



Australian Government

Takeovers Panel

**Reasons for Decision
Realm Resources Limited
[2018] ATP 13**

Catchwords:

Off-market bid – coercive – bidder’s statement – bidder’s intentions – majority shareholder – target suspended from trading – efficient competitive and informed market – declaration – orders

Corporations Act 2001 (Cth), Chapter 6D and sections 602, 611, 636, 657A, 657C(3), 657D

ASX Listing Rule 11

Strategic Minerals Corporation NL 02R, 03R, 04R and 05R [2018] ATP 5, Strategic Minerals Corporation NL [2018] ATP 2, The President’s Club Limited 02 [2016] ATP 1, Keybridge Capital Limited [2013] ATP 17, Multiplex Prime Property Fund 01 & 02 [2009] ATP 18, Austral Coal Ltd (No 3) [2005] ATP 14, Pacific Energy Ltd [2004] ATP 23, Sirtex Medical Ltd [2003] ATP 22

Interim order	IO undertaking	Conduct	Declaration	Final order	Undertaking
NO	YES	YES	YES	YES	YES

INTRODUCTION

1. The Panel, Kelvin Barry, Teresa Dyson and Rod Halstead (sitting President), made a declaration of unacceptable circumstances in relation to the affairs of Realm Resources Limited. The application concerned an off-market takeover bid made by T2 for 100% of the ordinary shares in Realm that it or its associates did not already own. The Panel considered that, in combination, the continuing suspension of Realm, the recognition by T2 of the improved financial and operational position of Realm, actions taken by T2 and its nominee directors (including T2 changing its position in relation to a proposed capital raising) and statements in the bidder’s statement had the potential to coerce Realm shareholders to accept the T2 bid. The Panel made a declaration of unacceptable circumstances, orders extending the bid period and (as a consequence) providing withdrawal rights. The Panel also accepted undertakings.

2. In these reasons, the following definitions apply.

Bidder	T2 Resources Fund Pty Limited
Foxleigh Acquisition	The acquisition by Realm of a 70% interest in the Foxleigh Coal Mine in Queensland’s Bowen Basin
Offer	The offer dated 14 March 2018 by the Bidder to acquire fully paid ordinary shares in Realm for \$0.90 per Realm share (subsequently increased to \$1.00 per Realm share)
Realm	Realm Resources Limited

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T2

A reference to either Taurus Funds Management Pty Limited as manager of Taurus Resources No. 2 LP and Taurus Resources No. 2 Trust or the Bidder (as the context requires)

FACTS

3. Realm is an ASX listed company (ASX code: RRP).
4. On 30 August 2016, Realm completed the Foxleigh Acquisition.
5. On 13 September 2016, Realm requested a voluntary suspension from trading and sought ASX's determination on the application of Chapter 11 of the Listing Rules to the transaction. ASX decided that Realm was required to comply with Chapters 1 and 2 of the Listing Rules as if it were applying for admission to the official list and ASX included a requirement that Realm obtain shareholder approval and have a free float of not less than 20% of the shares on issue.
6. At all relevant times, T2 held over 85% of Realm's ordinary shares. Messrs Gordon Galt and Michael Davies, nominees of T2, were directors of Realm.
7. In order to satisfy the 20% free float requirement, Realm decided to undertake a capital raising in which T2 would not participate. On 8 June 2017, T2 signed a statement confirming its intention to support the capital raising.
8. Between 15 June 2017 and 13 July 2017, Realm shares were reinstated to trading ahead of a shareholders' meeting. The shares were then suspended again (and remain suspended) pending compliance with Chapters 1 and 2 of the Listing Rules.
9. The capital raising and Foxleigh Acquisition were approved by Realm shareholders on 14 July 2017.
10. There were delays in undertaking the capital raising for various reasons. Realm updated the market from time to time on the status of the re-listing.
11. On 15 December 2017, T2 made a non-binding indicative proposal to acquire all the Realm shares it did not own for \$0.90 per share. On 16 December 2017, the Realm board established an independent subcommittee.¹
12. On 9 February 2018, T2 announced its intention make the Offer. The Offer was subject to prescribed occurrences conditions.² On 23 February 2018, T2 released its bidder's statement, which included statements to the effect that:³
 - (a) there was no certainty when re-listing of Realm shares might occur and the Offer provided shareholders with certainty by comparison

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

² Which includes "a member of the Realm Group issues shares, or grants an option over its shares, or agrees to make such an issue or grant such an option (including under an employee share or option plan)"

³ Note that some of these statements were amended or supplemented by the first supplementary bidder's statement dated 14 March 2018

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- (b) T2 intended to compulsorily acquire the outstanding Realm shares if it became entitled to; and if not would seek to replace some or all of the current directors with its nominees and
 - (c) T2 did not support Realm’s continued listing, would not support the capital raising, and would cause Realm to apply for de-listing.
13. In the letter to shareholders in T2’s bidder’s statement, Mr Martin Boland on behalf of T2 said:
- If you do not accept the Offer and the Bidder does not compulsorily acquire the Realm Shares which have not been accepted into the Offer, you will remain a minority shareholder in Realm. In that circumstance, given Realm’s likely ongoing suspension from trading on the ASX and the Bidder’s intention to cause Realm to apply for removal of Realm from the official list, you may not be able to readily sell your shareholding.*
14. On 29 March 2018, Realm released its target’s statement recommending rejection of the Offer. The independent expert’s report attached to the target’s statement concluded that the Offer was neither fair nor reasonable, and the estimated fair market value for Realm shares (on a control basis) was between \$1.62 and \$1.92 per share.
15. On 15 May 2018, T2 released a third supplementary bidder’s statement increasing the Offer price to \$1.00 per share.
16. On 21 May 2018, in the second supplementary target’s statement, Realm’s non-affiliated directors continued to recommend that shareholders reject the Offer “for the reasons set out in section 1 of the Original Target’s Statement”. In the Original Target’s Statement, the reasons included that there were other potential alternatives, including “a re-listing of Realm Shares on ASX.”
17. At the AGM of Realm on 31 May 2018, two additional directors nominated by T2 were elected as directors of Realm.

APPLICATION

Declaration sought

18. By application dated 29 May 2018, Realm sought a declaration of unacceptable circumstances. Realm submitted that unacceptable circumstances had arisen from (among other things):
- (a) the lack of competitive pressure in relation to the Offer
 - (b) T2’s intentional and continuing reinforcement of the lack of options for shareholders should the Offer not succeed, which had the effect of coercing minority shareholders to accept the Offer
 - (c) T2’s nomination of 2 new directors for appointment at Realm’s annual general meeting on 31 May 2018 and
 - (d) T2’s stated objective of blocking the capital raising to prevent the re-listing of Realm shares and T2’s actions in its attempt to achieve that objective.

19. Realm submitted that the effect of the circumstances was that the Offer was not taking place in an efficient, competitive and informed market.⁴

Interim order sought

20. Realm sought an interim order that, if the shareholders pass the resolutions for the appointment of the new nominee directors at the AGM, the appointments be stayed until further order of the Panel pending the outcome of the application.
21. The President accepted undertakings (**Annexure A**) from Messrs Gordon Galt and Michael Davies (directors of Realm) and Messrs Michael Anderson and Craig McGown (as proposed directors of Realm) to the effect that they would not interfere with the independent subcommittee's consideration of the Offer or preparation for a capital raising. The President was satisfied on receipt of these undertakings that the interim orders sought were not necessary.

Final orders sought

22. Realm sought final orders that:
- (a) T2 withdraw the Offer and not lodge any further bid until at least 4 months after the resumption of trading of Realm shares on the ASX
 - (b) the appointment of the new nominee directors (if appointed) be set aside
 - (c) T2 divest shares to unrelated parties to reduce its holding in Realm shares to below 80%
 - (d) Realm proceed with the re-listing process and not seek to delist from the official list for a period of at least 6 months after the close of any bid by T2, subject to certain exceptions and
 - (e) costs be awarded.

DISCUSSION

23. We have considered all the material, but address specifically only that part of the material we consider necessary to explain our reasoning.
24. ASIC made a preliminary submission that we should conduct proceedings stating (among other things) that the bid was potentially coercive given Realm's shareholders had no alternative option to realise value for their shares on account of the ongoing suspension, and the uncertainty of whether re-listing would occur given the bidder's controlling interest and stated intentions. ASIC noted that the recent decision in *Strategic Minerals Corporation NL*,⁵ where the Panel considered that the following circumstances had the potential to coerce shareholders to accept the bid: Mr Wallin's⁶ involvement in the decision by Strategic Minerals to make a

⁴ Section 602(a). Unless otherwise indicated, all statutory references are to the *Corporations Act 2001* (Cth), and all terms used in Chapter 6 or 6C have the meaning given in the relevant Chapter (as modified by ASIC)

⁵ [2018] ATP 2

⁶ The directing mind and will of the bidder

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placement and approach the placee's director, the placee selling its shares soon after the commencement of the bidder's market bid and the statement in the bidder's statement that that the bidder would apply to ASX to delist Strategic Minerals.⁷

25. T2 made preliminary submissions stating (among other things) that:
 - (a) the alleged unacceptable circumstances had existed since 23 February 2018, when it lodged its bidder's statement. Therefore the application was clearly out of time under s657C(3)
 - (b) the declaration and orders sought were "*entirely unprecedented*" and would cause "*material, unjustifiable and unfair prejudice*"
 - (c) disclosure in the bidder's statement of its intention to seek a delisting of Realm is not coercive, rather it is "*simply a statement of fact*" and
 - (d) the application was made for tactical reasons in the light of negotiations between T2 and Realm's independent board committee over price.
26. T2 also submitted that *Strategic Minerals* does not stand for the "*principle that any intention by a greater than 75% majority holder to delist a company following a takeover bid would be unacceptably coercive*". We agree, in that there were additional factors as outlined above.
27. However there are also additional factors here. Realm had been suspended for some time, leaving Realm shareholders without the alternative of selling their shares on market during the bid period. In addition, T2 appeared to have changed its mind in relation to Realm's re-listing plans. We therefore considered that the circumstances surrounding the Offer may amount to something "*outside the normal incidence of a change of ownership that could reasonably be considered coercive such as to give rise to unacceptable circumstances*".⁸ Therefore we decided to conduct proceedings.
28. We were concerned that the Bidder may wish to declare the Offer unconditional which could have made it more difficult for us to remedy any unacceptable circumstances. We requested and received an undertaking from the Bidder (**Annexure B**) that it would not (without the Panel's consent) declare the Offer free from all conditions without providing the Panel with at least two (2) clear business days' notice in advance of any such declaration.

T2's bid and its attitude to Realm's capital raising proposal

29. As noted in paragraph 5, the ASX required that Realm obtain shareholder approval and have a free float of not less than 20% of the shares on issue. We accept T2's submission that it and Realm obtained advice that the Foxleigh Acquisition did not require shareholder approval and the ASX guidance note at the time only required a 10% free float.

⁷ At [41] to [42]. See also *Strategic Minerals Corporation NL 02R, 03R, 04R and 05R* [2018] ATP 5

⁸ *Keybridge Capital Limited* [2013] ATP 17 at [33]

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30. On 21 July 2017, the Realm board considered a presentation from its broker recommending a capital raising at \$0.80 per share.
31. Up until at least 23 November 2017, the nominees of T2 on the Realm board appear to have been supportive of the timetable for the capital raising. The minutes of the meeting on 23 November 2017 state that the board was presented with a proposed timeline for the prospectus and re-listing *“with a view to re-listing in early March 2018”*, and that:
- [Mr Galt] confirmed the timeline is acceptable however he needs to see the [broker’s] valuation before he instructs the [due diligence committee] to reconvene.*
32. In late 2017, T2 started to consider a possible bid for Realm. On 30 November 2017, an internal briefing paper was presented to certain members of the T2 Investment Committee (but not to Mr Galt or Mr Davies). The paper:
- (a) proposed *“a friendly takeover offer for Realm’s minority shareholders”*
 - (b) stated that *“The objective of the transaction is to secure as large a shareholding in [Realm] as possible and take private”*
 - (c) stated that *“Given T2 already has a majority shareholding, a traditional control premium is not considered relevant”*
 - (d) suggested an indicative offer price of \$1.00 was being considered and
 - (e) stated that T2 would seek to delist Realm if it did not achieve 100% ownership and would make its intentions clear in the bidder’s statement.
33. On 2 December 2017, a director of T2 sent an email confirming that the T2 Investment Committee had approved the proposal and noting that Messrs Galt and Davies were *“excluded from discussions given obvious conflict”*. On 5 December 2017, it was acknowledged in an email from T2’s Chief Financial Officer to Messrs Galt and Davies (among others) that information barriers would be put in place in relation to the proposed bid for Realm given Messrs Galt and Davies were *“on both sides of the deal”*.
34. On 11 December 2017, Realm’s managing director sent an email to the Realm board (including Messrs Galt and Davies) discussing the timetable for the capital raising, indicating a need to settle the terms of the capital raising by 22 December 2017. On 15 December 2017 (as discussed in paragraph 11), T2 made its non-binding indicative proposal.
35. On 25 January 2018, a paper on the proposed takeover bid was presented at a T2 Advisory Board Meeting which included statements, similar to the statements made in the internal briefing paper referred to in paragraph 32,⁹ that *“The objective of the transaction is to secure as large a shareholding in Realm as possible and take private.*

⁹ And also similar to a T2 internal briefing paper dated 15 December 2017 stated *“The offer will be presented to Realm shareholders as a choice between immediate liquidity or remaining a shareholder in an illiquid entity. T2’s intentions to seek a de-listing of Realm from the ASX will be made clear in its Bidder’s Statement.”*

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The offer will be presented to Realm shareholders as a choice between immediate liquidity or remaining a shareholder in an illiquid entity”.

36. On 31 January 2018, at the Realm board meeting, Mr Galt indicated that he would not support the re-listing of Realm on ASX. The minutes note a declaration of Messrs Galt and Davies because of the non-binding proposal and state:

[Mr Rosengren] requested a mandate to continue the relisting process as market previously informed as waiting for new Managing Director to start. [Mr Galt] stated that he would not support relisting on ASX as [he] did not believe coal assets were appropriately valued nor was there access to capital, compared to other jurisdictions. [Mr Beecher] requested a sub-committee be formed to progress the capital raise in order to nullify any potential conflict issues. [Messrs Galt and Davies] advised they are not conflicted, [Mr Beecher] disagreed. [Mr Galt] indicated that there was no rush as likely that Proposal would pass some milestones in next 2 weeks and that there would not be a need for relisting. [Mr Davies] advised the meeting on the likely timetable for the bidding process, pointing out that the capital raise was unlikely to occur before August.

37. In response to T2’s announcement of the Offer on 9 February 2018, the independent subcommittee released an announcement recommending that shareholders take no action ahead of further guidance from Realm. Messrs Davies and Galt took issue with the release of the announcement without the full board having had an opportunity to review it first. Mr Davies raised concerns with the statement in the announcement that the company thought the price offered by T2 is too low, rather than the independent subcommittee, and queried why he and Mr Galt had not seen any advice on the value of Realm.

38. The minutes of a Realm board meeting held on 22 February 2018 noted that Mr Galt “recommended advising the market that the relisting process is suspended until there is a resolution of the takeover offer” and both he and Mr Davies “indicated that progressing the relisting was a waste of money and a distraction while the bid was underfoot as the bid had restrictions on triggering relisting.” Mr Galt also stated that “he had not seen the bidders statement, but the bidders statement could contain words to the effect that should the takeover not succeed the board could be spilled and a vote for delisting passed.”

39. On 11 April 2018, Mr Galt advised Realm’s company secretary that T2 wanted to include resolutions for the appointment of 2 new directors in the notice of meeting for the Realm AGM scheduled for 31 May 2018. The two additional directors were elected on 31 May 2018.

40. On 30 April 2018, Realm held a board meeting. Mr Galt advised the board that he did not “support the tabled resolution to progress the capital raise.” This was because “in his view

- *the capital raise is not timely and should only be considered when the bid was completed*
- *he will not sign off on \$1.00 raising price*
- *the process is going to take less than six weeks when it starts, and*

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- *costs associated with proceeding with the capital raising as proposed are unknown.*"
41. Messrs Galt and Davies voted against the resolution to proceed with the capital raising at this time. A majority of the Realm board voted to proceed. Mr Galt advised the Board that he would call a board meeting, to take place immediately following the AGM, to cancel the resolution. That board meeting was ultimately cancelled by Mr Galt.
 42. As recently as 12 March 2018, the independent subcommittee advised shareholders that it was *"continuing with the preparations for the capital raising and re-listing in parallel with responding to the bid."*
 43. A report on the pricing of the proposed capital raising prepared by Realm's broker dated 19 April 2018 included a valuation of Realm of \$1.21 per share (this did not include a premium for control). On 2 May 2018, Messrs Galt and Davies suggested to the other Realm board members and the company secretary that the market should be made aware of the broker valuation to ensure Realm complied with its continuous disclosure obligations. Mr Galt also suggested that such an announcement should include a statement that T2 did not support the capital raising.

Coercion

44. We asked the parties whether there was any risk that Realm shareholders may be coerced into accepting the Offer and whether the circumstances giving rise to coercion (if any) were outside the normal incidence of a change of ownership.
45. T2 submitted that Realm was suspended through no fault of T2. T2 submitted that given its intentions, whether or not a bid was made, it was very unlikely that a re-listing would occur. T2 submitted therefore that the Offer could not be coercive in that context.
46. T2 submitted that it changed its mind about supporting the capital raising because:
 - (a) trading in Realm shares in the brief period between 15 June 2017 and 13 July 2017 had been disappointing *"in the light of favourable coal prices and didn't bode well for the after-market trading of Realm shares upon completion of the capital raise"*
 - (b) it was disappointed with the proposal by Realm's broker for underwriting at around \$0.80 per share, which *"would have been highly dilutive to earnings and significantly below the NPV of Realm shares at that time"*
 - (c) there were negative perceptions of Realm in the market¹⁰
 - (d) a full 6 month period lapsed between the date T2 signed its intention statement and the date that it made its indicative non-binding proposal to Realm and

¹⁰ Including Realm's status as a single asset and commodity producer, the impact of the ASX suspension and an ASIC investigation and the discount to theoretical NPV of one of Realm's peers

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- (e) there was no need for funds to justify the capital raising, noting Realm’s significant cash balance.
47. Realm submitted that T2 changed its mind in relation to the capital raising “at about the same time as the initial indicative proposal was lodged on 15 December 2017” and therefore the Panel “can comfortably conclude that the Bidder and the nominee directors have taken this position to ensure that shareholders were deprived of any hope of relisting in order to coerce acceptance of the offer”. T2 submitted that it had:
- ...decided to oppose the capital raising whether or not a bid is on foot and at a time when the status quo was that the company was suspended from trading. It simply cannot be coercive to launch a bid in that context when the circumstances alleged to be unacceptable (i.e. the lack of liquidity) existed at the time of the bid, and will continue to exist after the bid expires on 2 July.*
48. We consider that the question of whether the circumstances surrounding the Offer are coercive depends primarily on the effect of those circumstances, rather than the reasons behind T2’s decision not to support the capital raising. It follows that we do not need to decide whether T2’s decisions to change its mind on Realm’s capital raising and to make the Offer were independent from each other (as submitted by T2) or a part of a coordinated strategy (as effectively submitted by Realm), nor do we feel it is necessary to determine whether T2’s information barriers in relation to the Offer were adequate.
49. ASIC submitted that the Offer was coercive because (among other things) the independent board committee was “not free to consider and pursue alternative options to realise value for shareholders as part of their response to the Offer, due to the Bidder’s significant influence and control over decisions of the board”.
50. Whether a takeover bid and related conduct by the bidder are coercive will depend on the specific facts.¹¹ We consider that the following matters, in combination, had the potential to coerce Realm shareholders to accept the Offer:
- (a) the continuing suspension of Realm, which denied shareholders a market and a readily observable value for Realm shares in light of market developments. This makes the Offer different from bids where a bidder discloses that it will seek de-listing if it is able to but shareholders have the option to sell their shares on market during the course of the bid
 - (b) the recognition by T2 of the improved financial and operational position of Realm since the Foxleigh Acquisition which likely increased the value of Realm. For example the paper dated 25 January 2018 referred to in paragraph 35 noted that “Since completing the acquisition, Realm has introduced a new plan of operations at Foxleigh which has resulted in the mine achieving record levels of production and a significant reduction in unit operating costs. Coupled with improving coal prices this has allowed Realm to generate over \$100m in free cash flow from Foxleigh since acquisition.” Minority Realm shareholders had a

¹¹ See for example *Multiplex Prime Property Fund 01 & 02* [2009] ATP 18, *Sirtex Medical Limited* [2003] ATP 22 and *Pacific Energy Limited* [2004] ATP 23

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limited opportunity to assess this improvement given their shares had been suspended from trading for most of this period

- (c) T2 changing its position from actively supporting the re-listing to actively opposing it
- (d) the intention of T2 to remove Realm from the official list whether or not the Offer results in it reaching the threshold for achieving compulsory acquisition
- (e) active steps taken by the nominees of T2 on the Realm board to stop the re-listing as discussed above
- (f) the statements in the bidder's statement¹² to the effect that:
 - (i) there was no certainty when re-listing of Realm shares might occur and the Offer provided shareholders with certainty by comparison
 - (ii) T2 intended to compulsorily acquire the outstanding Realm shares if it became entitled to; and if not would seek to replace some or all of the current directors with its nominees and
 - (iii) T2 did not support Realm's continued listing, would not support the capital raising, and would cause Realm to apply for de-listing and as a consequence, if T2 does not proceed with compulsory acquisition shareholders may not be able to readily sell their shareholding and
- (g) the nomination of the additional directors of Realm which could ensure the intentions of T2 could be given effect to.

51. T2 submitted that it had obtained only a small number of acceptances (approximately 1%) in the almost three month period the Offer had been open. Therefore T2 submitted if Realm shareholders were feeling coerced into accepting the Offer, the Offer would have been substantially more successful than it had been.

52. ASIC submitted that the Panel should consider the likely effect of the coercive actions in this case, not only the actual effect. We agree, noting that shareholders usually wait until to the closing phase of a bid to make a decision.

Extension of time to make application

53. Section 657C(3) provides that:

An application for a declaration under section 657A can be made only within:

- (a) *two months after the circumstances have occurred; or*
- (b) *a longer period determined by the Panel.*

¹² notwithstanding the subsequent qualification of some of these statements in the first supplementary bidder's statement

54. The application was made more than two months after T2 lodged its bidder's statement on 23 February 2018. Therefore, we requested submissions on whether we should extend time under s657C(3)(b).
55. Realm submitted that the Panel should exercise its discretion to extend time because essential matters concerning the application, such as the nomination of the additional directors of Realm, only came to light in the 2 months prior to the application. Realm also submitted that the allegations made in the application are credible and serious and go to the heart of the objects set out in section 602 of the Act and raise important matters of principle regarding coercion in control transactions. ASIC made similar submissions to Realm, noting in particular that the potential coercive circumstances are ongoing and continue to have an impact on Realm shareholders.
56. T2 submitted that Realm had been aware of the alleged unacceptable circumstances since 27 February 2018 when it made substantive comments on the bidder's statement, and that Realm bringing an application 12 weeks later is purely tactical and would cause material prejudice to Realm shareholders by delaying the Offer.
57. We considered the factors in *Austral Coal 03*¹³ as well as the public interest.¹⁴ We agree with Realm's and ASIC's submissions, in particular that the application made credible allegations of clear and serious unacceptable circumstances and the effect of the circumstances was ongoing and would continue to have an impact on Realm shareholders. We decided to extend the time to make the application to the date it was made and notified the parties of this decision on 22 June 2018.

DECISION

Declaration

58. It appears to us that the circumstances are unacceptable having regard to:
 - (a) the effect that the Panel is satisfied they will have or are likely to have on:
 - (i) the control, or potential control, of Realm or
 - (ii) the acquisition, or proposed acquisition, by a person of a substantial interest in Realm
 - (b) in the alternative, the purposes of Chapter 6 set out in section 602 of the Act.
59. Accordingly, we made the declaration set out in Annexure C and consider that it is not against the public interest to do so. We had regard to the matters in s657A(3).

Orders

60. During the course of proceedings, T2 and Realm were negotiating to see if T2 and Realm's independent sub-committee could reach agreement with respect to a revised offer to be recommended by that sub-committee. We put to the parties a

¹³ [2005] ATP 14 at [18] to [21]

¹⁴ See *The President's Club Limited 02* [2016] ATP 1 at [106] to [160]

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number of potential orders and asked whether T2 was prepared to offer undertakings.

61. The Offer was scheduled to close at 7pm (Sydney time) on 2 July 2018. We considered that Realm shareholders should be given withdrawal rights and more time to consider their position. Therefore we made the final orders set out in **Annexure D**. The orders provide withdrawal rights to shareholders who have accepted the Offer by 7pm (Sydney time) on 2 July 2018 and extend the bid period until 3 August 2018.
62. Following discussions with Realm, T2 offered the following undertakings (**Annexure E**) acceptable to Realm's independent sub-committee, which we accepted:
 - (a) An undertaking from the Bidder to issue a supplementary bidder's statement in a form acceptable to the Panel by no later than 4 July 2018.
 - (b) An undertaking from the Bidder to:
 - (i) pay, or procure the payment of, an extra \$0.35 per share in compensation to Realm shareholders who accept the Offer, such payment to be made within 4 months from the close of the Offer (which ends on 3 August 2018) and
 - (ii) ensure that any subsequent proposal to acquire 100% of Realm (including compulsory acquisition) on or before 31 December 2018 will deliver Realm shareholders at least \$1.35 per share in value.
 - (c) An undertaking from T2's nominee directors which in effect enables Realm's independent sub-committee to pursue a capital raising proposal (subject to some qualifications) for a period of 3 months following the close of the Offer or one month after the capital raising is launched (provided it is launched within that 3 month period).
 - (d) Undertakings from the Bidder and Taurus Resources Limited No. 2 GP LLC¹⁵ to the effect that (for the period the undertakings described in paragraph 62(c) are in force) they will not exercise any right or take any steps to nominate additional directors to the board of Realm and will exercise their rights and take all reasonable steps to ensure that there are at least 2 directors independent of the Bidder and Taurus Resources Limited No. 2 GP LLC and their respective associates on the Realm board at all times.
63. The undertakings described in paragraphs 62(c) and 62(d) terminate if T2 becomes entitled to compulsorily acquire Realm shares under Part 6A.2. Otherwise the undertakings continue until the later of the 3 month period following close of the Offer or one month after the capital raising is launched (provided it is launched within that 3 month period).

¹⁵ Both holders of Realm shares

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64. Under s657D the Panel is empowered to make ‘any order’¹⁶ if 4 tests are met:
- (a) it has made a declaration under s657A. This was done on 28 June 2018.
 - (b) it must not make an order if it is satisfied that the order would unfairly prejudice any person. We are satisfied that our orders do not unfairly prejudice any person.
 - (c) it gives any person to whom the proposed order would be directed, the parties and ASIC an opportunity to make submissions. This was done on 27 June 2018. Each party made submissions.
 - (d) it considers the orders appropriate to either protect the rights and interests of persons affected by the unacceptable circumstances, or any other rights or interests of those persons. The orders, coupled with the undertakings, in our view protect the rights and interests of the persons affected by the unacceptable circumstances. This is because:
 - (i) shareholders are given the opportunity to withdraw their acceptance of a bid they may have been coerced into accepting
 - (ii) the order extending the Offer gives shareholders time to decide whether to withdraw their acceptance or accept the Offer and receive the compensation T2 has undertaken to provide
 - (iii) the undertakings given by T2 and its nominee directors give shareholders comfort that, should they wish to remain a shareholder in Realm and not accept the Offer, the independent subcommittee will have the opportunity to continue to pursue the re-listing of Realm for a certain period of time and
 - (iv) the undertakings were the result of negotiations between T2 and Realm’s independent subcommittee and were supported by that subcommittee.
65. We make no orders as to costs.

Rod Halstead

President of the sitting Panel

Decision dated 28 June 2018 (Declaration), 29 June 2018 (Orders)

Reasons given to parties 25 July 2018

Reasons published 30 July 2018

¹⁶ Including a remedial order but other than an order requiring a person to comply with a provision of Chapters 6, 6A, 6B or 6C

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Advisers

Party	Advisers
Realm Resources Limited	Maddocks
T2 Resources Pty Limited	King & Wood Mallesons
Messrs Galt and Davies	Sundaraj & Co



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Annexure A

**AUSTRALIAN SECURITIES AND
INVESTMENTS COMMISSION ACT 2001 (CTH) SECTION 201A
UNDERTAKING**

UNDERTAKING IN RESPECT OF REALM RESOURCES LIMITED

I, Michael Davies, c/o Taurus Funds Management Limited, Suite 4101, Level 41, 1 Macquarie Place, Sydney am an existing director of Realm. I undertake to the Panel that, without the Panel's consent, I will not:

- 1 interfere with the existence, scope or composition of the Independent Subcommittee, including with regard to responding to the Offer on behalf of minority Realm shareholders;
- 2 bring another resolution withdrawing the 30 April 2018 resolution of the Realm board in respect of the capital raising; or
- 3 interfere with the Independent Subcommittee's preparation for a capital raising, while reserving my right to vote on any final resolution to proceed with a capital raising.

These undertakings will continue until the end of the bid period under the Offer.

In this undertaking the following terms have the corresponding meaning:

Realm	Realm Resources Limited (ACN 008 124 025)
Offer	Off-market takeover offer made by T2 Resources Fund Pty Limited to holders of Realm shares to acquire all of their shares at a price of \$1.00 per share pursuant to its bidder's statement dated 23 February 2018 (as supplemented or varied from time to time)
Independent Subcommittee	The independent sub-committee of Realm established for the purposes of considering and responding to the Offer on behalf of Realm

Signed by Michael Davies

Dated: 31 May 2018

**AUSTRALIAN SECURITIES AND
INVESTMENTS COMMISSION ACT 2001 (CTH) SECTION 201A
UNDERTAKING**

UNDERTAKING IN RESPECT OF REALM RESOURCES LIMITED

I, Gordon Galt, c/o Taurus Funds Management Limited, Suite 4101, Level 41, 1 Macquarie Place, Sydney am an existing director of Realm. I undertake to the Panel that, without the Panel's consent, I will not:

- 1 interfere with the existence, scope or composition of the Independent Subcommittee, including with regard to responding to the Offer on behalf of minority Realm shareholders;
- 2 bring another resolution withdrawing the 30 April 2018 resolution of the Realm board in respect of the capital raising; or
- 3 interfere with the Independent Subcommittee's preparation for a capital raising, while reserving my right to vote on any final resolution to proceed with a capital raising.

These undertakings will continue until the end of the bid period under the Offer.

In this undertaking the following terms have the corresponding meaning:

Realm	Realm Resources Limited (ACN 008 124 025)
Offer	Off-market takeover offer made by T2 Resources Fund Pty Limited to holders of Realm shares to acquire all of their shares at a price of \$1.00 per share pursuant to its bidder's statement dated 23 February 2018 (as supplemented or varied from time to time)
Independent Subcommittee	The independent sub-committee of Realm established for the purposes of considering and responding to the Offer on behalf of Realm

Signed by Gordon Galt

Dated: 30 May 2018

**AUSTRALIAN SECURITIES AND
INVESTMENTS COMMISSION ACT 2001 (CTH) SECTION 201A
UNDERTAKING**

UNDERTAKING IN RESPECT OF REALM RESOURCES LIMITED

I, Michael Anderson, c/o Taurus Funds Management Limited, Suite 4101, Level 41, 1 Macquarie Place, Sydney am a proposed director of Realm. I undertake to the Panel that, without the Panel's consent, I will not:

- 1 interfere with the existence, scope or composition of the Independent Subcommittee, including with regard to responding to the Offer on behalf of minority Realm shareholders;
- 2 bring another resolution withdrawing the 30 April 2018 resolution of the Realm board in respect of the capital raising; or
- 3 interfere with the Independent Subcommittee's preparation for a capital raising, while reserving my right to vote on any final resolution to proceed with a capital raising.

These undertakings will continue until the end of the bid period under the Offer.

In this undertaking the following terms have the corresponding meaning:

Realm	Realm Resources Limited (ACN 008 124 025)
Offer	Off-market takeover offer made by T2 Resources Fund Pty Limited to holders of Realm shares to acquire all of their shares at a price of \$1.00 per share pursuant to its bidder's statement dated 23 February 2018 (as supplemented or varied from time to time)
Independent Subcommittee	The independent sub-committee of Realm established for the purposes of considering and responding to the Offer on behalf of Realm

Signed by Michael Anderson

Dated: 31 May 2018

**AUSTRALIAN SECURITIES AND
INVESTMENTS COMMISSION ACT 2001 (CTH) SECTION 201A
UNDERTAKING**

UNDERTAKING IN RESPECT OF REALM RESOURCES LIMITED

I, Craig McGown, c/o New Holland Capital Pty Limited, 30 Richardson Street, West Perth am a proposed director of Realm. I undertake to the Panel that, without the Panel's consent, I will not:

- 1 interfere with the existence, scope or composition of the Independent Subcommittee, including with regard to responding to the Offer on behalf of minority Realm shareholders;
- 2 bring another resolution withdrawing the 30 April 2018 resolution of the Realm board in respect of the capital raising; or
- 3 interfere with the Independent Subcommittee's preparation for a capital raising, while reserving my right to vote on any final resolution to proceed with a capital raising.

These undertakings will continue until the end of the bid period under the Offer.

In this undertaking the following terms have the corresponding meaning:

Realm	Realm Resources Limited (ACN 008 124 025)
Offer	Off-market takeover offer made by T2 Resources Fund Pty Limited to holders of Realm shares to acquire all of their shares at a price of \$1.00 per share pursuant to its bidder's statement dated 23 February 2018 (as supplemented or varied from time to time)
Independent Subcommittee	The independent sub-committee of Realm established for the purposes of considering and responding to the Offer on behalf of Realm

Signed by Craig McGown

Dated: 31 May 2018



Australian Government

Takeovers Panel

Annexure B

**AUSTRALIAN SECURITIES AND
INVESTMENTS COMMISSION ACT 2001 (CTH) SECTION 201A
UNDERTAKING**

UNDERTAKING IN RESPECT OF REALM RESOURCES LIMITED

T2 Resources undertakes to the Panel that, without the Panel's consent, it will not declare that its Offer is free from all conditions without providing the Panel with at least two (2) clear business days' notice in advance of any such declaration.

This undertaking continues until the conclusion of the Panel's proceedings.

In this undertaking the following terms have the corresponding meaning:

- Offer** Off-market takeover offer made by T2 Resources to holders of Realm shares to acquire all of their shares at a price of \$1.00 per share pursuant to its bidder's statement dated 23 February 2018 (as supplemented or varied from time to time)
- Realm** Realm Resources Limited (ACN 008 124 025)
- T2 Resources** T2 Resources Fund Pty Limited (ACN 624 330 696)

Executed by T2 Resources Fund Pty Limited in accordance with section 127(1) of the *Corporations Act 2001* (Cth) by authority of its directors:

Martin Boland
Rohan Menon

Dated: 6 June 2018



Australian Government

Takeovers Panel

Annexure C

CORPORATIONS ACT

SECTION 657A

DECLARATION OF UNACCEPTABLE CIRCUMSTANCES

REALM RESOURCES LIMITED

CIRCUMSTANCES

1. Realm Resources Limited (**Realm**) is an ASX listed company (ASX code: RRP).
2. Foxleigh is an open cut mining operation near Middlemount in Queensland's Bowen Basin. On 30 August 2016, Realm announced that its subsidiary had acquired (among other assets) a 70% interest in Foxleigh from Anglo American Metallurgical Coal Assets Pty Ltd.
3. On 13 September 2016, Realm requested a voluntary suspension from trading and sought ASX's determination on the application of Chapter 11 of the Listing Rules to the transaction. ASX decided that Realm was required to comply with Chapters 1 and 2 of the Listing Rules as if it were applying for admission to the official list and ASX included a requirement that Realm obtain shareholder approval and have a free float of not less than 20% of the shares on issue.
4. At all relevant times, Taurus Funds Management Pty Limited as manager of Taurus Resources No. 2 LP and Taurus Resources No. 2 Trust (together, **T2**), held over 85% of Realm's ordinary shares.
5. At all relevant times, Messrs Gordon Galt and Michael Davies, nominees of T2, were directors of Realm. Mr Galt was Realm's chairman.
6. Realm began considering ways in which it could satisfy the 20% free float requirement. It decided on a capital raising in which T2 would not participate. On 8 June 2017, T2 signed a statement confirming its intention to support the capital raising.
7. Between 15 June 2017 and 13 July 2017 Realm shares were reinstated to trading ahead of a shareholders' meeting. The shares were then suspended again (and remain suspended) pending compliance with Chapters 1 and 2 of the Listing Rules.
8. On 14 July 2017, Realm shareholders approved on a show of hands:
 - (a) a capital raising to enable Realm to meet the 20% free float requirement (no price or date was set) and
 - (b) the acquisition of Foxleigh.
9. From time to time Realm kept the market updated on its re-listing. On 9 October 2017, Realm announced to the market that the re-listing was "*unlikely to occur before early 2018*".

Takeovers Panel

Reasons – Realm Resources Limited [2018] ATP 13

10. Up until at least 23 November 2017, the nominees of T2 on the Realm board appear to have been supportive of the timetable for the capital raising. The minutes of the meeting on 23 November 2017 state that the board was presented with the proposed timeline for “*prospectus and re-listing timetable with a view to re-listing in early March 2018*”, and that:

[Mr Galt] confirmed the timeline is acceptable however he needs to see the [broker’s] valuation before he instructs the [due diligence committee] to reconvene.
11. On 30 November 2017, an internal briefing paper was presented to certain members of the T2 Investment Committee (but not to Mr Galt or Mr Davies). The paper:
 - (a) proposed “*a friendly takeover offer for Realm’s minority shareholders*”
 - (b) stated that “*The objective of the transaction is to secure as large a shareholding in [Realm] as possible and take private*”
 - (c) stated that “*Given T2 already has a majority shareholding, a traditional control premium is not considered relevant*”
 - (d) suggested an indicative offer price of \$1.00 was being considered and
 - (e) stated that T2 would seek to delist Realm if it did not achieve 100% ownership and would make its intentions clear in the bidder’s statement.
12. On or around 2 December 2017, the T2 Investment Committee approved the transaction with an offer price of \$1.00.
13. On or before 5 December 2017, T2 had put in place information barriers excluding Mr Galt and Mr Davies from deliberations and decisions in respect of the bid.
14. An email to the Realm board, including to Mr Galt and Mr Davies, on 11 December 2017, further discussed the capital raising timetable indicating a need to settle the terms of the capital raising by 22 December 2017.
15. At 4.51pm on 15 December 2017, T2 made a non-binding indicative proposal to acquire all the Realm shares it did not own for \$0.90 per share.
16. A T2 internal briefing paper dated 15 December 2017 stated “*The offer will be presented to Realm shareholders as a choice between immediate liquidity or remaining a shareholder in an illiquid entity. T2’s intentions to seek a de-listing of Realm from the ASX will be made clear in its Bidder’s Statement.*”
17. On 16 December 2017, Realm established a subcommittee to respond to the proposal (and any subsequent takeover offer).¹
18. On 25 January 2018, a paper on the proposed takeover bid was presented at a T2 Advisory Board Meeting stating, similar to the statements on 29 November and 15 December 2017, “*The objective of the transaction is to secure as large a shareholding in Realm as possible and take private. The offer will be presented to Realm shareholders as a choice between immediate liquidity or remaining a shareholder in an illiquid entity*”.

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

Takeovers Panel

Reasons – Realm Resources Limited [2018] ATP 13

19. The paper also noted that *“Since completing the acquisition, Realm has introduced a new plan of operations at Foxleigh which has resulted in the mine achieving record levels of production and a significant reduction in unit operating costs. Coupled with improving coal prices this has allowed Realm to generate over \$100m in free cash flow from Foxleigh since acquisition.”*
20. On 31 January 2018, at the Realm board meeting, Mr Galt, indicated that he would not support the re-listing of Realm on ASX. The minutes note a declaration of Messrs Galt and Davies because of the non-binding proposal and state:
[Mr Rosengren] requested a mandate to continue the relisting process as market previously informed as waiting for new Managing Director to start. [Mr Galt] stated that he would not support relisting on ASX as did not believe coal assets were appropriately valued nor was there access to capital, compared to other jurisdictions. [Mr Beecher] requested a sub-committee be formed to progress the capital raise in order to nullify any potential conflict issues. [Messrs Galt and Davies] advised they are not conflicted, [Mr Beecher] disagreed. [Mr Galt] indicated that there was no rush as likely that Proposal would pass some milestones in next 2 weeks and that there would not be a need for relisting. [Mr Davies] advised the meeting on the likely timetable for the bidding process, pointing out that the capital raise was unlikely to occur before August.
21. Mr Galt reiterated his objection to continuing the re-listing process at subsequent board meetings on 22 February 2018 and 30 April 2018.
22. On 9 February 2018, T2 announced its intention make an off-market takeover bid to acquire all the Realm shares it did not own for \$0.90 per share. The bid would be subject to prescribed occurrences not occurring such as Realm issuing new shares.
23. In response, the independent subcommittee released an announcement recommending that shareholders take no action ahead of further guidance from Realm. Messrs Davies and Galt took issue with the release of the announcement without the full board having had an opportunity to review it first. Mr Davies raised concerns with the statement in the announcement that the company thought the price offered by T2 is too low, rather than the independent subcommittee, and queried why he and Mr Galt had not seen any advice on the value of Realm.
24. The minutes of a Realm board meeting held on 22 February 2018 noted that Mr Galt *“recommended advising the market that the relisting process is suspended until there is a resolution of the takeover offer”* and both he and Mr Davies *“indicated that progressing the relisting was a waste of money and a distraction while the bid was underfoot as the bid had restrictions on triggering relisting.”* Mr Galt also stated that *“he had not seen the bidders statement, but the bidders statement could contain words to the effect that should the takeover not succeed the board could be spilled and a vote for delisting passed.”*
25. On 23 February 2018, the bidder’s statement was released. It included an offer on conditions as in paragraph 22. It included statements to the effect that:
 - (a) there was no certainty when re-listing of Realm shares might occur and the offer provided shareholders with certainty by comparison

Takeovers Panel

Reasons – Realm Resources Limited [2018] ATP 13

- (b) T2 intended to compulsorily acquire the outstanding Realm shares if it became entitled to; and if not would seek to replace some or all of the current directors with its nominees and
- (c) T2 did not support Realm's continued listing, would not support the capital raising, and would cause Realm to apply for de-listing.
26. In the letter to shareholders in T2's bidder's statement, Mr Martin Boland on behalf of T2 said:
- If you do not accept the Offer and the Bidder does not compulsorily acquire the Realm Shares which have not been accepted into the Offer, you will remain a minority shareholder in Realm. In that circumstance, given Realm's likely ongoing suspension from trading on the ASX and the Bidder's intention to cause Realm to apply for removal of Realm from the official list, you may not be able to readily sell your shareholding.*
27. On 29 March 2018, Realm released its target's statement recommending rejection of the offer. The independent expert's report attached to the target's statement concluded that the bid was neither fair nor reasonable (on a control basis), and the estimated fair market value for Realm shares was between \$1.62 and \$1.92 per share.
28. On 11 April 2018, Mr Galt advised Realm's company secretary that T2 wanted to include resolutions for the appointment of 2 new directors in the notice of meeting for the Realm AGM scheduled for 31 May 2018. The two additional directors were elected on 31 May 2018.
29. On 30 April 2018, Realm held a board meeting. Mr Galt advised the board that he did not "support the tabled resolution to progress the capital raise." This was because "in his view
- *the capital raise is not timely and should only be considered when the bid was completed*
 - *he will not sign off on \$1.00 raising price*
 - *the process is going to take less than six weeks when it starts, and*
 - *costs associated with proceeding with the capital raising as proposed are unknown."*
30. Messrs Galt and Davies voted against the resolution to proceed with the capital raising at this time. A majority of the Realm board voted to proceed. Mr Galt advised the Board that he would call a board meeting, to take place immediately following the AGM, to cancel the resolution. This board meeting was ultimately cancelled by Mr Galt.
31. As recently as 12 March 2018, the independent subcommittee advised shareholders that it was "continuing with the preparations for the capital raising and re-listing in parallel with responding to the bid."
32. A report prepared by Realm's broker dated 19 April 2018 included a valuation of Realm of \$1.21 per share (this did not include a premium for control). On 2 May 2018, Messrs Galt and Davies suggested to the independent subcommittee that the market should be made aware of the broker valuation to ensure Realm complied with its continuous disclosure obligations. Mr Galt also suggested that such an announcement should include a statement that T2 did not support the capital raising.

Takeovers Panel

Reasons – Realm Resources Limited [2018] ATP 13

33. On 15 May 2018, T2 released a third supplementary bidder's statement increasing the offer price to \$1.00 per share.
34. On 21 May 2018, in the second supplementary target's statement, Realm's non-affiliated directors continued to recommend that shareholders reject T2's bid "*for the reasons set out in section 1 of the Original Target's Statement*". In the Original Target's Statement, the reasons included that there were other potential alternatives, including "*a re-listing of Realm Shares on ASX.*"
35. The Panel considers that, in combination:
- (a) the continuing suspension of Realm, which denied shareholders a market and a readily observable value for Realm shares in light of market developments
 - (b) the recognition by T2 of the improved financial and operational position of Realm since the Foxleigh Acquisition which likely increased the value of Realm, including as described in paragraph 19 of this declaration
 - (c) T2 changing its position from actively supporting the re-listing to actively opposing it
 - (d) the intention of T2 to remove Realm from the official list whether or not its takeover bid results in it reaching the threshold for achieving compulsory acquisition
 - (e) the active steps taken by the nominees of T2 on the Realm board to stop the re-listing, including the matters described in paragraph 30 of this declaration
 - (f) the statements in the bidder's statement referred to in paragraphs 25 and 26 of this declaration and
 - (g) the nomination of the additional directors of Realm (which directors were elected at Realm's AGM) which would ensure the intentions of T2 could be given effect to,
- had the potential to coerce Realm shareholders to accept the T2 bid.

EFFECT

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

CONCLUSION

37. It appears to the Panel that the circumstances are unacceptable circumstances:
- (a) having regard to the effect that the Panel is satisfied they will have or are likely to have on:
 - (i) the control, or potential control, of Realm or
 - (ii) the acquisition, or proposed acquisition, by a person of a substantial interest in Realm

Takeovers Panel

Reasons - Realm Resources Limited
[2018] ATP 13

(b) in the alternative, having regard to the purposes of Chapter 6 set out in section 602 of the *Corporations Act 2001* (Cth) (**Act**).

38. The Panel considers that it is not against the public interest to make a declaration of unacceptable circumstances. It has had regard to the matters in section 657A(3).

DECLARATION

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

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



Australian Government

Takeovers Panel

Annexure D

**CORPORATIONS ACT
SECTION 657D
ORDERS**

REALM RESOURCES LIMITED

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

THE PANEL ORDERS

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

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



Australian Government

Takeovers Panel

Annexure E

**AUSTRALIAN SECURITIES AND
INVESTMENTS COMMISSION ACT 2001 (CTH) SECTION 201A
UNDERTAKING**

UNDERTAKING IN RESPECT OF REALM RESOURCES LIMITED

T2 Resources undertakes to the Panel that:

- a) If it or any of its associates undertake a proposal to acquire 100% of the remaining shares in Realm which it and its associates do not already own on or before 31 December 2018 (whether by way of compulsory acquisition, scheme of arrangement, takeover bid or similar) it will ensure that that proposal delivers Total Value to Realm shareholders of at least \$1.35 per share;
- b) It will pay, or procure the payment of, an extra \$0.35 per share to any Accepting Shareholder within 4 months from the end of the Offer Period by way of compensation; and
- c) It will issue a Supplementary Bidder's Statement in a form acceptable to the Panel by no later than 4 July which will include:
 - all information specified by the Panel; and
 - a description of the effect of paragraphs (a) and (b) of this Undertaking.

In this undertaking the following terms have the corresponding meaning:

Accepting Shareholder	Each Realm shareholder who has accepted the Offer on or before the end of the Offer Period
Offer	Off-market takeover offer made by T2 Resources to holders of Realm shares to acquire all of their shares at a price of \$1.00 per share pursuant to its bidder's statement dated 23 February 2018 (as supplemented or varied from time to time)
Offer Period	Means the offer period in respect of the Offer which will expire on 7pm on 3 August 2018
Realm	Realm Resources Limited (ACN 008 124 025)
T2 Resources	T2 Resources Fund Pty Limited (ACN 624 330 696)

Total Value Means the total value paid or delivered under a transaction made by T2 Resources or its associates, whether by way of a payment to Realm shareholders from the person making the proposal, a dividend from Realm, a capital reduction from Realm or a combination of some or each of them.

EXECUTED by **T2 RESOURCES FUND PTY LIMITED** in accordance with section 127(1) of the *Corporations Act 2001* (Cth) by authority of its directors:

Martin Boland
Rohan Menon

Dated: 2 July 2018

**AUSTRALIAN SECURITIES AND
INVESTMENTS COMMISSION ACT 2001 (CTH) SECTION 201A
UNDERTAKING**

UNDERTAKING IN RESPECT OF REALM RESOURCES LIMITED

I, Gordon Galt, c/o Taurus Funds Management Limited, Suite 1401, Level 41, 1 Macquarie Place, Sydney, am an existing director of Realm. I undertake to the Panel that, without the Panel's consent, I will:

1. not interfere with the existence, scope or composition of the Independent Subcommittee, but only in respect of a Capital Raising;
2. not bring a resolution withdrawing the 30 April 2018 resolution of the Realm board in respect of a Capital Raising;
3. abstain from any vote taken by the board or sub-committee with respect to the Capital Raising (including a final decision to proceed with the Capital Raising) and not take any other action in respect of the Capital Raising, whilst reserving my rights in relation to the following:
 - (i) reasonably taking, or not taking, any action I am required to take in respect of the Capital Raising in accordance with the *Corporations Act 2001 (Cwlth)* (including any approval or consent required by the directors in relation to the prospectus or relisting of Realm); and
 - (ii) reasonably taking or not taking any action to ensure that the any offer document and any action to promote the offer by Realm is not unlawful.

These undertakings will:

- terminate if the bidder becomes entitled to compulsorily acquire Realm shares in accordance with Part 6A.2 of the Corporations Act before expiry of the Offer; or
- otherwise, continue until the later of the 3 month period following close of the Offer or one month after the Capital Raising is Launched (provided it is Launched within that 3 month period).

In this undertaking the following terms have the corresponding meaning:

Capital Raising

A capital raising for the issuance of no less and no more than the number of shares necessary to ensure that on completion of that raising, T2 Resources Fund Pty Limited (together with its associates) will have an interest in no more than 79.99% of the shares in Realm.

Independent Subcommittee	The independent sub-committee of Realm established for the purposes of considering and responding to the Offer on behalf of Realm
Launched	The open of the offer period under any prospectus issued under the Capital Raising.
Offer	Off-market takeover offer made by T2 Resources Fund Pty Limited to holders of Realm shares to acquire all of their shares at a price of \$1.00 per share pursuant to its bidder's statement dated 23 February 2018 (as supplemented or varied from time to time)
Realm	Realm Resources Limited (ACN 008 124 025)

Signed by Gordon Galt
Dated: 1 July 2018

**AUSTRALIAN SECURITIES AND
INVESTMENTS COMMISSION ACT 2001 (CTH) SECTION 201A
UNDERTAKING**

UNDERTAKING IN RESPECT OF REALM RESOURCES LIMITED

I, Michael Davies, c/o Taurus Funds Management Limited, Suite 1401, Level 41, 1 Macquarie Place, Sydney, am an existing director of Realm. I undertake to the Panel that, without the Panel's consent, I will:

1. not interfere with the existence, scope or composition of the Independent Subcommittee, but only in respect of a Capital Raising;
2. not bring a resolution withdrawing the 30 April 2018 resolution of the Realm board in respect of a Capital Raising;
3. abstain from any vote taken by the board or sub-committee with respect to the Capital Raising (including a final decision to proceed with the Capital Raising) and not take any other action in respect of the Capital Raising, whilst reserving my rights in relation to the following:
 - (i) reasonably taking, or not taking, any action I am required to take in respect of the Capital Raising in accordance with the *Corporations Act 2001 (Cwlth)* (including any approval or consent required by the directors in relation to the prospectus or relisting of Realm); and
 - (ii) reasonably taking or not taking any action to ensure that the any offer document and any action to promote the offer by Realm is not unlawful.

These undertakings will:

- terminate if the bidder becomes entitled to compulsorily acquire Realm shares in accordance with Part 6A.2 of the Corporations Act before expiry of the Offer; or
- otherwise, continue until the later of the 3 month period following close of the Offer or one month after the Capital Raising is Launched (provided it is Launched within that 3 month period).

In this undertaking the following terms have the corresponding meaning:

Capital Raising

A capital raising for the issuance of no less and no more than the number of shares necessary to ensure that on completion of that raising, T2 Resources Fund Pty Limited (together with its associates) will have an interest in no more than 79.99% of the shares in Realm.

Independent Subcommittee	The independent sub-committee of Realm established for the purposes of considering and responding to the Offer on behalf of Realm
Launched	The open of the offer period under any prospectus issued under the Capital Raising.
Offer	Off-market takeover offer made by T2 Resources Fund Pty Limited to holders of Realm shares to acquire all of their shares at a price of \$1.00 per share pursuant to its bidder's statement dated 23 February 2018 (as supplemented or varied from time to time)
Realm	Realm Resources Limited (ACN 008 124 025)

Signed by Michael Davies
Dated: 2 July 2018

**AUSTRALIAN SECURITIES AND
INVESTMENTS COMMISSION ACT 2001 (CTH) SECTION 201A
UNDERTAKING**

UNDERTAKING IN RESPECT OF REALM RESOURCES LIMITED

I, Michael Anderson, c/o Taurus Funds Management Limited, Suite 1401, Level 41, 1 Macquarie Place, Sydney, am an existing director of Realm. I undertake to the Panel that, without the Panel's consent, I will:

1. not interfere with the existence, scope or composition of the Independent Subcommittee, but only in respect of a Capital Raising;
2. not bring a resolution withdrawing the 30 April 2018 resolution of the Realm board in respect of a Capital Raising;
3. abstain from any vote taken by the board or sub-committee with respect to the Capital Raising (including a final decision to proceed with the Capital Raising) and not take any other action in respect of the Capital Raising, whilst reserving my rights in relation to the following:
 - (i) reasonably taking, or not taking, any action I am required to take in respect of the Capital Raising in accordance with the *Corporations Act 2001 (Cwlth)* (including any approval or consent required by the directors in relation to the prospectus or relisting of Realm); and
 - (ii) reasonably taking or not taking any action to ensure that the any offer document and any action to promote the offer by Realm is not unlawful.

These undertakings will:

- terminate if the bidder becomes entitled to compulsorily acquire Realm shares in accordance with Part 6A.2 of the Corporations Act before expiry of the Offer; or
- otherwise, continue until the later of the 3 month period following close of the Offer or one month after the Capital Raising is Launched (provided it is Launched within that 3 month period).

In this undertaking the following terms have the corresponding meaning:

Capital Raising

A capital raising for the issuance of no less and no more than the number of shares necessary to ensure that on completion of that raising, T2 Resources Fund Pty Limited (together with its associates) will have an interest in no more than 79.99% of the shares in Realm.

Independent Subcommittee	The independent sub-committee of Realm established for the purposes of considering and responding to the Offer on behalf of Realm
Launched	The open of the offer period under any prospectus issued under the Capital Raising.
Offer	Off-market takeover offer made by T2 Resources Fund Pty Limited to holders of Realm shares to acquire all of their shares at a price of \$1.00 per share pursuant to its bidder's statement dated 23 February 2018 (as supplemented or varied from time to time)
Realm	Realm Resources Limited (ACN 008 124 025)

Signed by Michael Anderson
Dated: 1 July 2018

**AUSTRALIAN SECURITIES AND
INVESTMENTS COMMISSION ACT 2001 (CTH) SECTION 201A
UNDERTAKING**

UNDERTAKING IN RESPECT OF REALM RESOURCES LIMITED

I, Craig McGown, c/o New Holland Capital Pty Limited, 30 Richardson Street, West Perth, am an existing director of Realm. I undertake to the Panel that, without the Panel's consent, I will:

1. not interfere with the existence, scope or composition of the Independent Subcommittee, but only in respect of a Capital Raising;
2. not bring a resolution withdrawing the 30 April 2018 resolution of the Realm board in respect of a Capital Raising;
3. abstain from any vote taken by the board or sub-committee with respect to the Capital Raising (including a final decision to proceed with the Capital Raising) and not take any other action in respect of the Capital Raising, whilst reserving my rights in relation to the following:
 - (i) reasonably taking, or not taking, any action I am required to take in respect of the Capital Raising in accordance with the *Corporations Act 2001 (Cwlth)* (including any approval or consent required by the directors in relation to the prospectus or relisting of Realm); and
 - (ii) reasonably taking or not taking any action to ensure that the any offer document and any action to promote the offer by Realm is not unlawful.

These undertakings will:

- terminate if the bidder becomes entitled to compulsorily acquire Realm shares in accordance with Part 6A.2 of the Corporations Act before expiry of the Offer; or
- otherwise, continue until the later of the 3 month period following close of the Offer or one month after the Capital Raising is Launched (provided it is Launched within that 3 month period).

In this undertaking the following terms have the corresponding meaning:

Capital Raising

A capital raising for the issuance of no less and no more than the number of shares necessary to ensure that on completion of that raising, T2 Resources Fund Pty Limited (together with its associates) will have an interest in no more than 79.99% of the shares in Realm.

Independent Subcommittee	The independent sub-committee of Realm established for the purposes of considering and responding to the Offer on behalf of Realm
Launched	The open of the offer period under any prospectus issued under the Capital Raising.
Offer	Off-market takeover offer made by T2 Resources Fund Pty Limited to holders of Realm shares to acquire all of their shares at a price of \$1.00 per share pursuant to its bidder's statement dated 23 February 2018 (as supplemented or varied from time to time)
Realm	Realm Resources Limited (ACN 008 124 025)

Signed by Craig McGown
Dated: 1 July 2018

**AUSTRALIAN SECURITIES AND
INVESTMENTS COMMISSION ACT 2001 (CTH) SECTION 201A
UNDERTAKING**

UNDERTAKING IN RESPECT OF REALM RESOURCES LIMITED

T2 GP undertakes to the Panel that

1. it will not exercise any right or take any steps to nominate additional directors to the board of Realm
2. it will exercise its rights and take all reasonable steps to ensure there are at least 2 directors on the Realm board at all times who are independent of T2 GP and its associates and
3. it will not sell or transfer its shares to any person who is an associate of T2 GP unless that person has signed an undertaking in substantially the same form as this undertaking,

in each case for the entire period during which the Director Undertakings are in force.

Director Undertaking Means the undertakings given by Messrs Galt, Davies, McGowan and Anderson with respect to a capital raising to be undertaken by Realm given on or about the same date as this undertaking.

Realm Realm Resources Limited (ACN 008 124 025)

T2 GP Taurus Resources No. 2 GP LLC as general partner of Taurus Resources No. 2, L.P.

Signed by TAURUS RESOURCES LIMITED NO. 2 GP LLC as general partner of TAURUS RESOURCES NO. 2, L.P.

Hugh Lamle

Dated: 2 July 2018

**AUSTRALIAN SECURITIES AND
INVESTMENTS COMMISSION ACT 2001 (CTH) SECTION 201A
UNDERTAKING**

UNDERTAKING IN RESPECT OF REALM RESOURCES LIMITED

T2 Resources undertakes to the Panel that

1. it will not exercise any right or take any steps to nominate additional directors to the board of Realm
2. it will exercise its rights and take all reasonable steps to ensure there are at least 2 directors on the Realm board at all times who are independent of T2 Resources and its associates and
3. it will not sell or transfer its shares to any person who is an associate of T2 Resources unless that person has signed an undertaking in substantially the same form as this undertaking,

in each case for the entire period during which the Director Undertakings are in force.

Director Undertaking Means the undertakings given by Messrs Galt, Davies, McGowan and Anderson with respect to a capital raising to be undertaken by Realm given on or about the same date as this undertaking.

Realm Realm Resources Limited (ACN 008 124 025)

T2 Resources T2 Resources Fund Pty Limited (ACN 624 330 696)

EXECUTED by **T2 RESOURCES FUND PTY LIMITED** in accordance with section 127(1) of the *Corporations Act 2001* (Cth) by authority of its directors:

Martin Boland
Rohan Menon

Dated: 3 July 2018