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MR SAM SAMPLE  
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123 SAMPLE STREET  
THE SAMPLE HILL  
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SAMPLEVILLE VIC 3030

2 October 2014

Dear Shareholder

### Letter to Shareholders

On 1 October 2014, Realm Resources Limited (ASX: RRP) (RRP) announced a 1 for 4 non-renounceable pro rata entitlement offer issue (Offer) of up to 482,772,519 fully paid ordinary shares in RRP (New Shares) at an issue price of \$0.002 per New Share to raise up to approximately \$966,000 before costs and expenses.

The Record Date for the Offer is 7.00pm (AEST) on 8 October 2014 (**Record Date**).

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; progress efforts to maximise the value of Realm's development ready Indonesian thermal coal project, accelerate business development activities, 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 1 New Share for every 4 existing RRP share held at the Record Date at an issue price of \$0.002 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 13 October 2014, together with a personalised Entitlement and Acceptance Form.

Shareholder approval is not required for the Entitlement Offer and, therefore, no Shareholder approval will be sought.

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.

Taurus Funds Management Pty Limited ("TFM") have advised that they will be taking up their entitlements. TFM currently holds 85.78% of Shares in RRP, and may hold up to 88.29% of the issued capital of RRP at the completion of the Entitlement Offer if it is not fully subscribed.

### **Price**

- The issue price of \$0.002 per Share represents parity to the closing price of Shares on 30 September 2014 (being the last day before the Company initially announced its intention to conduct an entitlement offer); and

### **Entitlement**

Eligible shareholders will be entitled to subscribe for 1 new Share for every 4 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 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. Further details as to the Shareholders who are considered to be Eligible Shareholders for the purpose of the Entitlement Offer are set out in the Offer Booklet.

For further details on who is an eligible shareholder, please refer to the Offer Booklet, scheduled to be despatched on 13 October 2014.

## Timetable

Entitlement Offer	Date
Announcement of Entitlement Issue and Application for Quotation of New Shares (Appendix 3B)	1 October 2014
Issue Cleansing Notice in accordance with Section 708AA of Corporations Act	1 October 2014
Letter to Shareholders advising of Entitlement Issue	2 October 2014
Ex- Date: Shares Quoted ex-Entitlement	3 October 2014
Record Date	8 October 2014
Despatch offer of Entitlement Issue to Eligible Shareholders	13 October 2014
Last day to extend the closing date of the offer	21 October 2014
Closing Date	24 October 2014
Securities quoted on a deferred settlement basis	27 October 2014
Notification of under subscriptions	29 October 2014
Despatch of Holding Statements and deferred settlement ends	31 October 2014

All dates are in 2014 and times refer to Australian Eastern Standard Time ("AEST"). The timetable is indicative only. RRP 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	1,931,090,077
Maximum New Shares to be issued under the Offer	482,772,519
Maximum Shares on issue after the Offer	2,413,862,596

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.

The Entitlement Offer is not underwritten.

RRP also has 100,000,000 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 24 October 2014.

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

Yours sincerely



Richard Rossiter  
Executive Chairman



MR SAME SAMPLE  
FLAT 123  
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2 October 2014

Dear Shareholder

### **REALM RESOURCES LIMITED NON RENOUNCEABLE ENTITLEMENT OFFER**

On 1 October 2014, Realm Resources Limited (ASX: RRP) (**Realm** or the **Company**) announced a 1 for 4 non-renounceable pro rata entitlement offer to raise up to approximately \$966,000 (**Entitlement Offer**).

Subject to certain exceptions, the Entitlement Offer is open to existing holders of shares in the Company (**Shareholders**) with a registered address in Australia, New Zealand, Hong Kong, Indonesia, Malaysia, Mauritius, Monaco, Singapore, Taiwan, The Philippines or the United Kingdom as at 7.00pm (AEST) on 8 October 2014 (**Record Date**). Further details as to the shareholders who are considered to be Eligible Shareholders for the purpose of the Entitlement Issue are set out in the Offer Booklet lodged with ASX on 1 October 2014.

Pursuant to the Entitlement Offer, the Company may issue a maximum of 482,772,519 fully paid ordinary shares in the capital of the Company (**New Shares**). The new shares will be offered on the basis of 1 New Share for every 4 shares held on the Record Date at an issue price of A\$0.002 per New Share.

The Offer Booklet is available for download from both the ASX website ([www.asx.com.au](http://www.asx.com.au)) and the Company's website ([www.realmresources.com.au](http://www.realmresources.com.au)).

Following careful consideration, no offer document in relation to the Entitlement Offer or an Entitlement Acceptance form will be sent to Shareholders with a registered address in the United States of America (the **Excluded Territory**). Pursuant to the Corporations ACT 2001 (Cth) and ASX Listing Rule 7.7.1(a), the Company has determined that it would be unreasonable to extend the Entitlement Offer to Shareholders who have a registered address in, or who are resident in, the Excluded Territory (**Ineligible Shareholders**) having regard to the potential cost of complying with the legal and regulatory requirements in the Excluded Territory.

Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and the Corporations Act, the Company wishes to inform you that it will not be extending the Entitlement Offer to Ineligible Shareholders and to confirm that you, as an ineligible shareholder, are not eligible to participate in the Entitlement Offer, except where you have been expressly informed by RRP otherwise.



This notice is to inform you about the Entitlement Offer. This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. You are not required to do anything in response to this letter.

If you have any questions in relation to any of the above matters, please contact Theo Renard on +61 2 9252 2186. For other questions you should consult your stockbroker, solicitor, accountant, financial adviser or other professional adviser.

I recognise that you are unable to participate in the Entitlement Offer and on behalf of the Board and Management of Realm, I thank you for your continued interest in Realm.

Yours sincerely

A handwritten signature in black ink, appearing to read "R Rossiter", written in a cursive style.

Richard Rossiter  
Executive Chairman