



Company Announcements
ASX Limited
By Electronic Lodgement

18 July 2018

QUARTERLY UPDATE – June 2018

Realm Resources Ltd (ASX: RRP) (“Realm” or the “Company”) provides an update on activities during the June quarter 2018.

Highlights

- Foxleigh Mine produced 633kt of saleable production and shipped 748kt in the June quarter (100% basis)
- Cash generated in the quarter was A\$34.4m and cash on hand at 30 June 2018 was A\$136.2m, attributable to Realm
- June quarter 2018 PCI coal price has not been finalised with all customers and Q1 provisional prices are being invoiced as per the contracts
- The Company held a well-attended AGM in Sydney on 31 May 2018
- The Takeover bid for the Company by a company associated with the major shareholder has been extended to 3 August 2018 with a Final Offer of A\$1.35 per share
- A change in Board composition occurred with Mr Staffan Ever resigning and Mr Craig McGown and Mr Michael Anderson joining as non-Executive Directors. A change in Company Secretary also occurred with Mr Paul Frederiks starting on 4 July 2018
- During the quarter the company appointed Mr Graham Yerbury as Chief Financial Officer of the Company. Mr Yerbury commenced on 9 July 2018

Foxleigh Mine (Realm interest 70%)

Safety, Health, Environment and Community

- There was one recordable injury and there were two significant incidents during the quarter. The 12-month rolling Total Recordable Injury Frequency is 4.79
- Onboarding and initial training of a total of 18 trainees were completed during the quarter with all trainees now operating haul trucks under minimal supervision

Foxleigh Mine Production and Sales Statistics (100% basis)

	MarQ18	JunQ18	% Change	CY18 YTD
ROM coal produced (kt)	686	948	38%	1,634
ROM strip ratio (bcm waste / ROM t)	15.2:1	13.3:1	-13%	14.1:1
CHPP Feed (kt)	679	980	44%	1,659
CHPP Yield (%)	76.0%	65.0%	-14%	69%
Saleable coal produced (kt)	519	633	22%	1,152
Total coal sales (kt)	818	748	-9%	1,566
ROM coal stockpile (quarter end, kt)	78	51	-34%	51
Product coal stockpile (quarter end, kt)	192	83	-57%	83

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

Production

Excellent performance in relation to material movement was achieved in the Quarter with production from three pits - Foxleigh Plains, One Tree West and Fox Plains North. First coal was mined from Foxleigh Plains North in May.

Several mine operational records were achieved during the Quarter, including drilled metres, blasted volume and total material movement. The most notable record was the 4.5mbcm of waste moved in May which beat the previous record set earlier in the quarter in April by more than 10%.

Good progress in overburden movement continued in One Tree West to have this pit positioned well at the end of the quarter to deliver large volumes of ROM coal in Q3 as forecast. Fox Plains North achieved coal into the washplant within 6 weeks from the first overburden bucket, albeit associated oxidisation in near surface coal contributed to lower yields.

The washplant modification with the Jamieson cells being converted from parallel configuration to series was completed with expected outcomes.

Sales

Sales were 9% down on the previous quarter largely related to forecast ships being delayed into Q3 due to co-shippers not having available coal to meet their commitments. Year to date sales of 1.57Mt are in line with budget.

Coal Market Update

Foxleigh Mine is yet to finalise pricing with all customers for the June quarter. Pricing is expected to be lower than Q1 pricing reflecting some softening in overall market conditions for metallurgical coal during the June quarter period.

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 LV PCI quarterly pricing agreements.

Exploration and Development

Overall exploration drilling is progressing ahead of schedule primarily due to favourable weather.

Exploration drilling continued at the Foxleigh Plains Project with an additional thirty-three (33) boreholes, totalling 6,819m, being drilled. Coal quality results are being received from the laboratory for the Foxleigh Plains Project as well as the Foxleigh West Project. Exploration drilling was also undertaken in One Tree West and One Tree Extension with thirty-four (34) boreholes, totalling 7,711m, being drilled,

The additional data collected will be included in new resource models which are currently being generated. The company is continuing to work on a site wide resource update and expects to release an updated JORC statement in Q3 of 2018.

In October 2017 Realm had applied for a MDL over parts of its currently held EPCs 855 and 1669. On 10 July 2018 Realm was granted MDL 3028 over these areas.

International Assets

Katingan Ria Coal Project (Realm 51%)

Located in Indonesia this project is a potential thermal coal development and is well suited to supply power in the region. No significant progress was made in discussions about the project's future during the quarter.

Alumicor SA - Aluminium Waste Toll Treating Business (Realm 100%)

Alumicor SA continues to operate profitably generating pre-tax profit of \$A176,000 for the quarter and positive cash flow. The asset is currently available for sale and negotiations with potential purchasers continued.

Platinum Group Metals in Africa

Realm owns a minority shareholding in Chrometco (JSE: CMO refer <http://www.chrometco.co.za>). This investment is considered non-core to Realm and alternatives to realise value continue to be explored.

The Company also has interests in a number of prospecting rights (Realm 70% to 74%) in the Eastern Limb of the Bushveld Igneous Complex in Mpumalanga province, South Africa. These are prospective principally for platinum. While these rights are in good standing these are considered non-core assets and the Company is evaluating the best way to realise value for the Company.

Corporate

- Realm's Annual General Meeting was held in Sydney on 31 May 2018
- The Takeover bid for the Company by a company associated with the major shareholder has been extended to 3 August 2018 with a Final Offer of A\$1.35 per share
- A change in Board composition occurred with Mr Staffan Ever resigning and Mr Craig McGown and Mr Michael Anderson joining as non-Executive Directors. A change in Company Secretary also occurred with Mr Paul Frederiks starting on 4 July 2018
- During the quarter the company appointed Mr Graham Yerbury as Chief Financial Officer of the Company. Mr Yerbury commenced on 9 July 2018

Update on the re-instatement to official quotation

The Realm Board sub-committee continued with preparations for a capital raising and re-listing in parallel with responding to the Takeover bid.

Financial results

Referring to the attached 5B schedule, net operating cash inflow was A\$34.4 million for the quarter (inflow of A\$34.9 million in the prior quarter).

Realm's cash on hand as at 30 June 2018 was A\$136.2 million.

It should be noted that Realm will start paying deferred and provisional tax in July 2018.

About Realm

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

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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")

30 June 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	105,069	211,230
1.2 Payments for		
(a) exploration & evaluation	(756)	(1,038)
(b) development	-	-
(c) production	(51,180)	(103,738)
(d) staff costs	(1,010)	(1,577)
(e) administration and corporate costs	(5,417)	(11,225)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	251	362
1.5 Interest and other costs of finance paid	(1,817)	(3,490)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other – Royalties	(10,747)	(21,216)
1.9 Net cash from / (used in) operating activities	34,392	69,307
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(2,118)	(9,368)
(b) tenements (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(2,118)	(9,566)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	615	5,717
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
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)	(133)	(233)
3.10	Net cash from / (used in) financing activities	482	5,484
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	100,917	65,265
4.2	Net cash from / (used in) operating activities (item 1.9 above)	34,392	69,307
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,118)	(9,566)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	482	5,484

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	2,522	5,705
4.6	Cash and cash equivalents at end of period	136,194	136,194

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	125,714	100,917
5.2	Call deposits	10,481	10,481
5.3	Bank overdrafts		
5.4	Other (provide details)	-	617
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	136,195	136,195

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

Current quarter \$A'000
339
-

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

Current quarter \$A'000
31
-

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	27,200	-
8.3 Performance Guarantee Facility	106,759	67,352

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 30 June 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	(684)
9.2 Development	-
9.3 Production	(57,117)
9.4 Staff costs	(823)
9.5 Administration and corporate costs	(5,389)
9.6 Other – (inc taxation)	(39,591)
9.7 Total estimated cash outflows	(103,604)

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	No changes			
10.2 Interests in mining tenements and petroleum tenements acquired or increased	No changes			

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:

(Chief Financial Officer)

Date: 18 July 2018

Print name: Graham Yerbury

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.

JUNE 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.