



Company Announcements  
ASX Limited

By Electronic Lodgement

30 January 2015

## **QUARTERLY UPDATE**

- **Katingan Ria thermal coal project FOB cash cost forecasts reduced by \$8/t or 20% to US\$31/t before royalties**
- **Katingan Ria (100%) NPV (10%) valuation of \$100m based on a combination of lower long term coal price and FOB cash cost forecasts**
- **Management continuing to focus on domestic coal supply opportunity for a nearby power station development proposal**
- **Alumicor – discussions underway with potential investors/buyers**
- **Business development activities aimed at enhancing and/or realising the value of Realm's assets as well as seeking new resource sector investment opportunities, particularly those with near term cash generation potential**

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

### **Katingan Ria Coal Project - FOB Cash Cost and Valuation Revision**

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 was completed during the quarter (Refer to Realm ASX announcement 11<sup>th</sup> December 2014). The operating cost assumption review was completed pre the oil price collapse so there is further scope for reductions.

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.

### **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 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.

### **South African Projects**

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

### **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 December quarter was 0.0% (0.0% in the prior quarter).

### Smelting and recovery performance comparison

Alumicor	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	% change Q3 2014
<b>Tonnes smelted</b>	<b>4,505</b>	<b>4,411</b>	<b>4,528</b>	<b>4,150</b>	<b>4,649</b>	<b>4,401</b>	<b>4,279</b>	<b>4,537</b>	<b>6%</b>
<b>Average recovery</b>	<b>62%</b>	<b>64%</b>	<b>65%</b>	<b>65%</b>	<b>65%</b>	<b>64%</b>	<b>66%</b>	<b>67%</b>	<b>1%</b>

Alumicor continues to operate profitably and deliver cash flow with management's attention focussed on sourcing additional metal units (with Hulamin's assistance) to be processed at the facility. In addition, management continues to assess 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

### Platinum Exploration Projects

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.

### Business Development

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

### Corporate

The Company completed a non-renounceable entitlement offer on 29 October 2014.

### Financial results

Referring to the attached 5B schedule, net operating cash outflows were AUD\$291,000 for the quarter (inflow of AUD\$118,000 in the prior quarter).

Group cash position as at 31 December 2014 was AUD\$774,000

**For further information please contact:**

Richard Rossiter (Chairman) or Theo Renard (FD) on +61 2 9252 2186 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.

**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")

31 December 2014

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from product sales and related debtors	966	3,899
1.2	Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(496) (764)	(1,970) (2,085)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	3	6
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid	-	(102)
1.7	Other (provide details if material)		
	<b>Net Operating Cash Flows</b>	<b>(291)</b>	<b>(252)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(58)	(434)
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)		
	<b>Net investing cash flows</b>	<b>(58)</b>	<b>(434)</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(349)</b>	<b>(686)</b>

+ 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)	(349)	(686)	
	<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	834	834	
1.15	Proceeds from sale of forfeited shares			
1.16	Proceeds from borrowings			
1.17	Repayment of borrowings	(202)	(202)	
1.18	Dividends paid			
1.19	Other (provide details if material)			
	<b>Net financing cash flows</b>	632	632	
	<b>Net increase (decrease) in cash held</b>	283	(54)	
1.20	Cash at beginning of quarter/year to date	472	847	
1.21	Exchange rate adjustments to item 1.20	19	(19)	
1.22	<b>Cash at end of quarter</b>	774	774	

### 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	335
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**

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- 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		
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> )	(525)
4.4 Administration ( <u>Note – portion of Administration costs absorbed by operations</u> )	(483)
<b>Total</b>	<b>(1,008)</b>

### 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	283	11
5.2 Deposits at call	60	60
5.3 Bank overdraft		
5.4 Other (provide details)	431	401
<b>Total: cash at end of quarter (item 1.22)</b>	<b>774</b>	<b>472</b>

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+ See chapter 19 for defined terms.



### 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	<b>Preference securities</b> (description)			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	<b>+Ordinary securities</b>	2,357,260,417	2,357,260,417	N/A
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	426,170,340	426,170,340	\$0.002
7.5	<b>+Convertible debt securities</b> (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	<b>Options</b> (description and conversion factor)	100,000,000	Nil	Exercise price \$0.05	Expiry date 12 February 2018
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	<b>Debentures</b> (totals only)				
7.12	<b>Unsecured notes</b> (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:

Date: 30 January 2015  
(Director/Company secretary)

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+ See chapter 19 for defined terms.

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.
- 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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+ See chapter 19 for defined terms.