



Company Announcements
ASX Limited
By Electronic Lodgement

31 January 2017

QUARTERLY UPDATE

Highlights

- **Successful operational transition following Realm's acquisition of 70% of Foxleigh coal mine on 29 August 2016**
- **Foxleigh produced 865kt of saleable production and shipped 689kt in the December quarter**
- **March Quarter 2017 Benchmark low-volatile PCI coal price set at US\$180/t (vs. US\$133/t in December quarter).**
- **Coal Resources and Reserves reported in accordance with the 2012 JORC Code have been estimated for the Foxleigh Mine as at 31 October 2016. All tonnages are PCI quality coal.**
 - **Coal Resources (which includes Reserves) - 82.3Mt (33.3Mt Measured, 29Mt Indicated and 20Mt Inferred)**
 - **Coal Reserves - 52.7Mt (29.2Mt Proved and 23.5Mt Probable)**
 - **Marketable Coal Reserves - 39.2Mt (22.4Mt Proved and 16.8Mt Probable)**
- **Realm's cash on hand as at 31st December 2016 was A\$70 million.**

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

Foxleigh Coal Mine

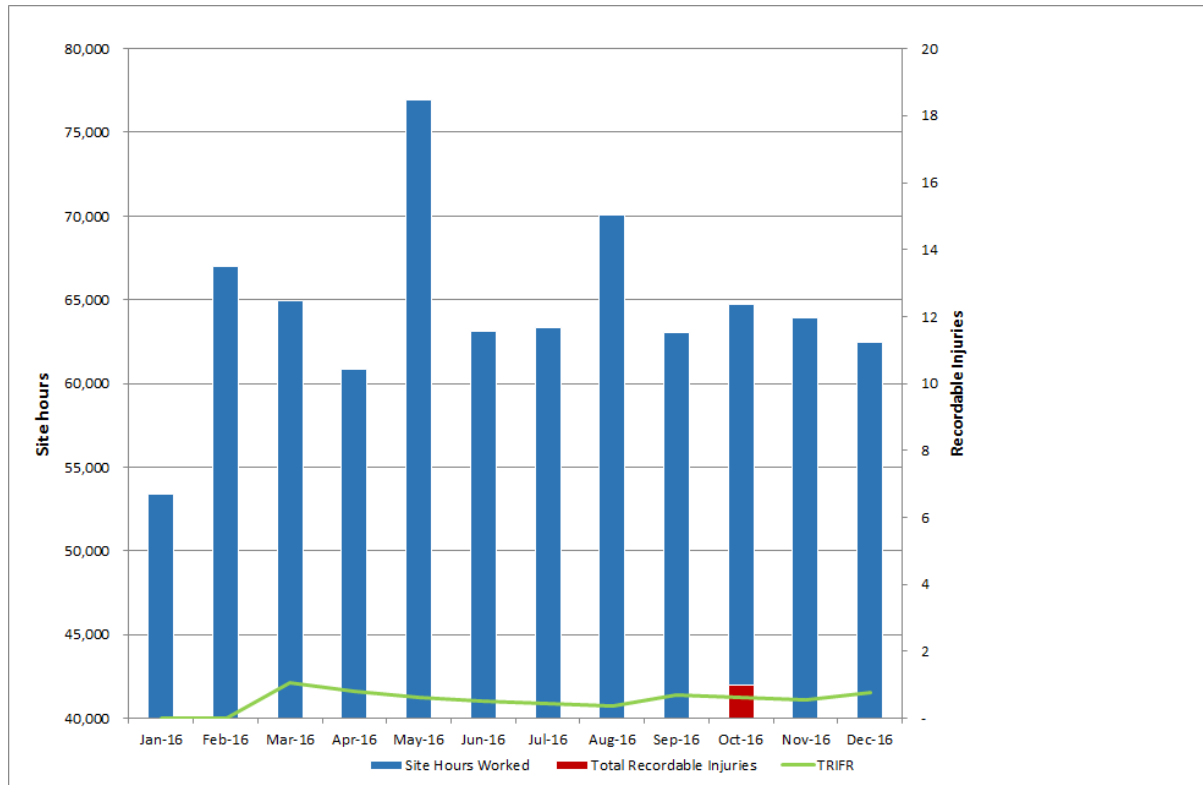
Realm's subsidiary, Middlemount South Pty Ltd ("**Middlemount**"), has successfully taken over operatorship of the Foxleigh mine ("**Foxleigh**") (RRP 70%).

The new management team has settled in and made good progress ensuring an efficient and effective operational transition.

Safety

Importantly, the focus on occupational health and safety (OH&S) and environmental, social and governance issues (ESG) continues. During the December quarter, there was one lost time injury (LTI) and one recordable injury at the Foxleigh Mine, with no others across other projects and Tenements of Middlemount South Pty Ltd (Middlemount or the Company). The Total Recordable Injury Frequency Rate at quarter end is 3.90 per million hours. (Figure 1).

Figure 1: - Foxleigh Safety Performance



Production and Sales

Key operating results for the December quarter 2016 and since acquisition on 29 August 2016 are shown in Table 1.

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

Thousands of tonnes	December Quarter	Since acquisition*
ROM coal produced	1,019	1,302
ROM strip ratio (bcm waste / ROM t)	6.6:1	7.5:1
Saleable coal produced	865	1,125
Total coal sales	689	982

* Note: - Realm acquired its share in Foxleigh Mine on 29 August 2016

Several operational changes were made during the quarter to reduce the operating cost structure. These include the cleaner mining of the coal thus reducing the out of seam dilution and the parking up or sale of excess mining equipment. A modified approach to the campaign washing of the different seams has led to an overall increased yield while still meeting the contract specifications of our customers. The overheads of a leaner company have also seen benefits to the bottom-line.

As part of ongoing operations, the mine needs to undertake civil works to complete a 4.1km creek diversion which includes the realignment of a public road and the construction of 5.6km of flood protection levees. This work was awarded to the AE Group and the expected total cost is \$15.6m and is planned to be completed in the June quarter 2017. This will open the Foxleigh Plains pit for the next 10 years.

Exploration and Development

The Company commenced an initial three stage exploration program on the existing mining leases costing circa \$1.5m. Stages 1 and 2 were completed in early December and consisted of 35 boreholes including:

- 28 chip holes – defining coal structure;
- 6 x 4C cored holes – defining coal quality; and
- 1 x HQ cored hole – defining geotechnical properties.

Quality results are expected to be received during the first quarter.

The third stage commenced in December and is expected to be completed towards the end of the March quarter. This stage includes a further 33 holes as follows:

- 20 chip holes – defining coal structure;
- 12 x 4C cored holes – defining coal quality; and
- 1 x HQ cored hole – defining geotechnical properties.

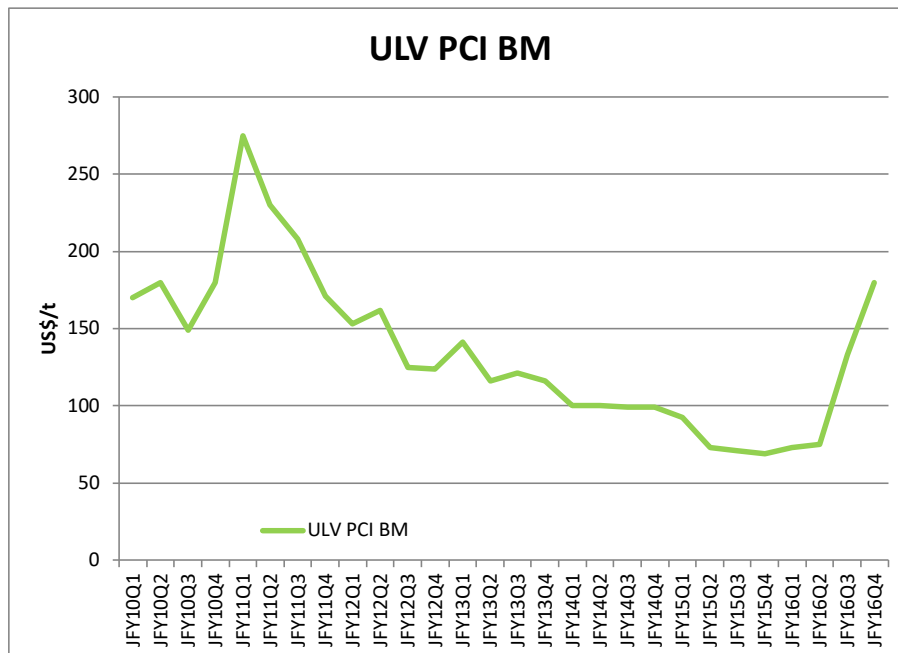
The results will be used to update the existing JORC resources and reserve statement. In addition, the Company has also commenced a review of existing drilling information on its 100% owned EPC's 855 and 1669 adjacent to the Foxleigh mine.

Coal Market Update

The quarterly benchmark price for low-volatile PCI coal ("LV PCI") for the period January to March 2017 (i.e. JFY Q4) has increased by 35% to US\$180/t (vs. US\$133/t for the December quarter) (Source IHS 16/12/16) (Figure 2).

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 benchmark price.

Figure 2: - Quarterly Benchmark Coal Prices – for premium LV PCI Coals (Japanese FY)



Note: Japanese financial year starts 1st April

JORC Statement of Coal Resources and Reserves

The Company has undertaken the necessary geological assessments and studies required to estimate the coal resources and reserves for the Foxleigh Coal Mine. Coal resources and reserves reported in accordance with the 2012 JORC Code have been estimated for the Foxleigh Mine as at 31 October 2016. All tonnages are PCI quality coal and are quoted on a 100% basis.

Total Coal Resources (inclusive of Coal Reserves) for the Foxleigh Mine have been estimated at 82.3Mt (33.3Mt Measured, 29Mt Indicated and 20Mt Inferred).

Total Coal Reserves for the Foxleigh mine have been estimated at 52.7Mt (29.2Mt Proved and 23.5Mt Probable).

Total Marketable Coal Reserves for the Foxleigh mine have been estimated at 39.2Mt (22.4Mt Proved and 16.8Mt Probable). See Tables 2 and 3 and refer to Realms' ASX announcement on 20th December 2016). The information contained in this release provides the Statement of Coal Resources and Coal Reserves for the Foxleigh Mine as of 31 October 2016, as estimated by Encompass Mining Pty Ltd ("**Encompass Mining**") on behalf of Realm. The information is reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources, and Ore Reserves, 2012 ("**JORC Code**") and the Australian Securities Exchange ("**ASX**") Listing Rules.

The following information prescribed by the JORC Code 2012 is included in this announcement and its Appendices:

- detail of the Coal Resources and Coal Reserves for the Foxleigh Mine (see Tables 1-4 in section 2);
- a summary of important assessment and reporting criteria used for the Foxleigh Mine for the reporting of Mineral Resources and Ore Reserves in accordance with the Table 1 checklist in the JORC Code 2012 (Appendix 1, Appendix 2 and Appendix 4); and
- Competent Person's Statement (Appendix 3).

Table 2 - Coal Resources for the Foxleigh Mine

Coal Resources - Foxleigh Project (31st October 2016)								
Mining Location	Ownership	Method	Tenement	Coal Type	2016 Coal Resources			
					Measured (Mt)	Indicated (Mt)	Inferred (Mt)	Total (Mt)
FOXLEIGH PROJECT	100%	OC	Total	PCI Coal (Mt)	33.3	29	20	82.3

Notes:

- Resources are reported in accordance with the JORC Code (2012).
- Measured and Indicated Resources are inclusive of those Resources modified to produce Coal Reserves.
- Resources are reported on a 100 per cent project basis.
- Resources are reported on an in-situ moisture basis (at 4.5% in situ moisture).
- Resource Tonnes are reported as in situ Tonnes determined using above mentioned in situ moisture and Preston Sanders in situ relative density of coal formula.
- Middlemount South Pty Ltd owns 70% of the stated Resources, POSCO Australia Pty Ltd owns 20% and Nippon Steel & Sumitomo Metal Australia Pty Ltd own 10% of the stated Resources.
- Mining Method: OC = Open Cut.
- Coal Type: PCI = Pulverised Coal Injection.
- Inferred Resources are rounded to reflect the relative uncertainty of the estimate.

Table 3 – Coal Reserves for the Foxleigh Mine

Coal Reserves - Foxleigh Project (31st October 2016)										
Mining Location	Ownership	Method	Tenement	Coal Type	2016 Coal Reserve			2016 Marketable Coal Reserve		
					Proved (Mt)	Probable (Mt)	Total (Mt)	Proved (Mt)	Probable (Mt)	Total (Mt)
FOXLEIGH PROJECT	100%	OC	Total	PCI Coal (Mt)	29.2	23.5	52.7	22.4	16.8	39.2

Notes:

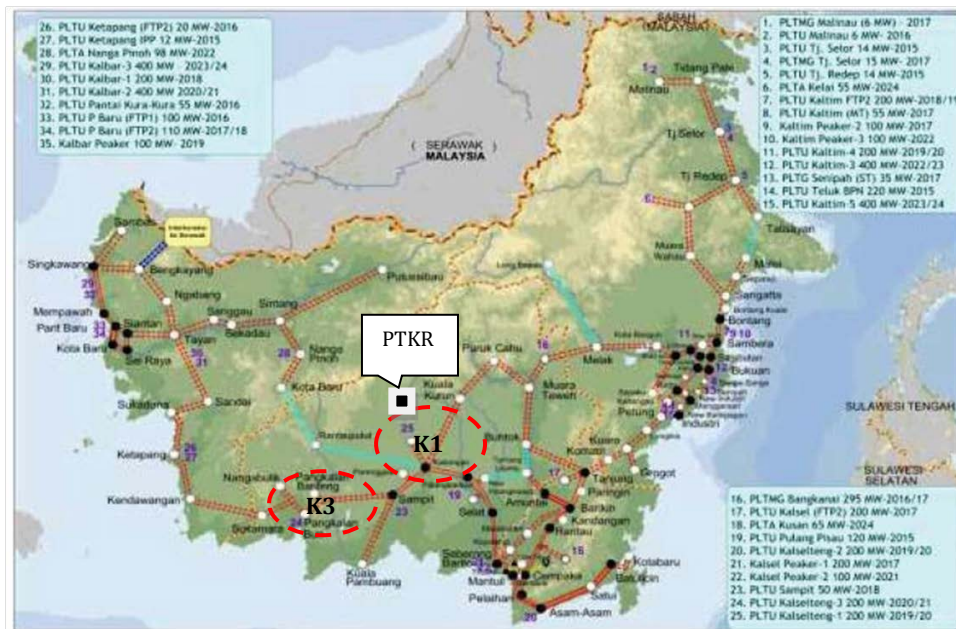
- Reserves are reported in accordance with the JORC Code (2012).
- Ownership: Reserves are reported on a 100 per cent project basis.
- Middlemount owns 70% of the stated Reserves, POSCO Australia Pty Ltd owns 20% and Nippon Steel & Sumitomo Metal Australia Pty Ltd own 10% of the stated Reserves.
- Mining Method: OC = Open Cut.
- Coal Type: PCI = Pulverised Coal Injection.
- Reserves are reported on a ROM moisture basis (at 5.3% moisture).
- Reserves are converted to Marketable Reserves using a wet practical product yield. This allows for the removal of included dilution and addition of moisture (from 5.3% ROM moisture to 10.5% product moisture).
- Marketable Reserves are reported on a product moisture basis (at 10.5% moisture).

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 3).

More recently, the thermal coal price for expected Katingan Ria coal (i.e. 4,200 kcal/kg GAR) increased to US\$52.00/t before declining again to US\$37.20/t at the end of the quarter. At the time of writing the price has risen to US\$42.00/t. 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 3: - 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 December quarter 2016 was 0.0% (0.0% in the prior quarter).

Smelting and recovery performance comparison

Alumicor	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	% change Q3 2016
Tonnes smelted	4,835	4,984	4,364	5,412	4,868	4,473	5,083	4,391	-14%
Average recovery	64%	61%	53%	56%	57%	57%	60%	58.8%	-2%

Production during the quarter was impacted by furnace shutdowns for repair and relining. Alumicor continues to operate profitably and deliver cash flow with management's attention focussed on running the business safely and efficiently.

Hulamin – Termination of Agreement for the Processing of Aluminium Dross

The Company is pleased to announce that constructive discussions with Hulamin are continuing with the aim of securing a mutually beneficial long term processing agreement in the near term. Hulamin has also agreed to extend the termination date to 31st March 2017 (was 31st December 2016) to allow for business stability and an orderly conclusion of new long term arrangements.

The Company continues to engage with Hulamin 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 prices with the quarter ending at US\$908/oz. At the time of writing the platinum price was US\$990/oz or about the same as this 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\$43,872,000 for the quarter (Inflow of AUD\$7,395,000 in the prior quarter).

Realm’s cash on hand as at 31st December 2016 was A\$70 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 Mr Richard Rossiter (Executive Director) by email at richard.rossiter@realmresources.com.au.

Appendix 1: - Foxleigh Mine

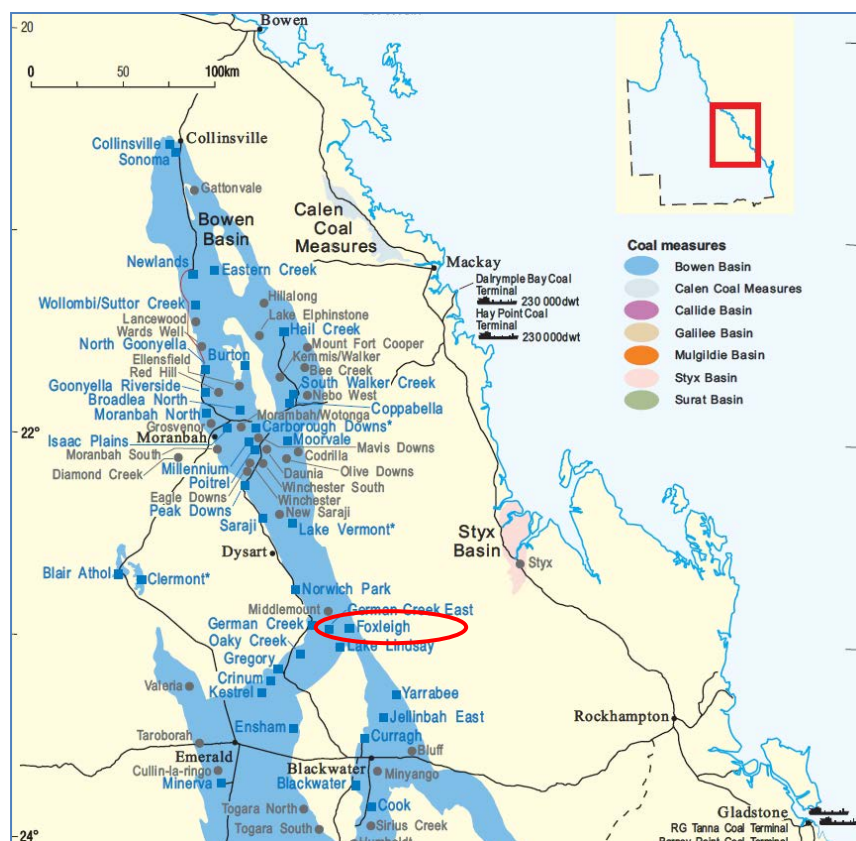
Realm's 99.9% held subsidiary, Middlemount South Pty Ltd ("**Middlemount**") owns 70% of the Foxleigh Mine ("**Foxleigh**").

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.

Figure 1: Foxleigh Location and Infrastructure Map



Source: Queensland Government – Department of Mines and Energy

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	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 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 3 Competent Persons Statement

1. Foxleigh Project Coal Resources

The information contained in this report, which relates to estimates of coal resource, is based on data compiled by Mr Lyndon Pass who holds a Bachelor of Science (Geology Honours), and is a Member of The Australasian Institute of Mining and Metallurgy (AusIMM).

Lyndon Pass is the Principal Geologist of Encompass Mining Pty Ltd. Mr Pass has over 21 years' experience in open cut coal mining in Australia. Mr Pass has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as Competent Person as defined in the JORC Code 2012.

Neither Mr Pass, nor Encompass Mining Pty Ltd has any material interest or entitlement, direct or indirect, in the securities of Middlemount South Pty Ltd or any associated companies.

The estimates of Coal Resources presented in this report have been reported in accordance with the JORC Code 2012. Mr Pass consents to the release of the report, in the form and context in which it appears.

2. Foxleigh Project Coal Reserves

The information contained in this report, which relates to estimates of coal reserves has been prepared by experienced mining engineers under the direction of Mr Troy Ince.

Troy Ince is a Principal Mining Engineer of Encompass Mining Pty Ltd. Mr Ince holds a Bachelor of Engineering (Mining Honours) from the University of Queensland. He has over 18 years of experience in the open cut coal mining industry. Mr Ince is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and is a Registered Professional Engineer of Queensland (RPEQ).

Mr Ince has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as Competent Person as defined in the JORC Code 2012.

The estimates of Coal Reserves presented in this report have been reported in accordance with the JORC Code 2012. Mr Ince consents to the release of the report, in the form and context in which it appears.

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 2016

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		98,464	123,138
1.2 Payments for			
(a) exploration & evaluation		(420)	(420)
(b) development		-	-
(c) production		(41,304)	(51,569)
(d) staff costs		(7,976)	(8,466)
(e) administration and corporate costs		(510)	(5,930)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		37	51
1.5 Interest and other costs of finance paid		(4,287)	(10,194)
1.6 Income taxes paid		(132)	(564)
1.7 Research and development refunds		-	-
1.8 Other (provide details if material)		-	(1,431)
1.9 Net cash from / (used in) operating activities		43,872	44,615

2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) property, plant and equipment		-	(82)
(b) tenements (see item 10)		-	-
(c) investments		-	(43,478)
(d) other non-current assets		-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12.months) \$A'000
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)	543	25,452
2.6	Net cash from / (used in) investing activities	543	(18,108)

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	-	50,477
3.6	Repayment of borrowings	-	(1,000)
3.7	Transaction costs related to loans and borrowings	(5,020)	(5,020)
3.8	Dividends paid	-	-
3.9	Other – fuel and water deposits	(870)	(2,867)
3.10	Net cash from / (used in) financing activities	(5,890)	41,590

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	29,671	333
4.2	Net cash from / (used in) operating activities (item 1.9 above)	43,872	44,615
4.3	Net cash from / (used in) investing activities (item 2.6 above)	543	(18,108)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(5,890)	41,590
4.5	Effect of movement in exchange rates on cash held	1,728	1,494
4.6	Cash and cash equivalents at end of period	69,924	69,924

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	69,192	29,036
5.2	Call deposits	190	190
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	542	445
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	69,924	29,671

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
51
-

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
-
-

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	77,752	44,000
8.2 Credit standby arrangements	-	-
8.3 Performance Guarantee Facility	137,000	87,500
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	(1,100)
9.2 Development	-
9.3 Production	(32,786)
9.4 Staff costs	(4,271)
9.5 Administration and corporate costs	(663)
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	(38,820)

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:

(Director/Company secretary)

Date: 31 January 2017

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.