

ASX/Media Release

31 October 2011

Quarterly report to 30 September 2011

Highlights

- **Due diligence completed on Katingan Ria coal project in Central Kalimantan**
- **Successfully secured a funding package of \$15M leading to acquisition of 100% of Kalres Ltd and 51% of the Katingan Ria coal project**
- **Taurus Funds Management welcomed as a cornerstone investor in Realm with 19.9%**
- **IUP Operations (mining) permit granted to PT Katingan Ria**
- **Final application process commenced for forestry production permit (Pinjam Pakai Exploitation)**
- **Coeclerici Asia (Pte) Ltd (“CCA”) appointed as marketing agent for Realm’s planned Indonesian coal operations**
- **Feasibility Study Commenced on Katingan Ria**

INTRODUCTION

Realm Resources' (ASX: RRP, “Realm”) aim is to create shareholder value through exploration and development of quality metal and minerals sector projects. The Company’s historical focus has been on platinum group metals (**PGM**) in South Africa in addition to its aluminium dross treatment plant located in Pietermaritzburg, South Africa. More recently, Realm has expanded its focus to bulk commodities specifically coal.

During the September quarter, the Company made substantial progress in its coal acquisition strategy with the completion of its due diligence for the Katingan Ria project, the successful securing of a \$15M funding package and the milestone acquisition of its 51% stake in the Indonesian coal explorer PT Katingan Ria.

The company is now continuing with the study work required to fund the final acquisition to 75% and develop the Katingan Ria project.

In parallel to its activities in Indonesia, Realm maintained consistent production from its Alumcor smelting operations in South Africa and continued dialogue with

the South African Department of Mineral Resources with respect to its PGM prospects.

COAL

Katingan Ria Project **(RRP 51% earning up to 75%)**

Status

The Katingan Ria Project is located within Central Kalimantan's Hulu district, approximately 175km North West of the regional capital of Palangkaraya, as shown on Figure 1.

Figure 1 Project Location



The mineral concession area covers 4,258 hectares and is overlapped by two forestry production concessions which have largely completed their operations in this area.

Permitting for the project has advanced during the September quarter from IUP Exploration to IUP Operation. The Company's application for the production forestry permit Pinjam Pakai (Forestry) Operations was made during the quarter

and is now progressing well through regulatory process. This is a prerequisite for commencement of mining operations.

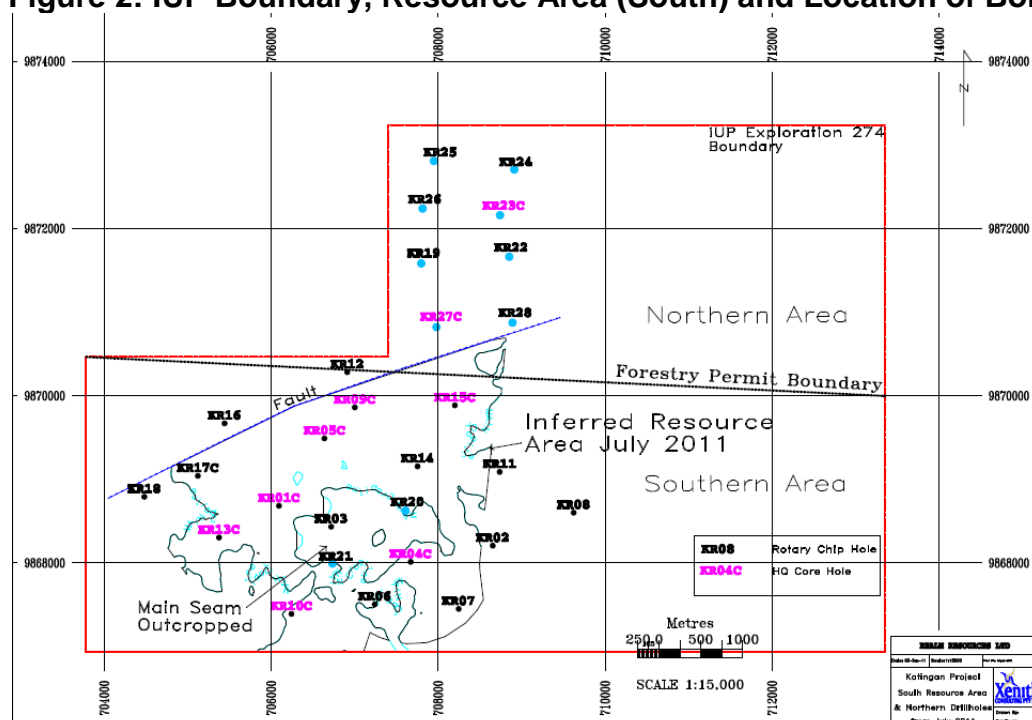
Drilling and resource definition for the southern project area was completed in the previous quarter. This work resulted in the definition of maiden JORC resources of 40.1Mt, as well as coal quality for the main seam, as detailed in Table 1 below:

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									

Drilling work in the northern area was completed during the quarter with a total of 8 holes drilled including 2 cored holes. At the end of the period, modelling of seams had commenced, and is expected to be reported within the December quarter. Figure 2 shows the location of all holes drilled in the project area to date by Realm.

Figure 2: IUP Boundary, Resource Area (South) and Location of Boreholes



Capital Raising and Structure of Transaction

During the quarter, the company undertook a capital raising through a placement to sophisticated investors. This allowed Realm to secure the option to acquire a majority share of PT Katingan Ria through the acquisition of Kalres Ltd.

The value of the transaction was US\$12.6 million including \$10M to the vendors of PT Katingan Ria and US\$2.6M plus 15 million Performance Rights to the vendors of Kalres Ltd.

At the completion of this first stage of the transaction, Realm acquired an initial 51% stake in PT Katingan Ria through its wholly owned subsidiary Kalres Ltd. Realm announced on the 14th September 2011, the completion of a placement of 95,934,066 fully paid ordinary shares in the capital of the Company at an issue price of \$0.091 per share to institutional and sophisticated investors. This raised approximately \$8.73 million.

As a result of the Placement and allocation, Taurus Funds Management became a cornerstone investor of Realm with the issue of 53,076,923 Shares (representing a 19.9% interest in the Company at completion of the Placement). In addition, Taurus provided Realm with a zero coupon loan of \$5,170,000 to be repaid on or before 12 January 2012 through the issue of 56,813,187 Shares at a deemed issue price of \$0.091 per share, subject to the Company obtaining all necessary shareholder approvals under the Corporations Act and ASX Listing Rules.

The Company is now progressing the Katingan Ria Project feasibility study in conjunction with its Indonesian partners PT Goku (formerly known as indoNRG). Successful completion of the study work, with outcomes acceptable to Realm, is a condition precedent to Realm's acquisition of the remaining 24% of PT Katingan Ria by 31 March 2012.

As part of this work, the Company is considering a number of options for funding the acquisition and subsequent project development. These options include both debt and equity.

Marketing Agency

Realm has secured 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 Ria product.

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

Feasibility Study

Following the completion of conceptual evaluation of the Katingan Ria Project, further feasibility study work has commenced in order to determine the technical and commercial feasibility of bringing the Katingan Ria Project into production in 2012 at an ultimate production rate of up-to 5Mtpa.

Critical project related activities identified during the period include the following:

- Scheduling of aerial survey work across the site for resource definition and civil design;
- Limited infill drilling programme to improve resource definition (tonnes and quality) in both north and south areas and allow estimation of reserves;
- Barge load-out and intermediate stockpile arrangements;
- Barging, river and transshipping logistics; and
- Progression of the Pinjam Pakai Exploitation licence in respect of a mining area. This is proposed to cover approximately 1,500 hectares within the concession.

It is expected that these work packages will be commenced during the forthcoming quarter in order to meet the Company's timetable. This will be the subject of further updates.

PLATINUM GROUP METALS

Eastern Limb Platinum Projects (RRP 47.5%- 49.9%)

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.

Discussions with the South African Department of Mineral Resources suggest that the applications could be approved within the fourth 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.

Rooderand Prospect **(RRP earning upto 51%)**

Since signing the farmin agreement with Nkwe Platinum (Rooderand) (Pty) Ltd, Realm has prepared a preliminary expenditure plan in anticipation of the renewal of the prospecting rights. 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 in which it can earn an undivided 51% interest in such prospecting rights by; spending \$2 million on exploration and development, or 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.

ALUMINIUM

Alumicor SA Holdings (Pty) Ltd **(RRP 74%)**

Realm Resources' subsidiary, Alumicor SA ("**Alumicor**"), treats aluminium dross and returns aluminium to Hulamin Limited ("**Hulamin**") 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 September Quarter was 1.27% (3.8% in the prior quarter).

Smelting and recovery performance comparison

Alumicor	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	% change Q3 2011
Tons smelted	3,823	4,070	4,160	3,393	3,350	4,983	4,925	-1%
Average recovery	61%	61%	61%	55%	53%	58%	62%	7%

Operations

During the quarter, whilst there was a slight decrease in volumes treated through the plant and volumes of aluminium dross reduced from the prior quarter, there was an increase in the high metal content furnace feed delivered, resulting in improvements in the average recovery.



As a result of the slight decline in throughput volumes, operating profit declined marginally from the prior period. Close management of operating costs remain the focus of management.

CORPORATE

Referring to the attached 4C schedule, net operating cash outflows were \$842,000 for the quarter (outflow of \$765,000 in the prior quarter). Operating cash flow for the quarter includes due diligence expenses incurred on the Katingan Ria Project (as detailed above). There was a net increase in cash held of \$12,899,000 (net decrease of \$881,000 in the prior quarter), the increase resulted from the placement money received. The share allocations and vendor payments occurred after the quarter end.

Group cash position as at 30 September 2011 was \$16,887,000.

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 has been on platinum group metals (**PGM**) in South Africa as well as bulk commodities abroad in particular coal in Indonesia. 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 431037143

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 – 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.

Competent Persons Statement – Roodeerand 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.

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 September 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	951	3,321
1.2	Payments for (a) staff costs	(545)	(1,580)
	(b) advertising and marketing		
	(c) research and development		
	(d) leased assets		
	(e) other working capital	(1,269)	(3,404)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	48	144
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid	(27)	(154)
1.7	Other (provide details if material)		
	Net operating cash flows	(842)	(1,673)

+ 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 (9 months) \$A'000
1.8 Net operating cash flows (carried forward)	(842)	(1,673)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	(157)	(431)
(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	(157)	(431)
1.14 Total operating and investing cash flows	(999)	(2,104)
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	5,170	5,170
1.18 Repayment of borrowings	(2)	(10)
1.19 Dividends paid		
1.20 Other (provide details if material)	8,730	8,730
Net financing cash flows	13,898	13,890
Net increase (decrease) in cash held	12,899	11,786
1.21 Cash at beginning of quarter/year to date	4,039	5,214
1.22 Exchange rate adjustments to item 1.20	(51)	(113)
1.23 Cash at end of quarter	16,887	16,887

+ 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	338
1.25	Aggregate amount of loans to the parties included in item 1.11	
1.26	<p>Explanation necessary for an understanding of the transactions</p> <p>Line 1.20 – as announced to the ASX on 14 September 2011, a successful placement and loan raising was completed. Placement and loan funds were received before the end of September. Share allocations occurred at the beginning of October.</p> <p>Following shareholder approval (notice of meeting is being finalised) the loan of \$5,170,000 will be repaid by the issue of shares at \$0.091.</p>	

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

As previously announced to ASX, the Company entered into an option and share sale agreement pursuant to which Realm was granted an exclusive option to acquire 100% of the issued capital in Kalres Limited (Kalres), a company incorporated in the Cayman Islands. In consideration for the acquisition of Kalres, Realm agreed to:

- pay US\$1,350,000 (Cash Consideration) to the sellers of Kalres (Sellers);
- issue 15,000,000 performance rights to the Sellers; and
- pay US\$1,250,000 to Kalman Resources Limited (Kalman), in consideration of Kalman assigning all of its rights and obligations under the Master Agreement with PT Sinar Mulia Anugerah Agung (PT SMAA) (Master Agreement).

The Sellers subsequently agreed with Realm to receive 12,087,912 Shares (at a deemed issue price of \$0.091) per Share (Consideration Shares) (subject to the Company obtaining all necessary shareholder approvals under the Corporations Act and ASX Listing Rules) and a cash payment of \$250,000 in lieu of the original Cash Consideration.

- 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	5,178	5,178
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	59	90
4.2	Deposits at call	15,662	2,893
4.3	Bank overdraft		
4.4	Other (provide details)	1,166	1,056
Total: cash at end of quarter (item 1.23)		16,887	4,039

Acquisitions and disposals of business entities

		Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	N/A	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: 31 October 2011
 (Director/Company secretary)

Print name: Theo renard

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.