



## Project F Production

		Quarter Ended	Year to date
		September 2017	(9 months)
ROM coal mined	k tonnes	74.0	189.3
Coal to Port	k tonnes	72.9	171.2
Waste mined	k bcm	193.7	503.4
ROM strip ratio <sup>1</sup>	bcm : t	2.6:1	2.7:1
Thermal coal t <sup>2</sup> shipped <sup>2</sup>	k tonnes	109.0	109.0
Coking coal t <sup>2</sup> shipped <sup>2</sup>	k tonnes	30.9	30.9
<b>Total TIG coal t<sup>2</sup>shipped<sup>2</sup></b>	<b>k tonnes</b>	<b>139.9</b>	<b>139.9</b>

1. bcm waste : tonne ROM coal 2.TIG coal transshipped and sold

At the time of reporting, the company has transshipped and sold 159 kt of Project F coal during the 2017 shipping season. A vessel, containing coking coal, is currently being loaded and on completion we estimate the total coal shipments for the season will be 170 kt.

## Highlights

- Safety performance was fair with one LTI recorded during the quarter.
- The first phase of haulage road construction in 2017 that commenced in May was completed and mining and coal haulage recommenced on 21 July. A second phase of haulage road construction, required before winter haulage operations, commenced late October and will last approximately 6 weeks.
- 74.0 kt of ROM coal was mined from 21 July to 30 September and 72.9 kt was delivered to the Port.
- TIG exported its first coal via Beringovsky Port. During the September quarter, 139.9 kt of TIG coal was transshipped to customer vessels. Port performance met expectation and an additional 24.4 kt of third party coal was also transshipped.
- Equipment procured to expand the operations was delivered to site. At the time of reporting two excavators, one bulldozer, one front-end loader, five coal haulage trucks and auxiliary fleet were delivered and commissioned.

## Health and Safety

In the September quarter, there was one lost time injury (LTI) and one safety related incident. The LTI occurred when an operator injured his knee stepping down from a dozer. The safety incident related to two vehicles interacting at low speed on the coal stockpile with minor damage to one vehicle.

The Total Reportable Injury Frequency Rate (TRIFR) from the commencement of Project F (July 2016) to 30 September 2017 is 5.5 per million hours.

*Please note the TRIFR of 0.03 per million hours reported in the June 2017 Quarterly Report was incorrect. The correct TRIFR was 3.7 per million hours*

## Project F 2017 Construction and Procurement

The first phase of 2017 haulage road construction commenced in May and was completed on 20 July. Road construction during May and June progressed in accordance with plan, and continued into July with additional works that included delivery and placement of:

- Road base over 4 km of road.
- Gravel top surface spreading over 12.5 km of road.

The road performed well for coal trucking from recommencement in July through to the time of reporting. On some sections of the road, the sharp angular nature of some of the locally sourced gravel used for top surfacing caused higher tyre wear and punctures than on the remainder of the road and this impacted coal haulage to Port. Management has developed remedial measures to address this issue and incorporated them into the current construction program.

A second phase of haulage road construction commenced in the second half of October, and is set for an approximate six week period. The works are required prior to the commencement of 2017 winter operations to ensure good trucking conditions during both the winter and the spring thaw. The work will include the installation of remaining road side and under road drainage; straightening, filling and and/or cutting of some sections to improve visibility and gradients; additional topping of some sections of road with gravel; and the installation of road markers and signs ahead of winter.

Works at the pit infrastructure site to increase accommodation capacity and improve work areas and living conditions were completed.

Equipment procured to increase production was delivered to site. At the time of reporting two excavators, one bulldozer, one front-end loader, five coal haulage trucks and auxiliary fleet were delivered, commissioned and put into operation.

## Project F Phase One Production

During the quarter, 74.0 kt of ROM coal was mined at a strip ratio of 2.6:1 (bcm waste : t coal), and 72.9 kt of coal was transported to Beringovsky Port. Coal haulage was down on expectations, the key reasons being a delay of one week to the completion of the road works, and later than anticipated delivery to site of the 5 new Scania trucks due to manufacturing and delivery delays. Additionally there was a reduction in haulage productivity, particularly during September, due to tyre wear and slower travelling speeds on some sections of the road with poorer surface conditions.

Waste mining was in line with expectation, apart from the later than planned start to waste mining due to equipment being deployed to road construction.

TIG maintained its momentum from the commencement of production in December 2016. The operation is still in start-up / ramp-up and two key operational issues are the present focus of management.

These issues are:

1. Coal quality management. During the quarter, TIG improved its understanding of the coal resources in the (more complex) near surface / oxidised zone that are the focus of operations in Phase One. The minimisation of mining dilution and prediction of mined coal qualities, particularly for the unwashed low ash coking coal, requires rigorous control. TIG's coal quality management procedures on start-up were not fully adequate. As a result, some higher than forecast ash material was delivered to the Port, and this product had to be accommodated into the company's shipping plans for the season. The issue has now been addressed and the selective identification and separation of higher ash coal is now occurring.
2. Recruitment of personnel. An ongoing focus for the company is the recruitment of management and operational staff. TIG's Project F is remote and the ability to attract and retain good management and skilled employees at site is an ongoing challenge for the company.

Overall however, progress at site is encouraging and continues at pace. TIG remains focused on moving the project forward to higher production rates and the successful implementation of its development strategy.

Site cash costs<sup>1</sup> year to date (30 September) for 139.9 kt of sales are approximately US\$45/t FOB<sup>2</sup>, and are in line with expectations. Based on the company contract for transshipment and port services with the Seaport of Anadyr, the FOB cost for 2018 sales will decrease by approximately US\$8/t FOB due to the 2017 transshipment cost including on-off expenses for port and barge repairs. Further unit cost reductions should also be achieved with an increase in production rate.

## Coal Marketing and Sales

TIG is pleased to report it has successfully sold its first year's production and met its strategic objectives. TIG's customers for thermal coal this year are located in China, Taiwan and Chukotka, and two trial cargos of coking coal were sold into Japan and China.

TIG's first sales occurred in the September quarter, 109 kt of thermal coal and 31 kt of coking coal was transhipped and sold. Coal sales receipts for some of these coal shipments will occur in the December quarter. The average realised price for the coal transhipped in the September Quarter is US\$ 64.0/t on an FOB basis.

At the time of reporting, a vessel is being loaded and when complete, coal shipments for the season are estimated to be 170 kt. The additional coal sales expected during the December Quarter will comprise 13 kt of thermal and the balance coking coal. These sales will increase the average received price for coal for the 2017 shipping season to approximately US\$ 68.0/t on an FOB basis.

<sup>1</sup> Unaudited management report as at 30 September 2017

<sup>2</sup> FOB – Free on Board

## Coal Outlook

Recently the Q4 2017 semisoft coking coal benchmark price was settled at US\$120/t, and hard coking coal spot prices have been in the range US\$170 to US\$180/t. During 2017, the monthly Newcastle index price (for 6000 kcal/kg NAR thermal coal) has ranged from US\$74/t to US\$100/t with current prices between US\$90 to US\$100/t.

TIG's next coal deliveries will be in June 2018 at the commencement of the 2018 Beringovsky Port shipping season. There is a generally held view among customers and traders that coking coal and thermal coal prices could fall from current levels unless the level of demand presently forecast increases and/or there are interruptions to supply.

## Exploration and Licencing Activities

During the quarter (as reported to the ASX on 29 July), the Russian Subsoil Agency (Rosnedra) granted a second Extraction and Exploration (Mining) Licence at the Amaam Project in the Beringovsky region of Chukotka, Far East Russia. This new Licence is located to the south of its recently launched Project F operations and gives the company long term tenure and mining rights over Area 3 of the Amaam deposit.

No exploration field activities were undertaken on TIG's other exploration and mining licences in the September quarter. Key activities during the quarter included the preparation of reports that will be used for the conversion of parts of the Project F Resource area from an Exploration Licence to an Exploration and Extraction (Mining) Licence.

## Stakeholder Relations

The most significant stakeholder engagement during the quarter occurred with TIG's attendance (the Chairman, CEO, CFO and GR Manager) at the Vladivostok Economic Forum (VEF).

The Chairman presented our projects to the President of the Russian Federation at a meeting attended by representatives from foreign companies. The President was well informed about TIG's Chukotka projects and our Chairman had the opportunity to directly discuss our progress and challenges at Project F, and the company's strategic plan to develop TIG's two coal basins. Additionally during the VEF a number of meetings were held with customers, suppliers and potential stakeholders, and the CEO presented at two sessions on coal and the benefits of operating within Advanced Development Zones (referencing our Beringovsky ADZ.)

In the first week of October in Anadyr, the CFO attended constructive strategic meetings on Project F with the Presidential Envoy for the Development of the Far East of Russia and Deputy Prime Minister, Yuriy Trutnev, the Governor of Chukotka, Roman Kopin, and representatives from the Ministry for Development of the Far East of Russia and the Chukotka Administration. Additionally meetings were held with the representatives of the Indigenous Community Association of Chukotka to discuss Project F's progress to date and plans for future development.

The company continues to work closely with all its stakeholders at the federal, regional and local level to further advance the project in a cooperative and constructive manner.

**Capital Structure (as at 30 September 2017)**

Ordinary shares on issue:	1,791,669,870
Options on issue:	22,363,000
Cash	A\$3.5M

**For further information, please contact:**

Peter Balka	Interim Chief Executive Officer
Denis Kurochkin	Chief Financial Officer
Phone:	+7 495 916 62 56 (Moscow)
David Forsyth	Company Secretary
Phone:	+61 3 8644 1300 (Melbourne)

E-mail: [IR@tigersrealmcoal.com](mailto:IR@tigersrealmcoal.com)

For personal use only

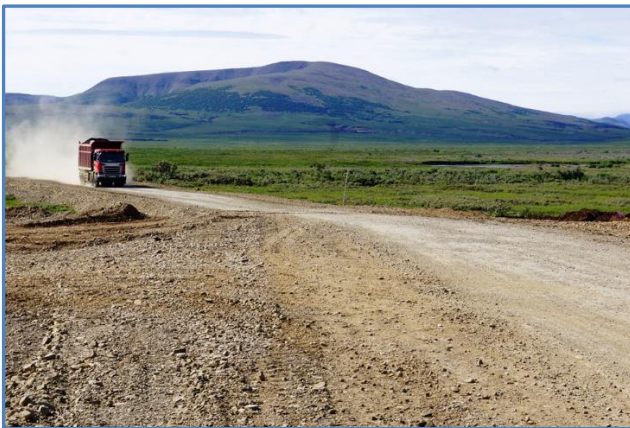
Recent Site Photos



Waste trucking



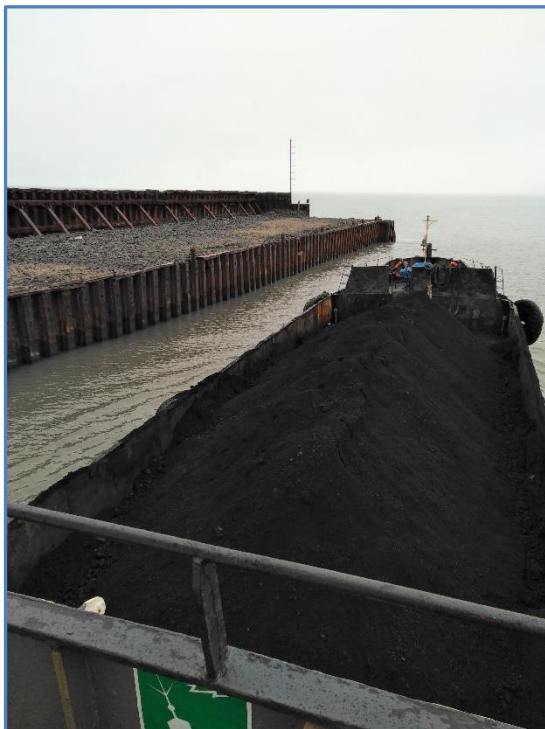
In-pit coal mining



Coal haulage



Coal crushing at the port stockpiles



Loaded barge leaving port



Ship loading

For personal use only

**ABOUT TIGERS REALM COAL (ASX CODE: TIG)**

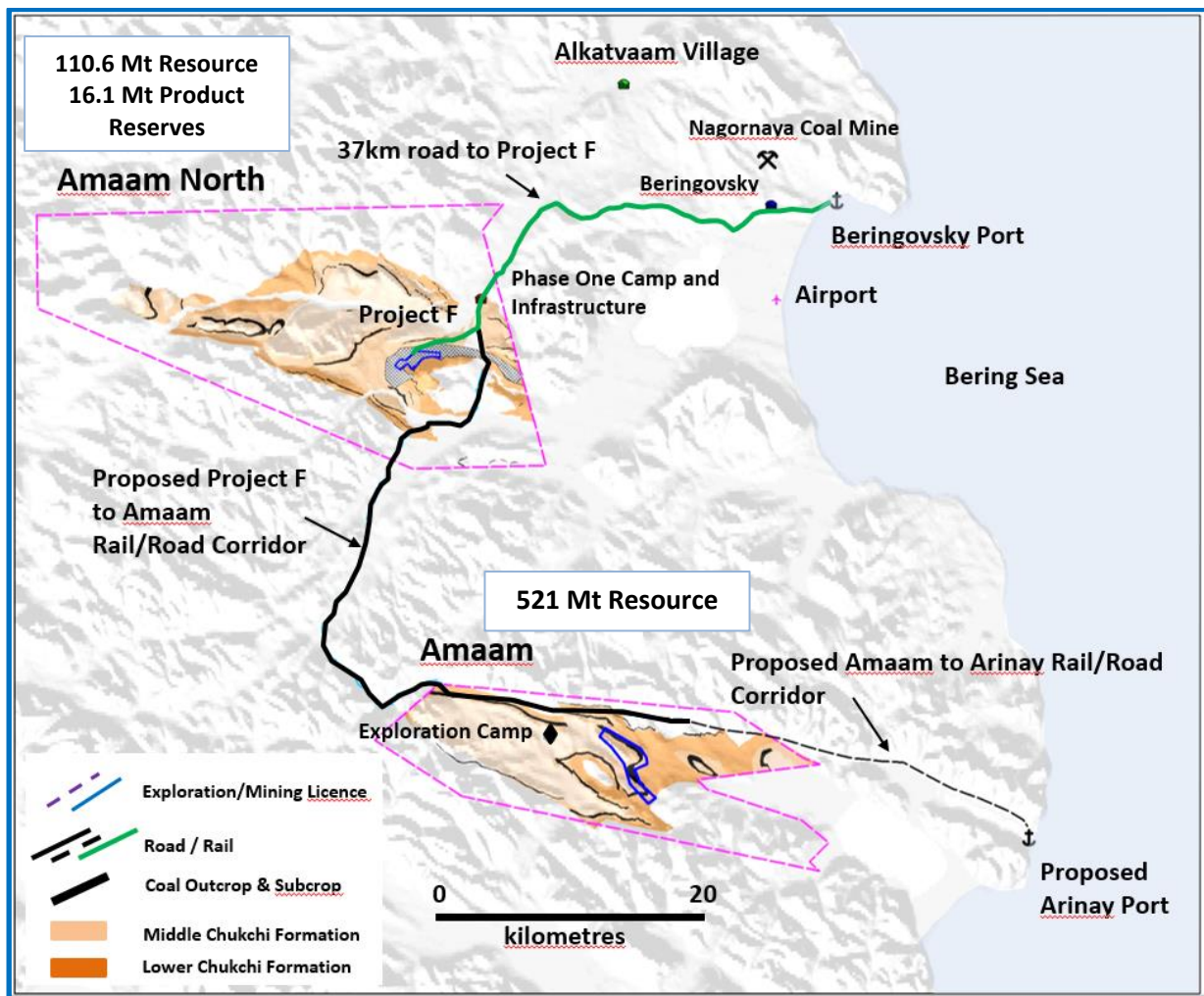
Tigers Realm Coal Limited ACN 146 752 561  
 151 Wellington Parade South  
 East Melbourne VIC 3002  
 Phone : +61 (3) 8644 1300  
 Website: <http://tigersrealmcoal.com>

**PROJECT SUMMARY**

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

At Amaam, TIG owns an 80% beneficial interest in Exploration Licence No. AND 01277 TP (Zapadnyy Subsoil Licence) and the Exploration and Extraction (Mining) Licence No. AND 01278 TE.

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



**Figure A Amaam and Amaam North Coking Coal Projects**

For personal use only

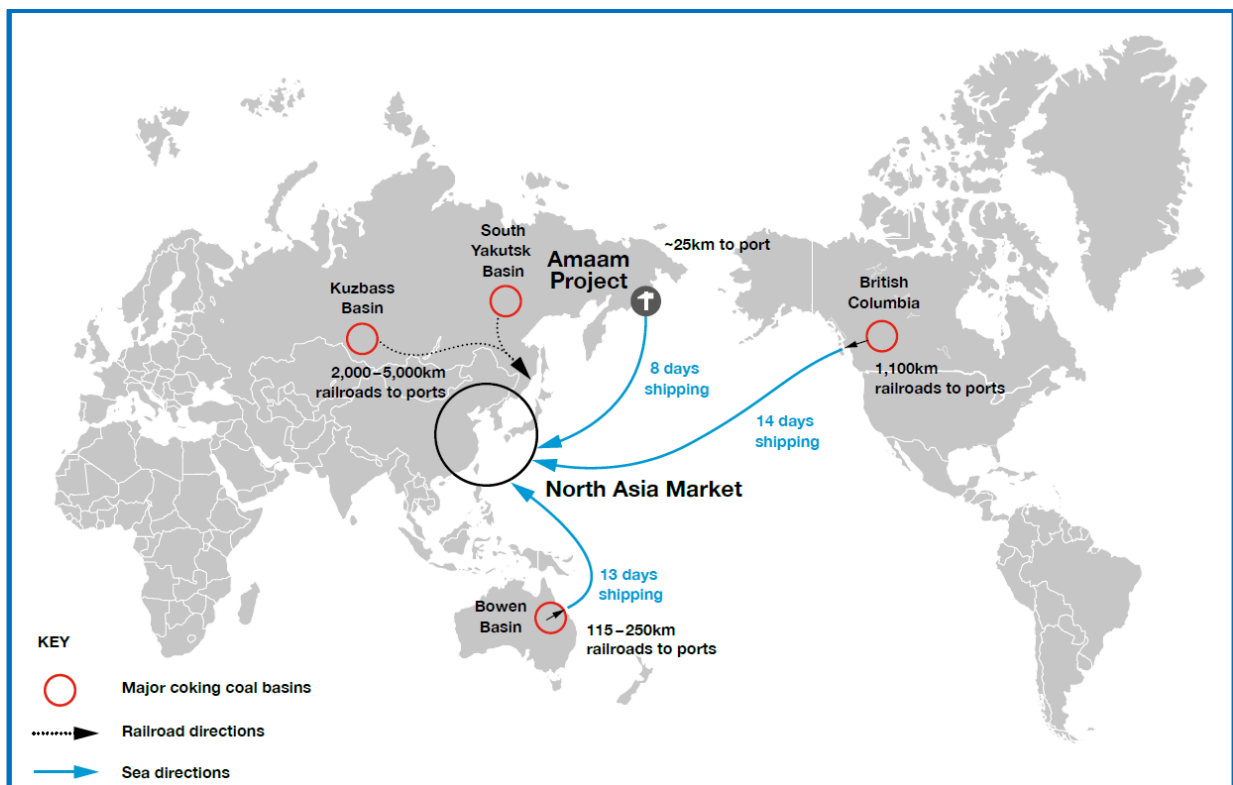
Amaam and Amaam North are two exceptionally well located coking coal deposits, approximately 40km from the Bering sea with shorter shipping distances to North Asian markets than from peer producers in Queensland and British Columbia (Figure B).

**At Project F and Amaam North**

- Project F Phase One is in production
- The Project F 1.0 Mtpa Feasibility Study was completed in April 2016 with:
  - 16.1 Mt of Product Reserves, 6.1 Mt Proven & 10.0 Mt Probable
  - 110.6 Mt total Resource, 22 Mt Measured, 55.7 Mt Indicated & 32.9Mt Inferred
- TIG owns and operates the Beringovsky coal port
- There is excellent upside exploration potential and production expansion

**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 planned year round port site, only 8 days shipping to China, Korea and Japan



**Figure B Amaam Project - Location Map**

For personal use only