REALM RESOURCES LIMITED

ABN 98 008 124 025

NOTICE OF GENERAL MEETING

AND

EXPLANATORY MEMORANDUM

Date of Meeting:	Tuesday, 12 February 2013
Time of Meeting:	11.00 am (EDST)
Place of Meeting:	Level 2 3 Spring Street Sydney NSW 2000

This Notice of 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.

Time and Place of Meeting and How to Vote

VENUE

The general meeting of the Shareholders to which this Notice of Meeting relates will be held at 11.00am (EDST) on Tuesday, 12 February 2013 at Level 2, 3 Spring Street, Sydney, New South Wales, 2000.

YOUR VOTE IS IMPORTANT

The business of the General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

(a) post to Realm Resources Limited, GPO Box 4216, Sydney, NSW, 2001; or

(b) facsimile to the Company on facsimile number (+61 2) 8249 4001,

so that it is received not later than 11.00am (EDST) on Sunday, 10 February 2013.

Proxy Forms received later than this time will be invalid.

NOTICE OF GENERAL MEETING

REALM RESOURCES LIMITED
ABN 98 008 124 025

Notice is hereby given that a general meeting of Realm Resources Limited (**Realm** or **the Company**) will be held at 11.00am (EDST) on Tuesday, 12 February 2013 at Level 2, 3 Spring Street, Sydney, New South Wales, 2000.

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

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders at 7pm (EDST) on Sunday, 10 February 2013.

AGENDA

1. Resolution 1 – Issue of Options to Taurus Funds Management Pty Ltd as trustee for Taurus Resources No. 2 Trust and Taurus Funds Management Pty Ltd for and on behalf of Taurus Resources Fund No. 2, L.P.

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

"That, for the purposes of section 208 and item 7 of section 611 of the Corporations Act, Listing Rules 10.1 and 10.11 and for all other purposes, approval be given for the issue of:

(a) 94,389,209 Options to JP Morgan Nominees Australia Limited as nominee of JP Morgan Chase Bank N.A. (Sydney Branch) acting as custodian for Taurus Funds Management Pty Limited for and on behalf of Taurus Resources Fund No.2 L.P.; and

(b) 5,610,791 Options to JP Morgan Nominees Australia Limited as nominee of JP Morgan Chase Bank N.A. (Sydney Branch) acting as custodian for Taurus Funds Management Pty Limited as trustee for Taurus Resources No. 2 Trust,

and the resultant issue of shares upon exercise of the Options (each Option entitling the holder to acquire a fully paid ordinary share in the Company), as a result of which Taurus Funds Management Pty Limited for and on behalf of Taurus Resources Fund No. 2, L.P. and Taurus Funds Management Pty Limited as trustee for Taurus Resources No. 2 Trust and their respective associates will increase their relevant interest in voting shares in the Company and thereby, acquire a voting power in the Company of up to 42.49% on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

Voting Exclusion: The Company will disregard any votes cast on this resolution by JP Morgan Nominees Australia Limited, JP Morgan Chase Bank N.A. (Sydney Branch), Taurus Resources No. 2 Trust, Taurus Resources Fund No. 2, L.P. and Taurus Funds Management Pty Limited and their associates. However, the Company need not disregard a vote if it is cast by a person as a 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.

Expert's Report: Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under item 7 of section 611 of the Corporations Act and Listing Rule 10.1. The Independent Expert's Report comments on the fairness and reasonableness of the transactions the subject of Resolution 1 to the non-associated Shareholders of the Company.

2. 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

Theo Renard
Director

19 December 2012

EXPLANATORY MEMORANDUM

REALM RESOURCES LIMITED
ABN 98 008 124 025

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be considered at the General Meeting to be held at Level 2, 3 Spring Street, Sydney New South Wales at 11.00 am (EDST) on Tuesday, 12 February 2013.

The Explanatory Memorandum should be read in conjunction with the accompanying Notice of Meeting. For the assistance of Shareholders, a glossary of defined terms is included at the end of the Explanatory Memorandum.

Full details of the business to be considered at the General Meeting are set out below.

1. Resolution 1 – Issue of Options to Taurus Funds Management Pty Ltd as trustee for Taurus Resources No. 2 Trust and Taurus Funds Management Pty Ltd for and on behalf of Taurus Resources Fund No. 2, L.P.

1.1 Background

As announced to ASX on 2 July 2012, the Company agreed a $5,000,000 Convertible Equity Linked Facility (**CELCF** or **Facility**).

In connection with the CELCF the Company agreed, subject to the Company obtaining all necessary Shareholder approvals under the Corporations Act and the Listing Rules, to grant 100,000,000 options with a term of 5 years and an exercise price of $0.05 (each Option being a right to acquire one Share) (**Options**). The Options will be granted under Option Deeds the Company intends to execute with each of the Lenders. The terms and conditions of the Options are set out in Appendix B to this Explanatory Memorandum.

Taurus Funds Management Pty Limited (**Taurus Funds Management**) as trustee for Taurus Resources No. 2 Trust (**Taurus No. 2 Trust**) and Taurus Funds Management for and on behalf of Taurus Resources Fund No. 2 L.P. (**Taurus Resources**) Taurus No. 2 Trust and Taurus Resources (together, the **Lenders**) provided the Company with the Facility, being an 8% loan of $5,000,000 to be repaid on or before 30 September 2013, or such other date agreed to in writing by the Company and each of the Lenders. (**Repayment Date**) by the repayment of cash or subject to Shareholder approval, through conversion into Shares. Any repayment of the Facility through conversion into Shares will require Shareholder approval, which will be sought at the appropriate time.

The Lenders have nominated the following entities to receive the Options:

- 94,389,209 Options to JPM Morgan Nominees Australia Limited (**JPM Nominees**) as nominee of JP Morgan Chase Bank, N.A. (Sydney Branch) (**Bank**) acting as custodian for Taurus Funds Management for and on behalf of Taurus Resources; and
- 5,610,791 Options to JPM Nominees as nominee of the Bank acting as custodian for Taurus Funds Management as trustee for Taurus No. 2 Trust.

The material terms and conditions of the CELCF as set out in the agreement between the Lenders and the Company (**Facility Agreement**) are as follows:

(a) **Facility**: the Lenders agreed to provide the Facility to the Company on 28 June 2012;

(b) **Repayment**: the Facility must be repaid by the Company on or before the Repayment Date;

(c) **Break costs**: if the Event of Default contemplated under paragraph (f)(ii) below occurs (i.e. the Company fails to secure the necessary authority to issue the Options), the Company must immediately pay a break fee of A$900,000 (**Break Fee**) to the financiers;

(d) **Interest**: interest is payable at a rate of 8% per annum on the Facility;

(e) **Conversion obligation to pay**: the parties have agreed that that the obligation to repay money under the Facility can be partly or wholly the subject of a share conversion election on the following terms and conditions:

(i) where the Lenders issue a notice to the Company which elects that share conversion is applicable to some or all of the amount of outstanding drawings (**Election Notice**), the Company must, within three business days following receipt of that Election Notice notify the Lenders as to whether it accepts that election (any such acceptance being subject to the appropriate Shareholder approvals being sought);

(ii) if no Election Notice is given in respect of a convertible obligation to pay, or if the Company rejects an Election Notice in respect of such convertible obligation to pay, share conversion is deemed to be not applicable to such convertible obligation to pay; and

(iii) Election Notices cannot be given whilst there is an Event of Default or potential Event of Default (as described below) subsisting.

Any share conversion election may only be given effect once the appropriate Shareholder approvals have been sought. Accordingly, in the event that the Lenders issue an Election Notice, the Company may only accept that election subject to obtaining the relevant Shareholder approvals for the issue of Shares to the Lenders.

(f) **Event of Default**: upon the occurrence of one of the following events (**Event of Default**), the Lenders may by written notice to the Company declare the Facility to be immediately due and payable to the Lenders without the need for any further demand or notice to be given:

(i) **(failure to pay)** the Company does not pay within 2 business days of the due date and in the specified manner, any amount payable by it under the Facility Agreement;

(ii) **(failure to issue Options)** the Company fails to secure the necessary authority to issue the Options;

(iii) **(failure to comply)** the Company defaults in fully performing, observing and fulfilling any provision of the Facility Agreement other than a provision requiring the payment of money as contemplated by the Facility Agreement and the issue of Options, provided that in the case of a default capable of remedy, that default has not been remedied within 14 days of the occurrence of that default;

(iv) **(Controlling Shareholder)** a Shareholder (other than the Lenders and their related entities) otherwise acquires control of the Company;

(v) **(appointment of receiver, administrator etc.)** a receiver, manager, receiver and manager, trustee, administrator, controller or similar officer is appointed in respect of the Company;

(vi) **(appointment of liquidator)** a liquidator or provisional liquidator is appointed in respect of the Company;

(vii) **(order or resolution for winding up)** an order is made, or a resolution is passed, for the purpose of:

a) appointing a person referred to in paragraph (f) (v) or paragraph (f) (vi) above;

b) winding up the Company; or

c) proposing or implementing a scheme of arrangement in respect of the Company;

(viii) **(untrue warranty**) any representation or warranty made or repeated in the Facility Agreement proves to be untrue or misleading and the circumstances giving rise to the breach of representation or warranty are likely to have a material adverse effect;

(ix) **(illegality**) at any time it is unlawful for the Company to perform any of its obligations under the Facility Agreement;

(x) **(material change)** any other event or series of events whether related or not occurs which is likely to have a material adverse effect; or

(xi) **(acceleration)**

a) any borrowing of an amount not less than A$250,000 is validly declared due and payable prior to its stated maturity and that declaration is not withdrawn within 10 days;

b) the Company fails to pay within 10 days after it becomes due and payable or, if applicable, after the expiration of any grace period, any indebtedness of an amount not less than A$250,000;

c) any stock or Share issued by the Company is validly required to be redeemed or repurchased in advance of its stated maturity (other than at its option) in an amount not less than A$250,000; or

d) the Company fails to pay within 10 days a demand or claim under any guarantee issued by it exceeding A$250,000;

(xii) **(insolvency event)** the Company is insolvent or deemed to be insolvent under any applicable law;

(xiii) **(void agreement)** the Facility Agreement is or becomes wholly or partly void or unenforceable;

(xiv) **(Cleansing notice**) any cleansing notice issued by the Company is defective or the Company becomes required to give or gives a corrective notice under section 708A(9) of the Corporations Act;

(xv) **(change of corporate status)** the Company ceases to have its ordinary share capital currently listed and trading on the ASX other than as a result of a suspension extending for a period of not more than 15 trading days; and

(xvi) **(changes of constituent documents)** without the prior written consent of the Lenders, the Company amends its constituent documents in a manner that materially prejudices the Lenders' rights under the Facility Agreement.

Resolution 1 seeks Shareholder approval pursuant to sections 208 and item 7 of section 611 of the Corporations Act and Listing Rules 10.1 and 10.11 in relation to the proposed issue of the Options and the resultant issue of Shares upon exercise of the Options (**Option Shares**). Further details are set out below.

1.2 Listing Rule 10.1

Listing Rule 10.1 provides that an entity (or any of its subsidiaries) must not acquire a “substantial asset” from, or dispose of a substantial asset to, a substantial holder (if the person and the person’s associates have a “relevant interest”, or had a relevant interest at any time in the 6 months before the transaction, in at least 10% of the total votes attached to the voting securities).

An asset is substantial if its value or the value of the consideration for it is, or in ASX’s opinion is, 5% or more of the equity interests of the company as set out in the latest accounts given to ASX under the Listing Rules.

Section 671B of the Corporations Act defines a substantial holder as a person who has a substantial holding. A person and the person's associates have a substantial holding where they have a relevant interest in not less than 5% of the total votes attached to the voting shares in the Company.

For the purposes of Listing Rule 10.1, JPM Nominees is the registered holder of 114,407,615 Shares and Taurus Resources (as the holder of a relevant interest in 108,153,228 Shares) and Taurus SM Holdings Pty Limited (**Taurus SM Holdings**) (as the holding company of Taurus Funds Management and Taurus Funds Management is the appointed investment manager of Taurus Resources Fund No. 2 and is therefore the holder of a relevant interest in 114,407,615 Shares) are considered to be substantial shareholders in the Company.

The Company is therefore seeking Shareholder approval for the issue of the Options for the purpose of Listing Rule 10.1.

Listing Rule 10.1 provides that shareholder approval sought for the purpose of Listing Rule 10.1 must include a report on the proposed acquisition from an independent expert.

The Independent Expert’s Report prepared by RSM Bird Cameron Corporate Pty Ltd sets out a detailed examination of the issue of the Options (and the Option Shares) contemplated by Resolution 1 to enable Shareholders to assess its merits (refer Appendix A). The Independent Expert’s Report concludes that the issue of the Options and Option Shares is fair and reasonable to the non-associated Shareholders of the Company.

1.3 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. A “financial benefit” is defined broadly in the Corporations Act and includes a public company issuing securities.

Section 208 of the Corporations Act prohibits a public company giving a financial benefit to a related party unless an exception set out in section 210 to 216 of the Corporations Act applies.

Where no exception is applicable, section 208 of the Corporations Act provides that for a public company to give a financial benefit to a related party of the company, the public company must:

(a) obtain the approval of members in the way set out in sections 217 to 227 of the Corporations Act; and

(b) give the benefit within 15 months after the approval is obtained.

1.4 Listing Rule 10.11

Under Listing Rule 10.11, the Company must obtain the approval of its Shareholders by ordinary resolution before it can issue securities to a related party or a person whose relationship with the Company or a related party is, in the opinion of the ASX, such that Shareholder approval should be obtained unless an exception in Listing Rule 10.12 applies.

1.5 Shareholder approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

The Company has decided to obtain Shareholder approval under section 208 of the Corporations Act and Listing Rule 10.11 because the issue of the Options constitutes giving a financial benefit to Taurus Funds Management, Taurus Resources Fund No. 2 and Taurus SM Holdings.

Taurus Funds Management has confirmed that it is intended that the Options will be registered in the name of JPM Nominees (in its capacity as nominee of the Bank acting as custodian for Taurus Resources Fund No. 2 and Taurus Funds Management). Further, each of Taurus Funds Management and Taurus SM Holdings (the holding company of Taurus Funds Management and Taurus Funds Management is the appointed investment manager of Taurus Resources Fund No. 2) will hold a relevant interest in the Options upon their issue.

In addition to their role as Shareholders of the Company, Taurus Funds Management, Taurus Resources Fund No. 2 and Taurus SM Holdings have a relationship with the Company by virtue of Mr Michael Davies, a Director, also being involved with Taurus Funds Management (Mr Davies is a director of Taurus Funds Management) and Taurus Funds Management is the appointed investment manager of Taurus Resources Fund No. 2. While the Directors believe that the Taurus entities referred to above would not be considered to be related parties of the Company, for good corporate governance reasons and in light of the fact that the issue of the Options involves an issue of securities in the Company, the Company thought it prudent to seek Shareholder approval for the issue of the Options (and the Option Shares) for the purposes of section 208 of the Corporations Act and Listing Rule 10.11.

As previously noted, there are exceptions to the requirement to seek Shareholder approval for the provision of a financial benefit to a related party and these are set out in sections 210 to 216 of the Corporations Act. One such exception is set out in section 210 of the Corporations Act and provides that shareholder approval is not needed to give a financial benefit on terms that:

(a) would be reasonable in the circumstances if the company and the related party were dealing at arm's length; or

(b) are less favourable to the related party than the terms referred to in paragraph (a) above.

In light of the Directors' view that the Company would be unable to secure financing on any more favourable terms than those offered under the Facility, the Directors believe that the terms of the Facility would be considered reasonable if the parties were dealing at arm's length. Accordingly, if any of the Lenders were considered to be related parties of the Company, the Directors are of the view that the "arm's length" exception set out in section 210 of the Corporations Act would be available to the Company in any event. That said, as previously noted the Company is seeking Shareholder approval of the security issue for purposes of section 208 of the Corporations Act as a matter of prudence.

Pursuant to and in accordance with the requirements of sections 217 to 227 of the Corporations Act and Listing Rule 10.13, the following information (current as at the date of this Notice of Meeting and Explanatory Statement) is provided in relation to Resolution 1 and the proposed issue of the Options:

(a) the parties are Taurus Funds Management, Taurus Resources Fund No. 2 and Taurus SM Holdings. Each of these entities has a relationship with the Company by virtue of Mr Michael Davies, a Director, also being a director of Taurus Funds Management and Taurus Funds Management is the appointed investment manager of Taurus Resources Fund No. 2.

(b) as outlined above, each of Taurus Funds Management, Taurus Resources Fund No. 2 and Taurus SM Holdings will hold a relevant interest in the Options (and upon exercise, the Option Shares);

(c) a maximum number of 100,000,000 Options will be issued as follows:

  (i) 94,389,209 Options to JPM Nominees as nominee of the Bank acting as custodian for Taurus Funds Management for and on behalf of Taurus Resources;

  (ii) 5,610,791 Options to JPM Nominees as nominee of the Bank acting as custodian for Taurus Funds Management acting as trustee for Taurus No. 2 Trust;

(d) the Options will be issued no later than one month after the date of the General Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Options will be allotted and issued on one and the same date;

(e) the Options are being issued to JPM Nominees as nominee of the Bank acting as custodian for Taurus Funds Management for and on behalf of Taurus Resources and to JPM Nominees as nominee of the Bank acting as custodian for Taurus Funds Management as trustee for Taurus No. 2 Trust as compensation for the financial accommodation requested by the Company under the CELCF. The terms of the Facility, including the issue of the Options are very similar in nature and commercial terms to other financing facilities that the Lenders have offered to other entities.;

(f) the Options may be exercised at any time within 5 years at an exercise price of \$0.05. The Option Shares issued on exercise of the Options will be fully paid ordinary shares in the capital of the Company and will rank equally with the Company's existing Shares on issue. Proceeds from the exercise will first be applied to any out-standings under the CECLF;

(g) the value of the Options has been calculated using the Black and Scholes pricing model and based on the following assumptions:

  (i) the underlying valuation of each option is based on the closing price of Shares on ASX on 17 December 2012, being \$0.018;

  (ii) a risk free rate of return 2.85% 5 year bond indicator rate as at 18 December 2012);

  (iii) share price volatility of 76.29%, based on Realm's historical share price volatility;

  (iv) the options may be assigned by the option holder and will not be quoted on ASX; and

  (v) an exercise price of \$0.05.

  Based on the assumptions outlined above, the Black and Scholes pricing model attributes a theoretical value of \$766,993 to the Options.

The Black and Scholes pricing model assumes that the equity instruments the subject of the valuation can be sold on a secondary market. The Options are assignable but not tradeable in the open market. Accordingly, a discount for lack of marketability is required to determine an indicative fair value of the Options. The calculated indicative fair value of the Options, based on a discount factor of 20% applied to the theoretical valuation of the Options, is $613,595. 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 Options will be unlisted.

(h) no funds will be raised on issue of the Options. Funds raised on exercise of the Options will be used to repay the Facility;

(i) the relevant interests of Taurus Funds Management, Taurus Resources Fund No. 2 and Taurus SM Holdings in securities of the Company are set out below:

Party	Shares	Options
Taurus Funds Management Pty Limited as trustee for Taurus Resources No. 2 Trust	6,254,387[1]	Nil
Taurus Funds Management Pty Limited for and on behalf of Taurus Resources Fund No. 2, L.P.	108,153,228[2]	Nil
Taurus SM Holdings Pty Limited	114,407,615[3]	Nil

Notes:

1 Taurus No. 2 Trust holds a relevant interest in the Shares (which are registered in the name of JPM Nominees) as the beneficial holder.

2 Taurus Resources holds a relevant interest in the Shares (which are registered in the name of JPM Nominees) as the beneficial holder.

3. Taurus SM Holdings is the holding company of Taurus Funds Management (and Taurus Funds Management is the appointed investment manager of Taurus Resources Fund No. 2) and therefore holds a relevant interest in the Shares held by Taurus Funds Management.

(j) there are no remuneration and emoluments from the Company to Taurus Funds Management, Taurus Resources Fund No. 2 and Taurus SM Holdings for the previous financial year or the current financial year.

(k) if Shareholders approve Resolution 1, 100,000,000 Options will be allotted and issued. If the Options are exercised, 100,000,000 Option Shares will be issued and the effect will be that the shareholding of non-associated Shareholders would be diluted from 71.72% to 57.51%. As at the date of this Notice, the Company has 404,560,478 Shares on issue;

(l) the trading history of Shares on ASX in the 12 months before the date of this Notice of General Meeting is set out below:

	Price	Date
Highest	$0.08	16 April 2012

Lowest	$0.017	11 September 2012
Last	$0.018	18 December 2012

(m) each of the Directors consider that the issue of the Options is in the best interests of the Company as it may enable the Company to repay the Facility through the issue of Option Shares without depleting the Company's existing cash reserves (on the basis that the funds received by the Company on exercise of the Options will be used to repay the Facility). The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options, furthermore should the Company fail to approve the issue of the Options the Break Fee will be immediately payable; and

(n) Mr Davies declines to make a recommendation to Shareholders in relation to Resolution 1 due to his material personal interest in the outcome of the Resolution. The other Directors (being Messrs Rossiter, Renard and Fong), who do not have a material personal interest in the outcome of Resolution 1, recommend that Shareholders vote in favour of Resolution 1. The Board (other than Mr Davies) is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution.

1.6 Item 7 of section 611 of the Corporations Act

Pursuant to section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a listed entity if the person acquiring the interest does so through a transaction in relation to securities entered into, by or behalf of the person and because of the transaction, that person’s or someone else’s voting power in the company increases from:

(a) 20% or below to more than 20%; or

(b) a starting point that is above 20% and below 90%,

(**Takeover Prohibition**).

Voting power

The voting power of a person in a body corporate is determined in accordance with section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

Associates

For the purposes of determining voting power under the Corporations Act, a person (**second person**) is an "associate" of the other person (**first person**) if:

(a) the first person is a body corporate and the second person is:

(i) a body corporate the first person controls;

(ii) a body corporate that controls the first person; or

(iii) a body corporate that is controlled by an entity that controls the person;

(b) the second person has entered or proposed to enter into a relevant agreement with the first person for the purpose of controlling or influencing the composition of the company's board or the conduct of the company's affairs; or

(c) the second person is a person with whom the first person is acting or proposed to act, in concert in relation to the company's affairs.

Relevant Interests

Section 608(1) of the Corporations Act provides that a person has a relevant interest in securities if they:

- are the holder of the securities;
- have power to exercise, or control the exercise of, a right to vote attaching to the securities; or
- have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

In addition, section 608(3) of the Corporations Act also deems a person to have a relevant interest in securities that any of the following has:

- a body corporate in which the person's voting power is above 20%; or
- a body corporate that the person controls.

Although the issue of the Options will not breach the Takeover Prohibition (as the Options are not voting shares), the issue of the Option Shares upon exercise of the Options will breach the Takeover Prohibition (as the Options Shares are voting shares). Accordingly, approval is required under Item 7 of section 611 of the Corporations Act for the issue of the Option Shares upon exercise of the Options.

1.7 Relevant interest in Shares

Taurus Funds Management is a dedicated manager of investment strategies in the mineral commodities sector, particularly focusing on early stage mining projects and companies. The team at Taurus Funds Management has a strong mining operational and development background particularly in the coal industry.

Taurus SM Holdings is the holding company of Taurus Funds Management.

JPM Nominees is the registered shareholder in its capacity as nominee of the Bank acting as custodian for Taurus Funds Management and Taurus Resources Fund No. 2.

As at the date of this Notice of Meeting:

- 6,254,387 Shares (representing a 1.55% interest in the Company) are held by JPM Nominees as nominee of the Bank acting as custodian for Taurus Funds Management as trustee for Taurus No. 2 Trust. Taurus No. 2 Trust has a relevant interest in such Shares by virtue of it having the power to control the exercise of the right to vote attached to the securities and the power to control the exercise of a power to dispose of the securities; and
- 108,153,228 Shares (representing a 26.73% interest in the Company) are held by JPM Nominees as nominee of the Bank acting as custodian for Taurus Funds Management for and on behalf of Taurus Resources, a Cayman limited liability company. Taurus Resources has a relevant interest in such Shares by virtue of it

having the power to control the exercise of the right to vote attached to the securities and the power to control the exercise of a power to dispose of the securities.

In light of the above, as at the date of this Notice of Meeting, each of JPM Nominees (as the registered holder of the Shares) and Taurus SM Holdings (as the holding company of Taurus Funds Management) have a relevant interest in 114,407,615 Shares (representing an 28.28% interest in the Company).

Subject to the receipt of all necessary Shareholder approvals, the Lenders have informed the Company that it intends to nominate the following entities to receive the Options (and upon exercise, the Option Shares):

- 5,610,791 Options are to be issued to JPM Nominees as nominee of the Bank acting as custodian for Taurus Funds Management as trustee for Taurus No. 2 Trust. Upon exercise of such Options and issue of the relevant Option Shares, this will result in Taurus No. 2 Trust having a relevant interest in 11,865,178 Shares (representing a 2.35% interest in the Company); and

- 94,389,209 Options are to be issued to JPM Nominees as nominee of the Bank acting as custodian for Taurus Funds Management for and on behalf of Taurus Resources. Upon exercise of such Options and issue of the relevant Option Shares, this will result in Taurus Resources having a relevant interest in 202,542,437 Shares (representing a 40.14% interest in the Company.

In addition, assuming all Options are exercised and all Option Shares issued, each of JPM Nominees and Taurus SM Holdings will have a relevant interest in 214,407,615 Shares (representing a 42.49% interest in the Company based on the number of Shares on issue as at the date of this Notice of Meeting). This acquisition would be in breach of the Takeover Prohibition.

As noted above, the Takeover Prohibition prohibits a person from acquiring a relevant interest in a company if because of that transaction, that persons' or someone else's voting power in the company increases from 20% or below to more than 20%, or from a starting point that is above 20% and below 90%, except in certain circumstances. One of those circumstances is where the shareholders of the relevant company approve the acquisition of the relevant interest up to a specific amount.

1.8 Reasons for Shareholder approval

Item 7 of section 611 of the Corporations Act provides an exception to the Takeover Prohibition in circumstances where shareholders approve the acquisition of the relevant interest.

Accordingly, the Company seeks Shareholder approval under item 7 of section 611 of the Corporations Act for the issue of Option Shares (upon exercise of the Options) to JPM Nominees as nominee of the Bank acting as custodian for Taurus Funds Management for and on behalf of Taurus Resources and to JPM Nominees as nominee of the Bank acting as custodian for Taurus Funds Management as trustee for Taurus No.2 Trust as well as the acquisition of a relevant interest in the issued voting shares of the Company by Taurus No. 2 Trust and Taurus Resources, and ultimately Taurus SM Holdings as the holding company of Taurus Funds Management, Taurus Funds Management being the appointed investment manager of Taurus Resources Fund No. 2).

1.9 Information required by Corporations Act and ASIC Regulatory Guide 74

The following information is required to be provided to Shareholders under the Corporations Act and ASIC Regulatory Guide 74 in respect of obtaining approval for item 7 of section 611 of the Corporations Act. Shareholders are also referred to the Independent Expert's Report prepared by RSM Bird Cameron Corporate Pty Ltd set out in Appendix A.

(a) The acquirer of the Option Shares will be Taurus Fund No. 2 and Taurus No. 2 Trust, which will be registered in the name of JPM Nominees in its capacity as nominee of the Bank acting as custodian for Taurus Funds Management for and on behalf of Taurus Fund No. 2 and as trustee for Taurus No. 2 Trust.

Details of the entities that will have a relevant interest in the Shares to be acquired are set out in section 1.7 above.

(b) As at the date of this Notice of Meeting:

- JPM Nominees as nominee of the Bank acting as custodian for Taurus Funds Management as trustee for Taurus No. 2 Trust holds 6,254,387 Shares (representing a 1.55% interest in the Company). Taurus No. 2 Trust has a relevant interest in such Shares by virtue of it having the power to control the exercise of the right to vote attached to the securities and the power to control the exercise of a power to dispose of the securities;
- JPM Nominees as nominee of the Bank acting as custodian for Taurus Funds Management for and on behalf of Taurus Resources holds 108,153,228 Shares (representing a 26.73% interest in the Company). Taurus Resources has a relevant interest in such Shares by virtue of having the power to control the exercise of the right to vote attached to the securities and the power to control the exercise of a power to dispose of the securities; and
- upon exercise of the Options, JPM Nominees will be the registered holder of the Option Shares which are ultimately beneficially held by Taurus SM Holdings (as the holding company of Taurus Funds Management, Taurus Funds Management being the appointed investment manager of Taurus Resources Fund No. 2) equating to a relevant interest in 214,407,615 Shares (representing a 42.49% interest in the Company).

Event[1]	**Taurus No. 2 Trust (including their associates)**	**Taurus Resources (including their associates)**	**JPM Nominees, Taurus SM Holdings and Taurus Funds Management**
No. of Shares (% of voting power) held as at the date of this Notice (Total Shares = 404,560,478)	6,254,387 (1.55%)	108,153,228 (26.73%)	114,407,615 (28.28%)
No. of Shares (% of voting power) held after exercise of the Options and the issue of the Option Shares (assuming that only the Option Shares contemplated by Resolution 1 are issued) (Total Shares = 504,560,478)	11,865,178 (2.35%)	202,542,437 (40.14)	214,407,615 (42.49%)

Notes:

1. This table assumes that no options are exercised (except for the Options the subject of Resolution 1) and no further Shares (other than the Option Shares contemplated by Resolution 1) are issued. Please note that this table does not contemplate the issue of any further Shares to the Lenders as a result of any share conversion election under the Facility, as further approval will be sought at the appropriate time should such election occur.

(c) As set out in the Company's announcement on 20 October 2011, the Company appointed Michael Davies, a representative of the Lenders, to the Board.

Mr. Michael Davies (BA Hons, MBA) is a principal of Taurus Funds Management and a specialist in resource financing with over 20 years experience in major banks (Barclays, BZW and ABN AMRO) originating, structuring and arranging debt and providing corporate advice to natural resources companies.

(d) Other than as disclosed elsewhere in this Explanatory Statement, at the date of this Notice of Meeting, the Company understands that Taurus No. 2 Trust, Taurus Resources and Taurus SM Holdings (and JPM Nominees in its capacity as the registered holder of the Option Shares) do not intend to:

- make any changes to the business of the Company;
- inject any further capital into the Company;
- make any changes to the future employment of the present employees of the Company;
- otherwise redeploy the fixed assets of the Company;
- change significantly the financial or dividend policies of the Company; and
- transfer any property between the Company and Taurus Funds Management, Taurus Resources Fund No. 2 and Taurus SM Holdings or any person associated with any of them.

The Company further understands that Taurus No. 2 Trust, Taurus Resources and Taurus SM Holdings support the Board's current strategy for the Company including the acquisition an additional interest in the Katingan Ria Coal Project.

1.10 Advantages and Disadvantages of the issue of the Options

There are a number of various advantages and disadvantages which Shareholders need to consider in assessing the impact of the issue of the Options (and the resultant Option Shares) on the Company and deciding how to vote on Resolution 1.

These are noted by the Independent Expert who comments, amongst other things, that the key advantages to non-associated Shareholders are that:

- the issue of the Options (and the resultant Option Shares) is fair and reasonable;
- the Company will not have to urgently raise alternative funds, either by equity or debt raising, or the sale of assets, to meet immediate working capital requirements and to pay the Break Fee. There is no certainty that the Company would be able to secure the required level of funding or achieve the sale of assets at a reasonable price or in the required timeframe to continue as a going concern;
- the Facility will provide the Company with funds to continue as a going concern and to continue its current plans to raise additional funds to complete Tranche 2 of the Master Agreement with PT Sinar Mulia Anugerah Aguing, pursuant to which the Company (through its wholly owned subsidiary, Kalres Limited) will increase its holding in the Katingan Ria Coal Project from the currently held 51% to 75%; and
- the Company is also planning to seek shareholder approval to raise $31 million to fund the acquisition of 100% of the Katingan Ria Project and develop the asset. The funding provided by the Facility will provide the Company with working capital to continue with these plans.

The key disadvantages to non-associated Shareholders in approving Resolution 1 are:

- the dilution of non-associated Shareholders' holdings from 71.72% to 57.51% after the Option Shares are issued; and

- the dilution of existing Shareholder's interests reduces the ability of existing Shareholders to influence the strategic direction of the Company, including acceptance or rejection of take-over or merger proposals.

1.11 Recommendation of Directors

The Directors (other than Mr Michael Davies) do not have any personal interests in the outcome of Resolution 1 and recommend that Shareholders vote in favour of the Resolution as they consider the proposed issue of the Options (and Option Shares) to JPM Nominees as the registered holder of the Options (and Option Shares) to be beneficially held by Taurus Resources and the allotment and issue of the Options (and Option Shares) to JPM Nominees as the registered holder of the Options (and Option Shares) to be beneficially held by Taurus No. 2 Trust to be in the best interests of Shareholders for the following reasons:

- after assessment of the advantages and disadvantages referred to in section 1.10 of this Explanatory Memorandum; and

- the Independent Expert has determined that the allotment and issue of the Options (and Option Shares) to JPM Nominees as the registered holder of Options (and Option Shares) to be beneficially held by Taurus Resources and the allotment and issue of the Options (and Option Shares) to JPM Nominees as the registered holder of the Options (and Option Shares) to be beneficially held by Taurus No. 2 Trust is fair and reasonable to the non-associated Shareholders.

1.12 Independent Expert Report

The Directors have commissioned RSM Bird Cameron Corporate Pty Ltd (Independent Expert) to prepare an Independent Expert Report assessing whether the proposed issue of the Options and Option Shares is fair and reasonable to the Shareholders who are not associated with Taurus No. 2 Trust, Taurus Resources or Taurus SM Holdings.

The Independent Expert's Report sets out a detailed examination of the proposed issue of the Options and Option Shares to enable non-associated Shareholders to assess the merits and decide whether to approve the issue of the Options.

To the extent that it is appropriate, the Independent Expert's Report sets out further information with respect to the proposed issue of the Options and Option Shares and concludes that the issue of the Options and Option Shares is fair and reasonable to the non-associated Shareholders.

Shareholders are urged to carefully read the Independent Expert's Report set out in Appendix A to understand its scope, the methodology of the valuation and the sources of information and assumptions made.

Approval pursuant Listing Rule 7.1 is not required for the issue of the Options as approval is being obtained under item 7 of section 611 of the Corporations Act and Listing Rule 10.11. Further, the issue of the Option Shares upon exercise of the Options will not be included in the 15% calculation of the Company's annual placement capacity pursuant to Listing Rule 7.1.

Glossary of Terms

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

"**ASIC**" means the Australian Securities and Investments Commission.

"**ASX**" means ASX Limited ACN 008 624 691.

"**Bank**" means JP Morgan Chase Bank, N.A. (Sydney Branch)

"**Board**" means the board of Directors.

"**Break Fee**" has the meaning given to it in section 1.1 of the Explanatory Memorandum.

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

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

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

"**EDST**" means eastern daylight savings time.

"**Explanatory Memorandum**" means this explanatory memorandum.

"**General Meeting**" or "**Meeting**" means the general meeting of Shareholders to be held at Level 2, 3 Spring Street, Sydney NSW 2000 on Tuesday, 12 February 2013 at 11.00am (EDST) or any adjournment thereof.

"**Independent Expert**" or "**RSM**" mean RSM Bird Cameron Corporate Pty Ltd, being the independent expert commissioned by the Company to prepare the Independent Expert Report.

"**JPM Nominees**" means JP Morgan Nominees Australia Limited.

"**Lenders**" has the meaning given to it in section 1.1 of the Explanatory Memorandum.

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

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

"**Option**" has the meaning given to it in section 1.1 of the Explanatory Memorandum.

"**Option Deeds**" means the option documentation to be executed between Realm and each of the Lenders should Resolution 1 be approved.

"**Option Shares**" has the meaning given to it in section 1.1 of the Explanatory Memorandum.

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

"**Section**" means a section of this Explanatory Memorandum.

"**Shareholders**" means registered holders of Shares.

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

"**Taurus Funds Management**" means Taurus Funds Management Pty Limited.

"**Taurus No. 2 Trust**" means Taurus Resources No. 2 Trust.

"**Taurus Resources**" means Taurus Resources Fund No. 2, L.P.

"**Taurus Resources Fund No. 2**" means Taurus Resources Fund No. 2 consisting of two independent investing vehicles; Taurus Resources Fund No. 2, L.P. and Taurus Resources No. 2 Trust

"**Taurus SM Holdings**" means Taurus SM Holdings Pty Limited.

FORM OF PROXY

REALM RESOURCES LIMITED

ABN 98 008 124 025

GENERAL MEETING

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

of ____
(print address of shareholder(s))

being a member/members of Realm Resources Limited entitled to attend and vote at the General Meeting, hereby appoint:____
____

(print proxy's name in full)

or, failing the person so named or if no other person is named, the Chair of the General Meeting, or the Chair's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit, at the General Meeting of the Company to be held at 11.00am (EDST) on Tuesday, 12 February 2013 at Level 2, 3 Spring Street, Sydney, New South Wales, 2000 and at any adjournment of that meeting.

If no directions are given, the Chair will vote in favour of all the Resolutions.

Voting on Business at the General Meeting

Resolution	For	Against	Abstain
1. Issue of Options to Taurus Funds Management Pty Ltd as trustee for Taurus Resources No. 2 Trust and Taurus Funds Management Pty Ltd for and on behalf of Taurus Resources Fund No. 2, L.P.			

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is :______%

Signature of Member(s): **Date:** ______________________

Individual or Member 1	**Member 2**	**Member 3**
Sole Director/Company Secretary	**Director**	**Director/Company Secretary**

Contact Name: ____________________________**Contact Ph (daytime):** __________________________

REALM RESOURCES LIMITED
ABN 98 008 124 025

Instructions for Completing 'Appointment of Proxy' Form

1. (**Appointing a Proxy**): A member entitled to attend and vote at the General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.

2. (**Direction to Vote**): A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.

3. (**Signing Instructions**):

   - (**Individual**): Where the holding is in one name, the member must sign.

   - (**Joint Holding**): Where the holding is in more than one name, all of the members should sign.

   - (**Power of Attorney**): If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

   - (**Companies**): Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.

4. (**Attending the Meeting**): Completion of a Proxy Form will not prevent individual members from attending the General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the General Meeting.

5. (**Return of Proxy Form**): To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

   (a) post to Realm Resources Limited, GPO Box 4216, Sydney, NSW, 2001; or

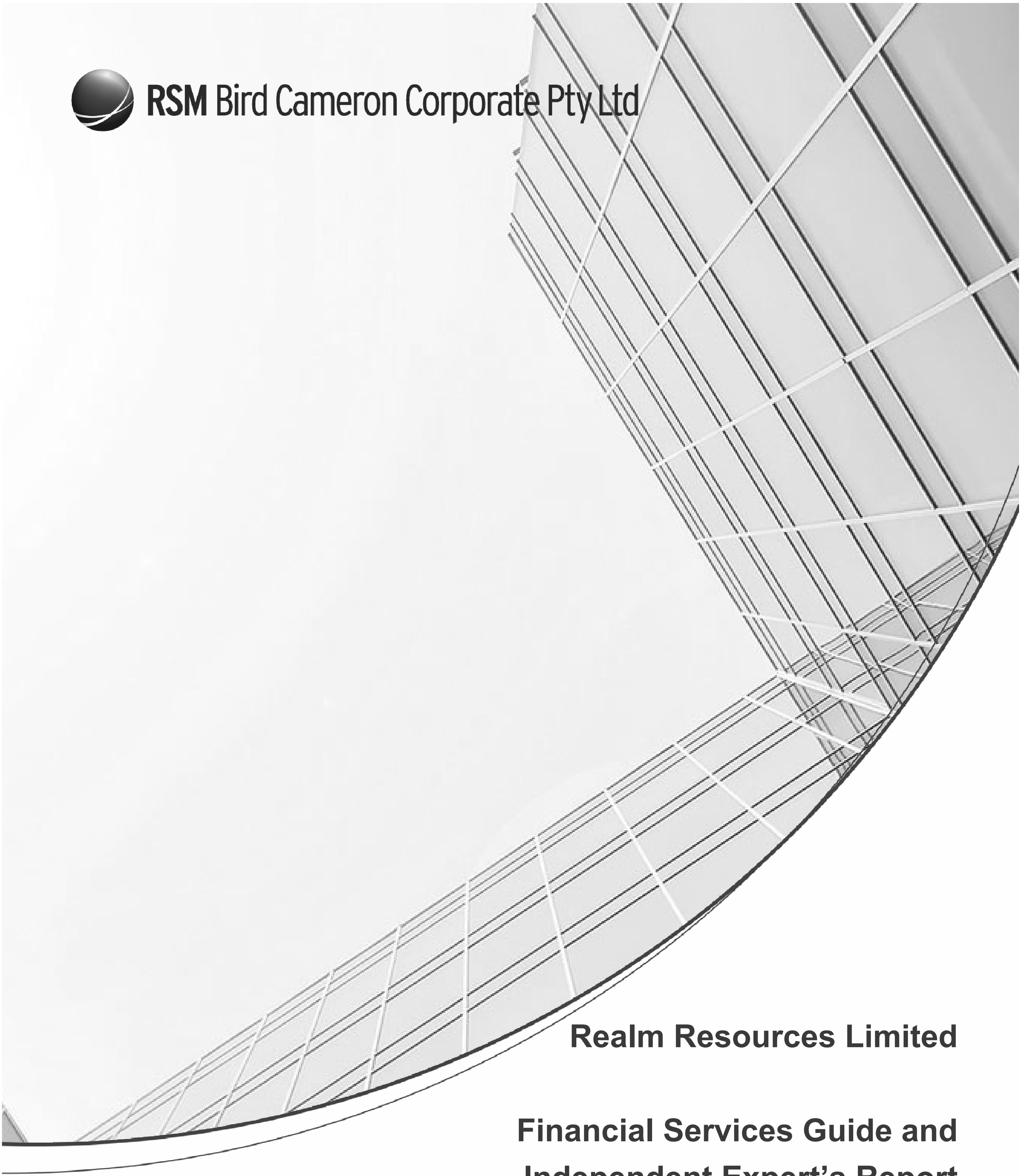
   (b) facsimile to the Company on facsimile number (+61 2) 8249 4001,

   so that it is received not later than 11.00am (EDST) on Sunday, 10 February 2013.

Proxy forms received later than this time will be invalid.

APPENDIX A

INDEPENDENT EXPERT'S REPORT



RSM Bird Cameron Corporate Pty Ltd

Realm Resources Limited

Financial Services Guide and Independent Expert's Report

11 December 2012

We have concluded that the Proposed Transaction is FAIR and REASONABLE to shareholders not associated with the Proposed Transaction.

Financial Services Guide

RSM Bird Cameron Corporate Pty Ltd ABN 82 050 508 024 ("RSM Bird Cameron Corporate Pty Ltd" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No 255847;
- remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence, which authorises us to provide financial product advice in relation to:

- deposit and payment products limited to:
  - (a) basic deposit products;
  - (b) deposit products other than basic deposit products.
- interests in managed investments schemes (excluding investor directed portfolio services); and
- securities (such as shares and debentures).

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

RSM Bird Cameron Corporate Pty Ltd

AFS Licence No 255847

General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither RSM Bird Cameron Corporate Pty Ltd, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

RSM Bird Cameron Corporate Pty Ltd is beneficially owned by the partners of RSM Bird Cameron, a large national firm of chartered accountants and business advisers. Our directors are partners of RSM Bird Cameron Partners.

From time to time, RSM Bird Cameron Corporate Pty Ltd, RSM Bird Cameron Partners, RSM Bird Cameron and / or RSM Bird Cameron related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints Resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, RSM Bird Cameron Corporate Pty Ltd, P O Box R1253, Perth, WA, 6844.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service (“FOS”). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll Free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact Details

You may contact us using the details set out at the top of our letterhead on page 1 of this report.

RSM Bird Cameron Corporate Pty Ltd

AFS Licence No 255847

Independent Expert's Report

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Direct Line: (03) 9286 1867

Email: glyn.yates@rsmi.com.au

11 December 2012

The Directors
Realm Resources Limited
Suite 805,
3 Spring Street
Sydney, NSW 2000

Dear Sirs,

Independent Expert's Report

1. Introduction

1.1. Realm Resources Limited ("Realm" or "the Company") through its subsidiary, Kalres Limited ("Kalres"), holds 51% of PT Katingan Ria ("PTKR"), an Indonesian coal company which holds the Katingan Ria concession, a coal exploration project located in Central Kalimantan Indonesia (the "Katingan Ria Project"). Kalres is party to a master agreement ("the Master Agreement") with PT Sinar Mulia Anugerah Agung ("PT SMAA") under which Kalres can acquire up to a 75% interest in PTKR.

1.2. On 2 July 2012, Realm announced that it had entered into an agreement with its major shareholder, Taurus Funds Management Pty Limited ("Taurus") whereby Taurus agreed to provide funding, by way of a Convertible Equity Linked Facility ("the Facility"), of up to $5 million. The loan funds are intended to be applied towards further resource / reserve definition drilling and project optimisation activities in relation to the Company's Katingan Ria Project.

1.3. The Facility is provided by Taurus, as trustee for Taurus Resources No. 2 Trust and Taurus Resources Fund No. 2, L.P. ("the Lenders").

1.4. The key terms of the Facility are:

- a Facility Limit of $5 million
- an interest rate of 8% per annum payable quarterly in arrears. Interest may, subject to agreement, be paid by way of issue of ordinary shares in Realm;
- the Facility is unsecured;
- the Facility is repayable on the earlier of an equity capital raising or 30 September 2013;
- upon election by the Lenders, and acceptance of the election by Realm, the Facility can be partly or wholly repaid by the conversion of amounts outstanding to Realm ordinary shares determined by the volume weighted average price ("VWAP") of Realm shares over the 5 trading days prior to an election notice being issued;

- if Realm issues ordinary shares, Taurus may elect to convert the amount outstanding under the Facility into Realm ordinary shares at the same issue price as the equity raising;
- Taurus are entitled to a facility fee of 2% of the total facility amount and will be granted options ("Options") over a total of 100,000,000 shares with an exercise price of $0.05 per share, exercisable at any time over the next 5 years, subject to Realm obtaining shareholder approval. Realm is required to use funds raised upon the exercise of the Options to repay any amounts outstanding under the Facility; and
- Taurus is entitled to break costs ("Break Costs") of $900,000 in the event that the Company fails to secure shareholder approval to issue the Options.

1.5. As at the date of this Independent Expert's Report ("the Report"), Realm has drawn down $5 million under the Facility.

1.6. This report has been prepared to accompany the Notice of General Meeting and Explanatory Statement for Shareholders for the General Meeting of Realm to be held in January 2013 at which Shareholder approval will be sought for Resolution 1 in relation to the proposed issue of the Options ("the Proposed Transaction").

1. Resolution 1 – Issue of Options to Taurus Funds Management Pty Ltd as trustee for Taurus Resources No. 2 Trust and Taurus Funds Management Pty Ltd for and on behalf of Taurus Resources Fund No. 2, L.P.

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

"That, for the purposes of section 208 and item 7 of section 611 of the Corporations Act, Listing Rules 10.1 and 10.11 and for all other purposes, approval be given for the issue of:

(a) 94,389,209 Options to JP Morgan Nominees Australia Limited as nominee of JP Morgan Chase Bank N.A. (Sydney Branch) acting as custodian for Taurus Funds Management Pty Limited for and on behalf of Taurus Resources Fund No.2 L.P.; and

(b) 5,610,791 Options to JP Morgan Nominees Australia Limited as nominee of JP Morgan Chase Bank N.A. (Sydney Branch) acting as custodian for Taurus Funds Management Pty Limited as trustee for Taurus Resources No. 2 Trust,

and the resultant issue of shares upon exercise of the Options (each Option entitling the holder to acquire a fully paid ordinary share in the Company), as a result of which Taurus Funds Management Pty Limited for and on behalf of Taurus Resources Fund No. 2, L.P. and Taurus Funds Management Pty Limited as trustee for Taurus Resources No. 2 Trust and their respective associates will increase their relevant interest in voting shares in the Company and thereby, acquire a voting power in the Company of up to 42.49% on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

> ***Voting Exclusion**: The Company will disregard any votes cast on this resolution by JP Morgan Nominees Australia Limited, JP Morgan Chase Bank N.A. (Sydney Branch), Taurus Resources No. 2 Trust, Taurus Resources Fund No. 2, L.P. and Taurus Funds Management Pty Limited and their associates. However, the Company need not disregard a vote if it is cast by a person as a 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.*

1.7. The Directors of Realm have requested that RSM Bird Cameron Corporate Pty Ltd ("RSM"), being independent and qualified for the purpose, express an opinion as to whether the Proposed Transaction as set out in Resolution 1, is fair and reasonable to Shareholders not associated with the Proposed Transaction ("the Non-Associated Shareholders").

2. Summary and Conclusion

2.1. In our opinion, and for the reasons set out in Sections 12 and 13 of this report, the Proposed Transaction is **Fair and Reasonable** for the Non-Associated Shareholders of Realm.

Fairness

2.2. In assessing whether we consider the Proposed Transaction is fair to the Non-Associated Shareholders, we have valued a share in Realm prior to and immediately after the Proposed Transaction to determine whether a Non-Associated Shareholder would be better or worse off should the Proposed Transaction be approved. Our assessed values are summarised in the table below.

	Valuation		
	Low $	High $	Preferred $
Value per share prior to the Proposed Transaction	0.037	0.060	0.049
Value per share post the Proposed Transaction	0.041	0.060	0.051

Source: RSM analysis

Table 1: Valuation Summary

2.3. As the preferred value of a Realm share after the Proposed Transaction is greater than the value of a Realm share prior to the Proposed Transaction, and in the absence of any other relevant information, we consider Resolution 1 to be **Fair** to the Non-Associated Shareholders.

Reasonableness

2.4. RG111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite being not fair, there are sufficient reasons for the security holders to accept the offer in the absence of any higher bid before the offer closes. In assessing the reasonableness of the Proposed Transaction, we have considered the following factors:

- the future prospects of the Company if the Proposed Transaction does not proceed;
- alternative offers and sources of funds; and
- any other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.

2.5. In our opinion, in the absence of a superior proposal, the position of Non-Associated Shareholders if Resolution 1 is approved is more advantageous than if it is not. The primary reasons for this assessment are set out below:

- the Proposed Transaction is fair;
- in the event that Resolution 1 is not approved, the Company will have to repay the current drawdown Facility amount of $5 million and pay break costs to Taurus of $900,000, funds that the Company does not currently have access to. If Realm is unable to raise sufficient funds to repay these amounts it may not be able to continue as a going concern;

- in the event that Resolution 1 is not approved, the Company will have to seek funding from alternative sources and may not be able to obtain funding on more favourable terms than currently offered by Taurus; and

- if the Company is required to seek alternative funds to repay the $5 million, it may impinge on the Company's ability to raise the US$12 million required to acquire an additional 24% interest in the Katingan Ria Project. In the event that Realm is unable to raise sufficient funds to acquire the additional 24% interest, the Company may be required to sell back its 51% interest for US$5 million to PT SMAA, representing half the initial cost of acquiring the 51% interest.

2.6. We are not aware of any alternative proposals which may provide a greater benefit to the Non-Associated Shareholders of Realm at this time.

2.7. In our opinion, the position of the Non-Associated Shareholders of Realm if the Proposed Transaction is approved is more advantageous than the position if it is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transaction is **Reasonable** for the Non-Associated Shareholders of Realm.

3. Background Summary of the Proposed Transaction

3.1. Kalres, a wholly owned subsidiary of Realm, is party to a Master Agreement with PT SMAA to acquire a 75% interest in PTKR, a company incorporated in Indonesia. PTKR is the holder of the Katingan Ria Project, a coal exploration project which covers 4,250 hectares located in Central Kalimantan, Indonesia.

3.2. Pursuant to the Master Agreement, Kalres currently owns a 51% interest in PTKR, which it acquired for US$12.6 million and 15 million performance rights (Tranche 1).

3.3. Kalres can acquire a further 24% interest in PTKR under Tranches 2 and 3 of the Master Agreement as set out below:

- subject to fulfilment of the relevant condition precedents including the completion of a feasibility study confirming to Kalres at its sole discretion, the commercial viability of the Katingan Ria Project, and the issue of the Pinjam Pakai Exploitation license (which allows mining) in respect of 1,500 hectares in the southern part of the Katingan Ria Project, US$12 million shall be paid by Kalres for a further 24% interest in PTKR (Tranche 2); and
- US$5 million shall be paid by Kalres upon receiving the Pinjam Pakai Exploitation license in respect of approximately 2,750 hectares in the northern part of the Katingan Ria Project (Tranche 3).

3.4. Kalres has an exclusive period (“Tranche 2 Period”) to enable it to conduct a commercial feasibility study on PTKR and the Katingan Ria Project until 31 March 2013.

3.5. Should PT SMAA or PTKR fail to satisfy the Tranche 2 conditions precedent set out above by the end of the Tranche 2 Period, Kalres may elect to sell its 51% interest in PTKR back to PT SMAA for US$10 million. In addition, Kalres may at any time during the Tranche 2 Period withdraw from the Master Agreement for any reason. However, if the withdrawal is for a reason other than a breach by PT SMAA or PTKR of the conditions precedent set out above, Kalres will sell its 51% interest in PTKR to PT SMAA for US$ 5 million within 45 days of giving notice to PT SMAA of its intention to withdraw.

3.6. On 2 July 2012, Realm announced that its major shareholder, Taurus Funds Management, has agreed to provide funding by way of the Facility (refer paragraph 1.4 for a summary of key terms).

4. Purpose of this Report

Corporations Act

4.1. Section 606(1) of the Corporations Act provides that, subject to limited specified exemptions, a person must not acquire a "relevant interest" in issued voting shares in a public company, if as a result of the acquisition any person's voting power in the company:

- would increase from 20% or below to more than 20%; or
- would increase from a starting point that is above 20% and below 90%.

4.2. In broad terms, a person has a "relevant interest" in shares if that person holds shares or has the power to control the right to vote or dispose of shares. A person's voting power in a company is the number of voting shares in which the person (and its associates) has a relevant interest holds, compared with the total number of voting shares in a company.

4.3. As at the date of this Report, Taurus and its associated entities (Taurus Resources No. 2 Trust, Taurus Resources Fund No. 2, L.P. and Taurus SM Holdings Pty Limited), have a 28.28% interest in the Company, and the proposed issue of shares on the conversion of the Principal Loan Amount would increase its "relevant interest" in the Company from its starting point of above 20% and therefore in breach of Section 606(1) of the Corporations Act in the absence of an applicable exception.

4.4. Section 611, Item 7 of the Corporations Act provides an exemption to the rule noted in paragraph 4.1 above. Section 611, Item 7 allows a party (and its affiliates) to acquire a relevant interest in shares that would otherwise be prohibited under section 606(1) of the Corporations Act if the proposed acquisition is approved in advance by a resolution passed at a general meeting of the Company, and:

(i) no votes are cast in favour of the resolution by the proposed acquirer (Taurus) or respective associates; and

(ii) there was full disclosure of all information that was known to the persons proposed to make the acquisition or their associates or known to the Company that was material to a decision on how to vote on the resolution.

4.5. ASX Listing Rule 10.1 requires that a listed entity must obtain shareholders' approval before it acquires or disposes of a substantial asset to a substantial holder. Listing Rule 10.1.3 considers a person or entity to be a substantial holder if the person or entity and its associates have a relevant interest in at least 10% of the total votes attached to the voting securities. Under Listing Rule 10.2, an asset is substantial if its value, or the value of the consideration for it is, or in the ASX's opinion is, 5% or more than the equity interests of the entity set out in the latest accounts given to ASX under the listing rules.

4.6. For the purposes of Listing Rule 10.1, Taurus and its associates are considered to be substantial shareholders in the Company as collectively, they have a relative interest that is greater than 10% of the total votes attached to the voting securities in Realm. The issue of the Options amounting to $5,000,000 million is a substantial asset as the value is greater than 5% of the equity interests of Realm as set out in the latest accounts given to the ASX under the Listing Rules. The Proposed Transaction therefore requires shareholder approval for the purpose of Listing Rule 10.1

4.7. This report has been prepared to assist the Directors of Realm in making their recommendation to Realm Non-Associated Shareholders in relation to Resolution 1, and to assist the Non-Associated Shareholders of Realm to assess the merits of the Proposed Transaction. The sole purpose of this report is to set out RSM's opinion as to whether the Proposed Transaction is fair and reasonable.

4.8. Section 611 states that shareholders must be given all information that is material to the decision on how to vote at the meeting. Listing Rule 10.10.2 requires the notice of meeting for shareholder approval to be accompanied by a report by an independent expert expressing their opinion on whether the transaction is fair and reasonable to the shareholders whose votes are not to be disregarded in respect of the transaction.

4.9. Regulatory Guide 111 Content of Expert Reports ("RG 111") issued by ASIC advises the commissioning of an Independent Expert's Report in such circumstances and provides guidance on the content.

Basis of Evaluation

4.10. In determining whether the Proposed Transaction is "fair and reasonable" we have given regard to the views expressed by ASIC in RG 111.

4.11. RG 111 provides ASIC's views on how an expert can help security holders make informed decisions about transactions. Specifically it gives guidance to experts on how to evaluate whether or not a proposed transaction is fair and reasonable.

4.12. RG 111 states that the expert report should focus on:

- the issues facing the security holders for whom the report is being prepared; and
- the substance of the transaction rather than the legal mechanism used to achieve it.

4.13. Where an issue of shares by a company otherwise prohibited under Section 606 is approved under item 7 of Section 611 and the effect on the company's shareholding is comparable to a takeover bid, RG 111 states that the transaction should be analysed as if it was a takeover bid.

4.14. RG111 also states that where an expert assesses whether a related party transaction is 'fair and reasonable' (whether for the purposes of Chapter 2E of the Corporations Act or ASX Listing Rule 10.1), there should be a separate assessment of whether the transaction is 'fair' and 'reasonable', as in a control transaction.

Fairness

4.15. In assessing whether the Proposed Transaction is fair to Non-Associated Shareholders, we have considered a comparison of:

- the value of a Realm share (including a premium for control), prior to the Proposed Transaction and assuming that the Proposed Transaction does not proceed; to
- the value of a Realm share on a fully diluted basis after the Proposed Transaction assuming that the Facility is used and the Options are issued.

Reasonableness

4.16. In assessing whether the Proposed Transaction is reasonable to Non-Associated Shareholders, the analysis is undertaken as following:

- a review of other significant factors which Non-Associated Shareholders might consider prior to approving the Proposed Transaction;
- in particular, we have considered the advantages and disadvantages of the Proposed Transaction in the event that it proceeds or does not proceed, including the future prospects of the Company if the Proposed Transaction does not proceed; and
- any other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.

4.17. Our assessment of the Proposed Transaction is based on economic, market and other conditions prevailing at the date of this report.

5. Profile of Realm

History

5.1. The Company was incorporated on 30 January 1987 and subsequently listed on the ASX on 16 November 1989. The principle business activities of the Company are mining exploration and aluminium waste processing.

5.2. Prior to August 2006, the Company did not have business operations and was actively exploring business opportunities. In August 2008, the Company acquired a majority interest in Alumicor SA Holdings ("Alumicor"), a company based in South Africa.

5.3. On 25 June 2010, the Company changed its name from Morning Star Holdings (Australia) Limited ("MSH") to its current name after the acquisition of Realm Resources Limited, a company which owned interests in platinum exploration assets in South Africa. These platinum exploration assets ("the Platinum Assets") are held through Realm's 74% holding in South African company, Realm (Pty) Limited (South Africa) ("Realm SA") as follows:

- Masedi Platinum (Proprietary) Ltd ("Masedi") (47.5% interest); and
- Nkwe Platinum (Scarlet) (Propriety) Ltd ("NPS") (49.99% interest).

5.4. On 12 April 2011, Realm announced that it had entered into a series of agreements to acquire up to a 75% interest in the Katingan Coal Project in Central Kalimantan, Indonesia (refer section 3 of this Report).

5.5. Realm currently owns a 74% interest in Alumicor, which operates an aluminium dross and scrap re-smelting plant located in Pietermaritzburg, South Africa. The remaining 26% interest is owned by African Dune Investments 114 (Pty) Limited ("African Dune"), Realm's South African Black Economic Empowerment ("BEE") partner.

5.6. On 16 March 2012, the Company announced that Realm SA had increased its interest in the share capital of Masedi and NPS to 95% and 100%, respectively. Masedi and NPS hold the Kliprivier, Ghost Mountain and Tinderbox platinum projects. Accordingly, Realm currently holds a 70.3% interest in Masedi and a 74% interest in NPS.

5.7. Until 12 August 2012, Realm was party to a farm-in agreement ("Farm-in Agreement") with Nkwe Platinum (Rooderand) Pty Ltd ("Nkwe"), under which Realm could earn a 51% interest in the prospecting rights for platinum group metals, gold, silver, nickel, copper and cobalt granted in respect of Nkwe's Rooderand prospect ("Rooderand Prospect"), by spending $2 million, less any expenditure incurred by the Company in relation to the exploration, development and mining of the Rooderand Prospect.

5.8. The Rooderand Prospect covers 535 ha and is located on the Western Limb of the Bushveld Igneous Complex, situated approximately 150km north-west of Johannesburg. Over 20 holes were drilled on the Rooderand Prospect (between 2004 and 2006) and an inferred Merensky Reef and UG2 chromitite resource of 36.7 Mt @ 3.8 g.t containing 4.5 Moz (3PGE + Au) has been defined.

5.9. On 13 August 2012, the Company announced that it had entered into an agreement with Nkwe whereby Nkwe and Realm have agreed to cancel the Farm-In Agreement and sell the prospecting rights and historical geological data to Chrometco Limited ("Chrometco"), a company listed on the Johannesburg Stock Exchange ("JSE"). Under the terms of the agreement, subject to Chrometco receiving shareholder approval, Chrometco will issue 45 million shares to Realm resulting in Realm holding up to a 16.4% interest in Chrometco.

5.10. On 6 November 2012, the Company announced that following Chrometco's General Meeting held on 2 November 2012, Chrometco shareholders approved the acquisition of the Rooderand Prospect as well as the historical drill core and geological data. Subject to the fulfilment of certain conditions precedent (refer paragraph 5.13), Chrometco will issue 90 million Chrometco ordinary shares, 45 million to Realm and 45 million to Nkwe ("the Chrometco Transaction"). Upon completion of the Chrometco Transaction, and assuming no further Chrometco shares are issued, Realm and Nkwe will each hold approximately 16.4% interest in Chrometco.

5.11. Nkwe is in the process of renewing its new order prospecting right subject to the granting of Section 102 Consent of the Mineral and Petroleum Resources Development Act in favour of Chrometco (the "Section 102 Application").

5.12. Following Chrometco shareholder approval on 2 November 2012, the first tranche issue of 20 million new ordinary Chrometco shares will be allotted, with 10 million Chrometco shares issued to Realm. Further, Realm's Executive Chairman, Richard Rossiter, has been appointed as a non-executive director of Chrometco.

5.13. The second tranche of Chrometco shares (35 million shares to Realm, 35 million shares to Nkwe) is subject to the fulfilment of the following conditions precedent:

- unconditional renewal of the Rooderand Prospecting Right by the Minister of Mineral Resources, or renewal on terms and conditions acceptable to Chrometco, Nkwe and Realm;
- the Section 102 Application being unconditionally granted, or on terms and conditions acceptable to Chrometco, Nkwe and Realm;
- the execution of the abandonment of the Prospecting Right held by Nkwe;
- termination of the Farm-in Agreement between Realm and Nkwe; and
- the successful execution of the amendment of the Chrometco Mining Right by the addition of the Rooderand Prospecting Right.

5.14. The Company's board of directors is currently made up for the following individuals:

- Executive Chairman: Mr Richard Rossiter
- Finance Director: Mr Theo Renard
- Non-executive Director: Dr Neale Fong
- Non-executive Director: Mr Michael Davies
- Executive Director: Mr Andrew Purcell

Realm's business segments

Alumicor

5.15. Alumicor is registered in South Africa and is the holding company of the following South African companies (collectively, "Alumicor"):

- Alumicor Maritzburg (Pty) Ltd ("Alumicor Maritzburg");
- Alumicor Intellectual Property (Pty) Ltd ("Alumicor Intellectual Property"); and
- Nduzi Real Estate Projects (Pty) Ltd ("Nduzi Real Estate Projects").

5.16. Alumicor's companies operate an aluminium dross and scrap re-smelting operation. Alumicor Maritzburg operates the dross smelting facility, Alumicor Intellectual Property holds patents, designs and confidential knowledge with regard to the dross smelting process and Nduzi Real Estate Projects owns the property on which Alumicor operations are situated.

5.17. Alumicor's business is situated in Pietermaritzburg, Kwazulu Natal, South Africa. Alumicor Maritzburg leases the industrial property adjacent to the Hulamin Limited ("Hulamin") aluminium smelter from Nduzi Real Estate Projects, and has constructed an aluminium dross re-smelting plant. Alumicor has an indefinite period contract with Hulamin to treat Hulamin's aluminium dross, subject to termination upon the expiry of 6 months written notice given by either Alumicor or Hulamin.

5.18. Dross is a thick liquid or solid matter that forms at the surface of molten aluminium. Aluminium can be recovered from dross by melting the dross in a rotary furnace. To improve recoveries, Alumicor operations add a salt flux which prevents oxidation.

5.19. Hulamin supplies Alumicor with dross free of charge, and the process undertaken by Alumicor is the separation of the waste from pure aluminium by melting the dross. Alumicor then recasts the pure aluminium into sows, and returns sows to Hulamin on a toll conversion fee basis, related to the input weight of the dross or scrap.

Platinum Assets

5.20. Realm, through its subsidiaries, Masedi and NPS holds platinum resource tenements in South Africa.

Kliprivier Platinum Project (Masedi 95% interest)

5.21. The Kliprivier project is located on the eastern limb of the Bushveld Igneous Complex, immediately south and along strike of the Aquarius Platinum's Everest mine and up dip of the former Anglo Platinum Booysendaal project. An inferred UG2 chromitite resource of 109.6 Mt @ 2.3 g/t (3PGE+Au) for 7.6 Moz (undiscounted or 6.46 Moz applying a 15% discount factor) from the surface has been defined over a 6 km strike length on the project's 3,300 ha permitted share of Kliprivier. There is a lower chromitite band with an estimated potential of 4.0 to 4.5 Moz of target Platinum Group Metals ("PGM") mineralisation. This target mineralisation is conceptual in nature and future exploration is required.

Ghost Mountain (NPS 100% interest)

5.22. The Ghost Mountain Prospect is located on the eastern limb of the Bushveld Igneous Complex, about 10km south of the town of Steelpoort and comprises five adjoining farms. The farms envelope the grounds of Platinum Group Metals prospectively measuring more than 6,538 ha.

Tinderbox (NPS 100% interest)

5.23. The Tinderbox prospect area lies towards the south-eastern extension of the eastern limb of the Bushveld Complex, approximately 30km north-west of the town of Belfast. It is an early stage exploration project.

The Katingan Ria Project

5.24. PTKR is the holder of the Katingan Ria Project. The Katingan Ria Project covers 4,250 hectares located in Central Kalimantan within the Katingan Hulu district in Indonesia, approximately 175km north-west of the regional capital of Palangkaraya.

5.25. On 31 October 2011, Realm announced that permitting for the Katingan Ria Project had advanced from a Mining Business Permit for Exploration ("IUP Exploration") to IUP Operation.

5.26. As announced to the ASX on 19 March 2012, Katingan Ria comprises JORC compliant resources of 10.2Mt indicated and 92.0Mt inferred.

5.27. Following the completion of conceptual evaluation of the Katingan Ria Project, further feasibility study work has commenced in order to determine the technical and commercial feasibility of bringing the Katingan Ria Project into production in 2013. As announced to the ASX on 13 November 2012, the Katingan Ria Project received an In-Principle Forestry Operations Permit, with the expectation of receiving the final Forestry Operations Permit and commencing production in 2013.

Interest in Chrometco

5.28. As set out in paragraphs 5.7 to 5.13, subject to the satisfactory completion of all conditions precedent, Realm will acquire circa 16.4% interest in Chrometco.

Corporate structure

5.29. The figure below sets out the group structure of Realm as at the date of this Report. MSH, Realm Singapore and Kalres Singapore do not carry out trading activities.

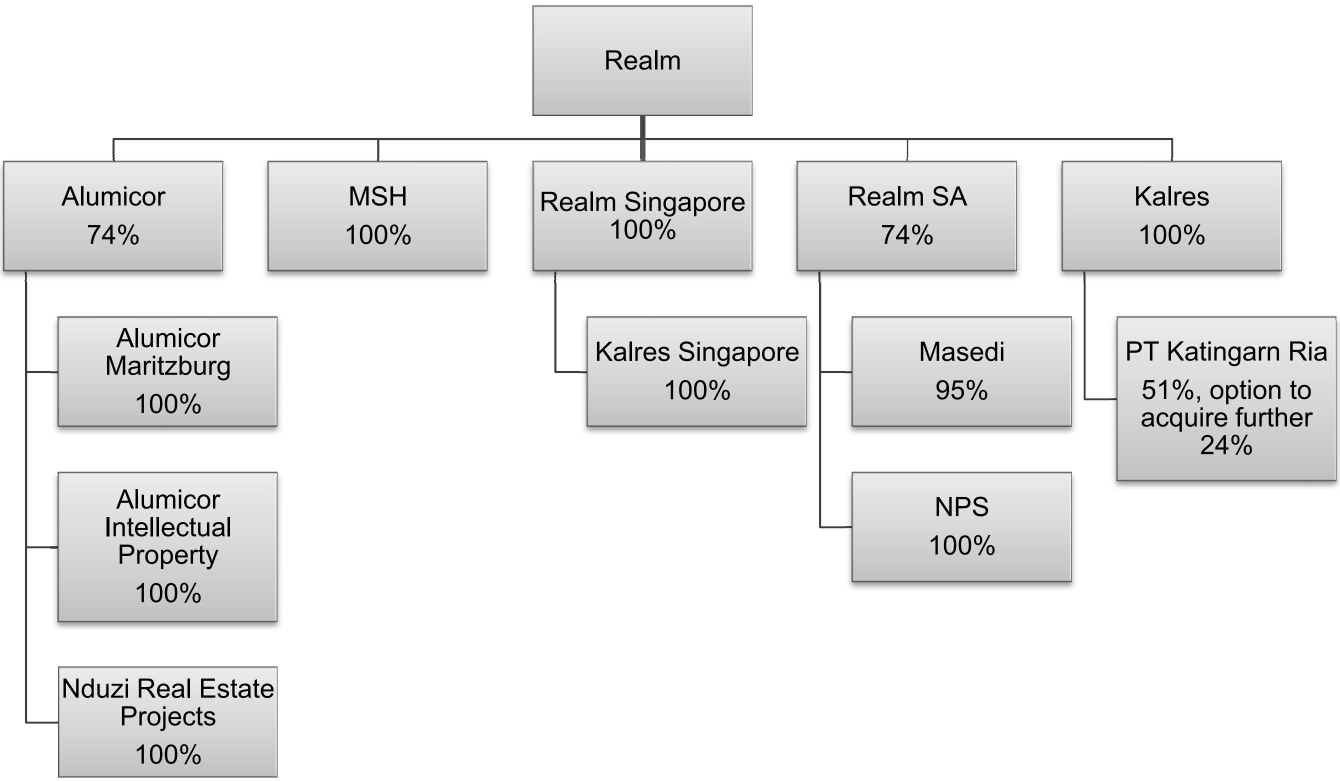

Figure 1: Realm Corporate Structure

Financial Performance

5.30. Realm's unaudited consolidated financial performance for the 10 months ended 31 October 2012 and audited financial performance for the two years ended 31 December 2011 is set out in the table below.

	10 months to 31-Oct-12 *Unaudited* $	Year to 31-Dec-11 *Audited* $	Year to 31-Dec-10 *Audited* $
Revenue from continuing operations			
Sale of goods	3,267,023	4,427,290	4,964,088
Interest income	255,389	374,185	437,461
Other revenue	31,510	43,449	48,936
Revenue	**3,553,922**	**4,844,924**	**5,450,485**
Cost of sales	(1,972,408)	(2,080,693)	(2,496,269)
Gross profit	**1,581,514**	**2,764,231**	**2,954,216**
Other income / (expense)	5,105	-	(2,537)
Reversal of impairment losses	-	-	159,004
Impairment loss - exploration assets	-	(1,204,126)	-
Impairment loss - loan granted	(1,331,292)	-	-
Technical expenses	(736,840)	(104,312)	(397,780)
Share of maintenance expenses	(64,182)	(55,185)	(37,275)
Due diligence expenses	-	(2,055,315)	-
Occupancy expenses	(93,393)	(94,879)	(68,335)
Share based compensation expense	(8,883)	(206,648)	(81,710)
Administrative expense	(4,078,313)	(3,804,294)	(2,535,438)
Other expenses	(301,473)	(317,361)	(143,357)
Finance costs	(394)	(917)	(12,012)
Loss before income tax	(5,028,151)	(5,078,806)	(165,224)
Income tax benefit/ expense	(93,790)	(167,924)	(336,429)
Loss for the period / year	**(5,121,941)**	**(5,246,730)**	**(501,653)**
Other comprehensive income			
Exchange differences on translation of foreign operations	(171,221)	(1,514,864)	(71,265)
Total comprehensive loss for the year	**(5,293,162)**	**(6,761,594)**	**(572,918)**
Attributable to:			
Non-controlling interest	30,506	115,641	233,542
Owners of Realm Resources Ltd	(5,323,668)	(6,877,235)	(806,460)
	(5,293,162)	**(6,761,594)**	**(572,918)**

Source: Realm unaudited financial statements for the 10 months ended 31 October 2012, and the audited financial statements for the two years ended 31 December 2011

Table 2: Financial Performance for the period ended 31 October 2012, and the two years ended 31 December 2011

5.31. For the 10 months ended 31 October 2012, Realm generated total revenue of $3.55 million and a net loss of $5.29 million. Realm generated net losses of $6.76 million and $0.57 million for the years ended 31 December 2011 and 2010, respectively. The Company has yet to generate operating profits.

5.32. The impairment charge of $1.33 million for the 10 months ended 31 October 2012 comprises the impairment of a loan to Tiespro 176 (Pty) Ltd, the 26% owner of Realm SA.

5.33. The revenue contribution from sale of goods is related to the Company's aluminium business. Alumicor contributed a net profit before tax of $353,000, $694,000 and $1.20 million to the group for the 10 months ended 31 October 2012 and the 2011 and 2010 financial years, respectively.

5.34. The Company originally recognised impairment losses of $571,000 in the 2008 financial year with regard to Alumicor's operations. The Company reversed impairment losses of $159,004 in 2010 as a result of the continued operational and financial improvement of Realm's aluminium business.

Financial Position

5.35. Realm's unaudited consolidated financial position as at 31 October 2012 and audited financial position as at 31 December 2011 is set out in the table below.

	As at 31-Oct-12 *Unaudited* $	As at 31-Dec-11 *Audited* $
Assets		
Current Assets		
Cash and cash equivalents	3,425,780	3,264,206
Trade and other receivables	433,341	329,399
Inventories	9,601	9,202
Income tax receivable	115,942	-
Other assets	35,367	20,863
Total current assets	4,020,031	3,623,670
Non-current Assets		
Investments accounted using the equity method	-	2,206,080
Receivables	28,585	-
Plant and equipment	1,765,813	1,850,664
Available-for-sale financial assets	-	-
Deferred tax assets	127,657	138,443
Exploration and evaluation assets	18,285,328	12,578,560
Total Non-current Assets	20,207,383	16,773,747
Total Assets	24,227,414	20,397,417
Liabilities		
Current liabilities		
Trade and other payables	469,226	1,985,299
Current tax liabilities	29,965	105,710
Interest-bearing loans & borrowings	-	5,174,746
Total current liabilities	499,191	7,265,755
Non-current Liabilities		
Shareholder loan	6,221,968	-
Deferred tax liabilities	149,768	59,279
Total Non-current Liabilities	6,371,736	59,279
Total Liabilities	6,870,927	7,325,034
Net Assets	**17,356,487**	**13,072,383**
Equity		
Contributed equity	40,450,966	30,877,930
Retained earnings	(22,004,651)	(16,905,091)
Reserves	(1,557,691)	(1,386,470)
Attributable to owners of Realm	16,888,624	12,586,369
Non-controlling interests	467,863	486,014
Total Equity	**17,356,487**	**13,072,383**

Source: Realm unaudited financial statements as at 31 October 2012, and the audited financial statements as at 31 December 2011

Table 3: Financial Position as at 31 October 2012 and 31 December 2011

5.36. Exploration and evaluation assets of $18.29 million are primarily in respect of the Katingan Ria Project.

5.37. Net assets have increased to $17.36 million as at 31 October 2012 as compared to $13.07 million as at 31 December 2011 due primarily to the conversion of a $5.17 million loan from Taurus converted to equity during the 10 month period, and the issue of equity to acquire the additional interests in Masedi and NPS. As at 31 October 2012, the Company disclosed accumulated losses of $22.0 million.

Capital Structure

5.38. As at the date of this report, Realm had 404,560,478 ordinary shares on issue. The table below sets out the capital structure of Realm as at the date of this report, and the capital structure of Realm in the event the Proposed Transaction is approved.

	Number of Shares	%
Shares held by Non-Associated Shareholders	290,152,863	71.72%
Shares currently held by Taurus	114,407,615	28.28%
Total Shares pre Proposed Transaction	**404,560,478**	100.00%
Shares held by Non-Associated Shareholders	290,152,863	57.51%
Shares currently held by Taurus	114,407,615	22.67%
Maximum shares to be issued to Taurus in the event that Resolution 1 is approved and Taurus elects to exercise all the Options	100,000,000	19.82%
Total Shares post Proposed Transaction	**504,560,478**	**100.0%**

Table 4: Realm capital structure assuming Resolution 1 is approved

5.39. Prior to the Proposed Transaction set out in this Report, Taurus agreed to provide a $5.17 million convertible equity linked credit facility, to be settled by the issuance of 56,813,187 ordinary shares at $0.091 each. This facility was approved by Realm shareholders on 28 February 2012, resulting in Taurus holding a total of 109,890,111 shares in Realm (27.47% interest in the Company).

5.40. On 15 October 2012, the Company issued a further 4,517,504 shares to Taurus at $0.018 per share, comprising $81,315.07 in interest owed to Taurus in relation to the Facility.

5.41. As a result of the issue of shares to Taurus as set out above, at the date of this Report, Taurus currently holds 114,407,615 shares in Realm (28.28% interest).

5.42. Upon completion of the Proposed Transaction, and on the basis that Taurus exercises all 100,000,000 options and no other shares are issued, the Non-Associated Shareholders’ interests would be diluted from 71.72% to 57.51%.

5.43. The top 20 shareholders in Realm as at 16 November 2012 are set out in the table below.

Shareholder	Number of Shares	%
J P MORGAN NOMINEES AUSTRALIA (as nominees for Taurus and other third parties)	118,249,115	29.2%
MR ANDREW MARTIN MATHESON	12,297,912	3.0%
BERPAID PTY LTD	8,820,000	2.2%
MR AHMAD FUAD ALI	8,695,652	2.1%
MCLAREN INVESTMENTS LIMITED	7,500,000	1.9%
BEJJOL PTY LTD	6,956,522	1.7%
SUNSHORE HOLDINGS PTY LTD	6,558,250	1.6%
MR ADRIAN STEPHEN PAUL	6,086,956	1.5%
MR DAVID NASIR YUSOFF	6,086,956	1.5%
MR EARL EVANS &	6,000,000	1.5%
ICE COLD INVESTMENTS PTY LTD	6,000,000	1.5%
REMOVALE PTY LTD	5,863,000	1.4%
MINING INVESTMENTS LIMITED	5,800,523	1.4%
CONISTON GROUP LTD	5,275,000	1.3%
MRS AMANDA JANE PURCELL	5,275,000	1.3%
BLAYNEY INVESTMENTS PTY LTD	5,000,000	1.2%
VAIL CAPITAL PTY LTD	4,691,783	1.2%
JESSEL LIMITED	4,348,696	1.1%
SORREL ENTERPRISES LIMITED	4,159,885	1.0%
NEFCO NOMINEES PTY LTD	4,150,000	1.0%
	237,815,250	**58.8%**
Other shareholders	166,745,228	41.2%
Total	**404,560,478**	**100.0%**

Table 5: Realm shareholder summary as at 16 November 2012

5.44. As at the date of this report, Realm had 1,000,000 listed options on issue, exercisable at $0.15 on or before 30 June 2015.

5.45. As these options are out of the money as at the date of this report, and have no impact on our assessment of fairness and reasonableness, we have excluded them from our analysis.

Share Price and Performance

5.46. The daily closing share price and traded volumes of Realm shares on the ASX is illustrated below for the period 1 November 2010 to 10 December 2012.

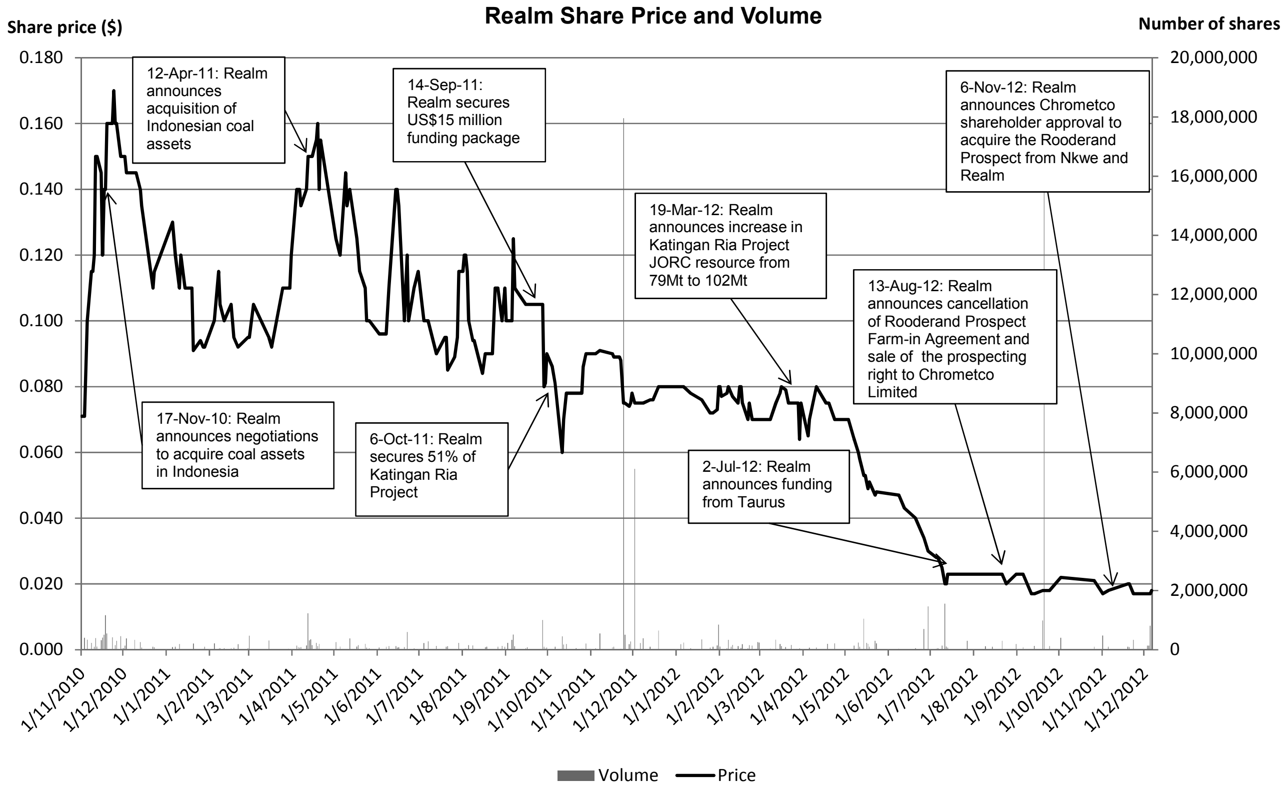

Figure 2: Realm Daily Closing Share Price and Traded Volumes (Source: Capital IQ)

5.47. On 17 November 2010, Realm announced that it had entered into negotiations to acquire coal assets in Indonesia. On 12 April 2011, Realm announced that it had secured an option to acquire 75% of the Katingan Ria Project for an aggregate consideration of US$29.6 million and 15 million performance rights.

5.48. Realm held an extraordinary general meeting ("EGM") on 31 May 2011 to approve resolutions relating to the acquisition of Kalres. All resolutions were approved.

5.49. On 14 September 2011, Realm announced a successful capital raising of US$15 million by way of share placement and debt issuance. On 6 October 2011, Realm announced that it had successfully acquired 100% of the issued share capital of Kalres and a 51% interest in the Katingan Ria Project.

5.50. On 19 March 2012, Realm announced the increase in the Katingan Ria JORC resource from 70 Mt to 102.2 Mt.

5.51. On 2 July 2012, Realm announced the Proposed Transaction whereby Taurus agreed to provide $5 million in funding by way of the Facility.

5.52. On 13 August 2012, Realm announced the cancellation of its Farm-in Agreement with Nkwe for the right to earn a 51% interest in the Rooderand Prospect, and the sale of the Rooderand Prospecting Right to Chrometco, subject to Chrometco shareholder approval. On 6 November 2012, Realm announced that Chrometco shareholder approval had been obtained for the sale of the Rooderand Prospect (see paragraphs 5.7 to 5.13 for further details).

5.53. Since the announcement of the Company's intention to acquire the Katingan Ria Project, and the subsequent Proposed Transaction, the share price has been relatively volatile and declining, reaching a high of $0.17 on 24 November 2010 and a low of $0.017 on several days in September, November, and up until 10 December 2012.

6. Valuation Approach

Valuation Methodologies

6.1. In assessing the value of Realm prior to and immediately following the Proposed Transaction, we have considered a range of valuation methodologies. We have valued the Company on a sum-of-parts basis as Realm operates various business activities that have different risk and return relationships. RG 111 proposes that it is generally appropriate for an expert to consider using the following methodologies:

- the discounted cash flow ("DCF") method and the estimated realisable value of any surplus assets;
- the application of earnings multiples to the estimated future maintainable earnings or cashflows added to the estimated realisable value of any surplus assets;
- the amount which would be available for distribution on an orderly realisation of assets;
- the quoted price for listed securities; and
- any recent genuine offers received.

6.2. We consider that the valuation methodologies proposed by RG 111 can be split into three valuation methodology categories, as follows.

Market Based Methods

6.3. Market based methods estimate the fair market value by considering the market value of a company's securities or the market value of comparable companies. Market based methods include:

- capitalisation of maintainable earnings;
- the quoted price for listed securities; and
- industry specific methods.

6.4. The capitalisation of earnings methodology is generally considered a short form DCF, where an estimation of the Future Maintainable Earnings ("FME") of the business, rather than a stream of cash flows is capitalised based on an appropriate capitalisation multiple. Multiples are derived from the analysis of transactions involving comparable companies and the trading multiples of comparable companies. We have utilised the FME methodology to value Alumicor.

6.5. Prices at which a company's shares have been traded on the ASX can, in the absence of low liquidity or unusual circumstances, provide an objective measure of the value of the company, excluding a premium for control.

6.6. As a cross-check, we have considered the quoted market price by considering the current weighted average price of Realm's shares.

6.7. Industry specific methods usually involve the use of industry rules of thumb to estimate the fair market value of a company and its securities. Generally rules of thumb provide less persuasive evidence of the fair market value of a company than other market based valuation methods because they may not account for company specific risks and factors.

Discounted Cash Flow Methods

6.8. The DCF technique has a strong theoretical basis, valuing a business on the net present value of its future cash flows. It requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value or the terminal value of the company's cash flows at the end of the forecast period. This method of valuation is appropriate when valuing companies where future cash flow projections can be made with a reasonable degree of confidence.

Asset Based Methods

6.9. Asset based methodologies estimate the fair market value of a company's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- orderly realisation of assets method;
- liquidation of assets method; and
- net assets on a going concern basis.

6.10. The value achievable in an orderly realisation of assets is estimated by determining the net realisable value of the assets of a company which would be distributed to security holders after payment of all liabilities, including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. This technique is particularly appropriate for businesses with relatively high asset values compared to earnings and cash flows.

6.11. The liquidation of assets method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a shorter time frame, reflecting a distressed liquidation value. The liquidation of assets method will result in a value that is lower than the orderly realisation of assets method, and is appropriate for companies in financial distress or when a company is not valued on a going concern basis.

6.12. The net assets on a going concern method estimates the market values of the net assets of a company but unlike the orderly realisation of assets method it does not take into account realisation costs. Asset based methods are appropriate when companies are not profitable, a significant proportion of the company's assets are liquid, or for asset holding companies.

Empirical Methods – Yardstick Approach and Similar Transactions Method

6.13. The Similar Transactions method relies on commercial transactions concerning assets in similar circumstances that have recently occurred. The market value precedent may be applied in part or in full to the assets under consideration.

6.14. In the Empirical method the market value determinations may be made according to an independent expert's knowledge of the particular asset. This can include a discount applied to values arrived at by considering target models for the area. The market value may also be rated in terms of a dollar value per unit area or dollar value per unit of resource in the ground. This includes the range of values that can be estimated for an exploration asset based on current market prices for equivalent assets, existing or previous joint venture and sale agreements, the geological potential of the assets, regarding possible potential resources, and the probability of present value being derived from individual recognised areas of mineralisation. This method is termed a "Yardstick" approach.

Selection of Valuation Methodologies

Valuation of Realm prior to the Proposed Transaction on a sum-of-parts basis

6.15. The principal assets of Realm are its 74% interest in Alumicor, the Platinum Assets, the 51% interest in the Katingan Ria Project, and its 16.4% interest in Chrometco.

6.16. The table below is a summary of the valuation methodologies we have utilised in our sum-of-parts valuation approach.

Asset	Valuation methodology
Alumicor	FME
Platinum Assets	Empirical method - Yardstick approach
Katingan Ria Project	Empirical method - Yardstick and Similar Transactions approach
Realm's 16.4% interest in Chrometco	Quoted price of Chrometco's securities
Other assets and liabilities	Net assets on a going concern basis

Table 6: Summary of valuation methodologies

6.17. ASIC Regulatory Guides envisage the use by an independent expert of specialists when valuing specific assets. We determined the need for a specialist's involvement with regard to valuing the Platinum Assets and the Katingan Ria Project. Al Maynard & Associates Pty Ltd ("Al Maynard") prepared a report providing an independent valuation of Realm's interest in the following:

- the Platinum Assets – comprising the Company's 70.3% interest in Masedi (holder of the Kliprivier Project) and 74% interest in NPS (holder of the Ghost Mountain and Tinderbox Projects); and
- the 51% interest in the Katingan Ria Project.

6.18. Al Maynard's report has been prepared in accordance with the requirements of the VALMIN code (2005) as adopted by the Institute of Geoscientists and the Australian Institute of Mining and Metallurgy. We have satisfied ourselves of Al Maynard's qualifications and independence from Realm and have placed reliance on their report accordingly. Refer to Appendix 3 for the Al Maynard report.

6.19. As a cross-check to our primary valuation methodology, we have also considered the implied value of a Realm share based on recent trading prices for portfolio shareholding parcels of Realm's shares on the ASX.

6.20. In accordance with RG 111, we have assessed the value of Realm's shares on a 100% controlling interest basis, prior to the Proposed Transaction.

Valuation of Realm post the Proposed Transaction

6.21. We have assessed the value of the Company under the assumption that Taurus will convert the 100,000,000 Options into 100,000,000 ordinary shares in Realm, and compared the value of the shares under this scenario to our valuation of the shares prior to the Proposed Transaction. We have used this comparison to enable us to make an assessment to the fairness of the Proposed Transaction.

7. Valuation of Realm

7.1. The basis of our evaluation of "fairness" is to consider how the value of a Realm share compares to the consideration offered. Therefore we have considered a comparison of the fair value of a Realm share prior to and immediately following the Proposed Transaction, being the 'consideration' for Non-Associated Shareholders.

Alumicor – FME methodology

7.2. Future maintainable earnings represent the future earnings that existing operations could reasonably be expected to generate. An estimation of the FME of Alumicor has been capitalised based on an appropriate capitalisation multiple. Multiples are derived from the analysis of transactions involving comparable companies and the trading multiples of comparable companies.

Assessment of Future Maintainable Earnings

7.3. The historical and forecast financial performance of Alumicor is set out in the table below.

Alumicor SA Holdings	Forecast Year to 31-Dec-12 *Management* $	Forecast Two months to 31-Dec-12 *Draft* $	10 months to 31-Oct-12 *Unaudited* $	Year to 31-Dec-11 *Audited* $	Year to 31-Dec-10 *Audited* $
Revenue from continuing operations					
Sale of goods	3,877,030	610,007	3,267,023	4,465,573	4,964,088
Interest income	16,309	2,420	13,889	18,549	20,048
Other revenue	7,067	1,562	5,505	11,337	10,474
Revenue	**3,900,406**	**613,989**	**3,286,417**	**4,495,459**	**4,994,610**
Cost of sales	(2,315,680)	(343,272)	(1,972,408)	(2,118,976)	(2,496,269)
Gross profit	**1,584,726**	**270,717**	**1,314,009**	**2,376,483**	**2,498,341**
Gross profit margin	*41%*	*44%*	*40%*	*53%*	*50%*
Other income / (expense)	5,105	-	5,105	3,138	(2,537)
Reversal of impairment losses	-	-	-	-	159,004
Operating expenses	(1,166,688)	(201,344)	(965,344)	(1,684,882)	(1,439,262)
Operating profit	**423,143**	**69,373**	**353,770**	**694,739**	**1,215,546**
Operating profit margin	*11%*	*11%*	*11%*	*16%*	*24%*
Finance costs	(411)	(17)	(394)	(917)	(12,012)
Profit before taxation	**422,733**	**69,357**	**353,376**	**693,822**	**1,203,534**
	10.8%	**11.3%**	**10.8%**	**15.4%**	**24.1%**

Source: Audited financial statements for the two years ended 31 December 2011, management accounts for the 10 months ended 31 October 2012, and management forecast for the two months ending 31 December 2012

Table 7: Alumicor statement of financial performance for the 10 months ended 31 October 2012 and the two years ended 31 December 2011, together with the forecast financial performance for the year ending 31 December 2012

7.4. Our assessment of the normalised earnings before interest, tax, depreciation and amortisation ("EBITDA"), for Alumicor is set out in the table below.

Alumicor SA Holdings Assessment of FME	Forecast Year to 31-Dec-12 $	Forecast Two months to 31-Dec-12 $	10 months to 31-Oct-12 $	Year to 31-Dec-11 $	Year to 31-Dec-10 $
Profit before tax	**422,733**	**69,357**	**353,376**	**693,822**	**1,203,534**
Add-backs / deductions					
Depreciation	260,466	68,723	191,743	412,565	285,161
Net interest income	(15,899)	(2,404)	(13,495)	(17,536)	(8,036)
EBITDA	667,300	135,676	531,624	1,088,851	1,480,659
Normalisation adjustments:					
Deduct impairment reversals	-	-	-	-	(159,004)
Normalised EBITDA	**667,300**	**135,676**	**531,624**	**1,088,851**	**1,321,655**

Source: RSM analysis

Table 8: Assessment of normalised EBITDA

7.5. To calculate the EBITDA of Alumicor, we have added back depreciation charges and deducted net interest income to profit before tax.

7.6. We have adjusted for the write-back of impairment charges in the 2010 financial year recognised as a result of the continued operational and financial improvement of Alumicor's operations since its acquisition in 2008. The original impairment charge relating to Alumicor's operations was recognised in the 2008 financial year.

7.7. Alumicor's profit before tax is forecast to decline from $694,000 in FY 2011 to $423,000 in FY 2012. Alumicor's profit before tax for the 10 months ended 31 October 2012 of $353,000 (10 months ended 31 October 2011, $810,000) was impacted by disruptions to Hulamin's operations due to a motor failure. This disruption impacted the volume of dross available to Alumicor.

7.8. The 2012 forecast provided by Management was originally based on a South African Rand ("ZAR") to Australian dollar ("$") exchange rate of ZAR 8.33:$1.00. However, we note that since October 2012, the ZAR has weakened against the $. We have therefore utilised the one year forward exchange rate from December 2012 of ZAR 9.1:$1.00[1] for the two month forecast ending 31 December 2012. The average exchange rates in the 2009, 2010, 2011 financial years were circa 6.6, 6.7 and 7.5, respectively, and the average exchange rate used for the 10 months ended 31 October 2012 was circa 8.2.

7.9. Based on the above, we consider an appropriate assessment of future maintainable earnings at the EBITDA level to range between $850,000 to $900,000.

[1] Source: Capital IQ

EBITDA multiple

7.10. The earnings multiple used in FME valuations must reflect, as a minimum, the risks of the business, the future growth prospects of the business and the time value of money. Different multiples are used for application to different measures of earnings, for example:

- Profit after tax ("PAT"), also referred to as the Price Earnings multiple (or PE multiple);
- Earnings before interest and tax ("EBIT"); or
- Earnings before interest, tax, depreciation and amortisation ("EBITDA").

7.11. The choice of the earnings measure, and therefore the choice of the multiple, to be used in a valuation should reflect the purpose of the valuation.

7.12. In the case of this report, we are valuing the fair market value of the 100% equity in Alumicor. The valuation should therefore reflect the value of the underlying business and its capital and financing structure. We have selected the EBITDA earnings measure and multiple that excludes the impact of the debt structure of the entity, to generate an Enterprise Value of the business. The net debt or net cash of Alumicor is therefore deducted from, or added to, this value to arrive at the fair market value of the equity of Alumicor.

7.13. The details of the comparable listed companies and the respective EBITDA multiples that we have used as a basis for assessing the EBITDA multiple to be applied to Alumicor's FME are set out in Appendix 4.

7.14. We have selected six listed companies that operate in the production and recycling of metals industry. Alcoa Inc., Century Aluminium Company and Kaiser Aluminium Corporation specialise in aluminium production and their operations include both primary production of aluminium and large scale recycling operations. The other three comparable companies, Sims Metal Management Limited, Commercial Metals Company and Schnitzer Steel Industries, Inc., are involved in the large scale recycling of scrap metal and steel metal products.

7.15. The comparable listed company forecast EBITDA multiples range from 5.4 to 7.0, with a mean of 6.3 and a median of 6.4.

7.16. The comparable listed company historical EBITDA multiples range from 6.7 to 42.7, with a mean of 13.9 and median of 8.0 (mean of 8.1 and median of 7.2 with the outlier multiple of 42.7 excluded).

7.17. In selecting the appropriate EBITDA multiple to apply to Alumicor's FME, we have considered the following:

- the historical trading multiples observed for the comparable listed companies, ranging from 6.7 to 11.1 (excluding outlier), with a mean of 8.1 and median of 7.2;
- the forecast trading multiples observed for the comparable listed companies range from 5.4 to 7.0, with a mean of 6.3 and a median of 6.4;
- the comparable companies considered in Appendix 4, whilst operating in a comparable sector to Alumicor, are significantly larger corporate entities. Furthermore, the companies have a more diversified revenue base, particularly in light of the fact that Alumicor has only one customer and supplier, Hulamin. The earnings multiple of these companies would therefore attract a significant premium over the earnings multiple of smaller entities such as Alumicor; and

- as a smaller entity, Alumicor inherently carries a greater risk factor than the comparable listed companies due to its smaller and less diversified revenue stream, lack of economies of scale, and limited access to debt and equity markets. We note that a discount for size can range from 5% to 40%[2].

7.18. Taking into account the above factors, we have selected an EBITDA multiple of 2.5 to 2.9 on a Minority Interest basis to apply to Alumicor's FME.

Assessment of Surplus Assets

7.19. When using earnings or cash flow based valuation methodologies, if a company has assets that do not contribute to the operating cash flows of the core business, then the value of these "surplus assets", net of any realisation costs and tax payable on realisation, should be added to the value of the company or business determined using the earnings or cash flow methodology.

7.20. Management has confirmed that there are no assets surplus to Alumicor's current operations.

Assessment of working capital levels

7.21. As at 31 October 2012 Alumicor disclosed working capital, net of cash of circa $308,000 (net deficiency of $108,000 as at 31 December 2011). Having reviewed the historical working capital position of Alumicor and with regard to discussions with Management, we consider that the level of working capital as at 31 October 2012 is reflective of normal operations.

Net cash

7.22. The table below sets out a summary of Alumicor's net cash position.

	$'000
Cash and cash equivalents	881
Interest bearing liabilities	-
Net cash	**881**

Source: RSM calculation

Table 9: Net cash calculation

7.23. When utilising the FME methodology at the EBITDA level, the value of net cash should be added to the value of the Company.

[2] Ibbotson SBBI 2011 Valuation Year Book

Control premium

7.24. RSM Bird Cameron has undertaken a survey of control premiums paid over a 6-year period to 31 December 2011 in 292 successful takeovers and schemes of arrangements of companies listed on the ASX ("RSM Bird Cameron Control Premium Study 2012"). The findings are summarised in the table below, showing the average control premium 20 days, 5 days and 2 days prior to announcement:

	Number of Transactions	20 Days Pre	5 Days Pre	2 Days Pre
Average control premium - All Industries	292	34.5%	28.9%	25.6%
Average control premium – Metals & Mining	78	38.46%	37.66%	31.01%

Table 10: Average Control Premium over five years to 31 December 2011
(Source: RSM Bird Cameron Control Premium Study 2012)

7.25. In the absence of a takeover premium, multiples of listed companies generally reflect the buying and selling of small parcels of shares, which therefore do not attract a control premium. Realm owns a 74% equity interest in Alumicor and effectively has control of the company. We have therefore applied a control premium to value Alumicor on a 100% basis before valuing Realm's 74% interest in Alumicor. Premiums for control are considered to range from 20% to 40%[3].

7.26. The 26% interest in Alumicor is owned by African Dune, Realm's BEE partner. African Dune is accorded special rights under South African law and these included in the Share Sale and Shareholders' Agreement between Realm, African Dune and Alumicor. The special rights include decisions that cannot be taken in Alumicor if it is not unanimously approved by all shareholders. These decisions include:

- any change in the ownership structure of Alumicor, including without limitation the issuance of any class of shares, the authorisation of any additional shares, or the granting of options or warrants to purchase shares in Alumicor;
- the changing of the business purpose of Alumicor, or the company engaging in any business or transaction outside of the ordinary course of its business with a value of more than ZAR5,000,000;
- the merger or consolidation of Alumicor with or into another corporation or entity or the acquisition by the company of the assets or stock or any corporation or entity with a value of more than ZAR5,000,000;
- any amendment of the Articles of Association of Alumicor without limitation, any change in the corporate name of Alumicor;
- the consummation of any other transaction, including the transfer of any asset or the assumption of any liabilities, outside the ordinary course of the business with a value of more than ZAR5,000,000; and
- any sale or alienation of the business of Alumicor.

7.27. We also understand that in the event Realm wishes to sell its shares in Alumicor, African Dune will have first right of refusal in the sale of the shares.

[3] RSM Bird Cameron Control Premium Study 2012

7.28. As set out in table 9, Alumicor disclosed cash of $881,000 and no interest bearing borrowings. Premiums for control are usually applied to the equity value of a company that takes into account its level of net debt.

7.29. On the basis of the above and using our professional judgement, we consider the control premium for Alumicor to be within the range of 10% to 15%.

Valuation of Alumicor under the FME methodology

7.30. The table below sets out our assessment of the fair market value of the 100% equity interest in Alumicor.

Alumicor SA Holdings FME Methodology - Equity	Low $'000	High $'000
Alumicor FME (assessed at the EBITDA level)	850	900
Assessed EBITDA Multiple	2.50	2.90
Minority Interest Enterprise Value of Alumicor	**2,125**	**2,610**
Add net cash	881	881
Minority Interest Equity Value of Alumicor	**3,006**	**3,491**
Premium for control	10%	15%
100% Equity Value of Alumicor	**3,307**	**4,015**

Source: Capital IQ and RSM calculations

Table 11: Fair market value of the 100% equity interest in Alumicor

7.31. The table below sets out our assessment of the fair market value of Realm's 74% equity interest in Alumicor.

Alumicor SA Holdings Valuation summary - 100% and 74% basis	Low $'000	High $'000	Preferred $'000
FME - 100% basis	3,307	4,015	3,661
Discount for BEE partner	-7.5%	-2.5%	-5.0%
	3,059	3,914	3,487
Realm's 74% equity interest in Alumicor	**2,263**	**2,897**	**2,580**

Source: RSM calculation

Table 12: Fair market value of the 74% equity interest in Alumicor

7.32. As set out in paragraph 7.26, the 26% interest in Alumicor is owned by African Dune, Realm's BEE partner. African Dune is accorded special rights under South African law and therefore constitutes a significant minority interest holder in Alumicor with the ability to control some aspects of Alumicor's operations including ownership structure, business purpose, and significant transactions undertaken outside the ordinary course of business.

7.33. Based on the above, and using our professional judgement, we have applied a discount of 2.5% to 7.5% to the 100% interest in Alumicor to reflect African Dune's special rights before valuing Realm's 74% interest in Alumicor on a pro rata basis.

7.34. We have therefore valued Realm's 74% equity interest in Alumicor to be in the range of $2.26 million to $2.90 million with a preferred value at the midpoint of the range of $2.58 million.

Platinum Assets – Empirical methods (Yardstick approach) and Similar Transactions method

7.35. The value of the Platinum Assets has been assessed by Al Maynard (refer to Appendix 3 for further detail).

7.36. Al Maynard has assessed the fair market valuation of the Platinum Assets as follows:

- 70.3% interest in Masedi in the range of $11.2 million to $15.7 million with a preferred value of $13.5 million; and
- 74% interest in NPS in the range of $1.1 million to $1.6 million with a preferred value of $1.3 million.

Valuation of Realm's 51% interest in the Katingan Ria Project

7.37. The fair market value of Realm's 51% interest in the Katingan Ria Project has been assessed by Al Maynard (refer to Appendix 3 for further detail).

7.38. Al Maynard has assessed the fair market valuation of the 51% interest in the Katingan Ria Project to be in the range of $8.0 million to $10.7 million with a preferred value of $9.3 million.

Valuation of Realm's 16.4% interest in Chrometco (quoted price of securities)

7.39. As set out in further detail in paragraphs 5.7 to 5.13 and paragraph 5.28, subject to all conditions precedent, Realm will acquire 45,000,000 shares in Chrometco, a company listed on the JSE. Assuming no further shares are issued, this will result in Realm acquiring a 16.4% interest in Chrometco.

7.40. Chrometco primarily focuses on the exploration of chromite, limestone and dolomite minerals. The company is based in Dainfern, South Africa.

7.41. On the basis that Chrometco's securities are listed on the JSE, and in the absence of more detailed information, we consider the most appropriate methodology for valuing Realm's interest in Chrometco is the quoted price of listed securities.

7.42. The agreement to sell the Rooderand Prospect to Chrometco was announced on 13 August 2012. On 2 November 2012, Chrometco announced that following its General Meeting, Chrometco shareholders approved the acquisition of the Rooderand Prospect. Realm published this announcement on 6 November 2012 on the ASX.

7.43. The table below sets the VWAP for the trading day periods from 13 August 2012. We consider that the Chrometco share price post 13 August 2012 will have reflected the value of the Rooderand Prospect acquisition.

Chrometco Limited	High ZAR	Low ZAR	Value ZAR	Cumulative Volume	VWAP ZAR
13-Aug-12: Announcement of the agreement	0.220	0.220	55,821	253,730	0.220
Period from 14-Aug-12 to 1-Nov-12	0.300	0.180	1,124,584	4,686,640	0.240
2-Nov-12: Announcement of shareholder approval	0.250	0.250	-	-	-
Period from 3-Nov-12 to 10-Dec-12	0.270	0.220	159,584	698,810	0.228

Source: Capital IQ and RSM calculations

Table 13: VWAP of Chrometco shares from 13 August 2012 to 10 December 2012

7.44. Based on the above, we consider that a relevant value range for our analysis is between ZAR 0.22 and ZAR 0.24 per Chrometco share.

7.45. The table below sets out our assessment of the fair market value of Realm's interest in Chrometco.

Chrometco Limited Valuation summary	Low	High	Preferred
Quoted market price value (in ZAR)	0.22	0.24	0.23
Number of shares to be issued to Realm	45,000,000	45,000,000	45,000,000
Minority Interest equity value in Chrometco (ZAR)	9,900,000	10,800,000	10,350,000
Minority Interest equity value in Chrometco ($'000) (ZAR 9.107:$1.00)	**1,087**	**1,186**	**1,136**

Source: Capital IQ and RSM calculations

Table 14: Fair market value of Realm's equity interest in Chrometco

7.46. We have therefore valued Realm's equity interest in Chrometco to be in the range of $1.09 million to $1.19 million with a preferred value at the midpoint of the range of $1.14 million.

Valuation of Realm's other assets and liabilities

7.47. We consider the most appropriate methodology for valuing Realm's other assets and liabilities to be the net assets on a going concern methodology.

7.48. The table below sets out the book value of Realm's other assets and liabilities.

	As at 31-Oct-12 $
Realm net assets	17,356,487
Less net assets attributable to Alumicor	(1,247,126)
Less book value of exploration and evaluation assets	(18,285,328)
Other net liabilities	**(2,175,967)**

Source: RSM analysis

Table 15: Other assets and liabilities

7.49. Excluding the net assets attributable to Alumicor of $1.25 million and the book value of exploration and evaluation assets of $18.29 million, Realm's balance sheet as at 31 October 2012 disclosed net liabilities of $2.18 million.

7.50. We have therefore included $2.18 million of net liabilities in our valuation of Realm.

Valuation of Realm's capitalised overheads

7.51. When considering the fair value of Realm on a 100% basis, we note that a proportion of corporate overheads relate to costs associated with being a public listed company, which could potentially be eliminated by a hypothetical purchaser. Accordingly, we have excluded these public company costs from our assessment of corporate overheads.

7.52. Based on discussions with Management and a review of the information available, we have assessed the before tax annual corporate overheads to be $1.1 million ($0.77 million on an after tax basis).

7.53. We have assessed the capitalisation of earnings multiple applicable to the annual corporate overheads to be between 6.0 times to 7.1 times, having regard to the blended Weighted Average Cost of Capital ("WACC") of Alumicor and Realm (refer Appendix 5). The blended WACC implied in our assessed earnings multiple is between 14.0% and 16.6% in nominal terms. We believe this discount rate is reasonable given the early stage of the Company's underlying assets, the unfunded nature of the Platinum Assets and the Katingan Ria Project, and the current volatility in commodity prices and capital markets.

7.54. The range of capitalised corporate overheads which we have incorporated into the assessment of the fair market value of Realm is set out in the table below.

	Low $'000	High $'000
Ongoing corporate overheads (after tax)	770	770
Capitalisation multiple for ongoing corporate overheads	7.1	6.0
Capitalised value of corporate overheads	**5,467**	**4,620**

Source: RSM analysis

Table 16: Capitalised value of corporate overheads

Valuation range of a Realm share under the sum of parts basis prior to the Proposed Transaction

7.55. The table below sets out a summary of the valuation of Realm under the sum of parts basis prior to the Proposed Transaction.

	Valuation Low $'000	 High $'000	 Preferred $'000
Fair market value of Realm's 74% interest in Alumicor	2,263	2,897	2,580
Fair market value of Realm's 70.3% interest in Masedi	11,200	15,700	13,500
Fair market value of Realm's 74% interest in NPS	1,100	1,600	1,300
Fair market value of Realm's 51% interest in the Katingan Ria Project	8,000	10,700	9,300
Fair market value of Realm's interest in Chrometco	1,087	1,186	1,136
	23,650	32,083	27,817
Less other liabilities	(2,176)	(2,176)	(2,176)
Less Break Costs	(900)	(900)	(900)
Less capitalised overheads	(5,467)	(4,620)	(5,044)
Fair Market Value	**15,108**	**24,387**	**19,697**
Shares on issue ('000)	404,560	404,560	404,560
Value per share ($)	**0.037**	**0.060**	**0.049**

Source: RSM analysis

Table 17: Valuation of Realm under the sum-of-parts basis prior to the Proposed Transaction

7.56. As set out in paragraph 1.4, Taurus is entitled to Break Costs of $900,000 in the event that the Company fails to secure shareholder approval to issue the Options. This is included in our valuation prior to the Proposed Transaction to reflect the financial position of the Company if the Proposed Transaction does not proceed.

7.57. Based on the above, we consider the value of a Realm share to be in the range of $0.037 to $0.060 with a preferred value of $0.049.

7.58. The methodologies applied represent the value of a controlling shareholding. Accordingly we consider the value generated under the sum of parts approach to already incorporate a premium for control and no further premium is considered necessary to assess the value of Realm.

7.59. The Company's net asset position is $17.36 million which would equate to a net asset backing of $0.043 per share, broadly consistent with our preferred value of $0.049.

Quoted Price of Listed Securities

7.60. In accordance with the requirements of RG 111, we have considered the listed securities' depth, liquidity, and whether or not the market price of a Realm share is likely to represent the value of a Realm share.

7.61. In order to provide a cross-check to the valuation of a Realm share we have also assessed the fair value based on the quoted market price.

7.62. On 2 July 2012, Realm announced the Proposed Transaction. The following chart sets out the daily closing share prices and volumes in Realm shares traded in the year prior to the announcement.

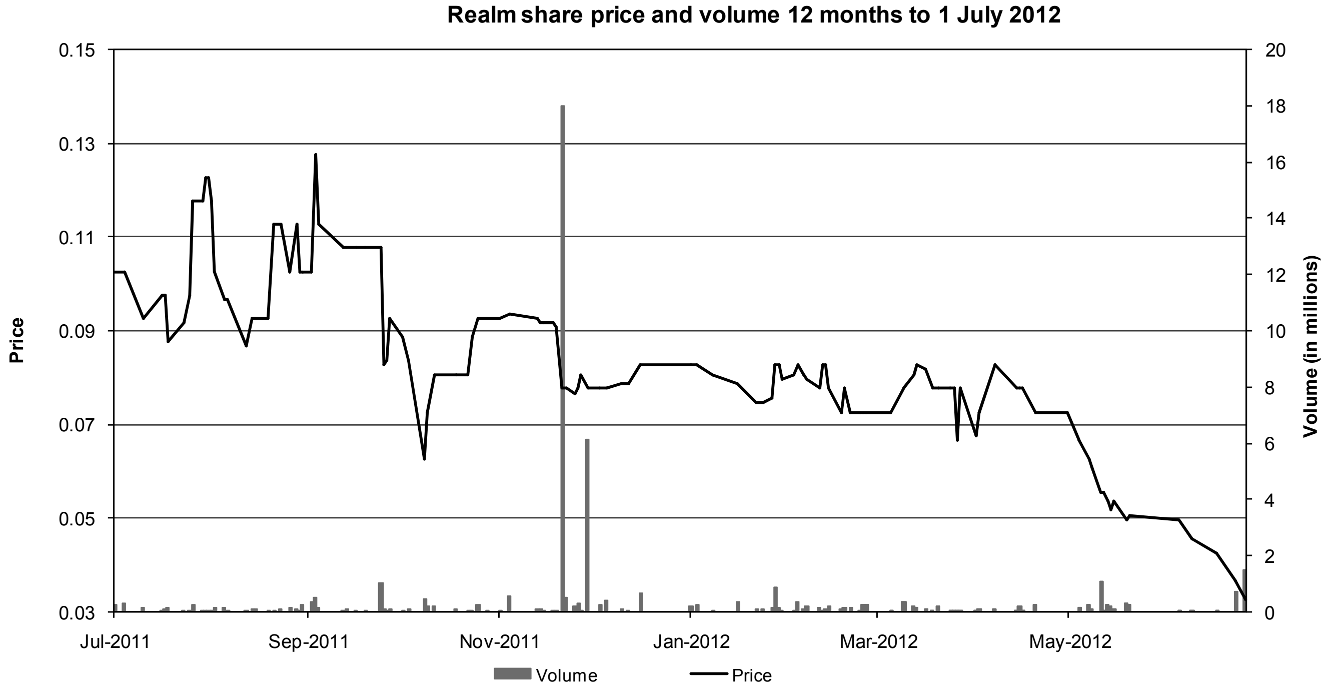

Figure 3: Realm Daily Closing Share Price and Traded Volumes for the 12 months to 1 July 2012 (Source: Capital IQ)

7.63. During the period 2 July 2011 to 1 July 2012, the Realm share price has ranged from a low of \$0.03 on 1 July 2012 and a high of \$0.12 on 2 August 2011.

7.64. To provide further analysis of the market price for Realm shares we have considered the VWAP for 1 day, 5 days, 10 days, 30 days and 60 days trading day periods prior to 2 July 2012.

From 3 April 2012 to 2 July 2012	High	Low	Value (\$)	Volume	VWAP	Volume traded as % of issued shares
1 day	0.030	0.030	43,950	1,465,000	0.030	0.37%
5 days	0.040	0.030	67,750	2,165,000	0.031	0.54%
10 days	0.043	0.030	69,750	2,215,000	0.031	0.55%
30 days	0.051	0.030	101,520	2,878,812	0.035	0.72%
60 days	0.080	0.030	250,607	5,427,358	0.046	1.42%

Source: Capital IQ and RSM analysis

Table 18: VWAP of Realm shares from 3 April 2012 to 2 July 2012

7.65. We note the following:

- table 18 shows that only 1.42% of Realm's shares were traded in the 60 trading days prior to the announcement of the Proposed Transaction;
- notwithstanding the level of liquidity, Realm complies with full disclosure regime required by the ASX. As a result, the market is fully informed about the performance of Realm; and
- in the absence of other share offers, the trading share price represents the value which minority shareholders could realise if they wanted to exit their investment.

7.66. Our assessment of the fair market value of Realm's share is based on our analysis of the quoted market prices for period prior to 2 July 2012. On a minority interest basis, we consider that a share price range of between \$0.03 and \$0.04 based on the 1 day, 5 days, 10 days, 30 days and 60 days VWAP, represents the fair market value for Realm prior to the Proposed Transaction.

7.67. The value above is indicative of the value of a marketable parcel of shares assuming the shareholder does not have control of Realm. In the case of a Section 611 acquisition, RG 111 states that the independent expert should calculate the value of a target's shares as if 100% control were being obtained. Therefore, in our assessment of the fair value of a Realm share, we should include a premium for control. Control premiums are discussed in paragraphs 7.24 and 7.25 of this Report.

7.68. Having considered the matters set out in paragraphs 7.24 and 7.25, we have selected a control premium of 20% to 30% and applied it to our assessed value of a Realm share on a minority interest basis as follows:

	Low $	High $
Quoted market price value	0.030	0.040
Control premium	20%	30%
Quoted market price valuation including a premium for control	**0.036**	**0.052**

Source: RSM analysis

Table 19: Assessed value of a Realm Share

7.69. Our valuation of a Realm share on the basis of the quoted market price including a premium for control is therefore between \$0.036 and \$0.052.

Valuation Summary prior to the Proposed Transaction

7.70. A summary of our assessed values of a Realm share prior to the Proposed Transaction is set out in the table below.

	Low $	High $
Sum of parts methodology	0.037	0.060
Quoted market price value	0.036	0.052
Preferred Valuation	**0.037**	**0.060**

Source: RSM analysis

Table 20: Valuation summary prior to the Proposed Transaction

7.71. We have relied upon the sum-of-parts basis as we consider that the trading market for Realm's shares is not deep enough to provide a fair market value. Realm shares have not historically traded in significant volumes or on a regular basis. Nevertheless, we consider our valuation of a Realm share on the basis of the quoted market price to be consistent with our valuation of a Realm share on a sum of parts basis.

7.72. We have therefore assessed the fair market value of a Realm share on a controlling basis pre the Proposed Transaction to be in the range of $0.037 to $0.060 with a preferred mid-point value of $0.049.

Valuation range of a Realm share post the Proposed Transaction

7.73. The table below sets out the summary of the valuation of Realm post the Proposed Transaction.

	Valuation Low $'000	High $'000	Preferred $'000
Fair market value of Realm's 74% interest in Alumicor	2,263	2,897	2,580
Fair market value of Realm's 70.3% interest in Masedi	11,200	15,700	13,500
Fair market value of Realm's 74% interest in NPS	1,100	1,600	1,300
Fair market value of Realm's 51% interest in the Katingan Ria Project	8,000	10,700	9,300
Fair market value of Realm's interest in Chrometco	1,087	1,186	1,136
	23,650	32,083	27,817
Less other liabilities	(2,176)	(2,176)	(2,176)
Add proceeds from exercise of Options	5,000	5,000	5,000
Less 2% facility fee payable to Taurus	(100)	(100)	(100)
Less capitalised overheads	(5,467)	(4,620)	(5,044)
Fair Market Value	**20,908**	**30,187**	**25,497**
Shares on issue ('000)	504,560	504,560	504,560
Value per share ($) (100% value)	**0.041**	**0.060**	**0.051**

Source: RSM analysis

Table 21: Summary of valuation of Realm after the Proposed Transaction

7.74. We have assumed that Taurus will convert all the 100,000,000 Options into ordinary shares at the exercise price of $0.05 per share.

7.75. In the event that the Proposed Transaction is approved, the Company will not be required to pay Taurus Break costs of $900,000 (refer paragraph 7.56), but will be required to pay Taurus the facility fee of $100,000 (2% of total facility amount) as set out under the terms of the Facility (refer paragraph 1.4).

7.76. Based on the above, we consider the value of a Realm share, after the Proposed Transaction, to be in the range of $0.041 to $0.060 with a preferred value of $0.051.

8. Is The Proposed Transaction Fair?

8.1. In assessing whether we consider the Proposed Transaction fair to the Non-Associated Shareholders, we have valued a share in Realm prior to and immediately after the Proposed Transaction to determine whether a Non-Associated Shareholder would be better or worse off should the Proposed Transaction be approved. Our assessed values are summarised in the table below.

	Valuation		
	Low $	High $	Preferred $
Value per share prior to the Proposed Transaction	0.037	0.060	0.049
Value per share post the Proposed Transaction	0.041	0.060	0.051

Source: RSM analysis

Table 22: Valuation summary

8.2. As the preferred value of a Realm share after the Proposed Transaction is greater than a value of a Realm share prior to the Proposed Transaction, we consider Resolution 1, to be **Fair** to the Non-Associated Shareholders of Realm.

9. Is The Proposed Transaction Reasonable?

9.1. RG 111 establishes that an offer is reasonable if it is fair. If might also be reasonable if, despite not being fair, there are sufficient reasons for the security holders to accept the offer in the absence of any higher bid before the offer closes. In assessing the reasonableness of the Proposed Transaction, we have considered the following factors:

- the future prospects of the Company if the Proposed Transaction does not proceed;
- alternative offers and sources of funds;
- any other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding; and
- the response of the market to the announcement of the Proposed Transaction.

Future Prospects of the Company if the Proposed Transaction Does Not Proceed

9.2. If Resolution 1 is not approved, the Company will have to urgently seek funding to repay the current drawdown amount under the Facility of $5 million and the Break Costs of $900,000. As at 31 October 2012, the Company disclosed cash of $3.4 million. If Realm is unable to raise sufficient funds to repay the drawdown amount and the Break Costs, it may not be able to continue as a going concern.

9.3. The Company will have to seek funding from alternative sources and may not be able to obtain funding on more favourable terms than currently offered by Taurus. In the event that the necessary funding is not obtained, the Company may be required to sell assets to raise funds, or risk being wound up.

9.4. If the Company is required to seek alternative funds, it may impinge on the Company's ability to raise the US$17 million required to acquire the additional 24% interest in the Katingan Ria Project. In the event that Realm is unable to raised sufficient funds to acquire the additional 24% interest, the Company may be required to sell back its 51% interest for US$5 million to PT SMAA, representing half the initial cost of acquiring the 51% interest.

Alternative Offers

9.5. We are unaware of any alternative proposal at this time which would offer the Non-Associated Shareholders a premium over the funding terms offered by Taurus from the Proposed Transaction.

Advantages

9.6. The key advantages to Realm Non-Associated Shareholders accepting Resolution 1 are:

- the Proposed Transaction is fair;
- the Company will not have to urgently raise alternative funds, either by equity or debt raising, or the sale of assets, to meet immediate working capital requirements and to pay the Break Costs. There is no certainty that the Company would be able to secure the required level of funding or achieve the sale of assets at a reasonable price or in the required timeframe to continue as a going concern;
- the Facility will provide the Company with funds to continue as a going concern and to continue its current plans to raise additional funds to complete Tranche 2 of the Master Agreement; and

- the Company is also seeking shareholder approval to raise $31 million to fund the acquisition of 100% of Katingan Ria and develop the asset. The funding provided by the Facility will provide the Company with working capital continue these plans.

Disadvantages

9.7. The key disadvantages to Realm Non-Associated Shareholders accepting the Resolution 1 are:

- the dilution of Non-Associated Shareholders' holdings from 71.72% to 57.51% after the Proposed Transaction and if the Options are exercised; and

- the dilution of existing shareholder's interests reduces the ability of existing shareholders to influence the strategic direction of the Company, including acceptance or rejection of take-over or merger proposals.

Response of the Market to the Announcement of the Proposed Transaction

9.8. The table below sets out the VWAP of the Realm share price and the volumes traded after the announcement of the Proposed Transaction on 2 July 2012.

Period post 2 July 2012	Closing price	High	Low	Value ($)	Volume	VWAP	Volume traded as % of issued shares
03-Jul-12	0.028	0.028	0.028	980	35,000	0.028	0.01%
04-Jul-12 to 10-Dec-12	-	0.028	0.017	462,786	25,087,420	0.018	6.25%

Source: Capital IQ and RSM analysis

Table 23: Realm trading activities (post announcement of the Proposed Transaction)

9.9. Volume of shares traded remained low at 6.25% in the period measured after the announcement of the Proposed Transaction to the last trading day at the date of this Report. The VWAP of $0.018 to 10 December 2012 is 40.0% lower than the VWAP of $0.030 measured 1 trading day, and 41.9% lower than the VWAP of $0.031 measured 5 trading days, before the announcement of the Proposed Transaction, as set out in Table 18.

9.10. Notwithstanding the low level of liquidity, we consider that the large number of new shares recently issued and the general uncertainty in economic markets have resulted in a decrease in the Company share price after the announcement of the Proposed Transaction. We also note that the decrease in thermal coal prices during the third quarter of 2012 has also adversely affected the share prices of junior coal exploration and development companies.

Conclusion on Reasonableness

9.11. In our opinion, the position of the Non-Associated Shareholders if the Proposed Transaction is approved is more advantageous than the position if it is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transaction is **Reasonable** for the Non-Associated Shareholders of Realm.

9.12. An individual shareholder's decision in relation to the Proposed Transaction may be influenced by his or her individual circumstances. If in doubt, shareholders should consult an independent advisor.

Yours faithfully
RSM BIRD CAMERON CORPORATE PTY LTD

I DOUGLAS	**G YATES**
Director	Director

APPENDIX 1

Declarations and Disclosures

RSM Bird Cameron Corporate Pty Ltd holds Australian Financial Services Licence 255847 issued by ASIC pursuant to which they are licensed to prepare reports for the purpose of advising clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate reconstructions or share issues.

Qualifications

Our report has been prepared in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board.

RSM Bird Cameron Corporate Pty Ltd is beneficially owned by the partners of RSM Bird Cameron (RSMBC) a large national firm of chartered accountants and business advisors.

Mr Ian Douglas and Mr Glyn Yates are directors of RSM Bird Cameron Corporate Pty Ltd. Both Mr Douglas and Mr Yates are Chartered Accountants with extensive experience in the field of corporate valuations and the provision of independent expert's reports for transactions involving publicly listed and unlisted companies in Australia.

Reliance on this Report

This report has been prepared solely for the purpose of assisting the Non-Associated Shareholders of Realm Resources Limited in considering the Proposed Transaction. We do not assume any responsibility or liability to any party as a result of reliance on this report for any other purpose.

Reliance on Information

Statements and opinions contained in this report are given in good faith. In the preparation of this report, we have relied upon information provided by the directors and management of Realm Resources Limited and we have no reason to believe that this information was inaccurate, misleading or incomplete. However, we have not endeavoured to seek any independent confirmation in relation to its accuracy, reliability or completeness. RSM Bird Cameron Corporate Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit or verification on the information and records supplied to us.

The opinion of RSM Bird Cameron Corporate Pty Ltd is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

In addition, we have considered publicly available information which we believe to be reliable. We have not, however, sought to independently verify any of the publicly available information which we have utilised for the purposes of this report.

Disclosure of Interest

At the date of this report, none of RSM Bird Cameron Corporate Pty Ltd, RSMBC, Ian Douglas, Glyn Yates, nor any other member, director, partner or employee of RSM Bird Cameron Corporate Pty Ltd and RSMBC has any interest in the outcome of the Proposed Transaction, except that RSM Bird Cameron Corporate Pty Ltd are expected to receive a fee of approximately $38,000 based on time occupied at normal professional rates for the preparation of this report. The fees are payable regardless of whether Realm Resources Limited receives Shareholder approval for the Proposed Transaction, or otherwise.

Consents

RSM Bird Cameron Corporate Pty Ltd consents to the inclusion of this report in the form and context in which it is included with the Explanatory Memorandum to be issued to Shareholders. Other than this report, none of RSM Bird Cameron Corporate Pty Ltd, RSM Bird Cameron Partners or RSMBC has been involved in the preparation of the Notice of General Meeting and Explanatory Statement. Accordingly, we take no responsibility for the content of the Notice of General Meeting and Explanatory Statement as a whole.

APPENDIX 2

Sources of Information

In preparing this report we have relied upon the following principal sources of information:

- Realm management accounts for the 10 month period ended 31 October 2012
- Realm Annual Report for the year ended 31 December 2010
- Realm Annual Report for the year ended 31 December 2011
- Realm management accounts for the year ended 31 December 2010;
- Realm management accounts for the year ended 31 December 2011;
- Realm share registry;
- Realm Notice of Annual General Meeting;
- Alumicor management accounts for the period ended 31 October 2012 and the years ended 31 December 2011 and 2010;
- Alumicor forecast profit and loss for the 2 months ending 31 December 2012;
- Independent Valuation of the Mineral Assets for Realm Resources Limited located in the Republic of South Africa and the Republic of Indonesia, prepared by Al Maynard & Associates, dated 20 October 2012;
- Announcements and other information from the ASX website;
- Information from the Realm website;
- Standard and Poor's Capital IQ; and
- Discussions with directors and staff of Realm

APPENDIX 3

Independent Valuation of the Mineral Assets for Realm Resources Limited located in the Republic of South Africa and the Republic of Indonesia, prepared by Al Maynard & Associates Pty Ltd

APPENDIX 4

Comparable listed company EBITDA multiples for Alumicor and details of the comparable companies for Alumicor and Realm

Alumicor SA Holdings In millions ($) Comparable companies	Country	Net Assets	Net Tangible Assets	Turnover	Historical EBITDA	Forecast EBITDA	Historical Net Profit after tax	Market Cap.	Net debt	Enterprise Value	Ratios Historical EV/EBITDA	Ratios Forecast EV/EBITDA
		$m	$m	$m	$m	$m	$m	$m	$m	$m		
Sims Metal Management Limited	Australia	2,394.4	1,760.4	9,042.3	189.4	301.6	(521.4)	1,820.0	284.1	2,104.1	11.1	7.0
Commercial Metals Company	USA	1,246.5	1,144.4	7,828.4	370.2	425.8	207.5	1,568.5	1,019.3	2,587.8	7.0	6.1
Schnitzer Steel Industries, Inc.	USA	1,107.9	456.7	3,340.9	138.3	143.3	27.4	749.9	245.4	995.3	7.2	6.9
Alcoa Inc.	USA	16,854.0	11,679.0	23,791.0	1,961.0	3,184.0	(242.0)	9,071.2	8,092.0	17,163.2	8.8	5.4
Century Aluminum Company	USA	1,009.7	1,009.7	1,272.6	18.7	119.7	(59.8)	715.0	84.7	799.7	42.7	6.7
Kaiser Aluminum Corporation	USA	1,010.3	937.2	1,363.7	183.6	204.7	82.8	1,174.2	46.9	1,221.1	6.7	6.0
Average											**13.9**	**6.3**
Median											**8.0**	**6.4**
Min											**6.7**	**5.4**
Max											**42.7**	**7.0**
Average (excluding Century Aluminium Company)											**8.1**	**6.3**
Median (excluding Century Aluminium Company)											**7.2**	**6.1**
Min (excluding Century Aluminium Company)											**6.7**	**5.4**
Max (excluding Century Aluminium Company)											**11.1**	**7.0**

Source: Capital IQ and RSM calculations

Appendix Table 4.1: EBITDA multiples for Alumicor

Alumicor SA Holdings Comparable Companies	
Sims Metal Management Limited	Sims Metal Management Limited collects, sorts and processes scrap metal materials which are recycled for resale. The company's divisions include ferrous recycling, non-ferrous recycling, secondary processing of non-ferrous metals and plastics, international trading of metal commodities and the merchandising of steel semi-fabricated products.
Commercial Metals Company	Commercial Metals Company and its subsidiaries manufacture, recycle, and market steel and metal products and related materials. The company markets and trades primary and secondary metals, steel, ores, concentrates, industrial minerals, ferroalloys, chemicals, and other materials used in a variety of industries.
Schnitzer Steel industries, Inc.	Schnitzer Steel Industries, Inc. operates a steel scrap recycling business in the western United States. The company supplies ferrous scrap to export and domestic steel producers through its scrap collection, processing, and deep water facilities. Schnitzer also operates collection and processing facilities, as well as manages other facilities through joint ventures.
Alcoa Inc.	Alcoa Inc. produces primary aluminum, fabricated aluminum, and alumina, and participates in mining, refining, smelting, fabricating, and recycling. The company serves customers worldwide primarily in the transportation, packaging, building, and industrial markets with both fabricated and finished products.
Century Aluminium Company	Century Aluminum Company produces primary aluminum, in both molten and ingot form, through facilities located in the United States. The company owns and operates a reduction facility in Ravenswood, West Virginia, and owns a partial interest in a reduction facility in Mt. Holly, South Carolina. Century is also the operating partner of a reduction facility in Hawesville, Kentucky.
Kaiser Aluminium Corporation	Kaiser Aluminum Corporation produces alumina, primary aluminium, and fabricated aluminium products. The company also supplies alumina and primary aluminium in domestic and international markets.

Source: Capital IQ

Appendix Table 4.2: Comparable companies for Alumicor

Realm Resources Limited Comparable Companies	
Tasman Resources Limited	Tasman Resources Limited engages in the exploration and development of precious and base metal properties in Australia. It principally holds interests in the Lake Torrens iron-oxide copper-gold-uranium-base metal project located in central South Australia; Parkinson Dam epithermal gold-silver (lead-zinc) project located west of Port Augusta in South Australia; and central Gawler Craton gold-nickel-cobalt project located southwest of Coober Pedy in South Australia. The company is based in Perth, Australia.
Thundelarra Exploration Limited	Thundelarra Exploration Limited engages in the exploration and development of mineral resource properties in Australia. It primarily explores for copper, gold, uranium, and nickel deposits in the Northern Territory and Western Australia. The company is based in West Perth, Australia.
Aviva Corporation Limited	Aviva Corporation Limited, a resource development company, engages in the mineral exploration and project development activities in Australia, Kenya, and Botswana. The company, through a joint venture with AfriOre International (Barbados) Limited, holds a 51% interest in the West Kenya gold and base metals project that covers an area of approximately 2,800 square kilometers in the prospective Ndori Greenstone belt in Kenya. It also holds interests in the Mmamantswe coal project, which is located in the north of Gaborone, Botswana. Aviva Corporation Limited is headquartered in Perth, Australia.
Platina Resources Limited	Platina Resources Limited engages in the acquisition, exploration, and development of platinum group metal (PGM) and gold deposits primarily in Greenland and Australia. The company also explores for silver, copper, nickel, cobalt, and uranium deposits. Its principal properties include the Skaergaard PGM and gold project located in Greenland; and the Munni Munni PGM project situated Western Australia. The company is headquartered in Varsity Lakes, Australia.
Boulder Steel Limited	Boulder Steel Limited engages in the manufacture of metal products. The company, through its 50% interest in Euro Forming Services GmbH, manufactures various components for the automotive and aerospace industries, including air bag cylinders, shock absorbers, truck axles, gas dampening systems, gearbox flanges, cam shafts, and truck mudguard mounts, as well as hydraulic aircraft cylinders. It also produces mechanical and engineering tubing for various industrial applications. In addition, the company engages in the development of Gladstone steel plant project in Queensland, Australia. It has operations in Australia, Germany, and the United Arab Emirates. The company is based in North Ryde, Australia.
Pegasus Metals Limited	Pegasus Metals Limited engages in the exploration of mineral resources in Australia. The company primarily explores for copper, gold, and zinc. Its properties include McLarty Range copper project located in West Kimberley; and McClintock Range located in the East Kimberley. In addition, Pegasus has a joint venture with Kimminco for an option to acquire 100% interest in the exploration license E04/1441. The company was formerly known as Pegasus Uranium Pty Ltd. Pegasus Metals Limited was incorporated in 2005 and is based in West Perth, Australia.
Galilee Energy Limited	Galilee Energy Limited engages in the exploration and development of coal seam methane gas in Australia. It holds two coal seam gas and hydrocarbon tenements, ATP 529P and 799P, in the Galilee Basin in central Queensland covering an area of approximately 9,000 square kilometers. The company is based in Fortitude Valley, Australia.
Panoramic Resources Limited	Panoramic Resources Limited engages in the exploration, evaluation, development, and production of mineral deposits in Australia, Canada, the United States, and Scandinavia. It primarily focuses on exploration for nickel, copper, gold, and platinum group metals (PGM). The company's property portfolio includes the Savannah project located in East Kimberley; the Lanfranchi underground nickel mine located in Kambalda; and the Gidgee gold project located in Murchison. It also holds interests in Thunder Bay North PGM project located in northwest Ontario, Canada; and 60% joint venture interest in the Copernicus project located in Kimberley, western Australia. The company is based in Perth, Australia.
Tiaro Coal Limited	Tiaro Coal Limited, a coal exploration company, engages in the exploration, evaluation, and development of coal projects in Australia. The company holds interest in the Tiaro Coal Joint Venture, which covers an area of approximately 2,200 square kilometers in south-east Queensland between Maryborough and Gympie. It has a strategic partnership with China Qinfa Group Limited. The company was incorporated in 2007 and is based in Sydney, Australia. Tiaro Coal Limited is a subsidiary of Hudson Resources Limited.

Source: Capital IQ

Appendix Table 4.3: Comparable companies for Realm

APPENDIX 5

Assessment of an Appropriate blended WACC

When assessing an appropriate discount rate to apply to cash flows, due regard must be given to the rates of return available in the marketplace, the degree of risk attached to the business, shares or project and the required rate of return.

The Capital Asset Pricing Model ("CAPM") is the most frequently used model in determining the cost of equity of an investment or project. We have applied the CAPM to determine an appropriate discount rate to be used in the capitalisation of Realm's corporate overheads.

CAPM

The CAPM is based on the theory that the prudent investor will price investments so that the expected return is equal to the risk free rate of return plus a premium for risk. CAPM assumes that there is a positive relationship between risk and return, that is, investors are risk averse and therefore demand higher returns for accepting higher levels of risk. The CAPM calculates the cost of equity through the following formula:

$Re = Rf + \beta[E(Rm) – Rf]$

Where

Re	=	Cost of equity capital or expected return on the investment.
Rf	=	Risk free rate of return.
(Rm)	=	Expected return on the market.
(Rm) - Rf	=	Market risk premium
β	=	Beta.

We have considered each component of the formula in calculating an appropriate cost of equity for the Proposed Transaction below.

Risk free rate - Rf

We have assumed a risk free rate of 3.06% being the current yield on the 10 year Commonwealth Government Bond as at 10 December 2012.

Market Risk Premium – E(Rm) - Rf

Market risk premium represents the level of return investors require over and above the risk free rate which they require in order to compensate them for the undiversifiable risks associated with an investment in the market portfolio. Empirical studies have shown that generally the market return is 6% to 8% above the risk free rate over time; therefore in our determination of the discount rate we have assumed a market risk premium in this range.

Beta - β

Beta is a measure of the sensitivity of the return on an investment to general market movements (the overall relative riskiness of the investment) with less risky investments having a β nearer to 0, a market portfolio having a β of 1 and risky investments having higher βs.

Equity betas are normally either historical or an adjusted beta. The historical beta is obtained from the linear regression of a security's historical price and dividend data and is based on the security's return and the returns on an index. An adjusted beta is calculated based on the assumption that the relative risk of the past will continue into the future, and hence derived from the historical data. It is then modified by the assumption that a security will move towards the market over time, taking into consideration the industry risk factors which make the operating risk of the investment project greater or less risky than comparable listed companies when assessing the equity beta for an investment project.

It is important to note that is not possible to compare equity betas of different companies without having regard for their gearing levels. Betas can be "un-geared" by applying the following formula.

$\beta a = \beta / (1+(D/E \times (1-T))$

Where

βa	=	Ungeared beta
β	=	Adjusted geared beta
D	=	Level of Debt
E	=	Level of Equity
T	=	Tax rate

In order to assess the appropriate equity beta for the Proposed Transaction we have considered the equity beta's of Australian publically listed metal exploration companies. We have then calculated the regeared beta's based on their debt to equity structures, as set out in the tables below.

In order to assess the appropriate equity beta for the Proposed Transaction we have regeared the equity betas of Australian publically listed metal exploration companies comparable to Realm's exploration activities and publically listed companies in Australia and the U.S. comparable to Alumicor, that operate in the production and recycling of metals industry. We have then calculated the ungeared beta's based on their debt to equity structures, as set out in the tables below.

Realm Resources Limited Equity beta analysis	Market Cap $m (i)	Notional Tax Rate	Net Cash / Total Equity	Capital IQ Unadjusted Beta (ii)	Ungeared Beta	Regeared Beta
Realm Resources Limited	7.3	30.0%	5.5%	0.97	0.93	0.93
Tasman Resources Limited	27.1	30.0%	-5.4%	1.92	1.99	1.99
Thundelarra Exploration Limited	11.6	30.0%	-79.3%	1.65	3.70	3.70
Aviva Corporation Limited	18.3	30.0%	-12.0%	1.47	1.60	1.60
Platina Resources Limited	5.9	30.0%	-7.6%	0.32	0.33	0.33
Boulder Steel Limited	11.6	30.0%	-0.5%	2.10	2.11	2.11
Pegasus Metals Limited	20.8	30.0%	-48.4%	1.81	2.74	2.74
Galilee Energy Limited	18.3	30.0%	-97.0%	1.55	4.81	4.81
Panoramic Resources Limited	119.1	30.0%	-11.8%	1.64	1.79	1.79
Tiaro Coal Limited	24.4	30.0%	-5.4%	0.55	0.58	0.58
Mean	**n/a**	**n/a**	**-28.5%**	**1.40**	**2.06**	**2.06**
Median				**1.59**	**1.89**	**1.89**
Min				**0.32**	**0.33**	**0.33**
Max				**2.10**	**4.81**	**4.81**

Sources: Capital IQ and RSM calculations
(i) market capitalisation as at 10 December 2012
(ii) Capital IQ betas are based on 5-year monthly observations as at 10 December 2012

Appendix Table 5.1: Beta analysis for Realm

Alumicor Holdings SA Equity beta analysis	Market Cap $m (i)	Notional Tax Rate	Net Debt / Total Equity	Capital IQ Unadjusted Beta (ii)	Ungeared Beta	Regeared Beta
Sims Metal Management Limited	1,820.0	30.0%	11.9%	1.08	0.99	1.13
Commercial Metals Company	1,568.5	30.0%	81.8%	1.51	0.96	1.09
Schnitzer Steel Industries, Inc.	749.9	30.0%	22.2%	1.93	1.67	1.90
Alcoa Inc.	9,071.2	30.0%	48.0%	2.06	1.54	1.76
Century Aluminum Company	715.0	30.0%	8.4%	3.35	3.16	3.60
Kaiser Aluminum Corporation	1,174.2	30.0%	4.6%	1.27	1.23	1.40
Mean	**n/a**	**n/a**	**29.5%**	**1.86**	**1.59**	**1.81**
Median				**1.72**	**1.38**	**1.58**
Min				**1.08**	**0.96**	**1.09**
Max				**3.35**	**3.16**	**3.60**

Sources: Capital IQ and RSM Bird Cameron calculations
(i) market capitalisation as at 10 December 2012
(ii) Capital IQ betas are based on 5-year monthly observations as at 10 December 2012

Appendix Table 5.2: Beta analysis for Alumicor

Based on the above analysis we have assumed a beta of 1.80 to 1.90 to be appropriate when determining an appropriate WACC for Realm's exploration activities and a beta of 1.60 to 1.80 to be appropriate when determining an appropriate WACC for Alumicor.

WACC – Realm exploration activities

Each of the comparable companies set out in Table 5.1 disclose net cash positions. Companies operating in similar sectors to Realm and at a similar stage of development are usually 100% equity financed. Each of the comparable companies set out in Appendix Table 5.1 disclose net cash positions. Therefore the regeared beta range in our calculation of the cost of equity for the Proposed Transaction is 1.80 to 1.90 (i.e. the ungeared beta range determined above). On this basis we have calculated the WACC for Realm as set out in the table below.

Realm Resources Limited Calculation of WACC	Low	High
Cost of Equity (CAPM)		
Risk free rate	3.06%	3.06%
Beta	1.80	1.90
Risk premium	6.0%	7.0%
Company specific risk factor		
R_e	**13.9%**	**16.4%**
Cost of Debt		
Risk free rate	3.06%	3.06%
Debt premium	5.00%	6.00%
R_d	**8.1%**	**9.1%**
Capital Structure		
Debt / (Debt + Equity)	**0.0%**	**0.0%**
Equity / (Debt + Equity)	**100.0%**	**100.0%**
Corporate Tax Rate	**30.0%**	**30.0%**
Cost of Equity		
(Equity / Debt) x R_e	**13.9%**	**16.4%**
Cost of Debt		
(Debt / Value) x R_d	**0.0%**	**0.0%**
WACC (Post Tax, Nominal)	**13.9%**	**16.4%**

Source: RSM calculation

Appendix Table 5.3: WACC calculation for Realm (exploration)

WACC - Alumicor

Alumicor's listed comparable companies disclose gearing levels of 4.6% to 81.8%, with a mean of 29.5%. Taking into account that Alumicor is a much smaller entity with limited access to debt and equity markets, we consider that applying a debt to equity ratio of 20% would not be unreasonable.

As set out in paragraph 7.17, Alumicor has a higher risk profile that the comparable listed companies due to Alumicor's smaller size, lack of diversified revenues, and lack of marketability. On this basis and using our professional judgement, we have therefore applied a company specific risk factor of 5% to 6%.

On the basis of the above, we have calculated the WACC for Alumicor as set out in the table below.

Alumicor SA Holdings Calculation of WACC	Low	High
Cost of Equity (CAPM)		
Risk free rate	3.06%	3.06%
Beta	1.60	1.80
Risk premium	6.0%	7.0%
Company specific risk factor	5.0%	6.0%
R_e	**17.7%**	**21.7%**
Cost of Debt		
Risk free rate	3.06%	3.06%
Debt premium	5.00%	6.00%
R_d	**8.1%**	**9.1%**
Capital Structure		
Debt / (Debt + Equity)	**20.0%**	**20.0%**
Equity / (Debt + Equity)	**80.0%**	**80.0%**
Corporate Tax Rate	**30.0%**	**30.0%**
Cost of Equity		
(Equity / Debt) x R_e	**14.1%**	**17.3%**
Cost of Debt		
(Debt / Value) x R_d	**1.1%**	**1.3%**
WACC (Post Tax, Nominal)	**15.3%**	**18.6%**

Source: RSM Calculation

Appendix Table 5.4: WACC calculation for Alumicor

Blended WACC

The capitalisation multiple for the corporate overheads of Realm should reflect the risks and returns of both Realm and Alumicor. Based on our valuation of Realm on the sum-of-parts basis, the fair market value of Alumicor is 10% of the total fair market value of Realm. On this basis, we have weighted the blended WACC and the capitalisation multiple for corporate overheads as follows.

Realm Resources Limited Calculation of blended WACC	Weight	Low	High
Realm's WACC		13.9%	16.4%
Alumicor's WACC		15.3%	18.6%
Weighting on a sum of parts basis			
Realm	90%	12.5%	14.7%
Alumicor	10%	1.5%	1.9%
Blended WACC		**14.0%**	**16.6%**
Multiple applied to corporate overheads		**7.1**	**6.0**

Source: RSM calculation

Appendix Table 5.5: Blended WACC

We have therefore assessed the blended WACC to be 14.0% to 16.6% with the inverse capitalisation multiples to be between 6.0 and 7.1.

APPENDIX 6

Coal Mining Industry

Background[4]

Coal is primarily used in electricity generation and in steel production. Fuel costs are the largest component in electricity generation, making the use of coal advantageous because of its relatively low cost compared with other fuels such as oil and natural gas. As the price of coal has historically been lower than the price of crude oil, coal is generally considered the cheapest fossil fuel on a contained heat basis.

Other advantages of coal include stable supply from a wide range of geographic locations, easy and safe storage, and ease of transportation by rail or ship. These factors have led to a dependence on coal by the electricity-generating industry, especially by regulated utilities in energy importing countries. Moreover, with increasing demand for electricity and increased competition, utilities have generally increased the use of coal-burning power stations, instead of substituting these with more expensive power stations fuelled by oil and natural gas.

Coal Characteristics

Coal is characterized by its use as either “steam coal” or “metallurgical coal”. Steam coal, also referred to as “steaming coal” or “thermal coal,” is used by electricity generators and by industrial facilities to produce steam, electricity or both. Metallurgical coal describes various grades of coal used in the steel making process.

There are four types of coal by geological composition: lignite, sub-bituminous, bituminous and anthracite. Each has characteristics that make it more or less suitable for different uses. Energy content and sulphur content are two of the most important coal characteristics and help to determine the best use of particular types of coal, as well as being used to determine the price of different qualities of coal.

Mining Methods

Coal is mined using surface or underground methods. The most appropriate mining technique for a coal resource is determined by coal seam characteristics such as location and recoverable reserve base. Drill hole data is used initially to define the size, depth and quality of the coal reserve area before committing to a specific extraction method. It is generally easier to mine coal seams that are thick and located close to the surface than deep seams. Typically, coal mining operations will begin at the part of the coal seam that is easiest and most economical to mine. As a seam is mined, it generally becomes more difficult and expensive to mine because the seam may become thinner or may protrude more deeply into the earth, requiring removal of more material over the seam, known as the “overburden.”

In the coal mining industry, the ratio of overburden to mineable coal is referred to as the “strip ratio”. Once the raw coal is mined, it is crushed and often washed in preparation plants where the product consistency and energy content are improved. This process involves crushing the coal to the required size, removing impurities and, where necessary, blending it with other coal to match customer specifications.

[4] World Coal Association

Indonesian Coal Industry

Rising demand in Asia has resulted in Indonesian thermal coal exports rising from 128Mt in 2005 to 271Mt in 2010, growing at a rapid compounded annual growth rate ("CAGR") of 16%. In 2010, Asian markets accounted for 257Mt, or 95%, of Indonesia's total thermal coal exports, having grown at a CAGR of 16% since 2005[5].

Major Production Regions[6]

East Kalimantan is the major coal production area in Indonesia, producing 202 Mt of thermal coal in 2010. As an established mining area with adequate transport infrastructure, the vast majority of the coal produced is for export – almost 87%, or 175Mt in 2010. East Kalimantan's rivers are suitable for coal barging to offshore transhipment or port facilities, but undeveloped reserves upstream have some transportation constraints and it is upstream where opportunities for new large mines exist.

South Kalimantan is an established mining area that produced 99Mt of thermal coal in 2010, including exports of 78Mt. South Kalimantan's mines lie in close proximity to the coastline with little room for expansion. Opportunities exist inland but are generally low quality coals. Generally, South Kalimantan coals are of a lower quality than East Kalimantan, with high ash and in some areas high sulphur.

South Sumatra is characterized by large coal deposits that are of a low grade. The region produced 15Mt of coal in 2010, of which only 7Mt was exported. South Sumatra is constrained by limited navigable rivers, high capital costs and long hauling distances using public roads.

Indonesia produced 331Mt of thermal coal in 2010 and consumed 18% (60Mt) of production for domestic demand, leaving 82% (271Mt) of production for the export market. It is expected that thermal coal exports will rise from 271 Mt in 2010 to 391Mt in 2015. The ability of Indonesia exports to continue to increase will be critical to meeting international coal demand growth.

The majority of Indonesia coal production is comprised of bituminous and sub-bituminous grade coals. However, production of low rank coals has increased markedly from 6Mt in 2005 to 43Mt in 2010, a CAGR of 49%. The growth in low rank coal production highlights increased demand from price sensitive markets. Low rank coal is forecast to become the primary coal type produced in Indonesia by 2015 as existing reserves of sub-bituminous coal are depleted. As production of the higher energy coals decreases, producers of such coals will be able to seek premium prices for their product, which will hasten the demand shift to low rank coal by power stations, particularly in Asia.

Regulatory Issues[7]

Indonesia's new mining laws, passed in 2009, sees the government bringing the mining regime in Indonesia into line with most other developed countries, namely that mining is only allowed under government permit. Coal benchmark pricing, the domestic market obligation (DMO), value add reforms and proposed export reforms are amongst the key regulatory areas of concern for both local miners and potential overseas investors in Indonesia.

Introduced in 2010, government regulation MR17/2010 provides guidelines for determining the minimum price for coal sales. The minimum price for each coal producer is based on the Indonesian government's coal reference price (HBA) with adjustments made for energy, ash, moisture and sulphur content.

[5] Marketing Report – Salva Resources, 28 July 2011
[6] Marketing Report – Salva Resources, 28 July 2011
[7] Marketing Report – Salva Resources, 28 July 2011

Regulation 34 of the mining law 04/2009 outlines the domestic market obligation (DMO), established to require Indonesian coal producers to supply coal to the domestic market in preference to their export contracts. The law does not specify how much coal will be allocated to domestic consumers, however it does establish the process that will be carried out for DMO estimation by coal producers.

Indonesia's new mining laws require coal to be 'upgraded' before export. At present, the government accepts coal crushing and coal blending as sufficient upgrading. This means the export of ROM coal is no longer possible. The 'upgrading' can be carried out on behalf of the producer by a third party holding a special production operation licence.

APPENDIX 7

Platinum Mining Industry

Background[8]

Platinum mine production has grown continuously since the Second World War in response to the development of new applications. One of the principal new uses of platinum was in the petroleum industry, where platinum catalysts were introduced to increase the octane rating of gasoline and to manufacture important primary feedstocks for the growing plastics industry.

During the 1960s, demand for platinum in jewellery increased sharply. China is currently the world's biggest single market for platinum jewellery.

In 1974, with its new regulations on air quality, the United States introduced the autocatalyst, a technology which uses Platinum Group Metals to convert the noxious gases in vehicle exhausts into harmless substances. Use of autocatalysts has now spread worldwide.

During the 1980s the rapid increase in the value of precious metals, including platinum, gave rise to the production of a variety of bars and coins, many of them collectable items, to meet demand for platinum as a physical investment product.

By the 1990s, platinum was growing in use as a medical treatment against certain forms of cancer and the same decade saw a multiplication in the uses of machined platinum alloy components to treat cardiac and other disease.

South African Platinum Industry[9]

The Bushveld Igneous Complex

Formed about 2,000 million years ago, the Bushveld Igneous Complex ("BIC") can be compared to an enormous, irregularly-shaped saucer 370 kilometres across, with its centre buried deep underground but its rim exposed. It has a series of distinct layers, three of which contain economic concentrations of Platinum Group Metals. The principal PGM-bearing reefs are the Merensky Reef and the Upper Group 2 ("UG2") Reef, which occur around the Eastern and Western sides ("limbs") of the BIC. A third PGM-rich layer, the Platreef, is found only on the Potgietersrus limb at the north-eastern edge.

The Merensky Reef has been the principal source of PGM since it was first worked in 1925. However, the other reefs have grown in importance. By 1999, the Merensky Reef accounted for just over 50% of all the platinum-bearing ore processed in South Africa. Exploitation of the UG2 began in the 1970s and mining has steadily increased. In 1999, it was the source of 42% of ore processed. The Platreef, briefly mined in the 1920s, was not exploited on a large scale until 1993.

Ore extraction

Mechanical and hybrid methods are increasingly being adopted by both new and existing mines. Drilling may be carried out either using conventional hand-held pneumatic drills, or via low-profile machines equipped with

[8] Platinum Today, www.platinum.matthey.com
[9] Platinum Today, www.platinum.matthey.com

specialised drilling equipment. Ore is subsequently cleaned from the stopes using low-profile LHD (load-haul-dump) vehicles. The mining width must be greater in order to allow the use of machinery - typically around 1.8 metres - although some mines are experimenting with ultra-low profile equipment which can operate in stopes little more than a metre high.

Open-pit methods are used to mine the Platreef, which is much wider than the other reefs, varying between 5 and 90 metres in thickness. Open casting is also used on a smaller scale to exploit the UG2 and Merensky reef where it outcrops.

Mill-head grades of BIC ore (a measure of the ore's PGM content as it enters the first stage of processing) are typically between 3 and 6 g/t. Allowing for losses which occur during refining, and the varying platinum contents of the different Bushveld ores, this means that between 10 and 25 tonnes of ore must be processed to obtain a single ounce of platinum.

Concentration

The ore is crushed and milled to reduce the size of the rock particles and to expose the minerals which contain the PGM. The particles are mixed with water and special reagents and air is pumped through the liquid, creating bubbles to which the PGM-containing particles adhere. These float to the surface and are removed as a soapy froth. The PGM content of this flotation concentrate varies between 100 and 1,000 g/t.

After being dried, the concentrate is smelted in an electric furnace at temperatures which can exceed 1,500ºC. During this process, a matte containing the valuable metals is separated from the unwanted minerals, which form a slag and are discarded. The matte is transferred to converters, where air is blown through it in order to remove iron and sulphur. The PGM content of the "converter matte" now exceeds 1,400 g/t.

Refining

The final stage is the separation and purification of the PGM, gold and small amounts of silver. The soluble metals comprising gold, palladium and platinum that dissolve in hydrochloric acid and chlorine gas are generally the first to be extracted. The insoluble PGM are then separated, with rhodium separated last.

The refined PGM have a purity of over 99.95%, and can be produced in a number of forms: ingot, grain or a fine powder known as "sponge". The time between mining of the ore and production of pure metal typically ranges from around 6 weeks for palladium and up to 20 weeks for rhodium.

Resources in South Africa

Within the BIC complex, the Merensky Reef, UG2 chromitite and the Platreef are mined for PGM and make the BIC the largest PGM resource in the world. Platinum and palladium production from the BIC represents 72% and 34% of annual global production respectively.

Estimated Platinum and Palladium resources of the BIC

In 1999, Professor Grant Cawthorn, the Platinum Industry's Professor of Igneous Petrology at the University of Witwatersrand, South Africa, published a new estimate of the platinum and palladium resources of the BIC.

For his calculations, Cawthorn assumed a maximum mineable depth of 2km, close to the current maximum depth of extraction. Where possible, estimate calculations were based on 1998 geological data from mining companies.

These were extrapolated for other areas of the BIC where data was scarce or non-existent. The calculations could be made with the necessary level of confidence due to the remarkable continuity and uniformity of the PGM bearing horizons.

Working under the guidelines of the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves ("SAMREC Code 2007"), Professor Cawthorn estimated proven and probable reserves of platinum and palladium at 203.3 million troy ounces, (6,323 tonnes) and 116.1 million troy ounces (3,611 tonnes), respectively. In addition to these reserves, inferred resources were estimated at 939 million troy ounces (29,206 tonnes) of platinum and 711 million troy ounces (22,115 tonnes) of palladium.

Additional resources

There is potential for these PGM resource estimates to be increased further, both by mining the currently exploited ore bodies at depths below 2 kilometres and by mining other PGM bearing horizons in the BIC.

It can be inferred from the uniformity of the PGM reefs in the upper 2 kilometres of the BIC that these ore bodies will continue for considerable distance downwards, yielding similar grades of PGM. Already, drilling programs are investigating the Merensky Reef and UG2 horizons below 3 kilometres in depth, although considerable exploration work will have to be performed before these potential down-dip extensions can be classified as a PGM resource.

The additional investment necessary to work these deposits would also be considerable, as working temperatures and transportation costs increase with depth. However, technological advances in the South African gold industry have now made deposits viable at a depth of 4 kilometres and it is reasonable to expect that this technology will be transferred to the PGM mines over time.

PGM are also present in horizons which underlie the Merensky and UG2 reefs in the BIC. These could be exploited when shallower horizons have been worked out.

APPENDIX 8

Aluminium Recycling Industry

Background[10]

One of the key factors in the success of aluminium is its recyclability. Recycling has proven so valuable both economically and ecologically, that recovery and recycling has become a separate, highly successful industry.

Aluminium recycling includes the following processes:

Used Beverage Container ("UBC") Processing
Aluminium is recovered from UBCs and/or new scrap generated by the can-making process. This forms a closed-loop scrap source that recycles used cans back into new can sheet.

Secondary Specification Aluminium Alloys
Aluminium is recovered from scrap of various sources to produce a specific alloy ingot for a customer. The end product is commonly called specification aluminium alloy and includes 18 different alloys, each of which has a specific chemical composition. The specific alloy is dependent on the customers' intended end use, such as an automobile part or other consumer product.

Remelt Secondary Ingot ("RSI")
Aluminium scrap is recycled into an intermediate product without a specific chemical composition. Independent fabricators and large integrated companies commonly use this technique, as do companies that melt scrap or dross to produce RSI or molten metal that is used in their plants for direct processing or sold in the market.

Deoxidation ingot production
Aluminium is recovered for steel deoxidiser products, which are important in the steel-making process. The end product may take the form of various aluminium shapes including shot, cones, stars, or pyramid shapes.

Dross Processing
Aluminium is recovered from dross, a by-product that forms in furnaces during normal melt processing. Dross contains aluminium ranging from 10 to 80% entrained with other metal oxide impurities formed during the melting process, including chloride, fluoride, and aluminium oxides. In dross processing, the aluminium is recovered from the dross either mechanically or by adding salts during the melting process. The recovered aluminium may be returned to a customer through a tolling relationship as molten metal or RSI.

The aluminium industry is a leading proponent of global sustainability and strongly advocates the use of recycled material. Recycled aluminium is a key component in the domestic metal supply and actually exceeds primary production levels. In addition to the direct economic benefits, the use of recycled aluminium minimises the need for imported metal, and recycling aluminium saves approximately 95% of the energy, and emissions associated with the production of metal from the ore, as well as reduces the amount of waste consigned to landfills.

Aluminium industry in South Africa[11]

South Africa is one of Africa's most important mining countries in terms of the variety and quantity of minerals produced. It has the world's largest reserves of chrome, gold, vanadium, manganese and PGM. South Africa is also Africa's biggest producer of primary aluminium.

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[10] The Aluminium Association, www.aluminium.org
[11] The Aluminium Federation of South Africa (AFSA), www.afsa.org.za

South Africa currently has two primary aluminium smelters in Richards Bay and one planned at Coega. Most of the smelter output is exported, but sufficient capacity exists to supply most of South Africa's metal needs. The BHP Billiton smelters provide much of the alloys required for the automotive, building and construction, engineering and fabrication, mining, packaging, and transport industries as well as for the wheel and cable industries, and a variety of niche industries. BHP Billiton also manages the Mozal smelters in Mozambique.

The secondary aluminium industry uses South African scrap aluminium as its essential feedstock. The International Aluminium Institute ("IAI") collates global estimated aluminium recovered from the processing of new scrap and old scrap. New scrap is defined as scrap arising from the production of aluminium and its alloys, and from the fabrication of semi-fabricated mill products and end-products. It excludes run-around scrap that is new scrap remelted in the same company where the scrap has been generated. Old scrap is scrap arising from the disposal of products after they have been used. Total net scrap input is the quantity of scrap used in the recovery process. In 2009, total mew scrap was estimated at 1.6 million Mt and total old scrap at 1.0 million Mt, amounting to $2.6 million Mt total net scrap collected. Total aluminium recovered from the total net scrap was estimated at 2.4 million Mt, amounting to circa 92% in total recovery of aluminium[12].

In 2010, reported primary aluminium production in Africa comprising Cameroon, Egypt, Ghana, Mozambique, Nigeria, and South Africa amounted to 1.74 million Mt where global production amounted to 24.29 million Mt[13]. This is compared to Africa's production in 2009 of 1.68 million Mt (3.6% increase) and global production in 2009 of 23.4 million Mt (3.8% increase)[14].

[12] International Aluminium Institute (IAI), www.world-aluminium.org
[13] International Aluminium Institute (IAI), www.world-aluminium.org
[14] International Aluminium Institute (IAI), www.world-aluminium.org

APPENDIX 9

Term	Definition
Alumicor	Alumicor SA Holdings Pty Ltd and its subsidiaries comprising Alumicor SA, Alumicor Maritzburg Pty Ltd, Alumicor Intellectual Property Pty Ltd and Nduzi Real Estate Pty Ltd.
Al Maynard	Al Maynard & Associates Pty Ltd.
ASIC	Australian Securities & Investments Commission.
ASX	Australian Securities Exchange.
Au	Gold.
$	Australian dollars.
Cash flow	Cash that is generated over a period of time by an asset, group of assets, or business enterprise. It may be used in a general sense to encompass various levels of specifically defined cash flows. When the term is used, it should be supplemented by a qualifier (for example, "discretionary" or "operating") and a specific definition in the given valuation context.
Chrometco	Chrometco Limited.
Cost of Capital	The expected rate of return that the market requires in order to attract funds to a particular investment.
Dip	The angle at which a rock layer, fault of any other planar structure is inclined from the horizontal.
Discount Rate	A rate of return used to convert a future monetary sum into present value.
Discounted Cash Flow Method (DCF)	A method within the income approach whereby the present value of future expected net cash flows is calculated using a discount rate.
Enterprise Value	Fair market value of a business on a cash free, debt free basis.
Equity	The owner's interest in property after deduction of all liabilities.
Fair Value	The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.
g/t	Grammes per tonne.
Going Concern	An ongoing operating business enterprise.

Term	Definition
ha	Hectares.
IER	Independent Expert's Report.
Indicated Resources	Economic mineral occurrences that have been sampled (from locations such as outcrops, trenches, pits and drill holes) to a point where an estimate has been made, at a reasonable level of confidence, of their contained metal, grade, tonnage, shape, densities and physical characteristics.
Inferred Resources	That part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.
IER	Independent Expert's Report.
JSE	Johannesburg Stock Exchange
JORC	Australasian Joint Ore Reserves Committee.
Kalres	Kalres Limited, a company acquired by Realm and is party to the Master Agreement with PTSMAA under which Kalres can acquire up to a 75% interest in PTKR.
kg	Kilogrammes.
Management	The management of Realm.
Masedi	Masedi Platinum (Proprietary) Ltd, Realm's 70.3% interest associate.
Master Agreement	The agreement entered into on or about 24 March 2011 between PT SMAA and Kalman, a company incorporated in the Cayman Islands to acquire a 75% interest in PTKR.
Moz	Million ounces.
Mt	Metric tonnes.
Non-Associated Shareholders	Shareholders of Realm, not associated with Taurus.
Nkwe	Nkwe Platinum (Rooderand) (Pty) Ltd

Term	Definition
NPS	Nkwe Platinum (Scarlet) (Proprietary) Ltd, Realm's 74%% interest associate.
Kalman	Kalman Resources Limited, the original party to the Master Agreement with PT SMAA. On 31 March 2011, Kalman informed PT SMAA of its intentions to transfer all of Kalman's rights, interest and obligations under the Master Agreement to Kalres.
Kalres	Kalres Limited, a company registered in the Cayman Islands that is party to the Master Agreement with PT SMAA.
PGE	Platinum Group Elements.
PGM	Platinum Group Metals.
Proposed Transaction	Resolution 1 as set out in this report.
PTSMAA	PT Sinar Mulia Anugerah Agung, an Indonesian company that is party to the Master Agreement with Kalres.
PTKR	PT Katingan Ria, an Indonesian coal company which holds the Katingan Ria concession ("Katingan Ria Project") which covers 5,053 hectares located in Central Kalimantan, Indonesia.
Platinum Assets	Realm's interest in three platinum exploration assets, the Kliprivier, Ghost Mountain and Tinder projects. Realm has a 70.3% interest in the Kliprivier through its associate, Masedi, and 74% interests in Ghost Mountain and Tinder through NPS.
RSM	RSM Bird Cameron Corporate Pty Ltd.
Realm	Realm Resources Limited.
Strike	The direction or bearing of the outcrop of an inclined bed or structure on a level surface.
Taurus	All Taurus entities and their nominees including Taurus Funds Management Pty Limited, Taurus Resources Limited GP No 2 LLC and JP Morgan Chase Bank, N.A.
Valmin Code	Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports, 2005 edition.
VWAP	Volume Weighted Average Price

Term	Definition
WACC	The Weighted Average Cost of Capital is an average representing the expected return on all of a company's securities. Each source of capital, such as stocks, bonds, and other debt, is assigned a required rate of return, and then these required rates of return are weighted in proportion to the share each source of capital contributes to the company's capital structure. The resulting rate is what the firm would use as a minimum for evaluating a capital project or investment.
US$	US dollars.
UG2	Upper Group 2 Reef, a PGM rich layer contained in the Bushveld Igneous Complex.
ZAR	South African Rand.

APPENDIX B

TERMS AND CONDITIONS OF OPTIONS

Pursuant to the terms of the CELCF and subject to Shareholder approval, the Lenders will be issued 100,000,000 Options, each Option being a right to acquire one Share in consideration for the Lenders granting the financial accommodation requested by the Company under the CELCF. The principal terms of the Options are as follows:

- each Option entitles the holder (**Option Holder**) to acquire one fully paid ordinary share in the Company (**Share**) at an exercise price of A$0.05 per Share, unless otherwise adjusted in accordance with the terms and conditions set out below;
- the Options may be exercised, in whole or in part, at any time up to but excluding the expiry date, being five years from the date on which Shareholder approval is given for the issue of the Options (**Exercise Period**);
- An Option Holder may only participate in a new issue of securities to holders of Shares if the Options have been exercised before the record date for determining entitlements to the new issue. The Company will give Option Holders notice of the record date for determining entitlements to the new issue in accordance with the ASX Listing Rules;
- the Company is required to use any funds raised on the exercise of the Options to repay any outstanding amounts under the CELCF;
- Options will not be quoted on ASX;
- The Option Holder may assign or otherwise deal with its options (including by assignment or participation) without the consent of any person.
- All Shares issued upon exercise of Options will rank pari passu in all respects with the Company's then existing fully paid ordinary shares. The Company will apply to ASX for official quotation of any Shares issued on the exercise of Options;
- In the event of the Company making a pro rata issue of Shares or other securities to holders of Shares (other than a bonus issue), the exercise price of the Options will be adjusted in accordance with the ASX Listing Rules;
- If there is a bonus issue of Shares or other securities convertible into Shares pro rata to holders of Shares (other than an issue in lieu of dividends or by way of dividend reinvestment pursuant to any election by a holder of Shares) (**Bonus Issue**), the number of Shares issued or transferred on exercise of an Option will be increased by the number of Shares which the Option Holder would have received if the Option had been exercised prior to the record date for the Bonus Issue;
- If there is a reorganisation of the issued share capital of the Company (including a consolidation, subdivision or reduction of capital or return of capital to shareholders), the rights of Option Holders will be adjusted in the manner required by the ASX Listing Rules. The Company will notify each Option Holder of any adjustment as soon as practicable after its decision.

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Australian & International Exploration & Evaluation of Mineral Properties

INDEPENDENT VALUATION
OF
REALM RESOURCES LIMITED

MINERAL ASSETS

Located in the Republic of South Africa

and the

Republic of Indonesia.

PREPARED FOR

RSM Bird Cameron Corporate Pty Ltd

Author:	Allen J Maynard BAppSc(Geol), MAIG, MAusIMM
Company:	Al Maynard & Associates Pty Ltd
Date:	10^{th} September, 2012
Revised:	20^{th} October, 2012

EXECUTIVE SUMMARY

This independent valuation has been prepared by Al Maynard & Associates Pty Ltd (“AM&A”) at the request of RSM Bird Cameron Corporate Pty Ltd (“RSM”), in order to provide a cash valuation of the mineral assets held by Realm Resources Ltd (“Realm”); namely Ghost Mountain, Tinderbox and Kliprivier Platinum Projects (PGE Projects) in the Eastern Transvaal of the Republic of South Africa (“RSA”); plus, The “Katingan Ria” Coal Project in the Republic of Indonesia. For the purpose of the valuation described below, a valuation date of 20th October, 2012 is used.

Realm advises that the “Section 11” agreements relating to its BEE partners have been completed since our previous valuation of this same ground dated 30th November, 2011. This prescribes a 74% interest to Realm in the RSA projects and 26% to the BEE Partners. However, the current interests are 95% of Masedi and 100% of Nkwe Platinum (Scarlet) through Realm’s 74% owned RSA company. This translates to 70.3% of Masedi and 74% of Nkwe through Realm’s 74% share.

Realm has a 51% interest in the Indonesian Coal area (acquired for a total consideration of US$13.3 million) with a right to increase its interest to 75% by payment of a further US$12 million to the vendors.

CONCLUSION

The current cash values, as at 20th October, 2012 for the relevant percentage holdings, being (70.3% of Masedi and 74% of Nkwe) RSA PGE areas and 51% for the Indonesian Coal, are ascribed at A$24.1M within the range of A$20.3M to A$28.0M

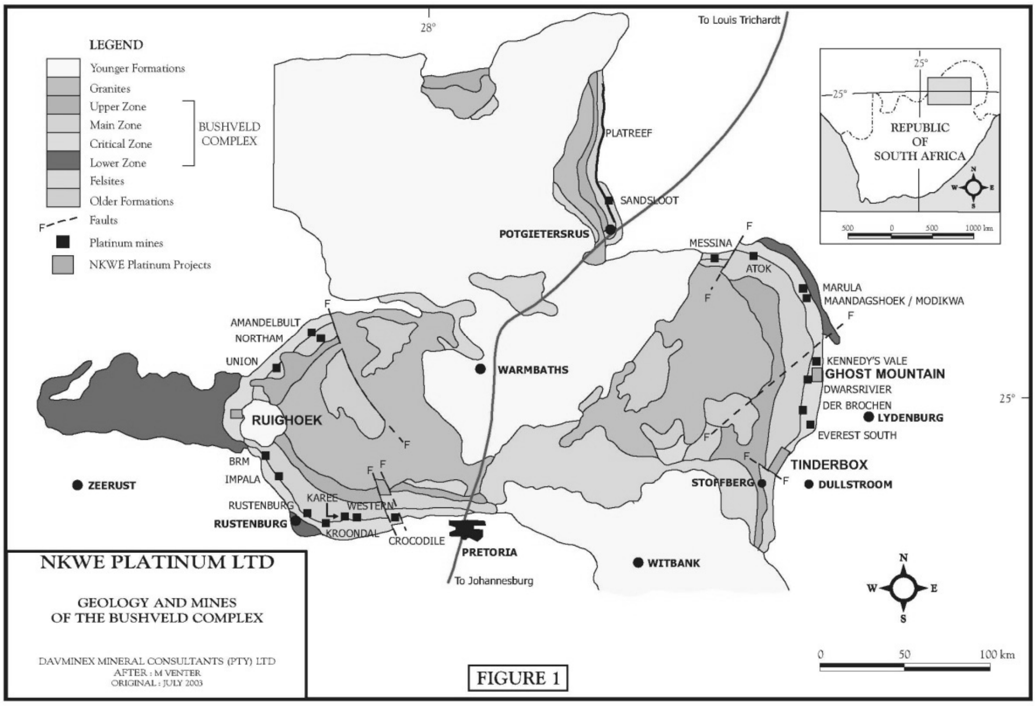

Figure 1: Realm Resources Limited RSA Projects Locality Map.

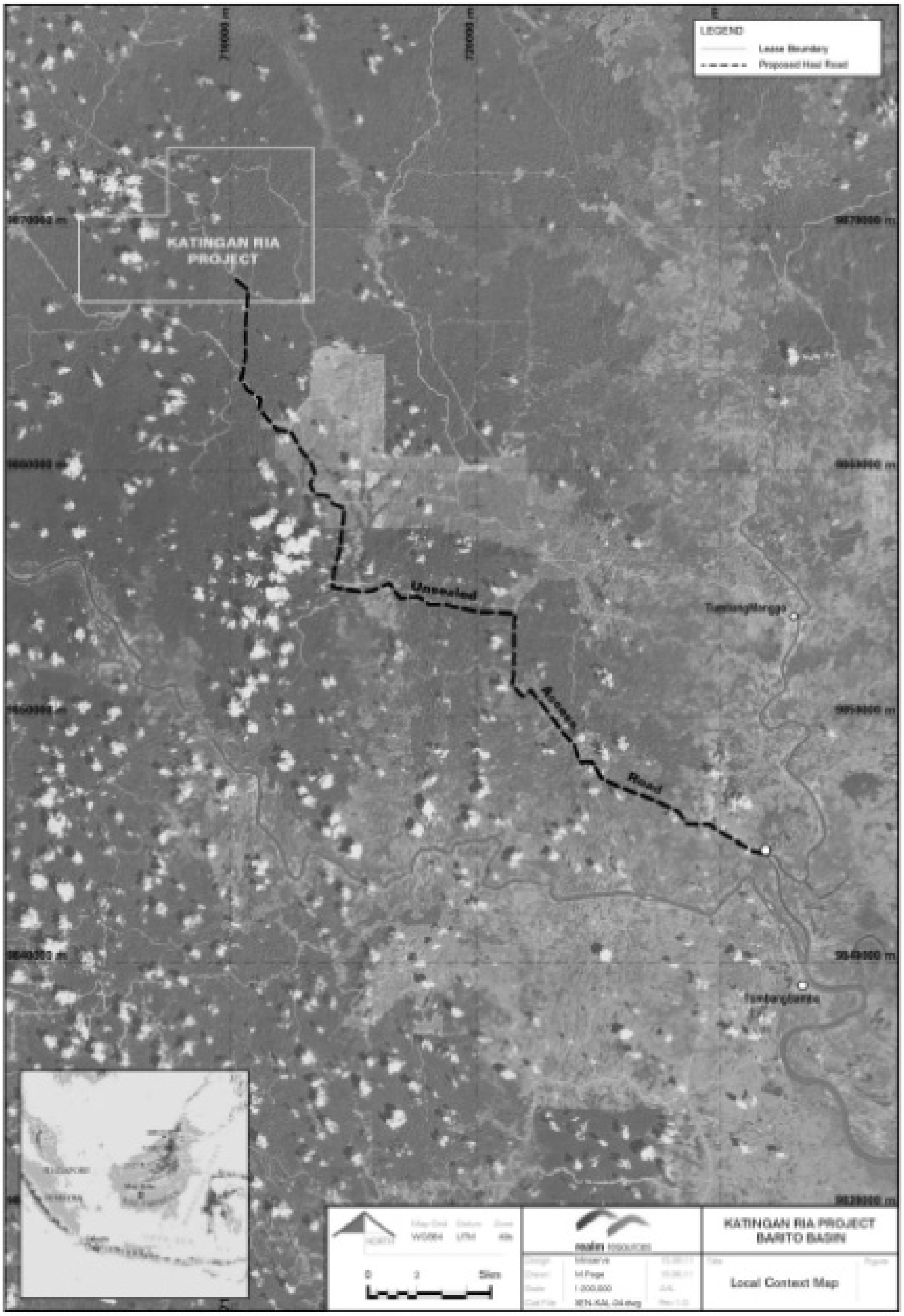

Figure 2: Realm Resources Limited Indonesian Project Locality Map.

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The Directors
RSM Bird Cameron Corporate Pty Ltd
8 St George's Terrace
Perth, WA, 6000

20th October, 2012

Dear Sirs,

1.0 Introduction

This report has been prepared by Al Maynard and Associates (AM&A) at your request to provide an independent appraisal of the cash value of the Realm Resources Ltd relevant interests in Platinum Projects in RSA and the Coal Project in Indonesia as at 20th October, 2012.

1.1 Scope and Limitations

This independent valuation and its accompanying geological description have been prepared at the request of RSM to provide the writer's opinion of the current cash value of the three platinum and one coal project listed in this report.

This valuation has been prepared in accordance with the requirements of the Valmin code (2005) as adopted by the Australian Institute of Geoscientists ('AIG') and the Australasian Institute of Mining and Metallurgy ('AusIMM').

This valuation is valid as at 20th October, 2012 and refers to the writer's opinion of the value of the mineral assets at this date. This valuation can be expected to change over time having regard to political, economic, market and legal factors. The valuation can also vary due to the success or otherwise of any mineral exploration that is conducted either on the properties concerned or by other explorers on prospects in the near environs. The valuation could also be affected by the consideration of other exploration data, not in the public domain, affecting the properties which have not been made available to the author.

In order to form an opinion as to the value of any property, it is necessary to make assumptions as to certain future events, which might include economic and political factors and the likely exploration success. The writer has taken all reasonable care in formulating these assumptions to ensure that they are appropriate to the case. These assumptions are based on the writers' technical training and experience in the mining industry. The opinions expressed represent the writer's fair professional opinion at the time of this report. These opinions are not however, forecasts as it is never possible to predict accurately the many variable factors that need to be considered in forming an opinion as to the value of any mineral property.

The valuation methodology of mineral properties is exceptionally subjective. If an economic reserve or resource is subsequently identified then this valuation will be dramatically low relative to any later valuations, or alternatively if further exploration is unsuccessful it is likely to decrease the value of the tenements.

The valuation presented in this document is restricted to a statement of the fair value of the tenement package. The values obtained are estimates of the amount of money, or cash equivalent, which would be likely to change hands between a willing buyer and a willing seller in an arms' length transaction, wherein each party had acted knowledgeably, prudently and without compulsion. This is the required basis for the estimation to be in accordance with the provisions of the Valmin Code.

There are a number of generally accepted procedures for establishing the value of mineral properties with the method employed depending upon the circumstances of the property. When relevant, AM&A uses the appropriate methods to enable a balanced analysis. Values are presented as a range and the preferred value is identified.

The readers should form their own opinion as to the reasonableness of the assumptions made and the consequent likelihood of the values being achieved. The information presented in this report is based on technical reports provided by Realm Resources Ltd ("Realm"), supplemented by our own inquiries. At the request of AM&A copies of relevant technical reports and agreements were made available.

Realm will be invoiced and expected to pay a fee for the preparation of this report. This fee comprises a normal, commercial daily rate plus expenses. Payment is not contingent of the results of this report or the success of any subsequent public fundraising. Except for these fees, neither the writer nor his family nor associates have any interest neither in the property reported upon nor in Realm. Realm has confirmed in writing that all technical data known to be in the public domain is available to the writer.

It should be noted that in all cases, the fair valuation of the mineral properties presented is analogous with the concept of "valuation in use" commonly applied to other commercial valuations. This concept holds that the properties have a particular value only in the context of the usual business of the company as a going concern. This value will invariably be significantly higher than the disposal value, where, there is not a willing seller. Disposal values for mineral assets may be a small fraction of going concern values.

In accordance with the Valmin Code, we have prepared the "Range of Values" as shown in Section 6.0. Regarding the project it is considered that sufficient geotechnical data has been provided from the reports covering the previous exploration of the area to enable an understanding of the geology. This, coupled with general knowledge of the area provides sufficient information to form an opinion as to the current value of the mineral assets.

1.2 Statement of Competence

This report has been prepared by Allen J. Maynard BAppSc (Geol) MAusIMM and Member of AIG, a geologist with over 30 years in the industry and 25 years in mineral asset valuation. The writer holds the appropriate qualifications, experience and independence to qualify as an independent "Expert" under the definitions of the Valmin Code. The writer conducted three field trips to the RSA project area during 2004, 2006 and 2007. No trip was made to the Indonesian area as the most useful information (in both countries) is provided by the drill database and resource estimates.

2.0 Valuation of the Mineral Assets – Methods and Guides

With no proven ore reserves on the tenements it is very difficult to place a singular dollar value on any mining tenement portfolio. However, with due regard to the guidelines for assessment and valuation of mineral assets and mineral securities as adopted by the AusIMM Mineral Valuation Committee on 17th February, 1995 – the Valmin Code (updated 1999 & 2005) – we have derived the estimates listed below using the appropriate method for the current technical value of the mineral exploration properties as described.

The following ASIC publications have also been duly referred to and considered in relation to the valuation procedure: 'Regulatory Guidelines' 111 & 112.

The subjective nature of the valuation task is kept as objective as possible by the application of the guideline criteria of a "fair value". This is a value that an informed, willing, but not anxious, arms' length purchaser will pay for a mining (or other) property in a transaction devoid of "forced sale" circumstances.

2.1 General Valuation Methods

The Valmin Code identifies various methods of valuing mineral assets, including:-

- Discounted cash flow,
- Joint Venture and farm-in terms for arms' length transactions,
- Precedents from similar asset sales/valuations,
- Multiples of exploration expenditure,
- Ratings systems related to perceived prospectivity,
- Real estate value and,
- Empirical Method (Rule of thumb or Yardstick approach).

2.2 Discounted Cash Flow/Net Present Value

This method provides an indication of the value of a property with identified reserves. It utilises an economic model based upon known resources, capital and operating costs, commodity prices and a discount for risk estimated to be inherent in the project. The discount is subjective according to the valuer's opinion. The percentages used will vary according to the details of any particular deposit such as grade, waste: ore ratio, metallurgical recovery and other relevant factors. Alternatively a value can be assigned on a royalty basis commensurate with the *insitu* contained metal value.

Net present value ('NPV') is determined from discounted cash flow ('DCF') analysis where reasonable mining and processing parameters can be applied to an identified ore reserve. It is a process that allows perceived capital costs, operating costs, royalties, taxes and project financing requirements to be analysed in conjunction with a discount rate to reflect the perceived technical and financial risks and the depleting value of the mineral asset over time. The NPV method relies on reasonable estimates of capital requirements, mining and processing costs.

2.3 Joint Venture Terms

The terms of a proposed joint venture agreement may be used to provide a market value based upon the amount an incoming partner is prepared to spend to earn an interest in part or all of the property. This pre-supposes some form of subjectivity on the part of the incoming party when grass roots properties are involved.

2.4 Similar Transactions

When commercial transactions concerning properties in similar circumstances have recently occurred, the market value precedent may be applied in part or in full to the property under consideration.

2.5 Multiple of Exploration Expenditure

The multiple of exploration expenditure method (‘MEE’) is used whereby a subjective factor (also called the prospectivity enhancement multiplier or ‘PEM’) is based on previous expenditure on a tenement with or without future committed exploration expenditure and is used to establish a base value from which the effectiveness of exploration can be assessed. Where exploration has produced documented positive results a MEE multiplier can be selected that takes into account the valuer's judgment of the prospectivity of the tenement and the value of the database. MEEs can typically range from 0 to 3.0 and occasionally up to 5.0 (where exceptional results are yielded) applied to previous exploration expenditure to derive a dollar value.

2.6 Ratings System of Prospectivity (Kilburn)

The most readily accepted method of this type is the modified Kilburn Geological Engineering/Geoscience Method and is a rating method based on the basic acquisition cost (‘BAC’) of the tenement that applies incremental, fractional or integer ratings to a BAC cost with respect to various prospectivity factors to derive a value. Under the Kilburn method the valuer is required to systematically assess four key technical factors which enhance, downgrade or have no impact on the value of the property. The factors are then applied serially to the BAC of each tenement in order to derive a value for the property. The factors used are; off-property attributes on-property attributes, anomalies and geology. A fifth factor that may be applied is the current state of the market.

2.7 Empirical Methods (Yardstick – Real Estate)

The market value determinations may be made according to the independent expert’s knowledge of the particular property. This can include a discount applied to values arrived at by considering conceptual target models for the area. The market value may also be rated in terms of a dollar value per unit area or dollar value per unit of resource in the ground. This includes the range of values that can be estimated for an exploration property based on current market prices for equivalent properties, existing or previous joint venture and sale agreements, the geological potential of the properties, regarding possible potential resources, and the probability of present value being derived from individual recognised areas of mineralisation. This method is termed a “Yardstick” or a “Real Estate” approach. Both methods are inherently subjective according to technical considerations and the informed opinion of the valuer.

2.8 General Comments

The aims of the various methods are to provide an independent opinion of a "fair value" for the property under consideration and to provide as much detail as possible of the manner in which the value is reached. It is necessarily subjective according to the degree of risk perceived by the property valuer in addition to all other commercial considerations. Efforts to construct a transparent valuation using sophisticated financial models are still hindered by the nature of the original assumptions where a known resource exists and are not applicable to properties without an identified resource.

The values derived for this report have been concluded after taking into account:-

- The general geological environment of the property under consideration is taken into account to determine the exploration potential;
- Current market values for properties in similar or analogous locations;
- Current commodity prices.

2.9 Environmental implications

Information to date indicates that the project areas have not been reviewed by an environmental specialist for their fauna or flora species regarded as being rare, threatened or endangered. This will need to be reviewed.

2.10 BEE & Other Claims

The RSA tenements are subject to 'BEE' 'Section 11' agreements and Realm completed agreements earlier this year apportioning 74% to Realm and 26% to the BEE Partners. The current interests are 95% of Masedi and 100% of NKWE Platinum Scarlet through Realm's 74% owned RSA company.

2.11 Commodities-Metal prices

Where appropriate, current metal prices are used sourced from the usual metal market publications or commodity price reviews. (eg; "Kitco.com").

2.12 Resource/Reserve Summary

There are identified JORC Code compliant resources within the RSA Project and Indonesian tenements, the details of which are contained below.

2.13 Previous Valuations

AM&A completed a valuation of these same projects commissioned by RSM dated 22nd November, 2011.

2.14 Encumbrances/Royalty

No royalty payments are considered in this valuation.

3.0 Background Information

3.1 Introduction

This valuation has been provided by way of a detailed study of information provided by Realm on the three RSA projects and the Indonesian Coal Project up until to 20th October, 2012.

3.2 Specific Valuation Methods

There are several methods available for the valuation of a mineral prospect ranging from the most favoured DCF analysis of identified Reserves to the more subjective rule-of-thumb assessments such as the Yardstick or Empirical methods or Comparative Value/Similar Transactions method. These methods are discussed above in Section 2.0.

4.0 Summary of the Ghost Mountain, Tinderbox and Kliprivier Platinum Projects

4.1 Introduction

The Kaapvaal and Zimbabwe Cratons in Southern Africa contain some of the largest known Layered Mafic Intrusive Complexes in the world. The best known of which are the Bushveld ("BC") located on the Kaapvaal Craton in South Africa and the Great Dyke (GD) located on the Zimbabwe Craton in Zimbabwe. Both of these have substantial PGE endowments and between them these Layered Intrusive Complexes contain more than 80% of the world's known platinum and almost 60% of the world's known palladium resource. The BIC with a diameter of over 350 kilometres and a surface area of approximately 66,000 km² is the largest repository of vanadiferous, titano-magnetite, chromite and platinum group metals ("PGM"). The PGM-rich (and chromite) layers are all hosted within the sub-unit of the Complex known as the Critical Zone where economic PGM are contained within three separate horizons namely, the Merensky Reef, the UG2 Chromitite layer and the Platreef.

The writer, in conjunction with South African geologist Mr N Bleeker, has visited the project areas in the recent past (2004, 2006, 2007). The review and geological assessment of the project areas postulate the occurrence of variable sized (PGM) deposits of both UG2 type and probable Merensky Reef type. Realm's strategy is to develop advanced PGM exploration projects, within the eastern portion of the BC to feasibility status and then development on a commercial basis.

The magmatic layers of the BC, including the Merensky and UG2 horizons are remarkably persistent and traceable for scores of kilometres along strike and down dip. They are thought to have formed as a result of magma emplacement simultaneously emanating and coalescing from at least five deep-seated feeders that are represented by distinct regional gravity highs. One of these magma feeders is located immediately to the north west of the Tinderbox Project area.

The layered rocks of the BC are collectively known as the Rustenburg Layered Suite ("RLS"), which is subdivided into five zones based on distinctive cumulate mineralogy.

The Marginal Zone is the lowermost and is succeeded upwards by the Lower, Critical, Main and Upper Zones. It is highly variable in thickness and composition, comprising a heterogeneous succession of generally non-layered basic rocks dominated by norites. These rocks contain quartz and hornblende believed to be contamination of the basic magmas by the basement rocks. Basement rock fragments are often found as xenoliths within the lowermost portion of this zone. As the name implies, it generally represents marginal contact rocks or the lowermost chill zone at the base of the Complex.

The Lower Zone is distinguished by its cumulate pyroxene and olivine rich layers and is restricted to large-scale, trough-like depressions where the RLS attains its greatest stratigraphic thickness. In the southern Potgietersrus limb, economic deposits of chromitite and PGM are thought to uniquely occur in local equivalents of the Lower Zone.

The Critical Zone is characterised by the presence of regular and often fine-scale rhythmic, or cyclic, layering with well-defined layers of cumulus chromite in association with pyroxenites, anorthosite and olivine rich rocks. The Critical Zone host all of the 14 identified chromitite layers of the (BIC). Chromitite seams occur in three distinct groupings; the Lower Group of seams occur exclusively in the Lower Critical Zone, the Middle Zone of seams straddle the contact between the lower and Upper Critical Zones, whereas the Upper Group of seams occur in the Upper Critical zone. The uppermost chromitite layer is the UG2 Chromite Layer important for its concentrations of PGM bearing minerals.

The two uppermost cycles of the Critical Zone are the Merensky and Bastard cycles. The uppermost cycle is of economic importance as it contains at its base the PGM-bearing Merensky Reef, a pegmatoidal felspathic pyroxenite assemblage, with associated thin chromitite layers. In the north-western part of the BIC, a unit known as the “Pseudo Reef” exists several metres below the Merensky Reef and is known to be mineralised with PGM. Other mineralised zones or rocks occur are also present in the BIC and other concentrations of the PGM occur close to the major ore bodies.

The Main Zone is the thickest and is essentially a monotonous sequence of plagioclase cumulates, without any precious or base metal economic potential. The Upper Zone is dominated by gabbros and ferro-gabbros. Banded anorthosite and layered magnetite, titaniferous magnetite that contain economic amount of vanadium, sequences are also present. There is no chilled contact with the hanging wall rocks, which comprise felsites, rhyolites and granophyres. The acid phase comprises granite.

PROSPECT - DESCRIPTIONS

4.2 Ghost Mountain Project

Introduction

The Ghost Mountain Project is situated about 10km south of the town of Steelpoort and comprises five adjoining farms. They are Tweefontein 360KT (portions 2 and 7 measuring 499ha, Frischgewaagd 359KT (northern half-1,366ha), Zwakwater 377KT (266Ha), and Rietfontein 375KT (2,005ha). The Tweefontein properties are situated immediately north of the Two Rivers Platinum Project on Dwarsrivier (Implats and Avmin JV) and south of the Kennedy’s Vale Platinum Mine (Barplats/Implats). The farms envelop ground of PGM prospectivity measuring more than 6,538ha. The terrain of this area is rugged and poorly known and understood but is considered to have some potential for the presence of structurally isolated remnants of Merensky Reef and UG2 mineralisation. The probability will need to be defined by detailed mapping accompanied by drilling.

NOTE: In RSA the tenements are granted by Farm boundaries (or portions thereof) unlike separate tenements distinct from the underlying pastoral (or other) title as in Australia. **See Appendix One for the Project/Farm/Tenement Schedule**.

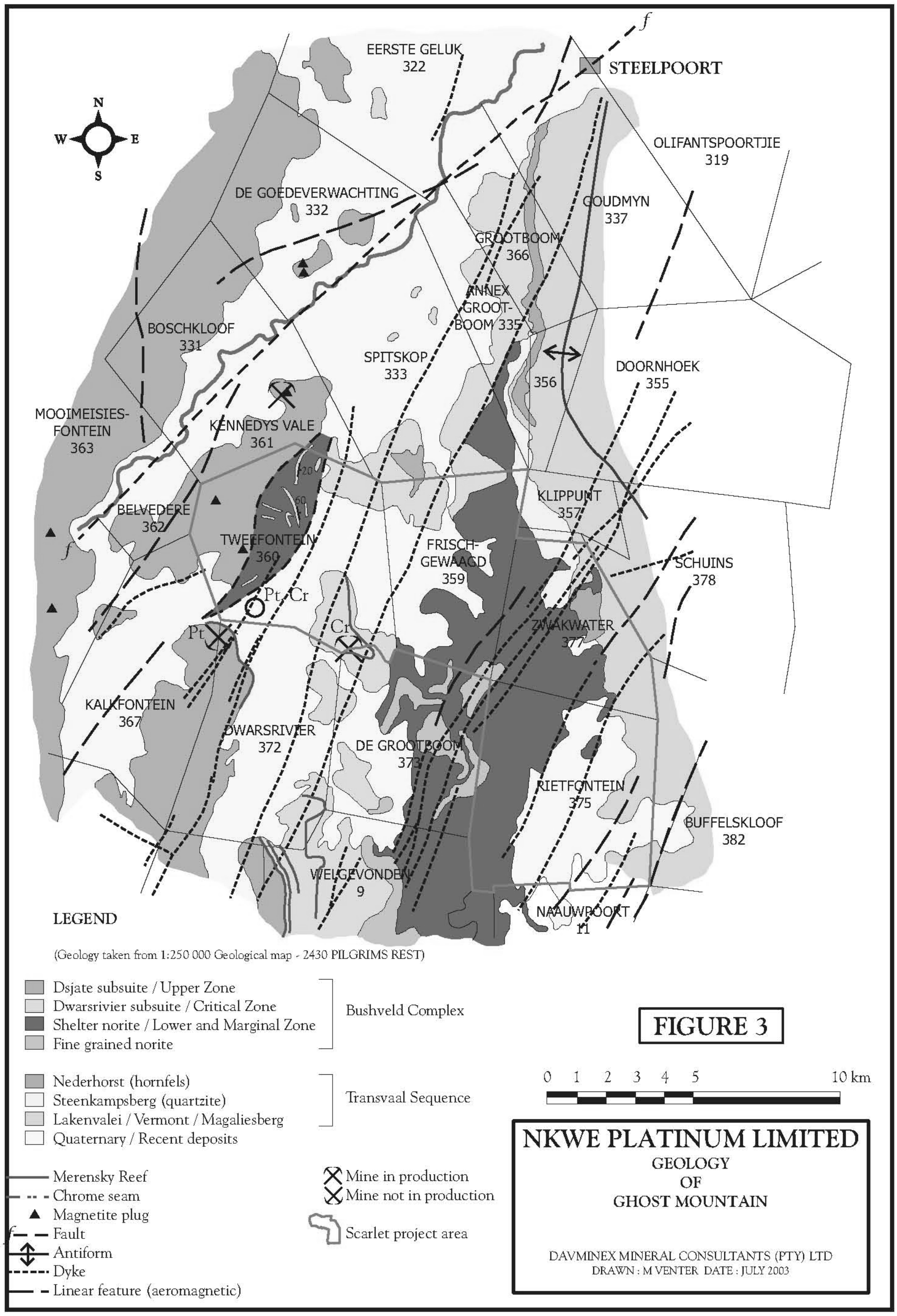

Figure 3: Geology of Ghost Mountain.

Exploration

Four diamond drill holes were drilled pre-1997 and drill hole No.4 is reported to have intersected the UG2 layer some 40m below surface. No assay results were reported. In April, 2004 NKWE Platinum commenced exploration of the area. Activities included surface mapping and soil sampling, analysing for 3PGE+Au, chromium nickel and copper.

Results of sampling revealed an irregular shaped coarse crystalline to pegmatoidal pegmatite with PGE values between 1.3g/t to 3.9 g/t 3PGE+Au (average 2.5g/t 3PGE+Au) and average Ni and Cu grades of 0.105% and 0.001% respectively, and a sporadic intercalated medium crystalline chromitite with values of between 1.08 g/t to 7.76 g/t % 3PGE+Au and average Ni and Cu grades of 0.107% and 0.007% respectively.

The soil sampling also confirmed the potential of Platreef type metasomatic mineralisation with average values of 1.08 g/t 3PGE+Au and average Ni and Cu grades of 0.082% and 0.034% respectively, over a 1000m by 30m area. The anomalies need to be drill tested.

Geological Setting

Exposures occur on the farm Tweefontein and were visited. The structure on the farm is complex and is dominated by a NNE trending structurally controlled block of metasediments averaging about 1.5 km in width, known as the Dwarsrivier Fragment. Rocks within the fragment comprise folded and faulted quartzite and hornfels overlain by Marginal Zone norite and bounded by major NNE trending fault zones.

Within the fault block to the south, Marginal Zone norites are overlain by Lower and Lower Critical Zone rocks which are highly faulted and sliced into numerous smaller blocks by a broad NE trending and steeply NW dipping series of normal faults, often accompanied by felsic intrusives which give rise to a complex melange. This assemblage is well exposed in a road cutting on the main road. Immediately to the north of this cutting, Marginal Zone norites with isolated meta-sedimentary xenoliths are present to the north through much of Portion 2. Further north of Portion 2 and extending through Portion 7, faulted and folded quartzites and associated metasediments are overlain by Marginal Zone norite.

The UG1, UG2 seams and Merensky Reef outcrop on the southern part of Tweefontein, the strike swinging from NS towards the west to largely envelop a prominent hill. The Merensky Reef outcrops right around the hill. Refer Figure 2.

Complexly folded Middle Group (MG) chromitite layers have been interpreted to abut against and are truncated by the eastern bounding fault of the Dwarsrivier fragment. This upper Critical Zone assemblage is well exposed in old workings south of the main road where the well layered sequence is affected by strong normal faulting.

The Merensky Reef and UG2 Chromitite could underlie small parts of the farm Tweefontein while the eastern block of farms hold exploration potential for the discovery of outliers of the PGM reefs as well as of Platreef-Uitkomst type mineralisation.

4.3 Kliprivier Project

Introduction

The Kliprivier Project is located in the eastern Limb of the (BIC) in the Mpumalanga Province, South Africa, and is located to the south and along strike of the Aquarius Platinum Everest mine and Anglo Platinum (Der Brochen-Booysendal). Current defined platinum resource is hosted by UG2 style mineralisation. An inferred resource for the UG2 in the project has been calculated. Merensky style platinum mineralisation, considered to be present in the area also, has not been explored for.

Exploration

Previous exploration activity included 16 documented diamond drill holes drilled over three decades by various companies (Gencor, Angloplats, Ruighoek Chrome and Eurasia), of which 14 intersected the UG2 chromitite.

In 2004 Nkwe Platinum (NP) exploration data, drill core and reports from Impala Platinum allowing (NP) to calculate an inferred resource for the project.

In the second quarter of 2006 (NP) completed a 5,000m diamond drilling program, 13 holes with deflections, to extend and upgrade the mineral resource.

Geological Setting

The property lies very close to the termination of the Upper Critical Zone, the unit hosting the Merensky Reef and UG2 Chromite. It also coincides with a prominent strike change in the trend of the Complex, from north-south to northeast –southwest.

The Transvaal quartzites, Marginal Zone and Critical Zone are clearly deformed about a prominent east-west trending portion of the Project.

The project contains a potential UG2 outcropping strike length of approximately 6km. A secondary chromite layer (average 0.6m width) is present immediately below the UG2 throughout the property, with a parting of between 10cm and 30cm. The UG2 is overlain by a thin anorthosite as well as meta-norite and underlain by pyroxenite. The UG2 is typically top and bottom loaded with respect to chromite, with the top layer (leader) the best developed.

Resources.

A mineral resource for this project has been reported by Mr Nico Bleeker, (JORC Code compliant competent person commissioned by Nkwe Platinum) and is tabulated below.

MINERALISATION	CLASSIFICATION	Tonnage (Mt)	Grade (g/t) (3PGE+Au)	Contained Metal (5PGE+Au)
UG2	Inferred	76.7	2.12	5.23Moz
Metal Split of 3 PGE + Au	% Pt	% Pd	% Rh	% Au
	53.3	37.7	7.6	1.4
Competent Person	Mr Nico Bleeker			

Table 1: Summary of Resources at Kliprivier.

4.4 Tinderbox Project

Introduction

The Tinderbox Project area lies towards the south-eastern extension of the eastern limb of the BC approximately 30km north west of the town of Belfast (refer Figure 1). The project block of mineral right holdings comprises strategic portions (measuring more than 6,000Ha) of five contiguous farms overlying the poorly exposed and largely unmapped southern extension of the Critical Zone of the Complex which occurs in the area.

The five farms (Welgevonden 215JS, Witpoort 216JS, Honingkloof 218JS, Kochelmanderkop 219JS and Middelkraal 221JS) are situated 15km south of the small rural settlement of Roossenekal (site of Mapoch, the world's largest vanadiferous titano-magnetite mine) and 5km east of the village of Stoffberg (refer Figure 4).

The area is located to the south and along strike of the planned PGM mining operations of Aquarius Platinum (Everest South) and Anglo Platinum (Der Brochen-Booysendal) and is considered to have potential to host PGM-Cu-Ni mineralisation of both the UG2 and Merensky types.

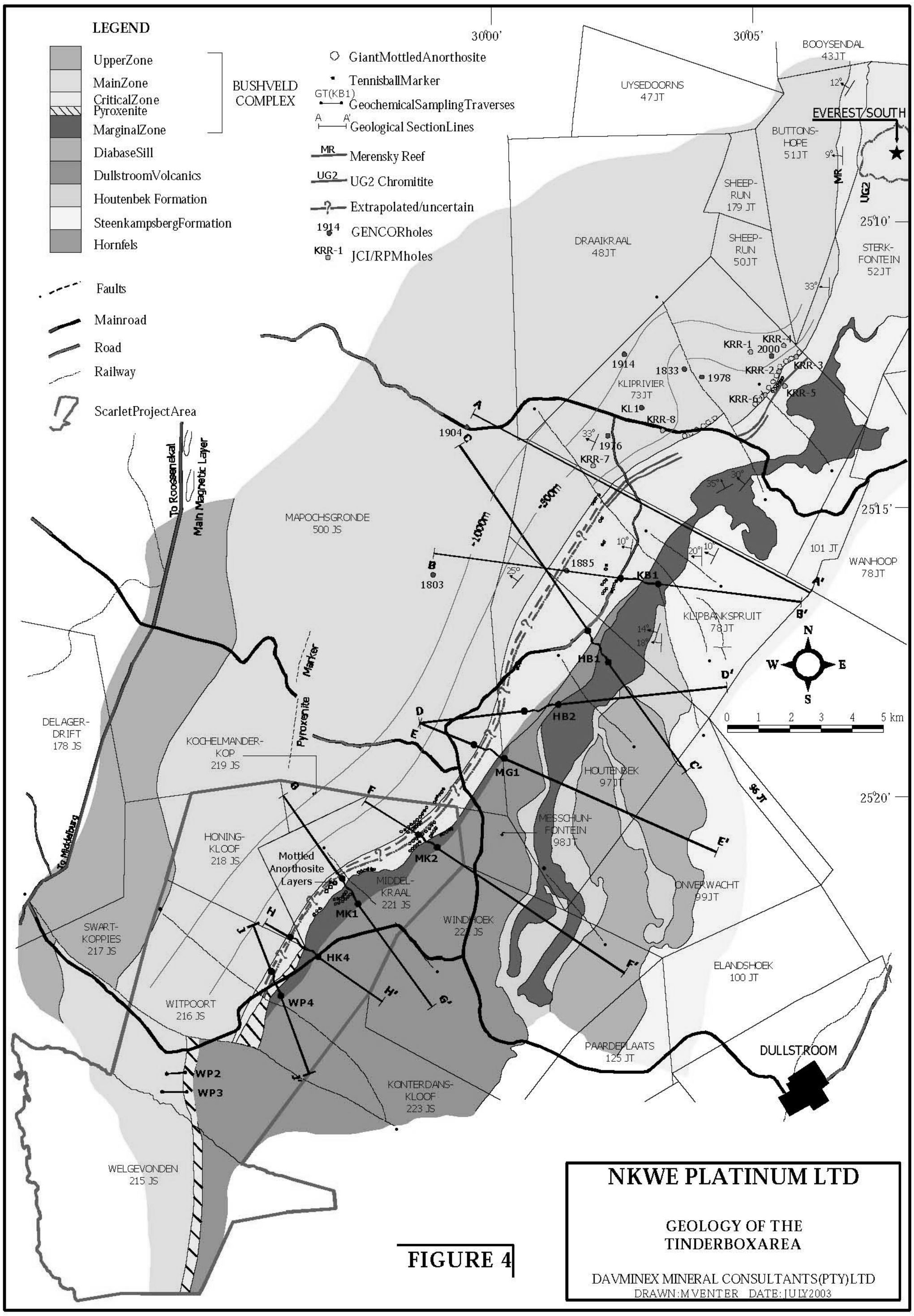

Figure 4: Geology of Tinderbox.

Exploration

Meaningful and systematic exploration of the area has been hampered by complex mineral rights ownership which has precluded access for exploration.

To the north of the project Angloplats and Impala Platinum intersected UG2 chromitite horizon in exploration diamond drill holes.
Placer Dome drilled a 700m deep diamond hole within the northern portion of the project area. The hole intersected the Critical Zone or equivalent that is host to the both the UG2 and Merensky reef mineralisation. Preliminary reconnaissance surface mapping of the area has been completed.

Systematic field mapping and strontium isotope geochemical analysis of scattered outcrops has been completed by independent consultants, southwards from the known outcrops of Upper Critical Zone chromitites on Kliprivier. This work has successfully traced noritic rocks with an Upper Critical Zone signature, across the farms Klipbankspruit and Houtenbek onto Middelkraal. There is thus evidence to allow for the prediction that marginal style Critical Zone norite which could host a UG2 style of mineralisation might also be present on the project. Interpretation of data collected postulates the existence of the UG2 at depth.

Geological Setting

The geomorphology in many parts of the area is that of a shallow valley trending NE-SW and bounded by erosion-resistant quartzites of the Steenkampsberg Formation to the east and gabbro-norites of the Main Zone to the west. The valley floor is undulating and covered by a thin veneer of soil, broken by outcrops of mostly Main and Marginal Zone rocks and with only a few Critical Zone exposures.

In this area the mafic rocks of the BC extend as an elongated “sill” striking roughly SSE with a westerly dip of 10º to 30º. Within the Tinderbox Project area, the contact between the Marginal Zone norites and meta-sedimentary rocks of the Transvaal Sequence extends for about 18km through the properties but is not always exposed. To the west and down dip of the contact, rocks of the Main Zone are overlain by ferro-gabbros of the Upper Zone, which form the dominant outcrops and hills. There is strong evidence to suggest that a Critical Zone equivalent (host to the Merensky and UG2 elsewhere in the BC) occurs within the Tinderbox Project area lying either at the contact of the BC with metasediments/metavolcanics, or sandwiched between the Main and Marginal Zone lithologies.

A synthesis of all available information and previous work, has been undertaken (Bleeker, 2005) to generate an updated geological map of the area from which a set of geological cross sections (refer Figure 5) have been constructed. These cross sections illustrate the relationship between Main Zone, Critical Zone and Marginal Zone rocks in contact with Transvaal Sequence volcano-meta-sedimentary rocks. These cross sections lithologies are seen to transgress over successively older units of the floor thereby bringing a variety of magmatic rocks into direct contact with compositionally different metasediments and volcanics.

This successive transgression of the Rustenburg Layered Suite (RLS) and importantly the Critical Zone of the RLS over meta-sediments creates a set of geological relationships similar to those that prevail in the Potgietersrus limb, where transgressive on-lap between the RLS and chemically reactive floor rocks has given rise to the formation of PGM-Cu-Ni sulphide mineralisation of the pyroxenite Platreef. It is therefore postulated by (NP) geologists that the potential exists for the development of massive and disseminated sulphide ore-bodies within the Tinderbox area, at or close to the contact of the Bushveld magma, with suitably reactive Transvaal Sequence metasediments.

5.0 The Indonesian Coal Project

We present only a summary here of the salient features as there is a complete report by Xenith Consultants Pty Ltd (Mineral & Engineering specialists) commissioned by Realm to provide a JORC Code compliant Mineral Resource Estimate on the Katingan Ria Coal Project. This updated was released to ASX on 14th March, 2012. The updated report estimates 92.0 million tonnes in the Inferred Resource category and 10.2 million tonnes in the Indicated category (Table 2). The coal qualities are typically 4,200kcal/kg (GAR); ash 6.8% (GAR); volatiles 30.6% (GAR) and the Indicated Resources are within the proposed initial mining area.

Seam	Indicated Mt	Inferred Mt	Total Indicated & Inferred
Upper Seams	-	28.0	28.0
Main Seams	10.2	58.6	68.8
Lower Seams		5.4	5.4
Totals	10.2	92.0	102.2

Table 2: Summary of Coal Resources by Seam at Katingan Ria .

The Lease has a total plan area of 4,250 hectares and is located approximately 450km west of Balikpapan and 175km northeast of Palangkaraya, the capital city of Central Kalimantan. The site can be accessed by sealed and unsealed roads from Palangkaraya Figure 5).

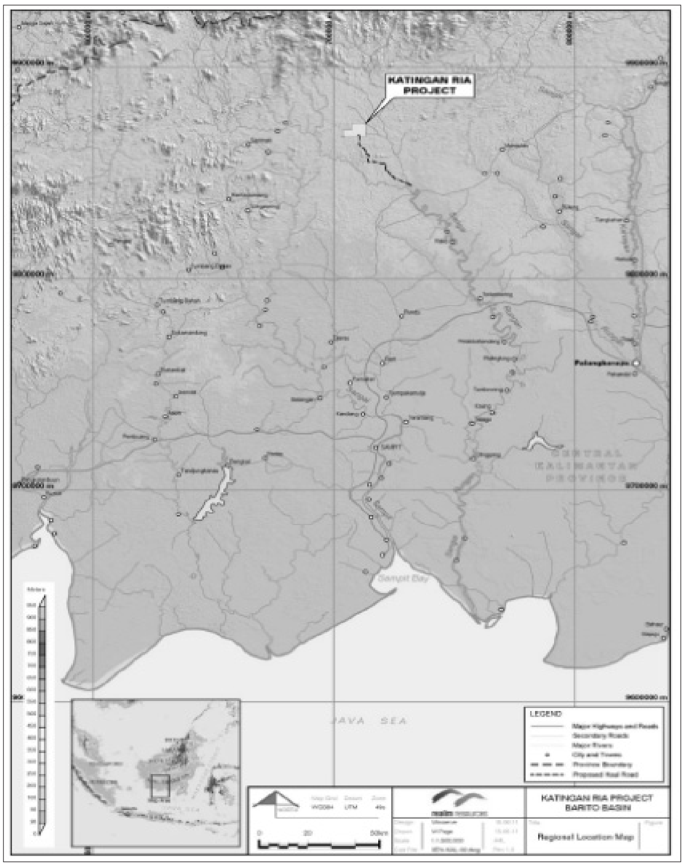

Figure 5: Location of the Katingan Ria Coal Project.

An exploration program by the current lease holder (PT Katingan Ria) drilled 63 holes during 2010. Realm undertook a drill program of 18 holes in May & June, 2011. This program was co-managed by Xenith geologists with Realm personnel on site. To date Realm has drilled 42 holes for a total advance of 2,844m. All holes were logged.

An E-W striking fault is interpreted to divide the site (Figure 6) with a vertical displacement of 50m and possible lateral displacement to the east. The upper seams are generally intersected in the north (Turner, 2012).

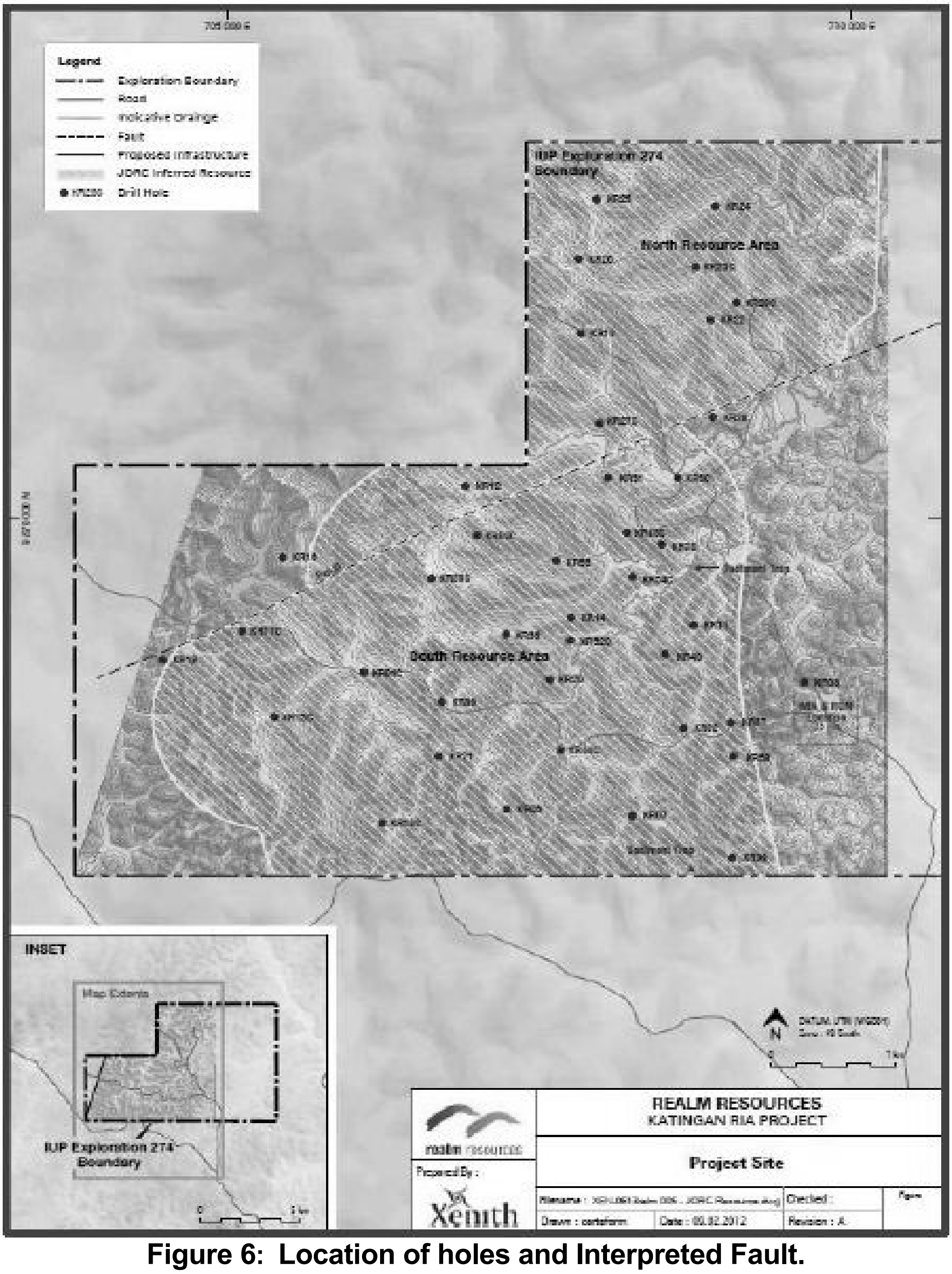

Figure 6: Location of holes and Interpreted Fault.

(Turner, Xenith Consulting, 2012).

6.0 Valuation of the Projects

To determine a fair market value several aspects need to be considered. As there are no ‘Mineral Reserves’ (as distinct from Mineral Resources) the DCF method is not applicable. The Kilburn Method is considered to generate such a wide range of values that it is not relevant here. Therefore a form of the Empirical Method is considered appropriate along with the Transaction itself relating to the Indonesian Coal Project.

We apply an appropriate discount to the “theoretical insitu value” of the Mineral Resources. We also consider the “Exploration Potential” as a measure of worth by applying a greater discount to the “theoretical potential value of insitu” mineralisation.

Platinum Projects in RSA:

The Inferred Resource estimates at Kliprivier are heavily discounted to a range from A$2.50 to A$3.50 per combined insitu ounce of 3PGE+Au. The range of potential tonnes and grade is ascribed at A$0.25 to A$0.35 per ounce of 3PGE+Au. This discount is considered to reflect the ‘possible, theoretical, insitu, metal value’ of the resources and the exploration targets and all the various risks associated with bringing a deposit into production. It does NOT reflect a Resource or Reserve of any description. Future work may not delineate a Resource or Reserve. It DOES take into account the current ‘unrest’ and ‘unstable situation’ in RSA regarding miners going on strike and recent consequent deaths resulting in uncertainty of the industry despite the actual reserves and resources that have been well defined generally.

Table 3 lists the Resources & Potential (Exploration Target) ranges (See NOTE below the table) we have used for the valuation estimates and Table 4 is the concluded current cash valuation in A$ being a preferred value of $21.0 million from the range of A$17.5 million to A$24.5 million for a 100% interest.

20th October metal prices (Kitco.com), converted to Australian dollars, are Platinum - A$1,512; Palladium A$587; Rhodium A$1,200; Gold - A$1,651.
Exchange rate of A$0.96 = US$1.00- Kitco.com – See charts in Appendix 2.

Project	INFERRED Resources				Range of Exploration Targets			
	TONNES	GRADE		Discount	TONNES	GRADE		Discount
	(M)	3E+Au g/t	Moz	15%	Range Mt	3E+Au g/t	MOz	15%
Kliprivier UG2	109.6	2.3	7.6	6.4				
Klip Lower Cr					60-65	2.0-2.5	4.0	3.4
Ghost Mountain								
UG1, UG2 MR					30-40	2.0-2.5	2.0	1.7
Tinderbox UG2					20-30	2.0-2.5	1.5	1.275
TOTALS				6.4				6.375
					Rounded to			**6.4**

Table 3: Summary of Inferred Resources and Range of Potential Resources.
NOTE: The potential (or exploration target) in no way represents ‘Resources’ in any shape or form. Further exploration may or may not define the targets in whole or in part.
NOTE 2: The 15% Discount applied to the Resources and Targets is generally standard practice with PGE projects in the Bushveld to allow for Geological Risk.
NOTE 3: The Resource Estimates were provided by geologist Mr Nico Bleeker as stated above.

Resource Type	3E+Au MOz	Alloc $/Oz	Preferred Value	Low Range	Low Value	High Range	High Value
			A$M		A$M		A$M
Inferred	6.40	3.00	19.2	2.50	16.0	3.50	22.4
Potential	6.00	0.30	1.8	0.25	1.5	0.35	2.1
Totals			**21.0**		**17.5**		**24.5**

Table 4: Current cash value ranges for the Platinum Properties.

Thus, it is the writer's opinion that the current cash value for **100%** of the Realm Resources' RSA Platinum Projects is considered to be A$21.0 million from within the range of A$17.5 million to A$24.5 million as at 20th October, 2012.

Therefore, a holding of the properties of **70.3%** of Masedi and **74%** of Nkwe Scarlet interests is ascribed at A$14.8 million from within the range of A$12.3 million to A$17.3 million. The individual values being ascribed at Masedi: A$13.5M from A$11.2M to A$15.7M; Scarlet: A$1.3M from A$1.1M to A$1.6M.

Katingan Ria Coal Project in Indonesia:

Method One – Transaction Details (Primary Method)

For the Katingan Ria project we have considered the details of the transaction itself announced to ASX on 2nd September, 2011. In an arms' length agreement, Realm acquires a 51% interest for a total cash and share consideration of US$13.3 million.

This implies a project value for 100% of US$26.1 million. Realm also has an option in place where it can acquire a further 24% (to bring its total interest to 75%) by payment of US$12 million. This implies a value of US$0.5 million for each percentage point or, US$50 million for 100% of the project at the second stage transaction pro-rata rate.

NOTE: It is common for such 'Staged Payment" agreements to vary upwards the cost of acquiring increased percentages, from the initial stake, as this normally leads to a greater share of future possible profits and thus a reduced "Payback Time". There is also anticipated to be a reasonable amount of 'De-risking' of the project by future exploration and metallurgical test-work thus warranting a premium over the initial acquisition cost.

As there is no certainty that the second part of the transaction will take place, however likely it may be, it is considered prudent to discount the value apportioned by this phase of 'Transaction Value' by 60% (+/- 10%) to allow for future geological risk; project risk; commodity price risk, possible currency price fluctuations and Sovereign risk. Note that the first part of the transaction has already happened so that the same future risk factors are not applied to it.

Thus, the implied total project value for the acquisition of the additional 24% is valued at US$20M from within a range of US$15M to US$25M. The value for 100% of the project using an average [(26.1+20)/2] of both parts of the transaction is thus US$23.1 million from within a range of US$20.6 million to US$25.6 million.

Method Two – Empirical Method

In addition, for the Katingan Ria Coal Project we have allowed for an insitu value range from US$0.10 to US$0.15 per tonne of coal. Refer to Table 5. Similar coal transactions elsewhere have ranged from $0.10 to well over $1.50 per insitu tonne.

Resource Type	Coal Mt	Preferred Value	Low Range	Low Value	High Range	High Value
		US$M		US$M		US$M
Inferred	102	12.75	$0.10/t	10.2	$0.15/t	15.3
Totals A$M		**12.3**		**9.8**		**14.7**

Table 5: Empirical Method cash value ranges for the Coal Project.

It is considered that the current cash value of the Indonesian Coal Project, by using this Empirical Method is A$12.3 million from within the range of A$9.8 million to A$14.7 million for a 100% interest.

Method	Preferred	Low	High
	US$M	US$M	US$M
Transaction	23.1	20.6	25.6
Inferred	12.75	10.2	15.3
Weighted	**19.0**	**16.3**	**21.7**

Table 6: Current cash value ranges for the Coal Project (100% interest).

As the 'Transaction' carries more weight than the theoretical considerations of applying a value per insitu tonne of coal the Most Likely or Preferred current cash value is weighted towards the transaction rather than using the mean of both methods. Thus, the preferred current cash value (rounded) for the Katingan Ria Coal Project is ascribed at US$19.0 million (A$18.3M) from within a range of US$16.3 million (A$15.7M) to US$21.7 million (A$20.9M). This represents a 6% weighting above the 'average' value of US$17.9M. This weighting is not based on any mathematical formula other than the writer's opinion of a reasonable weighting (from a considered range of 4% to 8%) to be applied that is still somewhat conservative yet has a positive gain when compared with a simple average of the two methods.

Therefore a 51% interest of the Katingan Ria Coal Project is ascribed at US$9.7 million from within the range of US$8.3 million to US$11.1 million. This equates to A$9.3M from within the range of A$8M to A$10.7M. (at 20th October, 2012 A$1.00 =US$1.04; from Kitco.com). The total current cash value for a 100% interest in the RSA and the Indonesian properties is ascribed at A$39.3M from within the ranges of A$33.2M to A$45.4M.

CONCLUSION

The current cash values, as at 20th October, 2012 for the relevant percentage holdings, being (70.3% of Masedi and 74% of Nkwe) RSA PGE areas and 51% for the Indonesian Coal, are ascribed at A$24.1M within the range of A$20.3M to A$28.0M

Yours faithfully,

(Signed)

<u>Allen J. Maynard</u> BAppSc (Geol), MAIG, MAusIMM.

7.0 Selected References

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____________2012: Realm Resources Ltd, Katingan Ria; Insitu Coal Resource Estimate. Xenith Consulting Pty Ltd report for Realm Resources Ltd

8.0 Glossary

Alteration Zone	Zone within which rock - forming minerals have been chemically changed.
Anomaly	Value higher or lower than the expected or norm.
Anomalous	Outlining a zone of potential exploration interest but not necessarily of commercial significance.
Anticline	Upward arching fold or rock strata (antonym = syncline).
Axial plane	A plane which joins the hinge lines of successive beds in a fold.
Axis	Hinge-line of a fold.
Basalt	A fine-grained volcanic rock composed primarily of plagioclase feldspar and mafic minerals.
Batholith	A very large, usually granitic intrusion.
Bedding	A rock surface parallel to the surface of deposition.
Cleavage	The tendency of a rock and minerals to split along closely spaced, parallel planes.
Country rock	A general term applied to rock surrounding or penetrated by mineral veins.
Dip	The angle at which a rock layer, fault of any other planar structure is inclined from the horizontal.
Domain	The areal extent of given lithology or environment.
Dyke	A tabular intrusive body of igneous rock that cuts across bedding at a high angle.
Fault	A fracture in rocks on which there has been movement on one of the sides relative to the other, parallel to the fracture.
Felsic	Descriptive of an igneous rock which is predominantly of light-coloured minerals (antonym: of **mafic**).
Fold	A bend in the rock strata or planar structure.

Foliation	The laminated structure resulting from the parallel arrangement of different minerals.
Footwall	Rocks underlying mineralisation .
Geophysics	Study of the earth by quantitative physical methods.
Granitoid	A general field term for coarse-grained rocks containing quartz and feldspars.
Hanging wall	Rocks overlying mineralisation.
Igneous	Formed by solidification from a molten or partly molten state.
Inferred Resource	A resource inferred from geoscientific evidence, drill holes, underground openings or other sampling procedures where lack of data is such that continuity cannot be predicted with confidence and where geoscientific data may not be known with a reasonable level of reliability.
Isocline	An anticline or syncline so closely folded that the two sides have the same dip.
JORC Code	Joint Ore Reserves Committee- Australasian Code for Reporting for Identified Resources and Ore Reserves.
Lamination	The finest bedding, often found in shales and fine grained sandstones.
Lineament	A naturally occurring major linear feature in the earth's crust, often associated with mineral deposits.
Lode	A deposit of potentially valuable material or minerals between definite boundaries.
Mafic	A loosely used group-name for silicate minerals that are rich in iron and magnesium, and for rocks in which these minerals are abundant.
Metamorphism	The mineralogical, structural and chemical changes induced within solid rocks through the actions of heat, pressure or the introduction of new chemicals. Rocks so altered are prefixed "meta" as in "metabasalt".
Mineralisation	In economic geology, the introduction of valuable elements into a rock body.
Opencut	Descriptive of a mine worked open from the surface.
Ore	A mixture of minerals, host rock and waste material which is expected to be mineable at a profit.
Orebody	A continuous, well-defined mass of ore.
Outcrop	The surface expression of a rock layer (verb: to crop out).
Plunge	Angle of the axis of folding with a horizontal plane.
Porphyry	A rock with conspicuous crystals in a fine-grained ground mass.
Primary mineralisation	Mineralisation which has not been affected by near-surface oxidising process.
RAB	**R**otary **A**ir **B**last (as related to drilling)—A drilling technique in which the sample is returned to the surface outside the rod string by compressed air.
RC	**R**everse **C**irculation (as relating to drilling)—A drilling technique in which the cuttings are recovered through the drill rods thus minimising sample losses and contamination.
Resource	In-situ mineral occurrence from which valuable or useful minerals may be recovered, but from which only a broad knowledge of the geological character of the deposit is based on relatively few samples or measurements.
Reverse Fault	A fracture in rocks in which the strata above the fracture have been displaced up the fracture plane relative to the strata below the fracture.

Shear (zone)	A zone in which shearing has occurred on a large scale so that the rock is crushed and brecciated.
Silicified	Containing a high proportion of silicon dioxide.
Soil sampling	Systematic collection of soil samples at a series of different locations in order to study the distribution of soil geochemical values.
Strike	The direction or bearing of the outcrop of an inclined bed or structure on a level surface.
Strike-slip fault	Faults parallel to the strike of the rock strata.
Stringer	A narrow vein or irregular filament of mineral traversing a rock mass.
Subcrop	The surface expression of a mostly concealed rock layer.
Syncline	A fold where the rock strata dip inwards towards the axis (antonym: anticline).
Unconformity	Lack of parallelism between rock strata in sequential contact, caused by a time break in sedimentation.
Vein	A narrow intrusive mineral body.

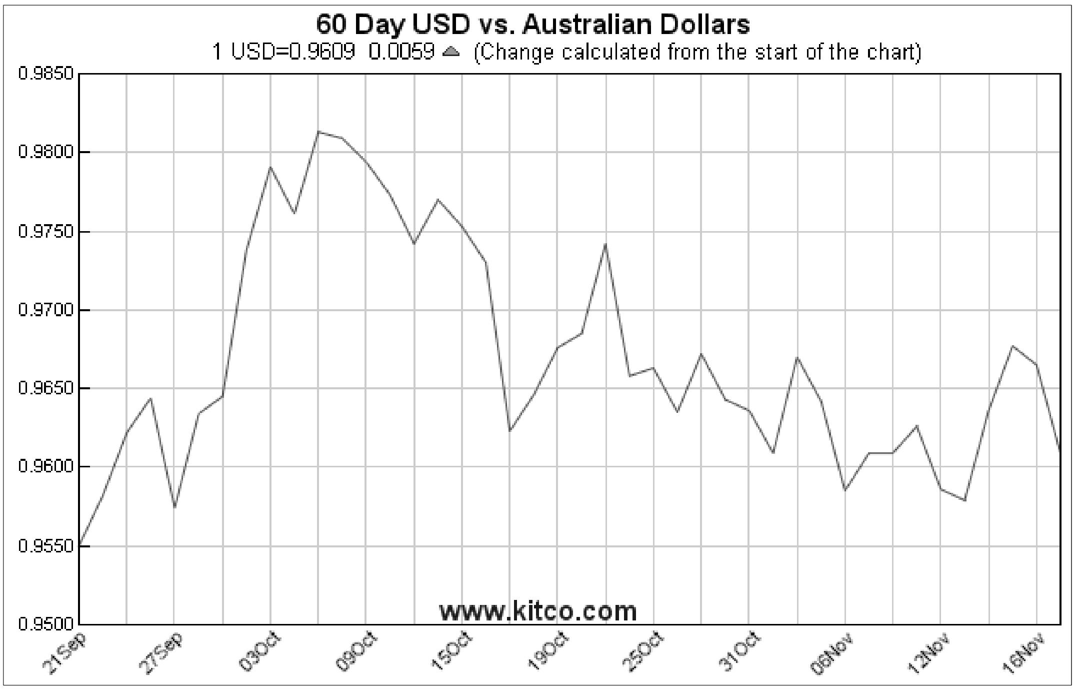
Abbreviations

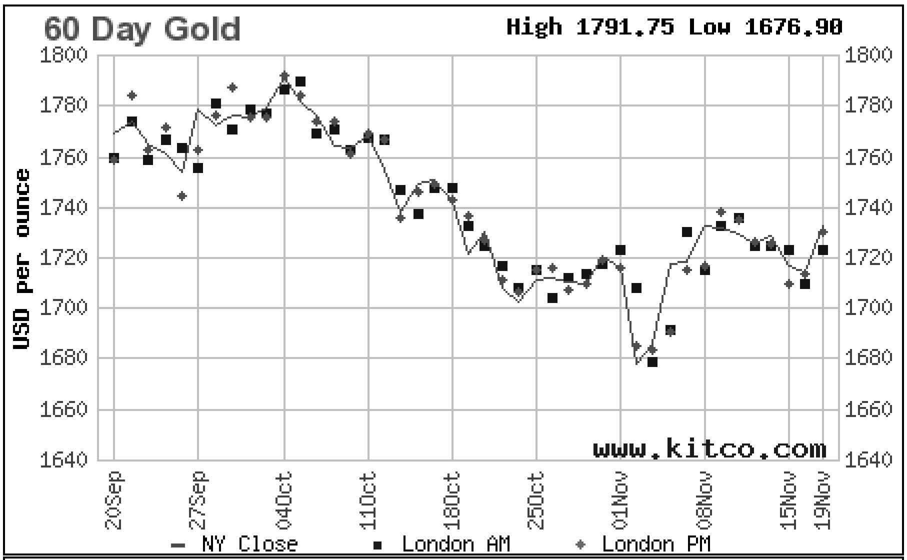
Ag	Silver
Au	Gold
Pb	Lead
Pd	Palladium
PGE	Platinum Group Elements
Pt	Platinum
Rh	Rhodium
g	gram
kg	kilogram
km	kilometre
km^2	square kilometre
m	metre
m^2	square metre
m^3	cubic metre
mm	millimetre
MMI	Mobile Metal Ions
t	tonne
oz	troy ounce, equivalent to 31.1035g.
ppb	parts per billion
ppm	parts per million

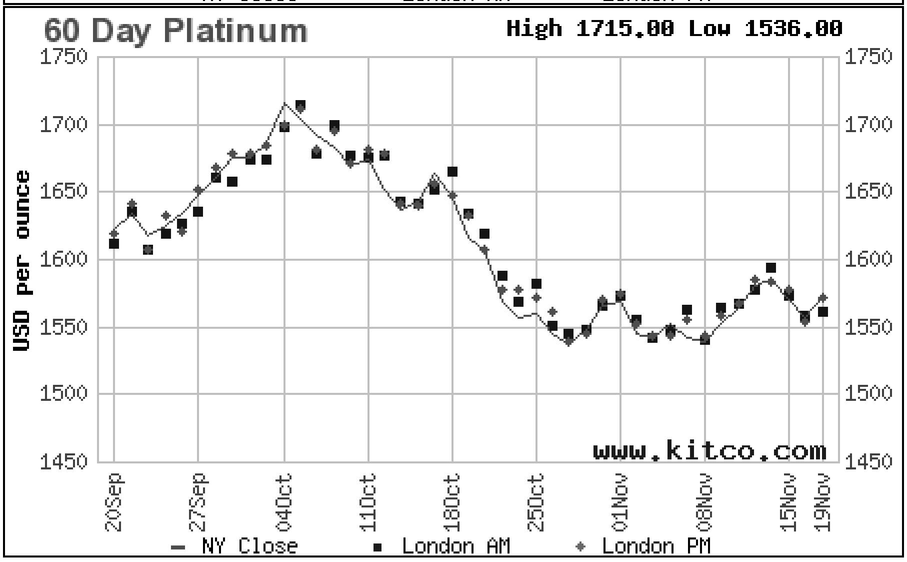
Appendix 1: Project, Farm & Portions Schedule

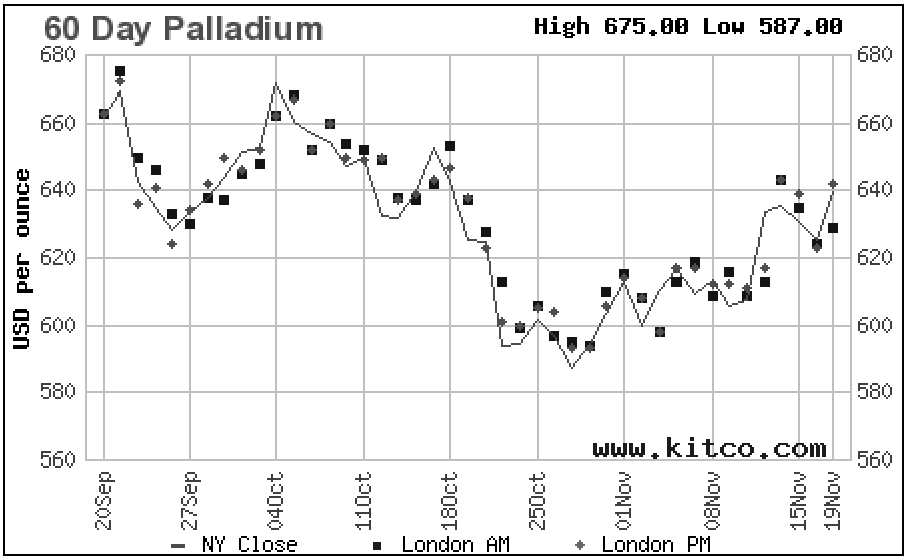
Project	Farm	Portion	Effective	Expiry
Kliprivier	Kliprivier	Various portions 73 JT	28/02/2001	Application
Ghost Mountain	Klippunt 357KT		28/10/2006	
Tinderbox	Middlekraal 221JS	Ptn1,2	28/10/2006	for
	Horingkloof218			
	Witpoort 216	PTn3,21,50,51,53,56,57,58		extensions
	Welgevonden 215	Ptn 20		
	Welgevonden 215js	PTn 2,10,11,13,14,18,22	28/10/2006	have
	Middlekraal 221	ptn3	28/10/2006	
	kochlmanderkop 219js			been
	Welgevonden 215JS	PTN9,41,49	16/11/2005	
	Witpoort 216JS			
	Middlekraal 221JS	PTN1,2	28/10/2006	made
	Honingkloof 218JS			

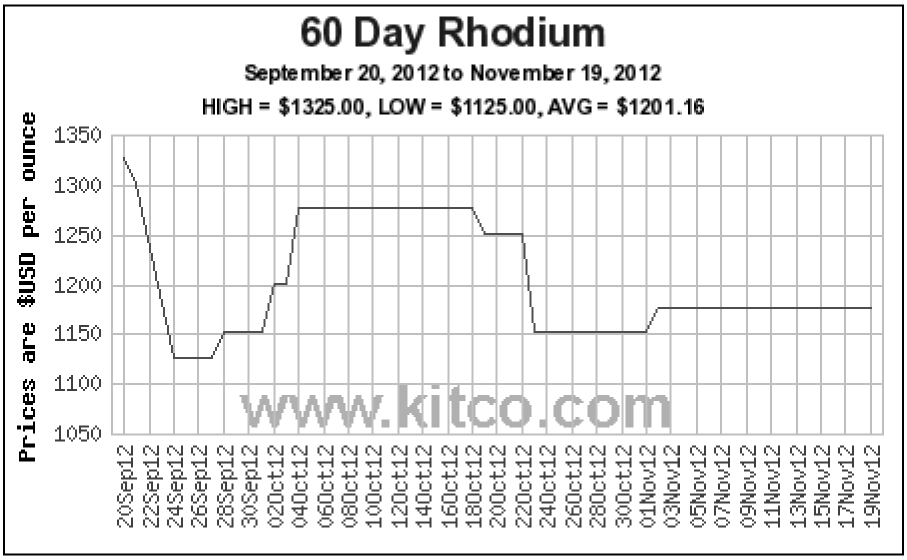
Appendix 2: Metal Prices and Exchange Rate at 20th October, 2012.




60 Day Gold
High 1791.75 Low 1676.90
USD per ounce
1800
1780
1760
1740
1720
1700
1680
1660
1640
www.kitco.com
20Sep
27Sep
04Oct
11Oct
18Oct
25Oct
01Nov
08Nov
15Nov
19Nov
NY Close
London AM
London PM


60 Day Platinum
High 1715.00 Low 1536.00
USD per ounce
1750
1700
1650
1600
1550
1500
1450
www.kitco.com
20Sep
27Sep
04Oct
11Oct
18Oct
25Oct
01Nov
08Nov
15Nov
19Nov
NY Close
London AM
London PM


60 Day Palladium
High 675.00 Low 587.00
USD per ounce
680
660
640
620
600
580
560
www.kitco.com
20Sep
27Sep
04Oct
11Oct
18Oct
25Oct
01Nov
08Nov
15Nov
19Nov
NY Close
London AM
London PM


60 Day Rhodium
September 20, 2012 to November 19, 2012
HIGH = $1325.00, LOW = $1125.00, AVG = $1201.16
Prices are $USD per ounce
1350
1300
1250
1200
1150
1100
1050
www.kitco.com
20Sep12
22Sep12
24Sep12
26Sep12
28Sep12
30Sep12
02Oct12
04Oct12
06Oct12
08Oct12
10Oct12
12Oct12
14Oct12
16Oct12
18Oct12
20Oct12
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26Oct12
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01Nov12
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