REALM RESOURCES LIMITED

ABN 98 008 124 025

NOTICE OF ANNUAL GENERAL MEETING

AND

EXPLANATORY MEMORANDUM

Date of Meeting:	29 May 2015
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, 29 May 2015 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 2014.

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 2014."

Note: 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 Theo Renard as a Director

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

"That, for the purpose of clause 12.9 of the constitution of the Company and for all other purposes, Mr Theo Renard, who 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

23 April 2015

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 2014 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 2014 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 2014 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 Theo Renard retires and being eligible, offers himself for re-election by shareholders.

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

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[1] See section 250SA

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 29 May 2015 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 2014.

"**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. on facsimile number (02) 9241 6133;

so that it is received by the Company by 11.00am (EST) on Tuesday, 26 May 2015.

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 26 May 2015. 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, 29 May 2015 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 T Renard 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 Tuesday, 26 May 2015.

Proxy forms received later than this time will be invalid.

REALM RESOURCES LIMITED
ABN 98 008 124 025

FINANCIAL REPORT

31 December 2014

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 – executive director
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

Solicitors
Allen & Overy
Level 27
Exchange Plaza
2 The Esplanade
Perth WA 6000 Australia

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

REALM RESOURCES LIMITED

ABN 98 008 124 025

Chairman's letter

Dear Shareholders,

Another challenging year has passed, the Group 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 PGM assets as well as seeking new resource sector investment opportunities.

In Indonesia, the Group has progressed Katingan Ria thermal coal project by enhancing the project economics via a cost reduction review as well as concluding a co-operation agreement with neighbour Jatenergy (ASX:JAT). The Company is focused on domestic supply opportunities and specifically PLN's proposed 200Mw power stations in the vicinity of the project, as well as increased interest from Indian parties seeking coal supplies for their power sector. 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 around US$33/t. The domestic supply strategy provides protection from international coal prices given there is a legislated 25% operating margin for mine mouth power plants in Indonesia.

In South Africa, the Group's aluminium waste toll treatment business performed well treating 17.7kt of aluminium waste (vs. 17.6kt in 2013). 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. A process to seek funders and/or partners seeking exposure to or interested in developing or acquiring a stake in the business is underway.

The Group's platinum transaction with Chrometco (JSE:CMO) is proceeding. On completion, Realm will receive an additional 35m CMO shares (10m already received). The platinum market has weakened in the year with the price falling from about US$1,450/oz in February to around $US1,220/oz at year end. This has hampered the Group's ability to progress its other platinum projects at this stage.

In October 2014, the Company completed a 1 for 4 non-renounceable Entitlement Offer. The Group received valid applications for 426,170,340 shares representing 88.28% of the maximum number of 482,772,519 New Shares offered to eligible shareholders and total funds raised of $852,341.

The Board is mindful that share prices does 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 continued to contribute to low levels of market interest in the resources sector. The Group is continuing with a multi-faceted strategy, including the potential for asset sales, new acquisitions, and cost curtailment ahead of improved market conditions.

While resource markets remain depressed, 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 Group 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 2014.

Information on directors

Directors

The following persons were directors of Realm Resources Limited 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 2014. 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.

Mr. Rossiter is a member of the audit committee, the nominations committee and the risk management committee.

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 2014.

Mr. Renard is a member of the audit committee, the nominations committee and the risk management committee.

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 2014.

Mr. Davies is a member of the audit committee, the nominations committee, the remuneration committee and the risk management committee.

Directors' report (continued)

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-14	Received as Remuneration	On Exercise of Options	Net Change Other	Balance 31-Dec-14
Richard Rossiter	4,500,000	-	-	(3,750,000)	750,000
Theo Renard	7,700,000	-	-	(2,250,000)	5,450,000
Michael Davies (i)	-	-	-	-	-
Michael Black (ii)	5,275,000	-	-	(5,275,000)	-
					-
	17,475,000	-	-	(11,275,000)	6,200,000

(i) Mr Davies is a principal of Taurus Funds Management Pty Ltd. Taurus Funds Management Holds 2,070,648,401 shares in the company.
(ii) Resigned 29 April 2014.

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 (2013 nil).

Share options

Unissued shares

As at the date of this report, there were 100,000,000 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.

REVIEW OF RESULTS AND OPERATIONS

Realm Resources Limited and its controlled entities ("Realm" or "the Group") has recorded revenue from continuing operations of A$4,354,482 (A$4,049,513 in 2013) and a net loss for the year ended 31 December 2014 of A$840,308 of which A$836,157 is attributable to owners, versus a loss of A$3,063,049 in 2013, of which A$3,006,550 was attributable to owners of Realm Resources Limited.

Directors' report (continued)

BUSINESS DEVELOPMENT

- Efforts to maximise the value of Realm's development ready Indonesian thermal coal project (Katingan Ria) were directed at domestic power station development opportunities, resource expansion, and a review of production costs to enhance project economics;
- Katingan Ria FOB cash cost forecasts reduced by $8/t or 20% to US$31/t before royalties;
- Katingan Ria (100%) NPV (10%) valuation of $100m based on a combination of lower long term coal price and FOB cash cost forecasts;
- Coal market remains oversupplied with export prices for expected Katingan Ria coal quality declining to around US$35/t;
- Alumicor – a good safety and operational year with discussions underway with potential investors/buyers;
- Platinum – US$ platinum prices declined to $1,220/oz at year end. The Chrometco transaction has advanced; and
- Business development activities aimed at enhancing and/or realising the value of Realm's assets as well as seeking new resource sector investment opportunities, particularly those with near term cash generation potential

Katingan Ria Coal Project – Focus on Domestic Power Station Supply and Project Economics Enhancement

A review of the operating cost assumptions used in the Feasibility Study and the valuation for its 51% owned thermal coal project in Central Kalimantan was completed during the year (Refer to Realm ASX announcement 11th December 2014). The operating cost assumption review was completed pre the oil price collapse so there is further scope for reductions.

Industry operating costs have declined by up to 30% over the last two years in parallel with falling commodity prices and profitability, and the strengthening US dollar. Katingan Ria's unit operating cost forecasts have subsequently been reduced by approximately US$8/t or 20% following a review by management and their consultants. Importantly the forecast life of mine (LOM) unit cost for the operation before royalties has reduced to ~ US$31/t which is below the current spot coal price expected for Katingan Ria coal (i.e. 4,200 Kcal/Kg GAR at US$33/t).

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

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

In addition, the Company concluded a Cooperation Agreement with Jatenergy Limited ("Jatenergy") (ASX:JAT). The agreement specifically focused on Realm's Katingan Ria coal project and Jatenergy's adjourning Coal Soil Brik ("CSB") 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 coal identified by Realm and could, if combined, extend the size and/or life of a potential operation.

Directors' report (continued)

Katingan Ria – Outlook

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

Realm's 51% owned Katingan Ria thermal coal project is ideally suited to supply proposed power stations in Central Kalimantan. After year end, Management engaged with PLN about the two proposed power station developments (2 x 100MW) in the vicinity of the project. Importantly, the Government is focused on accelerating the rate of power station development and is shortening the permitting process. Rules for electricity pricing by independent power producers are also being revised. Management expects to accelerate discussions as a number of major power developers have renewed their interest in partnering with Realm following the Governments initiative.

South African Projects

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

Aluminium Waste Toll Treating Business

Health and Safety

Alumicor's smelting operation at Pietermaritzburg in South Africa has seen steady improvements in safety performance since Realm acquired the operation in 2008. 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 the end of 2014 the operation has been 843 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.

There were no disabling injuries during the year. The focus on safety training and monitoring continues. The disabling injury frequency rate (DIFR) for the year was 0.0% (0.0% in the prior year).

Directors' report (continued)

Smelting and recovery performance comparison

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

Alumicor continues to operate profitably and deliver cash flow with management's attention focussed on sourcing additional metal units (with Hulamin's assistance) to be processed at the facility. In addition, management continues to assess a number of growth projects in the rapidly expanding aluminium recycling space, and has embarked on a process to seek funders and/or partners seeking exposure to or interested in developing the business.

Platinum Exploration Projects

The platinum market has remained depressed with prices falling further to around US$1220/oz at year end. This together with the industrial unrest in the South African mining sector has hampered the Group's ability to progress the projects at this stage.

On the Western Limb, the Rooderand transaction continues towards completion with Chrometco (CMO) responsible for advancing the transaction together with the consolidation of the chrome and PGM mineral rights. On completion, RRP will receive 35m additional shares in CMO (10m received to date).

The Eastern Limb platinum properties are being kept in good standing while management continues to explore a number of corporate alternatives aimed at realising value for RRP shareholders.

Business Development– Focus on New Projects

Management is devoting significant time and effort into reviewing a range of resource sector opportunities, with the focus directed at near term cash flow and turn around opportunities in the coal, base and precious metals sectors in Australia. The extended resource sector downturn has prompted both large and small companies to review their asset bases with numerous projects becoming available at significantly reduced prices. Realm's major shareholder, Taurus Funds Management, is supportive of the strategy and additionally, via its own network, is providing deal flow opportunity.

OCCUPATIONAL HEALTH AND SAFETY (OH&S) AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE (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. 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.

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.

Directors' report (continued)

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

CORPORATE

In October 2014, the Company completed a 1 for 4 non-renounceable Entitlement Offer. The Company received valid applications for 426,170,340 shares representing 88.28% of the maximum number of 482,772,519 New Shares offered to eligible shareholders and total funds raised of $852,341.

During the year, all shares and options issued under the employee share and option plan were cancelled.

SUBSEQUENT TO THE REPORTING PERIOD

There were no matters of significance post year-end and until the signing of these financial statements.

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 2014, 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	6	6	6	6	-	-
Theo Renard	6	6	6	6	-	-
Michael Davies	6	6	6	6	2	2

No meetings were held by the Nominations Committee and the Risk Management Committee.
Company Secretary: Theo Renard

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) is 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 2014 was $840,308 (2013: Net loss of $3,063,049), and the loss attributable to members of Realm Resources Limited was $836,157 (2013: loss of $3,006,550).

Directors' report (continued)

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.

Events since the end of the financial year

No matter or circumstance has arisen since 31 December 2014 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.

Significant changes in the state of affairs

Significant changes in the state of affairs of the group during the financial year were as follows. Contributed equity increased by $852,341 as the result of an entitlement issue and decreased by $935,968 as the result of cancelling all outstanding shares issued under the employee share plan.

The net cash received from the increase in contributed equity was used principally to repay borrowings.

Likely developments and expected results of operations

Additional comments on expected results and developments are contained in the "Review of results and operations". Whilst the directors comply with continuous disclosure requirements, 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 November 2014.

Insurance of officers

During the financial year, Realm Resources Limited paid a premium of $18,062 to insure the directors and secretary of the Company and its Australian-based controlled entities, and the directors of each of the subsidiaries of the Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Directors' report (continued)

Indemnity of auditors

Realm Resources Limited has agreed to indemnify their auditors, HLB Mann Judd, to the extent permitted by law, against any claim by a third party arising from Realm Resources Limited's breach of their agreement. The indemnity stipulates that Realm Resources Limited Limited will meet the full amount of any such liabilities including a reasonable amount of legal costs.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

Auditor's independence

A copy of the auditors independence declaration as required under section 307 of the Corporations Act is set out on page 18.

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's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor;
- none of the services undermine the general principles relating to auditor's 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 $9,000. During the year the company used BDO South Africa Incorporated to provide audit services to its subsidiaries, Alumicor SA Holdings Proprietary Limited and its controlled entities, and Realm Resources (Pty) Limited and its controlled entities. No non-audit services were provided by BDO South Africa Incorporated. 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 auditors' remuneration is included in note 29 to the financial statements.

Directors' report (continued)

Remuneration report (audited)

Introduction

This Remuneration Report outlines the director and executive remuneration arrangements of the Group 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

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

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
- Significant portion of executive remuneration "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 Group 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 Group will nevertheless seek to apply the principles described above to its directors and executives, whether they are employees of or consultants to the Group.

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 comprise of one independent director.

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.

Structure

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 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)	190,000
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	ZAR1,761,521
E Armila – general manager, PT Katingan Ria	Indefinite	2	None	$US 78,000

(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 $60,000 per annum including superannuation (being $5,475), T N Renard and M N M Davies receive fees of $40,000 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 2014

		Short-term		Long-term	Share based payment	
	Directors fees $	Salary and Consulting fees $	Bonus $	Superannuation contribution $	Shares and options $	Total $
Non – executive directors						
Michael Davies	40,000	-	-	3,650	-	43,650
Sub–total non–executive directors	40,000	-	-	3,650	-	43,650
Executive directors						
Richard Rossiter	60,000	210,000	-	5,475	-	275,475
Theo Renard	40,000	190,000	-	3,650	-	233,650
Sub–total executive directors	100,000	400,000	-	9,125	-	509,125
General Management						
Ryan McConnachie	-	179,851	14,176	-	-	194,027
Eva Armila	-	86,447	-	-	-	86,447
Sub–total General Management	-	266,298	14,176	-	-	280,474
Totals	140,000	666,298	14,176	12,775	-	833,249

Directors' report (continued)

Remuneration report (audited) (continued)

Table 2: Remuneration for the year ended 31 December 2013

	Short-term			Long-term	Share based payment	
	Directors fees $	Salary and Consulting fees $	Bonus $	Superannuation contribution $	Shares and options $	Total $
Non – executive directors						
Neale Fong (i)	52,836	-	-	4,795	-	57,631
Michael Davies	40,000	-	-	3,650	-	43,650
Sub–total 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
Sub–total executive directors	100,000	420,000	-	9,125	-	529,125
General Management						
Ryan McConnachie	-	187,072	13,989	-	-	201,061
Michael Black (ii)	-	458,532	-	-	-	458,532
Eva Armila	-	110,252	-	-	-	110,252
Sub–total 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
(ii) resigned on 29 April 2014

Other than a bonus paid to Ryan McConnachie during the year ended 31 December 2014, 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 2014

	Granted	Terms & Conditions for each Grant						Vested	
31 December 2014	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 2014

	Granted	Terms & Conditions for each Grant						Vested	
31 December 2014	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 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	-							-	-

Table 6: 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	-							-	100%

Table 7: Shares granted as part of remuneration during the year ended 31 December 2014

	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 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					
-	-	-	-	-	-

Directors' report (continued)

Remuneration report (audited) (continued)

Table 9: Options granted as part of remuneration for the year ended 31 December 2014

	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 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						
-	-	-	-	-	-	-

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

Signed in accordance with a resolution of the directors.

Richard Rossiter
Chairman
31 March 2015

REALM RESOURCES LIMITED
ABN 98 008 124 025

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Realm Resources Limited for the year ended 31 December 2014 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 relation to the Realm Resources Limited and the entities it controlled during the year.

Sydney, NSW	**D K Swindells**
31 March 2015	**Partner**

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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 2014 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 was 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: The Board should establish a remuneration committee.

Recommendation 8.2: The remuneration committee should be structured so that it consists of a majority of independent directors.

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%; and
- 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.

Corporate governance statement (continued)

The independent director of the Company is Michael Davies.

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 2014

	Notes	2014 $	2013 $
ASSETS			
Current assets			
Cash and cash equivalents	9	772,437	842,612
Trade and other receivables	10	448,410	384,938
Inventories	11	18,006	11,788
Current tax assets		216,319	320,052
Other assets		14,448	23,716
Total current assets		1,469,620	1,583,106
Non-current assets			
Trade and other receivables	12	25,245	23,577
Available for sale financial assets	13	84,720	118,030
Property, plant and equipment	14	1,644,078	1,527,973
Deferred tax assets	7(c)	73,607	66,073
Exploration and evaluation assets	15	15,115,523	15,115,523
Total non-current assets		16,943,173	16,851,176
TOTAL ASSETS		18,412,793	18,434,282
LIABILITIES			
Current liabilities			
Trade and other payables	16	773,935	548,514
Current tax liabilities		184	1,013
Borrowings	17	1,304,031	1,520,081
Total current liabilities		2,078,150	2,069,608
TOTAL LIABILITIES		2,078,150	2,069,608
NET ASSETS		16,334,643	16,364,674
EQUITY			
Capital and reserves			
Contributed equity	18	46,314,806	46,398,433
Retained earnings (accumulated losses)	19(a)	(28,724,887)	(28,866,028)
Reserves	19(b)	(1,518,336)	(1,434,942)
Attributable to owners of Realm Resources Limited		16,071,583	16,097,463
Non-controlling interests		263,060	267,211
TOTAL EQUITY		16,334,643	16,364,674

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

REALM RESOURCES LIMITED

ABN 98 008 124 025

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2014

	Notes	2014 $	2013 $
Revenue from continuing Operations			
Rendering of services		4,013,576	3,719,538
Interest revenue		315,012	299,044
Other revenue		25,894	30,931
Revenue		4,354,482	4,049,513
Cost of sales		(1,924,150)	(1,822,377)
Gross profit		2,430,332	2,227,136
Other income		167	3,678
Impairment loss – available for sale financial assets		(30,630)	(96,660)
Technical expenses		-	(187,557)
Share maintenance expenses		(57,940)	(88,156)
Occupancy expenses		(121,209)	(182,559)
Audit fees		(227,754)	(164,837)
Directors' fees		(140,000)	(192,836)
Consultancy fees		(763,949)	(1,420,264)
Administrative expenses	6(a)	(1,792,975)	(2,621,520)
Other expenses	6(a)	(34,741)	(176,454)
Finance costs		(398)	(348,471)
(Loss)/Profit before income tax		(739,097)	(3,248,500)
Income tax benefit/(expense)	7	(101,211)	185,451
Net (Loss)/profit for the year		(840,308)	(3,063,049)
Items that may be reclassified to profit or loss:			
Other comprehensive income:			
Exchange differences on translation of foreign operations		(42,064)	(69,007)
Total comprehensive income(loss) for the year		(882,372)	(3,132,056)
Total profit (loss) for the year is attributable to:			
Non-controlling interest		(4,151)	(56,499)
Owners of Realm Resources Limited		(836,157)	(3,006,550)
		(840,308)	(3,063,049)
Total comprehensive income (loss) for the year is attributable to:			
Non-controlling interest		(4,151)	(56,499)
Owners of Realm Resources Limited		(878,221)	(3,075,557)
		(882,372)	(3,132,056)
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)		(0.04)	(0.46)
Diluted earnings (loss) per share (cents)		(0.04)	(0.46)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity
For the year ended 31 December 2014

	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 2013	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 transactions 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
(Loss) for the year	-	-	-	-	(836,157)	(836,157)	(4,151)	(840,308)
Other comprehensive income	-	-	-	(42,064)	-	(42,064)	-	(42,064)
Total comprehensive income (loss) for the year	-	-	-	(42,064)	(836,157)	(878,221)	(4,151)	(882,372)
Transactions with owners in their capacity as owners:								
Other	-	-	-	-	-	-	-	-
Shares issued during the year, net of transaction costs	852,341	-	-	-	-	852,341	-	852,341
Cancellation of Employee Shares and Options	(935,968)	-	(41,330)	-	977,298	-	-	-
Balance as at 31 December 2014	46,314,806	365,650	-	(1,883,986)	(28,724,887)	16,071,583	263,060	16,334,643

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 2014

	Notes	2014 $	2013 $
Cash flows from operating activities			
Receipts from customers		3,846,361	3,769,886
Payments to suppliers and employees		(4,025,150)	(6,029,057)
Interest received		5,823	28,851
Income tax (payments) receipts		(21,692)	(95,334)
Net cash flows (used in)/from operating activities	20	(194,658)	(2,325,654)
Cash flows from investing activities			
Purchase of property, plant and equipment		(483,870)	(148,684)
Net cash flows used in investing activities		(483,870)	(148,684)
Cash flows from financing activities			
Proceeds from issue of shares, net of transaction costs		852,341	5,812,326
Repayment of borrowings		(277,650)	(5,000,000)
Proceeds from borrowings		48,152	67,171
Net cash flows (used in)/from financing activities		622,843	879,497
Net (decrease)/increase in cash and cash equivalents held		(55,685)	(1,594,841)
Effects of exchange rate changes on cash and cash equivalents		(14,490)	(55,183)
Cash and cash equivalents at the beginning of year		842,612	2,492,636
Cash and cash equivalents at end of year	9	772,437	842,612

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

Notes to the financial statements (continued)

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 2014 was authorised for issue in accordance with a resolution of the directors on 31 March 2015. The directors have 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.

The nature of the operations and principal activities of the Company are described in the directors' report.

2. Summary of significant accounting policies

The principal accounting policies adopted 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 2014 reporting periods. The Group's assessment of the impact of these new standards and interpretations is that they will result in no significant changes to the amounts recognised or matters disclosed in the financial report.

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.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, and interpretations issued by 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 (IASB).

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(c) Historical Cost Convention

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

(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 2014 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.

The group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The effects of all transactions between entities in the consolidated entity are eliminated.

Where control of an entity is obtained during a financial year, its results are included in the consolidated statement of profit or loss and other comprehensive income from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control existed.

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.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting.

(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.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(e) Business combinations (continued)

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.

If the business combination is achieved in stages, the acquisition date carrying values of the acquirers previously held equity interest in the acquire is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.
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.

(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 written off to the extent that they will not be recoverable in the future.

(g) Operating segments

Operating segments have been identified based on the information provided to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the executive management team.

(h) 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.

(i) 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.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(j) 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.

(k) Investments and other financial assets

The Group classifies its financial assets in the following categories: loans and receivables or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines this classification of its investments at initial recognition.

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.

(i) 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 reporting date, which are classified as non-current.

(ii) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally 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)

(k) 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.

(l) 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)

(l) 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.

(m) 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.

(n) 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.

(o) Borrowings

Borrowings are initially recognised at fair values, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any differences between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowing using the effective interest method.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at leadt 12 months after the balance sheet date.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(p) 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 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)

(q) 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.

(r) 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 reporting 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 reporting date, as such the level of judgment required is minimal.

(i) Rendering of services (continued)

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.

(s) 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 liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Notes to the financial statements (continued)

(s) Income tax and other taxes (continued)

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.

The carrying amount of deferred income tax assets is reviewed at each reporting 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 reporting 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.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(t) 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.

(u) 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.

(v) Going concern basis of preparation

The financial statements are prepared on a going concern basis. For the year ended 31 December 2014 the consolidated entity incurred a loss after income tax of $840,308.

At reporting date, the consolidated entity had an excess of current liabilities over current assets of $608,531, and total equity of $16,334,643.

Management have prepared cash flow forecasts covering the period to 31 December 2016. 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.

Notes to the financial statements (continued)

3. Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

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.

At balance date, the Group had the following mix of financial assets and liabilities exposed to variable interest rate risk.

	2014 $	2013 $
Financial assets		
Cash and cash equivalents	772,437	842,612
Loan to other parties (note 12)	-	-
Total	772,437	842,612
Financial liabilities		
Borrowings	-	249,278
Total	-	249,278

(a) Market risk

(i) Interest rate risk

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

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)	**-0.5% (50 basis points)**
31-Dec-14	6,829	(3,414)
31-Dec-13	(9,570)	4,785

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.

Notes to the financial statements (continued)

3. Financial risk management objectives and policies (continued)

(ii) 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 ZAR27,662,544 (2013: ZAR26,559,536), the Group's statement of financial position can be affected significantly by movements in the A$/ZAR exchange rates. The amounts translated into Australian 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 2014.

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 Singapore Dollars are not material to the Group.

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

	31 December 2014			31 December 2013		
	US$	**South African Rand**	**Indonesian Rupee**	**US$**	**South African Rand**	**Indonesian Rupee**
Trade and other receivables	-	448,266	5,889	-	414,990	19,018
Available-for-sale financial assets	-	84,720	-	-	118,030	-
Exploration and evaluation assets	15,115,523	-	-	15,115,523	-	-
Trade and other payables		500,078	2,128	-	439,814	259
Borrowings	-	1,128,963	175,068	-	1,143,888	126,916

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 2014, 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-14	1,511,552	(3,023,105)	(219,211)	109,606	(34,261)	17,131
31-Dec-13	1,511,552	(3,023,105)	(210,136)	105,068	(21,631)	10,816

The sensitivity increases and decreases in exchange rate 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.

Notes to the financial statements (continued)

3. Financial risk management objectives and policies (continued)

(iii) 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 2014, 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)	
	2014	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**
Increase 10%	8,472	11,803	8,472	11,803
Decrease 10%	(8,472)	(11,803)	(8,472)	(11,803)

(b) 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.

(c) 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.

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 2014.

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

At 31 December 2014

	0 to 3 months $	3 to 12 months $	More than 12 months $	Total $
Trade and other payables	773,935	-	-	773,935
Borrowings	-	1,304,031	-	1,304,031
Total Financial Libilities	773,935	1,304,031	-	2,077,966

At 31 December 2013

	0 to 3 months $	3 to 12 months $	More than 12 months $	Total $
Trade and other payables	549,527	-	-	549,527
Borrowings	-	1,520,081	-	1,520,081
Total Financial Libilities	549,527	1,520,081	-	2,069,608

Notes to the financial statements (continued)

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.

(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.

Notes to the financial statements (continued)

5. Segment Information

(a) Description of segments

Management has determined the operating segments based on the reports reviewed by the executive directors that are used to make strategic decisions.

The executive directors consider the business from both a product and a geographic perspective and have identified four reportable segments: PT Katingan Ria in Indonesia; 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.

(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 2014 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 2014					
Revenue					
Sales to external customers	4,013,576	-	-	-	4,013,576
Other revenue	1,550	339,330	-	26	340,906
Total segment revenue	4,015,126	339,330	-	26	4,354,482
Result					
Segment results before finance costs and income tax	303,900	16,706	-	(75,260)	245,346
Finance costs	(398)	-	-	-	(398)
Income tax (expense)/benefit	(105,016)	5,718	-	(1,913)	(101,211)
Net profit/(loss) after tax for period	198,486	22,424	-	(77,173)	143,737
Assets and liabilities					
Segment assets	2,939,595	14,382,599	5,764,720	7,432,734	30,519,648
Segment liabilities	1,891,281	5,841,735	-	370,462	8,103,478
Depreciation	(347,595)	(3,642)	-	(2,786)	(354,023)

Notes to the financial statements (continued)

5. Segment Information (continued)

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)	(3,529,280)	-	(275,634)	(4,183,790)
Finance costs	(241)	-	-	-	(241)
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)

(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:

	2014 $	2013 $
Total segment revenue	4,354,482	4,049,513
Total revenue from continuing operations	4,354,482	4,049,513

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

Notes to the financial statements (continued)

5. Segment Information (continued)

(c) Other segment information (continued)

(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:

	2014 $	2013 $
Segment loss	(143,737)	(3,998,580)
Intersegment eliminations	(696,571)	935,531
Total loss per the financial statements	(840,308)	(3,063,049)

(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:

	2014 $	2013 $
Segment assets	30,519,648	36,532,227
Inter-segment eliminations	(12,106,855)	(18,097,945)
Total assets per the financial statements	18,412,793	18,434,282

(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:

	2014 $	2013 $
Segment liabilities	8,103,478	8,687,155
Inter-segment eliminations	(6,025,327)	(6,617,547)
Total liabilities per the financial statements	2,078,151	2,069,608

Notes to the financial statements (continued)

6. Expenses

Expenses from Continuing Operations

	2014 $	2013 $
(a) Amounts included in administrative and other expenses		
Impairment provision loan and loss on translation of loan	(102,612)	(83,398)
Impairment provision loan and (gain) on translation of creditor	34,741	176,454
Depreciation	117,453	112,827
Rental property	67,524	91,886
Rental expense relating to operating leases	21,759	36,658
Employee benefits expense	1,107,485	2,488,452
(b) Amount included in cost of sales		
Depreciation	236,570	212,489

7. Income tax

(a) Income tax expense		
The major components of income tax expense are:		
Current income tax		
Current income tax (benefit)/charge	106,929	595,398
Deferred income tax		
Relating to origination and reversal of temporary differences	(5,718)	(780,849)
Income tax expense (credit)	**101,211**	**(185,451)**
(b) Numerical reconciliation between aggregate tax expense recognised in the income statement and tax expense calculated per the statutory income tax rate		
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:		
Total accounting (loss)/profit before income tax	201,685	(3,248,500)
At the Parent entity's statutory income tax rate of 30% (2013: 30%)	60,506	(974,550)
Tax effect of amounts which are not deductible (payable) in calculating taxable income:		
Section 40-880	(103,558)	(51,667)
Share based payments	-	109,695
Non deductible expenses	236	1,130
Impairment of loans not recognised as a deferred tax asset	(282,235)	25,019
Tax losses not recognised as a deferred tax asset	426,262	704,922
Income tax (benefit)/expense	101,211	(185,451)

Notes to the financial statements (continued)

7. Income tax (continued)

(c) Recognised deferred tax assets and liabilities

	2014 $	2013 $
Deferred income tax at 31 December relates to the following:		
Deferred tax asset – the balance contains temporary differences attributable to:		
Other	73,607	66,073
Gross deferred income tax assets	73,607	66,073

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:

	2014 $	2013 $
Tax losses	873,968	3,168,702

8. Earnings per share

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

	2014 $	2013 $
(a) Earnings used in calculating earnings per share		
Net (loss)/profit from continuing operations attributable to ordinary equity holders of the parent	(836,157)	(3,006,550)
(b) Weighted average number of ordinary shares		
Weighted average number of ordinary shares for basic earnings per share	2,008,286,353	646,682,821
Weighted average number of ordinary shares for diluted earnings per share	2,008,286,353	735,901,999

9. Cash and cash equivalents

	2014	2013
Cash at bank and in hand	712,437	782,612
Short-term deposits	60,000	60,000
	772,437	842,612

Notes to the financial statements (continued)

10. Current assets – trade and other receivables

	2014 $	2013 $
Trade Receivables	448,410	384,938
Allowance for impairment loss	-	-
Carrying amount of trade receivables	448,410	384,938

(a) Allowance for impairment loss

The majority of trade receivables are receivable in South African Rand, are non-interest bearing and are generally on 30 day terms. An allowance for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired.

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.

11. Current assets – inventories

	2014 $	2013 $
Raw materials (at cost)	18,006	11,788

12. Non-current assets – trade and other receivables

	2014 $	2013 $
Loan to African Dune (a)	1,431,929	1,495,411
Provision for impairment	(1,431,929)	(1,495,411)
Loan to Tiespro (b)	1,447,705	1,354,427
Provision for impairment	(1,447,705)	(1,354,427)
Other assets	25,245	23,577
Carrying amount of non-current receivables	25,245	23,577

(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.

(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.

Notes to the financial statements (continued)

12. Non-current assets – receivables (continued)

(b) Loan to African Dune and Tiespro (continued)

Movements in the provision for impairment were as follows:

	2014 $	2013 $
At 1 January	2,849,838	2,766,440
Increase in provision for impairment during the year	29,796	83,398
At 31 December	2,879,634	2,849,838

(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) Foreign exchange and interest rate risk

Detail regarding foreign exchange and interest rate risk exposure is disclosed in note 3.

(e) Credit risk

The maximum exposure to credit risk at the reporting date is the higher of the carrying value and fair 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:

	2014 $	2013 $
Listed equity securities	84,720	118,030

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 company. The shares were acquired for nil consideration and had at a fair value of ZAR0.25 per share at acquisition date, resulting in total shares of ZAR2,500,000 (approximately A$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 (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 2013 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

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 2014						
At 1 January 2014 net of accumulated depreciation	853,725	578,091	73,820	3,166	19,171	1,527,973
Additions	4,332	497,846	-	267	-	502,445
Disposals	-	-	-	-	(18,932)	(18,932)
Exchange differences	(13,124)	1,529	(2,201)	(105)	(427)	(14,328)
Depreciation charge for the year	(73,722)	(256,522)	(33,244)	(1,944)	12,352	(353,080)
At 31 December 2014 net of accumulated depreciation- Net carrying amount	771,211	820,944	38,375	1,384	12,164	1,644,078
At 31 December 2014						
Cost at fair value	1,207,313	2,472,882	288,555	30,704	40,221	4,039,675
Accumulated depreciation and impairment	(436,102)	(1,651,938)	(250,180)	(29,320)	(28,057)	(2,395,597)
	771,211	820,944	38,375	1,384	12,164	1,644,078

15. Non-current assets – exploration and evaluation assets

	2014 $	2013 $
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:

	2014 $	2013 $
Income	26	869
Expenses	77,366	277,768

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:

	2014 $	2013 $
Assets	25,319	70,207
Liabilities	93,661	384,601

Operating and investing cash flows arising from the exploration for and evaluation of mineral resources have not been disclosed as the directors consider that these are not material to the financial statements.

16. Current liabilities – trade and other payables

	2014 $	2013 $
Trade payables	745,532	482,636
Other payables	28,403	65,878
Carrying amount of trade and other payables	773,935	548,514

(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

	2014 $	2013 $
Current		
Other borrowings	1,304,031	1,520,081
	1,304,031	1,520,081

Notes to the financial statements (continued)

17. Borrowings (continued)

(a) Loans (continued)

Other borrowings

Included in other borrowings are amounts due to Tiespro 176 (Proprietary) Limited, a company incorporated in South Africa, of $1,128,963 (2013 $1,143,888). The loan is unsecured and is interest free. All other borrowings of the group are interest free and unsecured.

(b) Taurus Options linked to credit facility

On 28 June 2012, the company entered into a $5,000,000 convertible equity linked credit facility with Taurus Management Pty Ltd. During the year ended 31 December 2013, this facility was repaid in full. 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. These options were issued during the year ended 31 December 2013.

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 %	Weighted average share price at measurement date $
100,000,000	0.018	-	75	-	-	2.85	365,650

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.

(c) Fair values

The carrying amount of the Group's current and non-current borrowings approximates fair value.

18. Contributed equity

	2014 $	2013 $
Ordinary shares (a)	46,314,806	46,398,433
	46,314,806	46,398,433

(a) Ordinary shares

	No.	No.
Issued and fully paid	2,357,260,417	1,943,840,077

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

Notes to the financial statements (continued)

18. Contributed equity (continued)

(a) Ordinary shares (continued)

	No.	$
Movement in ordinary shares on issue		
At 1 January 2013	404,560,478	40,392,135
Shares issued – Interest on convertible Note	5,540,335	99,727
Shares issued – Interest on convertible Note	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
ESOP Shares Cancelled	(12,750,000)	(935,968)
Shares issued – Entitlement Offer	426,170,340	852,341
At 31 December 2014	2,357,260,417	46,314,806

(b) Capital management

When managing capital, management's objective is to ensure 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.

19. Retained earnings and reserves

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

	2014 $	2013 $
Balance 1 January	(28,866,028)	(25,859,478)
Net (loss)/profit attributable to owners of Realm Resources Limited	(836,157)	(3,006,550)
Share based payment reserve transferred to retained income	935,968	-
Transferred from equity benefits reserve	41,330	-
	(28,724,887)	(28,866,028)

Notes to the financial statements (continued)

19. Retained earnings and reserves (continued)

(b) Other reserves

	Equity benefits reserve $	Foreign currency translation $	Options Reserve $	Total $
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)
Exchange difference on translation of foreign operations	-	(42,064)	-	(42,064)
Employee Share Options cancelled during the year	(41,330)	-	-	(41,330)
At 31 December 2014	-	(1,883,986)	365,650	(1,518,336)

(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

	2014 $	2013 $
(a) Reconciliation of net profit after tax to net cash flows from operations		
Net (loss)/profit	(840,308)	(3,063,049)
Adjustments for:		
Depreciation	354,023	325,316
Impairment provision – African Dune and Tiespro loan/Gain on translation of creditor	(764,685)	83,398
Revaluation loss – available for sale financial assets	30,630	96,660
Net (loss)/gain on foreign exchange	1,028,145	182,095
Option expense	-	365,650
Changes in assets and liabilities		
(increase)/decrease in inventories	(6,413)	(828)
(increase)/decrease in trade and other receivables	(361,257)	(67,022)
(increase)/decrease in current tax assets	3,714	(18,044)
(increase)/decrease in deferred tax assets	84,176	(172,019)
(decrease)/increase in deferred tax liabilities	-	(90,268)
(decrease)/increase in trade and other payables	278,169	35,046
(decrease)/increase in tax provision	(852)	(2,589)
Net cash from (used in) operating activities	(194,658)	(2,325,654)

21. Related party transactions

(a) 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:

	2014 $	2013 $
Included in profit or loss		
Rental payment to related parties	21,546	19,743
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	28,372	249,278

Taurus Funds Management Pty Limited has nominated Michael Davies to represent its 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 2014 are disclosed in note 18.

Notes to the financial statements (continued)

22. Key management personnel

(a) Compensation of key management personnel

	Consolidated 2014 $	Consolidated 2013 $
Short - term employee benefits	820,474	1,382,681
Post – employment benefits	12,775	17,570
Termination benefits	-	-
Share based payment	-	-
Total compensation	833,249	1,400,251

Detailed remuneration disclosures are provided in the remuneration report on pages 11 to 17.

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

31 December 2014	Balance at beginning of period 1 January 2014	Granted as remuneration	Options exercised	Net change Other #	Balance at end of period 31 December 2014	Vested at 31 December 2014 Total	Exercisable	Not exercisable
Ryan McConnachie	1,000,000	-	-	(1,000,000)	-	-	-	-
	1,000,000	-	-	(1,000,000)	-	-	-	-

31 December 2013	Balance at beginning of period 1 January 2013	Granted as remuneration	Options exercised	Net change Other #	Balance at end of period 31 December 2013	Vested at 31 December 2013 Total	Exercisable	Not exercisable
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	-

(c) Shareholdings of key management personnel (consolidated)

Shares held in Realm Resources Limited

31 Dec 2014	Balance at beginning of period 1 Jan 14	Granted as remuneration	On exercise of options	Net change other	Balance at end of period 31 Dec 14
Directors					
Richard Rossiter	4,500,000	-	-	(3,750,000)	750,000
Theo Renard	7,700,000	-	-	(2,250,000)	5,450,000
Michael Black (i)	5,275,000	-	-	(5,275,000)	-
Michael Davies (iii)	-	-	-	-	-
	17,475,000	-	-	(11,275,000)	6,200,000

Notes to the financial statements (continued)

22. Key management personnel (continued)

(c) Shareholdings of key management personnel (consolidated) (continued)

31 Dec 2013	Balance at beginning of period 1 Jan 13	Granted as remuneration	On exercise of options	Net change other	Balance at end of period 31 Dec 13
Directors					
Richard Rossiter	4,500,000	-	-	-	4,500,000
Theo Renard	2,700,000	-	-	5,000,000	7,700,000
Neale Fong(ii)	2,119,565	-	-	(2,119,565)	-
Michael Black(i)	5,275,000	-	-	-	5,275,000
Michael Davies(iii)	-	-	-	-	-
	14,594,565	-	-	2,880,435	17,475,000

(i) Resigned 29 April 2014
(ii) Resigned 17 September 2013
(iii) Mr Davies is a principal of Taurus Funds Management Pty Ltd. Taurus Funds Management Holds 2,070,648,401 shares in the company.

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

All equity transactions with KMP other than those arising from the exercise of remuneration shares and options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

(d) Loans to key management personnel

(i) Details of aggregates of loans to key management personnel for the year ended 31 December 2014 are as follows:

Total	Balance at beginning of period $	Loans cancelled during period $	Balance at end of period $	Interest not charged $
Richard Rossiter	687,500	(687,500)	-	-
Theo Renard	337,500	(337,500)	-	-
	1,025,000	(1,025,000)	-	-

(ii) 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

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.

Notes to the financial statements (continued)

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 2014 $	Consolidated 2013 $
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 plan during 2014.

(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	2014 No.	2014 WAEP $	2013 No.	2013 WAEP $
Outstanding at the beginning of the year	1,000,000	0.15	1,000,000	0.15
Granted during the year	-	-	-	-
Cancelled during the year	(1,000,000)	0.15	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	-	-	1,000,000	0.15
Exercisable at the end of the year	-	-	1,000,000	0.15

Notes to the financial statements (continued)

23. Equity based benefit plans (continued)

(c) Summaries of options granted under OP and SP (continued)

SP	2014 No.	2014 WAEP $	2013 No.	2013 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	-	-	-	-
Cancelled during the year	(12,750,000)	-	(12,750,000)	-
Outstanding at the end of the year	-	-	-	0.17

(d) Weighted average remaining contractual life

The weighted average remaining contractual life for the share options as at 31 December 2014 was 1 year.

(e) Weighted average fair value

The weighted average fair value of options granted during the year was $Nil (2013: $Nil). The weighted average fair value of the shares issued during the year was $Nil (2013: $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 2014 and 31 December 2013.

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.

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)

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	5,648,840

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.

Notes to the financial statements (continued)

24. Business combination (continued)

(c) Acquisition of Alumicor SA Holdings Proprietary Limited (continued)

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 2014).

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.

(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 1(d):

Name of entity	Equity interest Country of incorporation	Class of shares	Investment Equity Holding 2014 %	2013 %
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.

Notes to the financial statements (continued)

25. Parent entity disclosures

	2014 $	2013 $
Current assets	303,685	231,028
Current liabilities	446,586	349,201
Total assets	22,796,651	21,838,856
Total liabilities	446,586	455,773
Net assets	22,350,065	21,383,083
Contributed Equity	46,314,806	46,398,433
Reserves	365,650	406,980
Accumulated loss	(24,330,391)	(25,422,330)
	22,350,065	21,383,083
Profit/(Loss) for the year	114,644	(3,247,546)
Other comprehensive income/(loss)		-
Total comprehensive income/(loss)	114,644	(3,247,546)
Parent Contingent Liabilities	-	-
Parent Contractual Commitments for Acquisition of Property, Plant and Equipment	-	-

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

26. Commitments

(a) Leasing commitments

Finance lease and hire purchase commitments – Group as lessee

At 31 December 2014 there are nil finance lease and hire purchase commitments (2013: Nil).

(b) Capital expenditure commitments

At 31 December 2014 there are nil capital expenditure commitments (2013: Nil).

27. Contingencies

There are nil contingent liabilities as at 31 December 2014 (2013: Nil).

28. Events after the balance sheet date

No matter or circumstance has arisen since 31 December 2014 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.

Notes to the financial statements (continued)

30. Auditor's remuneration

The auditor of Realm Resources Limited is HLB Mann Judd.

	2014 $	2013 $
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 – current year	188,302	86,450
• Other services in relation to the entity and any other entity in the consolidated group		
o Tax compliance	9,000	17,550
	197,302	104,000
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	49,235	51,919
	49,235	51,919
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
	-	8,918
	246,537	164,837

REALM RESOURCES LIMITED
ABN 98 008 124 025

Directors' Declaration

1. In the opinion of the directors:

   (a) The financial statements and notes and on pages 19 to 62 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 2014 and of its performance for the year ended on that date; and

      (ii) complying with Australian Accounting Standards, the *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.

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

3. The directors have been given the declarations by the chief executive officer and chief financial officer for the year ended 31 December 2014 required by Section 295A of the Corporations Act 2001.

This declaration is in accordance with a resolution of the directors.

Richard Rossiter
Chairman
Sydney

31 March 2015

On behalf of the board

HLB Mann Judd

Accountants | Business and Financial Advisers

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 2014, the statement of profit or loss and other 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 both the company and 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 gives a true and fair view and 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 statements of the consolidated entity and the separate financial statements of the company comply 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 about 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 of the financial report that gives a true and fair view 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 and its controlled entities 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.

HLB Mann Judd (NSW Partnership) ABN 34 482 821 289

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HLB Mann Judd

REALM RESOURCES LIMITED
ABN 98 008 124 025

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

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 company's and consolidated entity's financial position as at 31 December 2014 and of their performance for the year ended on that date; and

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

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

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2(v) to the financial report, which indicates that the consolidated entity incurred a loss after income tax of $840,308 for the year ended 31 December 2014 and, as of that date, the consolidated entity had an excess of current liabilities over current assets of $608,988 and total equity of $16,334,643. These conditions, along with other matters as set out in Note 2(v) 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 11 to 17 of the directors' report for the year ended 31 December 2014. 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.

Opinion

In our opinion the Remuneration Report of Realm Resources Limited for the year ended 31 December 2014 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

D K Swindells
Partner

Sydney, NSW
31 March 2015

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 27 March 2014.

(a) Substantial Holders

Substantial holders in the Company are set out below:

Ordinary Shares	Fully Paid Shares	Percentage
Taurus Funds Management Pty Ltd	2,073,248,410	87.95

(b) Distribution of equity securities

(i) Ordinary share capital

- 2,357,260,417 fully paid ordinary shares are held by 695 individual shareholders. All issued ordinary shares carry one vote per share and carry the rights to dividends.

(ii) *Options*

- 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	278
1,001-5,000	27
5,001-10,000	47
10,001-100,000	138
100,001 - and over	205
	695

(c) Twenty largest holders of quoted equity securities

	Fully paid	
Ordinary Shareholder	**Number**	**Percentage**
Taurus Funds Management Pty Ltd	2,073,248,401	87.95
Mr Andrew Martin Matheson	12,197,912	0.52
Nine One Four Pty Ltd	11,150,000	0.47
Mining Investments Limited	9,000,000	0.38
Berpaid Pty Ltd	8,820,000	0.37
Mr Ahmad Fuad Ali	8,695,652	0.37
Bejjol Pty Ltd	7,391,305	0.31
Sunshore Holdings Pty Ltd	6,558,250	0.28
ABN AMRO Clearing	6,306,841	0.27
Mr Adrian Stephen Paul	6,086,956	0.26
Mr David Nasir Yusoff	6,086,956	0.26
Mr Earl Evans &	6,000,000	0.25
Ice Cold Investments	6,000,000	0.25
Removale Pty Ltd	5,863,000	0.25
Mr Theo Noel Renard	5,450,000	0.23
Coniston Group Ltd	5,275,000	0.22
Mrs Amanda Jane Purcell	5,275,000	0.22

ASX additional information (continued)

(c) Twenty largest holders of quoted equity securities (continued)

Custodial Services Limited	5,065,000	0.21
Blayney Investments Pty Ltd	5,000,000	0.21
Mr. James Binh Quyen Luu + Mrs Hue Dao Chau	4,988,888	0.21
	2,201,859,161	93.52

(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.

(d) Schedule of Tenements

Realm Resources Limited mineral tenement interest as at 31 December 2014:

PROJECT/LOCATION	TENEMENT	INTEREST AT THE BEGINNING OF THE QUARTER	INTEREST AT THE END OF THE QUARTER
Marikat District, Katingan Regency, Central Kalimantan Province, Indonesia	IUP Operasi Produksi No. 545/222/KPTS/VIII/2011 In Prinsip Izin Pinjam Pakai No. S.515/Menhut-VII/2012	51%	51%
Mpumalanga province, South Africa	Prospecting right renewal reference number MP 30/5/1/1/2/ 1021 PR.	74%	74%
Mpumalanga province, South Africa	Prospecting right renewal reference number MP 30/5/1/1/2/ 1028 PR.	74%	74%
Mpumalanga province, South Africa	Prospecting right renewal reference number MP 30/5/1/1/2/ 1030 PR.	70.3%	70.3%
Mpumalanga province, South Africa	Prospecting right renewal reference number MP 30/5/1/1/2/ 1020 PR.	74%	74%
Mpumalanga province, South Africa	Prospecting right renewal reference number MP 30/5/1/1/2/ 958 PR.	74%	74%
Mpumalanga province, South Africa	Prospecting right renewal reference number MP 30/5/1/1/2/ 1105 PR.	74%	74%
Mpumalanga province, South Africa	Prospecting right renewal reference number MP 30/5/1/1/2/ 1029 PR.	74%	74%
Mpumalanga province, South Africa	Prospecting right renewal reference number MP 30/5/1/1/2/ 1060 PR.	74%	74%

Further; Realm did not have any interest in any farm-in or farm-out agreements at the end of the quarter. Realm did not acquire or dispose of any farm-in or farm-out interests during the quarter.