

Company Announcements
ASX Limited
By Electronic Lodgement

16 April 2018

QUARTERLY UPDATE

Highlights

- Appointment of Michael Rosengren as Managing Director on 8 January 2018
- A review and flattening of organisational structure was completed with a decision to close the Sydney office and co-locate resources in Brisbane.
- Foxleigh Mine produced 519kt of saleable production, and shipped 818kt in the March quarter (100% basis).
- Cash generated in the quarter was A\$34.9m and cash on hand at 31st March 2018 was A\$100.9m, attributable to Realm.
- March Quarter 2018 quarterly PCI coal price reported for one customer was US\$159/t¹ (vs. US\$135/t² in the December 2017 quarter).
- Commissioning of the third new excavator, Liebherr R9400, was completed in February.
- A Takeover bid for the Company was announced by a company associated with the major shareholder; the Company responded with a Target's statement supported by an Independent Expert's Report.

Realm Resources Ltd (ASX: RRP) ("Realm" or the "Company") is pleased to provide an update on activities during the quarter.

Foxleigh Mine

Safety, Health, Environment and Community

- There were no Recordable Injuries and 4 Significant Incidents during the quarter. The 12-month rolling Total Recordable Injury Frequency Rate is 5.93.
- An annual Level 2 Emergency response exercise under the Coal Mining Safety and Health Act 1999 was conducted.
- The wet weather preparedness work performed well with no environmental issues of note even with 243mm of rain during the quarter
- The refurbishment of the Middlemount Golf Club, to which Middlemount South contributed, was largely completed.
- As part of the Queensland Minerals and Energy Academy (QMEA) program, students from the Wadja Wadja State School visited the Middlemount South mine site - the first time that students have gone on-site under the QMEA.

1. [Inside Coal](#) 19 March 2018
2. IHS Markit

Foxleigh Mine Production and Sales Statistics (100% basis)

Key operating results for the March quarter 2018 are shown in Table 1.

Table 1: Foxleigh Coal Mine (100%) Operating Results

	DecQ17	MarQ18	% Change	CY18 YTD
ROM coal produced (kt)	1,153	686	-41%	686
ROM strip ratio (bcm waste / ROM t)	8.8:1	15.2:1	73%	15.2:1
CHPP Feed (kt)	1,114	679	-39%	679
CHPP Yield (%)	73.2%	76.0%	3.9%	76%
Saleable coal produced (kt)	815	519	-36%	519
Total coal sales (kt)	715	818	14%	818
ROM coal stockpile (Quarter end, kt)	58	78	34%	78
Product coal stockpile (Quarter end, kt)	492	192	-61%	192

Production

A solid performance in relation to material movement was achieved in the quarter with production mainly from Foxleigh Plains pit and work continuing with overburden stripping in One Tree West pit. Initial preparatory work started in a new area to the north of the current Foxleigh Plains work areas, to access a bulk coal sample and better understand geological conditions.

Capital works associated with converting flotation from parallel to series configuration was largely completed with initial results indicating an increase in combustible recovery from this circuit and will contribute to planned yield increases through the CHPP.

The second Liebherr 9400 excavator was successfully commissioned in February, in line with expectations.

Sales

The congestion at Dalrymple Bay Coal Terminal that hampered sales for the previous quarter eased and saw strong shipping figures for the first two months. March was a very low month as forecast ships slipped into April as a co-shipper did not have available coal to meet their commitments.

Coal Market Update

The market reported a quarterly PCI coal ("LV PCI") settlement with one customer for the March quarter at US\$159/t versus US\$135/t in the December quarter, an increase of 18%.

Foxleigh's premium high-quality LV PCI coal is sold to longstanding customers in key export markets including South Korea, Japan and Taiwan with the majority of sales priced relative to various the LV PCI quarterly pricing agreements.

Exploration and Development

Exploration drilling continue at the Foxleigh Plains Project with an additional thirty-eight (38) boreholes, totalling 7,742m drilled. Coal quality results are being received from the laboratory for the Foxleigh Plains Project as well as the Foxleigh West Project.

The additional data will be included in the latest resource models, which are currently being generated. The company is continuing to work on a site wide resource update and expects to release a JORC statement in the first half of 2018.

Katingan Ria Coal Project

The Company continues to engage with potential partners and PLN (Indonesian State owned Electricity Corporation) to progress its power station strategy. The Katingan Ria thermal coal project (Realm 51%) is suited to supply a mine mouth power station in the region.

South African Projects

Aluminium Waste Toll Treating Business

Health and Safety

There was one disabling injury during the quarter. The focus on safety training and monitoring continues. The disabling injury frequency rate for the March quarter 2018 was 2.34% (1.2% in the prior quarter).

Smelting and recovery performance comparison

Alumicor	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	% change Q4 2017
Tonnes smelted	4,473	5,083	4,391	5,182	4,005	4,197	4,500	4,939	10%
Average recovery	57%	60%	59%	59%	61%	60%	62%	59%	-4%

Alumicor continues to operate profitably and deliver positive cash flow.

Platinum Group Metals

Realm owns 45m shares Chrometco (JSE: CMO refer <http://www.chrometco.co.za>). Realm is considering alternatives to realise value from this asset now that the Sail transaction has been finalised.

The Company continues to keep its mineral rights situated in the Eastern Limb of the Bushveld Igneous Complex in good standing.

Corporate

On 8 January 2018, Mr Michael Rosengren was appointed as Managing Director of Realm Resources Limited and Mr Peter Briggs resigned as Interim CEO.

On 9 February 2018, the intention of T2 Resources Fund Pty Ltd to make an unsolicited, conditional off market takeover offer to purchase all of the issued shares in Realm Resources Limited that it did not already own for \$0.90 cash per share was lodged with ASX.

On 12 February 2018, Taurus Resources Fund No. 2 exercised 10,000,000 options for \$5,000,000 at an aggregated exercise price of \$0.50.

On 22 February 2018, 500,000 shares were issued at \$0.87c per share under the Realm Resources Limited Employee Share Plan.

On 27 February 2018, 2,116,666 shares were bought back at 61.5 cents and 250,000 shares were bought back at \$1.015, being the result of employees and former employees no longer being entitled to the shares in accordance with the Realm Resources Limited Employee Share Plan.

On 14 March 2018 the bidder's statement was dispatched to Realm Shareholders by the Bidder in connection with its off-market takeover bid for all of the issued shares in Realm which it did not already own for \$0.90 cash per share. This bidder's statement was amended by a supplementary bidder's statement dated 15 March 2018.

On 29 March 2018 the 2017 calendar year Annual Report and audited Financial Results were released. The Target response statement in relation to the bid was dispatched to Realm Shareholders.

Update on the re-instatement to official quotation

The Company has been working towards satisfying ASX's conditions for relisting, by continuing preparatory work on a capital raise (as previously advised). The announcement by T2 Resources Fund Pty Limited of an off-market takeover bid on 9 February 2018 (**Offer**) has implications in relation to the relisting. A Target's Statement (including an independent expert's report) was issued in response to the Offer on 29 March 2018. In addition to an ASX restriction on the Company issuing shares for a 3-month period following an announcement of an intention to make a bid, one of the bidder's conditions prevents the issuance of new shares. Accordingly, in the absence of any ASX relief, the takeover bid has the effect of restricting Realm from achieving a re-listing until the bid either fails or lapses. Additionally, the Bidder's Statement clearly sets out that the Bidder is not supportive of Realm's continued listing on the ASX or the capital raise necessary to lift the current suspension.

Notwithstanding this, a Realm Board sub-committee, is continuing with the preparations for the capital raising and re-listing in parallel with responding to the Offer.

Financial results

Referring to the attached 5B schedule, net operating cash inflows were AUD\$34,915,000 for the quarter (inflow of AUD\$19,134,000 in the prior quarter).

Realm's cash on hand as at 31 March 2018 was A\$101 million.

About Realm

Information on Realm Resources Limited is available on the Company's website at www.realmresources.com.au.

For further information, please contact:
Jessica Holland
Financial & Corporate Relations (FCR)
T: +61 2 8264 1005
E: j.holland@fcr.com.au

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Realm Resources Limited

ABN

98 008 124 025

Quarter ended ("current quarter")

31 March 2018

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		106,161	106,161
1.2 Payments for			
(a) exploration & evaluation		(282)	(282)
(b) development		-	-
(c) production		(60,197)	(60,197)
(d) staff costs		(2,753)	(2,753)
(e) administration and corporate costs		(5,808)	(5,808)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		111	111
1.5 Interest and other costs of finance paid		(1,673)	(1,673)
1.6 Income taxes paid		-	-
1.7 Research and development refunds		-	-
1.8 Other – Royalties State Government		(7,273)	(7,273)
Other – Royalties		(3,196)	(3,196)
Other – BAS Refunds		9,825	9,825
1.9 Net cash from / (used in) operating activities		34,915	34,915
2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) property, plant and equipment		(7,250)	(7,250)
(b) tenements (see item 10)		-	-
(c) investments		-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	(198)	(198)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(7,448)	(7,448)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	102	102
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	5,000	5,000
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (share buyback)	(100)	(100)
3.10	Net cash from / (used in) financing activities	5,002	5,002
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	65,265	65,265
4.2	Net cash from / (used in) operating activities (item 1.9 above)	34,915	34,915
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(7,448)	(7,448)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5,002	5,002

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	3,183	3,183
4.6	Cash and cash equivalents at end of period	100,917	100,917

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	100,300	64,059
5.2	Call deposits	-	340
5.3	Bank overdrafts		
5.4	Other (provide details)	617	866
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	100,917	65,265

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

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7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

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8. Financing facilities available

Add notes as necessary for an understanding of the position

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Working capital	26,316	-
8.3 Performance Guarantee Facility	103,289	64,281

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Above facilities are denominated in USD. Total limit for Performance Guarantee facility is USD78.5m and for working capital Facility the limit is USD20m.

At 31 March 2018, the Group has total drawn facilities of USD48.85m hence total unused/undrawn facilities available to draw as working capital from either of the facilities is USD49.65m.

Commitment fee charged on all facilities is 2% per annum and Line of Credit fee on drawn funds at 9% per annum.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(1,159)
9.2 Development	-
9.3 Production	(62,709)
9.4 Staff costs	(4,176)
9.5 Administration and corporate costs	(6,240)
9.6 Other – Non-current assets and Tenements	(22,642)
9.7 Total estimated cash outflows	(96,926)

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	See Appendix 2			
10.2 Interests in mining tenements and petroleum tenements acquired or increased	See Appendix 2			

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:

(Company Secretary)

Date: 16 April 2018

Print name: Theo Renard

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

MARCH QUARTERLY UPDATE

Appendix 1: Foxleigh Mine

Realm's 99.9% held subsidiary, Middlemount South Pty Ltd owns 70% of the Foxleigh Mine.

Foxleigh Mine is located in Queensland's Bowen Basin coalfield, 12km south of Middlemount and 272km northwest of Rockhampton. The mine was established in 1999 as an open cut operation producing benchmark quality, LV PCI coal for the export market. Saleable production in CY 2017 (100% basis) was ~3.0 million tonnes.

Mining is undertaken using the truck and excavator method with raw coal delivered to Foxleigh's coal handling and preparation plant ("CHPP") for washing. The CHPP has processing capacity in excess of 4Mtpa of raw coal.

Product coal is hauled 27km on a private haul road to a dedicated train loading facility located alongside the Capcoal rail loop and is then railed 280km to the Dalrymple Bay Coal Terminal at the Port of Hay Point near Mackay, Queensland.

Appendix 2: Interests in mining tenements

Project / Location	Tenement	Interest at the beginning of the quarter	Interest at the end of the quarter
Marikat District, Katingan Regency, Central Kalimantan Province, Indonesia	IUP Operasi Produksi No. 545/222/KPTS/VIII/2011 In Prinsip Izin Pinjam Pakai No. S.515/Menhut-VII/2012	51%	51%
Mpumalanga province, South Africa	Prospecting right renewal reference number MP 30/5/1/1/2/ 1021 PR.	74%	74%
Mpumalanga province, South Africa	Prospecting right renewal reference number MP 30/5/1/1/2/ 1028 PR.	74%	74%
Mpumalanga province, South Africa	Prospecting right renewal reference number MP 30/5/1/1/2/ 1030 PR.	70.3%	70.3%
Mpumalanga province, South Africa	Prospecting right renewal reference number MP 30/5/1/1/2/ 1020 PR.	74%	74%
Mpumalanga province, South Africa	Prospecting right renewal reference number MP 30/5/1/1/2/ 958 PR.	74%	74%
Mpumalanga province, South Africa	Prospecting right renewal reference number MP 30/5/1/1/2/ 1105 PR.	74%	74%
Mpumalanga province, South Africa	Prospecting right renewal reference number MP 30/5/1/1/2/ 1029 PR.	74%	74%
Mpumalanga province, South Africa	Prospecting right renewal reference number MP 30/5/1/1/2/ 1060 PR.	74%	74%
Central Queensland Australia	ML 70171	70%	70%
Central Queensland Australia	ML 70309	70%	70%
Central Queensland Australia	ML 70310	70%	70%
Central Queensland Australia	ML 70429	70%	70%
Central Queensland Australia	ML 70430	70%	70%
Central Queensland Australia	ML 70431	70%	70%
Central Queensland Australia	ML 70470	70%	70%
Central Queensland Australia	EPC 1139	70%	70%
Central Queensland Australia	EPC 855	100%	100%
Central Queensland Australia	EPC 1669	100%	100%

Further; Realm did not have any interest in any farm-in or farm-out agreements at the end of the quarter. Realm did not acquire or dispose of any farm-in or farm-out interests during the quarter.