

REALM RESOURCES LTD

ASX/Media Release

30 July 2012

Quarterly report to 30 June 2012

Key points

- **AUD5M funding package secured**
- **Project study nearing finalisation**

COAL

During the quarter, **Realm Resources Ltd (ASX: RRP) (Realm or the Company)** announced that its major shareholder Taurus Funds Management ("Taurus") agreed to provide funding by way of a loan of up to A\$5 million. The funds will be applied towards further resource/reserve definition drilling and Project optimisation activities, as well as general working capital.

The key terms of the loan are:

- Facility amount of up to A\$5 million;
- The facility is unsecured;
- Interest rate of 8% p.a. payable quarterly in arrears and may, subject to agreement, be paid by way of issue of ordinary shares in Realm at the 5 day VWAP for ordinary shares;
- The facility is repayable on the earlier of the project equity raising or 30 September 2013;
- If Realm is issuing ordinary shares, Taurus may elect to convert their loan into ordinary shares at the same issue price per share as the equity raising;
- The lenders were entitled to a facility fee of 2% of the total facility amount and will be granted options over a total of 100,000,000 shares, exercisable at 5c per share at any time in the next 5 years (subject to the Company obtaining all necessary shareholder approvals under the Corporations Act and ASX Listing Rules); and
- Realm is required to use funds raised on the exercise of the options to repay any outstanding amounts under the facility.

This will fund Realm's current exploration and permitting activities in Indonesia and Africa over the forthcoming 12 months and allow time for the company to schedule its projects with greater certainty on permitting and market conditions.

Katingan Ria Coal Project

The Company is continuing to work with its partners on advancing the status of permitting for the Katingan Ria Coal Project. In recognition of the delays experienced in procuring the final Pinjam Pakai, Realm and its partners have agreed to amend the date for the Tranche 2 Payment, the time at which its interest in the Katingan Ria Coal Project in Indonesia is increased to 75% from the 51% held currently.



realm resources

The revised date remains two months from satisfaction of all Conditions Precedent, but with 31 March 2013 as the new cut off date.

The original Master Agreement anticipated the satisfaction of all Conditions Precedent by January 2012, with Realm required to make the Tranche 2 Payment immediately thereafter. This was amended to have the Tranche 2 Payment falling within two months of satisfaction of Conditions Precedent with 30 June 2012 as the cut off date. This amendment has now been superseded by this latest extension.

The Company anticipates that all Tranche 2 Conditions Precedent should be satisfied by 31 January 2013. Should this be the case, then the Tranche 2 Payment would be made in March 2013, at which point Realm's interest in the Katingan Ria Project would increase to 75%.

Study Work

The Company is close to finalising its Project Study, the results of which will be released shortly.

Permitting

The Company's application for the production forestry permit (Pinjam Pakai Eksploitasi) continues to progress through the regulatory process. PT Katingan Ria anticipates receiving this permit, which is a prerequisite for commencement of mining operations, by December 2012.

Table 1: Permit Status – Katingan Ria Project

| Description | Project Region | Status | Expected Date |
|---|----------------|------------------------|---------------|
| IUP Exploration | Both areas | Secured | |
| Pinjam Pakai ¹ (Exploration) | South | Secured | |
| Pinjam Pakai (Exploration) | North | Secured | |
| Environmental Impact Statement(AMDAL) | Both areas | Completed | |
| IUP Operations | Both areas | Secured | |
| Pinjam Pakai (Exploitation) | Both areas | Submitted ² | January 2013 |

¹ Forestry permit

² Finalisation subject to Ministry of Forestry completing an assessment of the volume of timber to be disturbed

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

PLATINUM GROUP METALS

Realm Resources (Pty) Ltd

(RRP 74%)

The Company is continuing with its assessment of its options to maximise the value of the PGM portfolio. These may include sale, joint ventures or proceeding with further exploration and resource development work.

ALUMINIUM

Alumicor SA Holdings (Pty) Ltd

(RRP 74%)

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

Health and Safety

There were no disabling injuries reported during the quarter. The focus on safety training and monitoring continues.

Smelting and recovery performance comparison

| Alumicor | Q2 2011 | Q3 2011 | Q4 2011 | Q1 2012 | Q2 2012 | % change Q1 2012 |
|-------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-----------------------------|
| Tons smelted | 4,983 | 4,925 | 3,620 | 4,562 | 3,790 | -16.9% |
| Average recovery | 58% | 62% | 48% | 56% | 56% | 0% |

Operations

During the quarter, Hulammin operations were disrupted by the failure of a motor on their Camps Drift hot line. The motor has since been repaired and the line has been operating normally since mid-June. This resulted in lower dross volumes being delivered to Alumicor. Management took the opportunity to accelerate planned maintenance on two of the furnaces during this period. Hulammin production is expected to normalise during the third quarter and this will result in increased dross throughput at Alumicor

CORPORATE

Referring to the attached 5B schedule, net operating cash outflows were \$979,000 for the quarter (outflow of \$1,384,000 in the prior quarter). Operating cash flow for the quarter includes evaluation and technical expenses incurred on the Katingan Ria Project (as detailed in the Appendix 5B). There was a net decrease in cash held of \$493,000 (net decrease of \$1,431,000 in the prior quarter), during the quarter exploration activities continued on the Katingan Ria project.

On 29 June 2012, the first tranche of the Taurus loan was drawn down.

Group cash position as at 30 June 2012 was \$1,311,000.



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 has platinum group metals (**PGM**) advanced exploration projects and an aluminium dross treatment plant in South Africa.

For further information please contact:

Richard Rossiter (Executive Chairman) and Theo Renard (FD) on +61 2 8249 4542

Or visit the company's website 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")

30 June 2012

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 product sales and related debtors | 1,001 | 1,874 |
| 1.2 | Payments for (a) exploration & evaluation | (290) | (333) |
| | (b) development | (615) | (1,221) |
| | (c) production | (848) | (2,528) |
| | (d) administration | | |
| 1.3 | Dividends received | | |
| 1.4 | Interest and other items of a similar nature received | 6 | 33 |
| 1.5 | Interest and other costs of finance paid | | |
| 1.6 | Income taxes paid | (233) | (188) |
| 1.7 | Other (provide details if material) | | |
| | Net Operating Cash Flows | (979) | (2,363) |
| Cash flows related to investing activities | | | |
| 1.8 | Payment for purchases of: (a) prospects | | |
| | (b) equity investments | | |
| | (c) other fixed assets | (103) | (148) |
| 1.9 | Proceeds from sale of: (a) prospects | | |
| | (b) equity investments | | |
| | (c) other fixed assets | | |
| 1.10 | Loans to other entities | (128) | (128) |
| 1.11 | Loans repaid by other entities | | |
| 1.12 | Other (provide details if material) | | |
| | Net investing cash flows | (231) | (276) |
| 1.13 | Total operating and investing cash flows (carried forward) | (1,210) | (2,639) |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

| | | | | |
|------|--|---------|---------|--|
| 1.13 | Total operating and investing cash flows (brought forward) | (1,210) | (2,639) | |
| | Cash flows related to financing activities | | | |
| 1.14 | Proceeds from issues of shares, options, etc. | | | |
| 1.15 | Proceeds from sale of forfeited shares | | | |
| 1.16 | Proceeds from borrowings | 720 | 720 | |
| 1.17 | Repayment of borrowings | (3) | (5) | |
| 1.18 | Dividends paid | | | |
| 1.19 | Other (provide details if material) | | | |
| | Net financing cash flows | 717 | 715 | |
| | Net increase (decrease) in cash held | (493) | (1,924) | |
| 1.20 | Cash at beginning of quarter/year to date | 1,844 | 3,267 | |
| 1.21 | Exchange rate adjustments to item 1.20 | (40) | (32) | |
| 1.22 | Cash at end of quarter | 1,311 | 1,311 | |

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 | 218 |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10 | - |

1.25 Explanation necessary for an understanding of the transactions

During the quarter, Realm Resources Ltd) announced that its major shareholder Taurus Funds Management agreed to provide funding by way of a loan of up to A\$5 million. The key terms of the loan are:

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- The facility is unsecured;
- Interest rate of 8% p.a. payable quarterly in arrears and may, subject to agreement, be paid by way of issue of ordinary shares in Realm at the 5 day VWAP for ordinary shares;
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+ See chapter 19 for defined terms.

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

| |
|--|
| 15,220,435 Ordinary fully paid shares issued in consideration for the acquisition of: |
| <ul style="list-style-type: none"> 47.5% of the fully paid ordinary shares in the capital of Masedi Platinum (Proprietary) Limited; and The remaining 50.01% of the fully paid ordinary shares in the capital of Nkwe Platinum (Scarlet) Proprietary limited |
| From Nkwe Platinum (South Africa) (Pty) Limited. |
| 34,789,565 Ordinary fully paid shares issued as final settlement, to the vendors of Morning Star Holdings (Australia) Limited (previously Realm Resources Limited). |

- 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.

| | Amount available \$A'000 | Amount used \$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities | | |
| | 5,000 | 1,000 |
| 3.2 Credit standby arrangements | | |

Estimated cash outflows for next quarter

| | \$A'000 |
|--------------------------------|--------------|
| 4.1 Exploration and evaluation | 375 |
| 4.2 Development | - |
| 4.3 Production * | 678 |
| 4.4 Administration ** | 553 |
| Total | 1,606 |

* Note – production costs absorbed by operations

** Note – portion of Administration costs absorbed by operations

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 | 264 | 251 |
| 5.2 | Deposits at call | 60 | 60 |
| 5.3 | Bank overdraft | | |
| 5.4 | Other (provide details) | 987 | 1,533 |
| Total: cash at end of quarter (item 1.22) | | 1,311 | 1,844 |

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 | N/A | | |

+ See chapter 19 for defined terms.

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 | Preference securities (description) | - | | | |
| 7.2 | Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions | | | | |
| 7.3 | +Ordinary securities | 400,042,974 | 400,042,974 | N/A | N/A |
| 7.4 | Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs | 50,010,000 | 50,010,000 | 7.0 | 7.0 |
| 7.5 | +Convertible debt securities (description) | Unsecured 8% A\$5,000,000 Convertible Equity Linked Credit Facility, repayable on or before 30 September 2013, either by way of cash or issue of shares. | | | |
| 7.6 | Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted | | | | |
| 7.7 | Options (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 | Debentures (totals only) | - | | | |

+ See chapter 19 for defined terms.

| | | | |
|------|-------------------------------------|--|--|
| 7.12 | Unsecured notes (totals only) | | |
|------|-------------------------------------|--|--|

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: 30 July 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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