



Company Announcements
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KATINGAN RIA COAL PROJECT ACQUISITION UPDATE

Highlights

- **Technical and legal due diligence work well advanced**
- **Approximately 1,300m of drilling identifies 4 shallow dipping coal seams with open cut potential in South Region. Main seam thickness ranges from 1.9m to 5.2m**
- **Laboratory tests indicate sub-bituminous coal with low energy, sulphur and ash and high moisture, consistent with other 4,200 (GAR) kcal/kg Indonesian coals**
- **Scoping study work commenced for investment decision making**

Realm Resources Ltd (ASX: RRP) is pleased to provide an update on its activities relating to the potential acquisition of the Katingan Ria Coal Project in Indonesia. Katingan Ria is an advanced thermal coal exploration project with the potential to progress to mining within 12 months. The Company has advanced its due diligence on Kalres Limited (**Kalres**), PT Sinar Mulia Anugerah Agung (**PT SMAA**) and PT Katingan Ria (**PTKR**), as part of its strategy to identify opportunities in the bulk commodity sector.

Background to the Katingan Ria Project

Realm announced on 12 April 2011 that it has secured an exclusive option to acquire all of the issued capital in Kalres, a company incorporated in the Cayman Islands for an aggregate consideration of US\$29.6 million and the issue of 15 million performance rights. Kalres is a party to a Master Agreement with PT SMAA, under which Kalres can acquire up to a 75% interest in an Indonesian coal company, PTKR, which holds the Katingan Ria concession (Katingan Ria Project).

The Katingan Ria Project covers 5,053 hectares under Mining Business Permit for Exploration (IUP Exploration) No. 274 and is located in Central Kalimantan within the Katingan Hulu district, approximately 175km North West of the regional capital of Palangkaraya as shown on Figure 1. The mineral concession area is overlain by two forestry production concessions that have largely completed their operations in this area. This is expected to considerably simplify the permitting process for the commencement of production.

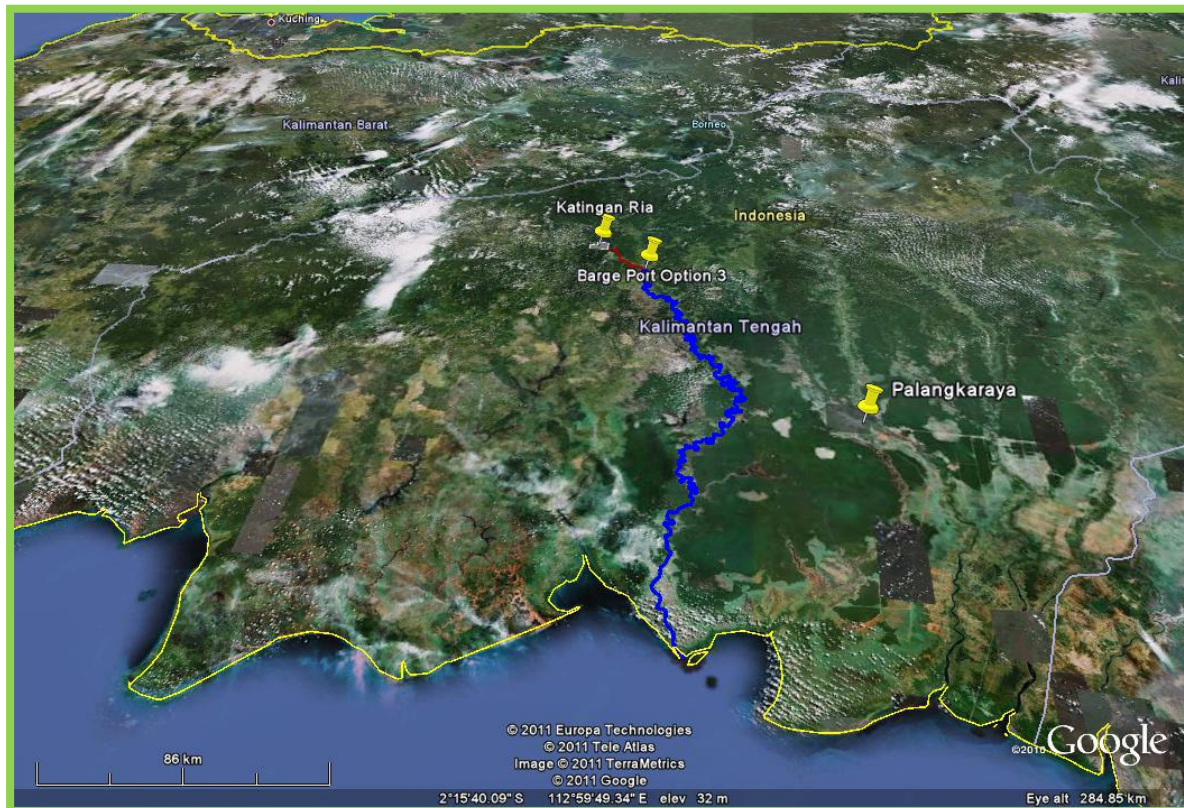


Figure 1: Location of Katingan Ria Project

Geological Setting

The Katingan Ria Project site is located within the Barito basin with coal occurring within the Dahoor formation. This formation is characterised by interbedded sandstone, mudstone and coal units. The area is underlain by volcanics.

A total of 69 boreholes were drilled by PTKR throughout the project site during 2010, along with various outcrop mapping and coal quality analysis. Unfortunately none of these holes were geophysically logged and little traceable coal quality work is available from this work.

Realm has proceeded with its technical due diligence, focussed on the following;

- Assessment of the integrity of the existing borehole, geological model and quality data set;
- Extension of the field mapping carried out to delineate coal seam outcrops and structure;
- A drilling and coal quality programme consisting of 20-25 holes with laboratory test work on core and outcrop samples; and
- Completion of the assessment of the deposit consistent with Australian coal industry guidelines.

For the purposes of the field investigations, the site was divided into North and South regions to coincide with the availability of forestry exploration permits. The work to date focussed on the

permitted southern half of the concession area while PTKR awaits the completion of the forestry exploration permit prior to commencement of exploration drilling work to the north. One drill rig has been stationed on site to commence this work at that time.

Four coal seam groups have been identified, with the main seam intersected up to 5.2 metres in thickness. Figure 2 shows an outcrop of the main seam located in the south of the concession.



Figure 2: Main Seam Outcrop

South Region

Drilling commenced on 29 April with 3 rigs mobilised (2 man portable type rigs with 120 metre capacity and 1 track rig with 180 metre capacity). 17 holes with a total meterage of approximately 1,300 metres were drilled by Realm including 9 cored holes, totalling 220 metres of HQ core. All holes were geophysically logged.



Figure 3: Drilling Operations at the Katingan Ria Project

Drilling work has confirmed the existence of the Main Seam, which has an overall thickness ranging from 1.9-5.2m including one minor stone band. It is expected that the Main Seam will form the majority of the deposit and it has been the focus of the field investigations to date. Another two thinner seams (named the No.2 and No.3 seams) underlie the main seam and range from 0.5-1.5m thick. The stratigraphic column interpreted from drilling work is shown in Figure 4.

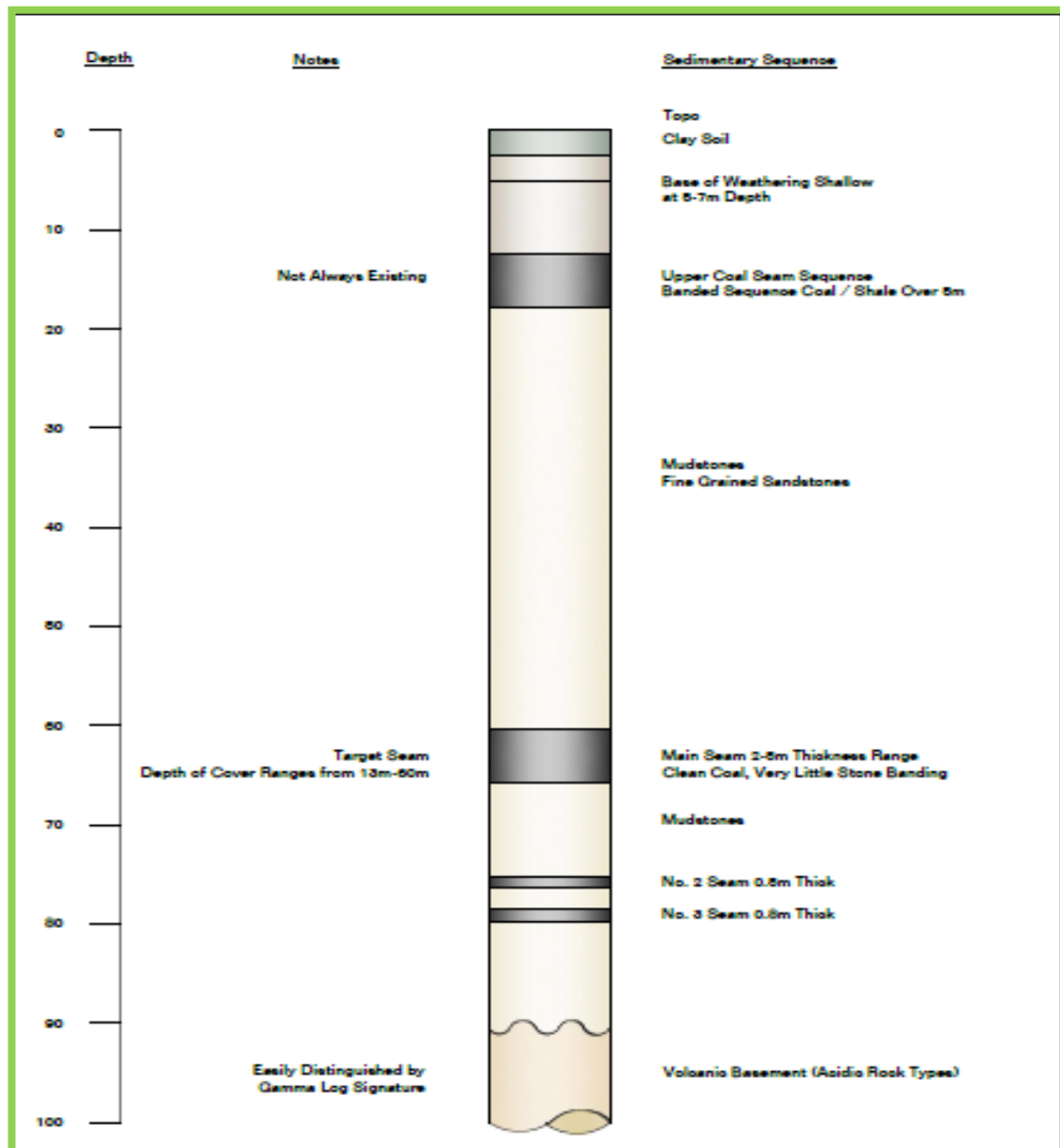


Figure 4: Katingan Ria Stratigraphy

Based on field mapping and intercepts, the coal seams dip at less than 5 degrees to the north with overburden cover ranging from 13m in the southern extremity of the tenement to approximately 50m at the northern extent of the drilling. The seams are interpreted as being cut off to the north by an east-west trending fault.

The main topographical feature is a northerly trending ridge approximately 3.5km wide which hosts the coal formation. Figure 5 shows the current interpretation.

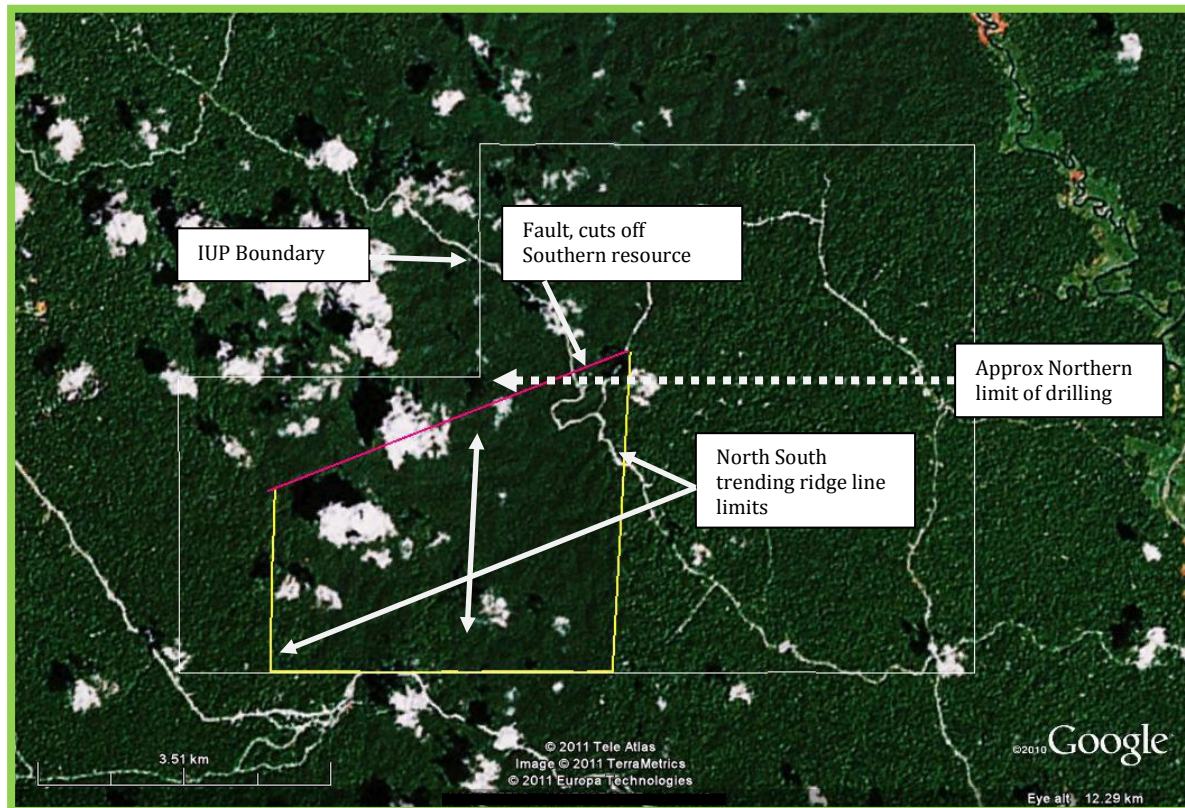


Figure 5: Katingan Ria IUP Boundary and Interpreted Structures

North Region

A number of samples were previously taken by others in this area. Realm has also undertaken initial mapping and sampling work during the recent field programme. This mapping identified a coal outcrop of 6-8m thickness in the area as shown in Figure 6 which appears consistent with PTKR's initial assessment.



Figure 6: Coal Outcrop in North Region

Further mapping will commence during the next week to delineate the extent of outcrops on the eastern and western flanks of the escarpment and to further determine potential in the northern area ahead of the forestry exploration permit being received. Upon receipt of this permit, further evaluation of the area will be undertaken including drilling.

Coal Quality

Laboratory test work of the coal cores was carried out by PT Geoservices in Banjarbaru. Results are summarised in Table 1.

Table 1: Coal Quality (Main Seam)

HOLE NUMBER	DEPTH INTERVAL (m)			RD	TOTAL MOISTURE (% ar)	PROXIMATE ANALYSIS (% adb)					GROSS CV (cal/g adb)	HGI
	From	To	Thickness			Moisture	Ash	VM	FC	TS		
KR-01	11.41	15.05	3.64	1.39	31.85	13.29	5.21	42.44	39.06	0.15	5,497	49
KR-04	15.40	19.55	4.15	1.4	34.02	18.67	7.43	36.05	37.85	0.20	5,138	49
KR-05	28.70	33.40	4.70	1.42	26.2	13.68	11.19	38.96	36.17	0.20	5,175	45
KR-09	43.44	48.25	4.81	1.38	28.26	17.57	10.64	37.49	34.30	0.21	4,950	48
KR-10	13.55	15.23	1.69	1.43	31.44	17.66	13.29	34.73	34.32	0.22	4,634	51
	13.25	14.00	0.75	1.42	34.58	15.97	9.73	35.30	39.00	0.26	5,040	45
KR-13	15.60	16.65	1.05	1.45	33.75	15.85	14.40	35.46	34.29	0.23	4,723	71
	16.75	19.78	3.03	1.4	33.07	17.58	9.11	38.69	34.62	0.21	5,166	56
KR-15	22.58	27.88	5.30	1.37	31.86	20.39	8.52	37.14	33.95	0.22	4,819	47
KR-17	11.70	14.25	2.55	1.5	32.74	10.39	13.32	37.21	38.54	0.22	5,005	47

Further coal quality test work will be undertaken on outcrop samples during the next few weeks. No washability test work is planned at this stage. Due to the relatively low levels of ash the coal is likely to require only crushing and screening to produce a marketability product thus obviating the need for a coal handling and preparation plant.

Project Risks

The assessments of the key risk areas for the project are as follows:

Resource Evaluation

Work has commenced on the coal quality and structural models with view to prepare an initial JORC compliant estimate of the coal resources for the South Region during the next month. It is envisaged that coal resources will be reported as Inferred until more detailed topographical mapping is undertaken.

The company does not plan to complete any modelling of the North Region until drilling is undertaken. Evaluation of project economics at scoping level will be based on the South Region only with the Northern Region providing potential upside to the project.

Logistics

Figure 1 shows the location of the project in relation to the Katingan River and coast. A number of haul road and barge to port options have been identified. The haulage route will utilise existing logging roads which vary from 30-45km in distance from the project site to the Katingan River. The barge to port route is approximately 420km on river to the coast.

River bathymetric data for the length of the Katingan River was sourced and is currently under review primarily to identify any potentially un-navigable waters. Whilst logging operations continue year round on 180 foot barges, the likely requirement for dredging parts of the river to reduce costs through the use of larger barges of up to 300 foot is being evaluated by Realm in conjunction with PTKR. Intermediate stockpile locations are also being evaluated in conjunction with PTKR and the local government.

Discussions have also been held with a number of barge operations groups within the region to better determine the operational cost and logistics framework, given that no coal mining operations currently exist on this river.

Marketing

Coal marketing study work has commenced and preliminary discussions have been held with a number of groups regarding provision of initial marketing support services to the Katingan Ria Project within the markets of Indonesia, India and northern Asia.

The raw coal quality obtained to date indicates the coal is typically sub-bituminous, low ash, moderate moisture with relatively low energy and consistently low total sulphur. Table 2 summarises the quality ranges identified to date in core samples;

Table 2: Coal Quality Range

Parameter	Unit	Basis	Range
Ash	%	adb	5.2-14.4
TM	%	ar	26.2- 34.6
TS	%	adb	0.15-0.26
Calorific Value	kcal/kg	gar	3700-4400
Calorific Value	kcal/kg	nar	3400-4100

The potential product from the Katingan Ria Project is considered at this preliminary stage to be consistent with the 4,200 (gar) kcal/kg Indonesian coals.

Permitting and Legal

The legal and financial due diligence on PT SMAA, PTKR and the Katingan Ria Project is progressing satisfactorily and will be completed within the next month.

Table 3 summarises the status of the permits for the Katingan Ria Project split by locality as required along with expected timeframes for achieving them.

Table 3: Permit Status Katingan Ria

Description	Region	Status	Expected Date	Comments
IUP Exploration	Both areas	Secured		
Pinjam Pakai (Forestry)- Exploration	South	Secured		
Pinjam Pakai (Forestry)- Exploration	North	Pending	June 2011	Permit is believed to be imminent subject to ministerial approval. CP to the transaction
IUP Operations	Both areas	Pending	July 2011	CP to the transaction allows production to commence once Forestry permits have been upgraded for operations
Pinjam Pakai (Forestry)- Operations	South	Application to following IUP (OP)	March 2012	Final approval required to commence mine development. Process of upgrading forestry permit depends mostly on the commercial value of the forest being determined; Note this area was previously commercially exploited by the forestry licence holder.
Pinjam Pakai (Forestry)- Operations	North	Application to following IUP (OP) as required		Potential operation would commence in the south and a decision to apply to upgrade the forestry permit for the north, would be made around life of mine planning.



Forward Work Plan

Review of the Katingan Ria Project to date has been encouraging with consistent Main Seam coal intercepts. Realm will continue to undertake mapping activities and work with PTKR on gaining access to the northern area for drilling as soon as permits are granted.

Drilling work in the South Region is now complete. The Company is progressing with the geological modelling of the South, to estimate the initial JORC compliant resource for that area. This will be reported during the next month.

The Katingan Ria Project will be scoped initially in the South, with the North Region evaluated soon after as an upside case. This approach reduces risk to the Katingan Ria Project due to any potential delays in gaining permits for the North Region.

The results of the planned scoping work over the next two months will form the basis of the Company's decision as to whether to proceed with the acquisition of Kalres and the Katingan Ria Project, subject to the receipt of all necessary shareholder approvals.

Further regular updates on progress will be provided during the following months.

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About Realm

Realm's strategy is to create shareholder value through exploration and development of quality metal and minerals sector projects. The Company's focus is on platinum group metals (**PGM**) in South Africa as well as bulk commodities abroad. In addition, the Company has an aluminium dross treatment plant located in Pietermaritzburg, South Africa.

Competent Persons Statement: *The information in this announcement that relates to Exploration Results, Mineral Resources or Ore Reserves at the "Katingan Ria" Project is based on information compiled by Mr Troy Turner, who is a Member of the Australian Institute of Mining and Metallurgy. Mr Turner is a full-time employee of Xenith Consulting Pty Ltd. Mr Turner is a qualified geologist and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Turner consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.*