

Dear Shareholder,

As your new Managing Director, I have spent much of the past two months since I started visiting our operation and engaging with the company's joint venture partners, shareholders, customers and other stakeholders to gain an understanding of Realm's issues and opportunities.

I am most impressed by what I have learned and believe Realm has a very solid platform and a bright future, underpinned by our flagship Foxleigh metallurgical coal mine, acquired in August 2016.

Since Foxleigh's acquisition, our team has made impressive progress through establishing systems and processes to transition operations from the previous owner; reviewing and evolving mine plans; converting additional resources to JORC standard; and progressing a productive working philosophy.

The 2017 calendar year had many highlights including:

- Successful operations with no serious injuries, although we cannot be complacent;
- Saleable production of 2.963Mt, with 2.767Mt shipped despite Cyclone Debbie and end of year port congestion, with healthy year end product coal stockpiles of 492kt (all figures 100% basis);
- Net cash flow from operations of \$80.3 million which allowed:
  - repayment of a significant tranche of Realm's debt associated with the Foxleigh acquisition;
  - capital investment at Foxleigh in new excavators and a major levee to support continued operations; and
- Cash-on-hand at Realm level at 31 December 2017 of \$65.3 million.

Our team has done a great job in transitioning the business to where it is today. Building on this base, since joining Realm, I have:

- Conducted an organisational review that has resulted in flattening the organisational structure and increasing accountability;
- Initiated reviews of operating practices and arrangements to identify opportunities; and
- Decided to close the Sydney office and consolidate off-site personnel in Brisbane.

These decisions are never easy, as they impact people's livelihoods. However, they signal a re-focus on building a team that lives the values we espouse and provides strong support and leadership.

My confidence in Realm's future is high and is supported by:

- Strong relationships with our Foxleigh joint venture partners – POSCO Australia Pty Ltd and Nippon Steel and Sumitomo Metal Pty Ltd, which together own 30%; and
- A diversified group of quality, long-term customers in key export markets.

In relation to the takeover bid on foot, a subcommittee of independent non-executive directors has been formed. I am not part of this subcommittee. At the appropriate time, and after consideration of all relevant matters, I will make a recommendation to shareholders in relation to acceptance or otherwise of the bid.

I look forward to updating shareholders on further progress at the Annual General Meeting later in the year.

Yours sincerely,



**Michael Rosengren**  
Managing Director  
9 March 2018