

Company Announcements  
ASX Limited  
By Electronic Lodgement

31 October 2016

## QUARTERLY UPDATE

### Highlights

- **Successful operational transition following Realm's acquisition of 70% of Foxleigh coal mine on 29 August 2016**
- **Foxleigh produced 260kt of saleable production and shipped 293kt since acquisition**
- **December Quarter Benchmark low-volatile PCI coal price set at US\$133/t (vs. US\$75/t last quarter)**
- **Geological assessments and studies underway to define JORC 2012 reserve and resource estimates for Foxleigh**
- **Detailed review of Foxleigh operations underway**

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

### Foxleigh Mine - Operations Update and Coal Price

Realm Resources Limited (ASX: RRP) ("**Realm**" or the "**Company**") is pleased to announce that its subsidiary, Middlemount South Pty Ltd ("**Middlemount**"), has successfully taken over operatorship of the Foxleigh mine ("**Foxleigh**") (RRP 70%).

The management team has settled in and is focussing on ensuring an efficient and effective operational transition. Importantly, the focus on occupational health and safety (OH&S) and environmental, social and governance issues(ESG) continues with no incidents to report since acquiring the mine. Key operating results for the period 29th August to 30th September 2016 are shown in Table 1.

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

Thousands of tonnes	Sept 2016
ROM coal produced	283
ROM strip ratio (bcm waste / ROM t)	11.0:1
Saleable coal produced	260
Total coal sales	293
Product coal stockpiles	225

The team is also conducting a detailed review of the Foxleigh operations. As part of the review, Middlemount is undertaking the necessary geological assessments and studies required in accordance with the JORC 2012 code to verify the estimates provided by Anglo and is confident that reserve and resource estimates will be completed by the end of Q4 2016. When completed, the Company will advise the likely effect of the acquisition on the financial position of the Company, and any potential modifications to the operating plan.

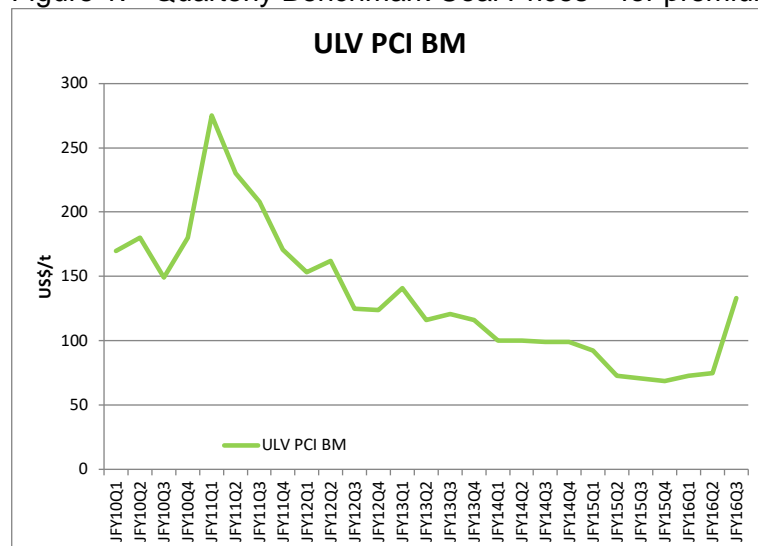
### Coal Price and Market Update

The quarterly benchmark price for low-volatile PCI coal (“LV PCI”) for the period October to December 2016 (i.e. JFY Q3) has increased by 77% to US\$133/t (vs. US\$75/t for the previous quarter) (Source IHS) (Figure 1).

The rise in the LV PCI quarterly benchmark price follows a dramatic recovery in the spot market price for premium hard coking coal, which has risen to around US\$256/t Australia, and LV PCI to US\$149/t (Platts 28/10/16). There are a number of factors behind the recent price rise including the Chinese government’s efforts to constrain coal production, the most notable of which is the reduction of working days allowed. At the same time, disruptions at a number of operations in Australia have further constrained the supply side.

Foxleigh’s premium high quality LV PCI coal is sold to longstanding customers in key export markets including South Korea, Japan, and Taiwan.

Figure 1: - Quarterly Benchmark Coal Prices – for premium LV PCI Coals (Japanese FY)



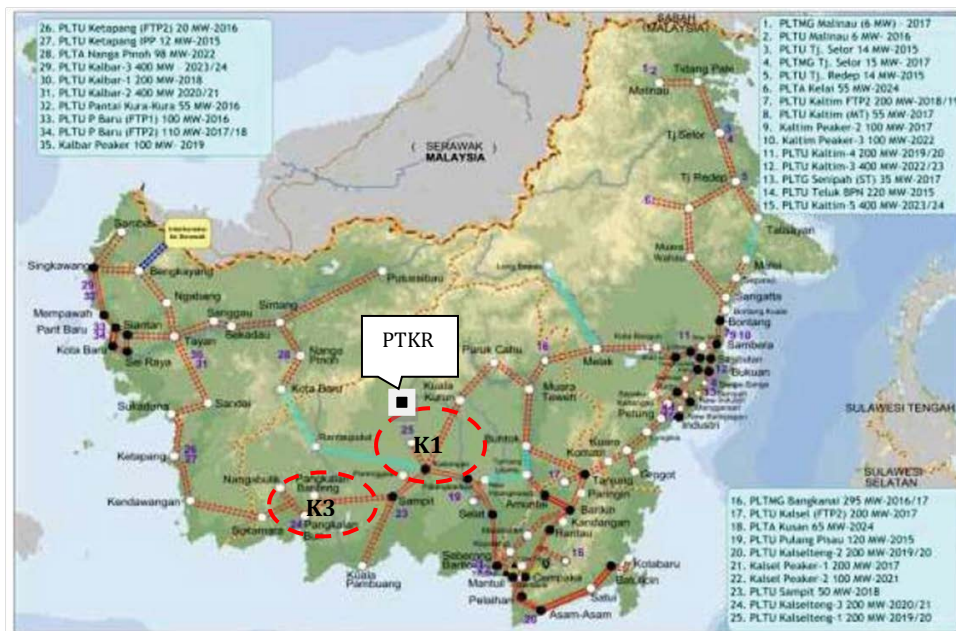
Note: Japanese financial year starts 1<sup>st</sup> April

### Katingan Ria Coal Project

The Company continues to engage with PLN (Indonesian State owned Electricity Corporation) and other potential partners/buyers in order to progress its power station strategy. The Katingan Ria thermal coal project (Realm 51%) is ideally suited to supply proposed power stations in the region – i.e. Kalselteng No.1 (2x100MW) Kalselteng No.3 (2x100MW). These developments have unfortunately been delayed (Figure 1).

More recently, the thermal coal price for expected Katingan Ria coal (i.e. 4,200 kcal/kg GAR) has risen to US\$36.75/t at the end of the Quarter and US\$45.00/t at the time of writing (vs US\$28.80/t last quarter). This together with the downward revision of the forecast production costs for the project has encouraged management to reassess the viability of an export driven operation in addition to its power station strategy.

Figure 1: - PT Katingan Ria project Location and Central Kalimantan Power Station Plan



Source: PLN RUPTL 2015-2024. Note: PTKR = PT Katingan Ria coal project; K1 = Kalselteng 1 200Mw power station proposal; K3 = Kalselteng 3 200Mw power station proposal

## South African Projects

## Aluminium Waste Toll Treating Business

## Health and Safety

There were no disabling injuries during the quarter. The focus on safety training and monitoring continues. The disabling injury frequency rate (DIFR) for the September quarter 2016 was 0.0% (0.0% in the prior quarter).

### Smelting and recovery performance comparison

Alumicor	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	% change Q1 2016
<b>Tonnes smelted</b>	<b>4,537</b>	<b>4,835</b>	<b>4,984</b>	<b>4,364</b>	<b>5,412</b>	<b>4,868</b>	<b>4,473</b>	<b>5,083</b>	<b>14%</b>
<b>Average recovery</b>	<b>67%</b>	<b>64%</b>	<b>61%</b>	<b>53%</b>	<b>56%</b>	<b>57%</b>	<b>57%</b>	<b>60%</b>	<b>5%</b>

Alumicor continues to operate profitably and deliver cash flow with management's attention focussed on running the business safely and efficiently.

In addition, the Company is pleased to announce that constructive discussions with Hualamin are continuing with the aim of securing a mutually beneficial long term processing agreement in the near term. The Company continues to engage with Hualamin and other parties and will make further announcements when additional information becomes available.

### Platinum Group Metals

Chrometco (JSE:CMO), in which Realm owns 45m shares, and the Sail Group of Companies "Sail" have entered into conditional agreements that will result in Sail acquiring just less than 90% of Chrometco. In return, Chrometco will receive: cash, a controlling stake in two fully financed chrome projects and a stake in Sail Minerals. By joining the respective strengths of Sail and Chrometco as well as the potential of two exceptionally good chrome projects, the new entity will be well placed to become a significant player in the chrome market (Refer <http://www.chrometco.co.za/>).

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

Platinum prices remain subdued with recent trading between US\$1,100/oz and US\$900/oz. At the time of writing the platinum price was US\$979/oz or 11% lower than the same time last quarter.

### Business Development

On the business development front, numerous coal opportunities continue to be reviewed, with the focus directed at projects or mines with near term cash generation capacity, largely in first world jurisdictions.

### Financial results

Referring to the attached 5B schedule, net operating cash inflows were AUD\$1,488,000 for the quarter (outflow of AUD\$959,000 in the prior quarter).

Group cash position as at 30 September 2016 was AUD\$29,671,000.



## 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 Mr Richard Rossiter (Executive Director) by email at [richard.rossiter@realmresources.com.au](mailto:richard.rossiter@realmresources.com.au).

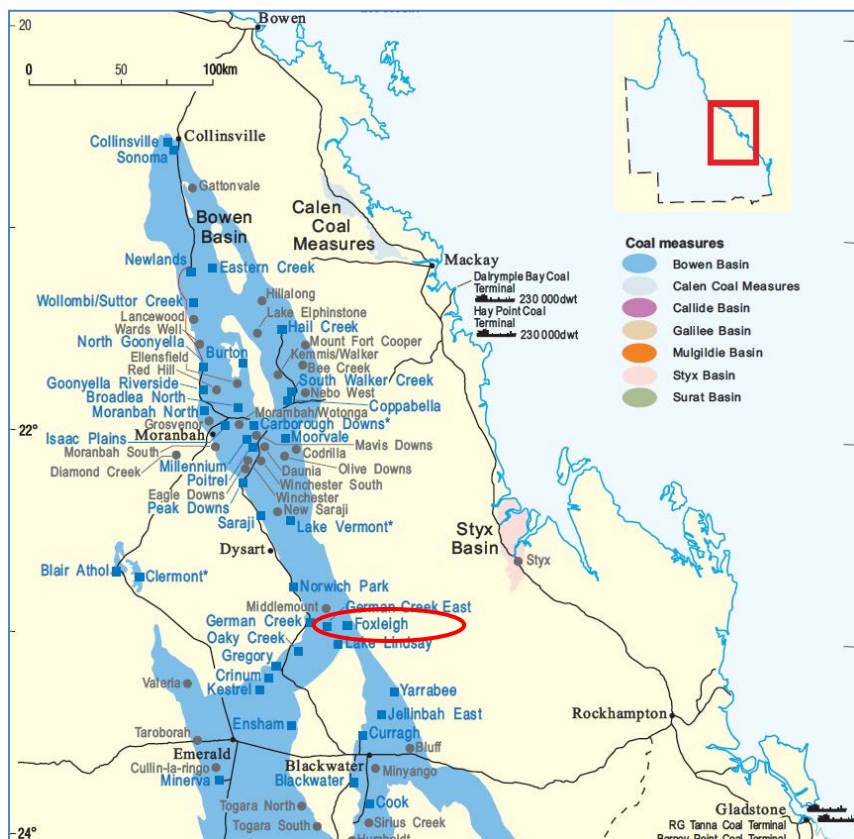
## Appendix 1: - Foxleigh Mine

Foxleigh Mine is located in Queensland's Bowen Basin coalfield, 12km south of Middlesbrough and 272km northwest of Rockhampton (see Figure 1). 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 2015 (100% basis) was ~2.6 million tonnes.

Mining is undertaken using the truck and shovel 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 ("DBCT") at the Port of Hay Point near Mackay, Queensland.

**Figure 1: Foxleigh Location and Infrastructure Map**



Source: Queensland Government – Department of Mines and Energy

**Appendix 2: - Interests in mining tenements**

<b>PROJECT/LOCATION</b>	<b>TENEMENT</b>	<b>INTEREST AT THE BEGINNING OF THE QUARTER</b>	<b>INTEREST AT THE END OF THE QUARTER</b>
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	0%	70%
Central Queensland Australia	ML 70309	0%	70%
Central Queensland Australia	ML 70310	0%	70%
Central Queensland Australia	ML 70429	0%	70%
Central Queensland Australia	ML 70430	0%	70%
Central Queensland Australia	ML 70431	0%	70%
Central Queensland Australia	ML 70470	0%	70%
Central Queensland Australia	EPC 855	0%	70%
Central Queensland Australia	EPC 1139	0%	70%
Central Queensland Australia	EPC 1068	0%	100%
Central Queensland Australia	EPC 1669	0%	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

## 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 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9.months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	22,590	24,674
1.2 Payments for		
(a) exploration & evaluation		
(b) development		
(c) production	(9,124)	(10,265)
(d) staff costs	(195)	(490)
(e) administration and corporate costs	(4,316)	(5,420)
1.3 Dividends received (see note 3)		
1.4 Interest received	14	14
1.5 Interest and other costs of finance paid	(5,907)	(5,907)
1.6 Income taxes paid	(143)	(432)
1.7 Research and development refunds		
1.8 Other (Insurance premium)	(1,431)	(1,431)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>1,488</b>	<b>743</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(23)	(82)
(b) tenements (see item 10)		
(c) investments	(43,478)	(43,478)
(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		
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (cash acquired on operating asset purchase)	24,909	24,909
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(18,592)</b>	<b>(18,651)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares		
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	49,477	50,477
3.6	Repayment of borrowings	(1,000)	(1,000)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (Fuel and water deposits)	(1,997)	(1,997)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>46,480</b>	<b>47,480</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	484	333
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,488	743
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(18,592)	(18,651)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	46,480	47,480
4.5	Effect of movement in exchange rates on cash held	(189)	(234)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>29,671</b>	<b>29,671</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	29,036	170
5.2 Call deposits	190	60
5.3 Bank overdrafts	-	-
5.4 Other (Bank deposits offshore)	445	
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>29,671</b>	<b>484</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
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

<b>Current quarter \$A'000</b>
35,000
-

**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

<b>Current quarter \$A'000</b>
-
-

## Mining exploration entity and oil and gas exploration entity quarterly report

8.	<b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1	Loan facilities	76,198	52,660
8.2	Credit standby arrangements		
8.3	Other (Performance Guarantee Facility)	102,825	84,534
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.		

A\$50m Unsecured Loan, granted by Taurus Resources Fund No.2 bearing interest at 10% p.a.  
US\$78.5m Secured Performance Guarantee Facility and US\$20m Secured Working Capital Facility, granted by Taurus Mining Finance Fund bearing interest at 9% p.a.

There is no intention to set up additional facilities after quarter end.

9.	<b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1	Exploration and evaluation	(652)
9.2	Development	(1,438)
9.3	Production	(23,172)
9.4	Staff costs	(597)
9.5	Administration and corporate costs	(7,345)
9.6	Other (provide details if material)	
9.7	<b>Total estimated cash outflows</b>	<b>(33,204)</b>

10.	<b>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				
10.2	Interests in mining tenements and petroleum tenements acquired or increased	ML 70171 ML 70309 ML 70310 ML 70429 ML 70430 ML 70431 ML 70470 EPC 855 EPC 1139  EPC 1068 EPC 1669	Joint Venture level – All located in Central QLD          100% owned by Middle Mount South – Both located in Central Queensland	0% 0% 0% 0% 0% 0% 0% 0% 0% 0%  0% 0%	70% 70% 70% 70% 70% 70% 70% 70% 70% 70%  100% 100%

**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:

(Director/Company secretary)

Date: 31 October 2016

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.