



## Project F Production

		Quarter Ended June 2018	Year to date June 2018	Guidance June Quarter	Guidance June YTD
ROM coal mined	k tonnes	104.4	244.1		
Coal delivered to Port	k tonnes	104.4	244.1	115 to 130	255 to 275
Waste mined	k bcm	445.0	904.1		
ROM strip ratio <sup>1</sup>	bcm : t	4.3 to 1	3.7 to 1		
Coal loaded to vessels	k tonnes	28.9	28.9		
Coal at Port in Stocks	k tonnes	280.7	280.7		

1. bcm waste : tonne ROM coal

## Highlights

- **Safety** - No LTIs recorded during the quarter. Cumulative TRIFR improved to 3.3 per million hours.
- **Mine Production** – 104 thousand tonnes (kt) of coal mined and delivered to the port, 11kt less than the lower end of TIG's guidance range of 115 to 130kt.
- **Production Costs** - Mine to port production unaudited unit costs were US\$28.45/t coal, as compared to US\$25.80/t in the March 2018 Quarter, due to lower June quarter production and relatively fixed costs.
- **Capital Projects** – Major site capital projects for the quarter included completion and formal commissioning of the customs checkpoint in June, acquisition and delivery of one bulldozer, one front end loader and two haulage trucks to increase mine production.
- **Exploration** – 229m of exploration drilling completed at Area 4 South of Amaam during the June quarter. Exploration drilling will recommence in the 2018-2019 Russian winter.
- **Port Operations** - TIG and contractor personnel mobilised to site, completed port preparation works and commenced port operations in June. 28.9kt of TIG coal was loaded by 30 June.
- **Coal Marketing** – 280.7kt of coal in our port stockpiles at the end of the quarter. TIG's coal marketing team have signed agreements for 200kt and are in negotiations on the balance of sales to support TIG's 2018 planned shipments.

## Health and Safety

TIG's cumulative TRIFR<sup>1</sup> improved to 3.3 per million hours worked, declining from 3.7 at the end of December 2017. In the June quarter, there were no lost time injuries (LTI), and two safety incidents. One incident was vehicle related and the other incident was an electrical fire at an old building being vacated prior to its demolition. Site efforts continue to result in a reduction in vehicle incidents compared to the previous quarter, particularly on the road. However, the company recognises the need for further improvement to vehicle operations and coal haulage safety and is presently implementing additional training and improved operational procedures.

## Project F Phase One Operations

During the quarter 104.4kt (139.7kt in March) of ROM coal was mined and transported to the port stockpiles. Coal mining and haulage did not meet TIG's Q2 2018 guidance of between 115 to 130kt, monthly production being 40.7kt, 25.3kt and 38.4kt of coal in April, May and June respectively. April and May were below expectations due to the effect of poor weather conditions, initially snow blizzards and snow related conditions in April and early May and in the latter part of May the thaw adversely impacted coal production and particularly haulage conditions on the road to the port.

Poor weather during the spring period and its impact on coal haulage is expected and considered when the Company prepares its guidance, however, the adverse effect of these conditions this year were greater than expected.

Based on performance to date, July production is on track to exceed 60kt and consequently Management believe TIG is well placed to achieve the annual production guidance for 2018.

Waste mining of 445kbcm for the June quarter was in line with expectations. Due to the periods of lower haulage road availability arising from adverse weather conditions, the resultant stripping ratio for the quarter was 4.3:1 (bcm waste: t coal) as compared to 3.7:1 in the March quarter. With higher than expected YTD waste removal, the company is in a good position to mine and deliver overall coal tonnages in line with the guidance for 2018 and to potentially mine deeper into the pit and increase the tonnage of higher quality coals to be mined compared to expectations.

Port activities in the June quarter focused on snow clearance, preparing the port stockpiles and undertaking required maintenance on berths, loading infrastructure and the barge fleet in readiness for the shipping season. TIG also worked closely with the independent port contractor, Seaport of Anadyr (SoA), on shipment scheduling and development of the season's operational plan and updating the transshipment tariff plan.

TIG loaded 28.9kt of coal by 30 June and completed loading of the first 44kt shipment in the first week of July. In addition to this, the port received 1,332 tonnes of general cargo and shipped 14kt of third party coal for the June quarter.

Mine to port production unaudited unit costs for the 3 months to 30 June were US\$28.50/t (3 months to 31 March: US\$25.80/t), higher than Q1 due primarily to a large portion of fixed costs combined with a lower coal production level during Q2. The average unaudited cost of production for mine to port for the 6 months to 30 June was US\$27.00/t.

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<sup>1</sup> Total Reportable Injury Frequency Rate

The full site cash cost for 2018 is estimated to increase from the previous 2018 guidance of US\$36/t FOB to between US\$37 and US\$39/t FOB due to projected increases in the cost of fuel supplies and other site consumables. This compared to the US\$48/t FOB achieved in 2017, as noted previously, due in large part to a planned reduction in contract trans-shipment costs compared to 2017, and overall economies of scale related to the increased production plan.

## 2018 Production Guidance

TIG has retained its guidance for mining and haulage to the port in 2018 at the level of 530 to 575kt (see table below). Despite coal production in Q2 being slightly below previous guidance, the positive effect of additional stripping activities undertaken in Q2 and improved road conditions are expected to positively influence TIG's ability to achieve the production guidance for the remainder of the year. Sales guidance for the 2018 year of between 440 to 495kt also remains at the level previously disclosed at the end of the March quarter.

### *2018 Mining and haulage guidance:*

Quarter 1 (actual)	140kt
Quarter 2 (actual)	105kt
Quarter 3 (guidance)	160 to 190kt
Quarter 4 (guidance)	125 to 140kt
<b>Total coal mined and hauled to port</b>	<b>530 to 575kt</b>

## Capital Projects

Capital works during the quarter included:

- Completion of works on the accommodation facilities for site management and Beringovsky based staff.
- Continuation of the port stockpile expansion programme to meet the port's stockpiling needs in preparation for 2019.
- Completion of customs checkpoint construction and installation works and its commissioning and official launch on June 18.
- Delivery of Liebherr bulldozer and front-end loader and 2 Scania haulage trucks were completed in June after signing finance leases in respect of this equipment in May.
- Mine pit infrastructure works.
- Minor road works to address the impact of the Spring thaw.
- Fuel consumption sensors were delivered, installed and testing undertaken.

## Coal Marketing and Sales

On the marketing front, TIG has shipped its first cargo of 44kt of thermal coal to a Taiwanese customer and completed 55kt cargo for another north Asian customer. Contract terms have been agreed for the delivery of another 55kt of thermal coal to Japan and 55kt of semisoft coking coal (SSCC) to China. These cargos will be shipped towards the end of July and through early August.

Discussions continue with both new and existing customers for the sale of coal in the remainder of the 2018 shipping season, with strong demand for both TIG thermal and coking products.

Prices achieved to date have been in line with TIG expectations and we do not see any factors or circumstances which would indicate that during this shipping season TIG will not achieve the expected prices for the grade and types of coal TIG is mining and selling.

## Coal Outlook

Prices in the metallurgical coal market in Asia have remained strong during 2018. Premium low volatile hard coking coal (HCC) declined from around US\$250/t in early January to approximately US\$197/t currently. Supply concerns have resurfaced in Australia due to rail issues in Queensland, which has supported the HCC price over recent months and should continue to help provide a strong price outlook.

Q3 2018 (July to September) quarterly pricing has been agreed between Japanese steelmaker JFE Steel and certain Australian suppliers for SSCC at US\$137/t FOB Australia, which is effectively a roll-over of the Q2 settlement. The spot price is currently around US\$130/t FOB Australia.

Thermal prices have increased in Q2 this year. In January, the NEWC thermal coal index was at levels around US\$110/t FOB basis 6000 kcal/kg NAR. Current NEWC pricing is around US\$117/t and appears to have stabilised for now although physical sales from Russia are pricing lower than the NEWC levels in competition for market share with FOB Vostochny prices currently around US\$110/mt basis 6000 kcal/kg NAR. The lower quality coal types (5500 kcal/kg NAR) are also heavily discounted, with 5500 NAR coal selling at around \$70/t today.

With most coal miners generating relatively strong profits at the current price levels, a supply response is expected from Australian, Indonesian and Russian mines. Some forecasters expect prices to soften into 2019, but at present there is little evidence of easing in market pricing for high quality thermal or coking coal.

## Corporate

At the end of the quarter, TIG had \$A3.3 million in cash and had drawn down Russian Rubles (RUB) 596 million (A\$12.9 million) from its RUB 600 million (A\$12.95 million) working capital facility with Sberbank.

## Annual General Meeting

On the 14<sup>th</sup> of May, TIG's annual general meeting took place and was well attended. All resolutions presented to the shareholders were passed with the requisite majorities. The latest TIG corporate update and the Chairman's address can be found on the Company's website [www.tigersrealmcoal.com](http://www.tigersrealmcoal.com).

### Stakeholder relations

During the quarter the Company has continued to work with the Russian authorities on the commissioning of the customs checkpoint on a permanent basis, this process being realised on 18 June, after the Cross-Ministerial commission arrived at the end of May to inspect the works performed.

### Executive Management changes

Effective 1 June 2018, Dmitry Gavrilin was appointed Chief Executive Officer, replacing Peter Balka in his position as Interim Chief Executive Officer who is retiring from TIG. Dmitry brings with him over 18 years of cross-sector industrial experience in Russia, including 7 years of coal mining experience in senior executive roles encompassing general management and financial roles. Dmitry has participated in the development of a coal mining operation in the Far East on both strategic and operational levels and will contribute strongly to the development of our operations as we continue our development path.

TIG would like to thank Peter for his contribution to the evolution of TIG and the development of Project F. During the three-month period prior to his return to Australia in August Peter will continue to serve the Company in the role of Chief Operating Officer,

Effective 31 May 2018, Denis Kurochkin resigned from his position of Chief Financial Officer and the Company would like to thank him for his 4 years in the role and wish him the best for his future development. The Board and Dmitry are currently in the process of assessing candidates for Denis' replacement and expect a conclusion to the search for a replacement in the near future.

### Exploration and Licencing Activities

During the quarter, TIG continued its exploration program at Amaam with 229m drilled into the Area 4 South Syncline target. Drilling is planned to continue in this area and at Amaam North during the 2018/2019 Russian winter. Other licencing works during the June quarter primarily focussed on documentary compliance works.

During June 2018, TIG achieved a key milestone aimed to provide long-term tenure for Project F's mining and sales activities by obtaining a "Discovery Certificate" for the Zvonky deposit. The Zvonky deposit is the eastern extension along strike of Project F. This paves the way for the conversion of the Zvonky deposit to an Extraction and Exploration Licence (Mining Licence). The Discovery Certificate is the culmination of a long period of exploration work and geological and mining studies completed by the TIG team. With the Discovery Certificate in place, TIG will now apply for a Mining Licence over the Zvonky deposit in the coming weeks and expects to have the Mining Licence granted in the second half of the year.

**Capital Structure (as at 30 June 2018)**

Ordinary shares on issue: 1,791,669,870  
Options on issue: 44,169,000

**For further information, please contact:**

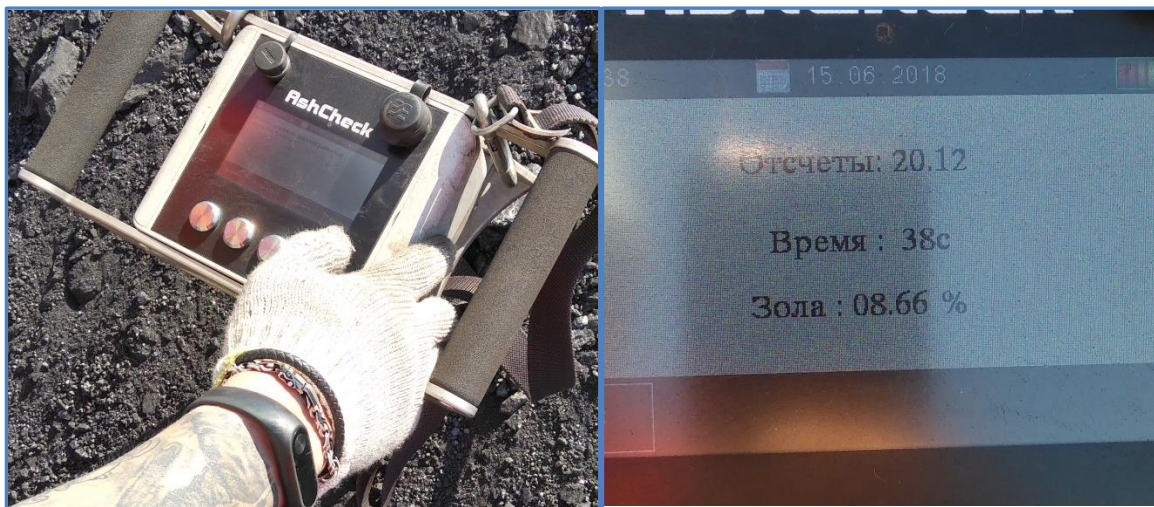
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## Recent Site Photos



TIG Management in the Project F pit. From left - Maxim Pustaveyt (Senior Lawyer), Evgeniy Ponomarev (Manager Technical Services), Dmitry Gavrilin, Vladimir Vasilevsky (Group Mining Engineer)



Grade control in the pit using an Ash meter. The photo on the right shows ROM Ash of 8.66%.



Loading the first vessel of the 2018 season in June.

## ABOUT TIGERS REALM COAL (ASX CODE: TIG)

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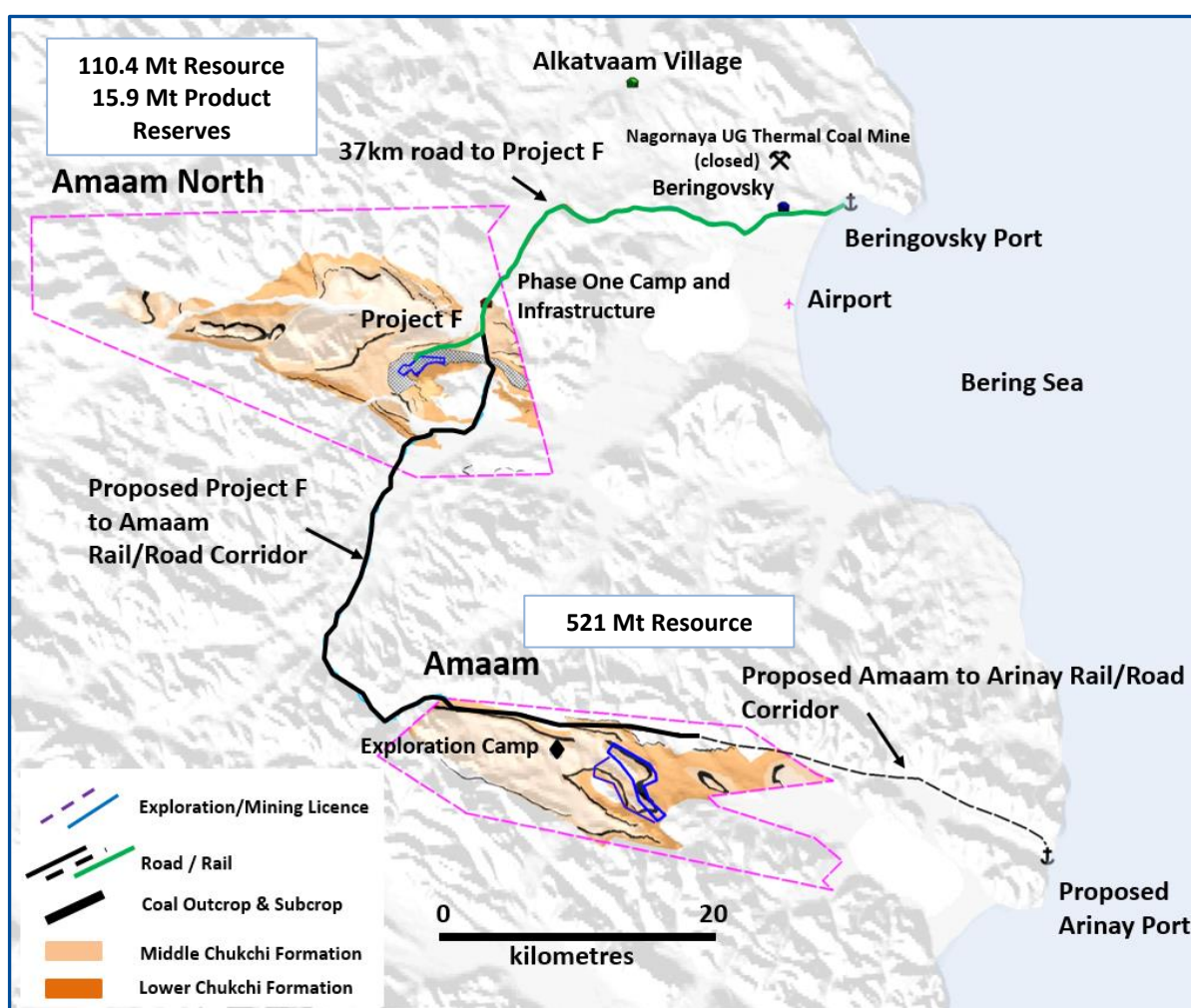
Website: <http://www.tigersrealmcoal.com>

## PROJECT SUMMARY

TIG is developing a large scale coking coal basin that covers two areas, Amaam and Amaam North (Figure A), with combined Resources of 632 Mt.

At Amaam North, TIG owns a 100% beneficial interest in Exploration Licence No. AND01203 TP (Levoberezhniy Licence) and the Exploration and Extraction (Mining) Licence, No. AND 15813 TE, which covers the initial Project F mine development area.

At Amaam, TIG owns an 80% beneficial interest in Exploration Licence No. AND 01277 TP (Zapadniy Subsoil Licence) and two Exploration and Extraction (Mining) Licences, No. AND 01278 TE and No. AND 01288 TE.



**Figure A Amaam and Amaam North Coking Coal Projects**



Amaam and Amaam North are two exceptionally well located coking coal deposits, approximately 40km from the Bering sea with shorter shipping distances to North Asian markets than from peer producers in Queensland and British Columbia (Figure B).

### At Project F and Amaam North

- Project F Phase One is in production
- The Project F 1.0 Mtpa Feasibility Study completed with Resources and Reserves as at 31 December 2017 of:
  - 15.9 Mt of Product Reserves, 6.0 Mt Proven & 9.9 Mt Probable
  - 110.64Mt total Resource, 21.9 Mt Measured, 55.6 Mt Indicated & 32.9Mt Inferred
- TIG owns and operates the Beringovsky coal port
- There is excellent upside exploration potential and production expansion

### At Amaam:

- A PFS completed on 5Mtpa open pit operation producing a high vitrinite content (>90%) coking coal with excellent coking properties
- The total Resource is 521 Mt comprising 3.1 Mt Measured, 91 Mt Indicated, and 428 Mt Inferred
- The planned wash plant is 25 km from the planned year-round port site, only 8 days shipping to China, Korea and Japan

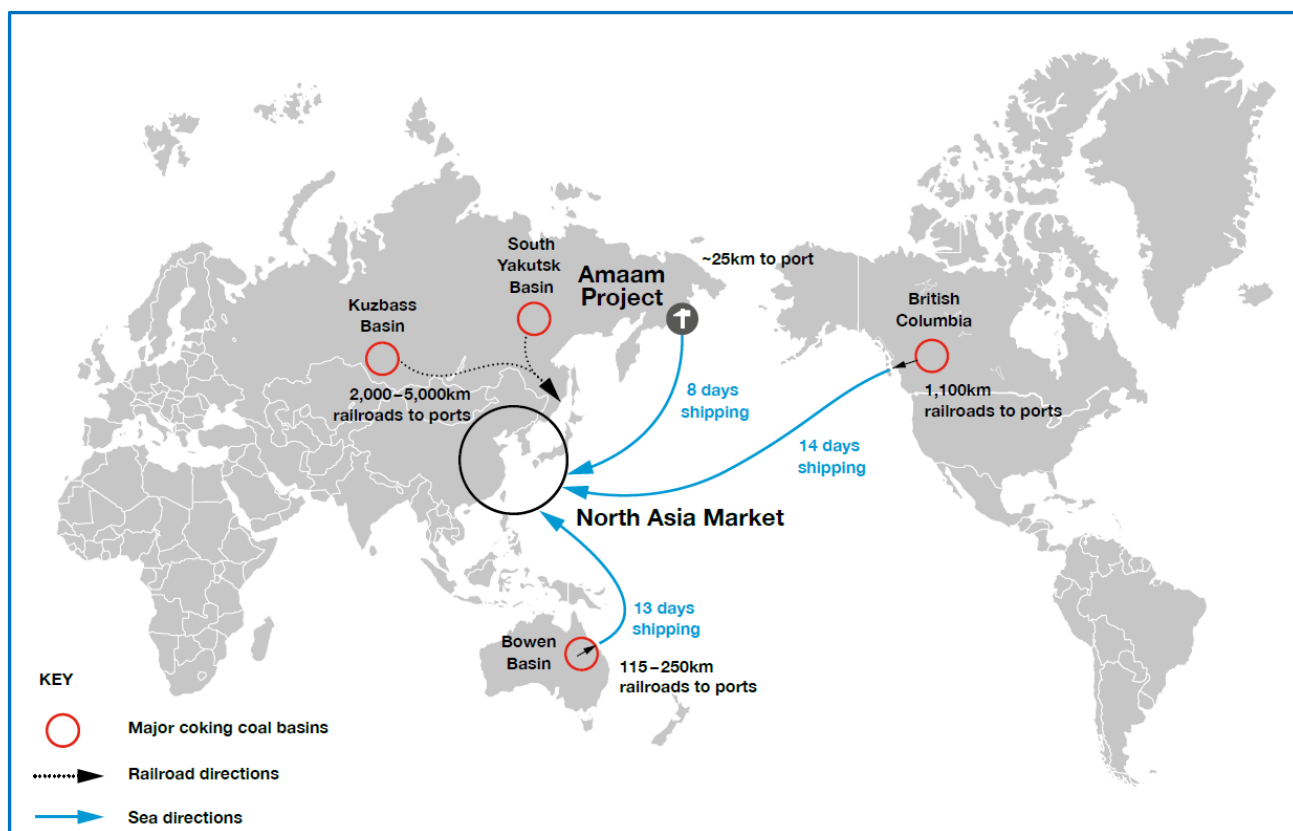


Figure B

Amaam Project - Location Map