

ASX/Media Release

29 July 2011

Quarterly report to 30 June 2011

Key Points

- **Advanced due diligence paves way for Realm to acquire development ready Indonesian Coal Project**
- **JORC coal resource (inferred) of 40.5Mt defined on the Main seam in the Southern area of the Katingan Ria Project**
- **Andrew Matheson appointed to the board to progress strategy in coal and bulk commodities market**
- **Farmin agreement to earn 51% of Nkwe's Rooderand platinum group metal prospect in the Western Limb of the Bushveld Igneous Complex**
- **Cash of AUD \$4m at the end of the quarter.**

COAL DIVERSIFICATION STRATEGY PROGRESS

As announced on 12 April 2011, **Realm Resources Ltd (ASX: RRP) (Realm or the Company)** has an exclusive option to acquire all of the issued capital in Kalres Limited (**Kalres**), for an aggregate consideration of US\$29.6 million and the issue of 15 million performance rights. Should the acquisition proceed, Realm will effectively have a 75% interest in the Katingan Ria project.

The Katingan Ria Project is an advanced thermal coal exploration project with the potential to progress to mining within 12 months. The project covers 5,053 hectares under Mining Business Permit for Exploration (**IUP Exploration**) No. 274. It is located in Central Kalimantan within the Katingan Hulu district, approximately 175km North West of the regional capital of Palangkaraya (see Figure 1).

Kalres is a party to a Master Agreement with PT Sinar Mulia Anugerah Aguing (**PT SMAA**), under which Kalres can acquire up to a 75% interest in an Indonesian coal company, PT Katingan Ria (**PTKR**), which holds the Katingan Ria Project.

40.5 million tonne inferred JORC Resource delineated in Southern Area

Table 1: JORC Resource Estimate (Main Seam – Southern area)

[illegible]



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A scoping study on the feasibility of developing an initial 3mtpa open pit operation has commenced focussed on the Southern area, with coal quality data and logistics studies incorporated.

In parallel, drilling in the Northern area is expected to confirm the existence of additional resources which outcrop at various locations and mapped at over 6 metre seam thickness.

The resource estimate was based on the main seam only, drill spacing of approximately 1 km and publically available terrain elevation data. In order to improve the JORC classification to indicated status, further work is required to upgrade the topographical resolution. This work is planned to commence subject to Realm acquiring the asset.

In the mean time, further coal quality test work will be undertaken on outcrop samples. 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 marketable product thus obviating the need for a coal handling and preparation plant.

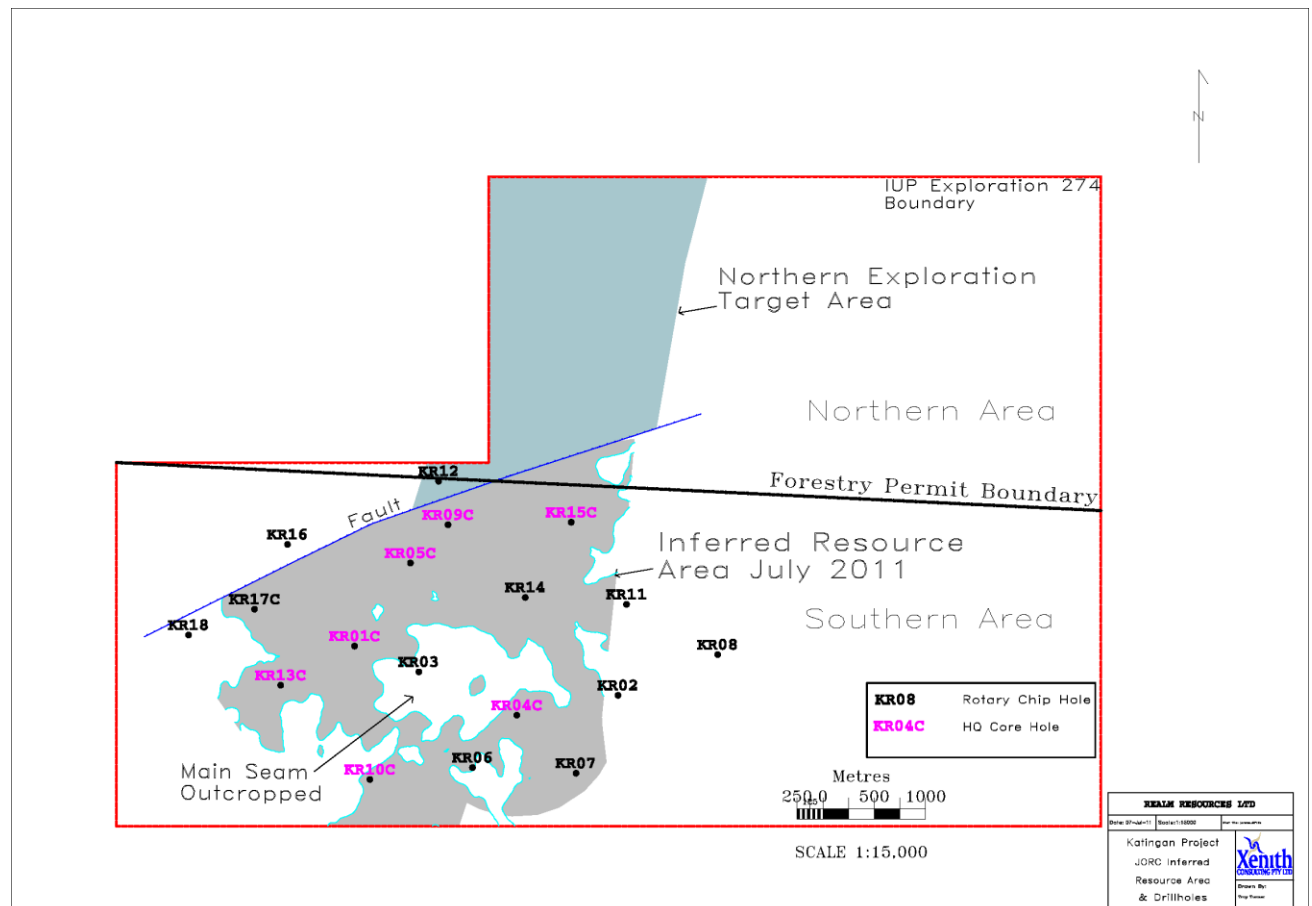


Figure 2: Katingan Ria IUP Boundary and Interpreted Structures

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.

Permitting progress

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 Project

Description	Region	Status	Expected Date	Comments
IUP Exploration	Both areas	Secured		
Pinjam Pakai (Forestry)- Exploration	South	Secured		
Pinjam Pakai (Forestry)- Exploration	North	Secured		
IUP Operations	Both areas	Pending	July 2011	Permit is believed to be imminent. The Master Agreement allows production to commence once Forestry permits have been upgraded for operations
Pinjam Pakai (Forestry)- Operations	South	Application will follow issue of 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. This area was previously commercially exploited by the forestry licence holder.
Pinjam Pakai (Forestry)- Operations	North	Application will follow issue of IUP (OP)		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.

The Pinjam Pakai (Forestry) Exploration for the Northern Portion of the Katingan Ria Project has recently been granted. As a result, Realm has until 30 September 2011 to decide whether or not to proceed with the transaction under the Master Agreement and pay the Tranche 1 fee of US\$10 million to acquire a 51% interest in PTKR, the holder of the Katingan Ria Project.

Forward Work Plan

The Northern portion of the Katingan Ria Project is now available for exploration. However, given that the Company is scoping the Southern area for development, drilling in the North will be a limited programme of 6 to 10 holes, including both structural and coal quality holes. This programme should be completed by the end of August 2011.

The results of the planned scoping work 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.

PLATINUM GROUP METALS

As announced on 26 May 2011, Realm has strengthened the Company's existing portfolio of platinum group metals (**PGM**) projects in South Africa, by signing a farmin agreement (**Farmin Agreement**) with Nkwe Platinum (RoodeRand) (Pty) Ltd (**Nkwe**), a company in which Nkwe Platinum Limited (ASX: NKP) holds a 70% interest.

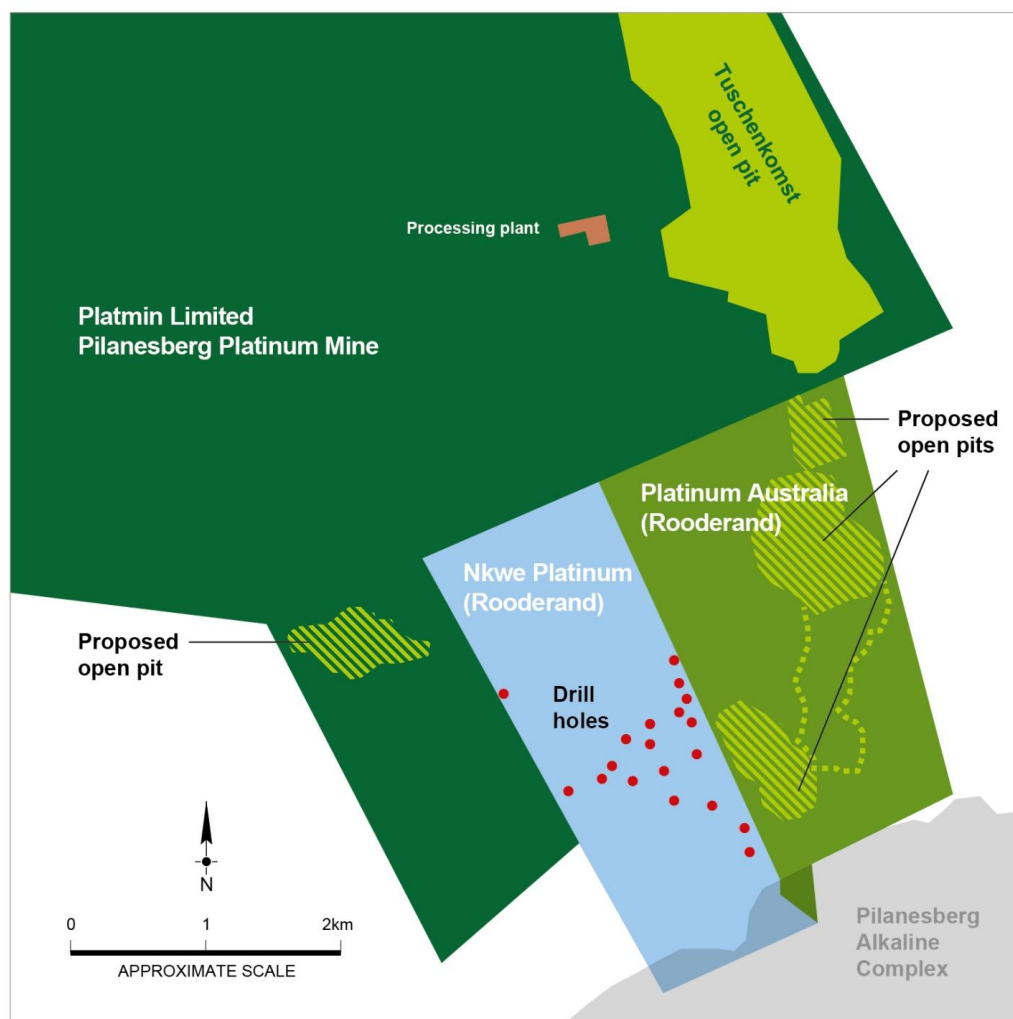
Under the terms of the Farmin Agreement, Realm can earn a 51% interest in the prospecting rights for PGM, gold, silver, nickel, copper and cobalt granted in

respect of Nkwe's Rooderand prospect (**Rooderand Prospect**) by spending \$2 million in expenditure over a two year period.

Nkwe's Rooderand Prospect covers 535ha and is located on the Western Limb of the Bushveld Igneous Complex adjacent to Platinum Australia Limited's Rooderand platinum project and Platmin Limited's Pilanesberg open pit platinum mine.

Over 20 holes were drilled on the Rooderand Prospect (during the period between 2004 and 2006) and an inferred Merensky Reef and UG2 chromitite resource of 36.7 Mt @ 3.8 g/t containing 4.5 Moz (3PGE +Au) has been defined (refer Figure 3). The Merensky and UG2 reefs are relatively close to each other in this area and are separated by around 20-35m thereby enhancing the economics for open pit mining. The Merensky and UG2 reefs dip to the South and occur from surface.

Figure 3 – Rooderand Prospect location



Source: Company reports and websites

Material terms of the Farmin Agreement

Upon renewal of the prospecting rights for PGM, gold, silver, nickel, copper and cobalt granted in respect of the Rooderand Prospect, Realm has a two year period (**Sole Funding Period**) in which it can earn an undivided 51% interest in such prospecting rights by:

- (a) spending \$2 million on exploration and development; or
- (b) paying to Nkwe an amount equal to the difference between \$2 million and the amount of expenditure spent by Realm during the Sole Funding Period (**Adjustment Amount**).

In addition, Realm has agreed to issue 5,000,000 shares in the capital of the Company to Nkwe (or its nominee) within five business days of the date of the Farmin Agreement.

During the Sole Funding Period, Realm will be the manager of the Rooderand Prospect. Realm will also be solely responsible for the administration and maintenance of the Rooderand Prospect and complying with any minimum annual expenditure requirements during the Sole Funding Period. An expenditure plan will be drawn up once the prospecting rights are renewed.

If Realm fails to spend \$2 million in expenditure on the Rooderand Prospect or pay Nkwe the Adjustment Amount during the Sole Funding Period, the Farmin Agreement will terminate and Realm will have no interest in the Rooderand Project.

During the Sole Funding Period, neither Realm or Nkwe may assign its rights or obligations under the Farmin Agreement without the prior consent of the other (which must not be unreasonably withheld or delayed).

Upon Realm acquiring a 51% interest in the prospecting rights granted in respect of the Rooderand Prospect, Realm and Nkwe will enter into a joint venture on the terms and conditions set out in the Farmin Agreement.

Eastern Limb Platinum Projects Update

Realm has been actively following up the Section 11 applications lodged in respect of the Kliprivier, Ghost Mountain and Tinderbox projects located on the Eastern Limb of the Bushveld Igneous Complex in South Africa. Recent correspondence with the South African Department of Mineral Resources has been positive and would indicate that the applications have progressed and could be approved within the third quarter of 2011. Approval of the Section 11 applications will enable the Company to finalise the acquisition of the three PGM tenements comprising the Kliprivier, Ghost Mountain and Tinderbox projects. In total, these projects contain

an inferred resource of 109.6Mt @ 2.3g/t (3PGE+Au) containing 7.6Moz of PGMs (undiscounted). The Company is assessing ways to maximise the value of its PGM portfolio including the development potential of an open pit operation along 6 km of near surface outcrop of the UG2 reef horizon on the priority Kliprivier project.

ALUMICOR SA PTY LTD (RRP - 74%)

Realm Resources' subsidiary, Alumicor SA ("**Alumicor**"), treats aluminium dross and returns aluminium to Hulamini Limited ("**Hulamini**") on a toll conversion fee basis.

Health and Safety

There were no disabling injuries during the quarter. The focus on safety training and monitoring continues. The disabling injury frequency rate (DIFR) for the June Quarter was 3.8% (3.9% in the prior quarter).

Smelting and recovery performance comparison

Alumicor	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	% change Q1 2011
Tons smelted	3,823	4,070	4,160	3,393	3,350	4,983	49%
Average recovery	61%	61%	61%	55%	53%	58%	9%

Operations

During the quarter, there was a significant increase in volumes treated through the plant, with Hulamini increasing their output in addition to delivery of test batches of scrap to Alumicor. Together with Hulamini, Alumicor continues investigating sourcing additional dross and scrap that should see a continuation of volumes increasing during 2011.

Financial

Following the improvement in throughput volumes in the quarter, operating profitability improved. Management of operating costs continues together with continued efforts to improve processes, safety and environmental standards.

CORPORATE

Referring to the attached 4C schedule, net operating cash outflows were \$765,000 for the quarter (outflow of \$66,000 in the prior quarter). Operating cash flow for



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the quarter includes due diligence expenses incurred on the Katingan Ria Project (as detailed above). There was a net decrease in cash held of \$881,000 (net decrease of \$232,000 in the prior quarter).

Group cash position as at 31 March 2011 was \$4,039,000.

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.

For further information please contact:

Richard Rossiter (MD) or Theo Renard (FD) on +61 2 8249 4542 or Andrew Matheson (ED) on +61 431 037 143

Or visit the company's website www.realmresources.com.au

Competent Persons Statement – Katingan Ria Project

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.

Competent Persons Statement – Rooderand Project

The information in this announcement that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Nico Bleeker, who is a member of the South African Council for Natural Scientific Professions (SACNASP). Mr Bleeker is employed by Witkop Fluorspar Mine (Proprietary) Limited. Mr Bleeker 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 Bleeker consents to the inclusion in this announcement of the matters based on his information in the form and content in which it appears.

Competent Persons Statement – Kliprivier, Ghost Mountain and Tinderbox projects

The information in this announcement which relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Allen Maynard, who is a Member of the Australian Institute of Geoscientists (“AIG”), a Corporate Member of the Australasian Institute of Mining and Metallurgy (“AusIMM”). Mr Maynard is the principal of Al Maynard & Associates Pty Ltd and has over 30 years of exploration and mining experience in a variety of mineral deposit styles. Mr Maynard 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 Maynard consents to inclusion in this announcement of the matters based on his information in the form and context in which it appears.

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005, 17/12/10

Name of entity

Realm Resources Limited

ABN

98 008 124 025

Quarter ended ("current quarter")

30 June 2011

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (6 months) \$A'000
1.1	Receipts from customers	1,357	2,370
1.2	Payments for (a) staff costs	(547)	(1,035)
	(b) advertising and marketing		
	(c) research and development		
	(d) leased assets		
	(e) other working capital	(1,599)	(2,135)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	87	96
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid	(63)	(127)
1.7	Other (provide details if material)		
	Net operating cash flows	(765)	(831)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	(765)	(831)
1.9 Cash flows related to investing activities		
Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	(113)	(273)
(e) other non-current assets		
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
1.11 Loans to other entities		
1.12 Loans repaid by other entities		
1.13 Other (provide details if material)		
Net investing cash flows	(113)	(273)
1.14 Total operating and investing cash flows	(878)	(1,104)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.		
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		
1.18 Repayment of borrowings	(3)	(8)
1.19 Dividends paid		
1.20 Other (provide details if material)		
Net financing cash flows	(3)	(8)
Net increase (decrease) in cash held	(881)	(1,112)
1.21 Cash at beginning of quarter/year to date	4,938	5,214
1.22 Exchange rate adjustments to item 1.20	(18)	(63)
1.23 Cash at end of quarter	4,039	4,039

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	296
1.25	Aggregate amount of loans to the parties included in item 1.11	
1.26	Explanation necessary for an understanding of the transactions N/A	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	11	11
3.2 Credit standby arrangements	Nil	Nil

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	90	147
4.2	Deposits at call	2,893	3,963
4.3	Bank overdraft		
4.4	Other (provide details)	1,056	828
Total: cash at end of quarter (item 1.23)		4,039	4,938

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	N/A
5.2	Place of incorporation or registration	
5.3	Consideration for acquisition or disposal	
5.4	Total net assets	
5.5	Nature of business	

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does /does not* (~~delete one~~) give a true and fair view of the matters disclosed.

Sign here:  Date: 29 July 2011
 (Director/Company secretary)

Print name: Theo renard

+ See chapter 19 for defined terms.

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.