

Company Announcements  
ASX Limited  
By Electronic Lodgement

19 October 2018

## QUARTERLY UPDATE – September 2018

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

### Highlights

- Foxleigh Mine produced 812kt of saleable production and shipped 757kt in the September Quarter (100% basis).
- Net cash outflow in the Quarter was A\$25.5m and cash on hand at 30 September 2018 was A\$113.5m attributable to Realm.
- T2 Resources Fund Pty Ltd announced its intention to bid for the securities it did not already own following closure of its bid and having acquired 96.3% of the shares in Realm. Compulsory Acquisition process is underway with the bidder commissioning BDO to prepare an Independent Experts Report
- Change in Board composition occurred with the resignation of Mr James Beecher and the appointment of Mr Geoff Marshall, effective 1 August 2018.
- Subsequent to the end of the Quarter the Company:
  - announced an updated Statement of Coal Resources for Foxleigh Coal Mine and adjacent tenements (Foxleigh) in accordance with the JORC Code 2012; and
  - exited all corporate entities associated with Indonesian interests and booked an impairment loss of \$5.9m related to Indonesian and Singaporean entities.

### Foxleigh Mine (Realm interest 70%)

#### Safety, Health, Environment and Community

- There were no recordable injuries in the September Quarter. The 12-month rolling Total Recordable Injury Frequency is 1.88.
- Rehabilitation of past mine work areas is progressing as planned.

#### Foxleigh Mine Production and Sales Statistics (100% basis)

	JunQ18	SepQ18	% Change	CY18 YTD
ROM coal produced (kt)	948	1,304	38%	2,938
ROM strip ratio (bcm waste / ROM t)	13.3:1	9.3:1	30%	12.0:1
CHPP Feed (kt)	980	1,046	15%	2,701
CHPP Yield (%)	65.0%	77.6%	19%	72.6%
Saleable coal produced (kt)	633	812	28%	1,964
<b>Total coal sales (kt)</b>	<b>748</b>	<b>757</b>	<b>1%</b>	<b>2,324</b>
ROM coal stockpile (Quarter end, kt)	51	310	507%	310
Product coal stockpile (Quarter end, kt)	83	141	70%	141

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. Drier than forecast conditions helped contribute to this positive performance.

Several mine operational records including blasted volume and coal mined were achieved during the Quarter, with the most notable being 7.3mbcm of blasted volume in one month, which surpassed the record set in the previous Quarter by more than 43%.

## **Sales**

Year to date sales of 2.32Mt are in line with budget. Sustained high ship queues at DBCT will continue to put full year delivery targets at risk.

## **Coal Market Update**

Foxleigh Mine sales pricing for the September Quarter was largely in line with the previous Quarter.

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 continues to progress ahead of schedule primarily due to favourable weather.

Exploration activities have continued at the Foxleigh Plains Project and at One Tree West with results in line with expectations. Exploration holes were drilled in several other areas of the mine including Roper Creek, Eagle's Nest and Dagger's Tip. Drilling also commenced on EPC1139, south of the existing mining leases.

On 19 October 2018 the Company announced an updated Statement of Coal Resources for Foxleigh Coal Mine and adjacent tenements (Foxleigh) in accordance with the JORC Code 2012.

## **International Assets**

### **Katingan Ria Coal Project (Realm 51%)**

Management has previously advised shareholders that the Company was actively seeking to exit its investment in Indonesia. Realm Resources held a 51% interest in a thermal coal production and operating licence in Central Kalimantan. Work had been completed since 2008 to prove up reserves and develop a mine plan. Initial development plans were predicated on the barging of coal 435 kilometres down the Katingan River to be transferred to ships for export. The relatively low strip ratio and low cost truck and shovel operation further supported this approach. Subsequent investigations indicated that the upper reaches of the river required shallow barges with the potential for periods of reduced water flow. As a result, a mine mouth power station was explored as an alternative option. The Company pursued opportunities to partner with power producers but was unsuccessful. Recent regulatory changes in Indonesia imposed price and investment constraints that further made this option economically challenging.

Realm explored sale of the asset and has been unable to attract a buyer. In late September the Board determined to take steps to exit Indonesia. This resulted in the full impairment of the associated book value of \$5.9m.

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

Realm continues to pursue options to dispose of its investment in Alumicor. Realm has received a formal offer to purchase and is targeting a sale transaction by calendar year end. The business continues to be profitable and cash flow positive and is recorded as an available for sale asset in our financial statements.

### **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 they are considered non-core assets and the Company continues to evaluate the best way to realise value.

### **Corporate**

During the Quarter the takeover offer for Realm by majority shareholder, T2 Resources Fund Pty Limited (the "Bidder") closed on 3 August 2018. The bidder had acquired 96.3% of all shares and advised it would proceed to Compulsory Acquisition. The bidder is in the process of preparing an Independent Expert Report to progress this matter with minority shareholders.

### **Financial results**

Referring to the attached 5B schedule, net operating cash outflows were AUD\$25.5 million for the Quarter (inflow of AUD\$34.4 million in the prior Quarter).

Realm's cash on hand as at 30 September 2018 was A\$113.5 million.

Realm commenced with monthly income tax payments during Q3 and paid all outstanding tax liabilities which totalled \$34.6m.

### **About Realm**

Information on Realm Resources Limited is available on the Company's website at [www.realmresources.com.au](http://www.realmresources.com.au).

For further information, please contact:  
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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 September 2018

Consolidated statement of cash flows		Current Quarter \$A'000	Year to date (9 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	91,741	302,971
1.2	Payments for		
	(a) exploration & evaluation	(722)	(1,760)
	(b) development	-	-
	(c) production	(62,254)	(165,992)
	(d) staff costs	(1,653)	(3,231)
	(e) administration and corporate costs	(5,254)	(16,479)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	412	773
1.5	Interest and other costs of finance paid	(2,854)	(6,344)
1.6	Income taxes paid	(34,547)	(34,547)
1.7	Research and development refunds	-	-
1.8	Other – Royalties	(10,395)	(31,611)
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(25,526)</b>	<b>43,780</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(965)	(10,334)
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current Quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	87	87
	(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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(878)</b>	<b>(10,445)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	3,674	9,391
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)	-	(233)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>3,674</b>	<b>9,158</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	<b>136,195</b>	<b>65,265</b>
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(25,526)	69,307
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(878)	(10,445)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,674	9,158

<b>Consolidated statement of cash flows</b>		<b>Current Quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	71	5,778
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>113,536</b>	<b>113,536</b>

<b>5.</b>	<b>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</b>	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	103,536	125,714
5.2	Call deposits	10,000	10,481
5.3	Bank overdrafts		
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>113,536</b>	<b>136,195</b>

**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

**Current quarter  
\$A'000**

233

-

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

**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

**Current quarter  
\$A'000**

-

-

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

**8. Financing facilities available**

*Add notes as necessary for an understanding of the position*

	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	-	-
8.2 Working capital	27,651	-
8.3 Performance Guarantee Facility	108,530	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 September 2018, the Group has total drawn facilities of USD51.2m hence total unused/undrawn facilities available to draw as working capital from either of the facilities is USD47.3m.

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

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	(393)
9.2 Development	-
9.3 Production	(56,612)
9.4 Staff costs	(3,786)
9.5 Administration and corporate costs	(5,255)
9.6 Royalties, tax and capital expenditure	(24,395)
<b>9.7 Total estimated cash outflows</b>	<b>(90,441)</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
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:

Date: 18 October 2018

(Company Secretary)

Print name: Paul Fredricks

### 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.

## SEPTEMBER 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	MDL 3028		100%
Central Queensland Australia	EPC 1139	70%	70%
Central Queensland Australia	EPC 855	100%	100%
Central Queensland Australia	EPC 1669	100%	0%

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.