



## REALM RESOURCES LTD

ASX/Media Release

31 January 2012

### Quarterly report to 31 December 2011

#### Key points

- **51% of PT Katingan Ria acquired**
- **Total Inferred Resources estimate (JORC) at Katingan Ria Coal Project in Indonesia increased from 40Mt to 79Mt**
- **Upgrade of forestry permit endorsed by Local and Provincial Governments, currently awaiting final approval from the Central Government**
- **Phase 2 exploration programme of 17 additional holes (6 cored) underway**
- **Discussions commenced with mining, coal haulage and barging contractors**
- **Site visits planned for prospective investors, financiers and customers in 2012**
- **Set to transition into a coal producer in 2012**

#### INTRODUCTION

During the December quarter, Realm Resources (ASX: **RRP**, “**Realm**” or “**the Company**”) advanced its understanding of the coal resource at its Katingan Ria project. The Company is now squarely focused on completing its feasibility study in order to refine the project’s economic forecast and capital requirements (please see announcement released on 18 January 2012) and transition into a producer in 2H2012.

This work is necessary ahead of commencing negotiations with potential strategic customers, financiers and investors. Given the weak state of capital markets, Realm’s approach remains to assess all avenues of funding with the aim of minimising shareholder dilution.

#### COAL

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

#### Exploration and Study Work

In November 2011, an aerial survey (LIDAR) of the concession area and the haul road to the river was completed, thereby providing improved resolution of the site’s topography necessary for resource evaluation, mining and civil design work. Seascope has been appointed to undertake a detailed bathymetric survey of the mouth and upper reaches of the Katingan River, with this work expected to be complete by mid February 2012

In December 2012, the Phase 2 exploration programme of an additional 17 drill holes (6 cored) commenced. The objectives of this programme were primarily:

- a) to provide additional quality data on the Main and upper seams in the north and to complete the inferred resource estimate for the Main seam throughout the concession as a whole;
- b) to improve the definition of the Main, No. 2 and No. 3 seams in the south in preparation for establishing initial reserves in the expected start up areas; and
- c) refine definition of the fault that separates the northern resource area from the south.

Phase 2 drilling commenced in the north resource area in order to complete the modelling and initial assessment of resources. Coal from this area is shown below in Figure 1.



**Figure 1 Example Core Sample from Northern Area**

Figure 2 shows the current extent of the resource at Katingan Ria following input of updated topography.

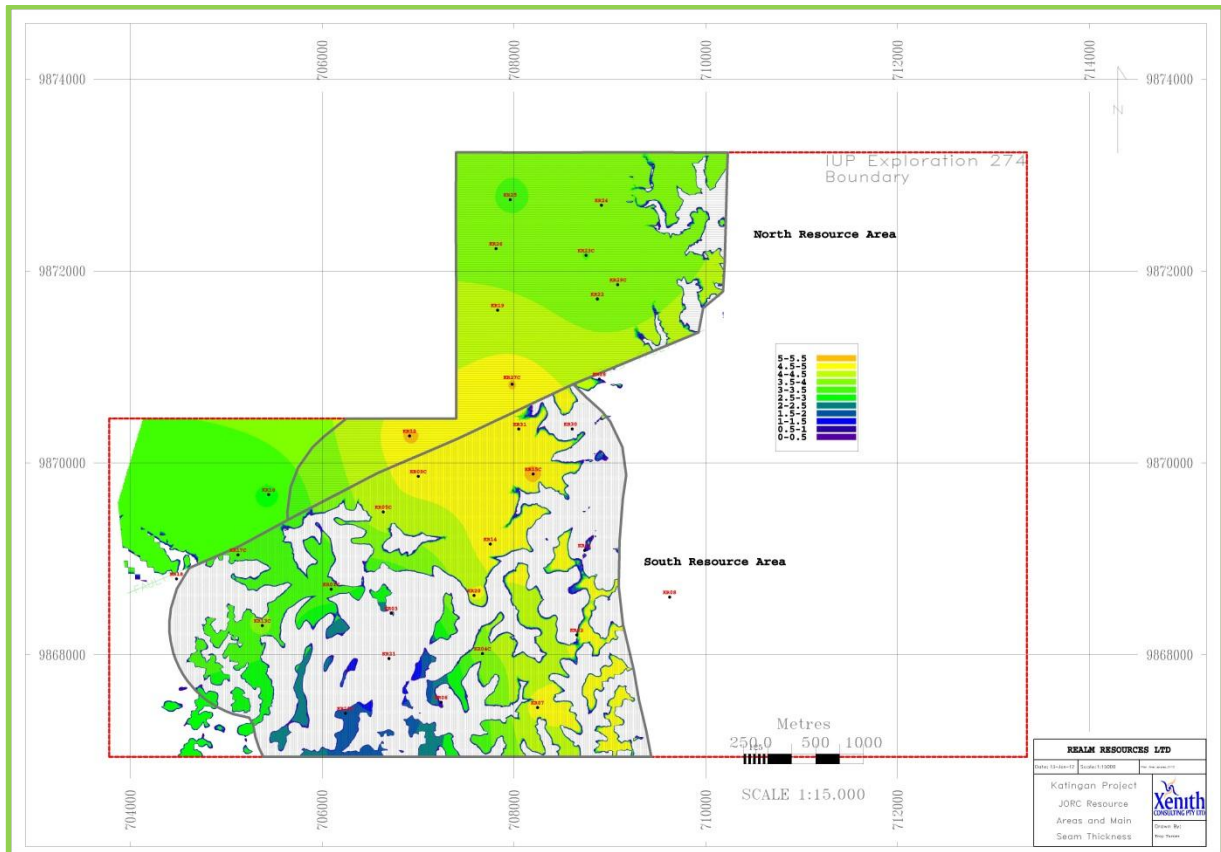


Figure 2 Extent of Resources Katingan Ria

In work announced subsequent to the December reporting period, Xenith have updated the total inferred resources (JORC) for the concession area to 79Mt, as per Table 1.

The Phase 2 drilling work is expected to be completed in mid-February which (when considered along with the aforementioned mining and civil design work and quotations expected from mining, hauling and barging contractors) would enable the feasibility study to be completed by the end of February.

Due to the short timeframes involved in obtaining approvals and funding the project, the Company is building its business case for Katingan Ria around the least complex approach; namely, mining of the main seam only. As previously mentioned, the No. 2 and 3 seams (which underlie the main seam in the south) and upper seams in the north have not been considered in detail at this stage as they do not impact the project development. Should the information from the Phase 2 drilling programme indicate that these seams provide further upside, the development plan will be optimised to suit.

**Table 1 Inferred JORC Resource Estimate**

Seam	Tonnes	Thickness	PRD	TM %	IM %	Ash %	Volatiles %	TS %	Specific Energy kcal/kg	HGI
	Mt	m	t/m <sup>3</sup>	arb	adb	adb	adb	adb	adb	
<b>NORTH</b>										
<b>B</b>	<b>8.0</b>	<b>1.13</b>	<b>1.33</b>		<b>10.8</b>	<b>16.5</b>				
<b>C</b>	<b>8.2</b>	<b>1.22</b>	<b>1.39</b>		<b>12.2</b>	<b>26.7</b>				
<b>Main</b>	<b>32.7</b>	<b>3.8</b>	<b>1.30</b>	<b>30.6</b>	<b>12.4</b>	<b>10.8</b>	<b>39.6</b>	<b>0.24</b>	<b>5,265</b>	<b>49</b>
<b>SOUTH</b>										
<b>Main</b>	<b>30.4</b>	<b>3.55</b>	<b>1.31</b>	<b>30.7</b>	<b>17.1</b>	<b>9.5</b>	<b>38.0</b>	<b>0.20</b>	<b>5,069</b>	<b>48</b>
<b>Total Main</b>	<b>63.1</b>		<b>1.30</b>	<b>30.7</b>	<b>14.6</b>	<b>10.2</b>	<b>38.8</b>	<b>0.22</b>	<b>5,171</b>	<b>49</b>
<b>Total all</b>	<b>79.3</b>									

## Permitting

The sole remaining major permit required to allow mining operations to commence is the upgrade of the *Izin Pinjam Pakai* (or forestry permit) from exploration to operational status. The Company and its advisers believe that this upgrading process is largely procedural and to that end, is pleased to note that the required formal support for this upgrade has already been received by the head of the local government (*Bupati*) as well as the head of the provincial government (*Gubernur*). The upgrade request is now with the Ministry of Forestry (at the national level) and the Company anticipates the approval process to be finalised within the first quarter of 2012.

At the recommendation of the *Gubernur*, the right to use the proposed haul road (an old logging road that has reverted to Government ownership) and allocations of land adjacent to the river for the stockpiles and barge loading infrastructure have been legislated within the forestry permit, thus allowing the Company to avoid the capital outlay that was budgeted for the acquisition of these areas. This assistance from the provincial government greatly enhances attaining the Company's goal of becoming a mid-tier mining company in the area.

## Capital Raising

The aerial survey together with the Phase 2 exploration work have improved the data set on the resource and the Company is currently adjusting its mine start up plan. A revised budget will be completed this month. Given the depressed state of the capital markets of late, the Company is considering extending the ramp up phase of the mine in order to reduce the initial capital requirements. This approach will allow further definition drilling in order to refine the anticipated reserve base and improve mine planning.

The Company together with its partners continues to push for the final forestry approval and is planning the required fund raising around the anticipated receipt date of this approval.

A second site visit for interested parties is planned for early in the first quarter of 2012 with a final site visit planned later in the quarter. Initial expressions of interest have been received from several potential strategic investors and financiers.



The Company continues to progress discussions with potential strategic investors, domestic and international financiers as well as equity brokers.

### **Appointments**

During the quarter, two senior appointments to strengthen the Indonesian team to support development of its Katingan Ria project were made.

Michael Black has been appointed Chief Operating Officer for Indonesia. Michael has more than 10 years' experience developing and managing large scale resource projects in Indonesia.

Eva Armila was appointed as the Company's General Manager Legal for Indonesia. Eva, an Indonesian national, is an experienced resource lawyer having worked with both Indonesian and International law firms in this and other areas for 10 years. In addition to being admitted to practice law in Indonesia, Eva also holds post graduate degrees in law and business from an Australian university uniquely positioning her to advise the Company in its obligations and development.

### **Katingan Bersama (RRP Option to acquire up to 60%)**

As part of its agreement with PT Sinar Mulia Anugerah Agung, the Company has an option for 6 months following the completion of the Katingan Ria project to acquire 60% of the Katingan Bersama project. Katingan Bersama is an exploration project approximately 5,000 ha in area and located immediately to the north of Katingan Ria. The project was granted its IUP Exploration in October 2009.

The Company has commenced its legal and technical due diligence of the property and will undertake further field mapping and sampling work prior to committing to a more detailed drilling programme following the completion of the Katingan Ria acquisition.



## 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 continue, with latest indications anticipating application approvals within the first quarter of 2012. 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 up-to 51%)**

Since signing the farm-in 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's 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 for the quarter was 0%.

### **Smelting and recovery performance comparison**

<b>Alumicor</b>	<b>Q1 2011</b>	<b>Q2 2011</b>	<b>Q3 2011</b>	<b>Q4 2011</b>	<b>% change Q3 2011</b>
<b>Tons smelted</b>	<b>3,350</b>	<b>4,983</b>	<b>4,925</b>	<b>3,620</b>	<b>-26.5%</b>
<b>Average</b>					





recovery	53%	58%	62%	48%	-22.6%
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## Operations

During the quarter, South Africa (countrywide) experienced problems with LPG and fuel deliveries, resulting in reduced gross deliveries to Alumicor. These supply issues have since resolved and the Company anticipates a return to normal gross deliveries in 2012.

This decline in throughput volumes resulted in reduced operating profits for the quarter. Despite the setback, Alumicor remained profitable for 2011.

## CORPORATE

### Taurus

As announced in the September quarterly report, as a result of the Placement and allocation made by the Company in September 2011, Taurus Funds Management (a dedicated manager of investment strategies in the mineral commodities sector, particularly focusing on early stage mining projects and companies) made a zero coupon loan to the Company of \$5,170,000 convertible into 56,813,187 Shares on or before 12 January 2012. Since the Company has still to receive all necessary shareholder approvals under the Corporations Act and ASX Listing Rules, Taurus Funds Management extended the maturity of its loan to 28 February 2012 to allow this process to complete in an orderly fashion.

Referring to the attached 5B schedule, net operating cash outflows were \$713,000 for the quarter (outflow of \$842,000 in the prior quarter). Operating cash flow for the quarter includes evaluation and exploration expenses incurred on the Katingan Ria Project (as detailed in the Appendix 5B). There was a net decrease in cash held of \$13,540,000 (net increase of \$12,899,000 in the prior quarter), in the main the decrease resulted from the payments made to acquire the 100% ownership of Kalres Limited and the 51% of PT Katingan Ria (the Indonesian Company that owns the Katingan Ria coal concession).

Group cash position as at 31 December 2011 was \$3,627,000.

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### About Realm Resources

Realm's strategy is to **create shareholder value through exploration and development of bulk commodity projects, primarily in coal**. In addition, the Company's has platinum group metals (**PGM**) advanced exploration projects and an aluminium dross treatment plant in South Africa.

### For further information please contact:

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Or visit the company's website [www.realmresources.com.au](http://www.realmresources.com.au)

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Realm Resources Limited

ABN

98 008 124 025

Quarter ended ("current quarter")

31 December 2011

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from product sales and related debtors	1,256	4,577
1.2	Payments for (a) exploration & evaluation	(429)	(2,062)
	(b) development	(672)	(2,378)
	(c) production	(935)	(2,580)
	(d) administration		
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	72	216
1.5	Interest and other costs of finance paid	(5)	(159)
1.6	Income taxes paid		
1.7	Other (provide details if material)		
	<b>Net Operating Cash Flows</b>	<b>(713)</b>	<b>(2,386)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects		
	(b) equity investments	(12,347)	(12,347)
	(c) other fixed assets	(207)	(638)
1.9	Proceeds from sale of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
	<b>Net investing cash flows</b>	<b>(12,554)</b>	<b>(12,985)</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(13,267)</b>	<b>(15,371)</b>

+ See chapter 19 for defined terms.



**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(13,267)	(15,371)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	(270)	8,460
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		5,170
1.17	Repayment of borrowings	(3)	(13)
1.18	Dividends paid		
1.19	Other (provide details if material)		
	<b>Net financing cash flows</b>	(273)	13,617
	<b>Net increase (decrease) in cash held</b>	(13,540)	(1,754)
1.20	Cash at beginning of quarter/year to date	16,887	5,214
1.21	Exchange rate adjustments to item 1.20	(80)	(193)
1.22	<b>Cash at end of quarter</b>	3,267	3,267

**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
1.23 Aggregate amount of payments to the parties included in item 1.2	444
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

See previous Appendix 4c

**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 projects in which the reporting entity has an interest

N/A

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	5,175	5,175
3.2 Credit standby arrangements		

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	637
4.2 Development	
4.3 Production	610
4.4 Administration	915
<b>Total</b>	<b>2,162</b>

**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
5.1 Cash on hand and at bank	126	59
5.2 Deposits at call	1,674	15,662
5.3 Bank overdraft		
5.4 Other (provide details)	1,467	1,166
<b>Total: cash at end of quarter (item 1.22)</b>	<b>3,267</b>	<b>16,887</b>

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	N/A			
6.2 Interests in mining tenements acquired or increased	Katingan Ria Project – Cental Kalimanta n, Borneo Indonesia	Equity interst in PT Katingan Ria acquired – company that holds the concession	0%	51%

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

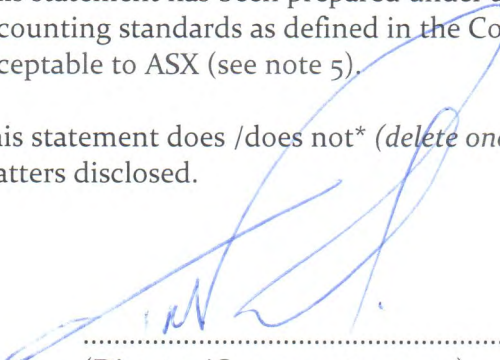
		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference securities</b> (description)	-			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	<b>+Ordinary securities</b>	281,131,875	281,131,875	N/A	N/A
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	<b>+Convertible debt securities</b> (description)	-			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> (description and conversion factor)	2,500,000 1,000,000	Nil Nil	Exercise price \$0.15 \$0.15	Expiry date 30 June 2012 30 January 2015
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	<b>Debentures</b> (totals only)	-			

+ See chapter 19 for defined terms.

7.12	<b>Unsecured notes</b> (totals only)		
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## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does /does not\* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:   
(Director/Company secretary)

Date: 31/1/2012

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 "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting 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.

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