

# **REALM RESOURCES LIMITED**

**ABN 98 008 124 025**

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## **NOTICE OF ANNUAL GENERAL MEETING**

**AND**

## **EXPLANATORY MEMORANDUM**

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Date of Meeting: 31 May 2016

Time of Meeting: 11.00 am (EST)

Place of Meeting: Maddocks Lawyers  
Level 27  
Angel Place  
123 Pitt 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 Maddocks Lawyers, Level 27, Angel Place, 123 Pitt Street, Sydney, NSW 2000, on Tuesday, 31 May 2016, at 11.00am (EST) 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 2015.

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

### RESOLUTIONS

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#### 1. Resolution 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 2015."*

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.

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## 2. Resolution 2 – Re-election of Mr Michael Davies 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(a) of the constitution of the Company and for all other purposes, Mr Michael Davies, who retires in accordance with the Company's Constitution and being eligible, offers himself for re-election, be re-elected as a Director."*

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## 3. Resolution 3 – Change of Auditor

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

*"Subject to the Australian Securities and Investments Commission (ASIC) consenting to the resignation of HLB Mann Judd as auditor of the Company pursuant to section 329(5) of the Corporations Act, that pursuant to section 327B(1)(b) of the Corporations Act and for all other purposes, RSM Australia, having been duly nominated in accordance with section 328B(1) of the Corporations Act and having consented to its appointment (without having withdrawn that consent), be appointed as auditor of the Company with effect from the conclusion of the 2016 Annual General Meeting."*

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## 4. Resolution 4 – Adoption of Directors and Employees Share Plan

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

*"That, for the purposes of Listing Rule 7.2 (Exception 9) of the ASX Listing Rules and for all other purposes, approval is given for the Company to adopt the Company's directors and employees share plan and to allot and issue Shares pursuant to the Company's directors and employees share plan, a summary of the terms of which is set out in the Explanatory Memorandum accompanying this Notice of Meeting."*

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

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## 5. Resolution 5 - Adoption of Directors and Employees Option Plan

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

*"That, for the purposes of Listing Rule 7.2 (Exception 9) of the ASX Listing Rules and for all other purposes, approval is given for the Company to adopt the Company's directors and employees option plan and to grant Options pursuant to the Company's directors and employees option plan, a summary of the terms of which is set out in the Explanatory Memorandum accompanying this Notice of Meeting."*

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

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## **Other Business**

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

**BY ORDER OF THE BOARD**

**Theo Renard**  
**Director**

28 April 2016

# EXPLANATORY MEMORANDUM

## REALM RESOURCES LIMITED

ABN 98 008 124 025

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### 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 2015 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>.

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### 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 2015 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 2015 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<sup>1</sup>.

**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.

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<sup>1</sup> See section 250SA of the Corporations Act

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### **3. Resolution 2 - Re-election of Director**

Clause 12.9(a) 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 Michael Davies retires and being eligible, offers himself for re-election by shareholders.

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

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### **4. Resolution 3 – Change of Auditor**

HLB Mann Judd has been the Company's auditor since 2009. During this time, it has conducted the audit with due care, independence and competence. In financial year 2015, the Board undertook a detailed review of the accounting firms with the necessary capabilities to conduct the Company's audit, given the long tenure of its current auditor. As a result of that review the Board considers it timely to recommend the appointment of RSM Australia as auditor of the Company. Under the Corporations Act, a Shareholder must nominate a new auditor of the Company and the Shareholders must approve the appointment of a new auditor of the Company.

Austmart Pty Ltd, being a Shareholder of the Company, has nominated RSM Australia to be appointed as auditor of the Company. In accordance with section 328B(3) of the Corporations Act, a copy of the notice of nomination is included at Attachment A to this Explanatory Memorandum. In accordance with section 328A(1) of the Corporations Act, RSM Australia has provided its written consent to its appointment as auditor and has not withdrawn its consent. RSM Australia's consent is subject to ASIC consenting to the resignation of HLB Mann Judd as auditor of the Company and the approval of RSM Australia's appointment by the Shareholders.

HLB Mann Judd has notified the Company that it has applied to ASIC to resign as auditor of the Company. ASIC must consent to the resignation for it to be effective, which would occur from the later of the conclusion of the 2016 Annual General Meeting and the day on which ASIC gives its consent. The Company expects that ASIC will give its consent to the resignation as auditor of the Company HLB Mann Judd prior to the Annual General Meeting. However, if ASIC does not consent to the resignation of HLB Mann Judd as auditor of the Company by the time and date of the Annual General Meeting, this Item 4 will not be proposed at the Annual General Meeting.

The Board unanimously recommends passing resolution 3, should ASIC consent to the resignation of HLB Mann Judd.

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## **5 Resolutions 4 and 5 – Adoption of Directors and Employee Incentive Plans**

### **5.1 Resolutions 4 and 5 (respectively) seek the approval of shareholders for of, and issue of Shares and Options pursuant to, the directors and employees share plan and the directors and employees option plan.**

To ensure that the Company has appropriate mechanisms to continue to attract and retain the services of directors and employees of a high calibre, the Company has established share and option plans for directors and employees. The board has determined to update these plans with a revised directors and employees share plan (**Share Plan**) and a revised directors and employees option plan (**Option Plan**) the subject of Resolutions 4 and 5 (the Share Plan and Option Plan together the **Plans**).

The Directors, employees and consultants of the Company have been, and will continue to be, instrumental in the growth of the Company. The Directors consider that the Plans are an appropriate method to:

- (a) reward Directors, consultants and employees for their past performance;
- (b) provide long term incentives for participation in the Company's future growth;
- (c) motivate Directors and generate loyalty from senior employees and consultants; and
- (d) assist to retain the services of valuable employees and consultants.

Further, the Directors consider that the Plans will provide the Company with the ability to attract and retain employees of a high calibre. The Plans will be used as part of the remuneration planning for executive Directors and employees. The Corporate Governance Council Guidelines recommend that executive remuneration packages involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the company's circumstances and goals. The Plans will also be used as part of the remuneration planning for non-executive Directors. Although this is not in accordance with the recommendations contained in the Corporate Governance Council Guidelines, the Company considers that it is appropriate for non-executive Directors to participate in the Plans given the size of the Company.

Although the Company is not required to obtain shareholder approval for the introduction of the Plans, if the Plans are approved by shareholders in accordance with Listing Rule 7.2, Exception 9, then within 3 years of the date of approval the issue of securities under the Plans will be excepted from Listing Rule 7.1.

Listing Rule 7.1 broadly provides, subject to certain exceptions, that a company may not issue or agree to issue securities which represent more than 15% of the Company's issued capital at the beginning of any 12 month period without obtaining shareholder approval. If Shareholders approve Resolutions 4 and 5, then the securities issued under the Plans would not be included in the 15% limit imposed by Listing Rule 7.1.

Since the date of last approval:

- (a) No Shares were issued under the former share plan; and
- (b) No Options were issued under the former option plan.

A summary of the terms of the Share Plan is set out in section 5.2 of this Explanatory Memorandum. A summary of the terms of the Option Plan is set out in section 5.3 of this Explanatory Memorandum. A copy of the full rules of the Plans will be sent to any Shareholder of the Company upon request.

## **5.2 Summary of the terms and conditions of the Share Plan**

Set out below is a summary of the terms and conditions of the Share Plan:

- (a) **Participants** - Participants in the Share Plan may be directors, full-time and part-time employees of, and consultants to, the Group (**Participants**).
- (b) **Board** - The Board, or a duly appointed committee of the Board, is responsible for the operation of the Share Plan.



- (c) **Eligibility** - The Board determines the eligibility of Participants, having regard to:
- (i) the seniority of the Participant and the position the Participant occupies with the relevant member of the Group;
  - (ii) the length of service of the Participant with the relevant member of the Group;
  - (iii) the record of employment of the Participant with the relevant member of the Group;
  - (iv) the potential contribution of the Participant to the growth and profitability of the Group; and
  - (v) the extent (if any) of the existing participation of the Participant (or any relevant other eligible person in relation to the Participant) in the Share Plan; and
  - (vi) any other matters which the Board considers relevant.
- (d) **Invitations** - The Board may issue invitations to the Participants for the number of Share Plan Shares specified in the invitation. Shares offered under the Share Plan must be in the name of the Participant. The Board may exercise its powers in relation to the participation of any Participant on any number of occasions.
- (e) **Number of Shares** - The number of Shares that may be offered to a Participant is entirely within the discretion of the Board.
- (f) **Issue Price** - The issue price for each Share Plan Share will be not less than:
- (i) (if there was at least one transaction in the Shares on ASX during the 5 day trading period immediately before the date on which an offer was made) the weighted average trading price of the Shares on ASX during that period; or
  - (ii) (if there were no transaction in the Shares on ASX during that 5 day trading period immediately before the date on which an offer was made) the last price at which an offer was made on ASX to purchase a Share.
- (g) **Loan** - A Participant who is invited to subscribe for Shares under the Share Plan may also be invited to apply for a loan (**Loan**) up to the amount payable in respect of the Shares accepted by the Participant, on the following terms:
- (i) Loans must be made solely to the Participant and in the name of that Participant.
  - (ii) Loans will be interest free.
  - (iii) Any Loan made available to a Participant shall be applied by the Company directly toward payment of the issue price of the Shares to be acquired by the Participant under the Share Plan.
  - (iv) The term of the Loan, the time in which repayment of the Loan must be made by the Participant and the manner for making such payments shall be determined by the Board and set out in the invitation.

- (v) The amount repayable on the Loan by the Participant will be the lesser of:
  - A. the issue price of the Shares, less any cash dividends paid in respect of the Shares and applied by the Company in accordance with paragraph (vii) below and any amount of the Loan repaid by the Participant; and
  - B. the last sale price of the Shares on ASX on the date of repayment of the Loan or, if there are no transactions on that day, the last sale price of the Shares prior to that date, or, if the Shares are sold by the Company, the amount realised by the Company from the sale.
- (vi) A Participant must repay the Loan in full prior to expiry of the term of the Loan but may elect to repay the Loan amount in respect of any or all of the Shares (in multiples representing not less than 1,000 Shares) at any time prior to expiry of the term of the Loan.
- (vii) Cash dividends which are paid in respect of Shares the subject of a Loan will be applied by the Company on behalf of the Participant to repayment of the amount outstanding under the Loan and any surplus of the cash dividend will be paid to the Participant.
- (viii) Any fees, charges and stamp duty payable in respect of a Loan will be payable by the Participant.
- (ix) The Company shall have a lien over the Shares in respect of which a Loan is outstanding and the Company shall be entitled to sell those Shares in accordance with the terms of the Share Plan.
- (x) A Share issued under the Share Plan will not be tradeable by a Participant until the Loan amount in respect of that Share has been repaid and the Company will retain the Share Certificate in respect of the Loan Shares until the Loan amount has been repaid.
- (h) **Termination of the Loan prior to the Repayment Date** - If, prior to repayment of a Loan by a Participant:
  - (i) the Participant dies, becomes bankrupt or is no longer a director or employee of, or consultant to, a Group company as a result of retirement or retrenchment, then the Participant is required to either repay the loan within 12 months or allow the Company to sell the Shares and apply the proceeds of sale in repayment of the Loan; or
  - (ii) the Participant is no longer a director or employee of, or consultant to, a Group company other than as a result of one of the matters referred to in paragraph (a) above, then the Participant is required to either repay the loan within one month or allow the Company to sell the Shares and apply the proceeds of the sale in repayment of the loan.

If the proceeds of sale of the Shares are less than the amount outstanding in relation to the Loan, the Company will forgive the amount of the shortfall.

- (i) **Restriction on Transfer** - Subject to the requirements of the Listing Rules, Shares issued under the Share Plan will not be quoted on ASX and may not be sold or otherwise dealt with until the loan in respect of those Shares has been repaid in full and any other qualifying period that may be imposed by the Board has expired. If a Participant wishes to sell any Shares prior to the expiry of the qualifying period, the Participant may give written notice to the Company requesting the Company to place shares with excluded offerees for the purposes of section 708 of the Corporations Act or to sell the relevant Shares on ASX. The Directors have absolute discretion to arrange the sale of the Shares, in the case of hardship or otherwise, provided that the proceeds of sale are reasonably likely to exceed the outstanding Loan amount.
- (j) **Rights attaching to Shares issued under the Share Plan** - Shares which are issued under the Share Plan will rank equally in all respects (other than with respect to any restriction on transfer imposed until the Loan has been repaid or otherwise imposed by the Board and set out in the relevant invitation) with all Shares on issue and, subject to the requirements of the Listing Rules, the Company will apply for quotation of those shares on ASX once the loan in respect of those Shares has been repaid in full and any other restrictions on transfer imposed by the Board have been satisfied.
- (k) **Plan Limit** - The Board must ensure that the number of Shares allocated under the Share Plan does not exceed 5% of the issued capital of the Company on the day before the Plan Shares are offered, when aggregated with:
  - (i) Shares issued on the exercise of options granted within the previous 3 years under any employee share or option plan;
  - (ii) Shares remaining issuable in respect of options granted on the same date or within the previous 3 years under any employee share option plan; and
  - (iii) Shares issued on the same date or within the previous 3 years under this Plan or any other employee share option plan,excluding an offer to a person situated at the time of receipt of the offer outside of Australia, an offer that did not need disclosure to investors because of section 708 of the Corporations Act, an offer that did not require the giving of a product disclosure statement because of section 1012D of the Corporations Act, or an offer made under a disclosure document or product disclosure statement in accordance with the Corporations Act.
- (l) Notwithstanding any other Share Plan rule, where a Participant has been issued and has accepted an invitation, but the Board later determines that Share Plan Shares cannot be allocated to that Participant because of the limits above, that Participant's acceptance of their invitation must be settled by cash to the extent necessary for the Board to comply with the limits above. For clarity, a Participant's acceptance of their invitation may be settled by the Board by a mixture of Share Plan Shares and cash.
- (m) **Rights of Participants** - unless the subject of an express provision of an employment contract, the rights and obligations of any Participant under the terms of their office, employment or contract with the Group are not affected by their participation in the Share Plan.
- (n) The Share Plan rules do not form part of, and are not incorporated into, any contract of any Participant (whether or not they are an employee of a Group company).

- (o) Amongst other things, nothing in the Share Plan rules confers on any Participant the right to:
  - (i) become or remain a Participant or to participate in the Share Plan; and
  - (ii) receive any Shares other than provided under the Share Plan and their invitation.
- (p) No Participant has any right to compensation for any loss in relation to the Share Plan.

### 5.3 Summary of terms and conditions of the Option Plan

Set out below is a summary of the terms and conditions of the Option Plan.

- (a) **Participants** - Participants in the Option Plan may be directors and full time or part-time employees of the Group (**Participants**).
- (b) **Board** - The Board, or a duly appointed committee of the Board, is responsible for the operation of the Option Plan.
- (c) **Eligibility** - The Board determines the eligibility of Participants, having regard to:
  - (i) the seniority of the Participant and the position the Participant occupies with the relevant member of the Group;
  - (ii) the length of service of the Participant with the relevant member of the Group;
  - (iii) the record of employment of the Participant with the relevant member of the Group;
  - (iv) the potential contribution of the Participant to the growth and profitability of the relevant member of the Group;
  - (v) the extent (if any) of the existing participation of the Participant (or any relevant other eligible person in relation to the Participant) in the Option Plan; and
  - (vi) any other matters which the Board considers relevant.
- (d) **Invitations** - The Board may, in its absolute discretion, issue invitations to Participants for the number of options specified in the invitation. Options may be renounced in favour of the spouse of the invitee, a body corporate in which the invitee holds and beneficially owns not less than 50% of the issued voting share capital, the trustee of a trust in which the invitee is a beneficiary or object or the trustee of a superannuation fund of which the invitee is a member.
- (e) **Number of Options** - The number of options that may be offered to a Participant is entirely within the discretion of the Board. Each option will entitle the holder to one Share, upon payment of the exercise price in full upon application, prior to the expiry date.
- (f) **Issue Price** - Options granted under the Option Plan will be granted free of charge.
- (g) **Exercise Price** - 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.

- (h) **Expiry Date** - The expiry date of the options will be determined by the Board, but will not be more than 10 years from the grant date. Options granted under the Option Plan will lapse if not exercised prior to the expiry date, or on the first to occur of the following:
- (i) if the Participant (or the person by virtue of whom a Participant holds options) ceases to be a Director, or employee for any reason other than set out in paragraph (b) below, one month thereafter; and
  - (ii) if the Participant (or the person by virtue of whom a Participant holds options) dies, retires, is retrenched, becomes bankrupt, wound up or deregistered, 12 months thereafter.
- (i) **Restriction on Transfer** - Options may not be transferred without the prior written approval of the Board, which may be withheld in the Board's absolute discretion.
- (j) **Adjustment of Options** - If, prior to the expiry of an option granted under the Option Plan, there is a reorganisation of the issued share capital of the Company (including a consolidation, subdivision or reduction of capital or return of capital to shareholders), the number of Shares subject to the option and/or the exercise price will be adjusted in the manner required by the Listing Rules.
- (k) **Bonus issue and rights issues** - A participant is required to exercise an Option in order to participate in a bonus or entitlement issue made by the Company. Participants will be provided with written notice of the terms of the issue to shareholders and afforded that period as determined by the Listing Rules to exercise their Options if they wish to participate in the bonus or entitlement issue.
- (l) **Shares issued on exercise of Options** - Shares which are issued as a result of the exercise of options granted under the Option Plan will rank equally in all respects with all Shares on issue and the Company will apply for quotation of those Shares on ASX.
- (m) **Rights on exercise of option** - Dividends will not accrue on the shares in respect of which the Option was exercised until the exercise price has been paid in full in cash. No Participant may exercise any votes attaching to the shares in respect of which the option was exercised until the exercise price has been paid in full in cash.
- (n) **Plan Limit** - The Board must ensure that the number of Options allocated under the Option Plan when exercised does not exceed 5% of the issued capital of the Company on the day before the Options under the Option Plan are offered and upon their exercise, when aggregated with:
- (i) Shares issued on the exercise of options granted within the previous 3 years under any employee share and option plan;
  - (ii) Shares remaining issuable in respect of options granted on the same date or within the previous 3 years under any employee share and option plan; and
  - (iii) Shares issued on the same date or within the previous 3 years under this Plan or any other employee share and option plan,

excluding an offer to a person situated at the time of receipt of the offer outside of Australia, an offer that did not need disclosure to investors because of section 708 of the Corporations Act, an offer that did not require the giving of a product disclosure statement because of section 1012D of the Corporations Act, or an offer made under a disclosure document or product disclosure statement in accordance with the Corporations Act.

- (o) Notwithstanding any other Option Plan rule, where a Participant's Options are exercised, but the Board determines that Shares cannot be allocated to that Participant because of the limits set out above, that Participant's Options must be settled by cash to the extent necessary for the Board to comply with the limits set out above. For clarity, the Participant's Options may be settled by the Board by a mixture of Shares and cash.
- (p) **Rights of Participants** - unless the subject of an express provision of an employment contract, the rights and obligations of any Participant under the terms of their office, employment or contract with the Group are not affected by their participation in the Option Plan.
- (q) The Option Plan rules do not form part of, and are not incorporated into, any contract of any Participant (whether or not they are an employee of a Group company).
- (r) Amongst other things, nothing in the Option Plan rules confers on any Participant the right to:
  - (i) become or remain a Participant or to participate in the Option Plan; and
  - (ii) receive any Options other than provided under the Option Plan and their invitation.
- (s) No Participant has any right to compensation for any loss in relation to the Option Plan.

## 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 Maddocks Lawyers, Level 27, Angel Place, 123 Pitt Street, Sydney NSW 2000 on 31 May 2016 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.

**"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).

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

**"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 annual general meeting to which this Explanatory Memorandum is attached.

**"Option"** means an option to acquire a Share.

**"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 2015.

**"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 4101  
Level 41  
1 Macquarie Place  
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 4101, Level 41, 1 Macquarie Place, Sydney NSW 2000 Australia, (by post) or
1. on facsimile number (02) 9241 6133;

so that it is received by the Company by 11.00am (EST) on Sunday 29 May 2016.

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 Sunday 29 May 2016. 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 (EST) on Tuesday, 31 May 2016 at Maddocks Lawyers, Level 27, Angel Place, 123 Pitt Street, Sydney NSW 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 M Davies as a Director			
3. Change of Auditor			
4. Adoption of Directors and Employees Share Plan			
5. Adoption of Directors and Employees Option Plan			

**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 4101, Level 41, 1 Macquarie Place, 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 (EST) on Sunday, 29 May 2016.

**Proxy forms received later than this time will be invalid.**

## Attachment A – Nomination of Auditor

The Company Secretary  
Realm Resources Limited  
Suite 4101  
Level 41  
1 Macquarie Place  
Sydney  
NSW 2000

28 April 2016

Dear Sir

**Subject: Nomination of Auditor**

In accordance with the provisions of section 328B(1) of the *Corporations Act 2001* (Cth), Austmart Pty Ltd ACN 002 073 869, being a member of Realm Resources Limited ACN 08 124 025 (**Company**), hereby nominates RSM Australia for appointment as auditor of the Company at the next annual general meeting of the Company.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Tony Bonello', with a stylized, cursive script.

Tony Bonello  
Director  
Austmart Pty Ltd ACN 002 073 869



# **REALM RESOURCES LIMITED**

ABN 98 008 124 025

## **FINANCIAL REPORT**

31 December 2015

# REALM RESOURCES LIMITED

ABN 98 008 124 025

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# REALM RESOURCES LIMITED

ABN 98 008 124 025

## 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 1401, Level 40, 1 Macquarie place

Sydney NSW 2000 AUSTRALIA

Telephone (+61 2) 9252 2186

Facsimile (+61 2) 9241 6133

Website [www.realmresources.com.au](http://www.realmresources.com.au)

Email [info@realmresources.com.au](mailto:info@realmresources.com.au)

### Share Register

Computershare Investor Services Pty Limited

Level 11, 172 St Georges Terrace

Perth WA 6000 AUSTRALIA

Telephone (+61 8) 9323 2000

Facsimile (+61 8) 9323 2033

### Stock Exchange Listing

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

### Country and Date of Incorporation

Australia, 30 January 1987

### Auditors

HLB Mann Judd

Level 19

207 Kent Street

Sydney NSW 2000 AUSTRALIA

Telephone (+61 2) 9020 4000

Facsimile (+61 2) 9020 4190

# REALM RESOURCES LIMITED

ABN 98 008 124 025

## Chairman's letter

Dear Shareholders,

It's been another difficult year for the junior resource sector with further declines in commodity prices, and particularly for coal and platinum, limiting investor interest. At the time of writing, however, there are signs that investor interest is re-emerging as commodity prices appear to have bottomed after five years of declines and better quality assets are now being offered for sale. In this environment, the Group has continued with its multi-faceted strategy, including seeking new acquisition opportunities, investors/buyers for its assets, and cost curtailment.

In Indonesia, efforts have been aimed at the establishment of a power station consortium to advance a domestic power station development proposal close to the Group's Katingan Ria advanced thermal coal project. The domestic supply strategy provides protection from international coal prices given there is a legislated 25% operating margin for mine mouth power developments in Indonesia. The thermal coal seaborne market has remained in oversupply since 2011 with the price of Katingan Ria 4,200kcal/kg GAR coal falling by around 24% to around US\$26.50/t.

In South Africa, the platinum market has weakened in the year with the price falling from about US\$1,220/oz to US\$874/oz at year end. This has hampered the Group's ability to progress its other platinum projects at this stage.

The Group's aluminium waste toll treatment business performed well treating 19.6kt of aluminium waste (vs. 17.7kt in 2014). Importantly safety and environmental performance remains a priority with no reportable injuries or environmental incidents during the year. Management is focussed on concluding a new and improved long term processing agreement with Hulamin as well as seeking investors/buyers looking for exposure to the rapidly expanding aluminium waste reprocessing sector.

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 embedded 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 future.

Yours faithfully



Richard Rossiter  
Executive Chairman



# REALM RESOURCES LIMITED

ABN 98 008 124 025

## Directors' report

Your directors present their report on the consolidated entity (referred to 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 2015.

### Information on directors

The following persons were directors of Realm Resources Limited during the whole 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). He has not been a director of any other listed companies in the 3 years to 31 December 2015. 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 the Finance Director of Realm Resources Limited, 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 3 years to 31 December 2015.

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 is 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 3 years to 31 December 2015.

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

# REALM RESOURCES LIMITED

ABN 98 008 124 025

## 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 directors in shares of Realm Resources Limited were:

Directors	Balance 1-Jan-15	Received as Remuneration	On Exercise of Options	Net Change Other	Balance 31-Dec-15
Richard Rossiter	750,000	-	-	-	750,000
Theo Renard	5,450,000	-	-	-	5,450,000
	6,200,000	-	-	-	6,200,000

#### 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 (2014 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\$4,706,462 (A\$4,354,482 in 2014) and a net loss for the year ended 31 December 2015 of A\$3,026,304 of which A\$3,070,079 is attributable to owners, versus a loss of A\$840,308 in 2014, of which A\$836,157 was attributable to owners of Realm Resources Limited.

# REALM RESOURCES LIMITED

ABN 98 008 124 025

## Directors' report (continued)

### REVIEW OF RESULTS AND OPERATIONS (continued)

#### Summary

- Katingan Ria thermal coal project - focus directed at the establishment of power station consortium to advance a domestic power station development proposal;
- Coal market remains oversupplied with export prices for expected Katingan Ria coal quality declining by around 24% to US\$26.50/t;
- Platinum prices declined by 28% to US\$874/oz by year end;
- Alumicor – a good safety and operational year with discussions progressing with potential investors/buyers. Subsequent to year end, Hualamin terminated the agreement for the processing of aluminium dross effective 31 December 2016. The Company has engaged with Hualamin to resolve the situation and secure a mutually beneficial long term processing agreement; 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

The Company focussed on establishing a consortium who's aim will be to prepare for the Kalselteng No.3 (2x100MW) power station process and possibly Kalselteng No.1 (2x100MW) power station as well should that be reopened (Figure 1). In addition, Realm continues to engage with PLN (Indonesian State owned Electricity Corporation) and other potential partners/buyers in order to progress its power station strategy.

Realm continues to keep its 51% holding in good standing and progress permitting as required. The thermal coal price for expected Katingan Ria coal (i.e. 4,200 kcal/kg GAR) has steadied at about US\$26.50/t or about 24% below the 2014 year end price of US\$35.00/t (Figure 2).

Figure 1: - Central Kalimantan Power Station Plan

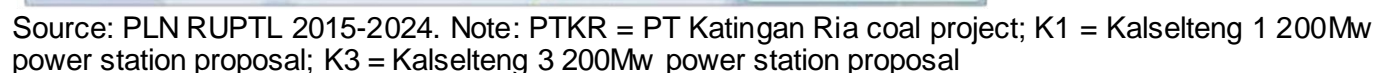
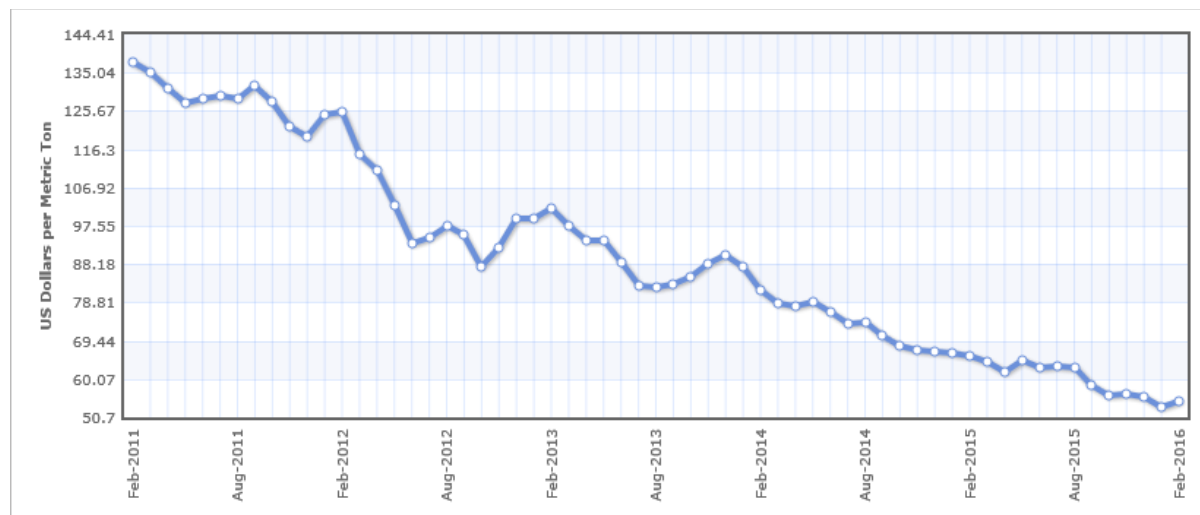


Figure 2: - Australian Thermal Coal Monthly Price US\$/t 6,300 kcal/kg GAR. Note price for expected Katingan Ria coal is approximately 50% of this price.



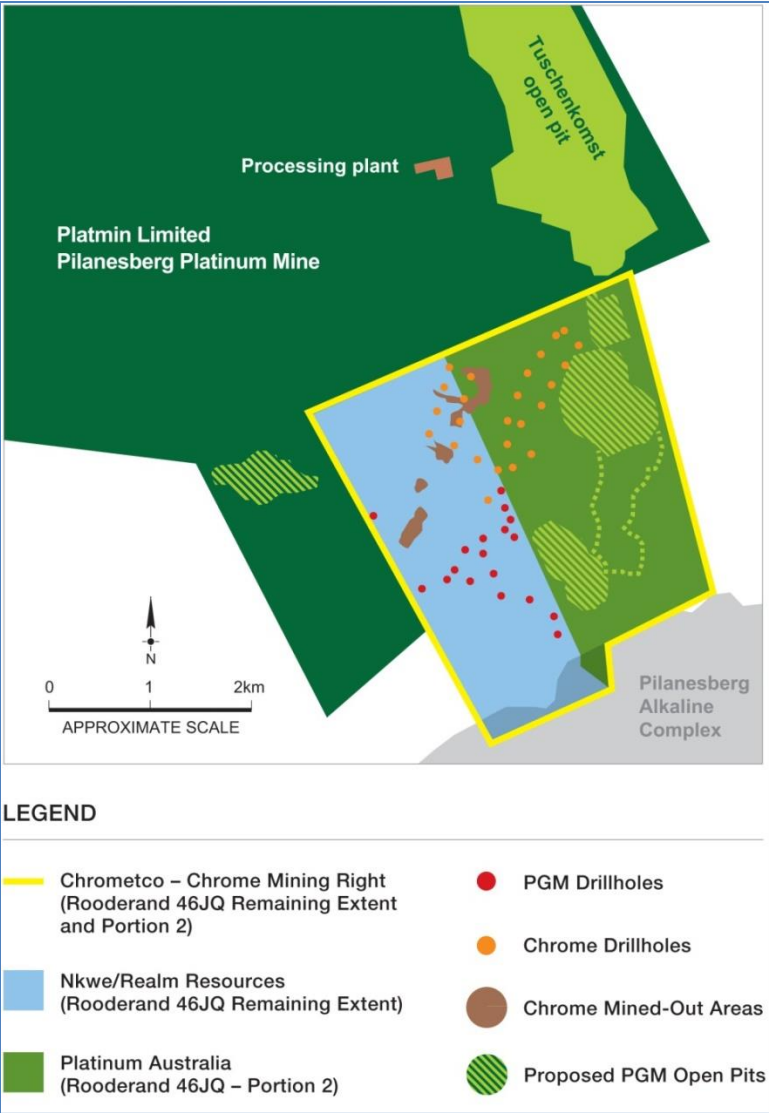
Source: [www/Indexmundi.com](http://www.Indexmundi.com)

In South Africa, the mining rights for chrome and platinum group metals on the remainder portion of Roodeerand have been combined paving the way for further logical consolidation in the area (Note: the rights are adjacent to Platmin Limited's mining and processing operation – see Figure 3).

The platinum price declined by around 28% to US\$874/oz by year end (Figure 4).

Directors' report (continued)

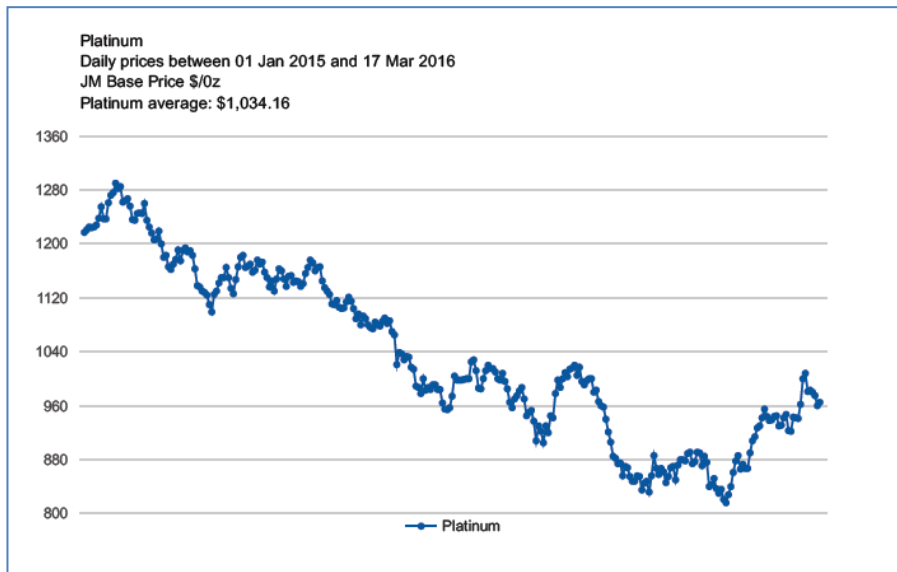
Figure 3: - Rooderand - Location of Mineral Rights and Nearby Mines and Projects



Note: Platinum Australia has been acquired by African Thunder Platinum Ltd

## Directors' report (continued)

Figure 4: - Platinum Prices (US\$/oz)



Source: <http://www.platinum.matthey.com/prices>

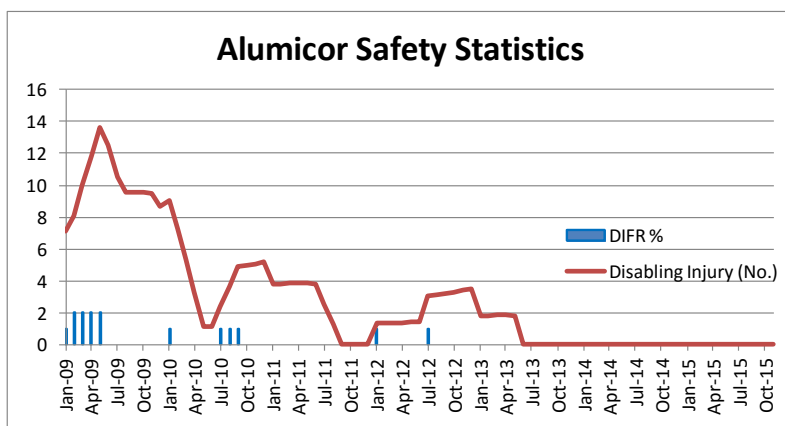
## Aluminium Waste Toll Treating Business

### 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 end 2015 the operation has been 1,210 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 independent safety reviews are conducted 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) (Figure 5).

Figure 5: - Alumicor Safety Performance



# REALM RESOURCES LIMITED

ABN 98 008 124 025

## Directors' report (continued)

### Smelting and recovery performance comparison

Alumicor	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	% change Q3 2015
Tonnes smelted	4,649	4,401	4,279	4,537	4,835	4,984	4,364	5,412	24%
Average recovery	65%	64%	66%	67%	64%	61%	53%	56%	6%

Alumicor continues to operate profitably and deliver cash flow with management's attention focussed on safety, operational efficiency and cash flow generation. 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 buyers seeking exposure to or interested in acquiring the business.

### Event Subsequent to Year End

Please refer to ASX announcements dated 19 January 2016; 1<sup>st</sup> March 2016 and 10<sup>th</sup> March 2016. The Company has received notice from Hulammin Operations Proprietary Limited stating that the agreement between Hulammin and Alumicor (Realm 74%) will be terminated with effect from 1st December 2016. The Company is engaging with Hulammin and other parties in order to resolve the situation and agree to a mutually beneficial longer term processing agreement.

In addition, Sibusiso Peter-Paul Ngwenya was appointed to the Board of Directors of Alumicor SA Holdings (Pty) Ltd and Realm Resources (Pty) Ltd.

### Business Development– Focus on New Projects

Management is devoting significant time and effort in 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 that 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 both these sites 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.

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.

# REALM RESOURCES LIMITED

ABN 98 008 124 025

## Directors' report (continued)

### 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 2015, 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	7	7	7	7	-	-
Theo Renard	7	7	7	7	-	-
Michael Davies	7	7	7	7	2	2

Company Secretary: Theo Renard

No meetings of the Nominations Committee were held during the year.

### Principal activities

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

### 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

Other than the termination notice by Hulammin, no matter or circumstance has arisen since 31 December 2015 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.

### 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.



# REALM RESOURCES LIMITED

ABN 98 008 124 025

## Directors' report (continued)

### Insurance of officers

During the financial year, Realm Resources Limited paid a premium of \$22,356 to insure the directors and secretaries 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.

### 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 19.

### 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 in Note 27 to the financial statements.

The board of directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor;
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

During the year the 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.

# REALM RESOURCES LIMITED

ABN 98 008 124 025

## 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 (Resigned 16 January 2016)

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.

## **Directors' report (continued)**

### **Remuneration report (audited) (continued)**

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.

#### 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.

#### 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.

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## Directors' report (continued)

### Remuneration report (audited) (continued)

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.

#### 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 inc Superannuation \$
<b>Directors</b>				
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)	130,000
M N M Davies – non-executive director	N/A	N/A	N/A	N/A
<b>Key management personnel</b>				
R McConnachie – general manager, Alumicor SA Holdings Proprietary Limited (iv)	Indefinite	6	None	ZAR1,873,303
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 \$65,475 per annum including superannuation (being \$5,475), T N Renard and M N M Davies receive fees of \$43,650 per annum including superannuation (being \$3,650).
- (iv) Resigned 16 January 2016.

# REALM RESOURCES LIMITED

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## 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 2015**

	Directors fees	Short-term Salary and Consulting fees	Bonus	Long-term Superannuation contribution	Share based payment Shares and options	Total
	\$	\$	\$	\$	\$	\$
<b>Non – executive directors</b>						
Michael Davies	40,000	-	-	3,650	-	43,650
Sub-total non-executive directors	40,000	-	-	3,650	-	43,650
<b>Executive directors</b>						
Richard Rossiter	60,000	210,000	-	5,475	-	275,475
Theo Renard	40,000	130,000	-	3,650	-	173,650
Sub-total executive directors	100,000	340,000	-	9,125	-	449,125
<b>General Management</b>						
Ryan McConnachie (i)	-	195,760	14,509	-	-	210,269
Eva Armila	-	103,721	-	-	-	103,721
Sub-total General Management	-	299,481	14,509	-	-	313,990
<b>Totals</b>	<b>140,000</b>	<b>639,481</b>	<b>14,509</b>	<b>12,775</b>	<b>-</b>	<b>806,765</b>

(i) Resigned 16 January 2016.

# REALM RESOURCES LIMITED

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## Directors' report (continued)

### Remuneration report (audited) (continued)

*Remuneration (continued)*

**Table 2: Remuneration for the year ended 31 December 2014**

	Directors fees	Short-term Salary and Consulting fees	Bonus	Long-term Superannuation contribution	Share based payment Shares and options	Total
	\$	\$	\$	\$	\$	\$
<b>Non – executive directors</b>						
Michael Davies	40,000	-	-	3,650	-	43,650
Sub-total non-executive directors	40,000	-	-	3,650	-	43,650
<b>Executive directors</b>						
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
<b>General Management</b>						
Ryan McConnachie	-	179,851	14,176	-	-	194,027
Eva Armila	-	86,447	-	-	-	86,447
Sub-total General Management	-	266,298	14,176	-	-	280,474
<b>Totals</b>	<b>140,000</b>	<b>666,298</b>	<b>14,176</b>	<b>12,775</b>	<b>-</b>	<b>833,249</b>

Other than a bonus paid to Ryan McConnachie during the year ended 31 December 2015, 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 2015**

	Granted		Terms & Conditions for each Grant					Vested	
	No.	Grant Date	Fair Value per share at grant date \$	Exercise price per share \$	Expiry Date	First Exercise Date	Last Exercise Date	No.	%
<b>31 December 2015</b>									
<b>Key Management Personnel</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-	-

# REALM RESOURCES LIMITED

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## Directors' report (continued)

### Remuneration report (audited) (continued)

**Table 4: Compensation options: Granted and vested during the year ended 31 December 2015**

	Granted		Terms & Conditions for each Grant					Vested	
	No.	Grant date	Fair Value per option at grant date \$	Exercise price per option \$	Expiry date	First exercise date	Last exercise date	No.	%
<b>31 December 2015</b>									
<b>Key Management Personnel</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	-							-	-

**Table 5: Compensation shares: Granted and vested during the year ended 31 December 2014**

	Granted		Terms & Conditions for each Grant					Vested	
	No.	Grant date	Fair Value per option at grant date \$	Exercise price per option \$	Expiry date	First exercise date	Last exercise date	No.	%
<b>31 December 2014</b>									
<b>Key Management Personnel</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	-							-	-

**Table 6: Compensation options: Granted and vested during the year ended 31 December 2014**

	Granted		Terms & Conditions for each Grant					Vested	
	No.	Grant date	Fair Value per option at grant date \$	Exercise price per option \$	Expiry date	First exercise date	Last exercise date	No.	%
<b>31 December 2014</b>									
<b>Key Management Personnel</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	-							-	-

**Table 7: Shares granted as part of remuneration during the year ended 31 December 2015**

	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
<b>Key Management Personnel</b>	-	-	-	-	-

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 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
<b>Key Management Personnel</b>	-	-	-	-	-

# REALM RESOURCES LIMITED

ABN 98 008 124 025

## Directors' report (continued)

### Remuneration report (audited) (continued)

**Table 9: Options granted as part of remuneration for the year ended 31 December 2015**

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 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**

- - - - -

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 2016



**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 2015, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

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



**D K Swindells  
Partner**

**Sydney, NSW  
31 March 2016**

# REALM RESOURCES LIMITED

ABN 98 008 124 025

## 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 2015 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](http://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.

# REALM RESOURCES LIMITED

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## 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).

# REALM RESOURCES LIMITED

ABN 98 008 124 025

## 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.

# REALM RESOURCES LIMITED

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## 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).

# REALM RESOURCES LIMITED

ABN 98 008 124 025

## Consolidated statement of financial position As at 31 December 2015

	Notes	2015 \$	2014 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	333,368	772,437
Trade and other receivables	10	435,106	448,410
Inventories	11	62,816	18,006
Current tax assets		254,612	216,319
Other assets		21,001	14,448
<b>Total current assets</b>		<b>1,106,903</b>	<b>1,469,620</b>
<b>Non-current assets</b>			
Trade and other receivables	12	36,516	25,245
Available for sale financial assets	13	105,720	84,720
Property, plant and equipment	14	1,353,797	1,644,078
Deferred tax assets	7(c)	23,706	73,607
Exploration and evaluation assets	15	12,835,152	15,115,523
<b>Total non-current assets</b>		<b>14,354,891</b>	<b>16,943,173</b>
<b>TOTAL ASSETS</b>		<b>15,461,794</b>	<b>18,412,793</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	16	796,921	773,935
Current tax liabilities		360	184
Borrowings	17	1,166,539	1,304,031
<b>Total current liabilities</b>		<b>1,963,820</b>	<b>2,078,150</b>
<b>TOTAL LIABILITIES</b>		<b>1,963,820</b>	<b>2,078,150</b>
<b>NET ASSETS</b>		<b>13,497,974</b>	<b>16,334,643</b>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Contributed equity	18	46,314,806	46,314,806
Retained earnings (accumulated losses)		(31,794,966)	(28,724,887)
Reserves	19	(1,328,702)	(1,518,336)
<b>Attributable to owners of Realm Resources Limited</b>		<b>13,191,138</b>	<b>16,071,583</b>
<b>Non-controlling interests</b>		<b>306,836</b>	<b>263,060</b>
<b>TOTAL EQUITY</b>		<b>13,497,974</b>	<b>16,334,643</b>

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 2015

	Notes	2015 \$	2014 \$
<b>Revenue from continuing Operations</b>			
Rendering of services		4,541,586	4,013,576
Interest revenue		148,156	315,012
Other revenue		16,720	25,894
<b>Revenue</b>		4,706,462	4,354,482
Cost of sales		(2,451,911)	(1,924,150)
<b>Gross profit</b>		2,254,551	2,430,332
Other income		41,992	167
Impairment loss – exploration assets		(2,280,371)	-
Impairment loss – available for sale financial assets		-	(30,630)
Technical expenses		(12,928)	-
Share maintenance expenses		(34,890)	(57,940)
Occupancy expenses		(152,169)	(121,209)
Audit fees		(99,446)	(227,754)
Directors' fees		(140,000)	(140,000)
Consultancy fees		(405,464)	(763,949)
Administrative expenses	6(a)	(1,814,740)	(1,792,975)
Other expenses	6(a)	(292,520)	(34,741)
Finance costs		(290)	(398)
<b>(Loss)/Profit before income tax</b>		(2,936,275)	(739,097)
Income tax benefit/(expense)	7	(90,028)	(101,211)
<b>Net (Loss)/profit for the year</b>		(3,026,303)	(840,308)
Items that may be reclassified to profit or loss:			
Other comprehensive income:			
Exchange differences on translation of foreign operations		189,634	(42,064)
<b>Total comprehensive income(loss) for the year</b>		(2,836,669)	(882,372)
Total profit (loss) for the year is attributable to:			
Non-controlling interest		43,776	(4,151)
Owners of Realm Resources Limited		(3,070,079)	(836,157)
		(3,026,303)	(840,308)
Total comprehensive income (loss) for the year is attributable to:			
Non-controlling interest		43,776	(4,151)
Owners of Realm Resources Limited		(2,880,445)	(878,221)
		(2,836,669)	(882,372)
<b>Earnings per share for profit/(loss) from continuing operations attributable to the ordinary equity holders of the Company:</b>	8		
Basic earnings (loss) per share (cents)		(0.13)	(0.04)
Diluted earnings (loss) per share (cents)		(0.13)	(0.04)

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

# REALM RESOURCES LIMITED

ABN 98 008 124 025

## Consolidated statement of changes in equity For the year ended 31 December 2015

	Ordinary shares	Attributable to members of Realm Resources Limited Option Reserve	Employee equity benefits reserve	Foreign currency translation reserve	Accumulated losses	Total	Attributable to non- controlling interest	Total equity
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance as at 1 January 2014</b>	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)
<b>Total comprehensive income (loss) for the year</b>	-	-	-	(42,064)	(836,157)	(878,221)	(4,151)	(882,372)
<b>Transactions with owners in their capacity as owners:</b>								
Shares issued during the year, net of transactions costs	852,341	-	-	-	-	852,341	-	852,341
Cancellation of Employee Shares and Options	(935,968)	-	(41,330)	-	977,298	-	-	-
<b>Balance as at 31 December 2014</b>	46,314,806	365,650	-	(1,883,986)	(28,724,887)	16,071,583	263,060	16,334,643
(Loss) for the year	-	-	-	-	(3,070,079)	(3,070,079)	43,776	(3,026,303)
Other comprehensive income	-	-	-	189,634	-	189,634	-	189,634
<b>Total comprehensive income (loss) for the year</b>	-	-	-	189,634	(3,070,079)	(2,880,445)	43,776	(2,836,669)
<b>Transactions with owners in their capacity as owners:</b>								
Other	-	-	-	-	-	-	-	-
<b>Balance as at 31 December 2015</b>	46,314,806	365,650	-	(1,694,352)	(31,794,966)	13,191,138	306,836	13,497,974

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



# REALM RESOURCES LIMITED

ABN 98 008 124 025

## Consolidated statement of cash flows For the year ended 31 December 2015

	Notes	2015 \$	2014 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		4,726,874	3,846,361
Payments to suppliers and employees		(4,675,495)	(4,025,150)
Interest received		3,615	5,823
Income tax (payments) receipts		(124,631)	(21,692)
<b>Net cash flows (used in)/from operating activities</b>	20	(69,637)	(194,658)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(318,464)	(483,870)
<b>Net cash flows used in investing activities</b>		(318,464)	(483,870)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares, net of transaction costs		-	852,341
Repayment of borrowings		-	(277,650)
Proceeds from borrowings		-	48,152
Payment of finance lease liabilities		-	-
<b>Net cash flows (used in)/from financing activities</b>		-	622,843
Net (decrease)/increase in cash and cash equivalents held		(388,100)	(55,685)
Effects of exchange rate changes on cash and cash equivalents		(50,968)	(14,490)
Cash and cash equivalents at the beginning of year		772,436	842,612
<b>Cash and cash equivalents at end of year</b>	9	333,368	772,437

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

# REALM RESOURCES LIMITED

ABN 98 008 124 025

## Notes to the financial statements (continued)

### Notes to the financial statements

#### 1. Corporate information

The financial report of Realm Resources Limited (“the Company”) for the year ended 31 December 2015 was authorised for issue in accordance with a resolution of the directors on 31 March 2016. 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 applied 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 2015 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.

##### (b) 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.

##### (c) Compliance with IFRS

The consolidated financial statements of the Realm Resources Limited Group (“Realm” or “the Group”) complies with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

##### (d) 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).

# REALM RESOURCES LIMITED

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## Notes to the financial statements (continued)

### 2. Summary of significant accounting policies (continued)

#### (e) Principles of consolidation

##### *Subsidiaries*

The consolidated financial statements comprise the financial statements of Realm Resources Limited ("Company" or "Parent entity") as at 31 December 2015 and the results, assets and liabilities of all subsidiaries. Realm Resources Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

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

The 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.

#### (f) 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.

# REALM RESOURCES LIMITED

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## Notes to the financial statements (continued)

### 2. Summary of significant accounting policies (continued)

#### (f) 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.

#### (g) Exploration and evaluation expenditure

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

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

#### (h) 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, has been identified as the executive management team.

#### (i) Cash and cash equivalents

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

#### (j) Trade and other receivables

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

**Notes to the financial statements (continued)****2. Summary of significant accounting policies (continued)****(k) Inventories**

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

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

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

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

**(l) 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 controls 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 balance 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)****(l) Investments and other financial assets (continued)***Impairment*

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

*(i) Assets carried at amortised cost*

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

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

*(ii) Assets classified as available-for-sale*

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

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

**(m) Property, Plant & equipment**

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

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

**Notes to the financial statements (continued)****2. Summary of significant accounting policies (continued)****(m) Plant & equipment (continued)**

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

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

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

**(n) Leases**

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

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

The Group has no finance leases.

**(o) Trade and other payables**

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

**(p) 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.

**(q) Share-based payment transactions***Equity settled transactions*

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

**Notes to the financial statements (continued)****2. Summary of significant accounting policies (continued)****(q) Share-based payment transactions (continued)**

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.

**(r) Contributed equity**

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



**Notes to the financial statements (continued)****2. Summary of significant accounting policies (continued)****(s) Revenue recognition**

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

**(i) Rendering of services**

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

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

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

**(ii) Interest revenue**

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

**(t) Income tax and other taxes**

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

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

Deferred income tax 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.

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.

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## Notes to the financial statements (continued)

### 2. Summary of significant accounting policies (continued)

#### (t) Income tax and other taxes (continued)

- 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 balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

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

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

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

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

#### *Other taxes*

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

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

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

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

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

#### (u) Earnings per share

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

# REALM RESOURCES LIMITED

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## Notes to the financial statements (continued)

### 2. Summary of significant accounting policies (continued)

#### (u) Earnings per share (continued)

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.

#### (v) Impairment of assets

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

#### (w) Going concern basis of preparation

The financial statements are prepared on a going concern basis. For the year ended 31 December 2015 the consolidated entity incurred a loss after income tax of \$3,026,303.

At reporting date, the consolidated entity had an excess of current liabilities over current assets of \$856,917, and total equity of \$13,497,974.

Management have prepared cash flow forecasts covering the period to 31 December 2017. 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.

# REALM RESOURCES LIMITED

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## 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.

#### (a) Market risk

##### (i) Interest rate risk

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

	2015 \$	2014 \$
<b>Financial assets</b>		
Cash and cash equivalents	333,368	772,437
Total	333,368	772,437

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-15	(6,778)	(3,389)
31-Dec-14	(6,829)	(3,414)

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.

##### (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 ZAR26,511,653 (2014: ZA27,662,544), the Group's statement of financial position can be affected significantly by movements in the A\$/ZAR exchange rates. The amounts translated into Australia Dollars are set out in Note 12. The exposure in the loans receivable has been mitigated as a full provision for impairment was recognised at 31 December 2015.

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

# REALM RESOURCES LIMITED

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## Notes to the financial statements (continued)

### 3. Financial risk management objectives and policies (continued)

#### (ii) Foreign currency risk (continued)

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

	31 December 2015			31 December 2014		
	US\$	South African Rand	Indonesian Rupee	US\$	South African Rand	Indonesian Rupee
Trade and other receivables	-	431,198	6,321	-	448,266	5,889
Available-for-sale financial assets	-	105,720	-	-	84,720	-
Exploration and evaluation assets	12,835,152	-	-	15,115,523	-	-
Trade and other payables	-	384,784	6,335	-	500,078	2,128
Borrowings	-	939,204	227,335	-	1,128,963	175,068

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 2015, 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-15	1,594,065	(4,383,680)	(624,982)	416,665	(37,889)	25,259
31-Dec-14	1,511,552	(3,023,105)	(219,211)	109,606	(34,261)	17,131

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.

#### (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.

# REALM RESOURCES LIMITED

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## Notes to the financial statements (continued)

### 3. Financial risk management objectives and policies (continued)

At 31 December 2015, had the price of equity securities increased/decreased by 10%, with all other receivables remaining constant, post-tax profit and equity would have been impacted as follows:

	Post tax profit higher (lower)		Total equity higher (lower)	
	2015	2014	2015	2014
	\$	\$	\$	\$
Increase 10%	10,572	8,472	10,572	8,472
Decrease 10%	(10,572)	(8,472)	(10,572)	(8,472)

#### (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 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 2015.

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

#### At 31 December 2015

	0 to 3 months \$	3 to 12 months \$	More than 12 months \$	Total \$
Trade and other payables	796,921	-	-	796,921
Borrowings	-	1,166,539	-	1,166,539
Total Financial Liabilities	796,921	1,166,539	-	1,963,460

#### 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 Liabilities	773,935	1,304,031	-	2,077,966

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## 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 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

##### *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.

##### *Exploration and Evaluation Assets*

The Group recognises such assets at cost, and considers impairment indicators when they exist. Provisions for impairment are made when the estimated recoverable amount is less than book value.

### 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.

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## Notes to the financial statements (continued)

### 5. Segment Information (continued)

#### (b) Segment information provided to the executive directors

The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2015 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 \$
<b>Year ending ended 31 December 2015</b>					
<b>Revenue</b>					
Sales to external customers	4,541,586	-	-	-	4,541,586
Other revenue	440	164,417	-	19	164,876
Total segment revenue	5,4,542,026	164,417	-	19	4,706,462
<b>Result</b>					
Segment results before finance costs and income tax	292,632	(557,965)	-	(86,885)	(352,218)
Finance costs	(290)	-	-	-	(290)
Income tax (expense)/benefit	(80,552)	(7,812)	-	(1,664)	(90,028)
Net profit/(loss) after tax for period	211,790	(565,777)	-	(88,549)	(442,536)
<b>Assets and liabilities</b>					
Segment assets	2,516,067	12,379,210	5,764,720	8,839,108	29,499,105
Segment liabilities	1,342,775	5,104,151	-	448,404	6,895,330
Depreciation	(330,443)	(1,807)	-	(2,971)	(335,221)

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 \$
<b>Year ending ended 31 December 2014</b>					
<b>Revenue</b>					
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
<b>Result</b>					
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)
<b>Assets and liabilities</b>					
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)



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## Notes to the financial statements (continued)

### 5. Segment Information (continued)

#### (c) Other segment information

##### (i) Segment revenue

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

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

	2015 \$	2014 \$
Total segment revenue	4,706,462	4,354,482
Total revenue from continuing operations	4,706,462	4,354,482

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

##### (ii) Segment net loss

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

Reportable segment loss reconciles to loss for year as follows:

	2015 \$	2014 \$
Segment loss	(442,536)	(143,737)
Intersegment eliminations	(2,583,767)	(696,571)
Total loss per the financial statements	(3,026,303)	(840,308)

##### (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:

	2015 \$	2014 \$
Segment assets	29,499,105	30,519,648
Inter-segment eliminations	(14,037,309)	(12,106,855)
Total assets per the financial statements	15,461,794	18,412,793

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## Notes to the financial statements (continued)

### 5. Segment Information (continued)

#### (c) Other segment information (continued)

##### (iv) Segment liabilities

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

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

	2015 \$	2014 \$
Segment liabilities	6,895,330	8,103,478
Inter-segment eliminations	(4,931,510)	(6,025,328)
Total liabilities per the financial statements	1,963,820	2,078,150

### 6. Expenses

#### Expenses from Continuing Operations

	2015 \$	2014 \$
<b>(a) Amounts included in administrative and other expenses</b>		
Impairment provision loan and loss on translation of loan	(279,447)	(102,612)
Impairment provision loan and (gain) on translation of creditor	-	34,741
Finance charges	290	398
Depreciation	93,163	117,453
Rental property	80,283	67,524
Rental expense relating to operating leases	18,781	21,759
Employee benefits expense	1,560,300	1,107,485
<b>(b) Amount included in cost of sales</b>		
Depreciation	194,159	236,570

### 7. Income tax

#### (a) Income tax expense

The major components of income tax expense are:

##### Current income tax

Current income tax (benefit)/charge	82,216	106,929
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##### Deferred income tax

Relating to origination and reversal of temporary differences	7,812	(5,718)
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#### Income tax expense (credit)

	<b>90,028</b>	<b>101,211</b>
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# REALM RESOURCES LIMITED

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## Notes to the financial statements (continued)

	2015 \$	2014 \$
<b>7. Income tax (continued)</b>		
<b>(b) Numerical reconciliation between aggregate tax expense recognised in the income statement and tax expense calculated per the statutory income tax rate</b>		
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	(2,936,275)	739,097
At the Parent entity's statutory income tax rate of 30% (2014: 30%)	(880,883)	221,729
Tax effect of amounts which are not deductible (payable) in calculating taxable income:		
Section 40-880	(103,558)	(103,558)
Non deductible expenses	313	236
Impairment of loans not recognised as a deferred tax asset	(255,948)	(282,235)
Tax losses not recognised as a deferred tax asset	130,104	708,497
Income tax (benefit)/expense	90,028	101,211

### (c) Recognised deferred tax assets and liabilities

Deferred income tax at 31 December relates to the following:  
*Deferred tax asset – the balance contains temporary differences attributable to:*

Other	23,706	73,607
Gross deferred income tax assets	23,706	73,607

The Group has not recognised a Deferred Tax Asset in 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:

	2015 \$	2014 \$
Tax losses	1,696,024	873,968

## 8. Earnings per share

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

	2015 \$	2014 \$
<b>(a) Earnings used in calculating earnings per share</b>		
Net (loss)/profit from continuing operations attributable to ordinary equity holders of the parent	(3,070,079)	(836,157)
<b>(b) Weighted average number of ordinary shares</b>		
Weighted average number of ordinary shares for basic earnings per share	2,357,260,417	2,008,286,353
Weighted average number of ordinary shares for diluted earnings per share	2,357,260,417	2,008,286,353

# REALM RESOURCES LIMITED

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## Notes to the financial statements (continued)

	2015 \$	2014 \$
<b>9. Cash and cash equivalents</b>		
Cash at bank and in hand	273,368	712,437
Short-term deposits	60,000	60,000
	<u>333,368</u>	<u>772,437</u>

## 10. Current assets – trade and other receivables

	2015 \$	2014 \$
Trade Receivables	435,106	448,410
Allowance for impairment loss	-	-
Carrying amount of trade receivables	<u>435,106</u>	<u>448,410</u>

### (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.

	2015 \$	2014 \$
<b>11. Current assets – inventories</b>		
Raw materials (at cost)	<u>62,816</u>	<u>18,006</u>

## 12. Non-current assets – trade and other receivables

Loan to African Dune (a)	1,031,344	1,431,929
Provision for impairment	(1,031,344)	(1,431,929)
Loan to Tiespro (b)	1,304,332	1,447,705
Provision for impairment	(1,304,332)	(1,447,705)
Other assets	36,516	25,245
Carrying amount of non-current receivables	<u>36,516</u>	<u>25,245</u>

- (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.

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## Notes to the financial statements (continued)

### 12. Non-current assets – receivables (continued)

#### (b) Loan to Tiespro

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

Movements in the provision for impairment were as follows:

	2015 \$	2014 \$
At 1 January	2,879,634	2,849,838
(Decrease)/Increase in provision for impairment during the year	(543,958)	29,796
At 31 December	<u>2,335,676</u>	<u>2,879,634</u>

#### (c) Fair values

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

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

#### (d) Credit risk

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

### 13. Available-for-sale financial assets

	2015 \$	2014 \$
Listed equity securities	<u>105,720</u>	<u>84,720</u>

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.

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## 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 Development 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 AU\$285,850) being acquired.

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

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

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

	Land and Buildings \$	Plant and equipment \$	Motor vehicles \$	Computer equipment \$	Office furniture and equipment \$	Total \$
<b>Year ended 31 December 2015</b>						
At 1 January 2015 net of accumulated depreciation	771,211	820,944	38,375	1,384	12,164	1,644,078
Additions	-	272,541	8,358	7,833	2,815	291,547
Disposals	(17,313)	-	-	-	(4,280)	(21,593)
Exchange differences	(121,671)	(146,197)	(5,918)	(1,050)	1,923	(272,913)
Depreciation charge for the year	(30,461)	(240,076)	(11,747)	(2,614)	(2,424)	(287,322)
At 31 December 2015 net of accumulated depreciation- Net carrying amount	601,766	707,212	29,068	5,553	10,198	1,353,797
<b>At 31 December 2015</b>						
Cost or fair value	992,177	2,268,302	247,100	32,148	53,029	3,592,756
Accumulated depreciation and impairment	(390,411)	(1,561,090)	(218,032)	(26,595)	(42,831)	(2,238,959)
	601,766	707,212	29,068	5,553	10,198	1,353,797

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## 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 \$
<b>Year ended 31 December 2014</b>						
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
<b>At 31 December 2014</b>						
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

	2015 \$	2014 \$
Cost on acquisition	19,232,733	19,232,733
Foreign exchange movement	(1,128,810)	(1,128,810)
Impairment loss	(5,268,711)	(2,988,400)
Carrying amount at year end	12,835,152	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 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:

	2015 \$	2014 \$
Income	19	26
Expenses	(86,904)	(77,366)

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## 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:

	2015 \$	2014 \$
Assets	10,903	25,319
Liabilities	234,530	93,661

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

	2015 \$	2014 \$
Trade payables	774,316	745,532
Other payables	22,605	28,403
Carrying amount of trade and other payables	796,921	773,935

#### (a) Guarantees

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

#### (b) Amounts owing to related parties

Nil.

### 17. Borrowings

#### (a) Loans

	2015 \$	2014 \$
<b>Current</b>		
Other borrowings	1,166,539	1,304,031
	1,166,539	1,304,031

#### *Other borrowings*

Included in other borrowings are amounts due to Tiespro 176 (Proprietary) Limited, a company incorporated in South Africa, of \$939,204 (2014 \$1,128,963). The loan is unsecured and is interest free. All other borrowings of the group are interest free and unsecured.

#### (b) Fair values

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



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## Notes to the financial statements (continued)

### 18. Contributed equity

	2015 \$	2014 \$
Ordinary shares (a)	46,314,806	46,314,806
	<u>46,314,806</u>	<u>46,314,806</u>

#### (a) Ordinary shares

	No.	No.
Issued and fully paid	<u>2,357,260,417</u>	<u>2,357,260,417</u>

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

#### (b) Options

The following table lists the inputs into the Black-Scholes model used by management in estimating the fair value of the options on issue at 31 December 2015:

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	0.15	75	-	-	2.85	365,650

An expense was 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) 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. Reserves

#### (a) 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.

# REALM RESOURCES LIMITED

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## Notes to the financial statements (continued)

### 19. Reserves (continued)

#### (a) Nature and purpose of reserves (continued)

##### *Option reserve*

The option reserve is used to record the value of options issued to other parties. 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.

### 20. Statement of cash flows reconciliation

	2015 \$	2014 \$
<hr/>		
<b>(a) Reconciliation of net profit (loss) after tax to net cash flows from operations</b>		
Net (loss)/profit	(3,026,303)	(840,308)
<i>Adjustments for:</i>		
Other non-cash income	488,082	-
Depreciation	335,221	354,023
Impairment provision – African Dune and Tiespro loan/Gain on translation of creditor	(543,958)	(764,685)
Impairment exploration assets	2,294,034	-
Revaluation loss – available for sale financial assets	-	30,630
Net (loss)/gain on foreign exchange	571,967	1,028,145
<i>Changes in assets and liabilities</i>		
(increase)/decrease in inventories	(56,742)	(6,413)
(increase)/decrease in trade and other receivables	(265,024)	(361,257)
(increase)/decrease in current tax assets	(88,333)	3,714
(increase)/decrease in deferred tax assets	44,297	84,176
(decrease)/increase in trade and other payables	176,951	278,169
(decrease)/increase in tax provision	173	(852)
Net cash from (used in) operating activities	<hr/> (69,637) <hr/>	<hr/> (194,658) <hr/>

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## Notes to the financial statements (continued)

### 21. Related party transactions

#### (a) Ultimate parent

Realm Resources Limited is the ultimate parent entity.

#### (b) Subsidiaries

Interests in subsidiaries are set out in Note 24.

#### (c) Key management personnel ("KMP")

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

#### (d) Other transactions with related parties

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

	2015 \$	2014 \$
<b>Included in profit or loss</b>		
Rental payment to related parties	22,436	21,546
Related party transactions are made on an arm's length basis both at normal market prices and on normal commercial terms.		

### 22. Key management personnel

#### (a) Compensation of key management personnel

	Consolidated	
	2015 \$	2014 \$
Short - term employee benefits	793,990	820,474
Post - employment benefits	12,775	12,775
Share based payment	-	-
Total compensation	806,765	833,249

Detailed remuneration disclosures are provided in the remuneration report on pages 12 to 18.

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

31 December 2015	Balance at beginning of period 1 January 2015	Granted as remuneration	Options exercised	Net change Other	Balance at end of period 31 December 2014	Vested at 31 December 2015		
						Total	Exercisable	Not exercisable
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

# REALM RESOURCES LIMITED

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## Notes to the financial statements (continued)

### 22. Key management personnel (continued)-

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

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)	-	-	-	-

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

##### *Shares held in Realm Resources Limited*

31 Dec 2015	Balance at beginning of period 1 Jan 15	Granted as remuneration	On exercise of options	Net change other	Balance at end of period 31 Dec 15
<b>Directors</b>					
Richard Rossiter	750,000	-	-	-	750,000
Theo Renard	5,450,000	-	-	-	5,450,000
	6,200,000	-	-	-	6,200,000
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
<b>Directors</b>					
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)	-
	17,475,000	-	-	(11,275,000)	6,200,000

(i) Resigned 29 April 2014

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.

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## 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	
	2015	2014
	\$	\$
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 2015.

#### (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:

	2015 No.	2015 WAEP \$	2014 No.	2014 WAEP \$
<b>OP</b>				
Outstanding at the beginning of the year	-	-	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	-	-	-	-
Exercisable at the end of the year	-	-	-	-

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## Notes to the financial statements (continued)

### 23. Equity based benefit plans (continued)

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

	2015 No.	2015 WAEP \$	2014 No.	2014 WAEP \$
<b>SP</b>				
Outstanding at the beginning of the year	-	-	12,750,000	0.17
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Cancelled during the year	-	-	(12,750,000)	-
Outstanding at the end of the year	-	-	-	-

#### (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 2015 and 31 December 2014.

### 24. Business Combinations

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

On 3 May 2012, the consolidated entity acquired:

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

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

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

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

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## Notes to the financial statements (continued)

### 24. Business combination (continued)

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	<u>5,706,780</u>
Net identifiable tangible assets (liabilities) acquired	<u>(57,940)</u>
Exploration and evaluation assets acquired	<u><u>5,648,840</u></u>

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

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

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.

#### (b) Acquisition of Alumicor SA Holdings Proprietary Limited

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

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

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## Notes to the financial statements (continued)

### 24. Business combination (continued)

#### (c) Interests in subsidiaries

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

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

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

### 25. Parent entity disclosures

	2015 \$	2014 \$
Current assets	85,060	303,685
Current liabilities	577,489	446,586
Total assets	22,955,119	22,796,651
Total liabilities	577,489	446,586
Net assets	22,377,630	22,350,065
Contributed Equity	46,314,806	46,314,806
Reserves	365,650	365,650
Accumulated loss	(24,302,827)	(24,330,391)
	22,416,895	22,350,065
Profit/(Loss) for the year		
Other comprehensive income/(loss)	27,564	114,644
Total comprehensive income/(loss)	27,564	114,644
Parent Contingent Liabilities	-	-
Parent Contractual Commitments for Acquisition of Property, Plant and Equipment	-	-

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



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## Notes to the financial statements (continued)

### 26. Commitments

#### (a) Leasing commitments

*Finance lease and hire purchase commitments – Group as lessee*

At 31 December 2015 there are nil finance lease and hire purchase commitments (2014: Nil).

#### (b) Capital expenditure commitments

At 31 December 2015 there are nil capital expenditure commitments (2014: Nil).

### 27. Auditor's remuneration

The auditor of Realm Resources Limited is HLB Mann Judd.

	2015 \$	2014 \$
<i>Amounts received or due and receivable by HLB Mann Judd for:</i>		
• An audit or review of the financial report of the entity and any other entity in the consolidated group – current year	76,500	188,302
• Other services in relation to the entity and any other entity in the consolidated group		
○ Tax compliance	9,500	9,000
	86,000	197,302
<i>Amounts received or due and receivable by other firms not affiliated with HLB Mann Judd – BDO South Africa Incorporated for:</i>		
• An audit or review of the financial report by overseas BDO South Africa Incorporated firm	48,700	49,235
• Tax compliance	-	-
	48,700	49,235
	134,700	246,537

# REALM RESOURCES LIMITED

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## Directors' Declaration

1. In the opinion of the directors:
  - (a) the financial statements and notes on pages 24 to 59 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 2015 and of its performance for the year ended on that date; and
    - (ii) complying with 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 2015 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 2016

On behalf of the board

**REALM RESOURCES LIMITED  
ABN 98 008 124 025****INDEPENDENT AUDITOR'S REPORT**

To the members of of Realm Resources Limited:

We have audited the accompanying financial report of Realm Resources Limited ("the company"), which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

***Directors' Responsibility for the Financial Report***

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that 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 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.

**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 consolidated entity's financial position as at 31 December 2015 and its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(b)

**(c) Emphasis of Matter**

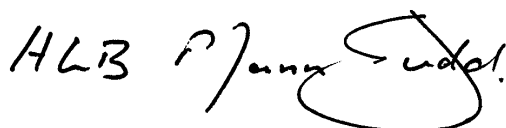
Without modifying our opinion, we draw attention to Note 2(w) to the financial report, which indicates that the consolidated entity incurred a loss after income tax of \$3,026,303 for the year ended 31 December 2015 and, as of that date, the consolidated entity had an excess of current liabilities over current assets of \$856,917 and total equity of \$13,497,974. 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 12 to 18 of the directors' report for the year ended 31 December 2015. 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 2015 complies with section 300A of the *Corporations Act 2001*.



**HLB Mann Judd**  
**Chartered Accountants**

**Sydney, NSW**  
**31 March 2016**



**D K Swindells**  
**Partner**

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## ASX additional information (continued)

### 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 30 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	2,070,648,401	87.8

#### (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	26
5,001-10,000	46
10,001-100,000	121
100,001 - and over	200
	<hr/> 665 <hr/>

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

Ordinary Shareholder	Fully paid	
	Number	Percentage
Taurus Funds Management Pty Ltd	2,070,648,401	87.80
Mr Richard Alexander Lipton	15,331,372	0.65
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
SACCO Developments Australia Pty Limited <The SACCO Family A/C>	6,680,998	0.28
Sunshore Holdings Pty Ltd	6,558,250	0.28
Mr Adrian Stephen Paul	6,086,956	0.26
Mr David Nasir Yusoff	6,086,956	0.26
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

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## ASX additional information (continued)

Coniston Group Ltd	5,275,000	0.22
Mrs Amanda Jane Purcell	5,275,000	0.22
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	4,348,696	0.18
	<u>2,210,924,498</u>	<u>93.9</u>

### (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.

### (a) 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.