



Company Announcements
ASX Limited

By Electronic Lodgement

31 July 2014

QUARTERLY UPDATE – PROGRESS UPDATE

- **Ongoing efforts aimed at maximising the value of Realm’s development ready Indonesian thermal coal project are being directed at buyers and strategic partners seeking exposure to the high growth Indonesian power sector**
- **Coal market remains oversupplied with export prices for expected Katingan Ria coal quality at around US\$36/t**
- **Alumicor – licence to allow additional aluminium dross processing at Mkondeni imminent**
- **Business development activities aimed at enhancing and/or realising the value of Realm’s South African aluminium and platinum assets as well as seeking new resource sector investment opportunities**

Realm Resources Ltd. (ASX: RRP) (“Realm” or the “Company”) is pleased to provide an update on activities during the quarter.

The Company continues its focus on securing buyers and/or strategic off take partners and financing for its development ready thermal coal project in Central Kalimantan. Despite robust demand growth, the thermal coal seaborne market has remained in oversupply; with the price of Katingan Ria 4,200kcal GAR coal falling further to around US\$36/t. Strategic partner negotiations have therefore been focussed on domestic supply opportunities and specifically PLN’s (Indonesian State owned Electricity Corporation) proposed 200Mw power station development in the vicinity of Kasongan.

In South Africa, efforts have been focussed at improving the financial and operational performance of Alumicor, and seeking funders and/or partners looking for exposure to or interested in developing a range of opportunities in the aluminium re-cycling sector. In addition, the Rooderand platinum transaction with Chrometco Limited was advanced, with 35m JSE:CMO shares due to Realm on completion.

On the business development front, numerous resource sector opportunities continue to be reviewed, with the focus directed at projects with near term cash generation capacity, largely in the coal and energy space.

Coal – Focussing on Domestic Power Station Supply

During the quarter, your directors focussed efforts on buyers seeking exposure to the high growth Indonesian energy sector via securing strategically located coal assets ahead of planned power station developments. Realm's 51% owned Katingan Ria thermal coal project is ideally suited to supply a proposed 2x100Mw mine mouth power station in Central Kalimantan. This has seen discussions being advanced with larger Indonesian mining and logistic conglomerates and international power station developers. We expect further details on the power station tender process to emerge following the recent election in Indonesia.

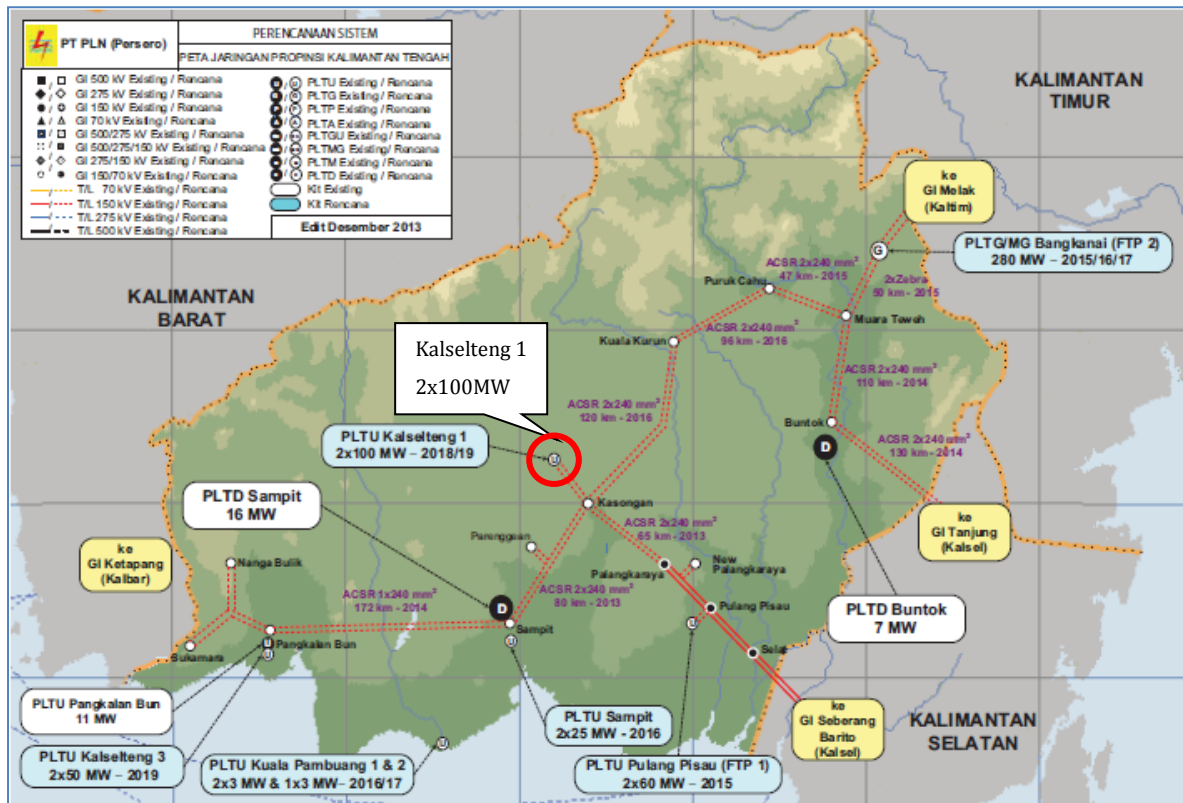
Indonesia's electricity demand is forecast to grow at a rate of ~8% pa to 2022 or around 60 GW of additional power supply. This will require an estimated US\$125bn in new investment. Given this significant funding requirement, the Indonesian Government is now opening up the electricity sector to private and foreign investment thereby reducing the load on the State owned Electricity Corporation, PLN.

The Central Kalimantan province economy has been growing at the rate of 6.4% per year in the last five years. Agriculture, palm oil plantation, coal mining and trading has contributed to the dynamic and prospective economic growth in the province. This, together with the low level of electrification in the province, means that electricity demand is expected to remain high over the next 5-7 years. PT PLN (PERSERO), the Indonesian State owned Electricity Corporation ("PLN"), released a national "Power Supply Business Plan" ("RUPTL") for the period 2013 - 2022. This can be accessed at the PT. PLN (Persero) website on www.pln.co.id

Katingan Ria has the potential to supply a 2x 100Mw power station development near the town of Kasongan in Central Kalimantan (Figure 1; exact location yet to be finalised). This has the potential to see the mine being developed largely as a domestic coal supplier. Coal supply, which is required by 2018/19 for the power station, could therefore be developed for both domestic and export markets (assuming export prices recover from current lows).

The electricity grid and development plan for Central Kalimantan province is shown in Figure 1.

Figure 1: Central Kalimantan electricity grid and development plan showing the proposed Kalseteng 1 - 2x 100MW power station development close to Realm’s Katingan Ria coal project



Source: PT PLN (PERSERO) RUPTL 2013-2022

Aluminium Waste Toll Treating Business

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 June quarter was 0.0% (0.0% in the prior quarter).

Smelting and recovery performance comparison

Alumicor	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	% change Q1 2014
Tonnes smelted	4,527	5,172	4,505	4,411	4,528	4,150	4,649	4,401	-5%
Average recovery	60%	63%	62%	64%	65%	65%	65%	64%	-1%



Hulamin and Alumicor continue to work on a joint initiative aimed at better utilising the spare waste treatment capacity (about 300t/month) at Alumicor by acquiring third party aluminium waste material. This has the potential to benefit both parties through improvements to Alumicor's efficiency and profitability and increase supply of low cost aluminium feedstock to Hulamin.

Alumicor continues to operate profitably and deliver cash flow with management's attention focussed on concluding negotiations with Hulamin aimed at a mutually beneficial arrangement which will see additional metal units being processed at the facility, thereby reducing unit costs due to economies of scale and ultimately improved cash flow generation. In addition, management is assessing a number of growth projects in the rapidly expanding aluminium recycling space, and has embarked on a process to seek funders and/or partners seeking exposure to or interested in developing the business. The licence to allow aluminium dross to be treated at Alumicor Mkondeni, is expected shortly (Mkondeni is a second smaller plant close to Alumicor Maritzburg). Management is already in discussions to secure 3rd party dross for the plant. Mkondeni has a capacity of 600 tpm.

Platinum Exploration Projects

The platinum market has remained depressed despite rising South Africa supply concerns and has remained around the US\$1,450/oz level. This together with the industrial unrest in the South African mining sector has hampered the Company's ability to progress the projects at this stage.

On the Western Limb, the Rooderand transaction continues towards completion with Chrometco (CMO) responsible for advancing the transaction together with the consolidation of the chrome and PGM mineral rights. On completion, RRP will receive 35m additional shares in CMO (10m received to date).

The Eastern Limb platinum properties are being kept in good standing while management continues to explore a number of corporate alternatives aimed at realising value for RRP shareholders.

Financial results

Referring to the attached 5B schedule, net operating cash inflows were AUD\$49,000 for the quarter (outflow of AUD\$128,000 in the prior quarter).

Group cash position as at 30 June 2014 was AUD\$522,000

For further information please contact:

Richard Rossiter (Chairman) or Theo Renard (FD) on +61 2 92522186 or visit the Company's website at <http://www.realmresources.com.au/>

About Realm

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, advanced exploration projects and an aluminium cross treatment plant in South Africa.

Interests in mining tenements

PROJECT/LOCATION	TENEMENT	INTEREST AT THE BEGINNING OF THE QUARTER	INTEREST AT THE END OF THE QUARTER
Marikat District, Katingan Regency, Central Kalimantan Province, Indonesia	IUP Operasi Produksi No. 545/222/KPTS/VIII/2011 In Prinsip Izin Pinjam Pakai No. S.515/Menhut-VII/2012	51%	51%
Mpumalanga province, South Africa	Prospecting right renewal reference number MP 30/5/1/1/2/1021 PR.	74%	74%
Mpumalanga province, South Africa	Prospecting right renewal reference number MP 30/5/1/1/2/1028 PR.	74%	74%
Mpumalanga province, South Africa	Prospecting right renewal reference number MP 30/5/1/1/2/1030 PR.	70.3%	70.3%
Mpumalanga province, South Africa	Prospecting right renewal reference number MP 30/5/1/1/2/1020 PR.	74%	74%
Mpumalanga province, South Africa	Prospecting right renewal reference number MP 30/5/1/1/2/958 PR.	74%	74%
Mpumalanga province, South Africa	Prospecting right renewal reference number MP 30/5/1/1/2/1105 PR.	74%	74%



Mpumalanga province, South Africa	Prospecting right renewal reference number MP 30/5/1/1/2/ 1029 PR.	74%	74%
Mpumalanga province, South Africa	Prospecting right renewal reference number MP 30/5/1/1/2/ 1060 PR.	74%	74%

Further; Realm did not have any interest in any farm-in or farm-out agreements at the end of the quarter. Realm did not acquire or dispose of any farm-in or farm-out interests during the quarter

Appendix 5B

Mining exploration entity and oil and gas 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, 01/05/2013

Name of entity

Realm Resources Limited

ABN

98 008 124 025

Quarter ended ("current quarter")

30 June 2014

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	994	1,944
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(432) (382)	(912) (1,114)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	-	3
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid	(131)	-
1.7 Other (provide details if material)		
Net Operating Cash Flows	49	(79)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(149)	(199)
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)		
Net investing cash flows	(149)	(199)
1.13 Total operating and investing cash flows (carried forward)	(100)	(278)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(100)	(278)
	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		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	0	0
	Net increase (decrease) in cash held	(100)	(278)
1.20	Cash at beginning of quarter/year to date	632	847
1.21	Exchange rate adjustments to item 1.20	(10)	(47)
1.22	Cash at end of quarter	522	522

Payments to directors of the entity, associates of the directors, 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	95
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

N/A

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

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

- 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	260	260
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	-
4.2 Development	-
4.3 Production (<u>Note – production costs absorbed by operations</u>)	(612)
4.4 Administration (<u>Note – portion of Administration costs absorbed by operations</u>)	(501)
Total	(1,113)

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	3	24
5.2 Deposits at call	60	60
5.3 Bank overdraft		
5.4 Other (provide details)	459	548
Total: cash at end of quarter (item 1.22)	522	632

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	N/A		
6.2	Interests in mining tenements and petroleum tenements acquired or increased	N/A		

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	1,931,090,077	1,931,090,077	N/A
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs			
		12,750,000	12,750,000	
7.5	+Convertible debt securities (description)	N/A		

+ See chapter 19 for defined terms.

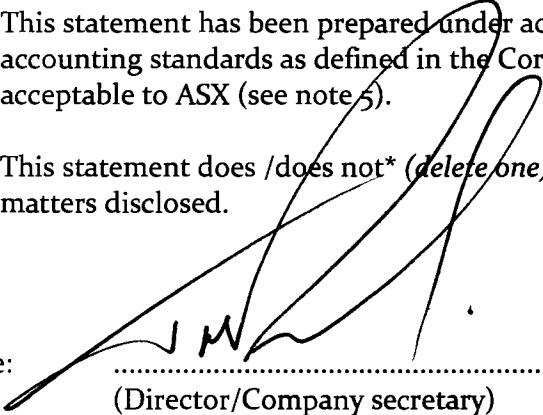
Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options <i>(description and conversion factor)</i>	100,000,000	Nil	<i>Exercise price</i> \$0.05	<i>Expiry date</i> 12 February 2018
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

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 July 2014

Print name: T N 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.

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity and oil and gas exploration entity quarterly report

- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum 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 or petroleum 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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