

REALM RESOURCES LIMITED

ABN 98 008 124 025

NOTICE OF GENERAL MEETING

AND

EXPLANATORY MEMORANDUM

Date of Meeting: Thursday, 24 October 2013

Time of Meeting: 11.00 am (EST)

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

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

Time and Place of Meeting and How to Vote

VENUE

The general meeting of the Shareholders to which this Notice of Meeting relates will be held at 11.00am (EST) on Thursday, 24 October 2013 at Level 2, 3 Spring Street, Sydney, New South Wales, 2000.

YOUR VOTE IS IMPORTANT

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

VOTING IN PERSON

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

VOTING BY PROXY

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

- (a) post to Realm Resources Limited, Suite 2, Level 40, 88 Phillip Street, Sydney, NSW, 2000;
or
- (b) facsimile to the Company on facsimile number (+61 2) 9241 6133,

so that it is received not later than 11.00am (EST) on Tuesday, 22 October 2013.

Proxy Forms received later than this time will be invalid.

NOTICE OF GENERAL MEETING
REALM RESOURCES LIMITED
ABN 98 008 124 025

Notice is hereby given that a general meeting of Realm Resources Limited (**Realm or the Company**) will be held at 11.00am (EST) on Thursday, 24 October 2013 at Level 2, 3 Spring Street, Sydney, New South Wales, 2000.

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

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders at 19.00pm (EST) on Tuesday, 22 October 2013.

AGENDA

1. Resolution 1 – Approval of the issue of up to 1,500,000,000 Shares pursuant to the partial sub-underwriting by Taurus Funds Management of the Entitlement Offer.

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

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

- (a) the partial sub-underwriting (of 1,500,000,000 new Shares) by Taurus Funds Management of the Entitlement Offer under the terms of the Sub-Underwriting Agreement;*
- (b) upon completion of the Entitlement Offer, the issue of up to 1,500,000,000 new Shares in the Company to Taurus Funds Management under the terms of the Sub-Underwriting Agreement;*
- (c) the increase in the number of voting Shares in the company held by Taurus Funds Management and its associates from 135,655,713 Shares up to a possible maximum of 1,635,655,713 Shares; and*
- (d) the increase in the voting power of Taurus Funds Management and its associates in the Company from 31.9% up to a possible maximum voting power of 84.9%,*

on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice."

Voting Exclusion:

The Company will disregard any votes cast on this resolution by JP Morgan Nominees Australia Limited, JP Morgan Chase Bank N.A. (Sydney Branch), Taurus Resources No. 2 Trust, Taurus Resources Fund No. 2, L.P. and Taurus Funds Management Pty Limited and the associates of each of those persons. 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.

2. Resolution 2 – Approval of Entitlement Offer on the basis of 37 new Shares for every 9 Shares held.

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

"That, for the purposes of the conditions attached to the ASX Waiver and for all other purposes, approval be given for the Company to issue Shares under the Entitlement Offer on the basis of 37 new Shares for every 9 Shares held on the record date at an issue price of 0.4 cents per Share on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice."

Voting Exclusion:

The Company will disregard any votes cast on this resolution by any of its Substantial Shareholders, JP Morgan Nominees Australia Limited, JP Morgan Chase Bank N.A. (Sydney Branch), Taurus Resources No. 2 Trust, Taurus Resources Fund No. 2, L.P. and Taurus Funds Management Pty Limited and the associates of each of those persons. 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.

3. Other Business

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

BY ORDER OF THE BOARD

Theo Renard
Director

25 September 2013

EXPLANATORY MEMORANDUM

REALM RESOURCES LIMITED

ABN 98 008 124 025

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be considered at the General Meeting to be held at Level 2, 3 Spring Street, Sydney New South Wales at 11.00 am (EST) on Thursday, 24 October 2013.

The Explanatory Memorandum should be read in conjunction with the accompanying Notice of Meeting. Please note that a glossary of defined terms is included at the end of the Explanatory Memorandum.

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

1. Background

The Company seeks Shareholder approval to allow it to undertake the Entitlement Offer to raise up to \$7,000,000 through the issue of up to approximately 1,750,000,000 Shares at a price of \$0.004 per Share.

Resolution 1 seeks approval for the issue of up to 1,500,000,000 new Shares to Taurus Funds Management in connection with the Entitlement Offer. The Entitlement Offer is to be underwritten by Veritas Securities Limited (**Veritas**) and sub-underwritten by Taurus Funds Management to the extent of \$6,000,000 or 1,500,000,000 new Shares (together the **Underwriting Arrangements**). The Company is seeking Shareholder approval because the terms of the Sub-Underwriting Agreement may result in Taurus Funds Management obtaining control of the Company.

Resolution 2 seeks approval for the Company to conduct the Entitlement Offer on the basis of 37 new Shares for every 9 Shares held (**Issue Ratio**) that is, at a ratio greater than 1:1 as permitted under the ASX Listing Rules. If passed, the effect of Resolution 2 is limited to the Entitlement Offer and will not apply to any future or alternative offer of the Company.

The Entitlement Offer will only proceed if both Resolutions 1 and 2 are passed. Undertaking the Entitlement Offer in accordance with the timetable is essential to ensure the Company:

- is able to make the \$5 million payment due under the terms of the Convertible Equity Linked Credit Facility, as announced on 2 July 2012 (**CELCF**); and
- has sufficient working capital for the short to medium term and can fund current and future growth and business development initiatives.

If either or both of the Resolutions are not passed, the Entitlement Offer will be unable to proceed and the Company will lack the funds to fulfil these purposes.

The Company initially announced that it was planning to undertake a renounceable rights offer on 20 August 2013. However, the Board has determined that, due to the possibility that a change of control may occur as a result of the sub-underwriting of the Entitlement Offer by Taurus Funds, it is appropriate for Shareholders to approve the potential issue of Shares of Taurus Funds Management pursuant to the Sub-Underwriting Arrangements under Resolution 1.

This necessitated the adoption of a new structure for the Entitlement Offer. The most significant additional element of the Entitlement Offer is that it is conditional on Shareholder approvals. The key purpose of this Notice of Meeting is to inform Shareholders of the circumstances surrounding the Entitlement Offer so that they can decide how to vote at the General Meeting.

As a result of the revised structure of the Entitlement Offer, the Company was required to:

- change the terms of the Entitlement Offer from renounceable to non-renounceable as a result of the Company's suspension from quotation from ASX; and
- procure certain waivers from ASX in relation to the ratio on which Shares are offered under, and the timing of, the Entitlement Offer,

in order to comply with the requirements of the ASX Listing Rules.

The outcome of the General Meeting is imperative to the future of the Company. As the Entitlement Offer is conditional on Shareholder approvals being obtained, the Entitlement Offer will not proceed if the requisite majority of non-associated Shareholders do not vote in favour of both Resolutions 1 and 2.

Under the terms of the CELCF the Company is required to pay \$5 million to Taurus Funds Management on 30 September 2013. Taurus Funds Management has provided an extension to the Company, to allow the Company to repay the \$5 million owing under the CELCF on or before 31 October 2013 on the basis that the Company would seek Shareholder approval to the potential issue of Shares to Taurus Funds Management pursuant to the Sub-Underwriting Agreement. If both Resolution 1 and Resolution 2 are passed and the Entitlement Offer proceeds, the extension will automatically extend to 10 November 2013 in order for the Entitlement Offer proceeds to be processed and the CELCF repaid. If Resolution 1 is not passed, the Company will not have sufficient Funds to repay the CELCF. In that circumstance, the Company does not believe that it will be able to repay the CELCF without a further extension from Taurus Funds Management and being able to conclude an alternative funding arrangement and/or asset sale of sufficient magnitude – all of which have been difficult to achieve in the current economic climate.

The Independent Directors encourage all Shareholders to vote in favour of the Resolution 1 and Resolution 2 and participate in the Entitlement Offer. The Company has exhausted all other means of raising the funds necessary to repay the CELCF and the Independent Directors believe that the Company has expended considerable time and energy in these good faith attempts to procure a funding solution for the Company that would allow it to remain a going concern and, ultimately, protect the interests of Shareholders.

The purpose of the Entitlement Offer is to give non-associated Shareholders an opportunity to participate in the issue of fresh equity which has become necessary to repay the CELCF - and in doing so pre-empt and mitigate, to the greatest extent possible, the potential dilutionary effect and control implications of the repayment of the CELCF with new equity in the Company. In regards to the structuring of the Entitlement Offer (and as set out in section 4(i) "advantages") the Company has taken all reasonable steps to mitigate the potential control implications of the Underwriting Arrangements.

If all Shareholders take up their pro rata rights or all rights of non-associated Shareholders are otherwise taken up by other non-associated Shareholders under the Shortfall Facility, Taurus Funds Management will not acquire any Shares under the Underwriting Arrangements in excess of its pro rata entitlement and Taurus will not increase its voting power in the Company or assume control of the Company. However, given the high ratio of the Entitlement Offer, the Company expects that not all Shareholders will take up their pro rata rights and, if other Shareholders do not apply for those Shares under the Shortfall Facility, it is likely that Taurus' voting power in the Company will increase as a result of the Offer.

Further, if both Resolution 1 and Resolution 2 are passed, the Company is guaranteed sufficient proceeds to repay the CELCF before 31 October 2013 and meet working capital requirements in the short to medium term regardless of the level of uptake of entitlements by Shareholders. Accordingly, the Independent Directors encourage all Shareholders to vote in favour of Resolution 1 and Resolution 2 even if they do not intend to participate in the Entitlement Offer. The Independent Directors are confident that the Company remains well-positioned to deliver long term value to Shareholders as commodities markets improve and funding becomes more accessible.

If either Resolution 1 or Resolution 2 is not passed, the Entitlement Offer will not proceed and the Independent Directors will have to consider alternative methods of raising the funds necessary to repay the CELCF before 31 October 2013. Previous attempts to secure alternative funding have not been successful and the Independent Directors are not able to guarantee that, if the Entitlement Offer does not proceed, the necessary funds can be raised prior to 31 October 2013. If the Company is not able to raise the funds it will be in default of the CELCF from 31 October 2013 unless the Company has agreed with Taurus to renegotiate the repayment terms of the CELCF. Taurus is not obliged to (and has made no commitment to the Company that it will) amend the repayment terms of the CELCF if the Company is not able to repay outstanding \$5m on or before 31 October 2013.

If the Company defaults under the CELCF (assuming the Company cannot obtain a further extension from Taurus), it is likely that an administrator will be appointed to the Company. An administrator would assume control of the Company and make a determination as to the future of the Company and the realisation of value in the Company based on what it determines to be in the best interests of the Company's creditors (i.e. Taurus) – rather than Shareholders. Accordingly, the Independent Directors view is that the appointment of an administrator would necessarily prejudice the Company's ability to return value to Shareholders.

2. Resolution 1 – Approval of the issue of up to 1,500,000,000 Shares pursuant to the partial sub-underwriting by Taurus Funds Management of the Entitlement Offer.

Resolution 1 seeks Shareholder approval pursuant to sections 208 and item 7 of section 611 of the Corporations Act in relation to the potential issue of up to 1,500,000,000 new Shares in the Company pursuant to the Sub-Underwriting Agreement. Further details are set out below.

(a) Terms of the Underwriting Arrangements

The Underwriting Arrangements are comprised of the Underwriting Agreement and the Sub-Underwriting Agreement.

Under the Underwriting Agreement, Veritas has agreed, subject to certain conditions, to:

- partially underwrite the Entitlement Offer to the extent of 1,500,000,000 Shares at an issue price of \$.004 per Share (\$6 million); and
- manage and co-ordinate the Entitlement Offer on an exclusive basis.

Veritas' underwriting fee in respect of the Entitlement Offer is 3.33% of the underwritten amount (\$199,800). Veritas' fee in respect of the management of the Entitlement Offer is 1% of the underwritten amount (\$60,000). The Company also agrees to reimburse Veritas' costs and expenses in connection with Entitlement Offer up to a maximum amount of \$12,500 and to indemnify Veritas and its officers, employees, agents and advisers in relation to any loss or liability arising directly or indirectly out the Entitlement Offer.

Veritas may, after consultation with the Company, terminate the Underwriting Agreement (and be discharged from the underwriting obligation) if a termination event occurs. If Veritas exercises its right to terminate the Underwriting Agreement, the Company is obliged to pay Taurus \$50,000 plus GST and all expenses incurred by Veritas in connection with the underwriting up to the time of termination. The termination events are prescribed in the Underwriting Agreement and include the following events:

- non-compliance by the Company with ASIC or ASX requirements in relation to the Entitlement Offer;
- misleading statements or misrepresentations made by the Company in the cleansing notice and offer documents in relation to the Entitlement Offer or otherwise made to Veritas in relation to the Entitlement Offer;
- termination or breach by the Company of any material contract of the Company;
- insolvency or material adverse change in the financial position of the Company;
- a change of control in respect of the Company;
- disqualification of a Director (other than due to death or disablement);
- the commencement of material legal proceedings against the Company;
- default by the Company under any finance facility of the Company;
- regulatory changes (including in relation to taxation) that prohibit, or are materially adverse to, Veritas' underwriting of the Entitlement Offer; and
- changes in economic, political and market conditions that are likely to have a material adverse effect on the success of the Entitlement Offer.

The Sub-Underwriting Agreement has been entered into between Veritas and Taurus Funds Management. The Company is not a party to the Sub-Underwriting Agreement. Under the Sub-Underwriting Agreement Taurus Funds Management agrees to take up its full entitlement under the Entitlement Offer and apply for further shortfall Shares up to a total of 1,500,000,000 Shares (for a total commitment of \$6,000,000) in consideration for a \$199,800 sub-underwriting fee. Taurus may not sub-syndicate, lay-off or otherwise deal with its sub-underwriting commitment without Veritas' prior written consent. If Veritas elects to terminate the Underwriting Agreement (i.e. because one of the termination events prescribed in the Underwriting Agreement has occurred), the Sub-Underwriting Agreement will also terminate. Taurus Funds Management does not have discretion to terminate the Sub-Underwriting Agreement.

(b) Reasons for seeking Shareholder approval

Shareholder approval of the Sub-Underwriting Arrangements is being sought:

- for the purposes of the related party provisions of the Corporations Act. The giving of a "financial benefit" to a related party requires approval under Chapter 2E of the Corporations Act. This is explained in more detail in paragraph (c) below; and
- for the purposes of item 7 of section 611 of the Corporations Act depending on the uptake of Shares under the Entitlement Offer, it is possible that the operation of the Sub-Underwriting Agreement may result in a change of control of the Company in favour of Taurus and its associates. Further information on the potential impact of the Sub-Underwriting Arrangements on control of the Company is set out below.

(c) Chapter 2E of the Corporations Act

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

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

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

- obtain the approval of Shareholders in the manner set out in sections 217 to 227 of the Corporations Act; and
- give the benefit within 15 months after that approval is obtained.

The Board has decided to obtain Shareholder approval under section 208 of the Corporations Act as the Underwriting Arrangements may constitute the giving of a financial benefit to Taurus and its associates as it is likely that they will, pursuant to Taurus Funds Management’s commitment under the Sub-Underwriting Agreement (but subject to the uptake of the Entitlement Offer by other Shareholders), significantly increase their collective interest in the Company and potentially assume control of the Company at the discounted price under the Entitlement Offer

Section 228 of the Corporations Act provides that a “related party” includes an entity that has reasonable grounds to believe that it will become a related party (e.g. by assuming control of the Company) at any time in the future. Taurus and its associates’ shareholding in the Company may increase to as much as 84.9% of Shares under the Underwriting Arrangements. Whilst the actual increase in Taurus and its associates’ voting power will depend on the level of uptake of the Entitlement Offer by other Shareholders, Taurus, together with its associates, may hold more than 50% of Shares in the Company at completion of the Entitlement Offer and may control the Company, in which case, in Taurus Funds Management would become a related party of the Company.

The requirement for Shareholder approval applies only to the giving of a “financial benefit” to the related party. Similarly, the requirement does not apply where a financial benefit is given on “arms’ length terms” (i.e. ordinary commercial terms). The Board’s considerable efforts to procure independent underwriters and sub-underwriters for the Entitlement Offer were unsuccessful. Taurus, a major Shareholder and creditor of the Company, agreed, upon request from the Company, to:

- extend the repayment date of the CELCF to 31 October 2013; and
- assume (via Taurus Funds Management) a \$6 million sub-underwriting commitment in respect of the Entitlement Offer,

in order to guarantee that the Company could repay the CELCF by 31 October 2013 and meet working capital needs in the short to medium term.

Whilst Taurus Funds Management is essentially assisting the Company, the Underwriting Arrangements give rise to certain benefits to Taurus Funds Management, in that:

- it is likely that Taurus will increase its shareholding in, and assume control over, the Company at a discount to the market price of Shares as at the original 20 August 2013 announcement in respect of the Entitlement Offer;

- the \$199,800 underwriting fee payable by the Company to Veritas under the Underwriting Agreement will be directed to Taurus Funds Management under the Sub-Underwriting Agreement; and
- the undertaking of the Entitlement Offer would guarantee that Taurus' debt under the CELCF, which might otherwise not be repaid, is repaid in either cash or equity.

Accordingly, the Company has decided to seek Shareholder approval pursuant to section 208 of the Corporations Act.

Pursuant to and in accordance with the requirements of sections 217 to 227 of the Corporations Act, the following information (current as at the date of this Notice of Meeting and Explanatory Memorandum) is provided in relation to Resolution 1 and the Sub-Underwriting Agreement:

- The related parties to whom Resolution 1 may permit a financial benefit to be given is Taurus.
- The nature of the financial benefit to Taurus is the issue of up to 1,500,000,000 new Shares in the Company to Taurus Funds Management (and potentially, therefore, control of the Company) at a price representing a discount to the market price on the trading day before the Entitlement Offer was announced. Further, the Company advises that under the Sub-Underwriting Agreement Veritas will pay Taurus a sub-underwriting fee of \$199,800.

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

	Price	Date
Highest	\$0.023	10 September 2012
Lowest	\$0.003	23 August 2013
Last	\$0.004	30 August 2013

Taurus and its related entities' projected shareholdings in the Company upon completion of the Entitlement Offer at different levels of uptake by other Shareholders of the Entitlement Offer are set out below:

% take up of entitlements of Shareholders other than Taurus	Funds Raised	Approximate Taurus shareholding and percentage of voting power upon completion	Dilution of Shareholders who do not take up their entitlements
0% (i.e. only Taurus takes up its entitlements)	\$6 million	1,635,655,713 (84.9%)	(-77.9%)
50%	\$6 million	1,039,230,383 (53.9%)	(-32.4%)
75%	\$6 million	741,017,718 (38.5%)	(-9.7%)
100%	\$7 million	692,805,053 (31.9%)	(0%)

If Taurus holds more than 50% of Shares in the Company upon completion of the Entitlement Offer, it would have the capacity to determine the Company's financial and operating policies in its own right. If Taurus holds more than 75% of Shares in the Company upon completion of the Entitlement Offer, it would have the capacity to pass a resolution for a capital consolidation or de-listing of the Company in its own right. In the unlikely event that Taurus holds 84.9% of Shares upon Completion of the Offer, (following expiry of the 14 month period referred to above) Taurus could (in accordance with the "creep" provisions in item 9 of section 611 of the Corporations Act) acquire further Shares and obtain 90% of the voting power in respect of the Company over a 12 month period without being required to launch a formal takeover bid regulated by Chapter 6 of the Corporations Act. Upon reaching a 90% holding, Taurus and its associates could move to compulsorily acquire the Shares of all other Shareholders under section 664A of the Corporations Act. Taurus has stated that it would not support a de-listing or capital consolidation of the Company within 14 months of the completion of the Entitlement Offer. The Company is hopeful that a further capital raising could be undertaken during this 14 month period to dilute some of any interest gained by Taurus and its associates as an unintended consequence of the Underwriting Arrangements of the Entitlement Offer.

Each of the Independent Directors consider that the Underwriting Arrangements are in the best interests of the Company as they ensure that the Company is able to repay the CELCF on 31 October 2013 and remain a going concern. The Independent Directors are satisfied that there are no other funding alternatives available to the Company that would allow the Company to repay the CELCF on 31 October 2013 (an extended date for repayment that is conditional upon the approval of Resolution 1 and Resolution 2) and remain a going concern. Failure to secure the required funds may result in the Company being placed in administration. A full explanation of the reasoning of the Independent Directors is set out below in section 4. The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 1.

Mr Davies, a director of Taurus, declines to make a recommendation to Shareholders in relation to Resolution 1 due to his position as an officer of Taurus Funds Management. The Independent Directors (being Messrs Rossiter and Renard), who do not have a material personal interest in the outcome of Resolution 1, recommend that Shareholders vote in favour of Resolution 1.

(d) Item 7 of section 611 of the Corporations Act

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

- 20% or below to more than 20%; or
- a starting point that is above 20% and below 90%,

(Takeover Prohibition).

Voting power

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

Associates

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

- the first person is a body corporate and the second person is:
 - a body corporate the first person controls;
 - a body corporate that controls the first person; or
 - a body corporate that is controlled by an entity that controls the person;
- the second person has entered or proposed to enter into a relevant agreement with the first person for the purpose of controlling or influencing the composition of the company's board or the conduct of the company's affairs; or
- the second person is a person with whom the first person is acting or proposed to act, in concert in relation to the company's affairs.

Relevant Interests

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

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

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

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

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

Relevant interest in Shares

Taurus SM Holdings is the holding company of Taurus Funds Management. JPM Nominees Australia Limited (**JPM Nominees**) is the registered Shareholder in its capacity as nominee of JP Morgan Chase Bank, N.A (Sydney Branch) (**Bank**) acting as custodian for Taurus.

As at the date of this Notice of Meeting:

- 6,671,508 Shares (representing a 1.57% interest in the Company) are held by JPM Nominees as nominee of the Bank acting as custodian for Taurus Funds Management as trustee for Taurus No. 2 Trust. Taurus No. 2 Trust has a relevant interest in such Shares by virtue of it having the power to control the exercise of the right to vote attached to the Shares and the power to control the exercise of a power to dispose of the Shares; and
- 128,984,205 Shares (representing a 30.29% interest in the Company) are held by JPM Nominees as nominee of the Bank acting as custodian for Taurus Funds Management for and on behalf of Taurus Resources, a Cayman limited liability company. Taurus Resources has a relevant interest in such Shares by virtue of it having the power to control the exercise of the right to vote attached to the Shares and the power to control the exercise of a power to dispose of the Shares.

In light of the above, as at the date of this Notice of Meeting, Taurus SM Holdings (as the holding company of Taurus Funds Management), Taurus Funds Management, Taurus No 2 Trust, Taurus Resources and each of their respective associates have a relevant interest in 135,655,713 Shares (representing 31.86% of the voting power in the Company). As JPM Nominees holds Shares as a nominee, it does not have a relevant interest in those Shares (despite being the registered holder). The Bank does not hold a relevant interest in such Shares as the Company understands that the Bank's interest arises only in the ordinary course of the Bank's financial services business (i.e. as custodian for Taurus).

Reasons for Shareholder approval

Acquisitions of a relevant interest in voting Shares are exempt from the effect of section 606 of the Corporations Act where the acquisition results from a pro rata rights issue or a related underwriting or sub-underwriting. However, the Takeovers Panel may still declare that "unacceptable circumstances" exist in relation to a rights issue where the potential control implications of an underwriting or sub-underwriting appear to be an abuse of the rights issue and underwriting exemptions that allow an underwriter or sub-underwriter to assume control of an entity without having to make a takeover bid regulated by Chapter 6 of the Corporations Act. Due to the significant potential control implications of the Underwriting Arrangements, the Board is seeking Shareholder approval of the Underwriting Arrangements under Item 7 of section 611 of the Corporations Act. Item 7 of section 611 of the Corporations Act provides an exception to the Takeover Prohibition in circumstances where shareholders approve the acquisition of the relevant interest in voting Shares.

Information required by Corporations Act and ASIC Regulatory Guide 74

The following information is required to be provided to Shareholders under the Corporations Act and ASIC Regulatory Guide 74 in respect of obtaining approval pursuant to Item 7 of section 611 of the Corporations Act.

- (a) The acquirer of any Shares under the Sub-Underwriting Arrangements will be Taurus No. 2 Trust. Taurus No. 2 Trust's associates are Taurus SM Holdings, Taurus Funds Management and Taurus Resources (collectively **Taurus**).
- (b) Pursuant to Corporations Act section 610, the voting power of each individual Taurus entity is the collective voting power of all Taurus entities (each Taurus entity being an associate of each other Taurus entity). Set out below is a table which shows the relevant shareholdings and voting power in the Company of Taurus at the date of this Notice of Meeting and following the completion of the Entitlement Offer, assuming 0%, 50% and 100% take up of the entitlements of Shareholders other than Taurus (i.e take-up of pro rata entitlements or applications for shortfall Shares by Shareholders other than Taurus):

	Total Shares	Total Shareholding of Taurus	Total voting power of Taurus
At the date of this Notice	404,560,478	135,655,713	31.9%
Only Taurus takes up its rights	1,925,808,576	1,635,655,713	84.9%
50% take up of the entitlements of Shareholders other than Taurus	1,925,808,576	1,039,23,383	54.0%
100% take up the entitlements of Shareholders other than Taurus	2,175,808,576	692,805,053	31.9%

An explanation of the reasons for the Underwriting Arrangements prepared by the Independent Directors is set out in section 4.

The issue of any Shares to Taurus Funds Management under the Sub-Underwriting Agreements will occur on the issue date of the Entitlement Offer (see the timetable for the Entitlement Offer annexed as Appendix A).

The material terms of the Underwriting Agreement and Sub-Underwriting Agreement are set out in section 2(a).

As set out in the Company's announcement on 20 October 2011, the Company appointed Mike Davies, a representative of the Taurus, to the Board. Mr Davies may indirectly benefit from the Underwriting Arrangements in his capacity as a principal of Taurus Funds Management.

Other than as disclosed elsewhere in this Explanatory Memorandum, at the date of this Notice of Meeting, Taurus has advised the Company that it does not, if it were to assume control of the Company, intend to:

- make any changes to the business of the Company;
- inject any further capital into the Company;
- make any changes to the future employment of the present employees of the Company;
- otherwise redeploy the fixed assets of the Company;
- change significantly the financial or dividend policies of the Company; or
- transfer any property between the Company and Taurus or any person associated with Taurus,

however these intentions may change. The Company further understands that Taurus, support the Board's current strategy for the Company. In particular, Taurus Funds Management has stated that it would not support a de-listing or capital consolidation of the Company within 14 months of the completion of the Entitlement Offer.

Recommendation of Independent Directors

The Independent Directors do not have any personal interests in the outcome of Resolution 1 and recommend that Shareholders vote in favour of the Resolution as they consider the Underwriting Arrangements to be essential to ensuring that the Company is able to pay back the CELCF on 31 October 2013 and hold sufficient working capital to remain a going concern in the short to medium term. A full examination of the advantages and disadvantages of the structure of the Entitlement Offer prepared by the Independent Directors is set out below in section 4.

Independent Expert Report

The Independent Directors have resolved to not commission an independent expert's report in order to assess whether the Underwriting Arrangements (and in particular the control implications that may result from the issue of new Shares to Taurus Funds Management under the Sub-Underwriting Agreement) are fair and reasonable to Shareholders that are not associated with Taurus, on the basis that:

- the costs of commissioning an independent expert's report would place an unreasonable burden on the Company in light of the Company's current financial position; and
- an independent expert's report could not be completed before such time as it is necessary to hold the General Meeting and subsequently complete the Entitlement Offer such that the CELCF could be repaid before 31 October 2013,

and is not therefore in the best interests of Shareholders. However the Independent Directors have included in section 4 of this Explanatory Memorandum a detailed explanation of the structure of the Entitlement Offer and an analysis as to why they recommend Shareholders vote in favour of Resolutions 1 and 2.

3. Resolution 2 – Approval of Entitlement Offer on the basis of 37 new Shares for every 9 Shares held.

Listing Rule 7.11.3

Listing Rule 7.11.3 provides that the ratio of securities offered under a non-renounceable pro-rata offer must not be greater than one security for each security held. At the time the Entitlement Offer was initially announced, this rule did not apply to Realm as it intended to undertake a renounceable offer. However, as Realm is currently suspended, a renounceable issue is no longer possible. Consequently, Realm is now subject to the 1:1 ratio requirement set out in Listing Rule 7.11.3. Compliance with this rule would prevent the Company from undertaking the Entitlement Offer the basis of 37 new Shares for every 9 Shares held on the record date, which is the ratio required to ensure that the Company raises sufficient funds to enable to meet its financing obligations and retain sufficient working capital to continue operating in the short to medium term.

Reasons for Shareholder Approval

To allow the Company to proceed with the Entitlement Offer on the 37:9 basis required to raise sufficient capital to meet the Company's funding requirements, the Company has applied for, and been granted, an ASX waiver from Listing Rule 7.11.3 (**Waiver**). This exempts the Company from adhering to Listing Rule 7.11.3 in respect of the Entitlement Offer provided it fulfils certain conditions.

The conditions of the Waiver are that:

- the Company obtain Shareholder approval of the Entitlement Offer; and
- for the purposes of the approval described above, the votes of the Company's substantial holders, and the votes of any underwriters or sub-underwriters of the Entitlement Offer and their associates will be disregarded.

If Resolution 2 is passed, the Waiver will only apply in respect of the Entitlement Offer. Any future or alternative offer of the Company will be subject to the standard requirements (including as to the maximum offer ratio) of the ASX Listing Rules (subject to the grant of any further waivers from ASX).

Recommendation of Independent Directors

The Independent Directors do not have any personal interests in the outcome of Resolution 2 and recommend that Shareholders vote in favour of the Resolution as fulfilment of the Waiver conditions is a prerequisite to the Company proceeding with the Entitlement Offer, which is in turn essential if the Company is to meet its financial commitments and hold sufficient working capital to remain a going concern in the short to medium term. A full examination of the advantages and disadvantages of the structure of the Entitlement Offer prepared by the Independent Directors is set out below in section 4.

4. Independent Directors' assessment of Entitlement Offer

The Independent Directors have concluded that the transaction relating to the potential issue of up to 1,500,000,000 Shares to Taurus Funds Management under the Sub-Underwriting Agreement is not fair but reasonable to non-associated Shareholders as at the date of this Explanatory Memorandum. This conclusion assumes a worst case scenario where few or no non-associated Shareholders take up their rights under the Entitlement Offer (i.e. maximum dilution of non-associated Shareholders and increase in Taurus' voting power in the Company). If all Shareholders take up their entitlements then the Entitlement Offer is necessarily fair and reasonable.

The Independent Directors have prepared this assessment of the fairness and reasonableness of the Entitlement Offer to be included in this Explanatory Memorandum to accompany the Notice of Meeting in respect of the General Meeting. On 20 August 2013 the Company announced a partially underwritten pro-rata renounceable entitlement offer and provided an update on its efforts to secure funds for the repayment of the \$5m CELCF originally due for payment on 30 September 2013 and to accelerate business development activities aimed at maximising the value of the Company's Indonesian coal and South African aluminium and platinum assets. Subsequently, the Board has determined that it is appropriate that Shareholders approve the sub-underwriting of the Entitlement Offer by Taurus Funds Management at an extraordinary general meeting of the Company as the sub-underwriting may result in Taurus significantly increasing its interest in, and potentially assuming control of, the Company. Pursuant to ASX Listing Rule 17.2, the Company requested and was granted voluntary suspension of its Shares pending the revision and completion of the Entitlement Offer.

The Company has amended the terms and timetable of the Entitlement Offer and will now undertake a non-renounceable rights issue which will be partially underwritten by Veritas and sub-underwritten by Taurus Funds Management. The Entitlement Offer will consist of thirty seven new Shares for every nine existing Shares at a price of \$0.004 each (approximately 1,750,000,000 Shares may be issued - the "**Entitlement Offer Shares**"). An underwriting fee will be payable to Veritas by the Company. The estimated gross amount to be received by the Company is \$2,000,000 before costs (assuming 100% take up of the rights and after repayment of the CELCF). The Entitlement Offer was originally planned to close on 13 September 2013 but has been delayed to allow for Shareholder approval of the potential issue of Shares to Taurus Funds Management pursuant to the Underwriting Agreement and conduct of a non-renounceable offer on a basis of greater than 1 for 1 new Shares. Further details are noted below.

On 28 June 2012 the Company borrowed \$5,000,000 from Taurus Funds Management under the CELCF. The CELCF will be repaid out of the proceeds of the Entitlement Offer. At the date of finalising this recommendation, the Shares have not been issued as the issue of such Entitlement Offer Shares is subject to Shareholder approval to, among other things, issue up to 1,500,000,000 new Shares to Taurus Funds Management pursuant to the Sub-Underwriting Agreement (in which case Taurus' voting power in the Company will exceed 31.9%). Approval from Shareholders is being sought pursuant to item 7 of Section 611 of the Corporations Act and pursuant to section 208 of the Corporations Act as Taurus Funds Management may assume control of the Company through sub-underwriting the Entitlement Offer.

If Shareholders approve Resolution 1, Taurus' shareholding (and hence voting power) in the Company on completion of the Entitlement Offer will range between approximately 31.9% and up to 84.9% - depending on the uptake of rights by other Shareholders. These percentages assume there will be between 1,925,808,576 and 2,175,808,576 Shares on issue post the completion of the Entitlement Offer. The final shareholding of Taurus post the Entitlement Offer will ultimately depend on the level of uptake of rights by other Shareholders but is likely to exceed 31.9%.

The Independent Directors have prepared this assessment to determine whether the potential issue of up to 1,500,000,000 new Shares to Taurus Funds Management is fair and reasonable to the non-associated Shareholders of the Company. Resolution 1 refers to the potential issue of up to 1,500,000,000 new Shares and further details are included in this Explanatory Memorandum.

This assessment considers the following:

- (a) Basis of assessment
- (b) Implications of the Underwriting Arrangements

- (c) Corporate history and nature of business of the Company
- (d) Basis of assessment of the Company
 - (i) Previous Independent Expert's Report prepared on 11 December 2012 for the purpose of issuing options to Taurus Funds Management at a general meeting held on 12 February 2013, with Independent Director estimates of changes since that time (noting that the Independent Directors are not qualified to, and are not purporting to, prepare a formal independent expert's report that complies with laws and regulation applicable to independent experts' reports)
 - (ii) Capitalised maintainable earnings/discounted cash flow
 - (iii) Takeover bid - the price which an alternative acquirer might be willing to offer
 - (iv) Adjusted net asset backing and windup value
 - (v) The market value price of Shares
- (e) Preferred value of Shares (range) to arrive at fairness conclusion
- (f) Future direction of the Company
- (g) Premium for control
- (h) Conclusion as to fairness
- (i) Matters considered in arriving at conclusion as to reasonableness
- (j) Conclusion as to reasonableness
- (k) Sources of information

(a) Basis of assessment

In determining the fairness and reasonableness of the potential issue of up to 1,500,000,000 Shares to Taurus Funds Management pursuant to the Sub-Underwriting Agreement, the Independent Directors have had regard for the definitions set out by ASIC in its Regulatory Guide 111, "Content of Expert Reports". Regulatory Guide 111 states that an opinion as to whether an offer is fair and/or reasonable shall entail a comparison between the offer price and the value that may be attributed to the securities under offer (fairness) and an examination to determine whether there is justification for the offer price on objective grounds after reference to that value (reasonableness). The concept of "fairness" is taken to be the value of the offer price, or the consideration, being equal to or greater than the value of the securities in the above mentioned offer. Furthermore, this comparison should be made assuming 100% ownership of the "target" and irrespective of whether the consideration is scrip or cash. An offer is "reasonable" if it is fair. An offer may also be reasonable, if despite not being "fair", there are sufficient grounds for security holders to accept the offer in the absence of any higher bid before the close of the offer. Although in this case the proposed issue of Entitlement Offer Shares to Taurus Funds Management do not relate to a takeover offer, the Independent Directors have considered the general principles noted above to determine our opinions on fairness and reasonableness of the potential issue Shares to Taurus Funds Management.

The opinions expressed above must be read in conjunction with the more detailed analysis and comments made in this assessment. Each Shareholder will need to form its own opinion on whether to vote in favour of the Resolutions. Each Shareholder needs to examine the Share price of the Company, and market conditions at the time of exercise of vote to ascertain the impact, if any, on Resolution 1.

(b) Implications of the Underwriting Arrangements

As at 9 September 2013, there were 425,808,576 ordinary fully paid Shares on issue in the Company. The top 20 Shareholders list as at 6 September 2013 disclosed the following:

Shareholder	No. of fully paid Shares	% of issued Shares
J P MORGAN NOMINEES AUSTRALIA	135,655,713	31.9%
MR ANDREW MARTIN MATHESON	12,197,912	2.9%
MINING INVESTMENTS LIMITED	9,000,000	2.1%
BERPAID PTY LTD	8,820,000	2.1%
MR AHMAD FUAD ALI	8,695,652	2.0%
MCLAREN INVESTMENTS LIMITED	7,500,000	1.8%
BEJJOL PTY LTD	7,391,305	1.7%
SUNSHORE HOLDINGS PTY LTD	6,558,250	1.5%
NEFCO NOMINEES PTY LTD	6,150,000	1.4%
MR ADRIAN STEPHEN PAUL	6,086,956	1.4%
MR DAVID NASIR YUSOFF	6,086,956	1.4%
MR EARL EVANS	6,000,000	1.4%
ICE COLD INVESTMENTS PTY LTD	6,000,000	1.4%
REMOVALE PTY LTD	5,863,000	1.4%
CONISTON GROUP LTD	5,275,000	1.2%
MRS AMANDA JANE PURCELL	5,275,000	1.2%
BLAYNEY INVESTMENTS PTY LTD	5,000,000	1.2%
VAIL CAPITAL PTY LTD	4,691,783	1.1%
JESSEL LIMITED	4,348,696	1.0%
SORREL ENTERPRISES	4,159,885	1.0%

The top 20 Shareholders as per the top 20 Shareholders list at 6 September 2013 owned approximately 61.2% (260,756,108 Shares) of Shares. The shareholding of Taurus (via JP Morgan Nominees Australia) was 135,655,713.

As at 6 September 2013, there are 101,000,000 share options on issue with exercise price of 5 cents for 100,000,000 options and 15 cents for a further 1,000,000 options all expiring on 12 February 2018 and 30 January 2015. As these options are so far 'out-of-the money' they are not included for purposes of the assessment.

The number of Shares on issue as at 6 September is 425,808,576. The estimated maximum number of Shares offered under the Entitlement Offer is approximately 1,750,000,000. If 1,750,000,000 Shares are issued under the Entitlement Offer at 0.004 cents per Share, the Company would raise a \$2,000,000 before costs. If Shareholders approve Resolution 1 and Resolution 2 (and the Entitlement Offer proceeds), Taurus' shareholding in the Company will range between approximately 31.9% and up to 84.9% upon completion of the Entitlement Offer depending on the take up of pro-rata rights and applications for shortfall Shares by non-associated Shareholders.

These percentages assume there will be between 1,925,808,576 and 2,175,808,576 Shares on issue post the completion of the Entitlement Offer. The final shareholding of Taurus post the Entitlement Offer is thus not yet determinable but is likely to increase from the current 31.9%.

Post the Entitlement Offer, the estimated maximum number of Shares on issue in the Company is expected to be 2,175,808,576 (assumes no existing share options are exercised). Using the Entitlement Offer price of \$0.004 per Share and assuming 2,175,808,576 Shares are on issue, the market capitalisation of the Company would be around \$8,703,234.

The net effect to the cash position of the Company in relation to the proposed Entitlement Offer (subject to Shareholder approvals) is that the Company would receive gross cash funds of between \$1,000,000 and \$2,000,000 less the costs of the Entitlement Offer.

(c) **Corporate history and nature of businesses**

Principal Activities and Significant Assets

The Company is an ASX listed mineral exploration and evaluation company having achieved an ASX listing on 16 November 1989. Its most significant mineral interests are as follows:

- **Coal** - Katingan Ria (51% interest) advanced thermal coal project in Central Kalimantan, Indonesia, with a 29Mt probable reserve, an 89Mt JORC resource (comprising 6Mt measured, 44Mt indicated and 29 Mt inferred resources) and a proposed open pit mine.
- **Platinum Group Metals (PGM)** (70 - 74% interest) – advanced exploration projects hosting outcropping PGM's in South Africa and shares in Chrometco Limited (transaction underway).
- **Aluminium** (74% interest) – aluminium waste toll treating business in South Africa generating around \$800k EBITDA.

Shareholders should also read announcements made to the ASX by the Company up to the date of this Explanatory Memorandum.

(d) **Basis of assessment of the Company**

The Independent Directors have sought to determine if the \$0.004 issue price under the Entitlement Offer is in excess of the current fair value of the Shares and then conclude whether the proposal is fair and reasonable to the existing non-associated Shareholders. To do so, the Independent Directors have considered the fairness and reasonableness of the Entitlement Offer itself.

The Independent Directors consider that the Entitlement Offer is fair to the non associated Shareholders if the issue price under the Entitlement Offer is greater than or equal to the implicit value of the Shares currently on issue. Accordingly, the Independent Directors have sought to determine a theoretical value that could reasonably be placed on Shares for the purposes of this assessment.

The valuation methodologies the Independent Directors have considered in determining the current technical value of a Share are:

- (i) Previous Independent Expert's Report prepared on 11 December 2012 for the purpose of issuing options to Taurus Funds Management at a general meeting held on 12 February 2013, with Independent Director estimates of changes since that time (noting that the Independent Directors are not qualified to, and are not purporting to, prepare a formal independent expert's report that complies with laws and regulation applicable to independent experts' reports).
 - (ii) Capitalised maintainable earnings/discounted cash flow;
 - (iii) Takeover bid - the price which an alternative acquirer might be willing to offer;
 - (iv) Adjusted net asset backing and windup value; and
 - (v) The market value price of Shares.
- (i) Previous Independent Experts Report with Independent Director estimates of changes since that time.**

In determining the valuation of the Company, the Independent Directors have sought to update the last Independent Expert's valuation (refer to Notice of General Meeting and Explanatory Memorandum 12 February 2013). Figures 1 and 2 below refer to the valuation range for Shares post the proposed transaction in February 2013 and an updated valuation based on the most recent market information and changes to the Company's asset base. In arriving at the estimated valuation changes, the Independent Directors have used relevant market data, broker research and their best judgment.

Figure 1 below illustrates the Independent Directors' estimated assessment pre the Entitlement Offer. The Independent Directors estimate that the overall valuation per Share has declined from \$0.051/Share to \$0.045/Share.

Figure 1 The Independent Directors estimated assessment pre the Entitlement Offer - modified from Independent Expert's valuation dated 11 December 2012.

RSM Bird Cameron Corporate Pty Ltd Independent Expert's valuation 11/12/12 (Post proposed transaction on 12/02/12)	Valuation		RRP adjustments to valuation		Comments
	Low (\$'000)	High (\$'000)	Factor	Preferred (\$'000)	
Fair market value of Realm's 74% interest in Alumicor	2,263	2,897	-13%	2,239	Similar business performance forecasts, lower retained cash, depreciation of Rand/A\$
Fair market value of Realm's 70.3% interest in Masedi (Platinum)	11,200	15,700	-10%	12,150	Lower platinum price and JSE Platinum index
Fair market value of Realm's 74% interest in NPS (Platinum)	1,100	1,600	-10%	1,170	Lower platinum price and JSE Platinum index
Fair market value of Realm's interest in Chrometco	1,087	1,186	-37%	717	Lower CMO share price and depreciation of the Rand/A\$
Fair market value of Realm's 51% interest in Katingan Ria Coal Project	8,000	10,700	52%	14,136	Upgrade to reserves, offset by lower resources and decline in coal price and valuations
	23,650	32,083		30,413	
Less other liabilities	(2,176)	(2,176)		(6,390)	Includes TFM convertible note \$5.0m
Add proceeds from exercise of options	5,000	5,000		0	Options not exercised
Less 2% facility fee payable to Taurus	(100)	(100)		0	
Less capitalised overheads	(5,467)	(4,620)		(5,044)	
Fair market value	20,908	30,187		18,979	
Shares on issue ('000)	504,560	504,560		425,809	
Value per share (\$)	0.041	0.060		0.045	

Figure 2 below illustrates the Independent Directors' estimated valuation post the Entitlement Offer. The Independent Directors estimate that the overall valuation per Share has declined from \$0.051/Share to \$0.012/Share.

Figure 2 The Independent Directors' estimated valuation post the Entitlement Offer - modified from Independent Expert's valuation dated 11 December 2012.

RSM Bird Cameron Corporate Pty Ltd Independent Expert's valuation 11/12/12	Valuation			RRP adjustments to valuation		Comments (Post proposed Entitlement Offer 09/13)
	Low (\$'000)	High (\$'000)	Preferred (\$'000)	Factor	Preferred (\$'000)	
Fair market value of Realm's 74% interest in AlumiCor	2,263	2,897	2,580	-13%	2,239	Similar business performance forecasts, lower retained cash, depreciation of Rand/A\$
Fair market value of Realm's 70.3% interest in Masedi (Platinum)	11,200	15,700	13,500	-10%	12,150	Lower platinum price and JSE Platinum index
Fair market value of Realm's 74% interest in NPS (Platinum)	1,100	1,600	1,300	-10%	1,170	Lower platinum price and JSE Platinum index
Fair market value of Realm's interest in Chrometco	1,087	1,186	1,136	-37%	717	Lower CMO share price and depreciation of the Rand/A\$
Fair market value of Realm's 51% interest in Katingan Ria Coal Project	8,000	10,700	9,300	52%	14,136	Upgrade to reserves, offset by lower resources and decline in coal price and valuations
	23,650	32,083	27,817		30,413	
Less other liabilities	(2,176)	(2,176)	(2,176)		(6,390)	Includes TFM convertible note \$5.0m
Proceeds from entitlement issue	5,000	5,000	5,000		7,000	Assumes 100% uptake by all s/holders
Less underwriting fees payable (assuming 100% uptake)	(100)	(100)	(100)		(260)	Assumes fees on \$6m underwriting
Less capitalised overheads	(5,467)	(4,620)	(5,044)		(5,044)	
Fair market value	20,908	30,187	25,497		25,719	
Shares on issue ('000)	504,560	504,560	504,560		2,175,809	
Value per share (\$)	0.041	0.060	0.051		0.012	

(ii) Capitalised Maintainable Earnings / Discounted Cash Flows

The Company has a cash flow from its Alumicor business, however the Company does not have a reliable profit history therefore this methodology is not pursued. The Company needs funds to develop its Katingan Ria coal project. Currently, the Company does not have sufficient funds and thus any perceived technical values of the PGM and coal projects of the Company are theoretical as without funds the PGM and coal projects cannot be progressed. Notwithstanding the excellent prospectivity of the Katingan Ria Project, without cash the Company cannot develop the Katingan Ria Project.

(iii) Takeover Bid

The Independent Directors believe that there could always be an entity with an interest in taking over 100% of the Company by way of a formal takeover bid. To our knowledge, there are no current bids for the Company in the market place and the Independent Directors have formed the view that there is unlikely to be any takeover bids made for the Company in the immediate future. In the event that Taurus Funds Management acquires, pursuant to the Sub-Underwriting Agreement, all of the sub-underwritten Entitlement Offer Shares up to a maximum of 1,500,000,000, the maximum voting power in the Company held by Taurus may increase to up to approximately 84.9%.

(iv) Net Asset Backing and Wind-Up Value

Set out below is an audited balance sheet (statement of financial position) of the Company as at 30 June 2013.

Also set out below is a pro-forma balance sheet assuming the above adjustments and also assuming:

- completion of the Entitlement Offer to raise a gross \$2,000,000 less the costs of the Entitlement Offer; and
- The net asset (book value) backing per Share as at 30 June 2013 based on the audited consolidated balance sheet and 425,808,576 fully paid ordinary Shares on issue was approximately \$0.03.

(A\$ million)	30 June 2013 (audited)	Impact of the Entitlement Offer	Pro forma 30 June 2013
Assets			
Cash and funds on deposit	1.0	1.7	2.7
Other current assets	0.7		0.7
Total current assets	1.7	1.7	3.4
Non-current assets			
Exploration and evaluation assets	16.4		16.4
Other non-current assets	2.0		2.0
Total non-current assets	18.4		18.4
Total Assets	20.1		21.8
Liabilities and equity			
Current liabilities			
Borrowings	6.4	-5.1	1.3
Other current liabilities	0.6		0.6
Total current liabilities	7.0	-5.1	1.9
Total non-current liabilities	0.3		0.3
Total Liabilities	7.3	-5.1	2.2
Net Assets	12.8	6.8	19.6

(A\$ million)	30 June 2013 (audited)	Impact of the Entitlement Offer	Pro forma 30 June 2013
Equity			
Issued capital	40.6	6.8	47.4
Retained earnings and reserves	-27.9		-27.9
Non-controlling interest	0.1		0.1
Total equity	12.8	6.8	19.6

Based on the pro-forma consolidated statement of financial position, the net book value will total 19.64 million or approximately \$0.01 per issued Share (2,175,808,576 Shares on issue).

The Independent Directors note that the market has been informed of all of the current projects, joint ventures and farm in/farm out arrangements entered into between the Company and other parties. The Independent Directors note it is not the present intention of the Independent Directors to liquidate the Company and therefore any theoretical value based upon wind up value or even net book value, is just that, theoretical. The Shareholders, existing and future, must acquire Shares based on the market perceptions of what the market considers a Share to be worth.

(v) Market Price of Shares

Prices of Shares as recorded on the ASX since 7 September 2012 up to and including 2 September 2013 (the last trading day before suspension have been as follows:

High (\$)	Low (\$)	Closing Price (\$)	Volume 000's
0.023	0.003	0.004	36,619,244

(e) Preferred value of Shares (range) to arrive at fairness conclusion

It is noted that over the past several years, the vast majority of mineral exploration companies listed on the ASX are trading at significant discounts (but some at a premium) to appraised technical values and in some cases have traded at a discount to cash asset backing. In the case of the Company, the monthly volume of trades on the ASX is transparent enough to argue that an orderly market exists for the Company's Shares. The "market" arguably is fully informed of the Company's activities.

The future value of Shares will depend upon, inter alia:

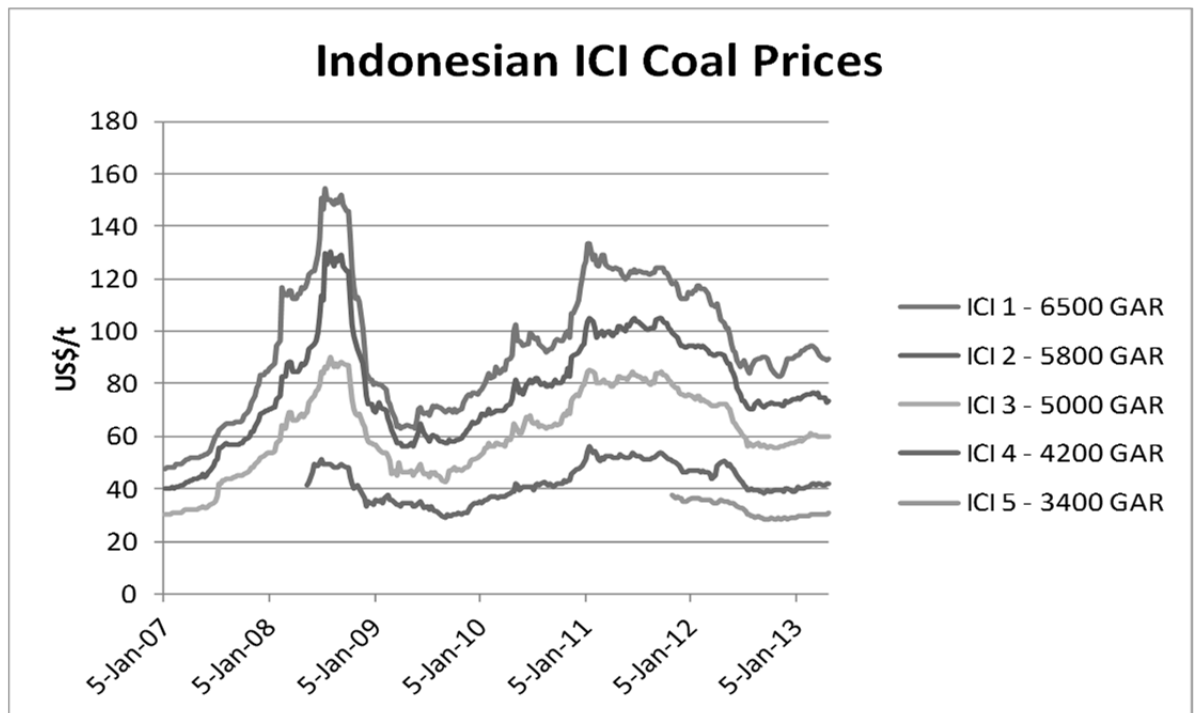
- the future prospects of its minerals (mainly coal, platinum group metals and aluminium);
- the state of the coal markets (and prices) in Australia and overseas;
- the state of Australian and overseas stock markets;
- general economic conditions and foreign exchange rates;
- perceived sovereign risks (particularly in relation to Indonesia and South Africa);
- the liquidity of Shares;

- possible ventures and acquisitions entered into by the Company;
- the ability to continue to raise capital and/or loan funds to assist in developing the Katingan Ria coal and other Realm PGM and Aluminium projects; and
- the strength and performance of the Board and management.

It should be noted that commodity prices and resources sector valuations are cyclical, with junior exploration and mining companies being generally more volatile than their bigger peers. At present thermal coal prices are low, with weak valuations reflecting the recent downturn in the sector (see Figures 3 and 4 below). Should coal prices recover to early 2011 levels, the Independent Directors expect valuations to improve accordingly. Figures 3 and 4 below indicate that enterprise valuations per resource and reserve ton of ASX listed coal companies have declined significantly in line with coal prices and may improve accordingly if coal prices were to improve.

The price of Katingan Ria 4,200GAR is currently at around \$39.70/t FOB mother vessel, having declined from around \$58.00/t FOB barge in early 2011 when the Company entered the coal market.

Figure 3: Thermal coal prices



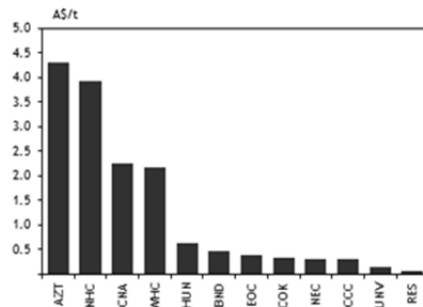
Source: Argus

Figure 4: Performance of thermal coal equities – enterprise value per resource and reserve ton (example)

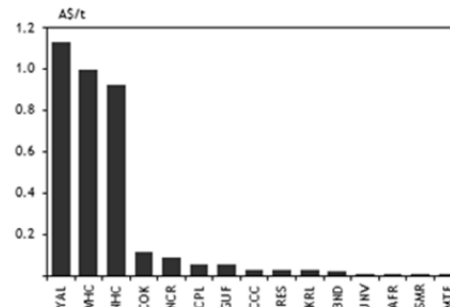
March 2011 (coal price high)

September 2013 (coal price low)

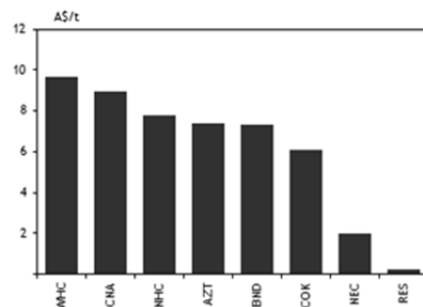
EV/Thermal coal resources (\$/t)



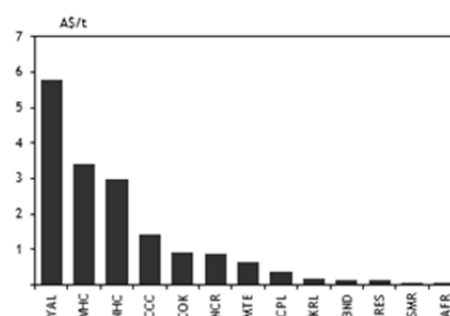
EV/Thermal coal resources (\$/t)



EV/Thermal coal reserves (\$/t)



EV/Thermal coal reserves (\$/t)



Source: RBC Research (March 2011 and September 2013)

(f) Future direction of the Company

The Independent Directors and management of the Company advise that:

- The Company will progress efforts to maximise the value of the Company's development ready Indonesian thermal coal project via the selection of a strategic investor / off take partner, progression of final permitting and development activities, and possible Singapore listing;
- The Company will accelerate business development activities aimed at enhancing and/or realising the value of the Company's coal and South African aluminium and platinum assets as well as seeking new resource sector investment opportunities;
- The composition of the Board is not expected to change in the short term;
- The Company may raise further capital and/or loan funds in 2013/14 as the needs arise and subject to market conditions (over and above the proceeds from the Entitlement Offer); and
- No dividend policy has been set.

(g) Premium for control

For the purposes of this assessment, the “control premium” has been defined as the difference between the price per Share which a buyer would be prepared to pay to obtain or improve a controlling interest in the Company and the price per Share which the same person would be required to pay per Share, which does not carry with it control or the ability to improve (increase) control of the Company. It is generally accepted that the premium for control is 20% or above (recognising that some acquirers will attempt to acquire companies as cheaply as possible with premiums below 20%) but normally premiums for control in the junior mineral company space are 20% to 40%. Not paying a premium for control (deemed to be over 20% of the shares in a company) of at least 20% does not necessarily make a proposal to take control not fair.

“Control” is ordinarily considered to be 50% of the voting power in a company. If Taurus Funds Management is issued Shares at \$0.004, Taurus’ shareholding in the Company could increase from approximately 31.9% (as at the date of this Explanatory Memorandum) to up to a maximum of approximately 84.9% of the expanded issued capital of the Company. Accordingly, the Independent Directors have addressed whether a premium for control will be paid.

The market value of a Share pre announcement of the Entitlement Offer lay in the range of approximately \$0.005 to \$0.003, with a preferred value of \$0.045 per Share, with the net book asset backing of \$0.03 per Share. The value of the up to 1,500,000,000 Entitlement Offer Shares that would be issued to Taurus Funds Management at \$0.004 per Share would have a preferred value \$18,000,000 (based on a post Entitlement Offer preferred value of \$0.012 per Share) compared with the Entitlement Offer value of \$0.004 per Share (\$6,000,000). The Entitlement Offer price of the Entitlement Offer Shares of \$0.004 each is less than the last traded price of \$0.005 on 19th August 2013 (last sale before the announcement of the Entitlement Offer on 20 August 2013 and is at a similar to the last sale price of a Share before the trading halt on 30 August 2013. Therefore, Taurus is considered to be paying a discount for potential control on a pre and post announcement basis. It is noted that on an un-audited net asset backing basis Taurus again would be paying a discount for control.

The Independent Directors note that currently Taurus Funds Management does not have Board control of the Company and following the passing and consummation of Resolution 1, Taurus Funds Management will continue to have one Board representatives out of a total Board membership of three.

(h) Conclusion on the fairness of the potential issue of Shares to Taurus Funds Management

In our opinion, taking into account the factors noted in this Explanatory Memorandum, the issue of up to 1,500,000,000 new Shares to Taurus Funds Management pursuant to the Underwriting Arrangements at a price of \$0.004 per Share is, on balance, taking into account the factors referred to in this Explanatory Memorandum, considered to be not fair to the non-associated Shareholders of the Company in the worst case scenario that only Taurus (and not other Shareholders) takes up its rights. If all Shareholders take up their entitlements then the Entitlement Offer is necessarily fair.

(i) Matters considered in arriving at our conclusions as to Reasonableness of the proposal under Resolution 1

In addition to the matters noted, set out are below some of the advantages and disadvantages and other factors pertaining to the Underwriting Arrangements for the Entitlement Offer. In addition, the Independent Directors have considered the overall going concern of the Company in forming our opinion on the proposal under Resolution 1.

Advantages

- By entering into the Entitlement Offer and Underwriting Arrangements, the Company secures the necessary funding to be able to repay its debts and remain a going concern. If the Entitlement Offer does not occur or is not underwritten the Company may be put in administration with consequent negative effects to Shareholder value, noting that, in accordance with ASIC and Takeover Panel guidance, the Company exhausted all reasonable endeavours to secure the funds necessary to repay the CELCF by alternative means before requesting that Taurus Funds Management sub-underwrite the Entitlement Offer, including:
 - sought an extension of the 30 September 2013 date for repayment of the CELCF which was declined (though Taurus has subsequently provided an extension to 31 October 2013 in order to accommodate the timetable for the General Meeting and the Entitlement Offer);
 - held discussions with Taurus and other parties in relation to the possibility of the CELCF being repaid by way of a placement;
 - held numerous discussions with various independent parties (including professional underwriters and Shareholders of the Company) in relation to underwriting or sub-underwriting the Entitlement Offer;
 - held discussions with a number of strategic investors and lenders with a view to securing debt or equity finance to repay the CELCF;
 - held discussions with the Company's joint venture partners with a view to securing financial accommodation or assistance that would assist the Company in repaying the CELCF on 30 September 2013; and
 - tried to realise value for the Company's assets through partial or outright sale, none of which were successful. The Company will increase its cash reserves (it will raise at least \$6,000,000 less costs from the Entitlement Offer). Obtaining access to cash funds in the current environment is difficult and thus the Company and its Shareholders should benefit from the Underwriting Arrangements. This should alleviate cash flow concerns in the immediate future, and position the Company to fund its operations.
- In the event that the Entitlement Offer is not completed or the Company cannot raise adequate working capital from other sources, there is a likelihood the participation of the Company in the Katingan Ria coal project may be curtailed until such time that funds are raised. In the current market it is still difficult for exploration companies such as the Company to raise equity. To raise equity at a premium to market price in the current environment is extremely difficult, and with many shares trading at significant discounts to NPV or even cash backing, significant dilution is likely. It is not uncommon to have capital raisings at discounts to market and such discounts can be as high as 50% (and on occasions, more) but generally in the range of 20% to 50% for junior mineral companies. In this case, Shareholders not associated with Taurus may be diluted if they do not take up Entitlement Offer Shares (or only part thereof). Accordingly, Shareholders have been offered a discount and the opportunity to apply for shortfall Shares in order to encourage maximum participation by non-associated Shareholders in the Entitlement Offer.

- The net effect to the cash position of the Company in relation to the proposed Entitlement Offer is that the Company will receive gross cash funds of between \$1,000,000 and \$2,000,000 less the costs of the Entitlement Offer. The funds received from the Entitlement Offer will alleviate the poor cash position of the Company (as at 30 June 2013 about \$1.0 million) and allow the Company to continue to develop the Katingan Ria Project. Without cash for development of the Katingan Ria Project the Share price may fall below current levels.
- There is an incentive for both the Company and Taurus to successfully exploit the Katingan Ria Project as Taurus has a significant shareholding interest in the Company and the entities' interests are aligned in this regard.

Disadvantages

- The key disadvantage of the Entitlement Offer is the potential for:
 - significant dilution of existing shareholdings if rights are not taken up due to the high ratio of the Entitlement Offer; and
 - Taurus to significantly increase its shareholding in, and potentially assume control of, the Company at the discounted \$0.004 per Share issue price under the Entitlement Offer,

if and to the extent that existing non-associated Shareholders do not take up 68% of entitlements (i.e. all entitlements not offered to Taurus on a pro rata basis) or otherwise apply for 68% of the Entitlement Offer Shares (i.e. under the Shortfall Facility). The maximum voting power of Taurus if no other Shareholder takes up Shares under the Entitlement Offer would be approximately 84.9% (approximately 53.9% if a 50% take up of the entitlements of other Shareholders and approximately 38.5% if a 75% take up of the entitlements of other Shareholders).

If Taurus holds more than 50% of Shares in the Company upon completion of the Entitlement Offer, it would have the capacity to determine the Company's financial and operating policies, the future direction of the Company and the composition of the Board in its own right. If Taurus holds more than 75% of Shares in the Company upon completion of the Entitlement Offer, it would have the capacity to pass a resolution for a capital consolidation or de-listing of the Company in its own right. In the unlikely event that Taurus holds 84.9% of Shares upon Completion of the Offer, (following expiry of the 14 month period referred to below) Taurus could (in accordance with the "creep" provisions in item 9 of section 611 of the Corporations Act) acquire further Shares and obtain 90% of the voting power in respect of the Company over a 12 month period without being required to launch a formal takeover bid regulated by Chapter 6 of the Corporations Act. Upon reaching a 90% holding, Taurus and its associates could move to compulsorily acquire the Shares of all other Shareholders under section 664A of the Corporations Act. Taurus has stated that it would not support a de-listing or capital consolidation of the Company within 14 months of the completion of the Entitlement Offer. A further capital raising could be undertaken during the 14 month "buffer period" to dilute down some of any interest gained by Taurus as a consequence of Offer.

However, the Independent Directors note that Shareholders that take up 100% of their entitlements will not be diluted as a result of the Entitlement Offer. Further, if non-associated Shareholders take up, in aggregate, 68% of the Entitlement Offer Shares (either their own pro rata entitlements or under the Shortfall Facility) Taurus will not increase its shareholding (and hence voting power) in the Company. Given the high ratio of the Entitlement Offer, the Company expects that not all Shareholders will take up their pro rata rights and, if other Shareholders do not apply for the corresponding Shares under the Shortfall Facility, it is likely that Taurus' voting power in the Company will increase as a result of the Offer.

- It is noted that the Entitlement Offer is at a discount to the Share price of a Share traded on ASX on 19 August 2013 and similar to its last close before the trading halt on 30th August 2013. It is not uncommon to have capital raisings at discounts to market and such discounts can be as high as 50% (and on occasions, more). It is noted that Share prices in the six weeks to 19 August 2013 have traded below the Entitlement Offer price of \$0.004 and have traded in the range of \$0.003 to \$0.005 with a last sale on 29 August 2013 of \$0.004.
- Under the Underwriting Agreement the Company must pay to Veritas a management fee \$60,000 (1% of the underwritten amount), an underwriting fee of \$199,800 (3.3% of the underwritten amount) and limited costs and expenses of Veritas. The underwriting fee will in turn be payable by Veritas to Taurus Funds Management under the terms of the Sub-Underwriting Agreement. The Independent Directors believe that these are not unreasonable or unusual for the amount to be raised from the Entitlement Offer and are less than fees charged by other financiers who enter into underwriting arrangements. No fees are payable by the Company to Taurus Funds Management in respect of the Sub-Underwriting Agreement.
- Having a cornerstone investor such as Taurus has advantages but it may also limit the opportunity for other parties to bid for all or part of the Shares in the future. Whilst presently unlikely, a takeover bid for the Company cannot ever be completely ruled out.

(j) Conclusion as to Reasonableness

In our opinion, taking into account the factors noted in this assessment, the proposal to allow issue up to approximately 1,500,000,000 new Shares to Taurus under the Underwriting Arrangements and for Taurus to potentially assume up to 84.9% of the voting power in the Company is, on balance between the advantages and disadvantages noted above, considered to be reasonable to the non-associated Shareholders of the Company as at the date of this assessment.

(k) Sources of Information

In making our assessment as to whether the proposed Underwriting Arrangements are fair and reasonable, the Independent Directors reviewed relevant published available information and other unpublished information of the Company that is relevant to the current circumstances. Statements and opinions contained in this assessment are given in good faith.

APPENDIX A – INDICATIVE TIMETABLE
NON-RENOUNCEABLE RIGHTS ISSUE

No.	Event	Date
1.	Company announces revised non-renounceable rights issue and applies for quotation (Appendix 3B).	25/09/13
2.	Company sends letter to security holders.	26/09/13
3.	'Ex' date.	27/09/13
4.	Record date.	3/10/13
5.	Company despatches Offer Documentation.	8/10/13
6.	Company holds general meeting seeking shareholder approval for the sub-underwriting and ratio of the rights issue.	24/10/13
7.	Right issue closes at 5pm.	30/10/13
8.	Securities quoted on a deferred settlement basis.	31/10/13
9.	Company notifies ASX of under-subscriptions.	1/11/13
10.	Despatch date.	6/11/13

Glossary of Terms

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

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

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

"**ASX Waiver**" means the waiver granted to the Company by ASX in respect of Listing Rule 7.11.3.

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

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

"**CELCF**" means the Convertible Equity Linked Credit Facility between the Company and Taurus Funds Management announced on 2 July 2012.

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

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

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

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

"**Entitlement Offer**" means the partially underwritten non-renounceable pro rata entitlement offer on terms announced by the Company on or about the date of this Notice.

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

"**General Meeting**" or "**Meeting**" means the general meeting of Shareholders to be held at Level 2, 3 Spring Street, Sydney NSW 2000 on Thursday, 24 October 2013 at 11.00am (EST) or any adjournment thereof.

"**Independent Directors**" means each Director other than Mr Davies (a principal of Taurus Funds Management), being Messrs Rossiter and Renard who do not have a material personal interest in the outcome of Resolution 1 and Resolution 2.

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

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

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

"**Resolution**" means a resolution in the 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.

"**Shortfall Facility**" means the shortfall facility under which non-associated Shareholder can apply for shortfall Shares in excess of their pro rata entitlement under the Entitlement Offer as set out in the offer documents for the Entitlement Offer.

"Substantial Shareholder" means any person with a Substantial Shareholding for the purposes of section 9 of the Corporations Act.

"Sub-Underwriter" means Taurus in its capacity as sub-underwriter to the Entitlement Offer.

"Sub-Underwriting Agreement" means the sub-underwriting agreement between Taurus and the Underwriter dated 20 August 2013 as amended on 10 September 2013.

"Sub-Underwriting Arrangements" means the arrangements under the Sub-Underwriting Agreement under which Taurus Funds Management has agreed to sub-underwrite the issue of up to 1,500,000,000 Shares under the Entitlement Offer.

"Taurus" means Taurus Funds Management for and on behalf of Taurus Funds Management, Taurus No. 2 Trust, Taurus Resources, Taurus Resources Fund No. 2 and Taurus SM Holdings.

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

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

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

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

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

"Underwriter" means Veritas Securities Limited.

"Underwriting Agreement" means the underwriting agreement between the Company and Veritas Securities Limited dated 20 August 2013 as amended on 23 September 2013.

"Veritas" means Veritas Securities Limited.

Competent Persons Statement

Competent Persons Statement – Katingan Ria Project

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

Competent Persons Statement – Katingan Ria Project

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

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 24 October 2013 at Level 2, 3 Spring Street, Sydney, New South Wales, 2000 and at any adjournment of that meeting.

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

Resolution	For	Against	Abstain
1. Approval of the issue of up to 1,500,000,000 Shares pursuant to the partial sub-underwriting by Taurus Funds Management of the Entitlement offer			
2. Approval of Entitlement Offer on the basis of 37 new Shares for every 9 Shares held			

Voting on Business at the General Meeting

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 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

Sole Director/Company Secretary

Member 2

Director

Member 3

Director/Company Secretary

Contact Name: _____

Contact Ph (daytime): _____

REALM RESOURCES LIMITED
ABN 98 008 124 025

Instructions for Completing 'Appointment of Proxy' Form

1. (Appointing a Proxy): A member entitled to attend and vote at the General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
2. (Direction to Vote): A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.
3. (Signing Instructions):
 - **(Individual)**: Where the holding is in one name, the member must sign.
 - **(Joint Holding)**: Where the holding is in more than one name, all of the members should sign.
 - **(Power of Attorney)**: If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
 - **(Companies)**: Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Meeting)**: Completion of a Proxy Form will not prevent individual members from attending the General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the General Meeting.
5. **(Return of Proxy Form)**: To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to Realm Resources Limited, GPO Box 4216, Sydney, NSW, 2001; or
 - (b) facsimile to the Company on facsimile number (+61 2) 8249 4001,so that it is received not later than 11.00am (EST) on Tuesday, 22 October 2013.

Proxy forms received later than this time will be invalid.