Company Announcements
ASX Limited
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Sydney
NSW 2000

By Electronic Lodgement

11 December 2014

Dear Sir/Madam

KATINGAN RIA COAL PROJECT – FOB CASH COST AND VALUATION REVISION

- **FOB cash cost forecasts reduced by $8/t or 20% to US$31/t before royalties**
- **NPV (10%) valuation of $100m based on a combination of lower long term coal price and FOB cash cost forecasts**
- **Thermal coal market showing signs of stabilising**
- **Management continuing to engage with prospective buyers and/or strategic off take partners interested in the project**

Realm Resources Limited (ASX: RRP) ("Realm" or the "Company") is pleased to announce the results of a review of the operating cost assumptions used in the Feasibility Study and the valuation for its 51% owned thermal coal project in Central Kalimantan.

Industry operating costs have declined by up to 30% over the last two years in parallel with falling commodity prices and profitability, and the strengthening US dollar. Katingan Ria's unit operating cost forecasts have subsequently been reduced by approximately US$8/t or 20% following a review by management and their consultants. Importantly the forecast life of mine (LOM) unit cost for the operation before royalties has reduced to ~ US$31/t which is below the current spot coal price expected for Katingan Ria coal (i.e. 4,200 Kcal/Kg GAR at US$36/t).

Management has also reduced its long term price forecast for Katingan Ria's coal quality to US$42.50/t (vs. US$52.00/t) in line with industry consensus forecasts.

Based on the long term price and revised cost assumptions, the NPV (10%) valuation for Katingan Ria (100%) declines marginally to $100m (vs. $111m) for the 3Mtpa dozer push mining method case as defined in the Feasibility Study. The NPV at spot prices is US$29m.

FOB Cash Cost Forecast: – Revised Down in Line with Industry Trends

In the light of recent trends in operating unit costs, Realm together with PT Britmindo (www.britmindo.com) and Xenith Consulting Pty. Limited (www.xenith.com.au), have undertaken a high level review of the operating cost assumptions used in the Feasibility Study for its 51% owned thermal coal project in Central Kalimantan (Refer to Realm ASX announcement 30th April 2013 for more details on the Feasibility Study).

Industry operating costs have declined significantly over the last two years in parallel with falling commodity prices and the strengthening US dollar. In the coal industry, combinations of factors driven by declining margins have seen unit costs declining by 20% to 30% since 2012. Key drivers of cost reductions include improved labour productivity, better use of installed capacity, reduced suppliers costs, increased scale (including low capital cost brown fields expansions) and currency.

Rio Tinto and BHP Billiton have both recently announced significant unit cost reduction of 32% and 21% for their thermal coal divisions respectively over the last 2 years. Both companies are targeting further costs reduction with BHP Billiton targeting a further 15% by FY2016.

Realm secured the services of Britmindo to review the FOB cash cost assumptions. Britmindo is a leading mining and technical services company that has operated in Indonesia for over 10 years. They have up to date knowledge of mine operating costs in Indonesia due to recent contract negotiations for several clients. In addition, Britmindo is currently managing coal mines that are producing similar quality at an annual rate of 4Mtpa and also has extensive knowledge and experience in the Katingan Province. Xenith Consulting, who independently reviewed the Feasibility Study, provided oversight of the review.

Based on Britmindo's review forecast, unit operating costs have been reduced by approximately by US$8/t or 20% in roughly equal amounts from the three largest cost centres – i.e. mining, haulage and barging (Table 1; Appendix 1). Importantly the forecast life of mine (LOM) unit cost for the operation before royalties has reduced to ~ US$31/t which is below the spot coal price expected for Katingan Ria coal (i.e. 4,200 Kcal/Kg GAR at US$36/t). FOB cash operating costs before royalties are marginally lower in the first 5 years due to lower strip ratios at around US$30/t.

Table 1:- PT Katingan Ria – Operating Cost Review Summary

Cost Category	Feas. Study Apr-13 (US$/t)	Update Nov-14 (US$/t)	Change (US$/t)	Change (%)
Mining	9.65	7.65	-2.00	-21%
Haulage & Crushing	11.34	8.17	-3.18	-28%
Barging & Transfers	16.86	14.33	-2.53	-15%
General & Administration	1.37	1.18	-0.19	-14%
Total LOM FOB Cash Costs (excl. Royalty)	**39.22**	**31.32**	**-7.90**	**-20%**
Total LOM FOB Cash Costs (incl. Royalty)	**40.52**	**31.86**	**-8.66**	**-21%**
5 yr FOB Cash Costs (excl. Royalty)	36.90	30.43	-6.47	-18%
5 yr FOB Cash Costs (incl. Royalty)	38.42	30.63	-7.79	-20%

Source: PT Britmindo, Xenith and Realm – Feasibility Study model - upside case with dozer push

Key drivers of the cost reductions include:-

- Mining – a greater use of doze push vs. truck and shovel mining methods and general reduction in unit costs per bcm moved.

- Haulage – use of larger road trains for overland coal haulage and general reduction in unit costs per ton moved.

- Barging and transfers – use of a different barging configuration with larger more efficient barges used in the lower reaches of the river as well as general reductions in unit costs per ton moved.

Note: - Since the completion of the Feasibility Study the cost of diesel had declined by around 22% in US dollar terms mainly due to the depreciation of the IDR.

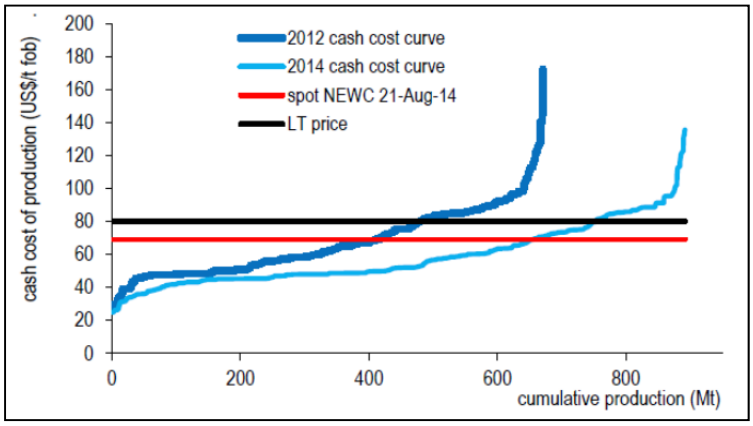
Britmindo assumed a 3Mtpa case and greater use of dozer push mining methods. Realm therefore used its Feasibility Study upside case with dozer push model as a basis for comparison. Britmindo concluded that further cost savings could be achieved by doing a more definitive study, and particularly looking at expanding the use of dozer push mining methods and switching to owner operator status. It should be noted that their study excluded a review of the capital forecasts and government royalties and VAT. For the purpose of this study, Realm has assumed that capital costs remain steady and the current 5% royalty rate and VAT rebate regulations remain, however, notes that these could be changed in the future.

Thermal Coal Market Outlook – Stabilising at Lows

Oversupply continues to plague the thermal coal market; however, it is showing signs of stabilising due to a number of mine closures and modest demand growth, particularly from India. Coal prices, which are stabilising in US$ terms, are beginning

to rise in producer currency terms as the US$ strengthens. Profitability has also been helped by significant cost reductions across the industry (Figure 2).

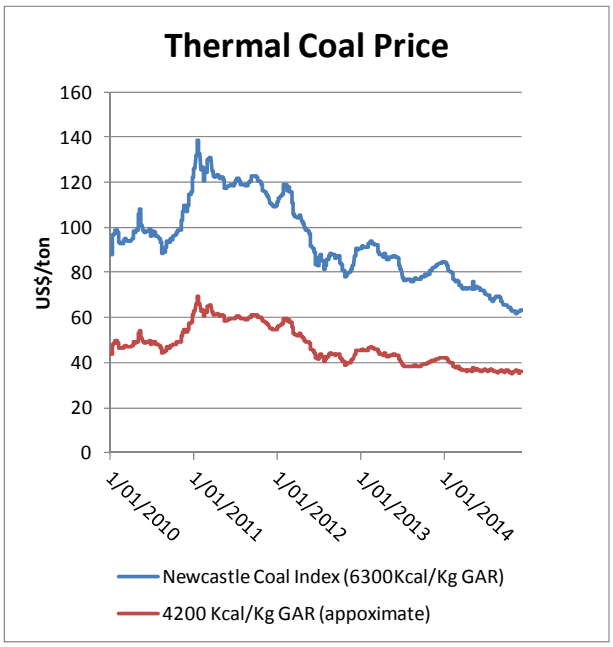
Figure 2:- Thermal Coal Cost Curve in 2012 vs 2014



Source: Metalytics and UBS Research

The price of Newcastle 6,300 Kcal/Kg coal is currently around US$62/t while 4,200 Kcal/Kg GAR coal (expected price for PT Katingan Ria) has steadied at around US$36/t. 4,200 Kcal/Kg coal, which generally trades at around 50% of the Newcastle benchmark price, has improved on a relative basis and recently has been trading at about 57% of the Newcastle benchmark price (Figure 1).

Figure 1:- Historical Thermal Coal Price



Source: Bloombergs.
Note Katingan Ria quality coal is priced around 47%-52% of the GlobalCOAL Newcastle (Hunter Valley) Price; Ref. internal Salva Marketing Report – November 2012

Consensus long term coal prices have fallen from around US$104/t (Newcastle benchmark) at the time of the Feasibility Study to around US$85/t presently (Reference: – Rio Tinto website consensus forecasts). Longer term we have assumed the general 50% ratio remains steady and as such have assumed a long term price for 4,200 Kcal/Kg GAR coal to be US$42.5/t vs. US$52/t before.

Government Initiatives – are Influencing Thermal Coal markets as well

Separately, the coal markets are also being influenced by a number of government initiatives and specifically those in China, Indonesia and India.

In China, the bid to reduce the effects of pollution and improve the profitability of its domestic coal industry have resulted in a number of polices that will significantly influence exporters in the Asian region.

The ban on low quality coal is set to take effect in January 2015. The new regulations:- 1) ban the import, sale and production of >40% ash and >3% sulphur coals; 2) ban the transport of coal more than 600km from port/mine for lignite with heating value of 3,941Kcal/kg and >20% ash and >1% sulphur; and other coal with heating value of 4,300Kcal/Kg and >30% ash and >2% sulphur; and 3) ban the use of >16% ash and >1% sulphur coal in coastal areas and northern cities, where imports are most competitive.

In addition, China's Ministry of Finance re-introduce tariffs on imported coal from October 15th 2014. The tariffs are 3% for metallurgical coal and anthracite, 6% for thermal coal and 5% for lignite.

Importantly PT Katingan Ria's coal is not affected by the new regulations due to its low ash (7.9%) and sulphur (0.18%) content and heating value of 4,266Kcl/Kg GAR as well as Indonesia's exemption from tariffs under the ASEAN free trade agreement (Appendix 2).

In Indonesia, the Government has proposed a nationwide production cap of 400Mtpa in a bid to support thermal coal prices. The Government is also focussed on more tightly regulating the trade, which has been subject to large-scale illegal mining. These moves are likely to arrest Indonesia's supply growth as well protect coal supplies for its domestic power industry which according to the state utility PLN is set to grow at about 8% pa to 2022 or around 60 GW of additional power supply.

Realm notes that its Katingan Ria project is in the final stages of permitting and has a Clean and Clear certificate, which is required before exports are permitted under the new regulations.

In India, the Supreme Court (SC) released its verdict on India's controversial "coalgate" scam in September, nullifying 214 out of 218 Indian captive coal blocks originally allocated between 1993 and 2010. The SC's decision will decrease domestic coal availability and is likely to likely provide a boost in import demand. Of 218 coal blocks only 40 were operational; however, they produced 47.3Mt of coal in 2013 – around 9% of total coal production. Given India's poor reputation for increasing domestic supply, it is likely that an additional 50mt of imports will be required to meet the shortfall (HDR Salva – Market Note 14 October 2014).

Given that Indonesia is India's largest supplier of thermal coal, this bodes well for future demand growth for coal such as that hosted Katingan Ria, Realm notes that the number of enquiries from potential Indian customers and end users has increased following this announcement.

Economic Valuation

The revised economic valuation is based on a 3Mtpa operation and Britmindo's revised operating cost forecast as illustrated in Table 1 and Appendix 1.

The project is not capital intensive due to the use of local contractors through most project stages and the forecast of US$18.5m, inclusive of a 30% contingency allocation, has been left unchanged. Working capital of US$5.9m raises the forecast capital to US$24.4m. Sustaining capital of US$1.5m pa has been allocated to account for on-going items such as dredging and engineering studies.

In view of Britmindo's assumptions (i.e. 3Mtpa and the dominant use of dozer push mining methods), the valuation has been compared to the Upside Case (Dozer push) model as defined in Realm's Feasibility Study (Refer to ASX announcement 30th April 2013 – Table 9).

The project valuation of US$100m is 10% lower due to an 18% decline in the forecast long term coal price, which has been offset by a 20% reduction in forecast operating costs. The valuation is most sensitive to coal price with the NPV falling to US$29m at spot coal prices of US$36/t and rising to US$127m for US$45/t (Table 2 and Appendix 1).

Table 2:- PT Katingan Ria (100%) Valuation (3Mtpa – dozer push case)

Item	Unit	Feas. Study Apr-13	Update Nov-14	Change	Change (%)
Coal Price - Long Term	(US$/t)	52.00	42.50	-9.50	-18%
Capital	(US$m)	24.4	24.4	0.0	0%
NPV at 10% (real)	**(US$m)**	**111**	**100**	**-11**	**-10%**
IRR	(%)	15%	14%	-1%	-7%
Coal Price - Spot	(US$/t)		36.00		
NPV at 10% (real)	**(US$m)**		**29**		
IRR	(%)		7%		

PT Katingan Ria – Outlook

The Company is continuing to engage with prospective buyers and/or strategic off take partners interested in the Company's development ready thermal coal project in Central Kalimantan. Interest has been directed at domestic supply opportunities and specifically PLN's (Indonesian State owned Electricity Corporation) proposed 200Mw power station development in the vicinity of Kasongan, as well as increased interest from Indian parties seeking to procure coal supplies for their power sector.

Realm's 51% owned Katingan Ria thermal coal project is ideally suited to supply a proposed power station in Central Kalimantan. Efforts to engage with PLN about the proposed 2 x 100MW power station development in the vicinity of the project were unfortunately delayed by the Indonesian elections and likely changes to officials. Management expects to accelerate discussions now that elections have been completed as a number of major power developers have expressed interest in partnering with Realm.

For further information please contact:
Richard Rossiter (Chairman) or Theo Renard (FD) on +61 2 8249 4542 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 dross treatment plant in South Africa.

Competent Persons Statement – Katingan Ria Project
The information in this announcement that relates to Exploration Results, Mineral Resources or Ore Reserves at the "Katingan Ria" Project is based on information compiled by Mr Troy Turner, who is a Member of the Australian Institute of Mining and Metallurgy. Mr Turner is a full-time employee of Xenith Consulting Pty Ltd. Mr Turner is a qualified geologist and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Turner consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

Competent Persons Statement – Katingan Ria Project
The information in this announcement that relates to Ore Reserves at the "Katingan Ria" Project is based on information compiled by Mr Grant Walker, who is a Member of the Australian Institute of Mining and Metallurgy. Mr Walker is a full-time employee of Xenith Consulting Pty Ltd. Mr Walker has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Walker consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

realm resources

Appendix 1: - Katingan Ria FOB Operating Cost and Valuation Revision

ESTIMATED OPERATING COST - LIFE OF MINE	RRP Feasibility Study (April 2013)				RRP update -Britmindo/Xenith (November 2014)				
Cost Structure	**Unit**	**Quantity**	**Unit Cost (US$)**	**Total Cost (US$)**	**Quantity**	**Unit Cost (US$)**	**Total Cost (US$)**	**Change (US$)**	**Change (%)**
Direct Operating Cost									
Mining method - Truck and Shovel	%		92%			50%			
Mining method - Dozer Push	%		8%			50%			
O/B removal - Truck and Shovel	bcm	3.47	2.10	6.69	3.47	2.35	4.07	-2.61	-39%
O/B removal - dozer push	bcm	3.47	1.65	0.47	3.47	1.20	2.08	1.61	345%
Coal Mining (incl haul to CPP)	t	1.00	2.50	2.50	1.00	1.50	1.50	-1.00	-40%
Subtotal - Direct	**US$/t**			**9.65**			**7.65**	**-2.00**	**-21%**
Indirect Operating Cost									
Coal Hauling ROM to Stockpile at port	t/km	41.10	0.22	9.04	41.10	0.15	6.17	-2.88	-32%
ROM Stockpile and Feed to Crushing Plant	t	1.00	1.30	1.30	1.00	1.00	1.00	-0.30	-23%
Crushing	t	1.00	1.00	1.00	1.00	1.00	1.00	0.00	0%
Barge Loading at Jetty Terminal	t	1.00	1.20	1.20	1.00	0.50	0.50	-0.70	-58%
Barging to ship loading anchorage	t/km	130	0.027	3.49	130	0.030	3.90	0.41	12%
Barge Transfer	t	1.00	1.90	1.90	1.00	1.900	1.90	0.00	0%
Barging to ship loading anchorage	t/km	304	0.027	8.17	304	0.020	6.08	-2.09	-26%
Stevedoring floating crane etc	t	1.00	1.90	1.90	1.00	1.75	1.75	-0.15	-8%
Quality Testing	t	1.00	0.20	0.20	1.00	0.20	0.20	0.00	0%
Subtotal - Indirect	**US$/t**			**28.20**			**22.50**	**-5.71**	**-20%**
General & Administration Cost									
Community Development	t	1.00	0.25	0.25	1.00	0.15	0.15	-0.10	-40%
Provision for Rehabilitation	t	1.00	0.20	0.20	1.00	0.20	0.20	0.00	0%
Other fixed Costs (inclusive Demurrage)	t	1.00	0.30	0.30	1.00	0.15	0.15	-0.15	-50%
Overhead expenses	t	1.00	0.25	0.25	1.00	0.25	0.25	0.00	0%
Marketing	%	1%	36.50	0.37	1%	42.50	0.43	0.06	16%
Subtotal - G&A	**US$/t**			**1.37**			**1.18**	**-0.19**	**-14%**
Total LOM FOB Cash Costs (excl. Royalty)	**US$/t**			**39.22**			**31.32**	**-7.90**	**-20%**
Total LOM FOB Cash Costs (incl. Royalty)	**US$/t**	**10%**		**40.52**	**5%**		**31.86**	**-8.66**	**-21%**
5 yr FOB Cash Costs (excl. Royalty)	US$/t			36.90			30.43	-6.47	-18%
5 yr FOB Cash Costs (incl. Royalty)	US$/t	10%		38.42	5%		30.63	-7.79	-20%
Valuation Summary									
Forecast Long Term Coal Price (FOB Mother Vessel)	US$/t			**52.00**			**42.50**	**-9.50**	**-18%**
Operating Margin (excl. Royalty)	US$/t			12.78			11.18	-1.60	-13%
Total Capital	US$m			18.50			18.50	0.00	0%
Working Capital	US$m			5.90			5.90	0.00	0%
Sustaining Capital (pa)	US$m			1.50			1.50	0.00	0%
NPV at 10% (real)	**US$m**			**110.60**			**99.50**	**-11.10**	**-10%**
IRR	%			15%			14%		-7%
Spot Coal Price (Platts 2/12/14)	US$/t						36.00		
Operating Margin (excl. Royalty)	US$/t						4.74	-8.04	-63%
NPV at 10% (real)	US$m			110.60			28.7	-81.9	-74%
IRR	%			15%			7%		-53%

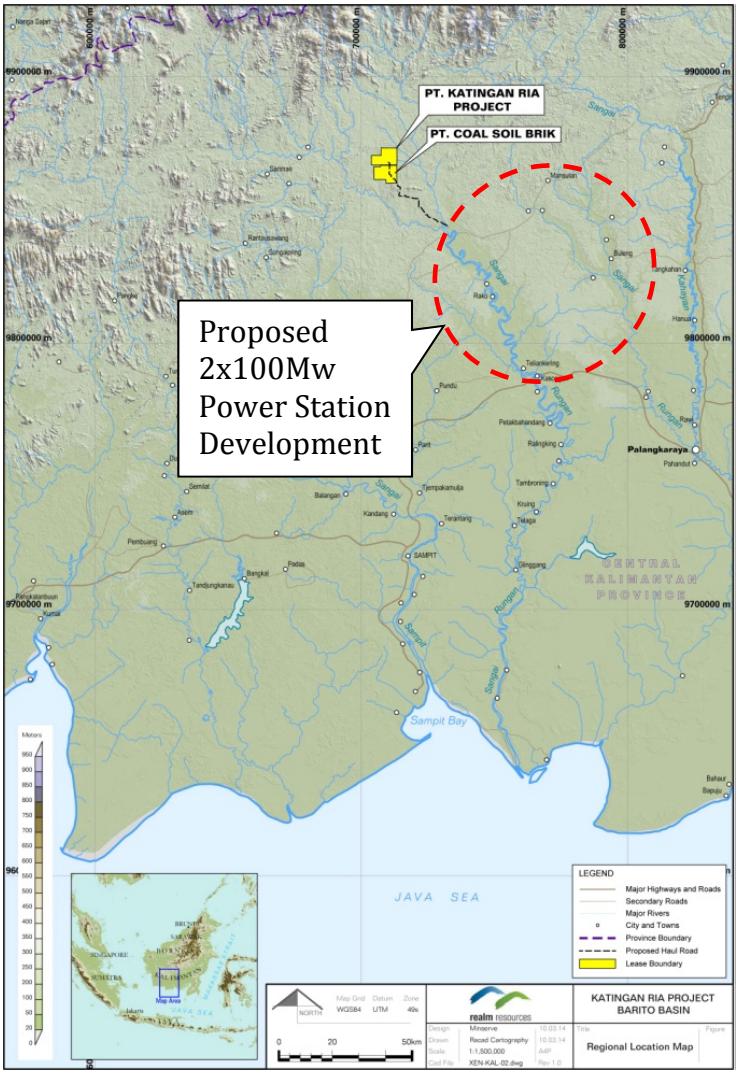
Note: - The revised forecasts have been compared to the Feasibility Study Upside Dozer push case – Refer to ASX announcement 30th April 2013 – Table 9.

Appendix 2:- PT Katingan Ria Project Overview

Katingan Ria is an advanced thermal coal development project located in Regency of Katingan, Central Kalimantan, Indonesia. Realm Resources Limited ("Realm" or the "Company") and its consultants have completed the study of the feasibility of operating an open-cut thermal coal mine of up to 3Mtpa production capacity. The majority of the investigations have been within the concession area held by PT Katingan Ria ("PTKR"), a 51% subsidiary of Realm, the proposed haul road, and stockpile and barge loading areas and the Katingan River.

The Project mining concession covers an area of some 4,258 ha within an area that has already been subject to commercial forestry operations (Figure 1).

Figure 1:- PT Katingan Ria Project Location



The feasibility study concludes that the quality (4,200 Kcal/kg GAR low sulphur coal) and quantity (89Mt JORC resource and 29Mt JORC reserve) of the resource could, when considered in conjunction with the proposed mining and logistics solution and status of the relevant licenses and permits held by PTKR, support the development of a potential 2.5Mtpa to 3.0Mtpa mine for around 15 years. Coal is transported from the pit by road approximately 40km - 45 km to a stockpiling and barge loading facility on the Katingan River. Barges will then transport coal 435 km to the river mouth for transhipment into coal ships for delivery to market. Coal will be sold "unwashed", meaning there is no metallurgical treatment required to achieve a saleable product.

The coal is expected to be predominately sold as a low ash and low sulphur coal ideally suited for modern Indonesian, Indian, Chinese, Korean, Thai and Vietnamese power generation.

The Project is not capital intensive, with a total of US$18.5m required to establish a 2.5Mtpa to 3.0Mtpa contractor driven operation. An additional US$6m is required for working capital. The recently revised FOB cash costs are forecast to be US$30.43/t in the first five years with an average US$31.32/t over the life of mine (excluding royalties). Including royalties, FOB cash cost forecasts are US$30.63/t and US$31.86/t respectively. Permitting is in the final stages.

The Project is well advanced and has a high level of support from the local community and government. The balance of 49% of PTKR is held by professional Indonesian partners.

The following strengths have been identified for the Project:

- The deposit (89Mt JORC resource, 29Mt JORC reserve) is structurally simple with a low strip-ratio, therefore leading to lower mining costs. The Jatenergy Ltd cooperation agreement paves the way for expanding the resource to the south in to the PT Coal Soil Brock property (Refer to Realm ASX announcement 17th March 2014).
- The coal (4,200 GAR Kcal/kg raw coal basis) is relatively homogenous, low in sulphur (0.2%) and is ideally suited for the proposed 200Mw power station development near the mine and/or the rapidly growing demand centres in India, China, Korea, Thailand and Vietnam.
- Low start-up capital.
- The Project requires no rail or port infrastructure to be developed and therefore could be bought into production relatively quickly.

The key technical risks for the Project are:

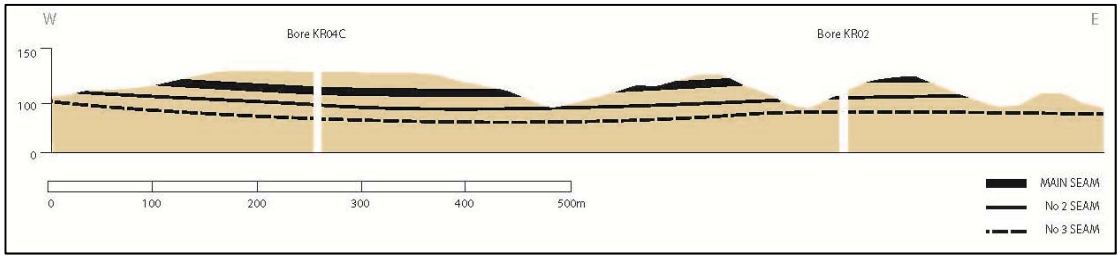
- FOB cost factors associated with river seasonality and the transport distance to the coast. Note: - should this project be developed for the proposed 200Mw power station – this risk factor could be mitigated.

- Margins received from the sale of the coal are very sensitive to coal price assumptions and potential increases in operating costs.

Geology and Resources

The Katingan Ria deposit, which is found within the Dahor formation in the Barito Basin, occurs as a series of flat lying seams ranging in thickness from 0.1m to 8m, interbedded with weathered sandstones. The Main Seam typically ranges in thickness from 4.5m to 5.5m in areas to the southeast of the fault, and has an average total thickness of 3.8m across the total JORC Resource area (Figure 2).

Figure 2: Geological Cross Section – Southern Resource Proposed Mining Area



Overall, the Project is estimated to contain a JORC compliant Resource of 89Mt. Resources total 63.3Mt in the Main Seam, 20.8Mt in the upper Seams and the remaining 4.7Mt in the lower Seams. The Resource has a total of 5.7Mt in the Measured category, 44.1Mt in the Indicated category and the remaining 39.0Mt in the Inferred category (Table 1).

Table 1 - Coal Resource Summary

Seam	Measured (Mt)	Indicated (Mt)	Inferred (Mt)	Total
Upper Seams		7.0	13.8	20.8
Main Seam	5.7	37.1	20.5	63.3
Lower Seams			4.7	4.7
Total	**5.7**	**44.1**	**39.0**	**88.8**

Coal reserves have been estimated by applying realistic mining, metallurgical, economic, marketing, legal, environmental, and government factors to the coal resources. No metallurgical factors have been applied as the ROM coal is sold as a raw coal without processing. The coal reserves are based on a long - term coal price of $52/t for Katingan Ria coal (note: based on an internal Market Study by Salva Resources in November 2012, this equates to a long term Hunter Valley coal price of around $104/t). At Katingan Ria, all coal reserves have been classified as

probable due to the coal price and barging risks (Table 2 and 3). Note: - the Reserve estimation has not been updated for the revised long term coal price and FOB cash cost forecast in this review.

Table 2 - Total Open Cut Coal Reserve Quantities (February 2013) (Mt) (gar @ 30% moisture)

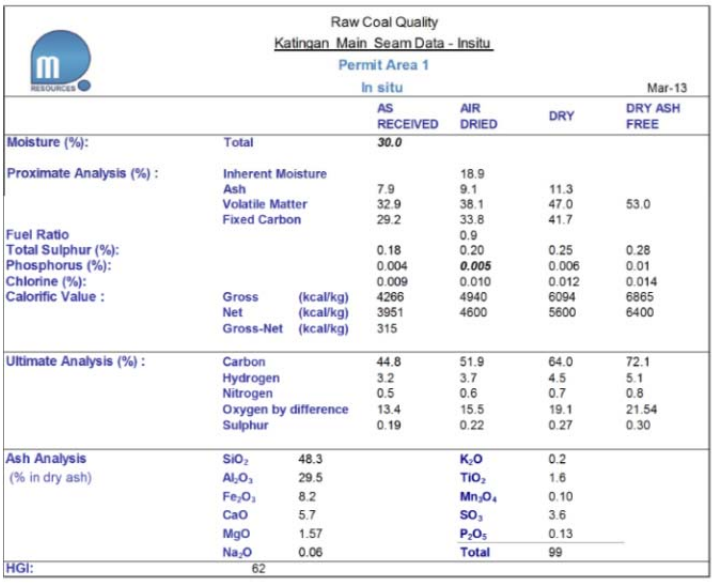
Area	B Seam Probable (Mt)	Main Seam Probable (Mt)	Total Reserves Probable (Mt)
North of Fault	1.7	6.8	**8.5**
South of Fault - Permit Zone*	0.8	18.0	**18.8**
South of Fault - Other	0.2	1.6	**1.8**
Total	**2.7**	**26.4**	**29.1**

* Note: Permit zone = current phase 1 permit for the initial mining area in the southern part of the lease

Table 3 - Total Open Cut Coal Reserve Qualities (February 2013) (Mt) (gar @ 30% moisture)

Area	B Seam Ash	B Seam CV	Main Seam Ash	Main Seam CV	Avg. Ash	Avg. CV
North of Fault	12.61	4,059	10.47	4,324	**10.91**	**4,270**
South of Fault - Permit Zone	15.27	4,245	8.27	4,248	**8.58**	**4,248**
South of Fault - Other	9.98	4,249	9.91	4,275	**9.92**	**4,272**
Total	**13.25**	**4,127**	**8.94**	**4,269**	**9.34**	**4,256**

Table 4 – Indicative Specification for Katingan Ria Coal



Raw Coal Quality
Katingan Main Seam Data - Insitu
Permit Area 1
In situ
Mar-13

			AS RECEIVED	AIR DRIED	DRY	DRY ASH FREE
Moisture (%):	Total		*30.0*			
Proximate Analysis (%) :	Inherent Moisture			18.9		
	Ash		7.9	9.1	11.3	
	Volatile Matter		32.9	38.1	47.0	53.0
	Fixed Carbon		29.2	33.8	41.7	
Fuel Ratio				0.9		
Total Sulphur (%):			0.18	0.20	0.25	0.28
Phosphorus (%):			0.004	*0.005*	0.006	0.01
Chlorine (%):			0.009	0.010	0.012	0.014
Calorific Value :	Gross	(kcal/kg)	4266	4940	6094	6865
	Net	(kcal/kg)	3951	4600	5600	6400
	Gross-Net	(kcal/kg)	315			
Ultimate Analysis (%) :	Carbon		44.8	51.9	64.0	72.1
	Hydrogen		3.2	3.7	4.5	5.1
	Nitrogen		0.5	0.6	0.7	0.8
	Oxygen by difference		13.4	15.5	19.1	21.54
	Sulphur		0.19	0.22	0.27	0.30

Ash Analysis (% in dry ash)				
SiO_2	48.3	K_2O	0.2	
Al_2O_3	29.5	TiO_2	1.6	
Fe_2O_3	8.2	Mn_3O_4	0.10	
CaO	5.7	SO_3	3.6	
MgO	1.57	P_2O_5	0.13	
Na_2O	0.06	Total	99	

HGI: 62

Source: - Xenith Consulting Pty Ltd and M Resources Pty Ltd 4 April 2013

Permitting

To date, the Project has received the following material licenses and permits:

Table 5 - Katingan Ria - status of licensing and compliance

Licence	Status	Maximum Area	Additional requirements
IUP Exploration	Granted on 23 December 2008	5,053 Ha	None
IUP Operation Production (*IUP Operasi Produksi)*	Upgraded on 9 August 2011	4,258 Ha	*Izin Pinjam Pakai* shall be obtained prior to commencement of the operation and production activities.
Environmental document (*AMDAL*)	Approved 6 May 2011		None
Izin Pinjam Pakai Exploration	Initially granted on 1 November , thereafter on 24 June 2011	2,681 Ha and 1,600 Ha	None
In principle approval of *Izin Pinjam Pakai* operation production	Granted on 7 November 2012	3,058.25 Ha	None
Izin Pinjam Pakai operation production	In process	1,000Ha 1,000 Ha 1,000 Ha	Will be granted in stages with the first stage to be given for 1,000 Ha. The boundary marking and timber inventory has been completed; finalisation of outstanding steps is underway.

Domestic Power Station Supply Opportunity

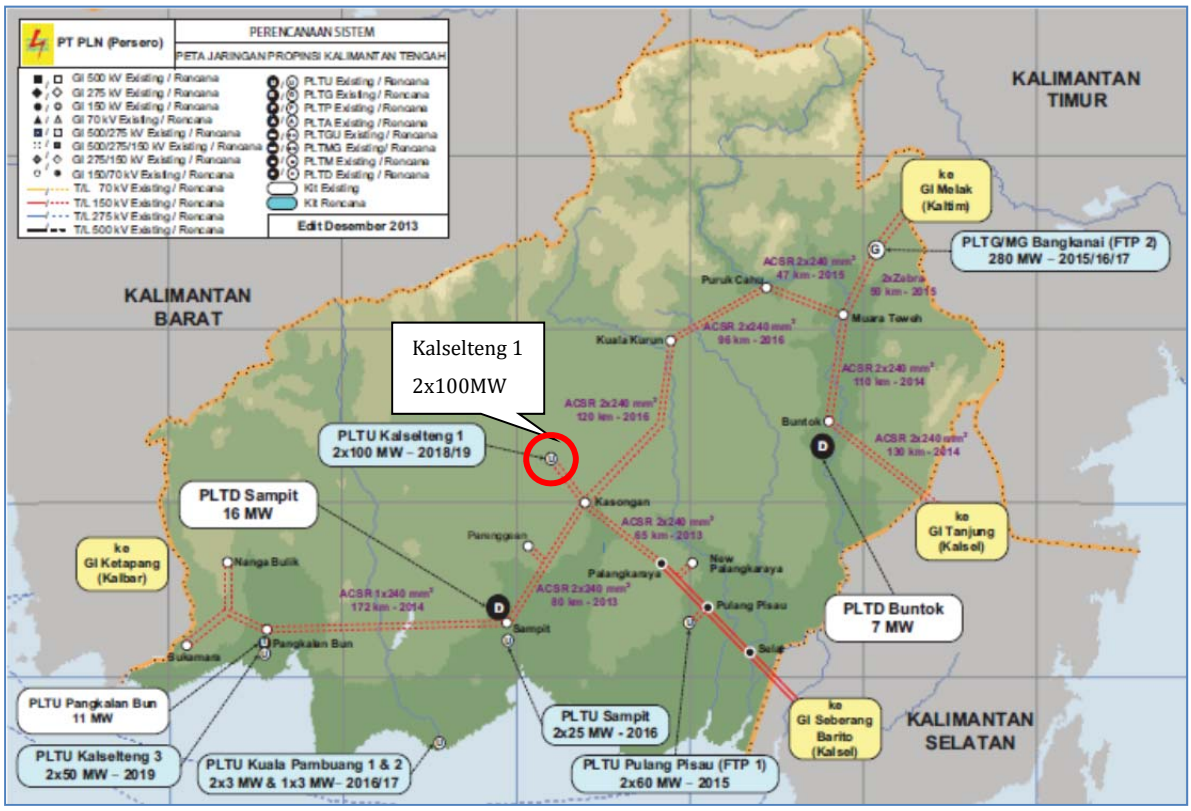
Indonesia's electricity demand is forecast to grow at a rate of ~8% pa to 2022 or around 60 GW of additional power supply. This will require an estimated US$125bn in new investment. Given this significant funding requirement, the Indonesian Government is now opening up the electricity sector to private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

Katingan Ria has the potential to supply a 2 x 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, with exports as an option if export prices recover from current lows.

The electricity grid and development plan for Central Kalimantan province is shown in Figure 3.

Figure 3: 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

Katingan Ria is the most developed and best defined coal project in the region and this together with the coal having the ideal specifications (as per the original RFP), places the project in good stead to be the preferred supplier of the proposed power station development.