

26 September 2013

Dear Shareholder

Letter to Shareholders

On 25 September 2013, Realm Resources Limited (ASX: RRP) (RRP) announced a 37 for 9 non-renounceable pro rata entitlement offer issue (**Offer**) of up to 1,750,000,000 fully paid ordinary shares in RRP (**New Shares**) at an issue price of \$0.004 per New Share to raise up to approximately \$7 million before costs and expenses.

The Record Date for the Offer is 7.00pm (AEST) on Thursday, 3 October 2013 (**Record Date**).

The Investor Presentation in connection with the Offer was lodged with the ASX on Wednesday, 25 September 2013 and is available for viewing on the ASX website at www.asx.com.au.

A copy of the Offer Booklet together with a personalised entitlement and acceptance form will be sent to Shareholders shortly.

Use of Funds

RRP will use the proceeds of the Offer to:

- repay the \$5m Taurus Funds Management equity linked convertible note;
- progress efforts to maximise the value of RRP's development ready Indonesian thermal coal project via the selection of a strategic investor / off-take partner, progression of final permitting and development activities, and possible Singapore listing;
- accelerate business development activities aimed at enhancing and/or realising the value of RRP's coal, and South African aluminium and platinum assets as well as seeking new resource sector investment opportunities; and
- cover general corporate costs.



Summary of Key Features of the Offer

The Offer is open to RRP shareholders (**Eligible Shareholders**) who are registered on RRP's register of members as a holder of ordinary shares in RRP at 7.00pm (AEST time) on the Record Date.

Under the Offer, Eligible Shareholders will be entitled to subscribe for 37 New Shares for every 9 existing RRP shares held at the Record Date at an issue price of \$0.004 per New Share.

Fractional entitlements will be rounded up to the nearest number of whole New Shares.

The Offer is being undertaken under section 708AA of the Corporations Act, meaning that RRP will not issue a prospectus for the Offer. Instead, an offer document detailing the Offer (**Offer Booklet**) will be sent to Eligible Shareholders on 8 October 2013, together with a personalised Entitlement and Acceptance Form.

The Offer will also incorporate a shortfall facility under which Eligible Shareholders can apply to take up additional New Shares in excess of their pro rata allocation. Applications under the shortfall facility will only be satisfied to the extent there is a shortfall under the Offer and will be subject to the terms and conditions outlined in the Offer Booklet.

Under the terms of an underwriting agreement entered into between RRP and the Underwriter, Veritas Securities Limited (the "Underwriter") has agreed to underwrite the Entitlement Offer to the extent of 1,500,000,000 Shares or A\$6 million. Taurus Funds Management Pty Limited ("TFM") will sub-underwrite the Entitlement Offer to the same extent pursuant to a sub-underwriting agreement with the Underwriter. TFM currently holds 31.86% of Shares in RRP, and may hold up to 84.9% of the issued capital of RRP at the completion of the Entitlement Offer if it is not fully subscribed.

Price

The issue price of \$0.004 per Share represents a discount of:

- 20% to the closing price of Shares on 19 August 2013 (being the last day before the Company initially announced its intention to conduct an entitlement offer); and
- 4.7% to the theoretical ex-rights price ("TERP").

Entitlement

Eligible shareholders will be entitled to subscribe for 37 new Shares for every 9 existing Shares ("Entitlement") held as at 7.00pm (AEST) on the Record Date. New Shares issued under the Entitlement Offer will be fully paid and will rank equally in all respects with existing Shares on issue.

Non-Renounceability

The Entitlement Offer is non-renounceable.

Additional Shares

Eligible shareholders may also apply for Shares in excess of their Entitlement which are not taken up under the Entitlement Offer ("Additional Shares"). RRP will issue Additional Shares to those eligible shareholders who apply for Additional Shares on a pro-rata basis. The directors reserve the right to place any Additional Shares which are not subscribed for by eligible shareholders and do not form part of the underwritten Shares at their discretion within three months of the closing date of the Entitlement Offer.

Eligibility

Entitlements can only be exercised by shareholders with a registered address in Australia, New Zealand, Indonesia, Ireland, Malaysia, Mauritius, Monaco, Singapore, Taiwan, The Philippines, Hong Kong or the United Kingdom (being all holders of RRP Shares) provided that, in each case, such person is not in the United States and is not acting for the account or benefit of a person in the United States.

For further details on who is an eligible shareholder, please refer to the investor presentation the Offer Booklet, scheduled to be despatched on 8 October 2013.

Timetable

Entitlement Offer	Date
Shares are quoted on an ex basis	27 September 2013
Record Date for eligibility to participate in the Entitlement Offer	3 October 2013
Offer Booklet despatched	8 October 2013
Company holds general meeting seeking shareholder approval for the sub-underwriting and ratio of the rights issue	24 October 2013
Acceptances close	30 October 2013
ASX notified of under subscriptions and eligible shareholders may apply for any Additional Shares	1 November 2013
Issue date	6 November 2013

All dates are in 2013 and times refer to Australian Eastern Standard Time ("AEST"). The timetable is indicative only. RRP, in conjunction with the Underwriter, reserves the right to amend any or all of these dates and times, to accept late applications either generally or, in particular cases, to withdraw the Entitlement Offer without prior notice subject to the Corporations Act, the ASX Listing Rules and other applicable laws. The commencement of quotation and trading of Entitlements and new Shares is subject to ASX confirmation.

Capital Structure

The capital structure of RRP following the issue of New Shares, assuming that the maximum number of New Shares is issued under the Offer (ignoring the effect of rounding entitlements), will be as follows:

Shares on issue on announcement of the Offer	425,808,576
Maximum New Shares to be issued under the Offer	1,750,000,000
Maximum Shares on issue after the Offer	2,175,808,576

From their date of issue, the New Shares will have the same terms as, and will rank equally with, existing fully paid ordinary shares in RRP.

RRP also has 101,000,000 unlisted options currently on issue. These options do not carry an entitlement to participate in the Offer.

Participating in the Offer

Before making a decision whether to apply for New Shares, Shareholders should read the Offer Booklet carefully in its entirety when they receive it.

If you wish to participate in the Offer, please follow the instructions contained in the Offer Booklet. The Offer closes at 5.00pm (AEST) on Wednesday, 30 October 2013.

On behalf of the Board and management of RRP, thank you for your continued support.

Yours sincerely



Richard Rossiter
Executive Chairman