



Company Announcements
ASX Limited
By Electronic Lodgement

29 January 2018

QUARTERLY UPDATE

Highlights

- Appointment of new Managing Director, Mr Michael Rosengren, effective 8 January 2018
- Foxleigh Mine produced 815kt of saleable production, and shipped 715kt in the December quarter and 2,767kt in CY 2017 (100% basis).
- Cash generated in the quarter was A\$19.1 million and cash on hand at 31 December 2017 was A\$65.3 million (attributable to RRP).
- December Quarter 2017 Benchmark low-volatile PCI coal price was set at US\$135.00/t (vs. US\$127.50/t in the September quarter).
- Updated JORC Resource delivered for Foxleigh Plains with an additional Marketable Reserve of 10mt.
- Amendment of Performance Guarantee and Working Capital Facility, with termination extended to 31 January 2019, and an additional US\$20 million portion of the facility now available for use as working capital.

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

Foxleigh Mine

Safety and Environment

- There were no lost time injuries (LTI) during the quarter. Foxleigh ended the year having experienced two LTIs and had CY17 LTI Frequency rate of 2.12.
- For CY17 the Total Recordable Injury Frequency Rate (TRIFR) was 7.42.
- Foxleigh is one of only two mines in Queensland to have been recognised as a strong promoter of workplace health. During the quarter a Smoke Free program and a fitness program commenced.
- SHMS – an external audit was completed during the quarter along with an audit of the operator’s SHMS effectiveness
- Rehabilitation works continued in the December quarter. Rehabilitation works in 2017 included profiling, topsoil placement and spine drain installation, along with seeding. A total of A\$6.9m (100% basis) was spent on rehabilitation at Foxleigh during 2017, resulting in 325 Ha completed.

Foxleigh Mine Production and Sales Statistics (100% basis)

Key operating results for the December quarter 2017 are shown in Table 1.

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

	SepQ17	DecQ17	% Change	CY 2017
ROM coal produced (kt)	956	1,153	21%	4,027
ROM strip ratio (bcm waste / ROM t)	11.3:1	12.4:1	10%	11.4:1
CHPP Feed (kt)	1,154	1,114	-4%	4,021
CHPP Yield (%)	73%	73%	0%	74%
Saleable coal produced (kt)	848	815	-4%	2,963
Total coal sales (kt)	564	715	27%	2,767
ROM coal stockpile (Quarter end, kt)	17	58		58
Product coal stockpile (Quarter end, kt)	439	492		492

Production

Work commenced on the re-opening of One Tree West pit during the quarter, resulting in the higher strip ratio seen during the quarter. The One Tree West pit de-risks the operation by providing a second source of coal and a greater ability to blend mined coal.

Wet season preparations commenced during the quarter with a focus on haul road shaping and gravel placement. In combination with a year end product stockpile of 492kt, the operation appears well placed to manage the wet season.

Rainfall during the year was 544mm versus five-year average annual rainfall of 599mm. However, most months were significantly drier than average. Only March and October received more rain than the relevant five-year monthly average. March (which saw the arrival of cyclone Debbie) received 315mm of rain while October received 106.6mm, representing 78% of the year's rainfall. Some 58% of the year's total rainfall was received in March.

The largest rainfall event during the quarter was 14.8mm received in mid-October. Total rainfall for the quarter was 181mm.

Equipment upgrade

One Liebherr 9400 excavator was successfully commissioned in October and the larger Liebherr 996B excavator was commissioned in mid-December, ahead of expectations. A third new excavator (a Liebherr 9400) is expected to be commissioned in the current quarter. Operators have been receiving initial training in the use of the new excavators during the quarter.

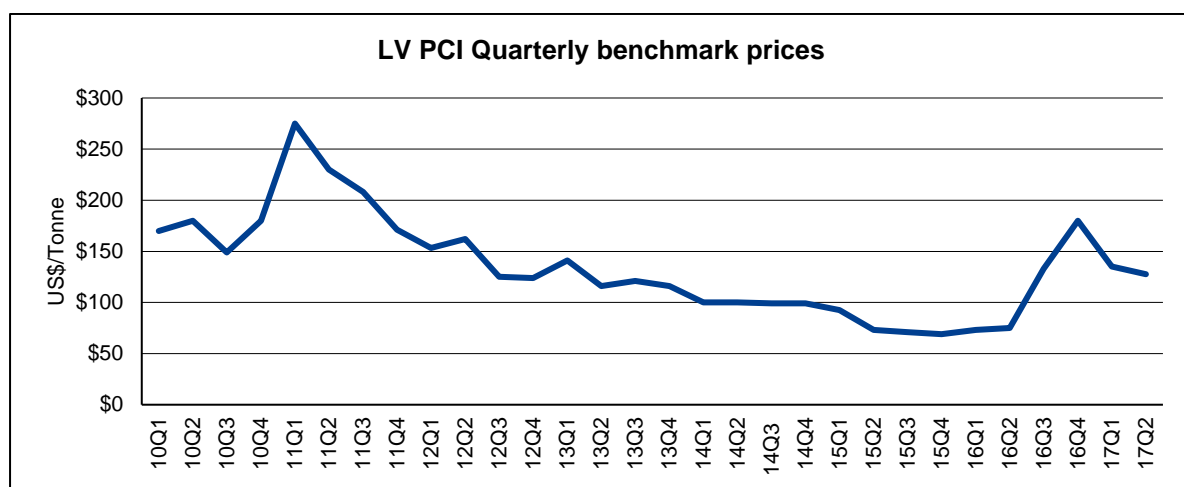
Sales

Whilst a marked improvement on the previous quarter, congestion at Dalrymple Bay Coal Terminal hampered sales for the quarter. The port undertook planned maintenance on Berth 2 during the quarter. This Berth was closed for most of November and its first cargo was not loaded until 10th December rather than 5th December as planned. Over allocation during October exacerbated the problem, with the port targeting to operate at an annualised rate above its normal rate of operations, as the industry continued its attempts to recoup shipments lost to Tropical Cyclone Debbie earlier in 2017.

Coal Market Update

The quarterly benchmark price for low-volatile PCI coal (“LV PCI”) for the period October to December 2017 (i.e. JFY Q3) was agreed at US\$135.00/t versus US\$127.50/t in the September quarter, an increase of 6% that saw pricing return to the levels of the June quarter.

Foxleigh’s premium high-quality LV PCI coal is sold to longstanding customers in key export markets including South Korea, Japan and Taiwan and the majority of sales are at the LV PCI Quarterly benchmark price.



Note: - Dates as per Japanese Financial Year (JFY) starting 1 April

Exploration and Development

Updated geological assessments and studies at the Foxleigh Plains Project were completed during the quarter, incorporating 80 additional drill holes into a new estimate of Coal Resources and Reserves, independently completed by Measured Group Pty Ltd (see ASX release of 22 December 2017).

The Foxleigh Plains Project is a subset of the operating Foxleigh Coal Mine (Realm 70%). Coal Resources for the Foxleigh Plains Project were estimated at 63Mt (28.5Mt Measured, 24.5Mt Indicated and 10Mt Inferred), and Reserves at 51.2Mt (33.5Mt Proven and 17.7Mt Probable) as at 30 September 2017 and reported in accordance with the JORC Code 2012.

Marketable Reserves for the Foxleigh Plains Project increased by 10Mt of Low Volatile PCI product to 34.3Mt (22.6Mt Proven and 11.7Mt Probable) compared to the prior assessment (24.4Mt) on 31 October 2016.

This estimate of Coal Resources and Reserves is an update to the Foxleigh Plains Project component of the broader Foxleigh Coal Mine JORC Statement as disclosed in the ASX Announcement ‘Initial JORC Statement of Coal Resources and Reserves’ dated 20 December 2016 and updated in the Independent Geologist’s Report which was incorporated into Realm’s Notice of Extraordinary General Meeting dated 14 June 2017.

The company is working on a site wide 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.

At the time of writing the expected price in the export market for Katingan Ria coal is US\$48.85/t. In the case of a mine mouth power station, the expected price is governed by legislation and is set at a level based on agreed costs plus a 15% to 25% margin.

South African Projects

Aluminium Waste Toll Treating Business

Health and Safety

There were no disabling injury during the quarter. The focus on safety training and monitoring continues. The disabling injury frequency rate (DIFR) for the December quarter 2017 was 1.2% (1.2% in the prior quarter).

Smelting and recovery performance comparison

Alumicor	Q2 2016	Q3 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	% change Q3 2017
Tonnes smelted	4,473	5,083	5,083	4,391	5,182	4,005	4,197	4,500	7%
Average recovery	57%	60%	60%	59%	59%	61%	60%	62%	3%

Alumicor continues to operate profitably and deliver positive cash flow.

Platinum Group Metals

Realm owns 45 million shares in 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.

Business Development

Opportunities continue to be reviewed, with the focus directed at metallurgical coal projects or mines with near term cash generation capacity, largely in first world jurisdictions.

Corporate

During the quarter Mr Michael Rosengren was appointed as Managing Director, with a start date of 8 January 2018. After quarter's end Mr Rosengren commenced in the role, as anticipated. We would like to thank Mr Peter Briggs for his contribution as interim CEO following the departure of Mr Glen Lewis on health grounds in August 2017.

Update on Re-instatement to Official Quotation

Matters remaining before relisting (as previously advised) are:

- a) Finalising a prospectus to allow a capital raise (which will result in the issuance of sufficient new shares to satisfy the 20% free float condition prescribed by the ASX to re-comply with Chapters 1 and 2 of the Listing Rules) to proceed;
- b) Determining the most appropriate arrangements for the capital raise (structure and price), and
- c) Undertaking the capital raise successfully.

Preparation of the prospectus is proceeding with updating of financial and reserves information. The resignation of former Managing Director (MD), Mr Glen Lewis, was relevant to part (c) of the above matters, as Directors believed that marketing of the Company would not be successful until investors knew who would be leading the Company. With the commencement of Michael Rosengren as the new Managing Director this issue has now been resolved.

As a consequence of the above issues and to allow the finalisation of a prospectus that incorporates the audited 2017 financial results, the reinstatement to official quotation cannot occur before the second quarter of CY2018.

Amendment of Performance Guarantee and Working Capital Facility

During the quarter, the terms of the Secured Loan Facility of US\$98.5 million provided by Taurus Mining Finance Fund L.P. and Taurus Mining Finance Annex Fund L.P. to Middlemount South Pty Limited (Realm's 99.9% owned subsidiary) were amended.

In summary, these amendments include:

- Amending the approved purpose of the Performance Guarantee Facility to permit the use of up to US\$20 million for the working capital requirements of the Foxleigh Coal Mine (allowing a total of US\$40 million to be drawn under the Working Capital Facility);
- Extending the "termination date" of the Facility Agreement to 31 January 2019; and
- Permitting Middlemount South Pty Ltd to reborrow any part of the Performance Guarantee Facility or Working Capital Facility that has been repaid or prepaid.

These amendments provide additional flexibility and will better enable efficient management of short and mid-term working capital requirements.

Financial Results

Referring to the attached 5B schedule, net operating cash inflows were A\$19.1 million for the quarter (inflow of A\$23.7 million in the prior quarter).

Realm's cash on hand as at 31 December 2017 was A\$65 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: a.j.hollandtregoning@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 December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	77,076	335,709
1.2 Payments for		
(a) exploration & evaluation	(1,170)	(4,080)
(b) development	-	-
(c) production	(32,810)	(107,020)
(d) staff costs	(7,600)	(30,050)
(e) administration and corporate costs	(8,687)	(60,657)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	68	420
1.5 Interest and other costs of finance paid	(1,764)	(7,550)
1.6 Income taxes paid	-	(4,769)
1.7 Research and development refunds	-	-
1.8 Other – Royalties State Government	(5,239)	(33,036)
Other – Royalties	(740)	(8,682)
1.9 Net cash from / (used in) operating activities	19,134	80,285
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(23,830)	(29,280)
(b) tenements (see item 10)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(c) investments	-	-
	(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	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(23,830)	(29,280)
3.	Cash flows from financing activities		
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	-	-
3.6	Repayment of borrowings	-	(50,733)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	(50,733)
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	69,448	69,160
4.2	Net cash from / (used in) operating activities (item 1.9 above)	19,134	80,285
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(23,830)	(29,280)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(50,733)
4.5	Effect of movement in exchange rates on cash held	513	(4,167)
4.6	Cash and cash equivalents at end of period	65,265	65,265

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	64,059	68,780
5.2	Call deposits	340	190
5.3	Bank overdrafts		
5.4	Other (provide details)	866	478
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	65,265	69,448

6. Payments to directors of the entity and their associates

**Current quarter
\$A'000**

6.1 Aggregate amount of payments to these parties included in item 1.2

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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

**Current quarter
\$A'000**

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
-	-
26,316	-
103,289	64,312

8.1 Loan facilities

8.2 Working capital

8.3 Performance Guarantee Facility

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.

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9. Estimated cash outflows for next quarter

\$A'000

9.1	Exploration and evaluation	(730)
9.2	Development	-
9.3	Production	(34,270)
9.4	Staff costs	(10,930)
9.5	Administration and corporate costs	(4,660)
9.6	Other – Non-current assets and Tenements	(16,380)
9.7	Total estimated cash outflows	(66,970)

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				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

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: 31 January 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.

DECEMBER QUARTERLY UPDATE

Appendix 1: Foxleigh Mine

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

Foxleigh Mine is located in Queensland's Bowen Basin coalfield, 12km south of Middlemount 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 2016 (100% basis) was ~3.1 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.

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.