



September 2019 Quarterly Production and Activities Report

ASX RELEASE
10 October 2019



September 2019 Quarter Operational Activity

		Quarter Ended Sept-19	Year to date Sept-19	Annual Guidance	Prior Annual Guidance
ROM coal mined	k tonnes ("kt")	242	462	650 to 700	650 to 700
Coal delivered to Beringovsky Port	kt	223	432		
Coal loaded ¹	kt	408	494		
Coal sold	kt	400	445	550 to 580	650 to 700
Total coal stocks	kt	235	235		
Waste mined	bcm	1 116	2315		
ROM strip ratio ²	bcm : t	4.6:1	5.0:1		

1. Coal loaded less coal sold = third party coal loaded

2. bcm waste: tonne ROM coal

Highlights

- **Safety** – 2 lost time injuries ("LTI") recorded during the quarter. Cumulative Total Reportable Injury Frequency Rate ("TRIFR") slightly increased to 3.59 per million hours.
- **Mine Production** – 242 kt of coal mined and 223 kt delivered to port during the September quarter, in line with the company's budgeted volumes. The ratio of metallurgical coal to thermal coal was well below forecast due to discrepancies between the geological model and actual conditions experienced. Overall ash content was also higher due to greater than expected faulting experienced in 2019 mining areas.
- **Current market prices** – prices have fallen significantly during the shipping season, which together with increased freight rates resulting from market uncertainties have led to FOB net back returns which do not support mining at the higher strip ratios required to meet the planned coal quality ratios and production target of 750kt.
- **Sales and Revenue** – TIG loaded 248 kt of thermal and 160 kt of coking coal and 240 kt of thermal and 160 kt of coking coal were sold during the quarter under review. TIG's 2019 planned revenues have been negatively affected by deteriorating market and price conditions together with lower than planned shipment volumes. This situation has been compounded by lower than initially planned shipments of semi-soft coal product as well as adverse weather conditions experienced in the port during August and the first half of September which impacted our offshore coal loading performance.

Revenue through 3Q19 was US\$23.6 mln (A\$33.7 mln).

TIG's preliminary estimate of FOB cash cost per tonne sold during 3Q 2019 is US\$47 per tonne.

2019 production, sales, and revenue annual guidance

- Production guidance for 2019 coal mining volume remains unchanged at between 650 and 700kt.
 - Sales guidance for the year is 550 to 580kt
 - Revenue guidance for 2019 is approximately US\$30 mln. Final year end revenues will depend on the results of the cargoes shipped during the remainder of the shipping season.
- **Port operations** – TIG enhanced transshipment operations with the addition of four 500t barges, focused on increasing port throughput capacity and TIG's daily loading rate to 10kt per weather working day.
 - **Compliance and licencing** – the Company is in compliance with all material license obligations. It is also seeking an extension of the Amaam license № AND 01277 TP that requires renewal by December 1, 2019.
 - **Community relations** – numerous official meetings and negotiations with local government representatives regarding development of TIG's projects have taken place. TIG Directors visited the mine site in July and met with community representatives and local stakeholders.

Health and Safety

TIG's cumulative TRIFR slightly increased to 3.59 per million hours worked from 3.02 in June 2019 quarter as a result of two lost-time injuries (LTI). The company continues to improve and support its workplace safety culture with training, communication and has integrated success in this area into the management team's compensation structure.

Mining and Haulage Operations

		July	August	September	Total
ROM coal mined & delivered to Beringovsky Port	kt	75	87	80	242
Waste mined	k bcm	361	367	388	1 116
Stripping ratio (SR)	bcm : t	4.8 to 1	4.2 to 1	4.9 to 1	4.6 to 1
Coal at Port in stockpiles	kt	232	163	138	

During the September quarter, 242kt of ROM coal was mined and transported to the port stockpiles, representing an increase of 99kt over the 143kt mined in the June quarter. This increase was primarily attributable to the new mining equipment commissioned at site in July. Additionally, the stripping ratio has decreased from 4.9 to 4.6 as TIG continued to focus on optimizing production to the prevailing market conditions. While overall volumes mined and transported to port have met targets, the coal quality, both in terms of the metallurgical to thermal ratio and the ash content, was materially lower than anticipated in the 2019 production plan. In addition, TIG experienced a higher incidence of in-pit faulting than had been predicted in the geological model. The Company continues to adjust and refine its mine plan through incremental drilling and the incorporation of actual mining conditions encountered. This improved mine plan will facilitate better allocation of mining equipment and resources.

Beringovsky Port Operations

		July	August	September	Total
Coal loaded	kt	163	151	95	408
TIG coal shipped	kt	163	153	84	400
Barge loading capacity	# of barges*	9	11	11	

*7 barges of 100t capacity and 2-4 barges of 500t capacity

All fit out and certification processes required to allow the four newly acquired 500t barges to begin operations in Beringovsky were completed. Despite this increased loading capacity adverse weather conditions negatively impacted loading operations in both August and September. Port activities in the quarter were challenged by underperformance with regards to necessary dredging and shore loading operations as well as sub-optimal stevedoring activities. Increased throughput capacity in the port together with a focus on operating efficiencies is expected to improve port operations considerably in the 2020 shipping season.

Annual sales and revenue guidance update

Sales guidance was updated to 550-580kt due to the conditions as described above.

Cumulative revenue at the end of 3Q 2019 was US\$ 23.6 mln (A\$ 33.7 mln) with total annual revenue expectation of US\$ 30 mln. The combined effect of external factors such as the international coal and freight markets, and internal factors such as lower volumes, poorer quality and port underperformance, have led to revenue for the quarter being US\$ 6.3 million lower than anticipated.

Capital expenditure

During the quarter TIG concentrated capital spend on sustaining current operating capacity. Ongoing investment was made in site infrastructure, road construction, project design works for the coal handling and processing plant, along with additional project works on the pit to port road and the port facilities in preparation for upgrades and enhancements.

Capital spend has been reduced to ensure only necessary expenditures undertaken.

Coal Sales and Marketing

As of the date of this report TIG has shipped 10 export vessels accounting for 477kt of coal and 4 vessels for Chukotka local boilers (21kt in total) resulting in total shipped tonnage of 498kt. TIG is planning to load another 50kt - 80kt by the end of the shipping season depending on weather conditions in October and November.

Coal Outlook

The coal market weakened during the second half of 2019 as general economic conditions worsened driven by weaker global growth and escalating trade tensions between China and the USA. Chinese domestic production growth, coupled with the resumption of import quotas designed to maintain imports at 2017 levels, reduced demand for seaborne exports from Far East Russia, Indonesia and Australia. In the Atlantic region, plentiful supplies of low-price LNG affected coal demand in Europe.

FOB Australian hard coking coal spot prices have dropped from over \$200/mt earlier in the year to around \$120/mt at present. FOB Australian semisoft coking coal prices have fallen from over \$120/mt in Q2 2019 to \$77/mt.

The price of thermal coal has continued to fall throughout the year, continuing a downward trajectory since August 2018, driven in the Asian region primarily by increased domestic Chinese supply and the imposition of Chinese import restrictions on coal.

There remains relatively strong demand for TIG metallurgical coal - both its standard 9.5% ash and higher ash products. The 9.5% ash SSCC is being primarily sold into Japan, while the higher ash SSCC is seeing demand from China and Korea.

In terms of thermal coal, production this year has been mostly of higher ash material with CV below 5500 kcal/kg NAR. This coal has been sold into China where there has been demand for Russian high ash thermal coal in preference to Australian equivalent coals.

TIG has been impacted by higher freight rates over the reporting period. These freight rates have been driven by the resumption of Brazilian iron ore exports, a strong demand for geared Handy and Panamax size vessels for cargoes sold into Vietnam (which has doubled coal imports this year) and the need for shipowners to position their vessels at repair ports to refit and prepare for new IMO low sulphur fuel regulations. Higher freight rates negatively impact TIG's coal price at the port of Beringovsky as TIG typically competes on pricing on a delivered to customer's port basis.

Corporate

On 30 August TIG released its Appendix 4D and Interim Financial Report. Subsequently the convergence of a number of then highlighted potential risks - including coal mix, continued adverse weather and continued fall of international coal prices - crystalized in September. TIG's Board and management team have actively engaged in optimizing operations in light of the difficult market environment and operational performance to date in order to address the need for sufficient continued funding for ongoing operations and TIG's further development.

Stakeholder relations

TIG has continued to work with all local stakeholders to ensure that our operations provide a basis for ongoing sustainable development. In the environment space, TIG continues to work with both the local indigenous community, as well as regulators in accordance with TIG's policies and procedures to ensure that our mining, haulage, storage and loading activities are undertaken in a manner which leaves a minimal impact on the environment in which we operate. This includes the performance of ongoing base studies for future monitoring and comparison, the implementation of waste management processes to ensure the by-product of the production process is appropriately stored, recycled or managed as the case requires.

Exploration and Licencing Activities

The Company is in compliance with material license obligations and is seeking to extend the Amaam license No AND 01277 TP which requires renewal by December 1, 2019.

TIG will conduct further geological exploration activities on the Zvonkoye license area adjacent to Project F through the 2019-2020 winter season.

Cash balances, Company liabilities and measures being taken

At the end of the quarter, TIG had a bank balance of US\$3.4 mln in cash. The Company's working capital loan liability as at the end of the quarter was US\$10.4 mln to be paid during Q4 2019. In addition, as of today shareholder loans and equipment leasing obligations amounts to US\$19.2 mln.

TIG's Board of Directors and senior management continue to address the impact of the current circumstances through implementation of cost reduction measures and the optimization of operations. In parallel, the Board of Directors and senior management have made progress in developing financing alternatives to ensure that the Company secures the necessary resources to meet the Company's obligations and ensure uninterrupted operations.

TIG will continue to update the market on the progress of the measures above.

Capital Structure (as at 30 September 2019)

Ordinary shares on issue: 1,791,669,870

Options on issue: 28,346,000

ABOUT TIGERS REALM COAL (ASX CODE: TIG)

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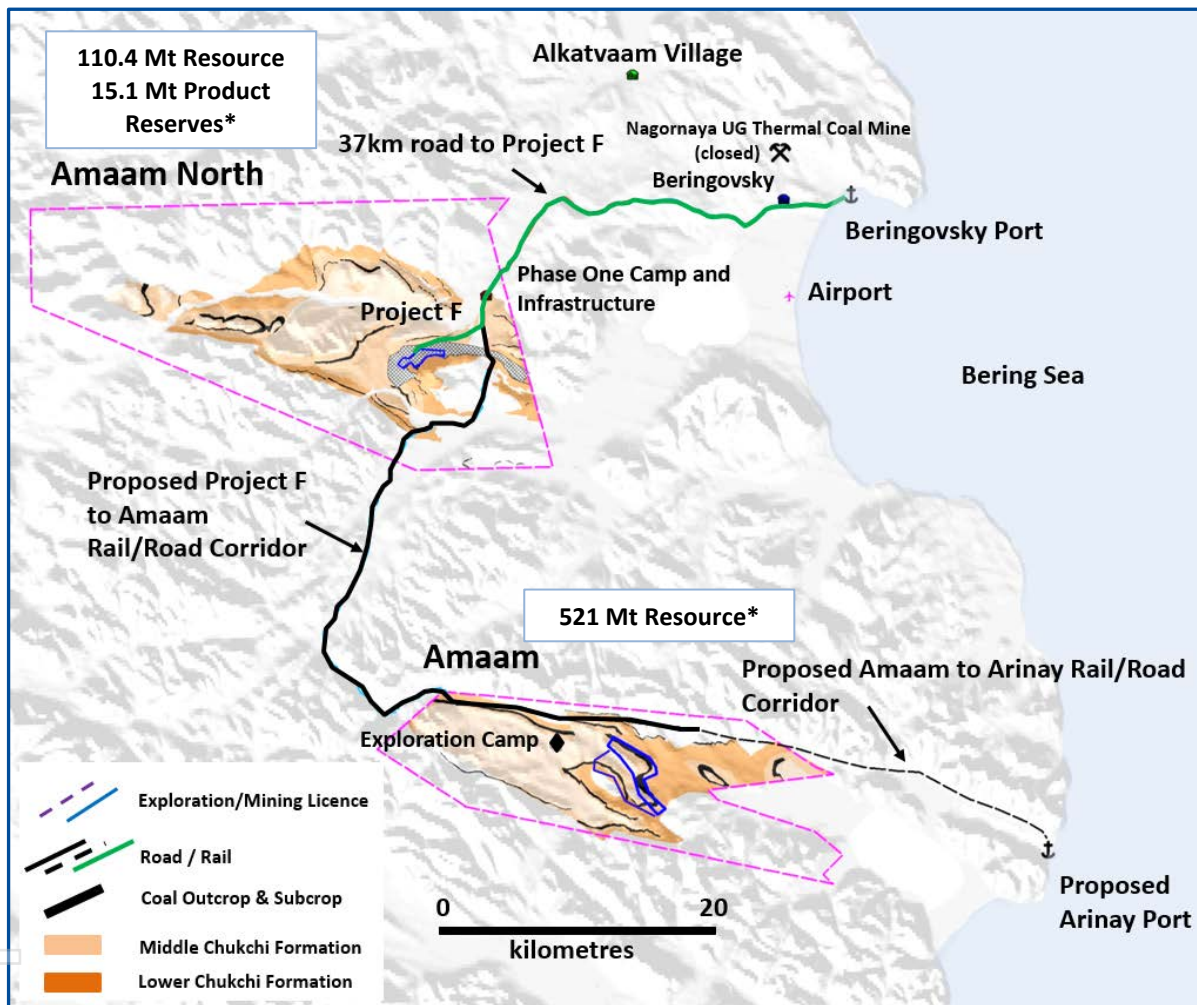
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PROJECT SUMMARY

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

At Amaam North, TIG owns a 100% beneficial interest in Exploration Licence No. AND01203 TP (Levoberezhniy Licence), the Exploration and Extraction (Mining) Licence, No. AND 15813 TE, which covers the initial Project F mine development area and the Exploration and Extraction (Mining) Licence No. AND 01314 TE, which covers the Zvonkoye licence area, the eastern extension of the Project F licence 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.



*Total estimated project as of September 2019

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.

At Project F and Amaam North

- Project F Phase One is in production
- Resources and Resources as at June 30th, 2019 of:
 - 15.1 Mt of remaining Product Reserves, 5.3 Mt Proven & 9.8 Mt Probable;
 - 110.4Mt total Resource, 21.9 Mt Measured, 55.6 Mt Indicated & 32.9Mt Inferred.
- TIG owns and operates the Beringovsky coal port terminal

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

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