

REALM RESOURCES LIMITED

ABN 98 008 124 025

NOTICE OF ANNUAL GENERAL MEETING

AND

EXPLANATORY MEMORANDUM

Date of Meeting: Tuesday, 31 May 2011

Time of Meeting: 11.00 am (EST)

Place of Meeting: Level 2
3 Spring Street
Sydney NSW 2000

This Notice of Annual General Meeting and Explanatory Memorandum should be read in their entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

NOTICE OF ANNUAL GENERAL MEETING

REALM RESOURCES LIMITED

ABN 98 008 124 025

Notice is hereby given that the Annual General Meeting of Realm Resources Limited ("**Realm**" or "**the Company**") will be held at Level 2, 3 Spring Street, Sydney NSW 2000 on Tuesday 31 May 2011 at 11.00am to conduct the following business.

The Explanatory Memorandum which accompanies and forms part of this Notice of Meeting describes the various matters to be considered and contains a glossary of defined terms that are not defined in full in this Notice of Meeting.

AGENDA

Financial Statements and Reports

To receive and consider the financial statements, the Directors' report and auditor's report for the Group for the year ended 31 December 2010.

RESOLUTIONS

1. Adoption of Remuneration Report

To consider and, if thought fit, to pass with or without amendment, the following as a **non-binding resolution**:

"That, for the purpose of section 250R(2) of the Corporations Act and for all other purposes, the remuneration report for the Company and its controlled entities for the year ended 31 December 2010 be adopted"

The vote on this resolution is advisory only and does not bind the directors or the Company.
--

2. Re-election of Mr Theo Renard as a Director

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

"That, for the purpose of clause 12.9 of the constitution of the Company and for all other purposes, Mr Theo Renard, who was appointed as a Director of the Company on 1 October 2008, retires in accordance with the Company's constitution and being eligible, offers himself for re-election, be re-elected as a Director."

3. Issue of Shares to Mr Grant Button under the Share Plan

To consider and, if thought fit, to pass the following as an **ordinary resolution**:

"That, for the purposes of subsection 208(1) of the Corporations Act, Listing Rule 10.14 and for all other purposes, Shareholders approve and authorise the issue of up to 500,000 Shares at an issue price of the greater of \$0.15 per Share and the weighted average price of Shares

during the five trading days before the Shares are issued to Mr Grant Button and the provision of a loan for approximately \$75,000 to acquire up to 500,000 Shares, in accordance with the Share Plan and otherwise on the terms and conditions set out in the Explanatory Memorandum."

The Company will disregard any votes cast on this resolution by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of such director. However, the Company need not disregard a vote if it is cast by a director as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or if it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

4. Issue of Shares to Mr Richard Rossiter under the Share Plan

To consider and, if thought fit, to pass the following as an **ordinary resolution**:

"That, for the purposes of subsection 208(1) of the Corporations Act, Listing Rule 10.14 and for all other purposes, Shareholders approve and authorise the issue of up to 1,250,000 Shares at an issue price of the greater of \$0.15 per Share and the weighted average price of Shares during the five trading days before the Shares are issued to Mr Richard Rossiter and the provision of a loan for approximately \$187,500 to acquire up to 1,250,000 Shares, in accordance with the Share Plan and otherwise on the terms and conditions set out in the Explanatory Memorandum."

The Company will disregard any votes cast on this resolution by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of such director. However, the Company need not disregard a vote if it is cast by a director as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or if it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

5. Issue of Shares to Dr Neale Fong under the Share Plan

To consider and, if thought fit, to pass the following as an **ordinary resolution**:

"That, for the purposes of subsection 208(1) of the Corporations Act, Listing Rule 10.14 and for all other purposes, Shareholders approve and authorise the issue of up to 500,000 Shares at an issue price of the greater of \$0.15 per Share and the weighted average price of Shares during the five trading days before the Shares are issued to Dr Neale Fong and the provision of a loan for approximately \$75,000 to acquire up to 500,000 Shares, in accordance with the Share Plan and otherwise on the terms and conditions set out in the Explanatory Memorandum."

The Company will disregard any votes cast on this resolution by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of such director. However, the Company need not disregard a vote if it is cast by a director as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or if it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

6. Issue of Shares to Mr Theo Renard under the Share Plan

To consider and, if thought fit, to pass the following as an **ordinary resolution**:

"That, subject to Resolution 2 being approved, for the purposes of subsection 208(1) of the Corporations Act, Listing Rule 10.14 and for all other purposes, Shareholders approve and authorise the issue of up to 1,250,000 Shares at an issue price of the greater of \$0.15 per Share and the weighted average price of Shares during the five trading days before the Shares

are issued to Mr Theo Renard and the provision of a loan for approximately \$187,500 to acquire up to 1,250,000 Shares, in accordance with the Share Plan and otherwise on the terms and conditions set out in the Explanatory Memorandum."

The Company will disregard any votes cast on this resolution by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of such director. However, the Company need not disregard a vote if it is cast by a director as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or if it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

7. Issue of shares to complete the acquisition of Morning Star Holdings (Australia) Limited (previously Realm Resources Limited), Masedi Platinum (Proprietary) Limited and Nkwe Platinum (Scarlet) (Proprietary) Limited

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.1 and for all other purposes, the shareholders hereby approve and authorise the Directors to allot and issue:

- (a) up to 34,789,565 Shares to the shareholders of Morning Star Holdings (Australia) Ltd (previously Realm Resources Ltd) (**MSH**); and*
- (b) up to 15,220,435 Shares to Nkwe Platinum (South Africa) (Pty) Ltd (**Nkwe**) or its nominee,*

*to complete the acquisition of MSH, Masedi Platinum (Proprietary) Limited (**Masedi**) and Nkwe Platinum (Scarlet) (Proprietary) Limited (**NPS**), in accordance with the MSH Share Sale Agreement and the Nkwe Share Sale Agreement, the terms and conditions of which are summarised in the Explanatory Memorandum."*

The Company will disregard any votes cast on this resolution by any shareholder of Morning Star Holdings (Australia) Limited, Nkwe Platinum (South Africa) (Pty) Ltd, any associate of such persons and any person who may obtain a benefit if the resolution is passed (except a benefit solely in the capacity as a holder of shares in the Company). However, a person can vote if the vote is cast as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Other Business

To transact any other business that may be lawfully brought forward in accordance with the constitution of the Company and the Corporations Act.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read "G. Button", with a stylized flourish at the end.

Grant Button
Director

27 April 2011

EXPLANATORY MEMORANDUM

REALM RESOURCES LIMITED

ABN 98 008 124 025

1. Financial Report and Directors' Report

The Corporations Act and the constitution of the Company require the following reports in respect to the financial year of the Company ended 31 December 2010 to be laid before the meeting:

- The Financial Report (which includes the financial statements and Directors' declaration); and
- The Directors' Report, the Corporate Governance Statement and the Auditor's Report.

Shareholders will be given a reasonable opportunity at the Meeting to ask questions and make comments on these Reports and on the business, operations and management of the Group.

There is no requirement in the Corporations Act or in the Company's constitution for shareholders to approve the Financial Statements and Reports.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically required to do so. The Company's annual financial report is available on its website at <http://www.realmresources.com.au>.

2. Resolution 1 - Remuneration Report

The Corporations Act requires that the section of the Directors' Report dealing with the remuneration of the Directors and senior executives ("**Remuneration Report**") be put to shareholders.

This resolution is an 'advisory only' resolution which does not bind the Directors or the Company.

Following consideration of the Remuneration Report, the Chairman will give Shareholders a reasonable opportunity to ask questions about or make comments upon the Remuneration Report.

3. Resolution 2 - Re-election of Director

Clause 12.9 of the Constitution requires that at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of three, then the number nearest to but not exceeding one-third of the Directors must retire by rotation, provided always that no Director (except a Managing Director) shall hold office for a period in excess of three years.

The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

The Company currently has four Directors and accordingly one must retire.

Mr Theo Renard, having been appointed a director of the Company on 1 October 2008, in accordance with Clause 12.9(a)(i) of the Company's Constitution retires and being eligible, offers himself for re-election by shareholders.

The remaining Directors recommend to shareholders that Mr Renard be re-elected.

4. Resolutions 3, 4, 5 and 6 - Issue of Shares to Directors under the Share Plan

4.1 Details of proposed issues of Shares to Directors

The Company proposes to issue Shares to four Directors of the Company, namely Mr Button, Mr Rossiter, Dr Fong and Mr Renard, in accordance with the terms of the Share Plan.

The proposed issue of Shares to Mr Button, Mr Rossiter, Dr Fong and Mr Renard (together, the **Recipient Directors**) is intended to:

- (a) provide an appropriate and adequate incentive for the Directors;
- (b) ensure that the Company may retain the services of the Directors; and
- (c) reinforce the commitment of the Directors to the Company.

The Recipient Directors will only benefit from an issue of Shares under the Share Plan when there is an improvement in the Company's share price since the date on which they were offered the Shares.

Resolutions 3, 4, 5 and 6 seek shareholder approval for the issue of Shares to the Recipient Directors as follows:

Name of Director	Maximum Number of Shares to be Issued
G Button	500,000
R Rossiter	1,250,000
N Fong	500,000
T Renard	1,250,000

The number of Shares proposed to be issued to the Recipient Directors reflects the level of commitment provided or to be provided by each Director to the Company, taking into account the responsibilities of each Director and the time commitments required from each Director. The number of Shares proposed to be issued to the Recipient Directors also reflects the value the Board feels that each Director brings to the enhancement of the Company.

The issue price of the Shares offered to the Recipient Directors under the Share Plan is the greater of \$0.15 and weighted average price of Shares during the 5 day trading period immediately before the date on which the Shares will be issued.

The Shares to be issued pursuant to Resolutions 3, 4, 5 and 6 may not be transferred or otherwise dealt with and will not be quoted until the later to occur of the following:

- (a) the loan amount in respect of the relevant Shares being paid; and

- (b) in respect of:
 - (i) one half of the Shares issued (**Tranche 1**), 12 months after the date of issue of the Shares; and
 - (ii) the remaining one half of the Shares issued (**Tranche 2**), 24 months after the date of issue of the Shares.

The Shares to be issued pursuant to Resolutions 3, 4, 5 and 6 are in addition to the fee and remuneration packages payable by the Company to the Recipient Directors. In calculating the fee and remuneration packages provided to the Recipient Directors as set out in section 4.2(m) of the Explanatory Memorandum, the Board has taken into consideration the issue of Shares proposed in Resolutions 3, 4, 5 and 6. The Board considers that the appropriate remuneration package for each of the Directors comprises both the remuneration set out in 4.2(m) and the Shares to be issued if Resolutions 3, 4, 5 and 6 are passed by Shareholders. Although issuing Shares to the Company's non-executive directors does not comply with the ASX Corporate Governance Principles and Recommendations, given the size of the Company, the Board considers it appropriate for part of the remuneration package to comprise non-cash, incentive-based remuneration.

4.2 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions of the provisions; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E, each Recipient Director is a related party by virtue of being a Director and the proposed issue of Shares and provision of loans by the Company to fund payment of the subscription price of such Shares constitutes the giving of a financial benefit. Accordingly, Shareholder approval is required.

In accordance with the requirements of Chapter 2E, and in particular with sections 217 to 227 of the Corporations Act, the following information is provided to Shareholders to allow them to assess the proposed issue of Shares and the provisions of loans by the Company to fund payment of the subscription price of the Shares:

- (c) Mr Button, Mr Rossiter, Dr Fong and Mr Renard are each related parties of the Company by virtue of being a director to whom proposed Resolutions 3, 4, 5 and 6 would permit the financial benefit to be given;
- (d) the nature of the financial benefit to be given to Mr Grant Button is the issue of 500,000 Shares and a loan in respect of those Shares, being \$75,000 as at the date of this Notice of Meeting;
- (e) the nature of the financial benefit to be given to Mr Rossiter is the issue of 1,250,000 Shares and a loan in respect of those Shares, being \$187,500 as at the date of this Notice of Meeting;
- (f) the nature of the financial benefit to be given to Dr Neale Fong is the issue of 500,000 Shares and a loan in respect of those Shares, being \$75,000 as at the date of this Notice of Meeting;
- (g) the nature of the financial benefit to be given to Mr Renard is the issue of 1,250,000 Shares and a loan in respect of those Shares, being \$187,500 as at the date of this Notice of Meeting;

- (h) the terms of the loans to be provided to each of the Recipient Directors in respect of their respective Shares is set out in more detail in section 4.4(i) below;
- (i) the Shares will be issued and the loans will be provided to the Recipient Directors under the Share Plan. As a result, shareholder approval is not required under section 260A of the Corporations Act for the provision of the loan to the Recipient Directors on the basis that the financial assistance is given under an employee share scheme that has been approved by a resolution passed at a general meeting of the Company;
- (j) as at the date of this Notice, the capital structure of the Company is as follows:

Capital	Number
Ordinary Shares	161,197,809

If Shareholders approve all Resolutions contained in this Notice and all Shares are issued as contemplated by Resolutions 3, 4, 5, 6 and 7 of this Notice, the issued capital of the Company would be as follows:

Capital	Number
Ordinary Shares	214,707,809

If Shareholders approve the issue of 3,500,000 Shares to the Recipient Directors pursuant to Resolutions 3, 4, 5 and 6, the effect will be to dilute the shareholding of existing Shareholders by approximately 2.17%, based on the existing number of Shares as at the date of this Notice;

- (k) as at the date of this Notice, the Recipient Directors hold the following securities in the Company representing 3.87% of the issued capital of the Company:

Director	Number of Shares held directly	Number of Shares held indirectly
G Button	1,250,000	299,000
R Rossiter	2,500,000	Nil
N Fong	1,184,696	Nil
T Renard	1,000,000	Nil

- (l) If Shareholders approve all Resolutions contained in this Notice and the Shares are issued as contemplated by Resolutions 3, 4, 5, 6 and 7 of this Notice, the Recipient Directors will hold the following securities in the Company, representing 5.91% of the issued capital of the Company before the issue of Shares under Resolution 7 and 4.53% of the issued capital of the Company following the issue of Shares under Resolution 7:

Director	Number of Shares held directly	Number of Shares held indirectly
----------	--------------------------------	----------------------------------

G Button	1,750,000	299,000
R Rossiter	3,750,000	Nil
N Fong	1,684,696	Nil
T Renard	2,250,000	Nil

- (m) details of the Recipient Directors' remuneration for the year ended 31 December 2010 (based on information extracted from the Company's 2010 Annual Report) are as follows:

Director	Consulting fees (\$)	Fees (\$)	Superannuation (\$)	Equity (\$)	Total (\$)
G Button	Nil	36,000	3,240	Nil	39,240
R Rossiter	81,125	24,000	2,160	Nil	107,285
N Fong	Nil	74,000	6,660	Nil	80,660
T. Renard	265,000	24,000	2,160	Nil	291,160

Details of the estimated remuneration payable to the Recipient Directors for the year beginning 1 January 2011 are as follows:

Director	Consulting fees (\$)	Fees (\$)	Superannuation (\$)	Equity (\$)	Total (\$)
G Button	Nil	36,000	3,240	42,684	81,924
R Rossiter	81,125	24,000	2,160	106,711	213,996
N Fong	Nil	74,000	6,660	42,684	123,344
T. Renard	250,000	24,000	2,160	106,711	382,871

- (n) the subscription price at which the 3,500,000 Shares may be issued to the Recipient Directors pursuant to Resolutions 3, 4, 5 and 6 will be the greater of \$0.15 per Share and the weighted average price of Shares on ASX over the past 5 trading days immediately before the date on which the Shares are issued to the Recipient Directors, with the subscription price being loaned to the Directors on the terms set out in Section 4.2(m) of the Explanatory Memorandum, in accordance with the terms of the Share Plan. Accordingly, the actual subscription price of the Shares and amount of the loan can only be determined at the date of issue;
- (o) during the last 12 months before the date of lodgement of this Notice with the ASIC, the highest trading price of the Shares was \$0.17 on 24 November 2010 and the lowest trading price of the Shares was \$0.07 on 31 August 2010. The market price of the Company's Shares over the 5 day trading on ASX up to and including 21 April 2011 has been between a minimum of \$0.14 per Share to a maximum of \$0.16 per Share. On 21 April 2011, the last trading day before this Notice of

Meeting was lodged with the ASIC, the Shares closed at a price of \$0.155 per Share;

- (p) assuming a Share price on the date of repayment of the loans provided to the Recipient Directors of \$0.155, being the market price on the last trading day before this Notice of Meeting was lodged with the ASIC, the Company will receive \$542,500 from the issue of the Shares to the Recipient Directors;
- (q) the Board (other than the relevant Recipient Director) considered the extensive experience and reputation of each of the Recipient Directors within the energy and resources industry, the current market price of Shares and the current market practices when determining the number of Shares to be issued to each of the Recipient Directors. The primary purpose of the issue of the Shares to the Recipient Directors under the Share Plan is to provide a market linked incentive and reward to the Directors and for the future performance by each of them in their respective roles. Given this purpose, the Board does not consider that there is any significant opportunity cost or benefit foregone to the Company in issuing the Shares and providing the loans proposed by Resolutions 3, 4, 5 and 6;
- (r) the Board acknowledges that the grant of Shares to the non-executive directors of the Company is contrary to Recommendation 8.3 of the ASX Corporate Governance Principles and Recommendations. However, the Board considers that the issue of the Shares to the Recipient Directors is reasonable in the circumstances, given the necessity to retain the highest calibre of professionals to the Company, whilst maintaining the Company's cash reserves. The Board further considers that the issue of Shares to the Recipient Directors is a more cost effective incentive for the Company as opposed to the payment of cash compensation;
- (s) Mr Grant Button has a material personal interest in the outcome of Resolution 3, Mr Rossiter has a material personal interest in the outcome of Resolution 4, Dr Fong has a material personal interest in the outcome of Resolution 5 and Mr Renard has a material personal interest in the outcome of Resolution 6;
- (t) none of the Recipient Directors wish to make a recommendation to Shareholders about Resolutions 3, 4, 5 and 6 because each has an interest in the outcome of those Resolutions;
- (u) a valuation of the Shares proposed to be issued to the Recipient Directors has been calculated by internal management on 21 April 2011 using the Black and Scholes pricing model and based on the following assumptions:
 - (i) the underlying valuation of each Share is based on the closing price of \$0.155 as at 21 April 2011;
 - (ii) a risk free rate of return 5.093% for Tranche 1 and Tranche 2 (based on the 3 year bond indicator rate as at 21 April 2011);
 - (iii) a share price volatility of 93.02%, based on Realm's and comparable companies' historical share price volatility;
 - (iv) Shares may not be transferred or otherwise dealt with, and will not be quoted on ASX, until the later of the following occurs:
 - A. any loan in respect of the Shares is repaid;
 - B. in respect of:

- 1) one half of the Shares issued under the offer, the expiry of 12 months from the date of issue of the Shares; and
 - 2) the remaining one half of the Shares issued under the offer, the expiry of 24 months after the date of issue of the Shares;
- (v) an issue price of \$0.15 per Share; and
- (vi) a dividend yield of zero.

Based on the assumptions outlined above, the Black and Scholes pricing model attributes a theoretical value of 0.107 cents per Share for Tranche 1 and Tranche 2.

The Black and Scholes pricing model assumes that the equity instruments the subject of the valuation can be sold on a secondary market. The terms and conditions of the Share Plan state that no application will be made for the Shares to be listed for official quotation on ASX, until certain milestones are met. Accordingly, a discount for lack of marketability is required to determine an indicative fair value of the Shares. The calculated indicative fair value of the Shares, based on a discount factor of 20% applied to the theoretical valuation of the Shares, is \$298,790. In arriving at a discount factor of 20%, consideration has been given to the discounts that have traditionally been applied in the range of 10% to 20% to reflect the non-negotiability of unlisted equities and the fact that the Shares will be unlisted.

The table below summarises the values attributed to the Share issues:

Allottee	Theoretical value per Share (cents)	Discount (%)	Indicative value per Share (cents)	Number of Shares issued	Total value (\$)
G Button	0.107	20	0.085	500,000	42,684
R Rossiter	0.107	20	0.085	1,250,000	106,711
N Fong	0.107	20	0.085	500,000	42,684
T. Renard	0.107	20	0.085	1,250,000	106,711
TOTAL	0.107	20	0.085	3,500,000	298,790

Note: Due to rounding the total value shown in the table above may differ from the sum of the individual Tranche values

- (v) additional information in relation to Resolutions 3, 4, 5 and 6 is set out throughout this Explanatory Memorandum. Shareholders should therefore read the Explanatory Memorandum in its entirety before making a decision on how to vote on Resolutions 3, 4, 5 and 6;
- (w) the Company will incur no liabilities or costs in respect of the proposed issue of the Shares to the Recipient Directors other than:
- (i) the fees payable to ASX for quotation of the Shares. At the rates applying at the date of this Notice, these fees would be approximately \$3,372. However, these fees will not be payable until after the later of loans in respect of the Shares have been repaid and the vesting periods have expired; and

- (ii) a value equal to the weighted average trading price of Shares on ASX in the five days immediately before the date of valuation, will be included as wages for the purposes of *Pay-roll Tax Act 2002 (WA)*, *Pay-roll Tax Assessment Act 2002 (WA)* and the *Taxation Administration Act 2003 (WA)*. If this value in addition to other wages paid or payable by the Company during a month is in excess of the monthly pay-roll tax threshold, the Company may be required to register for pay-roll tax in the relevant jurisdiction. If this value in addition to other wages that are taxable in the jurisdiction is in excess of the annual pay-roll tax threshold, the Company will have a liability in respect of pay-roll tax in that jurisdiction; and
- (x) neither the Board nor the Company is aware of any other information that would be reasonably be required by Shareholders in order to decide whether it is in the best interests of the Company to pass Resolutions 3, 4, 5 and 6, other than as stated in this Explanatory Memorandum.

4.3 Listing Rule 10.14

Listing Rule 10.14 provides, in essence, that the approval of ordinary shareholders by ordinary resolution is required before any of the following persons can acquire securities under an employee incentive scheme:

- (a) director;
- (b) an associate of a director; or
- (c) a person whose relationship with the company or a related party is, in ASX's opinion, such that approval should be obtained.

Each of the Recipient Directors is a Director of the Company for the purpose of Listing Rule 10.14. Accordingly, in order for the Recipient Directors to acquire Shares under the Share Plan, the Company must obtain Shareholder approval pursuant to Listing Rule 10.14.

4.4 Listing Rule disclosure requirements

In accordance with Listing Rule 10.15, the following information is provided to Shareholders in relation to Resolutions 3, 4, 5 and 6:

- (a) Mr Button, Mr Rossiter, Dr Fong and Mr Renard are Directors;
- (b) the maximum number of Shares that may be issued to Mr Button under Resolution 3 is 500,000 Shares, to Mr Rossiter under Resolution 4 is 1,250,000 Shares, to Dr Fong under Resolution 5 is 500,000 Shares and to Mr Renard under Resolution 6 is 1,250,000 Shares;
- (c) no Shares have been issued under the Share Plan since the last approval;
- (d) directors, full-time and part-time employees of, and consultants to, the Company or any of its subsidiaries, may participate in the Share Plan;
- (e) it is currently proposed that the Shares will be issued on one and the same date within 12 months from the date of the Meeting, but the Company reserves the right to issue the Shares progressively;
- (f) the issue price of the Shares is the greater of \$0.15 and the weighted average price of Shares on ASX over the 5 trading days prior to the issue being made;

- (g) subject to compliance with the Listing Rules, the Shares to be issued to Mr Button, Mr Rossiter, Dr Fong and Mr Renard pursuant to Resolutions 3, 4, 5 and 6 may not be transferred or otherwise dealt with until the later to occur of the following:
 - (i) the loan in respect of those Shares has been repaid; and
 - (ii) in respect of:
 - A. Tranche 1, 12 months after the date of issue of the Shares; and
 - B. Tranche 2, 24 months after the date of issue of the Shares;
- (h) other than the restriction on trading referred to above, the Shares issued pursuant to Resolutions 3, 4, 5 and 6 will rank equally with all other Shares on issue;
- (i) the Company will provide loans ("**Loan**") to Mr Button, Mr Rossiter, Dr Fong and Mr Renard in relation to the acquisition of the Shares under the Share Plan. The loans are repayable within 4 years and on the following terms:
 - (i) Loans must be made solely to the Director and in the name of the Director.
 - (ii) Loans will be interest free.
 - (iii) Any Loan made available to a Director shall be applied by the Company directly toward payment of the issue price of the Shares to be acquired under the Share Plan.
 - (iv) The term of the Loan, the time in which repayment of the Loan must be made by the Director and the manner for making such payments shall be determined by the Board and set out in the invitation.
 - (v) The amount repayable on the Loan by the Director will be the lesser of:
 - A. the issue price of the Shares, less any cash dividends paid in respect of the Shares and applied by the Company to the Loan and any amount of the Loan repaid by the Recipient Director; and
 - B. the last sale price of the Shares on ASX on the date of repayment of the Loan or, if there are no transactions on that day, the last sale price of the Shares prior to that date, or, if the Shares are sold by the Company, the amount realised by the Company from the sale.
 - (ii) A Recipient Director must repay the Loan in full prior to the expiry of the term of the Loan.
 - (iii) Any fees, charges and stamp duty payable in respect of a Loan will be payable by the Recipient Director.
 - (iv) The Company shall have a lien over the Shares in respect of which a Loan is outstanding and the Company shall be entitled to sell those Shares in accordance with the terms of the Share Plan.
 - (v) A Share issued under the Share Plan will not be tradeable by the Recipient Director until the Loan amount in respect of that Share has been repaid;

- (j) initially no funds will be raised by the issue of Shares due to the provision of the loans to the Recipient Directors. However, assuming a Share price of \$0.155 on the date of repayment of the loans provided to the Recipient Directors, being the market price on the last trading day before this Notice of Meeting was lodged with ASIC, the Company will raise \$542,500 from the issue of the Shares to the Recipient Directors, The funds raised will be used for working capital purposes of the Company as the Board thinks fit; and
- (k) if, prior to the repayment in full of a loan by a Recipient Director, the Recipient Director:
 - (i) becomes bankrupt; or
 - (ii) ceases to be a Director of, or a consultant, to the Company or any of its subsidiaries,

then the Director (or his or her personal representative) shall elect one of the following two alternatives:

Alternative 1

To have the Company sell the Plan Shares on ASX and apply the proceeds of sale in repayment of the Loan and refund the surplus (if any) to the Director.

Alternative 2

To repay the loan:

- (i) within 12 months of the date of the event that caused the election where the Director either retired or is retrenched; or
- (ii) within one (1) month in the event that the Director resigns or is terminated.

Approval pursuant to Listing Rule 7.1 is not required in order to issue the Shares to the Recipient Directors as approval is being obtained under Listing Rule 10.14. Accordingly, the issue of Shares to the Recipient Directors pursuant to Resolutions 3, 4, 5 and 6 will not be included in the 15% calculation of the Company's annual placement capacity for the purposes of Listing Rule 7.1.

5 Resolution 7 – Issue of Shares to complete the acquisition of MSH, Masedi and NPS

5.1 Background

On 24 September 2009 Realm obtained shareholder approval to:

- (c) change its activities by acquiring all of the shares in Morning Star Holdings (Australia) Limited (formerly Realm Resources Ltd) (**MSH**);
- (d) allot and issue up to 69,565,217 Shares to the shareholders of MSH in accordance with the MSH Share Sale Agreement; and
- (e) allot and issue up to 30,434,783 Shares to Nkwe Platinum (South Africa) (Pty) Ltd (**Nkwe**) or its nominee in accordance with the Nkwe Share Sale Agreement,

(Transaction). As disclosed to Shareholders in the Notice of Meeting dated 5 August 2009, the Transaction involved the issue of Shares in two stages. Stage 1 is complete and Realm has:

- (a) in accordance with the MSH Share Sale Agreement:
 - (i) acquired 100% of the issued capital of MSH (so that MSH is now a wholly owned subsidiary of Realm); and
 - (ii) issued 34,775,652 Shares to the shareholders of MSH in part consideration for the transfer to Realm of the entire issued share capital of MSH;
- (b) in accordance with the Nkwe Share Sale Agreement:
 - (i) acquired 47.5% of the total issued shares in Masedi Platinum (Proprietary) Limited (**Masedi**) and 49.99% of the total issued shares in Nkwe Platinum (Scarlet) (Proprietary) Limited (**NPS**); and
 - (ii) issued 15,214,348 shares to Nkwe in exchange for the transfer by Nkwe of 47.5% and 49.99% of the total issued shares in Masedi and NPS respectively to Realm.

Stage 2 is not yet complete because it remains subject to a number of conditions which are anticipated to be fulfilled within the next 3 months. Although Shareholder approval has already been obtained for the issue of the Stage 2 Shares, the Shareholder approval is no longer valid as a result of the time taken to satisfy the outstanding conditions. Accordingly, Shareholder approval is sought for the issue of the Stage 2 Shares, in accordance with the MSH Share Sale Agreement and the Nkwe Share Sale Agreement. Each of the share sale agreements is described below.

5.2 The MSH Share Sale Agreement

The share sale agreement between the Company, MSH and each of the shareholders of MSH (**MSH Share Sale Agreement**) provides for the acquisition by Realm of 100% of the total issued share capital in MSH from the MSH shareholders in consideration for the issue of up to 69,565,217 Shares to the MSH shareholders, in two stages:

Stage 1: MSH Settlement - complete

On 28 September 2009 Realm issued 34,775,652 Shares to the shareholders of MSH in part consideration for the transfer to the Company of the entire issued share capital of MSH.

Stage 2: MSH Option Settlement

In the event that the Call Option or Put Option (described below) is exercised by either MSH or Nkwe and certain conditions precedent are satisfied, Realm is required to allot and issue a further 34,789,565 Shares to the shareholders of MSH (**MSH Option Settlement**). MSH Option Settlement must occur within five business days after the date on which Nkwe Option Settlement (described below) occurs.

5.3 The Nkwe Share Sale Agreement

The share sale agreement between MSH, Nkwe, Nkwe Platinum Limited, Masedi and NPS dated 21 November 2008, as amended by a deed of variation pursuant to which Realm became a party to the agreement and assumed certain obligations of MSH (**Nkwe Share Sale Agreement**), provides that, in consideration for the transfer of 95% and 100% of the total issued shares in Masedi and NPS respectively to Realm, Realm will allot and issue up to 30,434,783 Shares to Nkwe (or its nominee), in two stages:

Stage 1: Nkwe Settlement - complete

On 20 November 2009 Realm allotted and issued 15,214,348 Shares to Nkwe in exchange for the transfer by Nkwe of 47.5% and 49.99% of the total issued shares in Masedi and NPS respectively to Realm.

Stage 2: Nkwe Option Settlement

The Nkwe Share Sale Agreement provides that, subject to the satisfaction of certain further conditions precedent, MSH will have the option to purchase (**Call Option**) and Nkwe will have the option to require MSH to purchase (**Put Option**) 47.5% and the outstanding 50.1% of the total issued share capital in Masedi and NPS respectively in exchange for Realm allotting and issuing a further 15,220,435 Shares to Nkwe (**Nkwe Option Settlement**).

Nkwe Option Settlement is conditional on the following:

- (c) Realm obtaining the required consent of the South African Minister of Minerals and Energy for the acquisition of a controlling interest in Masedi and NPS (**Ministerial Approval**), in accordance with section 11(4) of the Mineral and Petroleum Resources Development Act 2002 (South Africa) (Act 28 of 2002) (**MPRD Act**); and
- (d) Ministerial Approval being lodged for registration with the South African Mining Titles Office within 30 days of obtaining the Ministerial Approval, in accordance with section 11(4) of the MPRD Act,

each of which are anticipated to be fulfilled within the next 3 months. Accordingly, Realm is seeking Shareholder approval to allow for the issue of Shares in accordance with the Nkwe Option Settlement and the MSH Option Settlement. Following completion of the Nkwe Option Settlement, Realm will hold 95% and 100% of the issued capital in Masedi and NPS respectively.

5.4 Advantages of gaining full control of Masedi and NPS

Gaining control of Masedi and NPS will allow Realm to:

- (a) take control of the assets; and
- (b) take meaningful action and expenditure to maximise the value of the assets.

5.5 Proposed issue of Shares - Listing Rule 7.1

Resolution 7 seeks the approval of Shareholders for the issue of Shares to MSH Shareholders and Nkwe or its nominee for the purposes of Listing Rule 7.1.

Listing Rule 7.1 broadly provides, subject to certain exceptions, that a company may not issue or agree to issue securities which represent more than 15% of the nominal value of the company's issued capital at the beginning of any 12 month period without obtaining shareholder approval.

In accordance with the requirements of Listing Rule 7.3, the following information is provided to Shareholders to allow them to assess the proposed issue of Shares:

- (c) The maximum number of Shares to be issued pursuant to Resolution 7 is 50,010,000;
- (d) The issue of the 34,789,565 Shares to MSH Shareholders on MSH Option Settlement and the issue of up to 15,220,435 Shares to Nkwe or its nominee on Nkwe Option Settlement will occur no later than three months from the date of the Meeting or such later date approved by ASX;

- (e) The Company proposes to allot and issue the 50,010,000 Shares on one and the same date but reserves the right to issue the Shares progressively;
- (f) The deemed issue price of the Shares is \$0.05 per Share;
- (g) The Shares will be issued to MSH Shareholders and Nkwe or its nominee in accordance with the terms and conditions of the MSH Share Sale Agreement and the Nkwe Share Sale Agreement;
- (h) The Shares to be issued by the Company are fully paid ordinary shares in the Company and rank equally with, and are on the same terms as, the existing Shares on issue; and
- (i) No funds are being raised by the Company pursuant to the issue of Shares in accordance with Resolution 7. The Shares are being issued as part consideration for the acquisition of MSH and the acquisition of the controlling interests in NPS and Masedi as part of the Transaction.

5.6 Directors' Recommendations and Important Considerations

The Directors unanimously recommend Shareholders vote in favour of Resolution 7. Each of the Directors who hold Shares intends to vote in favour of Resolution 7. Resolution 7 is important and affects the future of the Company. Shareholders are therefore urged to give careful consideration to the Notice of Meeting and this Explanatory Memorandum.

Glossary of Terms

The following terms and abbreviations used in the Notice of Meeting and this Explanatory Memorandum have the following meanings:

"Annual General Meeting" or **"Meeting"** means the annual general meeting of Shareholders to be held at Level 2, 3 Spring Street, Sydney NSW 2000 on 31 May 2011 at 11.00am (EST) or any adjournment thereof.

"ASIC" means the Australian Securities and Investments Commission.

"ASX" means ASX Limited ACN 008 624 691.

"Board" means the board of Directors.

"the Company" and **"Realm"** means Realm Resources Limited ABN 98 008 124 025.

"Corporations Act" means the *Corporations Act 2001* (Commonwealth).

"Directors" means the directors of the Company, from time to time.

"Explanatory Memorandum" means this explanatory memorandum.

"Group" means the Company and its controlled entities.

"Listing Rules" means the official listing rules of ASX.

"Masedi" means Masedi Platinum (Proprietary) Limited.

"MSH" means Morning Star Holdings (Australia) Limited.

"MSH Option Settlement" has the meaning given in Section 5.2.

"MSH Shareholders" means the holders of shares in MSH.

"MSH Share Sale Agreement" has the meaning given in Section 5.2

"Nkwe" means Nkwe Platinum (South Africa) (Pty) Limited.

"Nkwe Option Settlement" has the meaning given in Section 5.3

"Nkwe Share Sale Agreement" has the meaning given in Section 5.3.

"Notice of Meeting" means the notice of Meeting which accompanies the Explanatory Memorandum.

"NPS" means Nkwe Platinum (Scarlet) (Proprietary) Limited.

"Recipient Directors" means Messrs Button, Rossiter and Renard and Dr Fong.

"Plan Share" means a Share issued under the Share Plan.

"Resolution" means a resolution in this Notice of Meeting.

"Section" means a section of this Explanatory Memorandum.

"Share Plan" means the share plan approved by Shareholders on 18 July 2008.

"Shareholders" means registered holders of Shares.

"Shares" means fully paid ordinary shares in the capital of the Company.

"Stage 2 Shares" means the 34,789,565 Shares to be issued to the MSH Shareholders on MSH Option Settlement and the 15,220,435 Shares to be issued to Nkwe or its nominee on Nkwe Option Settlement.

"Transaction" has the meaning given in Section 5.1.

Proxies

If you are unable to attend and vote at the meeting and wish to appoint a person who is attending as your proxy, please complete the enclosed form of proxy. This form must be received by the company by 11.00am (EST) on 28 May 2011.

The completed form of proxy may be:

1. Mailed to Realm Resources Limited, GPO Box 4216, Sydney NSW 2001, or
2. Faxed to Realm Resources Limited on (02) 8249 4001.

A member entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights. A proxy need not be a member of the company.

REALM RESOURCES LIMITED

ABN 98 008 124 025

FORM OF PROXY

The Secretary
Realm Resources Limited
GPO Box 4216
SYDNEY NSW 2001

I/We _____
(print shareholder(s) name(s))

of _____
(print address of shareholder(s))

being a member/members of Realm Resources Limited hereby appoint

(print proxy's name in full)

of _____
(print proxy's address)

and (if you wish to appoint two proxies) _____
(print second proxy's name in full)

of _____
(print second proxy's address)

or, in the proxy's/proxies' absence or if no other appointee is mentioned, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting of the company to be held on 31 May 2011] and at any adjournment of that meeting.

I/We desire to vote on the resolutions as indicated below:-

Please indicate with an X how you wish your vote to be cast. Unless otherwise instructed, the proxy may vote as he/she thinks fit. The resolutions are numbered as in the notice of meeting.

Resolution	For	Against	Abstain
1. To adopt the remuneration report			
2. Re-election of Mr T Renard as a director			
3. Issue of Shares to Mr G Button under the Share Plan			
4. Issue of Shares to Mr R Rossiter under the Share Plan			
5. Issue of Shares to Dr N Fong under the Share Plan			
6. Issue of Shares to Mr T Renard under the Share Plan			
7. Issue of Shares to complete the acquisition of Morning Star Holdings (Australia) Limited (previously Realm Resources Limited), Masedi Platinum (Proprietary) Limited and Nkwe Platinum (Scarlet) (Proprietary) Limited			

Voting of Chairman

In relation to undirected proxies, the Chairman intends to vote in favour of each resolution.

*If the Chair of the meeting is appointed as your proxy, or may be appointed by default and you do **not** wish to direct your proxy how to vote as your proxy in respect of a resolution, please place a mark in the box.*

--	--

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.

If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution.

Signed this _____ day of _____ 2011.

Signature(s) of members(s)

NOTES:

1. If you have appointed two proxies please indicate what proportion of your voting rights each proxy is to represent.
2. If the appointment of a proxy is signed by the appointer's attorney, this form must be accompanied by the authority under which the appointment was signed, or a certified copy of the authority.

The completed form of proxy may be:

1. mailed to Realm Resources Limited, GPO Box 4216, Sydney NSW 2001 or
2. faxed to Realm Resources Limited on (02) 8249 4001.