



Company Announcements
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By Electronic Lodgement

2 August 2011

KATINGAN RIA COAL PROJECT UPDATE

Highlights

- **Scoping study demonstrates positive technical and financial potential for the project**
- **Technical and legal due diligence work complete for Southern Resource Area, no fatal flaws identified**
- **Initial inferred resource of 40mt for the Southern Resource Area, with drilling commenced in Northern Resource Area to further define resource potential**
- **Conceptual plan for 3Mtpa open pit project with capital expenditure estimated at approximately US\$41m (100%) and FOB operating costs approximately US \$40/t (on mother vessel)**
- **Marketing Agency agreement established with Coeclerici Asia (Pte) Ltd**
- **Realm's coal to be marketed as mid CV, low sulphur, sub bituminous coal (Katingan 42).**
- **Potential for first shipments as early as Q2 CY2012**
- **Shareholder meeting planned for 5 September 2011 to approve acquisition of the project**

Realm Resources Ltd (ASX: RRP, "Realm") is pleased to provide an update on its potential acquisition of the Katingan Ria Coal Project in Indonesia.

Katingan Ria is an advanced thermal coal exploration project located in Central Kalimantan, Indonesia. Realm has advanced its due diligence on Kalres Limited (**Kalres**), PT Sinar Mulia Anugerah Aguing (**PT SMAA**) and PT Katingan Ria (**PTKR**), as part of its strategy to identify opportunities in the bulk commodity sector.

The project has the potential to transform Realm into a thermal coal producer within the next 12 months in a nation that has an established coal industry and ideally located to export to the high demand Southeast Asian markets.

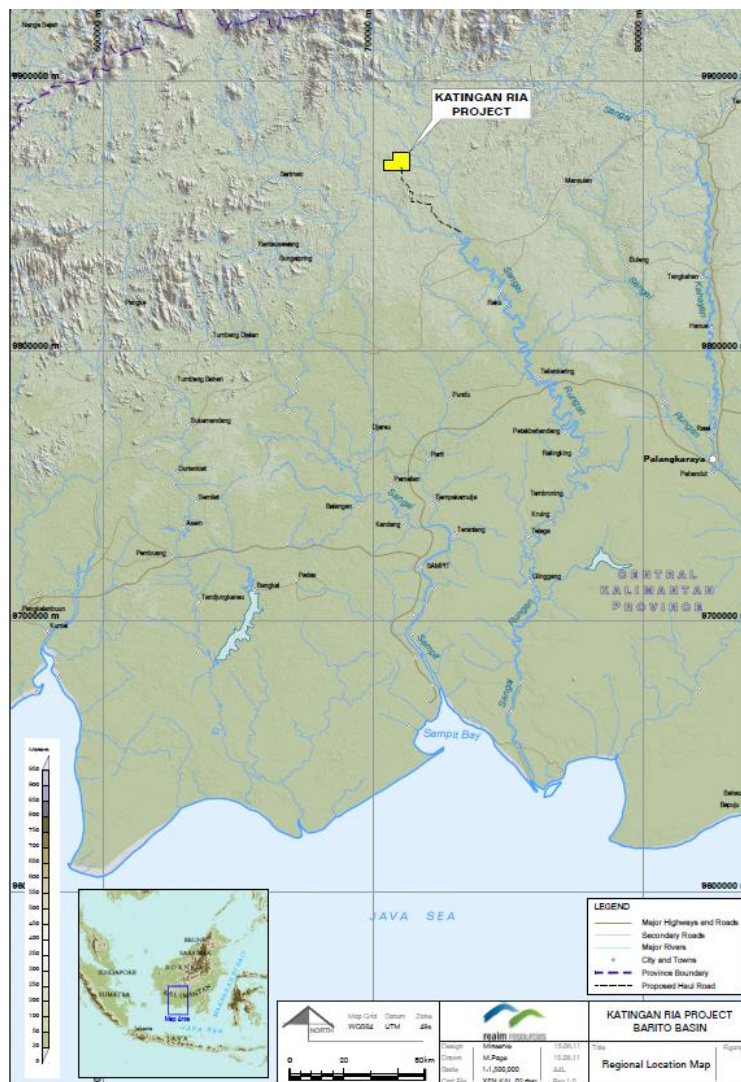
Background to the Katingan Ria Project

Realm announced on 12 April 2011 that it has secured an exclusive option to acquire all of the issued capital in Kalres 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).

Scoping Study

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 overlapped by two forestry production concessions that have largely completed their operations in this area.

Figure 1 Project Location



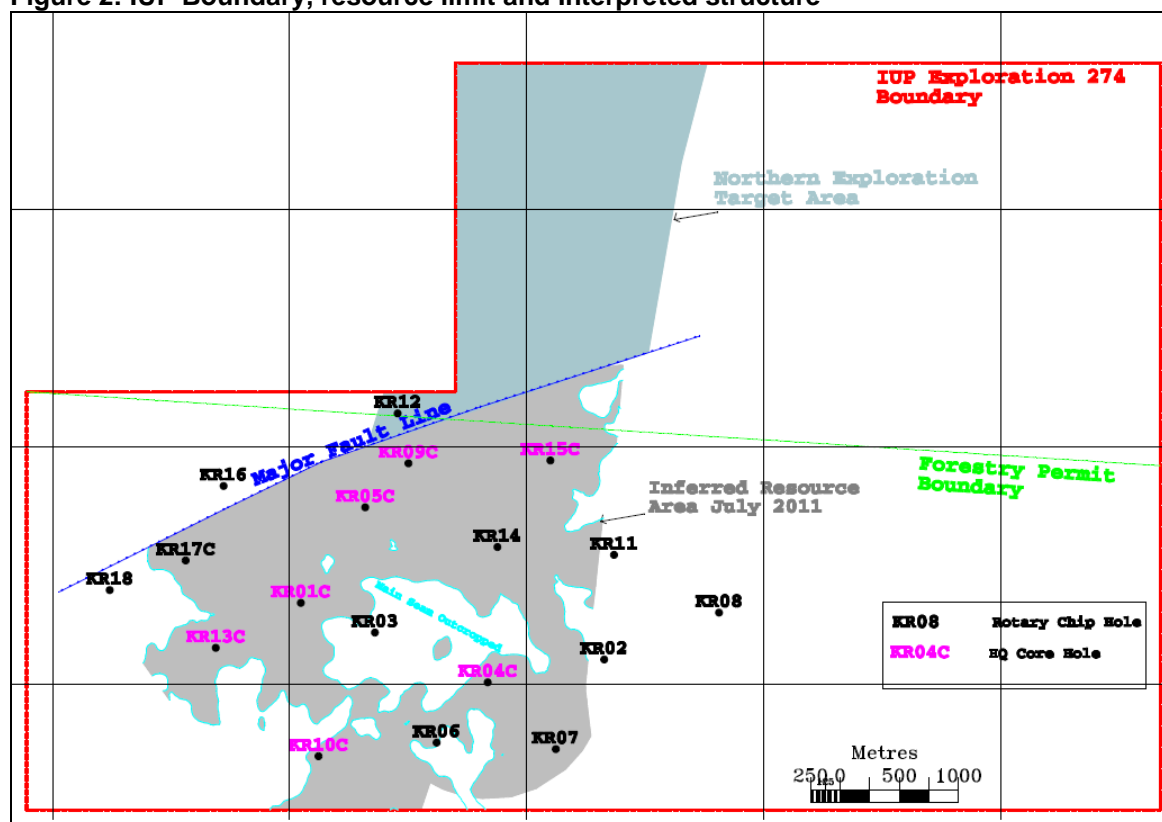
Resource

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.

Realm has undertaken exploration activities on site consisting of field mapping, validation of previous work and drilling to date of 20 holes in the Southern Resource area in order to establish the economic potential of the project.

Realm has identified an initial resource in the Southern Resource area of 40.1Mt (Inferred). This is bounded by an east west striking fault as shown on Figure 2.

Figure 2: IUP Boundary, resource limit and Interpreted structure



Drilling in the Northern area, which has commenced, is expected to confirm the existence of the main seam which is seen in outcrop at various locations and mapped at over 6 metre seam thickness.

The quality is considered to be a mid CV, low total sulphur sub bituminous thermal coal as summarised in Table 1

Table 1 JORC Resource Estimate (Main Seam only – Southern Area)

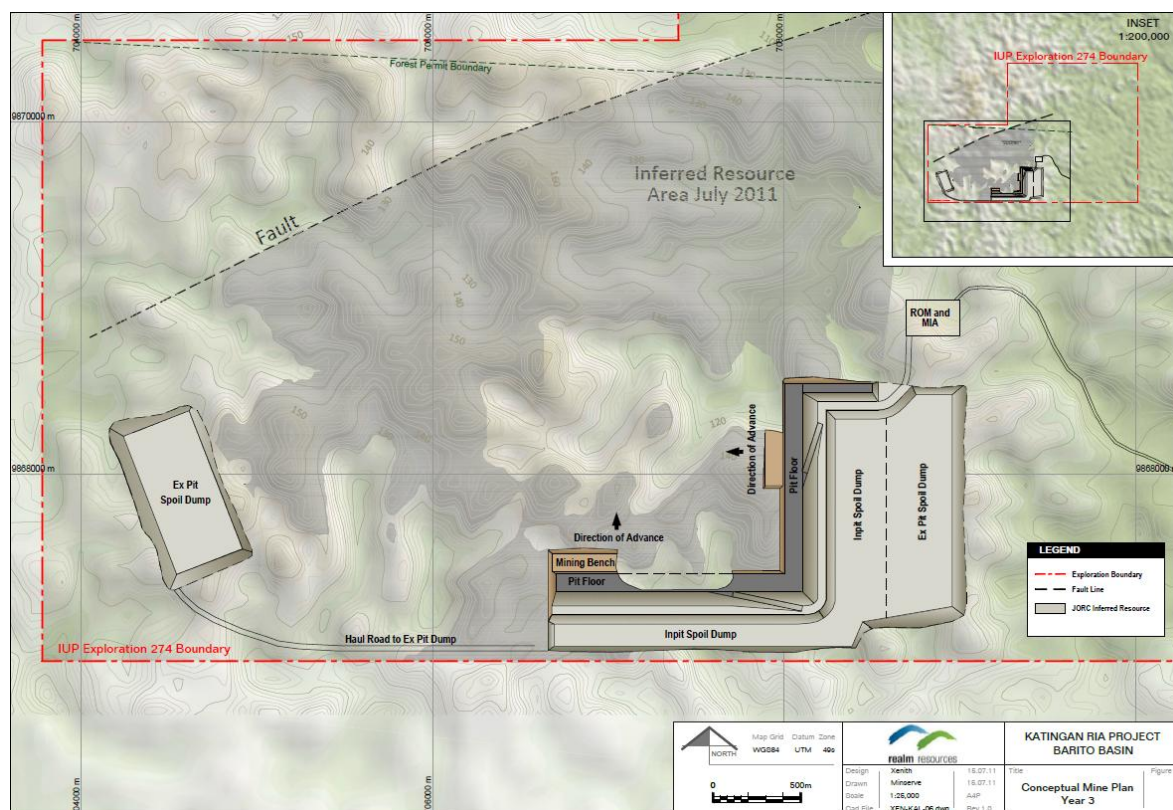
Main Seam	Coal Mass Tonnes Insitu (x 10 ⁶)	Av. Coal Thickness (m)	Coal RD Insitu	Total Moisture %	Inherent Moisture % (Adb)	Raw Ash % (Adb)	Raw Volatile Matter % (Adb)	Raw Sulphur % (Adb)	Raw Specific Energy Kcal/Kg (Adb)	HGI
Total Measured	-	-	-	-	-	-	-	-	-	-
Total Indicated	-	-	-	-	-	-	-	-	-	-
Total Inferred	40.1	3.88	1.31	30.7	17.1	9.5	38.0	0.20	5,063	48
Sub Total	40.1									

Mining

Concept level assessment of the project shows that the relatively shallow dipping coal with low strip ratios is amenable to mining with conventional truck and excavator. Due to the site topography, dozer push on the east and western flanks is also a likely method which will further reduce operating costs.

Whilst minor amounts of drill and blast will be required, investigations to date indicate predominately free dig conditions.

Minimal site infrastructure consisting of ROM pad, water management, mining industrial area and offices is proposed at the site. Subject to the satisfactory outcome of a feasibility study, a development plan is envisaged with potential for first shipments as early as Q2 CY2012. Figure 3 shows conceptual layout in the initial years of production..

Figure 3 Conceptual Mine Plan, initial years


Logistics

Raw coal would be transported to the barge port location on existing disused logging roads. Upgrade works consisting of pavement, geometry and creek crossings will be required over the 40km haul. Coal will be crushed to sub 50mm most likely at the barge port using a mobile contract crusher.

Following receipt of all regulatory and community approvals, it is proposed to construct a barge loading facility consisting of simple fixed loading conveyor and fenders. Initial production will be loaded using a temporary jetty. Negotiations are in progress for securing the requisite property for this work.

An intermediate stockpile area downstream has been identified. It is proposed to construct this stockyard for buffer storage of coal in wet and dry seasons and also consolidation of cargos to larger barges for transhipment to mother vessel.

Barge requirements (420 km) have been assumed to be 180 ft from the barge port to the intermediate stockpile, transferring to 300 ft barges at this point.

Loading of the mother vessel will be done initially via geared vessels and/or contract floating crane depending on availability. It is intended to upgrade this to a longer term transhipment contract once production is stabilised.

Marketing

Realm is delighted to secure the services of Coeclerici Asia (Pte) Ltd ("CCA") as marketing agent for its planned Indonesian operations. CCA will provide marketing support and market the coal on behalf of Realm as its agent. Coal will be marketed as a Katingan product.

It is expected that Katingan product would be sold primarily into the power generation markets in India, China and domestically within Indonesia.

Conceptual economics

Review of the cost structure (100% terms) for the project has been undertaken at conceptual level. The following estimates of capital costs and operating costs have been produced on the basis of the scoping study. More detailed and revised cost estimates will be released upon the completion of a feasibility study in respect of the project. Please refer to the end of this announcement for details of some of the assumptions relied on in calculating the capital and operating costs of the project.

Capital costs in the order of US \$41M are expected to build the project including mine development, offices, community development, barge port and intermediate stockpile. Costs would be phased over the initial 18 months of operations.

Operating costs in the order of US \$40/t FOB (on mother vessel) are envisaged for Katingan. This includes overheads, mining and haulage, crushing, barge transport and transhipping operations.

Considering the initial inferred resource of 40Mt, and a typical production level of up to 3Mtpa product, a base case project life of about 12 years has been considered at this level of evaluation. The current drilling work in the northern resource area is targeted at the identification of any further potential for coal in this area.

Whilst a base case of 3Mtpa will be evaluated in the feasibility study for the project, the proposed production rate and project life will be further reviewed upon assessment of the northern area drilling.

Drilling is expected to continue through to the end of August for this work, which has been decoupled from the scoping study and shareholder approval process. It is planned to commence the feasibility study immediately following acquisition.

The Directors' conceptual economics above, are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of Realm and the Directors, and are not reliably predictable. The coal industry is subject to many external influences, which can materially impact Realm's financial performance.

Actual events and outcomes may differ in quantum and timing from those assumed, with potentially a material impact on Realm's actual earnings and cash flows. Accordingly, there are risks associated with placing undue reliance on the information in this announcement. In this regard, please refer to the detailed risk factors set out in the notice of meeting seeking approval for the Katingan Ria Project.

Permitting

The status of permitting shows a clear path to production for the project which remains a credit to the current owners. Table 2 summarises current status of the permitting process for Katingan Ria.

Table 2: Permit Status – Katingan Ria Project

Description	Region	Status	Date	Comments
IUP Exploration	Both areas	Secured		
Pinjam Pakai (Forestry)-Exploration	South	Secured		
Pinjam Pakai (Forestry)-Exploration	North	Secured		
AMDAHL (Environmental Impact Statement)	Both areas	Completed		
IUP Operations	Both areas	Pending	July/August 2011	Permit believed to be imminent, once received, production can 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.

NB: All mining licences confirmed "clean and clear" by Minister of Energy and Mineral Resources.
See http://www.djmbp.esdm.go.id/modules/news/?_act=detail&sub=news_minerbapabum&news_id=3313

Shareholder Approval

Realm will seek the necessary shareholder approvals to conduct the capital raising and consents for the proposed transaction and other items at a General Meeting of Shareholders. Realm intends to raise up to \$46,000,000 to fund the acquisition and initial development and working capital of Katingan Ria in a phased manner.

Information regarding the Katingan Ria Project, the material transaction terms and the contemplated capital raising are set out in a Notice of Meeting and Explanatory Statement to shareholders. Realm anticipates holding the general meeting in early September 2011.

The proposed timetable for the capital raising envisages:

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|--|----------------------|
| • Realm General Meeting | Early September |
| • Initial placement completion | Early September |
| • Completion of tranche 1 of the acquisition | Mid to End September |
| • Subsequent placement | November or February |
| • Completion of tranche 2 of the acquisition | December or March |

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Realm Resources Limited



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

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, Realm has an aluminium dross treatment plant located in Pietermaritzburg, South Africa.

About Coeclerici

The Coeclerici Group is a privately owned Italian multinational with more than a century of experience in the coal business. Coeclerici operates as a mine owner and solid fuels marketing company while its logistics division is a world leader in coal movement, building, owning and operating complex offshore transloading facilities on four continents. Coeclerici Asia (Pte) Ltd in Singapore is the group headquarters for Asia.

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.*

Assumptions: *The general assumptions made in preparing the Directors' conceptual economics include the following:*

- *There is no material adverse change in the economic conditions in the markets in which the Company will operate;*
- *There is no material amendment to any material agreement relating to the project;*
- *There is no significant disruption to the proposed development of the infrastructure in relation to the project or to the project's operations;*
- *There is no material litigation, industrial accidents or labour disputes that will arise or be settled in relation to the project to the detriment of the Company;*
- *The Company is able to secure contracts on commercially favourable terms in relation to the development of the transport and processing infrastructure required for the project and in relation to the mining operations;*
- *All outstanding permits are obtained on schedule and access and compensation agreements are negotiated on acceptable terms and there are no Indonesian regulations that would adversely impact on capital costs and operating costs;*
- *There are no material losses of contracts; and*
- *There is no loss of key management.*