TIGERS REALM COAL

December 2018 Quarterly Production and Activities Report

ASX RELEASE
31 January 2019

December 2018 Quarter Operational Activity

		Quarter Ended Dec-18	Year to date Dec-18	Prior Guidance Dec Quarter	Prior Guidance Dec YTD
ROM coal mined	k tonnes ("kt")	142.9	576	120 to 140	555 to 575
Coal delivered to Port	kt	94.8	527.9		
Coal loaded	kt	61.7	393.3		
Coal sold	kt	86.3	393.3		400 to 430
Product Coal at port stockpile	bcm : t	200			
RoM coal stocks	kt	67.1			
Total coal stocks	**kt**	**267.1**			
Waste mined	k bcm	463.4	1900.3		
ROM strip ratio1	bcm : t	3.2 to 1	3.3 to 1		

1. bcm waste: tonne ROM coal

Highlights

- **Safety** – No lost time injuries ("LTI") recorded during December 2018 quarter. Cumulative 2018 TRIFR decreased from 4.5 to 3.7 per million hours.
- **Mine production** – 143kt of coal mined and 95kt delivered to port. Both the December quarter and 2018 annual mining targets were achieved, coal mined during the December quarter exceeding TIG's 120 to 140kt guidance and 2018 annual coal mining volumes of 576kt reached the upper end of the production guidance range of 555 to 575kt.
- **Sales** – 393kt of coal loaded and sold in 2018 which was slightly below the annual guidance update in the September Quarterly Production and Activities Report of between 400 and 430kt. This was primarily due to adverse port weather conditions towards the end of the shipping season.
- **Unaudited operating cashflow** – TIG generated A$8.0* million in unaudited net annual operating cashflow.
- **Coal on stockpile** – 267kt of coal on stockpiles at the end of 2018, of which 200kt was product coal at port and 67kt of ROM (uncrushed) coal on the interim stockpile.
- **Working capital financing** – A one year working capital credit line of RUB 900 million signed in December and partially drawn down as of 31 December 2018.
- **Compliance and licencing** – Amaam North exploration licence extended to December 2025.

*Rounded to nearest hundred thousand dollars

Health and Safety

There were no LTIs during the December quarter, as a result of which TIG's cumulative Total Reportable Injury Frequency Rate ("TRIFR") decreased to 3.7 per million hours worked from 4.3 in the September 2018 quarter. There were no significant safety incidents during the second half of 2018.

During the December quarter:

- Operational guidelines for our mine rescue team were developed and implemented;
- Based on the lessons learned from 2018, the effective organisation at site was restructured to facilitate clearer lines of control, authority and responsibility in order to increase the emphasis on a safety culture in the workplace ; and
- The 2019 workplace health and safety plan was designed and re-approved.

Staff safety and well-being is an integral component of sustainable development and is actively promoted within the Company. Efforts continue to improve staff accommodation, shift scheduling and physical working conditions with a strong focus on the safe use of machinery and equipment.

Amaam North Mining and Haulage Operations

		October	November	December	Total
ROM coal mined	kt	37.8	44.1	61	142.9
ROM coal hauled to port	kt	37.8	12	45	94.8
ROM coal hauled to interim stockpile	kt	-	32.1	16	48.1
Waste mined	k bcm	132.4	171	160	463.4
Stripping ratio	bcm:t	3.5 to 1	3.9 to 1	2.6 to 1	3.2 to 1
Coal loaded	kt	49.3	12.4	-	61.7
Coal at Port in stockpiles	kt	155.4	155	200	
Coal at interim stockpile	kt	19	51.1	67.1	
Total coal on stockpile	**kt**	**174.4**	**206.1**	**267.1**	
Haulage trucks in commission (1)	Units	17	17	17	
Haulage trucks in operation (1)	Units	10	12	11	

(1) Average

During the quarter, 143kt of ROM coal was mined, 95kt transported to the port stockpiles and the balance of 48kt ROM coal stored at the interim stockpile. (Higher-ash oxidised/thermal coal is stored at the interim stockpile. It may be blended into other coal or sold as-is.) Coal mined for the year was 576kt, 1kt in excess of the upper end of the 2018 guidance range. In 2018, 313kt of coking and 263kt of thermal coal was mined, a 130% increase on the total of 249kt mined in 2017.

Mining and haulage operations were impacted in the start of the quarter and end-of-season maintenance in November was affected due to a delay in receiving spare parts and tyres as a result of port weather conditions during October and November. Once these issues were addressed, the mine production and road haulage rates picked back up, reaching over 60 thousand tonnes in December.

Amaam North Mining and Haulage Operations (continued)

In November, the focus of mining operations shifted to the eastern flank after mining the central and western pits throughout the course of 2018.

Oxidised (thermal) coals mined in the eastern flank have exhibited high ash content levels and accordingly been stored at the interim stockpile as they will likely be blended with other coal. As of the end of the December quarter, 67kt of coal is stored at the interim stockpile near the pit, 48kt of which was mined during the quarter.

Our stripping ratio for the quarter was 3.2:1 (bcm waste: t coal) compared to 2.8:1 in the September quarter.

The full site cash cost for 2018 is US$34.15/t, as compared to the estimated guidance range of between US$37/t to US$39/t.

Capital investments

Capital investments during the December quarter included:

- Continued construction of two 500 tonne barges;
- A Komatsu mobile coal crusher and a Hyundai excavator were acquired through finance leasing;
- Acquisition of various vehicles for transportation of staff within the port and between the port facilities and the mine pit;
- New grabs for the port; and
- Other road, pit and infrastructure works.

2019 Production Target

TIG is working towards a coal production target for 2019 of 750kt which will reflect an increase above the 576kt produced in 2018. The achievement of this target will be based on the Company securing sufficient financing on acceptable terms to enable this growth. We expect to provide an updated guidance figure by end February.

Beringovsky Port Operations

		October	November	December	Dec Quarter Total
TIG coal loaded	kt	49.3	12.4	-	61.7
TIG coal shipped	kt	44.0	42.3	-	86.3
Beringovsky port loading capacity	# of barges	7	7	-	
Average productivity per barge	t/day	812	770	-	
Average loading days per barge	days	8.2	2.8	-	
Lost barge capacity due to weather	days	22.8	20.2(1)	-	

(1) Based on a 23-day shipping period.

Port activities in October and November continued to be affected by unexpectedly prolonged adverse weather and loading conditions, with a final decision to cease port operations being taken on 23 November. Coal loaded for the quarter was 61.7kt, lower than expected, directly influencing the final volume of coal shipped both for the quarter (86.3kt) and for 2018 (393.3kt).

Throughout the shipping season the expected daily shipping rates were achieved under normal weather operating conditions. However, the highly adverse and very unpredictable weather conditions experienced, particularly in October and November, further highlighted the need for TIG to continue to both enhance port stockpiling arrangements, barge handling and loading processes and to find ways of increasing ship-loading rates in order to compensate for non-weather working conditions at the port.

Measures currently being considered include reviewing the location and number of coal loading points, investment in land-based port loading infrastructure, the construction, delivery and commissioning of two 500t barges to supplement the existing fleet of 100t barges and improving harbour dredging capabilities. Vessel scheduling and management practices are also under review in addition to the split of functions between TIG and the port operator/stevedore.

As of 31 December 2018, 73kt of high-ash semi soft and 127kt of thermal coals are on the port stockpiles with a further 67kt of coal at the interim stockpile.

2018 Sales Volumes

As previously noted, our final sales volume of 393.3kt is slightly below that 2018 guidance which we updated in the September Quarterly Activities and Production Report. This was primarily impacted by unpredictable weather and port conditions in general.

Coal Sales and Marketing

TIG closed its shipping season officially on 23 November. For the year ended 31 December 2018, TIG sold 393.3kt of coal, comprised of 214kt of thermal and 179kt of semi soft coals. This is an increase of 138% on 2017 total sales of 164kt.

The completion of the final three cargoes of the season was impacted by adverse weather conditions at the port, all three cargoes exceeded their laycan times and incurred demurrage. The final two cargoes departed with 39kt of semi soft coal less than nominated and accordingly revenue for these cargoes was below expectations and significant and unexpected demurrage and dead-freight costs were incurred.

TIG has worked closely throughout 2018 with the port operator, shipping companies, agents and end user customers to achieve mutually satisfactory performance levels. Despite sales falling below expectations, the Company views performance for 2018 as being positive on the sales and marketing front, specifically in relation to:

- Expansion of TIG's markets and customer base;
- Satisfactory completion of several new trial cargoes;
- The expansion of TIG's product range to include a commercially viable high ash semi-soft coals;
- Attraction of new and strategically important customers both for semi soft and thermal coals;
- Improvement of coal handling and loading processes at the port;
- Port stockpile expansion; and
- Further experience gained from its second year of operations which will form the basis of expected further investments in resources new capital items as well as the enhancement of operational performance.

TIG is well placed to build further during 2019 on the sales, marketing and logistics relationships established to date.

Coal Outlook

Prices in the metallurgical coal market in Asia remained strong during 2018. Premium low volatile hard coking coal (HCC) prices (FOB Australia) declined from around US$250/t in early January to approximately US$197/t in the July quarter and closed the year at around US$227/t. Supply remained tight after supply disruptions in Queensland and New South Wales, due to continuing restrictions on rail capacity. In the face of sustained demand, the inability of Australian producers to increase production has resulted in the continuation of strong pricing from 2018 into 2019.

Fourth Quarter (Q4) 2018 (October to December) quarterly semisoft coking coal pricing was agreed between Japanese steelmakers and Australian suppliers at US$130/t FOB Australia. Q1 2019 settlements followed at a similar level (US$131/t FOB Australia). The spot semisoft price is currently around US$118/t FOB Australia.

Coal Outlook (continued)

Thermal prices for different grades have continued to diverge this year. The NEWC thermal coal index (for coal with CV of 6000 kcal/kg NAR) is currently around $99/t, while lower CV coal is pricing at significant discounts (5500 kcal/kg NAR currently around $60/t).

Working Capital Financing

In December 2018, TIG's wholly owned subsidiary LLC Beringpromugol ("BPU") repaid RUB 510 million (A$10.7million), which constituted the outstanding balance of the RUB 600million working capital financing obtained in 2017. Furthermore, BPU continued its relationship with Sberbank, Russia's largest commercial bank, and has signed a new working capital facility ("2019 WC Facility") with the following key terms:

- RUB 900 million (A$18.5 million), to be drawn down no later than September 2019;
- Nominal interest rate of between 10.2% and 11.2%;
- Security for the facility comprises the pledge of TIG owned mining fleet and the provision of cross guarantees by TIG's Russian subsidiaries; and
- Repayment schedule from September through December 2019.
- A covenant requiring that three of TIG's major shareholders do not sell down their shareholdings below certain minimum levels during the term of the facility.

The 2019 WC Facility brings with it certain rights and obligations of the parties, including but not limited to the compliance by BPU with certain conditions and covenants which will remain in force throughout the term of the facility.

As of 31 December 2018, RUB 74 million (A$1.516 million) were drawn down, the unused balance of the facility at 31 December 2018 being RUB 826 million (A$16.825 million).

Stakeholder relations

During the December quarter, TIG was actively involved in supporting the local community in Chukotka through financial, administrative and personnel participation in a number of events, ranging from a photo competition for the local Beringovsky School titled "How good is the region in which you live!" to participation in Senior Citizens Agriculture Day and traditional New Year festivities.

In November, as part of the 17th Annual Conference of the Regional Organisation "Association of the Indigenous Chukotkan People", TIG played a leading role in the round table discussion on the "Development of the Far East Trader Zone and the Indigenous People". TIG's Chief Executive Officer, Dmitry Gavrilin and General Manager Operations, Sergey Efanov, represented TIG and spoke about the Company's development plans, ecological & environmental safety, HR policy and other subjects relevant to ongoing sustainable operational development in the region. Upon conclusion of the round table discussion, an agreement was signed supporting the coordinated assistance and support of the Indigenous Chukotkan People.

Corporate

At the end of the December quarter, TIG had A$3.6 million in cash on hand.

TIG has achieved an unaudited cash surplus from operations of A$8.0 million for the year ended 31 December 2018 on A$54 million of receipts from customers.

Exploration and Licencing Activities

During the December quarter, there was no material exploratory drilling activity.

The existing Amaam North exploration licence No AND 01203 was extended until 2025 in the December quarter. During the licence term, TIG has certain annual exploratory drilling obligations, the total for seven years being 14,010m.

Work was undertaken in the December quarter on the development of a geological exploration plan for Zvonkoye Mining and Exploration licence AND 01314 TE. This work and the development of the Mining and Excavation Plan ("TPRM") continues. The Zvonkoye Licence is for a tenure of 20 years, ending in 2038, and provides for an initial period of drilling. On the basis of these results, TIG will develop and have approved a TPRM, outlining the expected mining approach and volumes from the licence area.

During the December quarter, a feasibility study was commenced in respect of Amaam Zapadny licence AND 012785 TE and is expected to be completed in the second half of 2019.

Capital Structure (as at 31 December 2018)

Ordinary shares on issue:	1,791,669,870
Options on issue:	33,669,000

For further information, please contact:

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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 632 Mt.

At Amaam North, TIG owns a 100% beneficial interest in Exploration Licence No. AND 01203 TP (Levoberezhniy Licence), the Exploration and Extraction (Mining) Licence, No. AND 15813 TE, which covers the initial Project F (Fandyushkinsoye Field) 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.

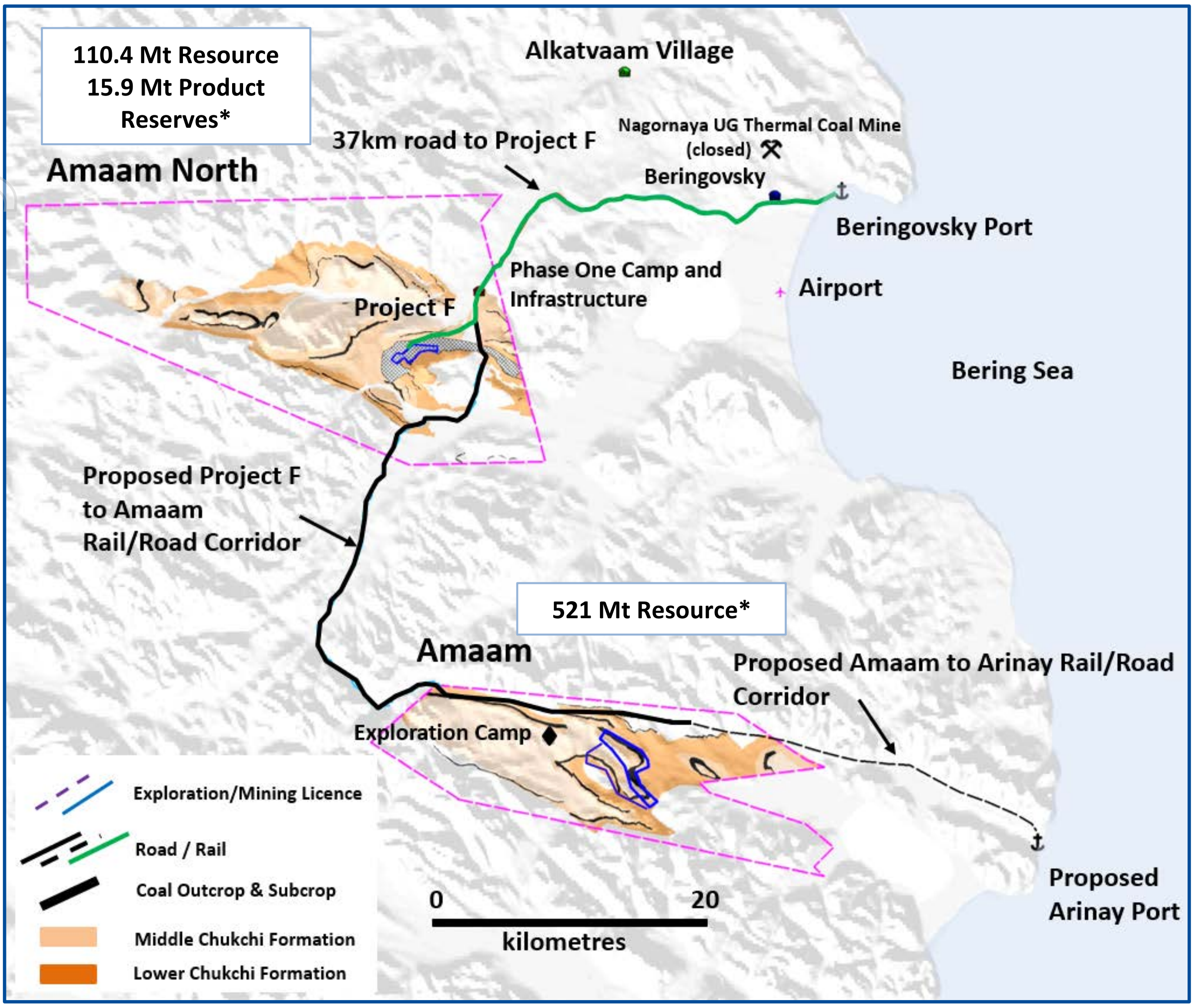

Figure A Amaam and Amaam North Coking Coal Projects *Total estimated project

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.
- Project F 1.0 Mtpa Feasibility Study completed, Resources and Resources as at 31 December 2018 of:
  - 15.2 Mt of remaining Product Reserves, 5.3 Mt Proven & 9.9 Mt Probable;
  - 110.64Mt total Resource, 21.9 Mt Measured, 55.6 Mt Indicated & 32.9Mt Inferred.
- TIG owns and operates the Beringovsky coal port terminal.
- There is exploration potential and production expansion upside.

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

The planned wash plant is 25 km from the planned year-round port site, only 8 days shipping to China, Korea and Japan

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Name of entity

Tigers Realm Coal Limited

ABN	Quarter ended ("current quarter")
50 146 752 561	31 December 2018

	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	26,762	54,396
1.2	Payments for		
	(a) exploration & evaluation	-	(111)
	(b) development	-	-
	(c) production	(4,912)	(21,831)
	(d) staff costs	(658)	(2,393)
	(e) administration and corporate costs	(708)	(2,784)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(392)	(1,376)
1.6	Income taxes paid	(14)	(54)
1.7	Research and development refunds	-	-
1.8	Other (provide details if material)		
	Freight	(6,042)	(8,886)
	Stevedoring and port handling costs	(2,316)	(7,359)
	Dead freight, demurrage and other shipping costs	(1,501)	(1,504)
	Royalties	-	(84)
1.9	**Net cash generated by / (used in) operating activities**	**10,219**	**8,014**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(792)	(4,859)
	(b) tenements (see item 10)	-	-
	(c) investments	(948)	(948)
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	418
	(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 used in investing activities**	**(1,740)**	**(5,389)**

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	1,536	13,421
3.6	Repayment of borrowings	(10,743)	(12,640)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material) Finance lease payments	(839)	(1,919)
3.10	**Net cash (used in) / generated by financing activities**	**(10,046)**	**(1,138)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	4,791	2,067
4.2	Net cash generated by / (used in) operating activities (item 1.9 above)	10,219	8,014
4.3	Net cash used in investing activities (item 2.6 above)	(1,740)	(5,389)
4.4	Net cash (used in) / generated by financing activities (item 3.10 above)	(10,046)	(1,138)
4.5	Effect of movement in exchange rates on cash held	335	5
4.6	**Cash and cash equivalents at end of period**	**3,559**	**3,559**

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	3,559	4,791
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**3,559**	**4,791**

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	-
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

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

N/A

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
8.1	Loan facilities	18,342	1,516
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-

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 RUB 900 million one-year credit line with Sberbank, Russia, was executed in December 2018, subsequent to the settlement of RUB 510 million, being the balance of the RUB 600 million credit line taken out in 2017. The RUB 900 million loan accrues interest at between 10.2 and 11.2% per annum on drawn down, unsettled amounts. In addition to the pledging of mobile fleet owned by the Group, the credit line is secured by cross guarantees provided by the Company's Russian subsidiaries. As of 31 December 2018, RUB 74.393 million (A$1.516 million) of the facility is drawn down.

9.	**Estimated cashflows for next quarter**	**$A'000**
9.1	Exploration and evaluation	(187)
9.2	Development	-
9.3	Production	(5,232)
9.4	Staff costs	(801)
9.5	Administration and corporate costs	(941)
9.6	Other (provide details if material)	
	Receipts from customers	4,000
	Other receipts	20
	Stevedoring and port handling costs	(654)
	Shipping costs	(1,829)
	Proceeds from borrowings	10,957
	Interest payments and finance charges	(335)
	Finance lease payments, excluding finance lease charges	(311)
	Payments for property, plant and equipment	(15)
	Royalty payments	(673)
9.7	**Total estimated cashflows**	**3,999**

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	N/A			
10.2	Interests in mining tenements and petroleum tenements acquired or increased	N/A			

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: .... Date: 31 January 2019
(Director/Company secretary)

Print name: David Forsyth

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.