian Operations

Highlights

- TIG has executed a legally binding agreement to sell its subsidiaries Beringpromugol, Beringugolinvest and Northern Pacific Coal Company to APM-Invest.
- Consideration for the transaction comprises US\$49,000,000.
- Pursuant to Listing Rule 11.2, the transaction is subject to shareholder approval. TIG expects to convene a general meeting of its shareholders.

Tigers Realm Coal Limited (ASX:TIG) (**TIG**) is pleased to announce it has entered into a share purchase agreement (**SPA**) with Limited Liability Company APM-Invest (**APM**) for the disposal of all of the issued shares in Limited Liability Company Beringpromugol (**Beringpromugol**), Limited Liability Company Beringugolinvest (**Beringugolinvest**) and Joint Stock Company Northern Pacific Coal Company (**NPCC**) and the assignment of the intercompany loan agreements to APM-Invest (**Transaction**).

The Transaction effectively disposes TIG's Russian assets, including:

- the mining licences for TIG's Amaam North project, held by Beringpromugol (TIG's current main operating entity);
- the mining licence for TIG's Amaam coal deposit (held by NPCC);
- Beringovsky Coal Terminal, held by Limited Liability Company Port Ugolny (a wholly owned subsidiary of Beringpromugol); and
- Limited Liability Company Beringpromservice (a wholly owned subsidiary of Beringpromugol).

Background

TIG is focussed on the mining sector, particularly the development of the Amaam Coking Coal Deposits comprising its two, well-located, large coking coal projects in the Far East of the Russian Federation. This includes Amaam North, a low-cost starter project providing a fast track to production and earnings, utilising existing infrastructure and supporting development of the entire Amaam coking coal field and Amaam, a large coal resource which will enable scaling the Company's production up to 5 million tonnes per annum from dedicated new infrastructure.

Material terms of the SPA

A summary of the material terms of the SPA can be found in Schedule 1 to this announcement.

Rationale for the Transaction

As a consequence of the considerable and ever increasing challenges faced by TIG as outlined in numerous ASX releases as well as the CEO's presentation to the AGM in August 2023, the board of directors of TIG (**Board**) decided that the divestiture of TIG's coking coal projects is in the best interest of TIG shareholders (**Shareholders**) and represents the most effective way to unlock the inherent value in the coking coal projects for the Shareholders. The Board went through a detailed strategic review and a careful process of identifying a purchaser.

Use of proceeds

TIG plans to use the proceeds from the Transaction to return capital to Shareholders.

Shareholder approval

Pursuant to the SPA and for the purposes of Listing Rule 11.2, TIG intends to convene a general meeting of its Shareholders to seek shareholder approval for the Transaction.

About APM-Invest

APM is a company incorporated under the laws of the Russian Federation. APM has well-established banking relationships and a well-established Russian statutory tax audit record.

Mr Mark Buzuk, APM's sole shareholder and ultimate beneficial owner, is a local businessman with over 30 years of executive experience in the mining industry. Mr Buzuk has a proven entrepreneurial track record in greenfield and brownfield remote area mining projects.

This release is authorised by the Board of TIG.

Enquiries;

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Schedule 1 Terms of the SPA

Disposal of Russian assets

The transaction includes:

- the disposal of all the participating interests in Limited Liability Company Beringpromugol (**Beringpromugol**) and Limited Liability Company Beringugolinvest (**Beringugolinvest**) and all of the issued shares in Joint Stock Company Northern Pacific Coal Company (**NPCC**) (together, the **Sale Shares**); and
 - the assignment of intercompany loan agreements,
- to Limited Liability Company APM-Invest (the **Purchaser**).

Purchase Price

The parties have agreed that the total consideration payable by the Purchaser for the disposal of the Sale Shares and the assignment of the loan agreements shall be US\$49,000,000 (**Purchase Price**).

The Purchase Price must be paid to the 'Sellers' by the Purchaser:

- in full in immediately available funds within thirty (30) days from the 'Closing Date' being the third business day following the fulfilment or waiver of the 'Conditions to Closing'; and
- in USD or such other currency as might be agreed by the parties in writing.

Conditions to Closing

The Conditions to Closing include:

- the Federal Antimonopoly Service of Russia and its local agencies (**FAS**) consent to the acquisition by the Purchaser of the Sale Shares (**FAS Consent**) in accordance with Russian Federal Law No. 26 135-FZ dated 26 July 2006 "On Protection of Competition" is granted and remains in full force and effect;
- the Purchaser obtaining a consent of the President of Russia as required pursuant to Decree No. 520 dated 5 August 2022 of the President of the Russian Federation to the acquisition by the Purchaser of the Sale Shares (and such consent remaining in full force and effect) (**Presidential Approval**);
- Purchaser obtaining either:
 - a consent of the 'Governmental Commission' as required pursuant to Federal Law dated 29 April 2008 No. 57-FZ "On Procedures for Foreign Investments in the Business Entities of Strategic Significance for Russian National Defence and State Security", as amended, to the acquisition by the Purchaser of the Sale Shares as set out in the SPA (and such consent remaining in full force and effect) (**Strategic Approval**); or
 - a FAS confirmation that Strategic Approval is not required;
- the Purchaser and the Sellers (the **Parties**) obtaining any other 'Approvals' or actions of any 'Sanctions Authority' required to consummate the Transaction contemplated by the SPA, if and to the extent applicable, having been obtained and remaining in full force and effect at Closing (for the avoidance of doubt as of the date hereof the Sellers are not aware of any such Approvals or actions of any Sanctions Authority being required);
- the Purchaser providing to the Sellers a notarized copy of the minutes of the general shareholder's meeting and/or the meeting of the board of directors of the Purchaser, approving and ratifying (as

applicable) the execution by the Purchaser of, and performance of its obligations under the 'Transaction Documents';

- the Sellers providing to the Purchaser the duly executed copy (certified by a duly appointed officer as true and correct) of a shareholder's and/or board resolution of the Sellers as necessary to provide valid authorisation or, if required by the Law of its jurisdiction or its constitutional documents) authorising the execution of and the performance by the relevant Seller of its obligations under the Transaction Documents;
- the Sellers providing to the Purchaser the consents of Beringpromugol and the NPCC for the execution of the applicable Assignment Agreements;
- TIG obtaining the approval of its ordinary shareholders to the Transaction in accordance with the Listing Rules;
- all other Approvals required to consummate the Transaction having been obtained or otherwise satisfied and remaining in full force and effect, and all statutory waiting periods in respect of such Approvals having expired (for the avoidance of doubt as of the date hereof the Parties agree that such Approvals are not required);
- a personal securities account in the shareholders register of the NPCC having been opened by the Purchaser with the Registrar;
- the Sellers providing to the Purchaser copies of the Sellers' legal opinions;
- LLC Beringpromtrading and LLC Beringugolinvest Trading, subsidiaries of Beringugolinvest, being disposed by Beringpromugol, Beringugolinvest and NPCC to the Sellers or their nominee on the terms agreed by the Parties; and
- the Sellers providing to the Purchaser copy of the consent of the creditor under the loan facility for the transfer of the Sale Shares to the Purchaser (if such consent is required under the loan facility).

Completion Conditions

The 'Completion Conditions' include:

- the Sellers must provide to the Purchaser a confirmation, in the form agreed by the Parties, that the full amount of the Purchase Price is credited (or is deemed credited, which may only be the case if the Parties agree that the payment confirmation may be given by the Sellers only and not by any other person) to the bank accounts pursuant to the terms of the SPA (**Payment Confirmation**).

Termination rights

Either the Sellers or the Purchaser may terminate the SPA if:

- any of the Conditions to Closing are not satisfied or waived within 180 days from the date of the SPA;
- Payment Confirmation is not provided within 90 days after the Closing Date; or
- a party fails to comply with an obligation in respect of Closing or Completion on the date such obligation should have been performed.

The Sellers may terminate the SPA if:

- prior to Closing, the Presidential Approval, Strategic Approval or any other Approval changes the terms of the Transaction as set out in this SPA;

- at any time after the Closing Date but prior to Completion, terms of any Presidential Approval, Strategic Approval or any other Approval are altered on or after the Closing Date and the altered terms change the terms of the Transaction;
- the Sellers become by operation of law restricted in transferring the ownership of the Sale Shares; or
- the Purchaser breaches any of the warranties it provided under the SPA or such warranties are untrue, inaccurate or misleading.

The Purchaser may terminate the SPA if:

- the Sellers notify the Purchaser of a material adverse event under the SPA; and
- the Purchaser provides the Sellers with the termination notice referring to the material adverse event within 10 business days following the date of the receipt of the Sellers' notice.

Other terms

The SPA otherwise contains terms (including limitations to liability, material adverse events, representations and warranties) usual for an agreement of this nature.