REALM RESOURCES LIMITED

ABN 98 008 124 025

NOTICE OF ANNUAL GENERAL MEETING

AND

EXPLANATORY MEMORANDUM

Date of Meeting:	Friday, 30 May 2014
Time of Meeting:	11.00 am (EST)
Place of Meeting:	Level 2 3 Spring Street Sydney NSW 2000

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

NOTICE OF ANNUAL GENERAL MEETING

REALM RESOURCES LIMITED
ABN 98 008 124 025

Notice is hereby given that the Annual General Meeting of Realm Resources Limited ("**Realm**" or "**the Company**") will be held at Level 2, 3 Spring Street, Sydney NSW 2000 on Friday, 30 May 2014 at 11.00am to conduct the following business.

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

AGENDA

Financial Statements and Reports

To receive and consider the financial statements, the Directors' report and auditor's report for the Group for the year ended 31 December 2013.

Note: There is no requirement for Shareholders to approve these reports.

RESOLUTIONS

1. Adoption of Remuneration Report

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

"That, for the purpose of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 31 December 2013."

<u>Note</u>: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

(a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or

(b) a Closely Related Party of such a member.

However, a person described above may cast a vote on this Resolution if:

(c) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and

(d) the vote is not cast on behalf of a person described in sub-paragraphs (a) or (b) above.

2. Re-election of Mr Richard Rossiter as a Director

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

"That, for the purpose of clause 12.9 of the constitution of the Company and for all other purposes, Mr Richard Rossiter, who retires in accordance with the Company's Constitution and being eligible, offers himself for re-election, be re-elected as a Director."

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

24 April 2014

EXPLANATORY MEMORANDUM

REALM RESOURCES LIMITED
ABN 98 008 124 025

1. Financial Report and Directors' Report

The Corporations Act and the Company's Constitution require the following reports in respect to the financial year of the Company ended 31 December 2013 to be laid before the meeting:

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

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

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

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

2. Resolution 1 - Remuneration Report

2.1. General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. Such a resolution is advisory only and does not bind the Directors or the Company.

Under the Corporations Act, if at least 25% of the votes cast on the Resolution are voted against adoption of the Remuneration Report at the Meeting, and then again at the Company's subsequent annual general meeting, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of Directors of the Company (**Spill Resolution**).

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the extraordinary general meeting (**Spill Meeting**) within 90 days of the Company's annual general meeting. All of the Directors who were in office when the relevant Directors' report was approved, other than the Managing Director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

2.2. Content of Remuneration Report

The Remuneration Report as set out in the Directors' report contained in the annual financial report of the Company for the financial year ended 31 December 2013 was sent to those Shareholders who elected to receive it or is available electronically at http://www.realmresources.com.au. The Remuneration Report:

- explains the Board's policy for determining the nature and amount of remuneration of executive directors and senior executives of the Company;
- discusses the relationship between the Board's remuneration policy and the Company's performance;
- sets out the actual remuneration for the financial year ended 31 December 2013 for each Director and each member of the Company's senior executive management team; and
- details and explains any performance hurdles applicable to the remuneration of executive directors and senior executives of the Company.

A reasonable opportunity will be provided for discussion of any questions relating to the Remuneration Report at the Annual General Meeting[1].

The Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report.

2.3. Proxy Restrictions

The Key Management Personnel of the Company and their Closely Related Parties will not be able to vote as your proxy on Resolution 1 unless you tell them how to vote, or the Chair of the Meeting is your proxy. If you intend to appoint a member of the Key Management Personnel or one of their Closely Related Parties as your proxy, please ensure that you direct them how to vote on Resolution 1, otherwise they will not be able to cast a vote as your proxy on that Resolution.

You can direct your proxy how to vote on a Resolution (that is, to vote “for”, “against” or “abstain”) by marking the appropriate box opposite the item on the Proxy Form.

If you intend to appoint the Chair of the Meeting as your proxy, in particular in respect of voting on Resolution 1, you can direct the Chair to vote by either marking the relevant voting boxes for Resolution 1, or by marking the Chair’s box on the Proxy Form (in which case you will be taken to have expressly authorised the Chair to vote in favour of the Resolution, even though the Resolution is connected with the remuneration of the Company’s Key Management Personnel.

The Chair intends to vote undirected proxies (where authorised) in FAVOUR of Resolution 1.

3. Resolution 2 - Re-election of Director

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

Mr Richard Rossiter retires and being eligible, offers himself for re-election by shareholders.

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

Glossary of Terms

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

"**Annual General Meeting**" or "**Meeting**" means the annual general meeting of Shareholders to be held at Level 2, 3 Spring Street, Sydney NSW 2000 on 30 May 2014 at 11.00am (EST) or any adjournment thereof.

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

"**ASX**" means ASX Limited ACN 008 624 691, or the securities exchange conducted by ASX, as the context requires.

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

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

"**Chair**" means the person appointed to chair the Meeting convened by this Notice.

"**Closely Related Party**" of a member of the Key Management Personnel means:

(a) a spouse or child of the member; or

(b) a child of the member's spouse; or

(c) a dependant of the member or of the member's spouse; or

(d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company; or

(e) a company the member controls; or

(f) a person prescribed by the *Corporations Regulations 2001* (Cth).

“**Constitution**” means the constitution of the Company, as amended from time to time.

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

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

“**EST**” means eastern standard time.

"**Explanatory Memorandum**" means this explanatory memorandum that accompanies and forms part of this Notice.

"**Group**" means the Company and its controlled entities.

"**Key Management Personnel**" has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company (whether directly or indirectly), and includes any director (whether executive or otherwise) of the Company.

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

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

“**Proxy Form**” means the proxy form attached to this Notice.

"**Remuneration Report**" means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 31 December 2012.

"**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.

Registered Office

Suite 2

Level 40
88 Phillip Street
Sydney NSW 2000 Australia

Proxies

Shareholders are entitled to appoint up to two individuals or bodies corporate to act as proxies to attend and vote on their behalf. Where more than one proxy is appointed each proxy must be appointed to represent a specific proportion of the Shareholder's voting rights. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half the votes.

The Proxy Form (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or sent by facsimile transmission to Realm Resources Limited at:

1. Suite 2, Level 40, 88 Phillip Street, Sydney NSW 2000 Australia, (by post) or
2. facsimile number (02) 9241 6133;

so that it is received by the Company by 11.00am (EST) on Tuesday, 28 May 2013.

The Proxy Form must be signed by the Shareholder or his/her attorney duly authorised in writing or, if the Shareholder is a corporation, in a manner permitted by that corporation's constitution.

The proxy may, but need not, be a Shareholder of the Company. A proxy may be a person or a body corporate.

In the case of Shares jointly held by two or more persons, all joint holders must sign the Proxy Form.

For the convenience of Shareholders, a Proxy Form is enclosed. However, the Company will accept any appointment of a proxy which complies with the requirements of section 250A of the Corporations Act.

Voting Entitlement

For the purposes of Regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the Directors have determined that the persons eligible to vote at the Annual General Meeting are those registered shareholders of the Company at 5.00pm (EST) on 28 May 2014. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

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 Friday, 30 May 2014 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. To adopt the Remuneration Report			
2. Re-election of Mr R Rossiter as a Director			

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, Suite 2, Level 40, 88 Phillip Street, Sydney, NSW, 2000; or

   (b) facsimile to the Company on facsimile number (+61 2) 9241 6133,

   so that it is received not later than 11.00am (EDST) on Wednesday, 28 May 2014.

   Proxy forms received later than this time will be invalid.

REALM RESOURCES LIMITED

ABN 98 008 124 025

FINANCIAL REPORT

31 December 2013

REALM RESOURCES LIMITED

ABN 98 008 124 025

Contents to financial report

Corporate information

ABN 98 008 124 025

Directors
Richard Rossiter – Executive Chairman
Theo Renard – Finance Director
Neale Fong – Non-executive Director – resigned 17 September 2013
Michael Davies – Non-executive Director

Company Secretary
Theo Renard

Registered and Principal Office
Suite 2, Level 40, 88 Phillip Street
Sydney NSW 2000 AUSTRALIA
Telephone (+61 2) 9252 2186
Facsimile (+61 2) 9241 6133
Website www.realmresources.com.au
Email info@realmresources.com.au

Share Register
Computershare Investor Services Pty Limited
Level 2, 45 St Georges Terrace
Perth WA 6000 AUSTRALIA
Telephone (+61 8) 9323 2000
Facsimile (+61 8) 9323 2033

Stock Exchange Listing
Realm Resources Limited shares are listed on the Australian Securities Exchange (ASX code: RRP).

Country and Date of Incorporation
Australia, 30 January 1987

Auditors
HLB Mann Judd
Level 19
207 Kent Street
Sydney NSW 2000 AUSTRALIA
Telephone (+61 2) 9020 4000
Facsimile (+61 2) 9020 4190

Chairman's letter

Dear Shareholders,

Given the challenging market environment during the year, the Board of Directors of Realm Resources Limited ("Realm" or "the Group") has continued to focus on matters it can control. In Indonesia, efforts were aimed at maximising the value of the development ready Katingan Ria thermal coal project while business development activities were aimed at enhancing and/or realising the value of the Group's coal, and South African aluminium and platinum assets as well as seeking new resource sector investment opportunities.

In Indonesia, the Group has significantly progressed Katingan Ria thermal coal project, finalising the feasibility study, clarifying the commercial arrangements with our partners and progressing the permitting to near completion. The focus shifted to the process of selecting a preferred strategic partner/investor to fund the development of the project. After and encouraging start, interest in developing or acquiring an export driven operation slowed as coal prices fell to new lows. In the latter part of the year, the focus moved to the potential to supply coal to a proposed 200Mw power station development in the vicinity of the project. Subsequent to year end, Realm and Jatenergy (ASX:JAT), which has rights to an adjacent coal property, concluded a Cooperation Agreement focused on best positioning the combined resource for any future power station development.

Despite robust demand growth, the thermal coal seaborne market has remained in oversupply since 2011 with the price of Katingan Ria 4,200kcal/kg GAR coal falling to a low of around US$37/t. The Board remains encouraged by the rapidly rising demand for the project's specific 4,200GAR Kcal/kg low sulphur coal type, particularly from India and other southeast Asian markets, and believes this bodes well for the future.

In South Africa, the Group's aluminium waste toll treatment business performed to expectations treating 17.6kt of aluminium waste (vs. 17.9kt in 2012). Importantly safety and environmental performance remains a priority with no reportable injuries or environmental incidents during the year. Management is focussed on enhancing the aluminium business's contribution to Group cash flow as well as ways to grow the business in the rapidly expanding aluminium recycling space. To this extent, a process to seek funders and/or partners seeking exposure to or interested in developing or acquiring a stake in the business has been initiated.

The Group's platinum transaction with Chrometco (JSE:CMO) is proceeding with the objective of creating a 'stand-alone' company focussed on advancing platinum group metals and chrome assets in South Africa. On completion, Realm will receive an additional 35m CMO shares (10m already received). Chrometco is now advancing the project and approvals process required to initiate mining of the near surface resources.

The platinum market has weakened in the year with the price falling from about US$1,700/oz in February to around $1,450/oz. This together with the continuing industrial unrest in the South African mining sector has hampered the Company's ability to progress its other platinum projects at this stage.

In November 2013, the Group completed an entitlement offer aimed largely at repaying the $5m Taurus Funds Management equity linked convertible note and bolstering the Group's working capital.

The Board is mindful that recent share prices have not reflected the value of Realm's assets, particularly given the advanced nature of the Katingan Ria thermal coal project. A combination of tight capital markets, low coal and platinum prices and weak market sentiment has contributed to low levels of market interest in the resources sector, from which the Group has not been immune. The Group is therefore progressing with a multi faceted funding strategy, including the potential for asset sales, in conjunction with cost curtailment in anticipation of improved market conditions.

Chairman's letter (continued)

While resource markets remain depressed and out of favour with equity investors, the Board is mindful that sentiment will turn as the global economy recovers and supply/demand balances are restored after a period of significant over investment. It is important that the option value imbedded in the Group's assets is maintained given an inevitable recovery in the years ahead, and new opportunities are identified and pursued.

On behalf of the Company we would like to thank all Shareholders for their ongoing support during a difficult year. We look forward to releasing further news and positive developments in the near future.

Yours faithfully

Richard Rossiter
Executive Chairman

Directors' report

Your directors present their report on the consolidated entity (referred hereafter as "the Group") consisting of Realm Resources Limited and the entities it controlled at the end of, or during, the year ended 31 December 2013.

Information on directors

Directors

The following persons were directors of Realm Resources Limited ("the Company") during the whole or part of the financial year and up to the date of this report:

Richard Rossiter *BSc (Hons), MSc.*
Executive Chairman

Mr. Rossiter began his career as a geologist in the South African gold industry. He subsequently qualified in mine management and held various production management and business development roles. He then joined the financial sector as a mining analyst and later was responsible for corporate advisory, mergers, acquisitions and divestments. He then set up a consultancy and joined a number of public company Boards including Sylvania Platinum Ltd (AIM: SLP to 2013) and, more recently, Chrometco Ltd (JSE: CMO). Otherwise he has not been a director of any other listed companies in the past 3 years to 31 December 2013. He holds a Bachelor of Science (Hons) in Geology from the University of Natal and an MSc in Mineral Exploration from Rhodes University in South Africa.

Theo Renard *CA(SA), CSA*
Executive director and company secretary

Mr Renard is a Chartered Accountant and has over 20 years experience in credit and relationship banking in commercial and investment banking with Nedcor in South Africa and Asia and ABN AMRO in Australia and Asia. He spent over two years as CFO and Company Secretary with a retail group with retail and manufacturing operations in Asia and the Subcontinent, during that time he was a director of several of the South African listed companies and affiliates. He has not been a director of any other listed companies in Australia in the past three years to 31 December 2013.

Michael Davies - *BA Hons, MBA*
Non-executive director

Mr Davies a Principal of Taurus Funds Management Pty Ltd, and is 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. Mr. Davies is currently a non-executive director of Nucoal Resources Limited and US Masters Holdings Limited and has not been a director of any other listed companies in the past three years to 31 December 2013.

Dr Neale Fong – *MBBS Dip CS MTS MBA FAICD FACHSM (Hon)* – Resigned 17 September 2013

Non-executive director
Dr Fong has extensive experience in management of large and complex organisations, especially in the health and human services field. He is a qualified medical practitioner holding Bachelors Degrees in Medicine and Surgery from the University of Western Australia as well as a Masters in Business Administration from the UWA Business School. He also holds a Masters Degree in theological studies from Regent College, University of British Columbia.

Directors' report (continued)

Dr Fong is a Fellow of the Australian Institute of Company Directors and is an experienced chairman and director. He is currently Managing Director of Health Solutions (WA) Pty Ltd, Chairman of Bethesda Hospital, a consultant to Curtin University where he directs the project to establish the State's third medical school. He is an Independent Director of Health Solutions (WA) Pty Ltd who manages the Peel Health Campus. He is also a director of Australis Health Advisory Pty Ltd, a boutique health consultancy. He is a consultant of Curtin University. He is also Chairman of Bethesda Hospital Inc and a director of Mining Developments International Ltd, a public unlisted company.

During the past three years, Dr. Fong has served as a director and chairman of the West Australian Football Commission and as a director of Morning Star Holdings (Australia) Ltd (resigned 24th July 2012), a public unlisted company.

Interests in the shares and options of the company

Number of Shares held by directors

At the date of this report, the interests of the directors in the shares of Realm Resources Limited were:

Directors	Balance 1-Jan-13 No.	Received as Remuneration No.	On Exercise of Options No.	Net Change Other No.	Balance 31-Dec-13 No.
Richard Rossiter	4,500,000	-	-	-	4,500,000
Theo Renard	2,700,000	-	-	5,000,000	5,700,000
Michael Davies (i)	-	-	-	-	-
Neale Fong (ii)	2,119,565	-	-	-	2,119,565
	9,319,565	-	-	5,000,000	14,319,565

(i) Mr Davies is a Principal of Taurus Funds Management Pty Ltd. Traurus Funds Management holds 1,635,655,713 shares in the Company
(ii) resigned 17 September 2013

Number of options held by directors

At the date of this report, the interests of the directors in the options of Realm Resources Limited were nil.

Share options

Unissued shares

As at the date of this report, there were 101,000,000 unissued ordinary shares under options.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the company or any related body corporate.

Shares issued as a result of the exercise of options

During the financial year, no options were exercised.

Directors' report (continued)

REVIEW OF RESULTS AND OPERATIONS

Realm Resources Limited and its controlled entities ("Realm" or "the Group") has recorded revenue from continuing operations of A$4,049,513 (A$4,299,975 in 2012) and a net loss for the year ended 31 December 2013 of A$3,063,049 of which A$3,006,550 is attributable to owners, versus a loss of A$9,146,849 in 2012, of which A$9,036,097 was attributable to owners.

BUSINESS DEVELOPMENT

COAL

During the period under review, the Company completed a Feasibility Study at Katingan Ria in Central Kalimantan, Indonesia, advanced final permitting, clarified commercial terms with its partners and embarked on a process to maximise the value of the development ready thermal coal project via the introduction of a strategic investors and/or off take partners for both export and domestic use.

Unfortunately progress has been inhibited by low coal prices, weak market sentiment and Indonesian regulatory uncertainty. At the time of writing, the FOB coal price for expected Katingan Ria quality is around US$37/t and below the life of mine FOB cash cost forecast of US$42/t rendering the export driven project uneconomic at current prices. The project can, however, be economic at current FOB prices if developed as a domestic mine mouth power station supplier under a different pricing mechanism. This is the current focus for commercialisation.

1. Katingan Ria Coal Project

Katingan Ria, which spans some 4,258 hectares, is located in Central Kalimantan, approximately 175km North West of the regional capital of Palangkaraya (see Figure 1).

The project marks Realm's initial step to becoming a mid-tier coal producer. The Company envisages the project ultimately becoming a simple, open pit mine ramping up to an annualised rate of 2.5 – 3.0 million tonnes per annum ("**Mtpa**") over a 15 year life of mine.

2. Feasibility Study (based on export driven operation)

The Company announced the completion of a Feasibility Study at Katingan Ria on 30 April 2013. The study, independently reviewed by Xenith Consulting Pty Limited ("**Xenith**"), supports the development of a 2.5Mtpa (Base case) to 3.0Mtpa (Upside case) open cut mine with a life span of around 15 years.

The study was based on coal being hauled 40 - 45km to a stockpiling and barge loading facility on the Katingan River, then barged 435km to the river mouth for transhipment into ships for delivery to market. The coal is expected to be predominantly sold as a low ash and low sulphur coal ideally suited for modern Indian and Chinese power generation.

2.1. Overview

During the period under review, Realm Resources Limited and its consultants completed the study of the feasibility of operating an open-cut thermal coal mine of up to 3Mtpa annual production capacity in the Regency of Katingan in Central Kalimantan, Indonesia. The majority of the investigations were within the concession area held by PT Katingan Ria ("**PTKR**"), a 51% subsidiary of Realm, the proposed haul road, and stockpile and barge loading areas and the Katingan River.

Directors' report (continued)

The Project mining concession covers an area of some 4,258 ha within an area that has already been subject to commercial forestry operations. The report concluded that the quality (4,200 Kcal/kg GAR low sulphur coal) and quantity (89Mt JORC resource and 29Mt JORC reserve) of the resource could, when considered in conjunction with the proposed mining and logistics solution and status of the relevant licences and permits held by PTKR, support the development of a potential 2.5Mtpa (Base case) to 3.0Mtpa (Upside case) mine for around fifteen years. Katingan Ria's coal is ideally suited for the new generation of power plants being built in India and China and is the fastest growing Indonesian export coal type in recent years.

The Project is not capital intensive, with a total of US$18.5M required to establish a 2.5Mtpa to 3.0Mtpa contractor driven operation. An additional US$6M will be required for working capital. Base case FOB cash costs are forecast to be US$37.62/t in the first five years with an average US$41.23/t over the life of mine (excluding royalties). Including royalties, FOB cash cost forecasts are US$39.37/t and US$42.68/t respectively. The average life of mine FOB cash cost in the Upside case is around US$2.00/t lower due to economies of scale. Permitting is in the final stages.

The Project has an ungeared net present value ("**NPV**") of US$78M (Base case with dozer push) to US$111M (Upside case) based on a long term coal price for Katingan Ria coal of US$52/t. It is most sensitive to changes in operating costs and coal price and least sensitive to changes in capital expenditure.

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

The following strengths have been identified for the Project:

- The deposit (89.9Mt JORC resource, 29Mt JORC reserve) is structurally simple with a low strip-ratio, therefore leading to lower mining costs.
- The coal (4,200 GAR Kcal/kg raw coal basis) is relatively homogenous, low in sulphur (0.2%) and most likely to be marketed domestically and to the rapidly growing demand centres in India, China, Korea and Thailand.
- Low start-up capital.
- The Project requires no rail or port infrastructure to be developed and therefore could be brought into production relatively quickly.

The key technical risks for the Project are:

- FOB cost factors associated with river seasonality and the transport distance to the coast.
- Margins received from the sale of the coal are very sensitive to coal price assumptions and potential increases in operating costs.

2.2. Project Location and Summary

The Katingan Ria coal project is located near the town of Tumbang Samba in Central Kalimantan, Indonesia (Figure 1). The Project mining concession covers an area of some 4,258 ha within an area that has already been subject to commercial forestry operations (IUP Exploitation No. IUP OP No. 545/222/KPTS/VIII/2011). The Project aims to be a 2.5Mtpa – 3.0Mtpa open cut mine. Coal is transported from the pit by 60 t road trucks approximately 40km - 45km to a stockpiling and barge loading facility on the Katingan River. Barges will then transport coal 435km to the river mouth for transhipment into coal ships for delivery to market.

Directors' report (continued)

Coal will be sold "unwashed", meaning there is no metallurgical treatment required to achieve a saleable product. The coal is expected to be predominately sold as a low ash and low sulphur coal ideally suited for modern Indian and Chinese power generation.

Figure 1: Katingan Ria project location

2.3. Geology, Resources and Reserves

The Katingan Ria deposit, which is found within the Dahor formation in the Barito Basin, occurs as a series of flat lying seams ranging in thickness from 0.1m to 8m, interbedded with weathered sandstones. Structurally, the sequence is horizontal to shallow dipping and displays some gentle folding, a 15m – 40m fault down-throws the sequence in the north of the tenement. The most laterally extensive seam is the Main Seam, which remains the predominant target seam for the Project. The Main Seam typically ranges in thickness from 4.5m to 5.5m in areas to the southeast of the fault, and has an average total thickness of 3.80m across the total JORC Resource area (Figure 2 and 3).

Directors' report (continued)

Figure 2: Katingan Ria – Typical Stratigraphic Column

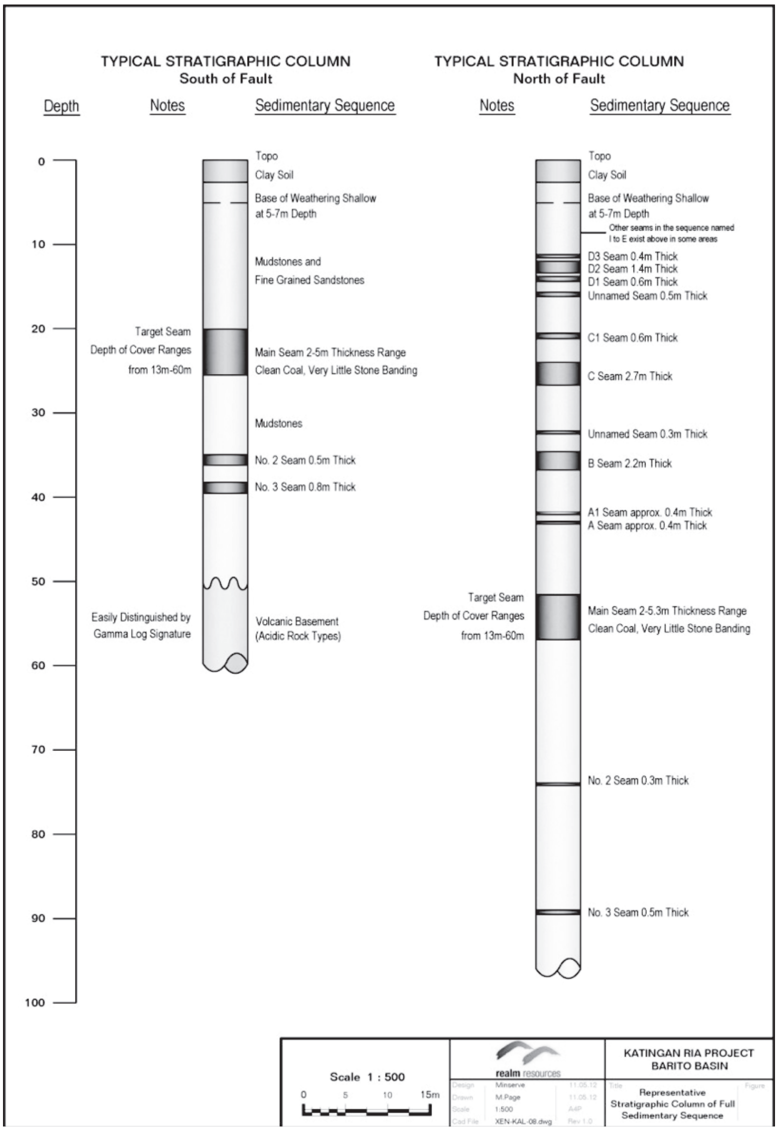
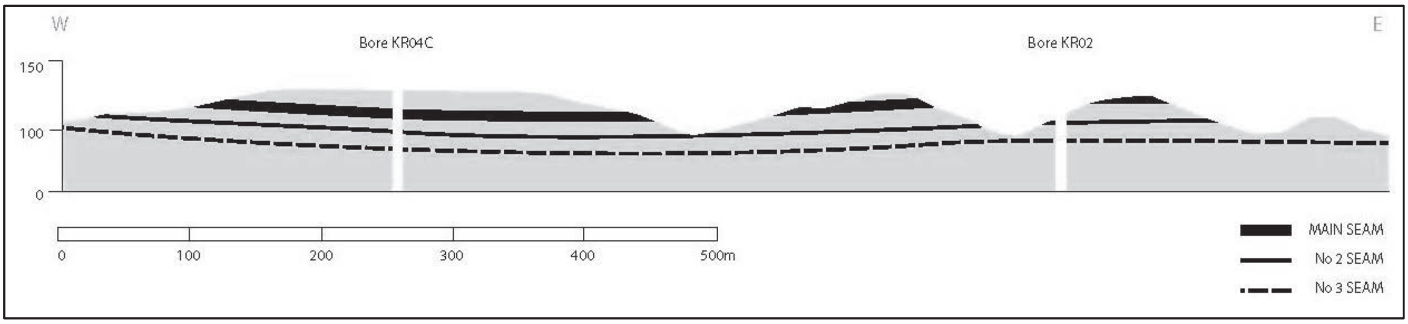


Figure 3: Geological Cross Section – Southern Resource Proposed Mining Area



Directors' report (continued)

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

Table 1 – Coal Resource Summary

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

Coal reserves have been estimated by applying realistic mining, metallurgical, economic, marketing, legal, environmental, and government factors to the coal resources. No metallurgical factors have been applied as the ROM coal is sold as a raw coal without processing. The coal reserves are based on a long - term coal price of $52/t for Katingan Ria coal (note: based on an internal Market Study by Salva Resources in November 2012, this equates to a long term Hunter Valley coal price of around $104/t). At Katingan Ria, all coal reserves have been classified as probable due to the coal price and barging risks (Table 2 and 3).

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

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

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

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

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

Indicative coal quality specifications in the initial mining area are shown in Table 4.

Directors' report (continued)

Table 4: Indicative specification for Katingan Ria coal

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

			AS RECEIVED	AIR DRIED	DRY	DRY ASH FREE
Moisture (%):	Total		***30.0***			
Proximate Analysis (%) :	Inherent Moisture			18.9		
	Ash		7.9	9.1	11.3	
	Volatile Matter		32.9	38.1	47.0	53.0
	Fixed Carbon		29.2	33.8	41.7	
Fuel Ratio				0.9		
Total Sulphur (%):			0.18	0.20	0.25	0.28
Phosphorus (%):			0.004	***0.005***	0.006	0.01
Chlorine (%):			0.009	0.010	0.012	0.014
Calorific Value :	Gross	(kcal/kg)	4266	4940	6094	6865
	Net	(kcal/kg)	3951	4600	5600	6400
	Gross-Net	(kcal/kg)	315			
Ultimate Analysis (%) :	Carbon		44.8	51.9	64.0	72.1
	Hydrogen		3.2	3.7	4.5	5.1
	Nitrogen		0.5	0.6	0.7	0.8
	Oxygen by difference		13.4	15.5	19.1	21.54
	Sulphur		0.19	0.22	0.27	0.30
Ash Analysis	SiO_2	48.3		K_2O	0.2	
(% in dry ash)	Al_2O_3	29.5		TiO_2	1.6	
	Fe_2O_3	8.2		Mn_3O_4	0.10	
	CaO	5.7		SO_3	3.6	
	MgO	1.57		P_2O_5	0.13	
	Na_2O	0.06		Total	99	
HGI:	62					

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

2.4. Mining

The mining strategy is to commence mining near the south-eastern limit of the concession for the following reasons:

- Minimising coal haulage distance to the barge transfer station on the Katingan River;
- Located close to readily available waste dump locations;
- Targeting a start-up area where current geological modelling indicates attractive coal quality; and
- Lowest available strip ratio.

In the Base Case, coal production aims to ramp up from 1.15 Mt in Year 1 and 2.0 Mt in Year 2 up to the aimed maximum production rate of 2.5 Mtpa from Year 3 onwards. The mining schedule for the Base Case involves mining waste year round (dry periods inclusive), while ceasing coal mining operations in the dry months from July to October. The roof of the coal will not be exposed during the dry periods. A small cover of waste will be maintained over the coal to minimise the potential of spontaneous combustion of the in-situ coal.

In the Upside Case coal and barging rate achieves 3 Mtpa because coal production and barging does not cease between July and October (dry season) but is reduced (see Table 5).

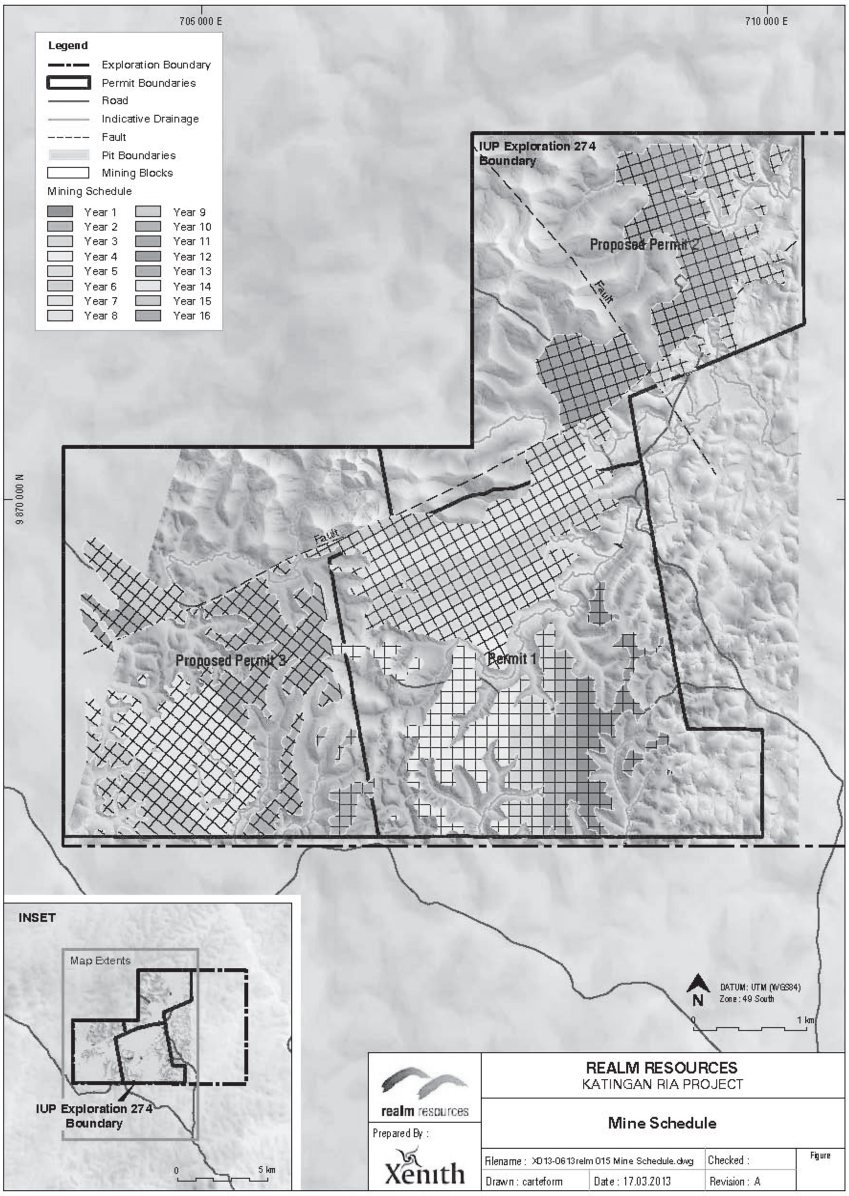
Directors’ report (continued)

Table 5: Annual Coal and Waste Mining Schedule

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	Total
Upside Case																	
Waste (Mbcm)	2.9	4.2	8.9	11.2	11.2	11.2	11.2	11.2	11.2	11.2	10.7	10.2	10.2	2.5			**128.0**
ROM Coal Mined (Mt)	1.2	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	0.8			**36.9**
Base Case																	
Waste (Mbcm)	3.8	4.0	4.2	6.3	8.0	11.2	11.2	11.2	10.8	9.6	9.6	9.6	9.6	9.6	6.9	2.5	**128.0**
ROM Coal Mined (Mt)	1.0	1.7	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	1.5	**36.9**

The mining schedule achieves peak production of 2.5 – 3.0Mtpa ROM from year three (Figure 4). This yields a 14 to 16 year mine life with 37 Mt ROM coal and 128 Mbcm of waste. The Main Seam contains the bulk of coal with 34.4 Mt ROM at average energy, ash and thickness of 4,255 kcal/kg (ar), 9.0% (ar), and 3.20 m respectively. Qualities and quantities are reported to a 30% as received moisture basis.

Figure 4: Base Case mine schedule



Directors' report (continued)

2.5. Logistics

Coal will be hauled approximately 40km - 45km by road from the mine to the Upper Stockpile ("**USP**"). After crushing and sizing of coal to 50mm, the coal will be loaded onto barges and transported approximately 435km on the Katingan River to the coast, where coal ships will be loaded for delivery to market (Figure 5).

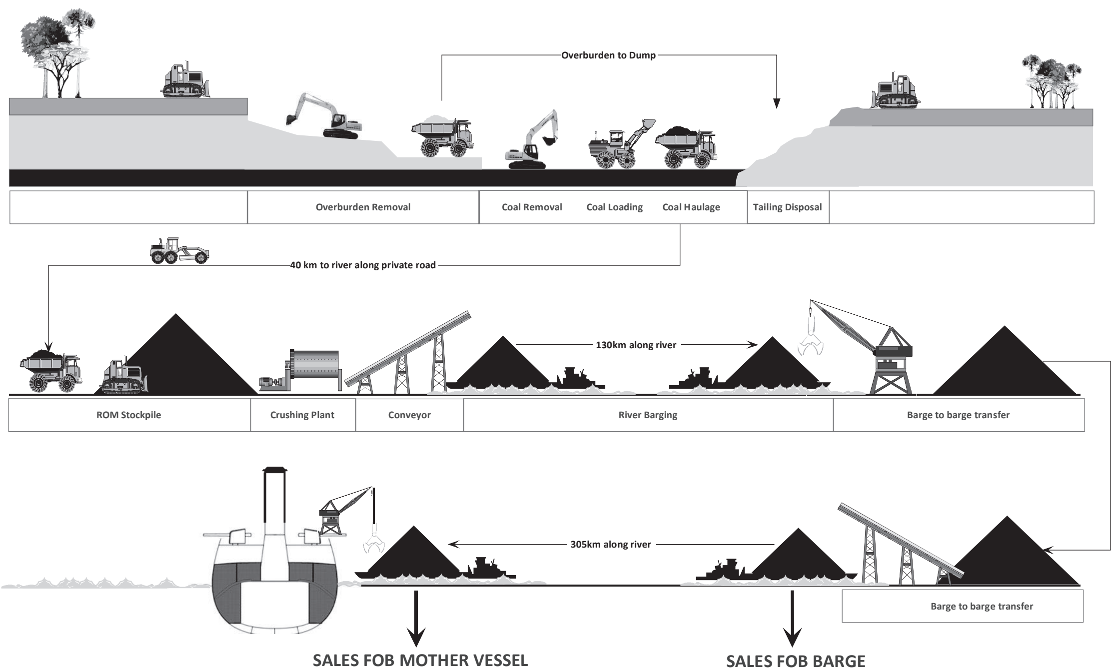
Logistics for transport of the coal would consist of the following:

Mining and road haulage of ROM coal direct from the mine pit to the USP barge port location;

- Crushing and sizing of coal to 50mm at the USP;
- Loading of coal to barges and transport down the Katingan River to a Staging Post immediately south of the Kasongan Bridge ("**KSP**"), a distance of approximately 130km;
- Barge to barge transfer of coal at the KSP to "top up" any barges that, due to low water levels, were unable to travel fully loaded on the upper section of the river ; and
- Barge transport from the KSP to Loading to mother vessels ("**MV**") at Pegatan Anchorage, a distance of approximately 304km;

In addition, an option exists to add, at a later stage, an Intermediate Stockpile at Jahan Jiang, some 125km south of the KSP, if it is deemed necessary to stockpile coal closer to the MV for continuous loading.

Figure 5: Schematic of the Coal Transportation Chain



Barging is considered one of the most critical processes for the Project due to the variability of water levels in the Katingan River, and particularly in the upper reaches during the dry season between July and October. A 250ft jumbo barge will be used for coal transport from the Upper Stockpile to the Mother Vessel. This type of barge has proven coal transport abilities and provides effective barging in rivers with varying water levels.

Directors' report (continued)

It is planned to half load (~2,500 t) the barges at the USP and send them in tandem to the staging post near the Kasongan Bridge during the periods of lower water levels. The barge will be fully loaded (~5,000 t) from the USP to the KSP at higher water levels. Some dredging will be needed in a handful of locations between the USP and KSP.

Given the seasonality in the river, the Base Case assumes that barging and coal mining would not be conducted for periods between July and October, and the coal and barging rate be set at 2.5 Mtpa to mitigate this risk. Between July and October, there is potential to catch up capacity that was lost in previous months or increase capacity to around 3.0mtpa (Upside Case), water level permitting. Analysis indicates that this type of barging can achieve the required throughput of 2.5 Mtpa at an average operating cost of US$0.030/t/km for the Base Case and 3.0Mtpa at US$0.027/t/km for the Upside Case. This will require a fleet of 40 barges.

2.6. Economic Analysis

Capital and operating costs were established for the Base Case and Upside Case, together with several variations including:

- Owner-operator barging,
- Use of an Intermediate Stockpile near Kasongan instead of a staging post; and
- Use of dozer-push.

Capital costs

The Project is not capital intensive due to the use of local contractors through most project stages. The capital requirement for both the Base and Upside Case is US$18.5m as the installed capacity of equipment needed is the same in both a 2.5 Mtpa and 3.0 Mtpa cases.

A conservative project contingency of 30% of capital has been assumed (US$4.3m). Sustaining capital of US$1.5m has been allocated to account for on-going items such as dredging and engineering studies (Table 6).

Table 6: Capital Cost Summary

Item	Cost (US$ M)
Mine Development – Mine Site	2.0
Haul Road	3.4
River Dredging	3.0
Upper Stockpile (USP)	2.2
Kasongan Staging Post	1.5
Land Compensation / Acquisition	1.0
Engineering and Project Management	1.1
Project Contingency (30%)	4.3
Total Capital	**18.5**
Working Capital Requirement	**5.9**
Total Capital + Working Capital	**24.4**
Sustaining Capital Expenditure (per Annum)	1.5

Directors' report (continued)

Operating costs

Mining (including haulage) and barging and transhipment costs are the major components of total operating cost. The operating cost in the initial years is lower due to mining targeting the low strip ratio areas in the south of the mining Permit area. In the Base Case, the average operating cost over the first five years is US$37.62/t excluding royalties (US$39.37/t including royalties), while the LOM average operating cost US$41.23/t excluding royalties (US$42.68/t including royalties) (Table 7).

Table 7 First Five Years Operating Cost Summary for Base Case, Excluding Royalty

Item	Y1 ($/t)	Y2 ($/t)	Y3 ($/t)	Y4 ($/t)	Y5 ($/t)	Average
Mining Costs	17.26	17.67	15.42	16.31	18.11	**16.85**
ROM Stockpile and Crushing	3.50	3.50	3.50	3.50	3.50	**3.50**
Barging and Transhipment	13.34	14.96	15.35	16.04	16.04	**15.51**
Overheads	1.02	1.18	1.22	1.22	1.22	**1.20**
Other	0.87	0.81	0.53	0.48	0.48	**0.57**
Total	**35.99**	**38.13**	**36.02**	**37.54**	**39.35**	**37.62**

In the Upside Case LOM operating cost is around US$2.00/t lower than the Base Case due to the economies of scale from output of 3.0 Mtpa (Table 8).

Table 8: First Five Years Operating Cost Summary for Upside Case, Excluding Royalty

Item	Y1 ($/t)	Y2 ($/t)	Y3 ($/t)	Y4 ($/t)	Y5 ($/t)	Average
Mining Costs	15.84	15.93	16.05	19.57	20.03	**18.07**
ROM Stockpile and Crushing	3.50	3.50	3.50	3.50	3.50	**3.50**
Barging and Transhipment	13.35	14.16	14.24	14.51	14.51	**14.32**
Overheads	1.02	1.27	1.34	1.22	1.22	**1.24**
Other	0.87	0.72	0.46	0.40	0.40	**0.49**
Total	**34.58**	**35.57**	**35.59**	**39.20**	**39.66**	**37.63**

Valuation

The Project valuation was undertaken using the discounted cash flow method with ungeared, real cash flows. The model assumes 100% contract mining and barging, with the contractors supplying plant and equipment.

Key assumptions used in project evaluation are:
- A long term coal price of US$52/t for Katingan Ria coal has been used in the valuation. This is based on the Salva Marketing Report dated November 2012. Based on past relationships, this equates to a long term Hunter Valley coal price of around $104/t;
- All sunk costs to date have been excluded from the financial evaluation; and
- The Project would operate within the Indonesian tax environment and be taxed at 30%.

A valuation for the Base and Upside Cases was conducted, along with the dozer-push, Intermediate Stock Pile, and owner-operator barging scenarios. The addition of dozer-push yields an increase in value of approximately US$4m, with the Base Case yielding an NPV of US$78m and the Upside Case an NPV of US$11m.

A results summary of the NPV analysis including capital and operating costs for each case and sub-case are given in Table 9.

Directors’ report (continued)

Table 9 Valuation Summary

Item	Unit	Scenario							
		Base Case	Base Case (ISP)	Base Case (Owner Barging)	Base Case (Dozer)	Upside Case	Upside Case (ISP)	Upside Case (Owner Barging)	Upside Case (Dozer)
Operating Cost									
Overburden Removal Cost	$/bcm	2.35	2.35	2.35	**2.29**	2.35	2.35	2.35	**2.29**
Mining Costs	$/t ROM	2.50	2.50	2.50	2.50	2.10	2.10	2.10	2.10
Coal Hauling and Maintenance	$/t ROM/km	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.22
ROM Stockpile and Feed to Plant	$/t ROM	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30
Crushing (Contract-sizing Only)	$/t ROM	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Reclaim and Barge Loading	$/t ROM	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
Barging Cost	$/t ROM/km	0.030	0.030	**0.020**	0.030	0.027	0.027	**0.018**	0.027
Intermediate Stockpile Charges	$/t ROM	-	**4.10**	-	-	-	**4.10**	-	-
Barge to Barge Loading	$/t ROM	1.90	-	1.90	1.90	1.90	-	1.90	1.90
Quality Testing/Certification	$/t ROM	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Transhipping Costs	$/t ROM	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90
Marketing (<= 1 Mtpa)	% FOB	2%	2%	2%	2%	2%	2%	2%	2%
Marketing (>1 Mtpa)	% FOB	1%	1%	1%	1%	1%	1%	1%	1%
Community Programmes	$/t ROM	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Corporate Overheads (<=1 Mtpa)	$/t ROM	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Corporate Overheads (>1 Mtpa)	$/t ROM	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Other Fixed Costs	$/t ROM	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Rehabilitation	$/t ROM	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
5 Yr FOB Cost (Excl Royalty)	**$/t ROM**	**37.62**	**38.59**	**32.38**	**36.89**	**37.63**	**38.60**	**34.00**	**36.90**
LOM FOB Cost (Excl Royalty)	**$/t ROM**	**41.23**	**42.03**	**35.55**	**41.03**	**39.44**	**40.44**	**39.22**	**39.22**
Royalties	% Rev	10%	10%	10%	10%	10%	10%	10%	10%
5 Yr FOB Cost	**$/t ROM**	**39.37**	**40.22**	**34.09**	**38.71**	**39.10**	**40.00**	**35.61**	**38.42**
LOM FOB Cost	**$/t ROM**	**42.68**	**43.41**	**37.05**	**42.52**	**40.73**	**41.63**	**37.11**	**40.52**
Capital Cost									
Initial Capital (to 1 Mtpa)	US$M	15.4	15.4	**51.8**	15.4	15.4	15.4	**51.8**	15.4
Total Capital	**US$M**	**18.5**	**18.5**	**122.5**	**18.5**	**18.5**	**18.5**	**122.5**	**18.5**
Working Capital	US$M	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9
Sustaining Capital (Per Annum)	US$M/pa	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
NPV at 10%	**US$M**	**73.9**	**65.4**	**65.7**	**78.4**	**106.9**	**96.3**	**81.4**	**110.6**
IRR	**%**	**12%**	**11%**	**5%**	**12%**	**15%**	**14%**	**6%**	**15%**
Mine Life	**Years**	**16**	**16**	**16**	**16**	**14**	**14**	**14**	**14**

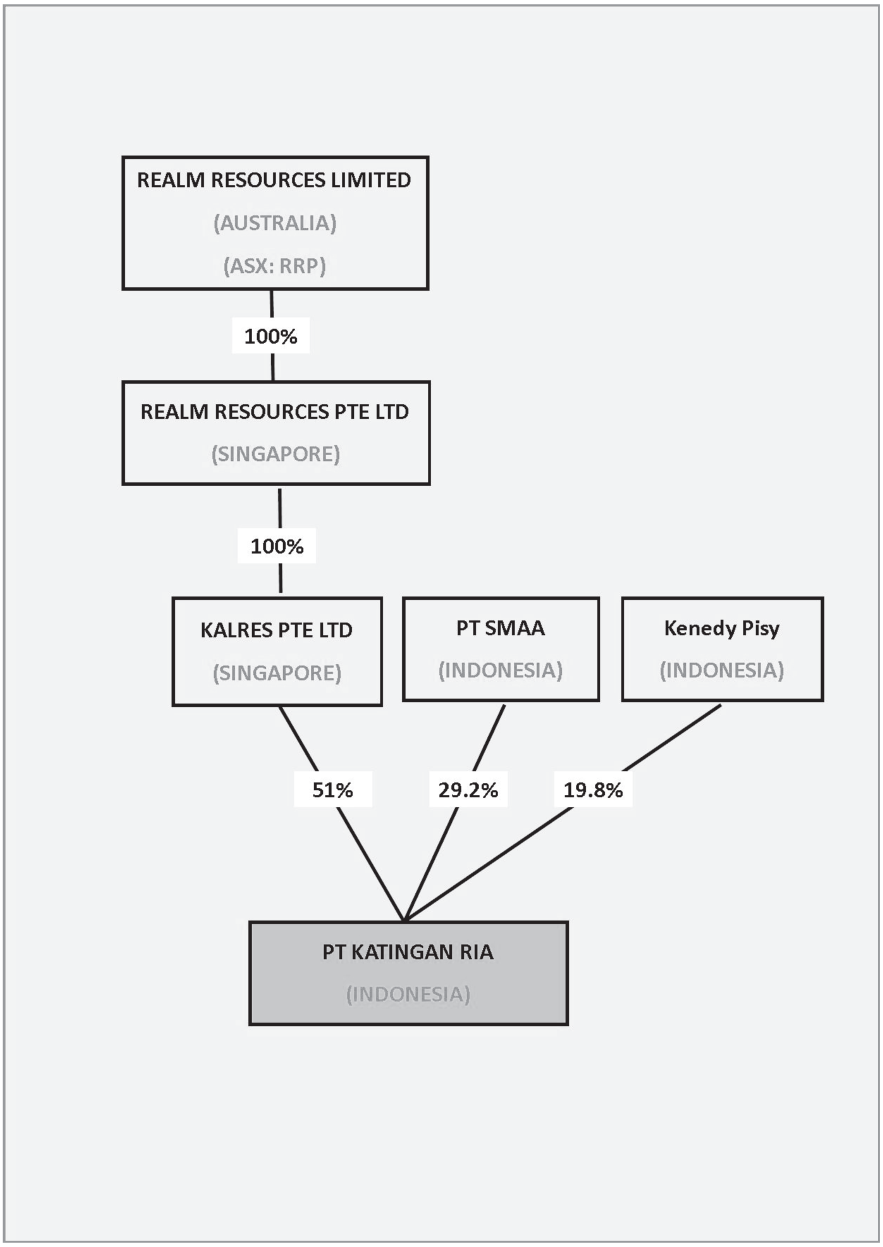
Directors' report (continued)

The Project valuation is most sensitive to changes in coal price and operating costs and is largely insensitive to capital expenditure. In the Base Case, a 10% increase in the coal price adds US$49m to the valuation while a 10% increase in operating costs reduces the value by US$45m. A 10% increase or decrease in capital expenditure only has a US$2m impact on the NPV.

2.7. Ownership and Project Approvals

Realm, through its wholly owned subsidiary Kalres, has direct ownership of 51% of PT Katingan Ria, the Company which holds the coal asset (see Figure 6). The Shareholders Agreement executed by Kalres, SMAA and Pak Kenedy Pisy is the main document which governs the relationship between the shareholders. In addition, an area of exclusive cooperation between RRP and SMAA for the acquisition and development of further coal mines and necessary related infrastructure has been established.

Figure 6: Realm's corporate structure



Directors' report (continued)

Permitting is well advanced and the Company expects to finalise the submission of the final Borrow to Use Permit or Izin Pinjam Pakai when a commercial way forwarded for the project is established.

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

Table 10 – Katingan Ria - status of licensing and compliance

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

2.8. Project Execution

Policies and procedures have been established for the execution phase, including human resources, operations, safety and health, community and environment, information and risk management.

Directors' report (continued)

3. Funding - Strategic and Off Take Partner/Investor Search

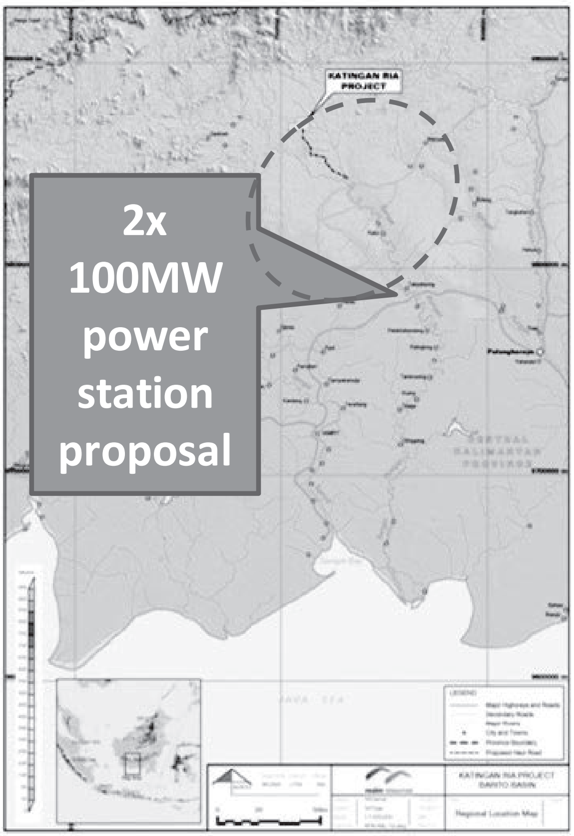
Following the completion of the Feasibility Study, a comprehensive data room was opened to interested parties. These discussions, which have slowed with the continued fall in the coal price, are ongoing. Discussions and site visits were conducted with several parties expressing interest in:

- Investing in the project through the Singaporean Holding Company;
- Offering pre-payment finance;
- Long term off-take arrangements;
- Providing logistics solutions; or
- Acquiring the project.

Interested parties include, international and Indonesian vertically integrated power companies seeking to secure coal supply for power stations, international logistics companies seeking to secure coal for their barges, vessels and blending facilities, and coal production majors looking to expand their Indonesian foot print.

More recently, however, discussions have focussed on the potential to supply a 200Mw power station development near the town of Kasongan in Central Kalimantan (Figure 7; exact location yet to be finalised). This has the potential to see the mine being developed largely as a domestic coal supplier; thereby eliminating a significant proportion of the logistics costs and issues associated with river seasonality. Coal supply, which is required by 2016/17 for the power stations, could therefore be developed for both domestic and export markets (assuming export prices recover from current lows).

Figure 7: Project and Proposed Power Station Location



Directors' report (continued)

PT PLN (PERSERO), the Indonesian State owned Electricity Corporation ("PLN"), issued a Request For Proposal (RFP) in 2013 for construction and operation of two 100 Mw power stations near Kasongan in 2016/17. Katingan Ria is the most developed and best defined coal project in the region and this together with the coal having the ideal specifications (as per the original RFP), places the project in good stead to be the preferred supplier of the proposed power station development. RRP has continued with negotiations with several of the potential Power Station Consortia bidders. Bidders are required to secure coal for the power stations and PLN will be part of the supplier selection process and be the off-taker for the power produced. The RFP process is expected to be finalised in 2014.

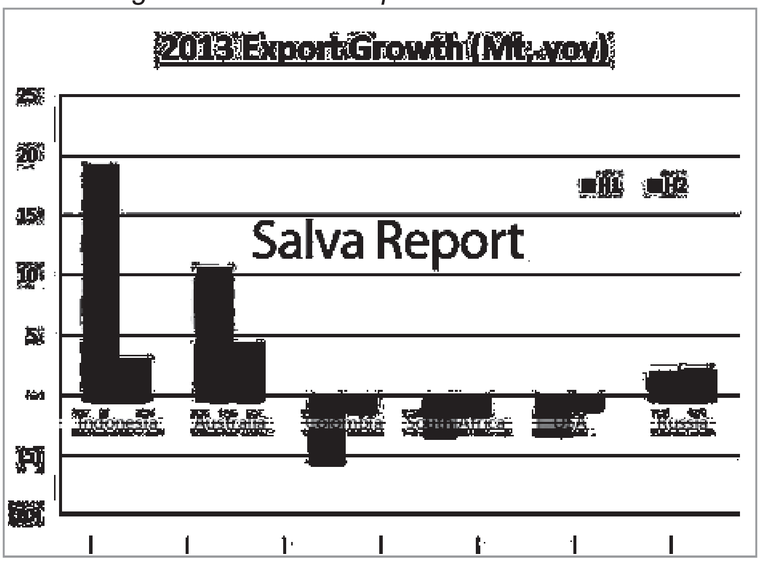
In addition, RRP has begun discussions with Singaporean advisers with a view to the possible listing of its wholly owned Singaporean subsidiary on the Catalist Exchange in Singapore. These discussions are still at a preliminary stage and any listing would be subject to a number of regulatory requirements.

4. Coal market and price update

H2 2013 Thermal coal market review – Salva Report – Market Note 14th January 2014

A long-overdue easing of supply growth in H2 2013 has provided some relief for thermal coal markets. Supply growth out of Indonesia and Australia slowed noticeably in H2 (see Figure 8). Indonesia flooded the market in H1 with 204Mt, but despite a slowdown in H2, total exports for 2013 will be over 400Mt.

Figure 8: Thermal Export Growth H2 2013



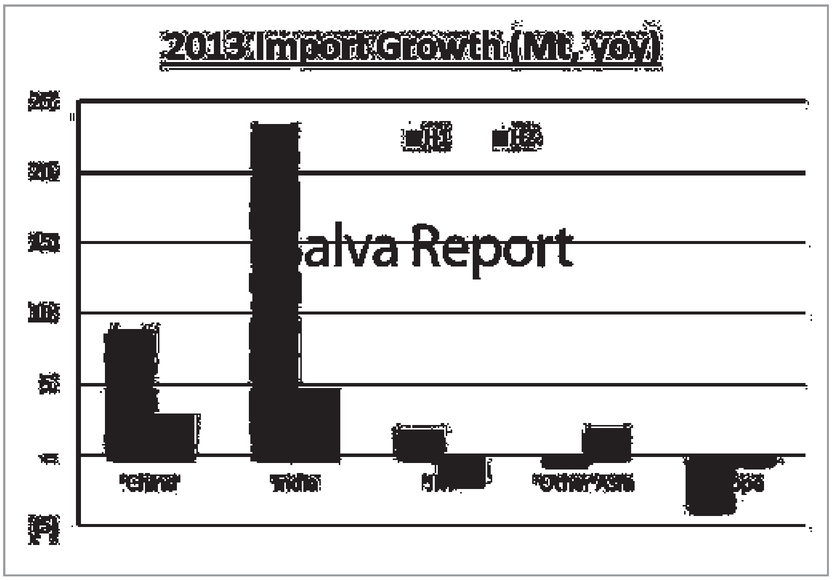
Source: Salva Report January 2014

Globally, import demand growth slowed in H2, (see Figure 9). This was due to a range of factors including weak currency (India), coal generation already operating at full capacity (Japan, Korea) and strong hydro performance (southern Europe, India).

India continued to lead global import growth in 2013, with imports up to 136Mt from 110Mt in 2012. Chinese imports in 2013 have moved towards higher quality thermal coals, particularly Australian.

Directors' report (continued)

Figure 9: Thermal Import Growth H2 2013

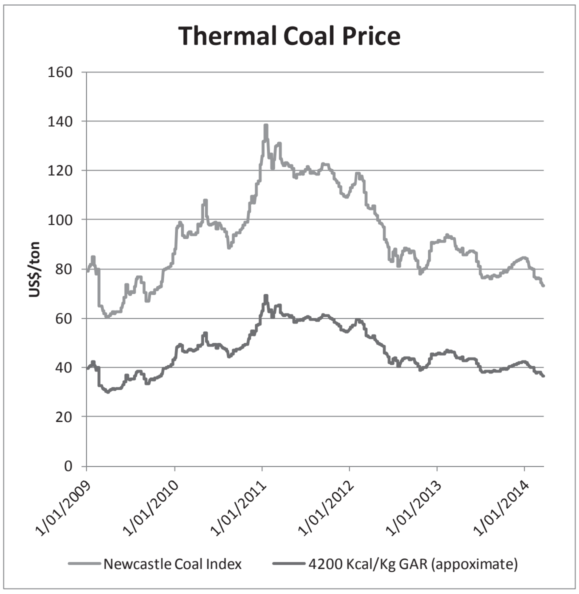


Source: Salva Report January 2014

While the market remains oversupplied and prices are still weak, other positive signs are emerging, with mergers and acquisition activity picking up recently, especially in the USA and Australia. This may well signal the bottom of the market, as many of the buyers in these transactions are existing suppliers to the market and therefore see potential upside.

At the time of writing, the FOB price of 4,200 Kcal/kg GAR coal has steadied at recent lows at around US$37/t.

Figure 10: Thermal Coal Price



Source: Bloomberg

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

Directors' report (continued)

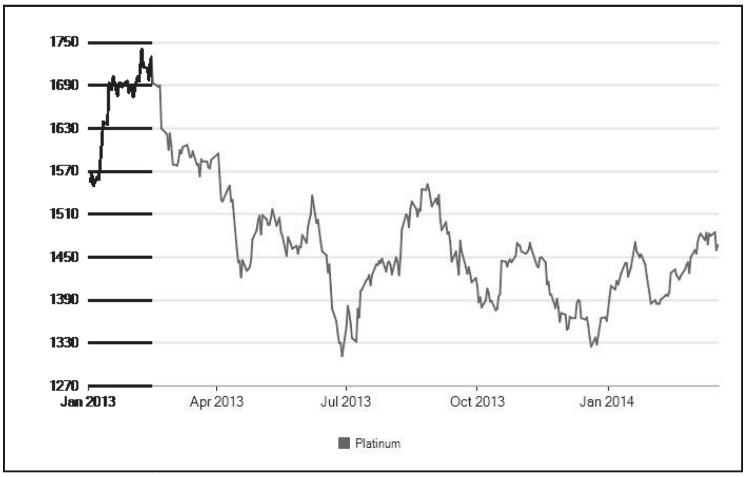
Competent Persons Statement – Katingan Ria Project
The information in this announcement that relates to Exploration Results, Mineral Resources or Ore Reserves at the "Katingan Ria" Project is based on information compiled by Mr Troy Turner, who is a Member of the Australian Institute of Mining and Metallurgy.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

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

PLATINUM GROUP METALS
Realm Resources (Pty) Ltd
(74% owned subsidiary)

The platinum market has remained depressed despite the forecast 2013 deficit rising to over 600k Oz due to strong off take by ETF investors and industrial users (Johnson Matthey 2013). After rising to above $1,700/oz in February 2013, prices have fallen to around $1,450/oz (Figure 11). This together with the continuing industrial unrest in the South African mining sector has hampered the Company's ability to progress the projects at this stage (Figure 12).

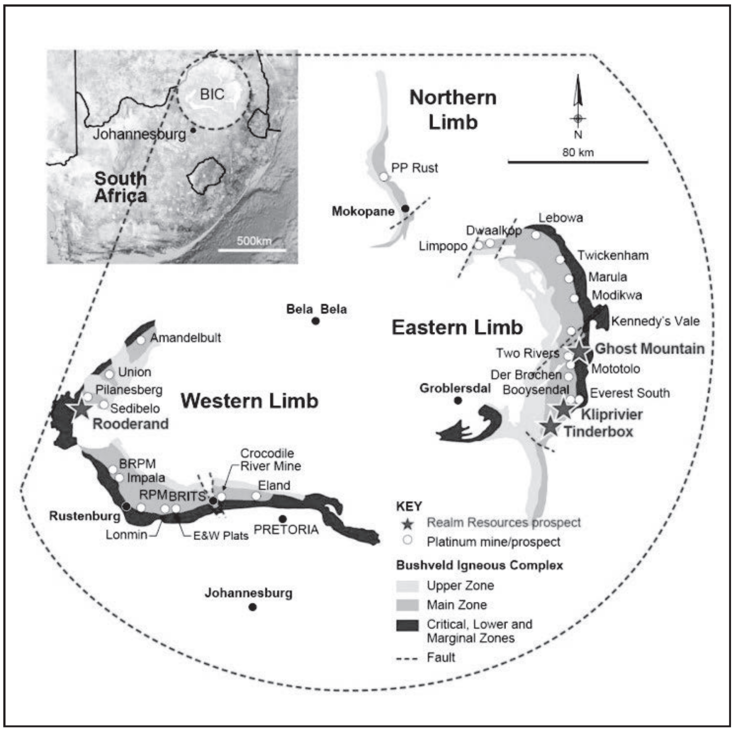
Figure 11 Platinum Price (US$/oz).



Source: Johnson Matthey

Directors' report (continued)

Figure 12 Location of Realm's PGM projects.



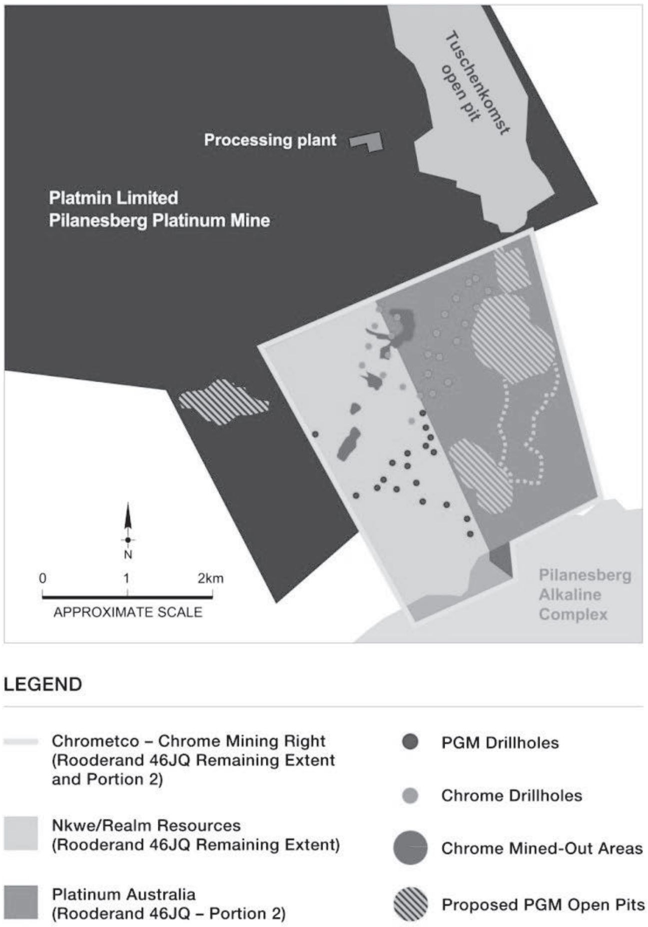
The Rooderand transaction (Western Limb), which was announced on 13 August 2012, continues towards completion with Chrometco (CMO) responsible for advancing the transaction together with the consolidation of the chrome and PGM mineral rights. On completion, Realm will receive 35m additional shares in CMO (10m received to date).

The Agreement allowed Nkwe and Realm to cancel their existing farm-in agreement and sell the platinum group and base metal mineral rights as well as historical drill core and geological data to Chrometco. Chrometco holds a mining right for chrome on the same Remaining Extent of the Farm Rooderand 46 JQ property in South Africa (Figure 13).

The consolidation of the mineral rights would unlock significant synergies for the benefit of all parties. Geologically, the economic horizons (reefs) all outcrop on surface and occur in close proximity to each other and furthermore some of the PGM bearing horizons contain by-product chromite ("**Cr**") and the Cr horizons contain by-product PGMs, making a strong case for combined mining and processing operation. Upon approval of the transfer of the PGM and Base Metal rights, the rights would become part of an existing mining right with a reduced approval timeframe.

Directors' report (continued)

Figure 13 Location of Chrometco's chrome and Nkwe/Realm's PGM and base metals rights



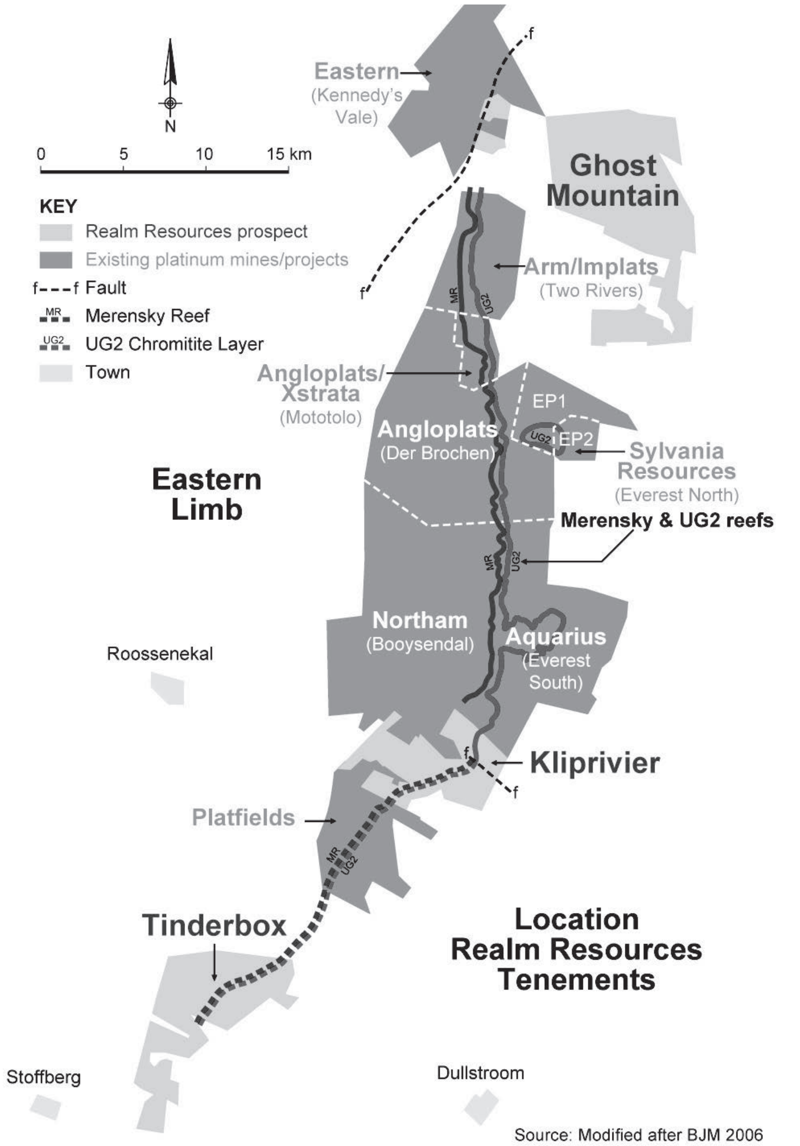
Competent Persons Statement – Rooderand Project

The information in this announcement that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Nico Bleeker, who is a member of the South African Council for Natural Scientific Professions (SACNASP). Mr Bleeker is employed by Witkop Fluorspar Mine (Proprietary) Limited. Mr Bleeker has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Bleeker consents to the inclusion in the Directors' Report of the matters based on his information in the form and content in which it appears.

The Eastern Limb platinum properties are being kept in good standing while management continues to explore a number of corporate alternatives aimed at realising value for Realm shareholders. The most prospective asset is Kliprivier, which contains an inferred resource of 109.6Mt @ 2.3g/t (3PGE+Au) containing 7.6Moz of PGMs (undiscounted) (Figure 14).

Directors' report (continued)

Figure 14 -- Kliprivier, Ghost Mountain and Tinderbox Prospect locations.



Competent Persons Statement – Kliprivier, Ghost Mountain and Tinderbox projects *The information in this announcement which relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr. Allen Maynard, who is a Member of the Australian Institute of Geoscientists and a Corporate Member of the Australasian Institute of Mining and Metallurgy. Mr. Maynard is the principal of Al Maynard & Associates Pty Ltd and has over 30 years of exploration and mining experience in a variety of mineral deposit styles. Mr Maynard has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Maynard consents to inclusion in the Directors' Report of the matters based on his information in the form and context in which it appears.*

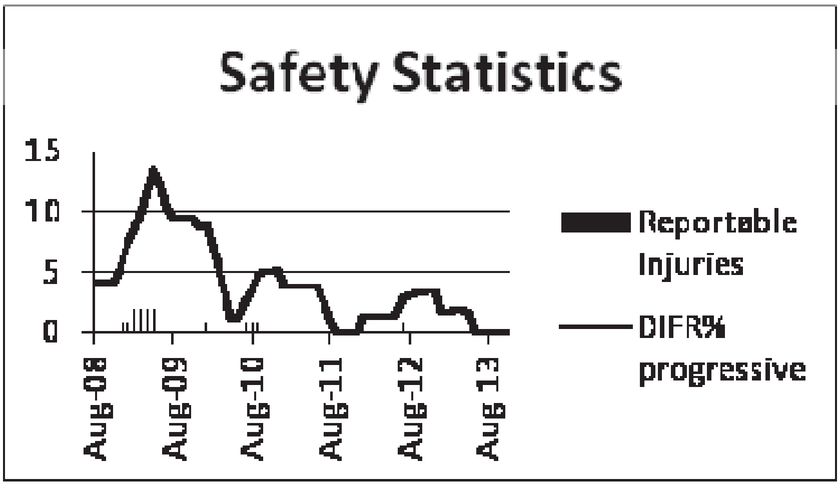
Directors' report (continued)

ALUMINIUM WASTE TOLLING BUSINESS

Health, Safety and Environment

Alumicor's smelting operation at Pietermaritzburg in South Africa has seen steady improvements in safety performance since Realm acquired the operation in 2008. Approximately R16m has been spent on improvements to the site, many of which significantly enhance the safety of our employees. Management has instilled a strong safety culture and has implemented safety systems and procedures to ensure that we continue to maintain and improve our work place safety. By end 2013 the operation has been 480 days reportable incident free and is environmentally fully compliant. Also, Alumicor is required to report on its environmental performance annually to the authorities to comply with legal requirements. In addition we conduct independent safety reviews annually.

Figure 15 – Alumicor Safety Statistics



Source: Company

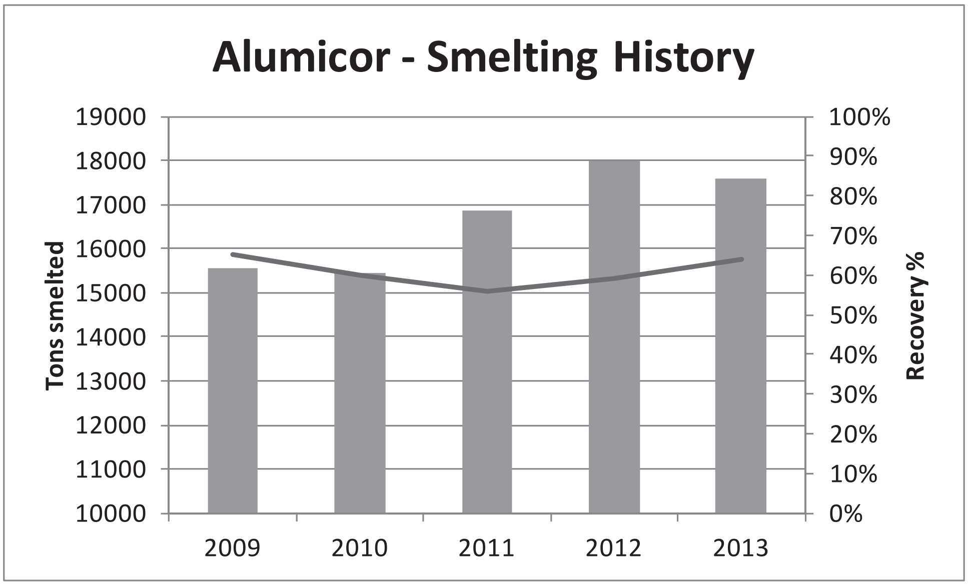
Smelting and recovery performance comparison

Alumicor continues to operate profitably and deliver cash flow with management's attention focussed on health and safety, improving efficiencies and profitability and finalising negotiations with Hulamin. Negotiations are aimed at implementing mutually beneficial arrangement which will see additional metal units being processed at the facility, thereby reducing unit costs due to economies of scale and ultimately improved cash flow generation.

Waste treated steadied at 17,595 tons for 2013 (vs. 17,999 in 2012) or 1,466 tons per month in 2013 (vs. 1,500 tons per month in 2014). Aluminium recovery improved to 64% (vs. 59% in 2013) (Figure 16).

Directors' report (continued)

Figure 16 – Alumicor volume and recovery performance



In addition, management is assessing a number of growth projects in the rapidly expanding aluminium recycling space, and has embarked on a process to seek funders and/or partners seeking exposure to or interested in developing or acquiring a stake in the business.

OCCUPATIONAL HEALTH AND SAFETY (OH&S) AND ENVIRONMENTAL, SOCIAL AND GOVENANCE (ESG)

In addition to the report on Alumicor's health, safety and environmental performance we note there was no injury to staff/contractors or environmental breaches to report at Realm's coal project (PT Katingan Ria) in Central Kalimantan and the platinum projects in South Africa. Drilling programmes during the year have been conducted according to strict codes of practice and sites adequately remediated after use. Work on site has ceased while we wait for economic conditions to improve and licences to be granted.

On the social side, Alumicor supports the Duzi Umngeni Conservation Trust (DUCT) whose role is to raise awareness of problems with river health and develop, demonstrate and encourage the adoption of solutions to these problems. As part of the support, Alumicor employees participated in a DUCT initiative to clean up and remove litter from the Duzi River and surrounds close to Realm's operation (Figure 17). It is also the site of the well know Duzi River canoe marathon.

Directors' report (continued)

Figure 17: Alumicor Employees assisting with the nearby "Duzi River Clean-up" and the Duzi River Canoe marathon

In Indonesia and South Africa, the process of engagement with land owners, affected parties and communities continues. At this stage the engagement is at a low level given that the projects are essentially on care and maintenance.

We would like to note that Realm and its Board are focussed OH&S and ESG management and are continually striving to improve performance.

CORPORATE

Partially underwritten pro-rata renounceable entitlement offer
Realm Resources Limited completed a partially underwritten pro-rata renounceable entitlement offer of 37 new shares for every 9 existing ordinary shares in the issued capital of Realm in November 2013.

The net proceeds of the Entitlement Offer were used to:-
- Repay the $5m Taurus Funds Management equity linked convertible note;
- Progress efforts to maximise the value of Realm's development ready Indonesian thermal coal project via the selection of a strategic investor / off take partner, progression of final permitting and development activities, and possible Singapore listing;
- Accelerate business development activities aimed at enhancing and/or realising the value of Realm's coal, and South African aluminium and platinum assets as well as seeking new resource sector investment opportunities; and
- General corporate costs

The Company received acceptances for a total of 18,031,501 shares raising $72,126. The number of shares offered under the Entitlement Offer was 1,750,000,000 shares and the Company placed 1,500,000,000 Shares under the underwriting agreement with Veritas. Following the closure of the Entitlement Offer and the exercise of the underwriting commitment Realm repaid the $5 million due for payment to Taurus on 6 November 2013 under the terms of a Convertible Note.

Directors' report (continued)

SUBSEQUENT TO THE REPORTING PERIOD

Aluminium

The Company has concluded a new two year pricing agreement with Hulamin for the treatment of their aluminium waste. The tolling fee increase is CPI linked and started on 1st January 2014. In addition, the parties have entered into formal discussion to start a joint initiative aimed at better utilising the spare waste treatment capacity (about 300t/month) at Alumicor by acquiring third party aluminium waste material. This has the potential to benefit both parties through improvements to Alumicor's efficiency and profitability and increase supply of low cost aluminium feedstock to Hulamin.

Coal

On17th of March 2014, the Company announced that it had concluded a Cooperation Agreement with Jatenergy Limited ("Jatenergy") (ASX:JAT). The agreement is specifically focused on Realm's Katingan Ria coal project and Jatenergy's adjourning Coal Soil Brik ("CSB") project, collectively called the "Katingan Project".

Realm and Jatenergy have identified potential mutual benefits that may arise from closer cooperation between them in regards to the commercialisation of the coal resource in the region and the potential to supply a proposed power station development, and/or export markets.

Jatenergy's CSB project contains southern extensions of the JORC coal resources defined by Realm and could, if combined, extend the size and/or life of a potential operation.

The agreement is non-binding and encompasses:

- Sharing of information relating to corporate, technical, marketing, contacts and opportunities in regards to Katingan to enhance its commercialization;
- Marketing, promotion, development and operation of Katingan project;
- Establishing a basis to execute and attract investment into the Katingan project, and terms for a possible future combination.

CORPORATE

Meetings of directors

The numbers of meetings of the company's board of directors, the audit committee and the remuneration committee during the year ended 31 December 2013, and the numbers of meetings attended by each director, were:

	Board Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
	Number of Meetings Eligible to Attend	Number of Meetings Attended	Number of Meetings Eligible to Attend	Number of Meetings Attended	Number of Meetings Eligible to Attend	Number of Meetings Attended
Richard Rossiter	10	10	2	2	NA	NA
Theo Renard	10	10	2	2	NA	NA
Neale Fong (i)	7	7	2	2	2	2
Michael Davies	10	10	2	2	2	2

(i) resigned 17 September 2013

Directors' report (continued)

Principal activities

The principal activity of PT Katingan Ria is coal exploration and development. The principal activity of Alumicor SA Holdings (Pty) Ltd is the reprocessing of aluminium waste. The principal activity of Masedi Platinum (Proprietary) Ltd and Nkwe Platinum (Scarlet) (Proprietary) Ltd during the financial year ws the holding of platinum resources tenements. Concurrently the Board of Realm Resources continued to move forward with the exploration and development of the Katingan Ria coal project, oversee operations at Alumicor SA Holdings (Pty) Ltd and continued to pursue new opportunities in the resource sector with the view of maximising shareholder value.

Financial results

The consolidated net loss for the year ended 31 December 2013 was $3,063,049 (2012: Net loss of $9,146,849), and the loss attributable to members of Realm Resources Limited was $3,006,550 (2012: loss of $9,036,097).

Review of operations

A review of the operations of the Group is contained within the "Review of results and operations".

Dividends

No dividend has been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

Matters subsequent to the end of the financial year

No other matter or circumstance has arisen since 31 December 2013 that has significantly affected, or may significantly effect:

(a) The Group's operations in future financial years, or
(b) The results of those operations in future financial years, or
(c) The Group's state of affairs in future financial years.

Likely developments and expected results

Additional comments on expected results and developments are contained in the "Review of results and operations". Future information on likely developments in the operations of the Group and the expected results of operations have not been included in this financial report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental regulation

The Group is subject to significant environmental regulations in respect of its platinum tenements and Alumicor business in South Africa. The Group is in compliance with the relevant environmental regulations, the legal compliance report was delivered to the relevant authorities in December 2012.

Directors' report (continued)

Insurance of officers

During or since the financial year, the company has paid premiums in respect of a contract insuring all directors of the Group against legal costs incurred in defending proceedings for conduct other than:
(a) a wilful breach of duty.
(b) a contravention of sections 182 or 183 of the Corporations Act 2001, as permitted by section 199B of the Corporations Act 2001.

The total amount of insurance contract premiums paid was $39,517.

Auditor's independence

A copy of the auditors independence declaration as required under section 307 of the Corporations Act is set out on page 39.

Non–audit services

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the Group are important.

Details of the amounts paid or payable to the auditor (HLB Mann Judd) for audit and non-audit services provided during the year are set out below.

The board of directors has considered the position and, in accordance with advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:
- All non-audit services have been reviewed by the Audit Committee to ensure that they do not impact the impartiality and objectivity of the auditor;
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

During the year, the auditor of the parent entity provided tax compliance services for fees of $17,550. During the year the company used BDO South Africa Incorporated to provide audit and tax services to its subsidiaries, Alumicor SA Holdings Proprietary Limited and its controlled entities, and Realm Resources (Pty) Limited and its controlled entities. During the year, BDO South Africa Incorporated provided tax compliance services for fees of $2,607. During the year the company used RSM AAJ Associates in Indonesia to provide audit services to PT Katingan Ria. No non-audit services were provided by RSM AAJ Associates. During the year the company appointed CA Trust PAC in Singapore to provide audit services to Realm Resources Pte. Ltd and Kalres Pte. Ltd. No non-audit services were provided by CA Trust PAC.

Details of auditor's remuneration is included in note 27 to the financial statements.

Directors' report (continued)

Remuneration report (audited)

Introduction

This Remuneration Report outlines the director and executive remuneration arrangements of the Group and in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purpose of this report Key Management Personnel ("KMP") of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, and includes executives of the Group.

Details of Key Management Personnel

(i) Directors of Realm Resources Limited during the financial year were:

Richard Rossiter	- Executive Chairman
Theo Renard	- Executive Director, Company Secretary
Neale Fong	- Non-executive Director (resigned 17 September 2013)
Michael Davies	- Non-executive Director

(ii) Other Executives of Realm Resources Limited during the financial year were:

Ryan McConnachie – General Manager, Alumicor SA Holdings (Pty) Limited
Michael Black – Chief Operating Officer, PT Katingan Ria
Eva Armila – General Manager, Legal, PT Katingan Ria

Remuneration Philosophy

The performance of the Group depends upon the quality of its directors and executives. To prosper, the Group must attract, motivate and retain highly skilled directors and executives.

To this end, the Group embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to shareholder value; and
- A significant portion of executive remuneration is "at risk", provided through participation in incentive plans.

Shares and options issued under the incentive plans provide an incentive to stay with the Group. At this time, shares and options issued do not have performance criteria attached.

The Group does not have a policy which precludes directors and executives from entering into contracts to hedge their exposure to options or shares.

The Company also recognises that, at this stage in its development, it is most economic to have only a few employees and to draw, as appropriate, upon a pool of consultants selected by the directors on the basis of their known management, geoscientific, engineering and other professional and technical expertise and experience. The Company will nevertheless seek to apply the principles described above to its directors and executives, whether they are employees of or consultants to the Company.

Directors' report (continued)

Remuneration report (audited) (continued)

Remuneration Committee Responsibilities

The remuneration committee is responsible for making recommendations to the Board on the remuneration of non–executive directors ("NEDs") and executives on a periodic basis by reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high performing director and executive team. In determining the level and composition of executive remuneration, the remuneration committee also engages external consultants to provide independent advice.

The remuneration committee comprises two independent NEDs.

Remuneration Approval Process

The Board approves the remuneration arrangements of the Executive Chairman and executives and all awards made under the long term incentive (LTI) plan, following recommendations from the Remuneration Committee. The board also sets the aggregate remuneration of NEDs which is then subject to shareholder approval.

The Remuneration Committee approves, having regard to the recommendations made by the Executive Chairman, the level of the Group short term incentive ("STI") pool.

Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive and executive director remuneration is separate and distinct.

Non-executive director remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

The Company's constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors must be determined from time to time by shareholders of the Company in a general meeting. An amount not exceeding the amount determined is then divided between the non-executive directors as agreed. The current aggregate limit of remuneration for non-executive directors is $300,000 per annum.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst non-executive directors is reviewed annually. The Board may consider advice from external consultants, as well as the fees paid to non-executive directors of comparable companies, when undertaking the annual review process.

Non-executive directors are encouraged by the Board to hold shares in the Company (purchased on market and in accordance with the Company's approved policies to ensure that there is no insider trading). It is considered good governance for directors of a company to have a stake in that company. The non-executive directors of the Company may also participate in the share and option plans as described in this report, which provide incentives where specified criteria are met.

Directors' report (continued)

Remuneration report (audited) (continued)

Executive directors and senior management remuneration

Objective

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group and so as to:

- reward executives for Group, business team and individual performance;
- align the interests of executives with those of shareholders; and
- ensure total remuneration is competitive by market standards.

Structure

At this time, the cash component of remuneration paid to directors, the Company Secretary and other senior managers is not dependent upon the satisfaction of performance conditions. It is current policy that executives be engaged by way of consultancy agreements with the Company, under which they receive a contract rate based upon the number of hours of service supplied to the Company. Such remuneration is hence not dependent upon the achievement of specific performance conditions. This policy is considered to be appropriate for the Company, having regard to the current state of its development.

Principles used to determine the nature and amount of remuneration

The key management personnel of the Group are those directors of the Company and those executives that report directly to the executive chairman. Details of directors and key personnel contracts are as follows:

Name & Designation	Duration of Contract (in years)	Period of Notice to Terminate (in months)	Termination Payments Under Contract	Base Salary including Superannuation $
Directors				
R D Rossiter – Chairman	2, commencing 1 July 2011 (ii)	Nil	(i)	210,000
T N Renard – Executive Director	2, commencing 23 December 2008 (ii)	Nil	(i)	210,000
N Fong – Non-executive Director (resigned 17 September 2013)	N/A	N/A	N/A	N/A
M N M Davies – Non-executive Director	N/A	N/A	N/A	N/A
Key management personnel				
R McConnachie – General Manager, Alumicor SA Holdings Proprietary Limited	Indefinite	6	None	ZAR1,630,098 Plus AU12,000
M Black – Chief Operating Officer, PT Katingan Ria	Indefinite	2	None	US434,667
E Armila – General Manager, PT Katingan Ria	Indefinite	2	None	US105,000

(i) Termination without cause by either the Company or the executive giving the other party notice in writing. If notice given by the Company it agrees to pay the greater of the balance of the consultancy fee or twelve months consultancy fee. The consultant may terminate upon giving the company notice in writing for 3 months.

(ii) Following completion of the contract, if the parties agree, the terms of the contract are extended for 2 year rolling periods, pursuant to the terms of the respective agreement.

(iii) In addition to the above, R D Rossiter receives fees of $65,475 per annum including superannuation (being $5,475), T N Renard and M N M Davies receive fees of $43,650 per annum including superannuation (being $3,650).

Directors' report (continued)

Remuneration report (audited) (continued)

Remuneration

In consideration for the consultancy services, the Company will pay the consultancy fee to the Consultant in monthly instalments in arrears at the end of each month. In addition, the Company may, if the Board (following a recommendation by the Remuneration Committee) so resolves, offer to the Consultant or the nominated executive, securities in accordance with the Company's share or option incentive plan.

Remuneration of key management personnel of the Company

Table 1: Remuneration for the year ended 31 December 2013

	Short-term			Long-term		
	Directors fees $	Salary and Consulting fees $	Bonus $	Superannuation contribution $	Shares based payments $	Total $
Non–Executive directors						
Neale Fong (i)	52,836	-	-	4,795	-	57,631
Michael Davies	40,000	-	-	3,650	-	43,650
Subtotal: Non–executive directors	92,836	-	-	8,445	-	101,281
Executive directors						
Richard Rossiter	60,000	210,000	-	5,475	-	275,475
Theo Renard	40,000	210,000	-	3,650	-	253,650
Subtotal: Executive directors	100,000	420,000	-	9,125	-	529,125
General Management						
Ryan McConnachie	-	187,072	13,989	-	-	201,061
Michael Black	-	458,532	-	-	-	458,532
Eva Armila	-	110,252	-	-	-	110,252
Subtotal: General Management	-	755,856	13,989	-	-	769,845
Totals	192,836	1,175,856	13,989	17,570	-	1,400,251

(i) resigned on 17 September 2013

Directors' report (continued)

Remuneration report (audited) (continued)

Table 2: Remuneration for the year ended 31 December 2012

	Short-term		Long-term	Share based payment	
	Directors fees $	Salary and Consulting fees $	Superannuation contribution $	Shares and options $	Total $
Non–executive Directors					
Neale Fong	75,734	-	6,816	-	82,550
Michael Davies	30,667	-	1,500	-	32,167
Andrew Purcell (i)	28,023	173,844	2,522	-	204,389
Subtotal: Non–executive Directors	134,424	173,844	10,838	-	319,106
Executive Directors					
Richard Rossiter	39,000	301,522	3,510	-	344,032
Andrew Matheson (ii)	14,170	192,260	18,579	-	225,009
Theo Renard	30,667	233,331	2,280	-	266,278
Subtotal: Executive Directors	83,837	727,113	24,369	-	835,319
General Management					
Ryan McConnachie	-	198,672	-	-	198,672
Michael Black	-	202,818	-	-	202,818
Eva Armila	-	86,922	-	-	86,922
Subtotal: General Management	-	488,412	-	-	488,412
Totals	218,261	1,389,369	35,207	-	1,642,837

(i) resigned on 12 December 2012
(ii) resigned on 23 July 2012

Other than a bonus paid to Ryan McConnachie during the year ended 31 December 2013, no remuneration (including shares or options issued) is performance related, and instead is structured to increase goal congruence between executives, directors and shareholders.

Table 3: Compensation shares: Granted and vested during the year ended 31 December 2013

	Granted	Terms & Conditions for each Grant						Vested	
31 December 2013	No.	Grant Date	Fair Value per share at grant date $	Exercise price per share $	Expiry Date	First Exercise Date	Last Exercise Date	No.	%
Key Management Personnel	-	-	-	-	-	-	-	-	
Total	-							-	-

Directors' report (continued)

Remuneration report (audited) (continued)

Table 4: Compensation options: Granted and vested during the year ended 31 December 2013

	Granted	Terms & Conditions for each Grant						Vested	
31 December 2013	No.	Grant date	Fair Value per option at grant date $	Exercise price per option $	Expiry date	First exercise date	Last exercise date	No.	%
Key Management Personnel	-	-	-	-	-	-	-	-	-
Total	-							-	-

Table 5: Compensation shares: Granted and vested during the year ended 31 December 2012

	Granted	Terms & Conditions for each Grant						Vested	
31 December 2012	No.	Grant Date	Fair Value per share at grant date $	Exercise price per share $	Expiry Date	First Exercise Date	Last Exercise Date	No.	%
Key Management Personnel	-	-	-	-	-	-	-	-	
Total	-							-	-

Table 6: Compensation options: Granted and vested during the year ended 31 December 2012

	Granted	Terms & Conditions for each Grant						Vested	
31 December 2012	No.	Grant date	Fair Value per option at grant date $	Exercise price per option $	Expiry date	First exercise date	Last exercise date	No.	%
Key Management Personnel	-	-	-	-	-	-	-	-	
Total	-							-	100%

Table 7: Shares granted as part of remuneration during the year ended 31 December 2013

	No of shares granted during the year	Value of shares granted during the year $	Value of shares lapsed during the year $	Total value of shares granted, exercised and lapsed during the year $	% Remuneration consisting of shares for the year
Key Management Personnel	-	-	-	-	-

Note: Shares issued under employee share plan are treated as in substance options.

Table 8: Shares granted as part of remuneration during the year ended 31 December 2012

	No of shares granted during the year	Value of shares granted during the year $	Value of shares lapsed during the year $	Total value of shares granted, exercised and lapsed during the year $	% Remuneration consisting of shares for the year
Key Management Personnel					
-	-	-	-	-	-

Directors' report (continued)

Remuneration report (audited) (continued)

Table 9: Options granted as part of remuneration for the year ended 31 December 2013

	No. of options granted during the year $	Value of options granted during the year $	Value of options exercised during the year $	Value of options lapsed during the year $	Total value of options granted, exercised and lapsed during the year $	% Remuneration consisting of options for the year
Key Management Personnel	-	-	-	-	-	-

Table 10: Options granted as part of remuneration during the year ended 31 December 2012

	No. of options granted during the year $	Value of options granted during the year $	Value of options exercised during the year $	Value of options lapsed during the year $	Total value of options granted, exercised and lapsed during the year $	% Remuneration consisting of options for the year
Key Management Personnel						
-	-	-	-	-	-	-

There were no alterations to the terms and conditions of options and shares granted as remuneration since their grant date. There were no forfeitures of options during the year.

Signed in accordance with a resolution of the directors.

Richard Rossiter
Executive Chairman

31 March 2014

HLB Mann Judd

Accountants | Business and Financial Advisers

REALM RESOURCES LIMITED
ABN 98 008 124 025

AUDITOR'S INDEPENDENCE DECLARATION

To the directors of Realm Resources Limited:

As lead auditor for the audit of the consolidated financial report of Realm Resources Limited for the year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Realm Resources Limited and the entities it controlled during the year.

A Smith

Sydney, NSW	**A G Smith**
31 March 2014	**Partner**

Corporate governance statement

Realm Resources Limited ("**the Company**") has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. During the 2013 financial year ("**Reporting Period**") the Board re-reviewed aspects of its governance practices. Some of these policies and procedures are summarised in this statement.

Commensurate with the spirit of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* ("**Principles & Recommendations**"), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and reason for the adoption of its own practice, in compliance with the "if not, why not" regime.

Further information about the Company's corporate governance practices including the relevant information on the Company's charters, code of conduct and other policies and procedures is set out on the Company's website at www.realmresources.com.au.

"If Not, Why Not" Disclosure
During the Company's Reporting Period the Company has followed each of the Principles & Recommendations other than in relation to the matters specified below.

Principle 2

Recommendation 2.1: A majority of the Board should be independent directors.

Notification of Departure: The independent directors of the Board during the reporting period were Dr Neale Fong (until his resignation) and Mr Michael Davies. Presently the Board is comprised of an unequal number of independent and non independent directors.

Explanation for Departure: The Board considers that its current composition is appropriate for the Company's size, operations and future direction and includes an appropriate mix of skills and expertise, relevant to the Company's business.

Principle 2

Recommendation 2.2 & 2.3: The chair should be an independent director and the roles of chair and chief executive officer should not be exercised by the same individual.

Notification of Departure: The role of chairman of the Company during the reporting period was held by Mr Richard Rossiter.

Explanation for Departure: The Board considers that its current composition is appropriate for the Company's size, operations and future direction and includes an appropriate mix of skills and expertise, relevant to the Company's business.

Corporate governance statement (continued)

Principle 2

Recommendation 2.4: The Board should establish a Nomination Committee.

Notification of Departure: The full Board fulfils the function of a Nomination Committee.

Explanation for Departure: During the Reporting Period, the Board undertook those matters that would usually be the responsibility of a nomination committee. Given the size and composition of the Board, the Board considers that no efficiencies or other benefits would be gained by establishing a separate committee. The Board has adopted a Nomination Committee Charter which it applies, as relevant.

Principle 3

Recommendation 3.3: Companies should disclose in each annual report the measureable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.

Notification of Departure: The Company has not yet established objectives for achieving gender diversity.

Explanation for Departure: The Company operates with a very small team of professionals, whose services are provided on the basis of their experience and professional qualifications. Establishing such measureable objectives will be addressed by the Board when the Company's operations require the expansion of its personnel numbers.

Principle 4

Recommendation 4.1 and 4.2: The Board should establish an Audit Committee and structure it in accordance with the recommendation.

Notification of Departure: The full Board fulfils the function of an Audit Committee.

Explanation for Departure: During the Reporting Period, the Board undertook those matters that would usually be the responsibility of an audit committee. Further, due to the composition of the Board, it is not possible for the Board to form an audit committee in accordance with the recommended structure. Therefore, the Board considers that no efficiencies or other benefits would be gained by establishing a separate committee. The Board has adopted an Audit Committee Charter which it applies, as relevant.

Principles 8

Recommendation 8.1: A remuneration committee comprising the non executive director has been appointed.

NOMINATION COMMITTEE

The full Board carries out the role of the Nomination Committee. The full Board did not officially convene as a Nomination Committee during the Reporting Period, however nomination related discussions occurred from time to time during the year as required. To assist the Board to fulfil its function as the Nomination Committee, it has adopted a Nomination Committee Charter (available on the Company's website).

Corporate governance statement (continued)

AUDIT COMMITTEE

The full Board, in its capacity as the Audit Committee, held 2 meetings during the Reporting Period. When the Board meets as the Audit Committee, Michael Davies chair's the meeting. To assist the Board to fulfil its function as the Audit Committee, it has adopted an Audit Committee Charter (available on the Company's website).

Details of each of the directors' qualifications are set out in the directors' report.

REMUNERATION COMMITTEE

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms part of the directors' report.

The full Board, in its capacity as the Remuneration Committee, held 2 meetings during the reporting period. To assist the Board to fulfil its function as the Remuneration Committee, it has adopted a Remuneration Committee Charter (available on the Company's website).

OTHER

Skills, experience, expertise and term of office of each director
A profile of each director containing their skills, experience and expertise is set out in the directors' report.

Assurances to the board
The Board has received assurance from management that the Company's management of its material business risks are effective. Further, the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) have provided a declaration in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risk.

Identification of independent directors and the company's materiality thresholds
In considering the independence of directors, the Board refers to its *Policy on Assessing the Independence of Directors* (available on the Company's website).

The Board has agreed on the following guidelines for assessing the materiality of matters, as set out in the Company's *Board Charter* (available on the Company's website):

- Balance sheet items are material if they have a value of more than 10% of pro-forma net asset.
- Profit and loss items are material if they will have an impact on the current year operating result of 10% or more.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, they could affect the Company's rights to its assets, if accumulated they would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 10% or more on balance sheet or profit and loss items, or they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.
- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests, contain or trigger change of control provisions, they are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

The independent director of the Company is Michael Davies.

Corporate governance statement (continued)

Statement concerning availability of Independent Professional Advice
To assist directors with independent judgement, it is the Board's Policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval for incurring such expense from the Chair, the Company will pay the reasonable expenses associated with obtaining such advice.

Confirmation whether performance Evaluation of the Board and its members have taken place and how conducted

During the Reporting Period an evaluation of the performance of the Board, its committees and individual directors was not carried out.

During the Reporting Period a performance evaluation for senior executives was not carried out.

A performance review will be performed during the next Reporting Period.

Existence and terms of any schemes for retirement benefits for non-executive directors
There are no termination or retirement benefits for non-executive directors (other than for superannuation).

Consolidated statement of financial position
As at 31 December 2013

	Notes	2013 $	2012 $
ASSETS			
Current assets			
Cash and cash equivalents	9	842,612	2,492,636
Trade and other receivables	10	384,938	478,136
Inventories	11	11,788	11,604
Current tax assets		320,052	36,790
Other assets		23,716	44,307
Total current assets		1,583,106	3,063,473
Non-current assets			
Trade and other receivables	12	23,577	27,077
Available for sale financial assets	13	118,030	227,200
Property, plant and equipment	14	1,527,973	1,804,057
Deferred tax assets	7(c)	66,073	170,969
Exploration and evaluation assets	15	15,115,523	15,115,523
Total non-current assets		16,851,176	17,344,826
TOTAL ASSETS		18,434,282	20,408,299
LIABILITIES			
Current liabilities			
Trade and other payables	16	548,514	771,530
Current tax liabilities		1,013	3,704
Borrowings	17	1,520,081	6,386,812
Total current liabilities		2,069,608	7,162,046
Non-current liabilities			
Deferred tax liabilities		-	90,268
Total non-current liabilities		-	90,268
TOTAL LIABILITIES		2,069,608	7,252,314
NET ASSETS		16,364,674	13,155,985
EQUITY			
Capital and reserves			
Contributed equity	18	46,398,433	40,392,135
Retained earnings (accumulated losses)	19(a)	(28,866,028)	(25,859,478)
Reserves	19(b)	(1,434,942)	(1,731,585)
Attributable to owners of Realm Resources Limited		16,097,463	12,801,072
Non-controlling interests		267,211	354,913
TOTAL EQUITY		16,364,674	13,155,985

The above statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of comprehensive income
For the year ended 31 December 2013

	Notes	2013 $	2012 $
Revenue from continuing Operations			
Rendering of services		3,719,538	3,951,603
Interest revenue		299,044	311,625
Other revenue		30,931	36,747
Revenue		4,049,513	4,299,975
Cost of sales		(1,822,377)	(2,148,671)
Gross profit		2,227,136	2,151,304
Other income		3,678	285,850
Impairment loss – exploration assets		-	(2,988,400)
Impairment loss – available for sale financial assets		(96,660)	(58,850)
Technical expenses		(187,557)	(1,167,554)
Share maintenance expenses		(88,156)	(68,142)
Occupancy expenses		(182,559)	(118,837)
Audit fees		(164,837)	(194,685)
Directors' fees		(459,156)	(557,220)
Consultancy fees		(1,153,944)	(1,418,094)
Administrative expenses	6(a)	(2,621,520)	(4,535,122)
Other expenses	6(a)	(176,454)	(132,528)
Finance costs		(348,471)	(185,577)
(Loss)/Profit before income tax		(3,248,500)	(8,987,855)
Income tax benefit/(expense)	7	185,451	(158,994)
Net (Loss)/profit for the year		(3,063,049)	(9,146,849)
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(69,007)	(263,405)
Total comprehensive income (loss) for the year		(3,132,056)	(9,410,254)
Total profit (loss) for the year is attributable to:			
Non-controlling interests		(56,499)	(110,752)
Owners of Realm Resources Limited		(3,006,550)	(9,036,097)
		(3,063,049)	(9,146,849)
Total comprehensive income (loss) for the year is attributable to:			
Non-controlling interest		(56,499)	(110,752)
Owners of Realm Resources Limited		(3,075,557)	(9,299,502)
		(3,132,056)	(9,410,254)
Earnings per share for profit/(loss) from continuing operations attributable to the ordinary equity holders of the Company:	8		
Basic earnings (loss) per share (cents)		(0.46)	(2.43)
Diluted earnings (loss) per share (cents)		(0.46)	(2.43)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity
For the year ended 31 December 2013

	Attributable to members of Realm Resources Limited							
	Ordinary shares $	Option Reserve $	Employee equity benefits reserve $	Foreign currency translation reserve $	Accumulated losses $	Total Equity $	Attributable to non-controlling interest $	Total equity $
Balance as at 1 January 2012	30,877,930	-	123,040	(1,509,510)	(16,905,091)	12,586,369	486,014	13,072,383
(Loss) for the year	-	-	-	-	(9,036,097)	(9,036,097)	(110,752)	(9,146,849)
Other comprehensive income	-	-	-	(263,405)	-	(263,405)	-	(263,405)
Total comprehensive income (loss) for the year	-	-	-	(263,405)	(9,036,097)	(9,299,502)	(110,752)	(9,410,254)
Acquisition of subsidiary	-	-	-	-	-	-	(20,349)	(20,349)
Transactions with owners in their capacity as owners:								
Shares issued during the year, net of transactions costs	9,514,205	-	-	-	-	9,514,205	-	9,514,205
Transfer of share-based payment	-	-	(81,710)	-	81,710	-	-	-
Balance as at 31 December 2012	40,392,135	-	41,330	(1,772,915)	(25,859,478)	12,801,072	354,913	13,155,985
(Loss) for the year	-	-	-	-	(3,006,550)	(3,006,550)	(56,499)	(3,063,049)
Other comprehensive income	-	-	-	(69,007)	-	(69,007)	-	(69,007)
Total comprehensive income (loss) for the year	-	-	-	(69,007)	(3,006,550)	(3,075,557)	(56,499)	(3,132,056)
Transactions with owners in their capacity as owners:								
Other	-	-	-	-	-	-	(31,203)	(31,203)
Shares issued during the year, net of transaction costs	6,006,298	-	-	-	-	6,006,298	-	6,006,298
Options issued	-	365,650	-	-	-	365,650	-	365,650
Balance as at 31 December 2013	46,398,433	365,650	41,330	(1,841,922)	(28,866,028)	16,097,463	267,211	16,364,674

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows
For the year ended 31 December 2013

	Notes	2013 $	2012 $
Cash flows from operating activities			
Receipts from customers		3,769,886	3,877,567
Payments to suppliers and employees		(6,029,057)	(8,950,898)
Interest received		28,851	73,784
Finance charges		-	-
Income tax (payments) receipts		(95,334)	(303,189)
Net cash flows (used in)/from operating activities	20	(2,325,654)	(5,302,736)
Cash flows from investing activities			
Purchase of property, plant and equipment		(148,684)	(397,488)
Net cash flows used in investing activities		(148,684)	(397,488)
Cash flows from financing activities			
Proceeds from issue of shares, net of transaction costs		5,812,326	-
Loan made		-	(92,623)
Repayment of borrowings		(5,000,000)	-
Proceeds from borrowings		67,171	4,952,339
Payment of finance lease liabilities		-	(4,627)
Net cash flows (used in)/from financing activities		879,497	4,855,089
Net (decrease)/increase in cash and cash equivalents held		(1,594,841)	(845,135)
Effects of exchange rate changes on cash and cash equivalents		(55,183)	73,565
Cash and cash equivalents at the beginning of year		2,492,636	3,264,206
Cash and cash equivalents at end of year	9	842,612	2,492,636

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

1. Corporate information

The financial report of Realm Resources Limited ("Realm" or "the Company") for the year ended 31 December 2013 was authorised for issue in accordance with a resolution of the directors on 31 March 2014. The company has the power to amend and reissue the financial report.

The Company is limited by shares and incorporated in Australia and its shares are publicly traded on the Australian Securities Exchange.

2. Summary of significant accounting policies

The principal accounting policies in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes financial statements of the consolidated entity consisting of Realm Resources Limited and its controlled entities.

(a) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2013 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 *Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2012-6 Amendments to Australian Accounting Standards arising from AASB 9 – Mandatory Effective Date of AASB 9 and Transition Disclosures (effective for annual reporting periods beginning on or after* 1 January 2017)

AASB 9 *Financial Instruments* addresses the classification, measurement and de-recognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2017 but is available for early adoption. When adopted, the standard will affect in particular the Group's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

There is expected to be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities and has no plans to incur any such liabilities. The Group has not yet decided when to adopt AASB 9.

(ii) *AASB 2011–4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (effective for annual reporting periods beginning on or after 1 July 2013)*

Amendments were made to accounting standards to remove duplication of information regarding key management personnel in the related party note. This information will continue to be disclosed in the Remuneration Report.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(a) New accounting standards and interpretations (continued)

(iii) AASB 2012-3 Amendments to Australian Accounting Standard – Offsetting Financial Assets and Financial Liabilities (effective 1 July 2014)

In June 2012, the AASB made amendments to the application guidance in *AASB 132 Financial Instruments: Presentation*, to clarify some of the requirements for offsetting financial assets and financial liabilities in the statement of financial position. These amendments are effective from 1 July 2014. The Group does not anticipate a significant impact on the Group's financial statements.

(iv) AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities (effective 1 January 2014)

In August 2013, the AASB made amendments to *AASB 10 Consolidated Financial Statements, AASB 12 Disclosure of interests in Other Entities and AASB 127 Separate Financial Statements* which exempt investment entities from consolidating controlled investees. The Group does not anticipate a significant impact on the Group's financial statements.

(v) AASB 2013-3 Amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets (effective 1 January 2014)

In June 2013, the AASB made amendments to the disclosures required under *AASB 136 Impairment of Assets*. These amendments may result in additional disclosures if the Group recognises an impairment loss or the reversal of an impairment loss during the period. The Group has assessed the new standard's impact and do not anticipate a significant impact on the Group financial statements. The amendments are effective from 1 July 2014.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable transactions.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report is presented in Australian dollars.

(b) Compliance with IFRS

The consolidated financial statements of the Realm Resources Limited Group comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

(c) Historical Cost Convention

The financial statements have also been prepared on a historical cost basis, as modified by the revaluation of assets and liabilities acquired as part of a business combination (in prior years).

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(d) Principles of consolidation

Subsidiaries

The consolidated financial statements comprise the financial statements of Realm Resources Limited ("Company" or "Parent entity") as at 31 December and the results, assets and liabilities of all subsidiaries. Realm Resources Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The financial statements of all subsidiaries are prepared for the same accounting period as the parent company, using consistent accounting policies.

Intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group, and are de-consolidated from the date on which control is transferred out of the Group.

Investments in subsidiaries held by Realm are accounted for at cost in the separate financial statements of the parent entity less any impairment charges.

(e) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(f) Exploration and evaluation expenditure

Acquisition costs of mining tenements are accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that the Group's rights of tenure to that area of interest are current and the costs are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a state that permits reasonable assessment of the existence of economically recoverable reserves.

Each area of interest is reviewed annually and acquisition costs are written off to the extent that they will not be recoverable in the future.

(g) Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

The Group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:
- nature of the products and services,
- nature of the production processes,
- type or class of customer for the products and services,
- methods used to distribute the products or provide the services, and if applicable
- nature of the regulatory environment.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately.

However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for “all other segments”.

(h) Foreign currency translation

(i) Functional and presentation currency

Both the functional and presentation currency of Realm Resources is Australian dollars ($). The South African subsidiaries' functional currency is South African Rand which is translated to presentation currency (see below). The Indonesian subsidiary's functional currency is Indonesian Rupiah which is translated to presentation currency (see below). The Cayman subsidiary's financial currency is United States dollars, which is translated to presentation currency (see below). The Singapore subsidiaries financial currency is Singapore dollars, which is translated to presentation currency (see below).

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(h) Foreign currency translation

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(iii) Translation of Group Companies functional currency to presentation currency

The results and the financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional reporting currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position are translated at exchange rates prevailing at balance date.
- Income and expenses for each profit or loss item are translated at average exchange rates, unless this is not a reasonable assumption of the cumulative effect of the rates prevailing on transaction dates, in which case income and expenses are translated at the dates of the transaction.
- All resulting exchange differences are recognised in profit or loss.
- On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. Fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and are translated at exchange rates prevailing at balance date.

(i) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(j) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment allowance is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor or default payments are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(k) Inventories

Inventories including raw materials, work in progress and finished goods are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials – purchase cost on a first-in, first-out basis. The cost of purchase comprises the purchase price including the transfer from equity of gains and losses on qualifying cash flow hedges of purchases of raw materials, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), transport, handling and other costs directly attributable to the acquisition of raw materials. Volume discounts and rebates are included in determining the cost of purchase.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(l) Other financial assets

Investments and financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are categorised as either loans and receivables or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Designation is re-evaluated at each financial year end, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Recognition and derecognition

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or been transferred.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

Available-for-sale financial assets

Available-for-sale financial assets, comprising of marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the report period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(l) Investments and other financial assets (continued)

Impairment

The Group assesses at the end of each report period whether there is objective evidence that a financial asset or Group of financial assets is impaired. A financial asset or a Group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or Group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

(i) Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

(ii) Assets classified as available-for-sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

(m) Plant & equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

Land and buildings are measured at cost, less accumulated depreciation on buildings and less any impairment losses recognised after the date of revaluation.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(m) Plant & equipment (continued)

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- Land – not depreciated
- Buildings – over 20 years
- Plant and equipment – over 5 years
- Other plant and equipment – over 6 years
- Motor vehicles – over 5 years
- Computer equipment – over 3 years
- Computer software – over 2 years
- Office furniture and equipment – 6 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

(n) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability. The Group has no finance leases.

(o) Trade and other payables

Trade payables and other payables are carried at amortised cost due to their short term nature and they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(p) Employee leave benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(q) Share-based payment transactions

Equity settled transactions

The Group provides benefits to its employees (including key management personnel and consultants) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

There are currently two plans in place to provide these benefits:

- the Option Plan (OP), which provides benefits to directors, senior executives and consultants; and
- the Share Plan (SP), which provides benefits to directors, senior executives and consultants.

The cost of these equity-settled transactions with persons is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black Scholes model.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of Realm Resources (market conditions) if applicable. Non-market vesting conditions are included in assumptions about the number of options that are expected to be exercisable. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant persons become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to profit or loss is the product of:

(i) The grant date fair value of the award
(ii) The current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met
(iii) The expired portion of the vesting period

The charge to profit or loss for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(r) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(s) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Rendering of services

Revenue from the toll treatment of aluminium dross is recognised by reference to the stage of completion of a contract or contracts in progress at balance date or at the time of completion of the contract and billing to the customer.

Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract which is determined by a set quotation with the customer. As the contracts are reasonably short, there is only a small amount outstanding at balance date, therefore the level of judgment required is minimal.

When the contract outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

(ii) Interest revenue

Revenue is recognised as interest accrues using the effective interest method.

(t) Income tax and other taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities for each jurisdiction based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided in full, using the liability method, on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(t) Income tax and other taxes (continued)

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable
- Receivables and payables, which are stated with the amount of GST included

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(u) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the Parent, adjusted to exclude any costs of servicing equity (other than dividends) divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the Parent divided by the weighted average number of ordinary shares and dilutive potential ordinary shares.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(v) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash flows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(w) Going concern basis of preparation

The financial statements are prepared on a going concern basis. For the year ended 31 December 2013, the consolidated entity incurred a loss after income tax of $3,063,049.

At balance date, the consolidated entity had an excess of current liabilities over current assets of $486,502, and total equity of $16,364,674.

Management have prepared cash flow forecasts covering the period to 31 March 2015. Based on these cash flow forecasts, the ability of the consolidated entity to continue as a going concern depends upon the generation of future cash inflows, through one or more of the following avenues:

(i) The receipt of additional debt or equity funds;
(ii) The sale of one or more of the consolidated entity's assets.

The directors consider that they will be successful in generating sufficient future cash inflows through one or more of the above avenues.

However, should the consolidated entity not be successful in generating future cash inflows, the consolidated entity may not be able to continue as a going concern.

Accordingly, there is a material uncertainty that may cast doubt on the consolidated entity's ability to continue as a going concern.

No adjustments have been made in relation to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

3. Financial risk management objectives and policies

The Group's principal financial instruments comprise receivables, available-for-sale financial assets, payables, cash and short – term deposits.

The Group's overall risk management program seeks to minimise potential adverse effects on the financial performance of the Group. Risk management is carried out by the executive directors.

Notes to the financial statements (continued)

3. Financial risk management objectives and policies (continued)

Risk exposures and responses

Interest rate risk

The Group's exposure to market interest relates primarily to the Group's cash, short term deposits, and borrowings.

At balance date, the Group had the following mix of financial assets and liabilities exposed to variable interest rate risk that are not designated in cash flow hedges:

	2013 $	2012 $
Financial assets		
Cash and cash equivalents	842,612	2,492,636
Loan to other parties (note 12)	-	-
Total	842,612	2,492,636
Financial liabilities		
Borrowings	249,278	5,099,726
Total	249,278	5,099,726

At 31 December, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax profit and equity would have been affected as follows:

	Interest Rate Risk Impact on Post Tax Profit/Equity	
	+1% (100 basis points)	**-.5% (50 basis points)**
31-Dec-13	(9,570)	4,785
31-Dec-12	(22,066)	11,033

The movements in profit are due to higher/lower interest returns from variable rate cash balances, and higher/lower interest on borrowings.

The sensitivity increases and decreases in interest rate have been selected as this is considered reasonable given the current level of interest rates and the volatility observed and market expectations for potential future movements.

Foreign currency risk
As a result of significant operations in South Africa and large transactions denominated in South African Rand as well loans receivable (including unpaid interest) denominated in South African Rand of ZAR26,559,536 (2012: ZAR23,921,601), the Group's statement of financial position can be affected significantly by movements in the A$/ZAR exchange rates. The amounts translated into Australia Dollars are set out in note 12. The exposure in the loans receivable has been mitigated as a full provision for impairment was recognised at 31 December 2013.

In addition the Group has operations in Indonesia, a subsidiary in Cayman (the financial currency for the Cayman subsidiary is United States Dollars and subsidiaries in Singapore (the financial currency for the Singapore subsidiaries is Singapore Dollars). However, income and expenses and assets and liabilities in Indonesian Rupiah are not material to the Group.

Notes to the financial statements (continued)

3. Financial risk management objectives and policies (continued)

The Group's exposure to foreign currency risk at the end of the reporting period, experienced in Australia dollars, is as follows:

	31 December 2013			31 December 2012		
	US$	**South African Rand**	**Indonesian Rupee**	**US$**	**South African Rand**	**Indonesian Rupee**
Trade and other receivables	-	414,990	19,018	-	509,454	21,856
Available-for-sale financial assets	-	118,030	-	-	227,200	-
Exploration and evaluation assets	15,115,523	-	-	15,115,523	-	-
Trade and other payables		439,814	259	-	536,825	281
Borrowings	-	1,143,888	126,916	-	1,211,050	76,036

The following sensitivity for the Group is based on the foreign currency risk exposures in existence at the statement of financial position date.

At 31 December 2013, had the Australian Dollar moved, as illustrated in the table below, with all other variables held constant, post-tax profit and equity would have been affected as follows:

	Foreign exchange risk Impact on Post Tax Profit/Equity					
	+10% USD	**-20% USD**	**+20% ZAR**	**-10% ZAR**	**+20% IDR**	**-10% IDR**
31-Dec-13	1,511,552	(3,023,105)	(210,136)	105,068	(21,631)	10,816
31-Dec-12	1,511,552	(3,023,105)	(202,244)	101,122	(10,892)	5,446

The sensitivity increases and decreases in exchange rates have been selected as this is considered reasonable given the current level of exchange rates and the volatility observed and market expectations for potential future movements.

Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables. The Group's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of the financial assets (as outlined in each applicable note).

The Group does not hold any credit derivatives to offset its credit exposure.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

Notes to the financial statements (continued)

3. Financial risk management objectives and policies (continued)

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, loans, finance leases and committed available credit lines. The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial liabilities. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 31 December 2013.

The remaining contractual maturities of the Group's financial liabilities are:

	Consolidated	
	2013	**2012**
	$	**$**
Within one year	2,069,608	7,162,046

Price risk

The Group is exposed to equity securities price risk. This arises from an investment held by the Group and classified in the statement of financial position as available-for-sale. Price risk is monitored by the Finance Director on an ongoing basis. The Group has one investment classed as available-for-sale and it is publicly listed on the Johannesburg Stock Exchange.

At 31 December 2013, had the price of equity securities increased/decreased by 10%, with all other receivables remaining constant. Post tax profit and equity would have be impacted as follows:

	Post tax profit higher (lower)		Total equity higher (lower)	
	2013	**2012**	**2013**	**2012**
	$	**$**	**$**	**$**
Increase 10%	11,803	22,720	11,803	22,720
Decrease 10%	(11,803)	(22,720)	(11,803)	(22,720)

4. Significant accounting estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Notes to the financial statements (continued)

4. Significant accounting estimates and assumptions (continued)

(i) Significant Accounting Judgements

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences where management considers that it is probable that future taxable profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits over the future years together with future tax planning strategies.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black Scholes model, with the assumptions detailed in note 17. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment), lease terms (for leased equipment) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

5. Segment Information

(a) Description of segments

The executive directors have identified four reportable segments: PT Katingan Ria in Indonesia, which plans to commence coal mining in 2014; Alumicor, in South Africa, which toll treats aluminium dross; Masedi Platinum (Proprietary) Limited and Nkwe Platinum (Scarlet) (Proprietary) Limited, in South Africa, which hold platinum resource tenements; and head office and administration.

Notes to the financial statements (continued)

5. Segment Information (continued)

(b) Segment information provided to the executive directors

The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2013 is as follows:

	Alumicor SA Holdings (Pty) Ltd $	Head Office & Admin. $	Masedi Platinum (Proprietary) Limited and Nkwe Platinum (Scarlet) (Proprietary) Limited $	PT Katingan Ria $	Total $
Year ending ended 31 December 2013					
Revenue					
Sales to external customers	3,719,538	-	-	-	3,719,538
Other revenue	6,261	322,845	-	869	329,975
Total segment revenue	3,725,799	322,845	-	869	4,049,513
Result					
Segment results before finance costs and income tax	(378,876)	(3,181,050)	-	(275,634)	(3,835,560)
Finance costs	(241)	(348,230)	-	-	(348,471)
Income tax (expense)/benefit	79,273	108,312	-	(2,134)	185,451
Net profit/(loss) after tax for period	(299,844)	(3,420,968)	-	(277,768)	(3,998,580)
Assets and liabilities					
Segment assets	2,938,713	18,433,371	5,764,720	9,395,423	36,532,227
Segment liabilities	2,086,259	6,309,038	-	291,858	8,687,155
Depreciation	(317,031)	(5,316)	-	(2,969)	(325,316)
Year ending ended 31 December 2012					
Revenue					
Sales to external customers	3,951,603	-	-	-	3,951,603
Other revenue	22,766	316,771	-	8,835	348,372
Total segment revenue	3,974,369	316,771	-	8,835	4,299,975
Result					
Segment results before finance costs, impairment loss exploration assets and income tax	428,814	(5,909,060)	-	(333,632)	(5,813,878)
Finance costs	(389)	(185,188)	-	-	(185,577)
Impairment loss – exploration assets	-	-	-	(2,988,400)	(2,988,400)
Income tax (expense)/benefit	(134,659)	(20,004)	-	(4,331)	(158,994)
Net profit/(loss) after tax for period	293,766	(6,114,252)	-	(3,326,363)	(9,146,849)
Assets and liabilities					
Segment assets	3,489,660	18,033,598	5,764,720	9,350,803	36,638,781
Segment liabilities	2,270,000	11,477,353	-	183,389	13,930,742
Depreciation	(350,501)	(5,956)	-	(2,311)	(358,768)

Notes to the financial statements (continued)

5. Segment Information (continued)

(c) Other segment information

(i) Segment *revenue*

The revenue from external parties reported to the executive directors is measured in a manner consistent with that in the statement of comprehensive income. Revenues from external customers are derived from the toll treating of aluminium dross. A breakdown of revenues and results is provided in the tables above.

Reportable segment revenue reconciles to total revenue from continuing operations as follows:

	2013 $	2012 $
Total segment revenue	4,049,513	4,299,975
Total revenue from continuing operations	4,049,513	4,299,975

In relation to Alumicor SA Holdings (Pty) Limited all external revenue is generated from one customer.

(ii) *Segment net loss*

The amounts provided to the executive directors with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Reportable segment loss reconciles to loss for year as follows:

	2013 $	2012 $
Segment loss	(3,998,580)	(9,146,849)
Intersegment eliminations	935,531	-
Total loss per the financial statements	(3,063,049)	(9,146,849)

(iii) *Segment assets*

The amounts provided to the executive directors with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Reportable segments' assets are reconciled to total assets as follows:

	2013 $	2012 $
Segment assets	36,532,227	36,638,781
Inter-segment eliminations	(18,097,945)	(16,230,482)
Total assets per the financial statements	18,434,282	20,408,299

Notes to the financial statements (continued)

5. Segment Information (continued)

(c) Other segment information (continued)

(iv) Segment liabilities

The amounts provided to the executive directors with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

Reportable segments' liabilities are reconciled to total assets as follows:

	2013 $	2012 $
Segment liabilities	8,687,155	13,930,742
Inter-segment eliminations	(6,617,547)	(6,678,428)
Total liabilities per the financial statements	2,069,608	7,252,314

6. Expenses

Expenses from Continuing Operations

	2013 $	2012 $
(a) Amounts included in administrative and other expenses		
Impairment provision loan and loss on translation of loan	(13,262)	1,389,750
Impairment provision loan and (gain) on translation of creditor	176,454	132,528
Depreciation	112,827	116,181
Rental property	91,886	49,908
Rental expense relating to operating leases	7,376	7,112
Employee benefits expense	2,488,196	3,011,111
(b) Amount included in cost of sales		
Depreciation	212,489	242,588

7. Income tax

(a) Income tax expense

	2013	2012
The major components of income tax expense are:		
Current income tax		
Current income tax (benefit)/charge	595,398	1,570,551
Deferred income tax		
Relating to origination and reversal of temporary differences	(780,849)	(1,411,557)
Income tax expense (credit)	**(185,451)**	**158,994**

Notes to the financial statements (continued)

7. Income tax (continued)

(b) Numerical reconciliation between aggregate tax expense recognised in the income statement and tax expense calculated per the statutory income tax rate

	2013 $	2012 $
Total accounting (loss)/profit before income tax	(3,248,500)	(8,987,855)
At the Parent entity's statutory income tax rate of 30% (2012: 30%)	(974,550)	(2,696,357)
Tax effect of amounts which are not deductible (payable) in calculating taxable income:		
Section 40-880	(51,667)	(40,441)
Share based payments	109,695	-
Non deductible expenses	1,130	2,355
Impairment of loans not recognised as a deferred tax asset	25,019	429,657
Tax losses not recognised as a deferred tax asset	704,922	2,463,780
Income tax (benefit)/expense	(185,451)	158,994

(c) Recognised deferred tax assets and liabilities

	2013 $	2012 $
Deferred income tax at 31 December relates to the following:		
Deferred tax asset – the balance contains temporary differences attributable to:		
Other	66,073	170,969
Gross deferred income tax assets	66,073	170,969

The Group has not recognised a Deferred Tax Asset on the statement of financial position for the following items which are available for indefinite offset against future gains subject to continuing to meet relevant statutory tests:

	2013 $	2012 $
Tax losses	3,168,702	3,988,918

8. Earnings per share

The following reflects the income used in the basic and diluted earnings per share computations:

	2013 $	2012 $
(a) Earnings used in calculating earnings per share		
Net (loss)/profit from continuing operations attributable to ordinary equity holders of the parent	(3,006,550)	(9,036,097)
(b) Weighted average number of ordinary shares		
Weighted average number of ordinary shares for basic and diluted earnings per share	646,682,821	372,241,621
Weighted average number of ordinary shares for diluted earnings per share	646,682,821	372,241,621

Options outstanding at year end of 101,000,000 have not been included when calculating diluted earnings per shares as these are considered to be antidilutive.

Notes to the financial statements (continued)

	2013 $	2012 $
9. Cash and cash equivalents		
Cash at bank and in hand	782,612	1,227,447
Short-term deposits	60,000	1,265,189
	842,612	2,492,636

10. Current assets – trade and other receivables

	2013 $	2012 $
Trade Receivables	384,938	478,136
Allowance for impairment loss	-	-
Carrying amount of trade receivables	384,938	478,136

(a) Allowance for impairment loss

Balances within trade receivables do not contain impaired assets and are not past due. It is expected that the balances will be received when due.

	2013 $	2012 $
11. Current assets – inventories		
Raw materials (at cost)	11,788	11,604

12. Non-current assets – trade and other receivables

	2013 $	2012 $
Loan to African Dune (a)	1,495,411	1,432,264
Provision for impairment	(1,495,411)	(1,432,264)
Loan to Tiespro (b)	1,354,427	1,334,176
Provision for impairment	(1,354,427)	(1,334,176)
Other assets	23,577	27,077
Carrying amount of non-current receivables	23,577	27,077

(a) The loan to African Dune is receivable in South African Rand. As the repayment source of the African Dune loan is in doubt, an allowance for full impairment has been raised.

(b) The loan to Tiespro is receivable in South African Rand. As the repayment source of the African Dune loan is in doubt, an allowance for full impairment has been raised.

(a) Loan to African Dune

Realm and African Dune have entered into a loan agreement whereby, during the year ended 31 December 2008, Realm lent African Dune ZAR8,000,000 at 11%. A Deed of Pledge and Cession has been signed as security for the current and future obligations of African Dune under the loan agreement. Under the terms of the Deed of Pledge and Cession, African Dune pledges its shares in Alumicor SA Holdings (Proprietary) Limited.

Notes to the financial statements (continued)

12. Non-current assets – receivables (continued)

(b) Loan to Tiespro

Realm and Tiespro have entered into a loan agreement whereby, during the year ended 31 December 2012, Realm lent Tiespro ZAR10,660,653 at 9%. A Deed of Pledge and Cession has been signed as security for the current and future obligations of African Dune under the loan agreement. Under the terms of the Deed of Pledge and Cession, African Dune pledges its shares in Realm Resources (Proprietary) Limited.

Movements in the provision for impairment were as follows:

	2013 $	2012 $
At 1 January	2,766,440	1,376,690
Increase in provision for impairment during the year	83,398	1,389,750
At 31 December	2,849,838	2,766,440

(c) Fair values

The directors believe that the fair values of non-current receivables of the Group are consistent with the carrying values.

The fair values are based on cash flows discounted at a rate reflecting the current market rates.

(d) Credit risk

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables.

Nil.

13. Available-for-sale financial assets

Available-for-sale financial assets include the following classes of financial assets:

	2013 $	2012 $
Listed equity securities	118,030	227,200

During the year ended 31 December 2011, the company announced that it had entered into an agreement with Chrometco Limited ("Chrometco") and Nkwe Platinum Rooderand (Proprietary) Limited ("Nkwe") that may lead to the establishment of a 'stand-alone' company focussed on advancing PGM and chrome assets in South Africa.

In August 2012, Nkwe and the Company agreed, subject to certain conditions being achieved, to cancel the existing farm-in agreement and sell the platinum group and base metal mineral rights, as well as historical drill core and geological data, to Chrometco.

Notes to the financial statements (continued)

13. Available-for-sale financial assets (continued)

Nkwe is in the process of renewing its new order prospecting right for platinum group metals and gold and cobalt, copper and nickel. Subject to certain conditions which must be fulfilled (including the granting of Section 102 Consent of the Mineral and Petroleum Resources Devlopment Act in South Africa), Nkwe has agreed to transfer its geological data and the drill core to Chrometco and conditionally abandon its prospecting right. Subject to the fulfilment of certain conditions , Chrometco would issue 45,000,000 Chrometco ordinary shares to Realm and 45,000,000 to Nkwe, leading to Realm and Nkwe holding approximately 16% each of Chrometco.

On 2 November 2012, Chrometco shareholders approved the deal and the first tranche of 10 million shares in Chrometco has been issued to the Group. The shares were acquired for $nil consideration and had a fair value of ZAR0.25 per share at acquisition date, resulting in total shares of ZAR2,500,000 (approximately AU$285,850) being acquired.

All available-for-sale financial assets are denominated in South African Rand. Refer to note 3 for an analysis of the sensitivity of available-for-sale financial assets to price and foreign exchange risk.

14. Non-current assets – property, plant and equipment

Reconciliation of carrying amounts at the beginning and end of the period

	Land and Buildings $	Plant and equipment $	Motor vehicles $	Computer equipment $	Office furniture and equipment $	Total $
Year ended 31 December 2012						
At 1 January 2012 net of accumulated depreciation	1,096,574	694,350	18,873	14,357	26,510	1,850,664
Additions	14,201	283,572	88,058	279	14,165	400,275
Disposals	-	-	-	-	3,541	3,541
Exchange differences	(62,239)	(41,992)	(4,164)	(544)	(988)	(109,927)
Depreciation charge for the year	(79,206)	(246,092)	(383)	(8,908)	(5,907)	(340,496)
At 31 December 2012 net of accumulated depreciation- Net carrying amount	969,330	689,838	102,384	5,184	37,321	1,804,057
At 31 December 2012						
Cost at fair value	1,272,078	1,967,151	309,536	30,706	56,500	3,635,971
Accumulated depreciation and impairment	(302,748)	(1,277,313)	(207,152)	(25,522)	(19,179)	(1,831,914)
	969,330	689,838	102,384	5,184	37,321	1,804,057

Notes to the financial statements (continued)

14. Non-current assets – property, plant and equipment (continued)

Reconciliation of carrying amounts at the beginning and end of the period (continued)

	Land and Buildings $	Plant and equipment $	Motor vehicles $	Computer equipment $	Office furniture and equipment $	Total $
Year ended 31 December 2013						
At 1 January 2013 net of accumulated depreciation	969,330	689,838	102,384	5,184	37,321	1,804,057
Additions	3,332	164,862	-	-	-	168,194
Disposals	-	-	-	(14,022)	(5,488)	(19,510)
Exchange differences	(43,026)	(44,488)	(5,657)	(286)	(5,995)	(99,452)
Depreciation charge for the year	(75,911)	(232,121)	(22,907)	12,290	(6,667)	(325,316)
At 31 December 2011 net of accumulated depreciation- Net carrying amount	853,725	578,091	73,820	3,166	19,171	1,527,973
At 31 December 2013						
Cost at fair value	1,217,618	2,000,053	292,369	14,994	58,514	3,583,548
Accumulated depreciation and impairment	(363,893)	(1,421,962)	(218,549)	(11,828)	(39,343)	(2,055,575)
	853,725	578,091	73,820	3,166	19,171	1,527,973

15. Non-current assets – exploration and evaluation assets

	2013 $	**2012** $
Cost on acquisition	19,232,733	19,232,733
Foreign exchange movement	(1,128,810)	(1,128,810)
Impairment loss	(2,988,400)	(2,988,400)
Carrying amount at year end	15,115,523	15,115,523

Exploration and evaluation assets consist of the exploration and evaluation assets acquired as part of the purchase of: 51% of the shares in PT Katingan Ria, 74% of the shares in Nkwe Platinum (Scarlet) Proprietary Limited and 70.3% of the shares in Masedi Platinum (Proprietary) Limited.

The recoverability of the carrying amount of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

The income and expense items arising, excluding any impairment losses recognised, from the exploration and evaluation of these assets are as follows:

	2013 $	**2012** $
Income	869	8,835
Expenses	277,768	337,963

Notes to the financial statements (continued)

15. Non-current assets – exploration and evaluation assets (continued)

At year end the assets and liabilities arising from the exploration and evaluation of mineral resources, excluding the exploration evaluation assets, are as follows:

	2013 $	2012 $
Assets	70,207	221,516
Liabilities	384,601	291,517

16. Current liabilities – trade and other payables

	2013 $	2012 $
Trade payables	482,636	693,818
Other payables	65,878	77,712
Carrying amount of trade and other payables	548,514	771,530

(a) Fair value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

(b) Guarantees

Realm Resources Limited has a subordination agreement with Alumicor SA Holdings Proprietary Limited to guarantee its creditors.

(c) Amounts owing to related parties

Nil.

17. Borrowings

(a) Loans

	2013 $	2012 $
Current		
Convertible equity linked credit facilities	-	5,099,726
Other borrowings	1,520,081	1,287,086
	1,520,081	6,386,812

On 28 June 2012, the company entered into a $5,000,000 convertible equity linked credit facility with the following parties:

	$
Taurus Funds Management Pty Limited, on behalf of Taurus Resources No. 2, L.P.	4,901,845
Taurus Funds Management Pty Limited, as trustee of the Taurus Resources No. 2 Trust	98,155
Total	5,000,000

Notes to the financial statements (continued)

17. Borrowings (continued)

(a) Loans (continued)

At 31 December 2012, the company had drawn $5,000,000 of the facility.

Interest owing of $99,726 has been included in the borrowings figure of $5,099,726 at 31 December 2012. At 31 December 2013, interest owing of $249,278 is included in the above borrowings figure.

During the year ended 31 December 2012, the Company issued 4,517,504 shares to the above entities to repay interest owing of $81,315.

During the year ended 31 December 2013, the Company issued 21,248,098 shares to repay interest owing of $193,974.

The facility was unsecured with an interest rate of 8% p.a. payable quarterly in arrears and could have, at the discretion of the lender and subject to agreement, been converted into ordinary shares of the company.

During the year ended 31 December 2013, the $5,000,000 facility was repaid in full (excluding some interest owing, as noted above).

In addition to an establishment fee of 2% which was paid after drawdown, the facility agreement required that the company issue 100,000,000 five year call options with an exercise price of $0.05, subject to shareholder approval.

Shareholder approval was received for the issue of the options during the year ended 31 December 2013, the options were issued.

The following table lists the inputs into the Black-Scholes model used by management in estimating the fair value of the options:

No of options	Grant date share price $	Exercise price $	Expected volatility %	Option life (years)	Dividend yield %	Risk–free interest rate %
100,000,000	0.018	0.05	75	5	-	2.85

An expense has been recorded in profit or loss, with a corresponding amount recorded in the option reserve (note 19) during the year ended 31 December 2013. The expiry date for the options is 12 February 2018. The value of the options calculated using the above inputs was $365,650. This has been recorded as an expense during the year ended 31 December 2013.

Other borrowings

Included in other borrowings are amounts due to Tiespro 176 (Proprietary) Limited, a company incorporated in South Africa, of $1,143,888 (2012 $1,211,050). The loan is unsecured and is interest free. All other borrowings of the group are interest free and unsecured.

Notes to the financial statements (continued)

18. Contributed equity

	2013 $	2012 $
Ordinary shares (a)	46,398,433	40,392,135
	46,398,433	40,392,135

(a) Ordinary shares

	No.	No.
Issued and fully paid	1,943,840,077	404,560,478

Fully paid ordinary shares carry one vote per share and carry the rights to dividends.

	No.	$
Movement in ordinary shares on issue		
At 1 January 2012	281,131,875	30,877,930
Share issue for Taurus loan repayment	56,813,187	5,170,000
Share issue expenses	-	(258,500)
Shares issued to A Matheson – loan repayment	12,087,912	1,020,690
Shares issued on acquisition of Morning Star Holdings (Australia) Limited	34,789,565	2,435,270
Shares issued on acquisition of Masedi and NPS (note 24)	15,220,435	1,065,430
Shares issued – Interest on convertible note	4,517,504	81,315
At 31 December 2012	404,560,478	40,392,135
At 1 January 2013	404,560,478	40,392,135
Shares issued – Interest on convertible note (note 17)	5,540,335	99,727
Shares issued – Interest on convertible note (note 17)	15,707,763	94,247
Shares issued – Entitlement Offer	1,518,031,501	6,072,124
Share issue expenses	-	(259,800)
At 31 December 2013	1,943,840,077	46,398,433

(b) Capital management

When managing capital, management's objective is to ensure that the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

As the equity market is constantly changing, management may issue new shares to provide for future expansion and development activity.

Notes to the financial statements (continued)

19. Retained earnings and reserves

(a) Movements in retained earnings (accumulated losses) were as follows:

	2013 $	2012 $
Balance 1 January	(25,859,478)	(16,905,091)
Net (loss)/profit attributable to owners of Realm Resources Limited	(3,006,550)	(9,036,097)
Share based payment reserve transferred to retained income	-	-
Transferred from equity benefits reserve	-	81,710
	(28,866,028)	(25,859,478)

(b) Other reserves

	Equity benefits reserve $	Foreign currency translation $	Options Reserve $	Total $
At 1 January 2012	123,040	(1,509,510)	-	(1,386,470)
Share based payment transferred to accumulated losses	(81,710)	-	-	(81,710)
Exchange difference on translation of foreign operations	-	(263,405)	-	(263,405)
At 31 December 2012	41,330	(1,772,915)	-	(1,731,585)
Exchange difference on translation of foreign operations	-	(69,007)	-	(69,007)
Options issued during the year	-	-	365,650	365,650
At 31 December 2013	41,330	(1,841,922)	365,650	(1,434,942)

(c) Nature and purpose of reserves

Employee equity benefits reserve

The employee equity benefits reserve is used to record the value of share based payments provided to persons, including Key Management Personnel and consultants, as part of their remuneration. Refer to note 23 for further details of these plans.

Option reserve

The option reserve is used to record the value of options issued to other parties during the year. Refer to note 23 for further details.

Foreign currency translation reserve

The foreign exchange currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Notes to the financial statements (continued)

20. Statement of cash flow reconciliation

	2013 $	2012 $
(a) Reconciliation of net profit after tax to net cash flows from operations		
Net (loss)/profit	(3,063,049)	(9,146,849)
Adjustments for:		
Other non-cash income	-	(285,434)
Depreciation	325,316	358,769
Impairment provision – African Dune and Tiespro loan/Gain on translation of creditor	83,398	1,389,751
Impairment exploration assets	-	2,988,400
Revaluation loss – available for sale financial assets	96,660	58,850
Net (loss)/gain on foreign exchange	182,095	132,528
Option expense	365,650	-
Share based payments expense	-	-
Changes in assets and liabilities		
(increase)/decrease in inventories	(828)	(3,049)
(increase)/decrease in trade and other receivables	(67,022)	(420,555)
(increase)/decrease in current tax assets	(18,044)	-
(increase)/decrease in deferred tax assets	(172,019)	(69,270)
(decrease)/increase in deferred tax liabilities	(90,268)	30,990
(decrease)/increase in trade and other payables	35,046	(226,621)
(decrease)/increase in tax provision	(2,589)	(110,246)
Net cash from (used in) operating activities	(2,325,654)	(5,302,736)

21. Related party transactions

(a) Ultimate parent

Realm Resources Limited is the ultimate parent entity.

(b) Subsidiaries

Interests in subsidiaries are set out in note 24(d).

(c) Key management personnel ("KMP")

Details of KMP, including remuneration paid, are included in note 22.

Notes to the financial statements (continued)

21. Related party transactions (continued)

(d) Other transactions with related parties

The following table provides the total amount of other transactions that were entered into with related parties for the relevant financial year:

	2013 $	2012 $
Included in profit or loss		
Rental payment to related parties	19,743	49,908
Revenue received from Chrometco, of which Richard Rossiter is a director	644	-
Related party transactions are made on an arm's length basis both at normal market prices and on normal commercial terms.		
Included in statement of financial position		
Loans, including interest owing, from Taurus Resources No. 2 L.P. and Taurus Funds Management Pty Limited	249,278	5,099,726

Taurus Funds Management Pty Limited have nominated Michael Davies to represent their interests in the Company. Mr. Davies was appointed as a director of Realm Resources Limited on 20 October 2011.

Other related party transactions in relation to Taurus are included at note 17.

Other related party transactions in relation to shares issued during the year ended 31 December 2012 are disclosed in note 18.

22. Key management personnel

(a) Compensation of key management personnel

	Consolidated 2013 $	Consolidated 2012 $
Short - term employee benefits	1,382,681	1,607,630
Post – employment benefits	17,570	35,207
Termination benefits	-	-
Share based payment	-	-
Total compensation	1,400,251	1,642,837

Detailed remuneration disclosures are provided in the remuneration report on pages 32 to 38.

(b) Option holdings of key management personnel

31 December 2013	Balance at beginning of period 1 January 2013 No.	Granted as remuneration No.	Options exercised No.	Net change Other # No.	Balance at end of period 31 December 2013 No.	Vested at 31 December 2013 Total No.	Vested at 31 December 2013 Exercisable No.	Vested at 31 December 2013 Not exercisable No.
Ryan McConnachie	1,000,000	-	-	-	1,000,000	1,000,000	1,000,000	-
	1,000,000	-	-	-	1,000,000	1,000,000	1,000,000	-

Notes to the financial statements (continued)

22. Key management personnel (continued)

(b) Option holdings of key management personnel (consolidated) (continued)

31 December 2012	Balance at beginning of period 1 January 2012 No.	Granted as remuneration No.	Options exercised No.	Net change Other # No.	Balance at end of period 31 December 2012 No.	Vested at 31 December 2012 Total No.	Exercisable No.	Not exercisable No.
Ryan McConnachie	2,000,000	-	-	(1,000,000)	1,000,000	1,000,000	1,000,000	-
	2,000,000	-	-	(1,000,000)	1,000,000	1,000,000	1,000,000	-

(c) Shareholdings of key management personnel (consolidated)

Shares held in Realm Resources Limited

31 Dec 2013	Balance at beginning of period 1 Jan 13 No.	Granted as remuneration No.	On exercise of options No.	Net change other No.	Balance at end of period 31 Dec 13 No.
Directors					
Richard Rossiter	4,500,000	-	-	-	4,500,000
Theo Renard	2,700,000	-	-	5,000,000	7,700,000
Neale Fong (i)	2,119,565	-	-	(2,119,565)	-
Michael Davies (ii)	-	-	-	-	-
Michael Black	5,275,000	-	-	-	5,275,000
	14,594,565	-	-	2,880,435	17,475,000

31 Dec 2012	Balance at beginning of period 1 Jan 12 No.	Granted as remuneration No.	On exercise of options No.	Net change other No.	Balance at end of period 31 Dec 12 No.
Directors					
Richard Rossiter	3,750,000	-	-	750,000	4,500,000
Theo Renard	2,250,000	-	-	450,000	2,700,000
Neale Fong(i)	1,684,696	-	-	434,869	2,119,565
Andrew Matheson (iii)	5,000,000	-	-	(5,000,000)	-
Michael Davies (ii)	-	-	-	-	-
Andrew Purcell(iv)	5,275,000	-	-	(5,275,000)	-
Michael Black	5,275,000			-	5,275,000
	23,234,696	-	-	(8,640,131)	14,594,565

(i) Resigned 17 September 2013
(ii) Appointed 20 October 2011 Mr Davies is a Principal of Taurus Funds Management Pty Ltd. Taurus Funds Management holds 1,635,655,713 shares in the Company
(iii) Apppointed 6 June 2011, resigned 23 July 2012
(iv) Appointed 20 October 2011, resigned 12 December 2012

Note that following resignation of a director, that director's shareholding is no longer disclosed in the tables above.

All equity transactions with KMP have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

Notes to the financial statements (continued)

22. Key management personnel (continued)

(d) Loans to key management personnel

(i) Details of aggregates of loans to key management personnel for the year ended 31 December 2013 are as follows:

Total	Balance at beginning of period $	Loans granted during period $	Balance at end of period $	Interest not charged $
Richard Rossiter	687,500	-	687,500	18,494
Theo Renard	337,500	-	337,500	9,079
Neale Fong	225,000	-	225,000	6,052
	1,250,000	-	1,250,000	33,625

(ii) Details of aggregates of loans to key management personnel for the year ended 31 December 2012 are as follows:

Total	Balance at beginning of period $	Loans granted during period $	Balance at end of period $	Interest not charged $
Richard Rossiter	687,500	-	687,500	23,238
Theo Renard	337,500	-	337,500	11,408
Neale Fong	225,000	-	225,000	7,605
	1,250,000	-	1,250,000	42,251

These loans relate to the share plan detailed in note 23 and the carrying value is not reflected in the balance sheet as the loans are non - recourse loans linked to the share plan.

(iii) Terms and conditions of loans to key management personnel

Loans to directors are interest free. The average commercial rate of interest during the year was 2.69% (2012: 3.38%).

23. Equity based benefit plans

(a) Recognised share based payment expenses

The expense recognised for employee services received during the year is shown in the table below:

	Consolidated	
	2013 $	2012 $
Expenses arising from equity – settled share – based payment transactions	-	-
Total expense arising from share-based payment transactions	-	-

The share – based payment plans are described below. There have been no cancellations or modifications to the share plans during 2013.

Notes to the financial statements (continued)

23. Equity based benefit plans (continued)

(b) Types of share-based payment plans

Option Plan (OP)

Share options may be granted to the directors, full time or part-time employees of, and consultants to, the Company. The granting of options is at the discretion of the directors. The options will be issued free of charge and the exercise price of Options granted under the Option Plan will be determined at the discretion of the Board at the time of making the invitation.

Share Plan (SP)

Shares in the Company may be issued to directors, full time or part-time employees of, and consultants to, the Company. The issuing of shares is at the discretion of the directors. The issue price is at the discretion of the directors but may not be less than the weighted average price at which the Shares were traded on ASX during the 5 trading day period immediately before the date of issue of the shares. Non-recourse loans will be extended to the participants in the share plan.

The shares issued under the Share Plan may not be transferred or otherwise dealt with, and will not be quoted on ASX, until any loan in respect of the shares has been repaid and a period of 12 months (in relation to one half of the shares offered), 24 months (in relation to the remaining half of the shares offered) has passed from the date of issue.

(c) Summaries of options granted under OP and SP

The following table illustrates the number (No.) and weighted average exercise price (WAEP) of, and movements in, share options during the year:

OP	2013 No.	2013 WAEP $	2012 No.	2012 WAEP $
Outstanding at the beginning of the year	1,000,000	0.15	3,500,000	0.15
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	(2,500,000)	-
Outstanding at the end of the year	1,000,000	0.15	1,000,000	0.15
Exercisable at the end of the year	1,000,000	0.15	1,000,000	0.15

SP	2013 No.	2013 WAEP $	2012 No.	2012 WAEP $
Outstanding at the beginning of the year	12,750,000	0.17	12,750,000	0.17
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	(12,750,000)	-	-	-
Outstanding at the end of the year	-	-	12,750,000	0.17

Notes to the financial statements (continued)

23. Equity based benefit plans (continued)

(d) Weighted average remaining contractual life

The weighted average remaining contractual life for the share options as at 31 December 2013 is 1 year (2012: 2 years).

(e) Weighted average fair value

The weighted average fair value of options granted during the year was $Nil (2012: $Nil). The weighted average fair value of the shares issued during the year was $Nil (2012: $Nil)

(f) Option pricing model: OP and SP

Equity – settled transactions
The fair value of the equity – settled share options granted under OP is estimated as at the date of grant using a Black Scholes option pricing model. Expected volatility is based on the historical share price volatility. No options or shares were issued during the years ended 31 December 2013 and 31 December 2012.

24. Business Combinations

(a) Acquisition – Nkwe Platinum (Scarlet) Proprietary Limited and Masedi Platinum (Proprietary) Limited – during the year ended 31 December 2012

On 3 May 2012, the consolidated entity acquired:

- 74% of the issued capital of Nkwe Platinum (Scarlet) Proprietary Limited ("NPS"), an unlisted company based in South Africa; and
- 70.3% of the issued share capital of Masedi Platinum (Proprietary) Limited ("Masedi"), an unlisted company based in South Africa.

Neither NPS or Masedi trade and both are holders of platinum resource exploration and evaluation assets in South Africa.

Following receipt of Ministerial Consent from the South African Minister of Minerals and Energy of a controlling interest in terms of Section 11 of the Mining Act (in South Africa) during the year ended 31 December 2012, Realm Resources Limited issued the following shares to purchase an additional 24.01% and 22.8% of NPS and Masedi respectively:

(i) an additional 15,220,435 shares in the company shareholders of Masedi and NPS; and
(ii) an additional 34,789,565 shares in the company to the previous shareholders of Morning Star Holdings (Australia) Limited.

Details of the purchase consideration and the net assets acquired are as follows:

	$
Fair value of shares issued (consideration - 2012 year)	3,500,700
Fair value of shares issued (consideration - prior years)	2,206,080
Total consideration	5,706,780
Net identifiable tangible assets (liabilities) acquired	(57,940)
Exploration and evaluation assets acquired	5,764,720

Notes to the financial statements (continued)

24. Business combination (continued)

(a) Acquisition – Nkwe Platinum (Scarlet) Proprietary Limited and Masedi Platinum (Proprietary) Limited – during the year ended 31 December 2012 (continued)

The assets and liabilities recognised as a result of the acquisitions are as follows:

	Fair value $
Cash and cash equivalents	-
Receivables	29,831
Payables	(108,128)
Net identifiable tangible assets (liabilities)acquired	(78,297)
Less: non-controlling interests	20,357
	(57,940)
Exploration and evaluation assets	5,764,720
Net assets acquired	5,706,780

The directors obtained an independent valuation from Al Maynard & Associates Pty Ltd, Consulting Geologists, which indicated a preferred current cash value for Realm's South African Platinum Projects between the range of $16.5m to $27.8m. Management have elected to value the exploration and evaluation assets acquired at the difference between the consideration and the net identifiable tangible liabilities acquired.

Purchase consideration – cash outflow

No cash was paid during the year in relation to the acquisitions.

The acquired businesses did not contribute any revenue or any profit/loss to the Group.

(c) Acquisition of Alumicor SA Holdings Proprietary Limited

On 1 August 2008 Realm Resources Limited acquired 74% of the voting shares of Alumicor SA Holdings Proprietary Limited, an unlisted proprietary company based in South Africa specialising in aluminium dross treatment.

The company's 74% owned subsidiary, Alumicor Maritzburg (Pty) Ltd ("Alumicor"), has an agreement where its major customer, Hulamin Ltd ("Hulamin"), has an option to purchase the business of Alumicor for approximately South African Rand 42,000,000 (approximately $4.5m, based on exchange rates as at 31 December 2013).

Should Hulamin exercise its option to purchase the business of Alumicor, Realm Resources would sell its aluminium dross treatment process to Hulamin for approximately $4.5m. Results attributable to the Alumicor business, including total assets and liabilities, are disclosed in note 5 to the financial statements.

Notes to the financial statements (continued)

24. Business combinations (continued)

(d) Significant Investments in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2(d):

	Equity interest		Investment Equity Holding	
Name of entity	**Country of incorporation**	**Class of shares**	**2013 %**	**2012 %**
Alumicor SA Holdings (Pty) Limited	South Africa	Ordinary	74	74
Alumicor Maritzburg (Pty) Ltd	South Africa	Ordinary	74	74
Alumicor Intellectual Property (Pty) Ltd	South Africa	Ordinary	74	74
Nduzi Real Estate Projects (Pty) Ltd	South Africa	Ordinary	74	74
Realm Resources (Pty) Limited	South Africa	Ordinary	74	74
Kalres Limited	Cayman Islands	Ordinary	100	100
PT Katingan Ria	Indonesia	Ordinary	51	51
Morning Star Holdings (Australia) Limited	Australia	Ordinary	100	100
Nkwe Platinum (Scarlet) Proprietary Limited	South Africa	Ordinary	74	74
Masedi Platinum (Proprietary) Limited	South Africa	Ordinary	70.3	70.3
Realm Resources Pte Ltd	Singapore	Ordinary	100	100
Kalres Pte Ltd	Singapore	Ordinary	100	100

The proportion of ownership interest is equal to the proportion of voting power held for each of the subsidiaries listed above.

25. Parent entity disclosures

	2013 $	**2012 $**
Current assets	231,028	1,256,107
Current liabilities	349,201	5,327,248
Total assets	21,838,856	23,676,197
Total liabilities	455,773	5,417,516
Net assets	21,383,083	18,258,681
Contributed Equity	46,398,433	40,392,135
Reserves	406,980	41,330
Accumulated loss	(25,422,330)	(22,174,784)
	21,383,083	18,258,681
Loss for the year	(3,247,546)	(5,848,076)
Other comprehensive income/(loss)	-	-
Total comprehensive income/(loss)	(3,247,546)	(5,848,076)
Parent Contingent Liabilities	-	-
Parent Contractual Commitments for Acquisition of Property, Plant and Equipment	-	-

Refer also note 16(b) for details of guarantees made.

Notes to the financial statements (continued)

26. Events after the balance sheet date

No matter or circumstance has arisen since 31 December 2013 that has significantly affected, or may significantly effect:

(a) the Group's operations in future financial years, or
(b) the results of those operations in future financial years, or
(c) the Group's state of affairs in future financial years.

27. Auditor's remuneration

The auditor of Realm Resources Limited is HLB Mann Judd.

	2013 $	2012 $
Amounts received or due and receivable by HLB Mann Judd for:		
• An audit or review of the financial report of the entity and any other entity in the consolidated group	86,450	134,498
• Other services in relation to the entity and any other entity in the consolidated group		
o Tax compliance	17,550	3,195
	104,000	137,693
Amounts received or due and receivable by other firms not affiliated with HLB Mann Judd – BDO South Africa Incorporated for:		
• An audit or review of the financial report by overseas BDO South Africa Incorporated firm	49,312	48,783
•		
• Tax compliance	2,607	-
	51,919	48,783
Amounts received or due and receivable by other creditors not affiliated with HLB Mann Judd – RSM AAJ Associates, Indonesia for:		
• An audit or review of the Indonesian based subsidiary by RSM AAJ Associates, Indonesia	8,918	8,209
	8,918	8,209
	164,837	194,685

REALM RESOURCES LIMITED

ABN 98 008 124 025

Directors' Declaration

In accordance with a resolution of the directors of Realm Resources Limited, I state that:

1. In the opinion of the directors:

   (a) The financial statements and notes and on pages 44 to 84 are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the year ended on that date.

      (ii) complying with Australian Accounting Standards and *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, as outlined in note 2(w).

2. The notes to the financial statements include a statement of compliance with International Financial Reporting Standards

3. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 31 December 2013.

Richard Rossiter
Executive Chairman
Sydney

31 March 2013

On behalf of the board

REALM RESOURCES LIMITED
ABN 98 008 124 025

INDEPENDENT AUDITOR'S REPORT

To the members of Realm Resources Limited:

Report on the Financial Report

We have audited the accompanying financial report of Realm Resources Limited ("the company"), which comprises the statement of financial position as at 31 December 2013, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In Note 2(b), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the consolidated financial report complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Realm Resources Limited on 31 March 2014 would be in the same terms if provided to the directors as at the time of this auditor's report.

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HLB Mann Judd

REALM RESOURCES LIMITED
ABN 98 008 124 025

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Opinion

In our opinion:

(a) the financial report of Realm Resources Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(b).

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2(w) to the financial report, which indicates that the consolidated entity incurred a loss after income tax of $3,063,049 for the year ended 31 December 2013 and, as of that date, the consolidated entity had an excess of current liabilities over current assets of $486,502 and total equity of $16,364,674. These conditions, along with other matters as set out in Note 2(w) to the financial report, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 32 to 38 of the directors' report for the year ended 31 December 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

In our opinion, the Remuneration Report of Realm Resources Limited for the year ended 31 December 2013 complies with section 300A of the *Corporations Act 2001*.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration report of Realm Resources Limited for the financial year ended 31 December 2013 published in the annual report and included on the company's website. The company's directors are responsible for the integrity of the company's website. We have not been engaged to report on the integrity of this website. The auditor's report refers only to the financial report and remuneration report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report and remuneration report. If users of the financial report and remuneration report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information contained in this website version of the financial report and remuneration report.

HLB Mann Judd

A Smith

HLB Mann Judd
Chartered Accountants

A G Smith
Partner

Sydney
31 March 2014

ASX additional information

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is as follows. The information is current as at 28 March 2013.

(a) Distribution of equity securities

(i) Ordinary share capital

- 1,943,840,077 fully paid ordinary shares are held by 732 individual shareholders. All issued ordinary shares carry one vote per share and carry the rights to dividends.

(ii) *Options*

- 1,000,000 exercisable at $0.15, expiring 31 January 2015.
- 100,000,000 exercisable at $0.05, expiring 12 February 2018. Options do not carry a vote.

The number of shareholders, by size of holding are:

	Fully paid ordinary shares
1-1,000	282
1,001-5,000	27
5,001-10,000	48
10,001-100,000	144
100,001 - and over	231
	732

(b) Twenty largest holders of quoted equity securities

	Fully paid	
Ordinary Shareholder	**Number**	**Percentage**
Taurus Funds Management Pty Ltd	1,635,655,713	84.15
Mr Andrew Martin Matheson	12,197,912	0.63
Mining Investments Limited	9,000,000	0.46
Berpaid Pty Ltd	8,820,000	0.45
Mr Ahmad Fuad Ali	8,695,652	0.45
Mr Theo Noel Renard	7,700,000	0.40
Mclaren Investments Limited	7,500,000	0.39
Bejjol Pty Ltd	7,391,305	0.38
Sunshore Holdings Pty Ltd	6,558,250	0.34
Nefco Nominees Pty Ltd	6,150,000	0.32
Nine One Four Pty Ltd	6,150,000	0.32
Mr Adrian Stephen Paul	6,086,956	0.31
Mr David Nasir Yusoff	6,086,956	0.31
Mr Earl Evans &	6,000,000	0.31
Ice Cold Investments Pty Ltd	6,000,000	0.31
Removale Pty Ltd	5,863,000	0.30
Coniston Group Ltd	5,275,000	0.27
Mrs Amanda Jane Purcell	5,275,000	0.27
Blayney Investments Pty Ltd	5,000,000	0.26
Mr Julian Mark Hoskin	5,000,000	0.26
	1,766,405,744	90.89

ASX additional information (continued)

(c) Voting Rights

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.