



REALM RESOURCES LIMITED
ABN 98 008 124 025

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
30 JUNE 2017**

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

Gordon Galt - Chairman

Michael Davies – Non-executive director

Staffan Ever – Non-executive director

Glen Lewis – Managing director (appointed 6 March 2017, resigned effective 8 September 2017)

James Beecher – Non-executive director (appointed 1 May 2017)

Richard Rossiter – Executive director (resigned 6 March 2017)

Theo Renard – Executive director (resigned 6 March 2017)

Company Secretary

Theo Renard

Registered and Principal Office

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Share Registry

Computershare Investor Services Pty Limited

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Telephone (+61 2) 8234 5000

Facsimile (+61 2) 8234 5050

Auditors

RSM Australia Partners

Chartered Accountants

Level 13

60 Castlereagh Street

Sydney, NSW 2000 AUSTRALIA

Telephone (+61 2) 8226 4500

Facsimile (+61 2) 8226 4501

Solicitors

Maddocks

Angle Place

123 Pitt Street

Sydney NSW 2000 AUSTRALIA

Stock Exchange Listing

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

Country and Date of Incorporation

Australia, 30 January 1987

REALM RESOURCES LIMITED

Directors' report (continued)

Your directors present their report on the consolidated entity consisting of Realm Resources Limited and the entities it controlled (referred hereafter as "the Group") at the end of, or during, the half-year ended 30 June 2017.

Directors

The following persons were directors of Realm Resources Limited during the half-year and up to the date of this report:

Gordon Galt	- Non-executive director (chairman)
Michael Davies	- Non-executive director
Staffan Ever	- Non-executive director
Glen Lewis	- Executive director (appointed 6 March 2017, resigned effective 8 September 2017)
James Beecher	- Non-executive director (appointed 1 May 2017)
Richard Rossiter	- Executive director (resigned 6 March 2017)
Theo Renard	- Executive director (resigned 6 March 2017)

Principal activities

The company's primary focus is creating shareholder value through the operation of the Foxleigh Mine in Central Queensland, while advancing development ready projects throughout the region.

Realm holds a beneficial interest in 99.9% of the issued capital in Middlemount South Pty Ltd which operates the Foxleigh Mine in Central Queensland, on behalf of the Foxleigh Coal Joint Venture.

Additionally, Realm owns all of the issued capital in Kalres Limited and through Kalres a 51% interest in an Indonesian coal company, PTKR, which holds the Katingan Ria concession (Katingan Ria Project), located in Central Kalimantan, Indonesia.

In South Africa, Realm has interests in an aluminium dross treatment plant located in Pietermaritzburg as well as a number of Platinum Group Metals (**PGM**) leases.

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 ended 30 June 2017.

Business Development

Resource sector opportunities continue to be reviewed, with the focus directed at projects or mines with near term cash generation capacity, largely in the coal, base and precious metals sectors.

Events Subsequent to Reporting Date

1. Issued capital of the company was consolidated on the basis of every 10 shares into one share and every 10 options into one option with the exercise price amended in an inverse proportion of that ratio effective 17 July 2017
2. On 29 August 2017, the Group repaid \$45m of debt drawn under the Taurus Resources No.2 Fund Facility. This represents a reduction in net debt of a corresponding amount.
3. The managing director, Glen Lewis tendered his resignation on 29 August 2017 with an effective date of 8 September 2017.
4. On 31 July 2017, Foxleigh Joint Venture has approved an upgrade to the mining fleet used at the mine, at an approximate cost of \$24.5m (100% basis). Purchase and settlement arrangements are being finalised for these three excavators.

REALM RESOURCES LIMITED

Directors' report (continued)

Events Subsequent to Reporting Date (continued)

5. Update of Re-instatement to the official quotation:

The company last advised on the status of work towards its proposed re-instatement to official quotation on 2 August 2017. At the time shareholders were advised that the Company:

- Had continued to work with its advisers to determine the most appropriate offer structure for a capital raise proposed to satisfy the 20% free float condition in connection with the Company's re-compliance with Chapters 1 and 2 of ASX Listing Rules (Offer);
- Was working with the ASX to finalise a prospectus in connection with the Offer (Prospectus);
- Had received a notice from ASIC regarding continuous disclosure in respect of the Foxleigh transaction and was obtaining and considering advice in respect of the notice, and
- Was therefore not in a position to provide an indicative timetable for the capital raise needed for re-instatement.

It was noted that ASIC stated that the notice should not be construed as an indication by ASIC that a contravention of the law has occurred nor should it be considered a reflection upon any person or entity.

During the past month, the Company has produced documents in answer to the ASIC notice. On 7 September 2017, ASIC confirmed that it does not intend to take any further action against Realm in connection to the matters relating to the notice.

Realm will continue to keep the market informed of any developments and will provide an updated timetable for re-Listing when it is in a position to do so.

Other than the above, no other matter has arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

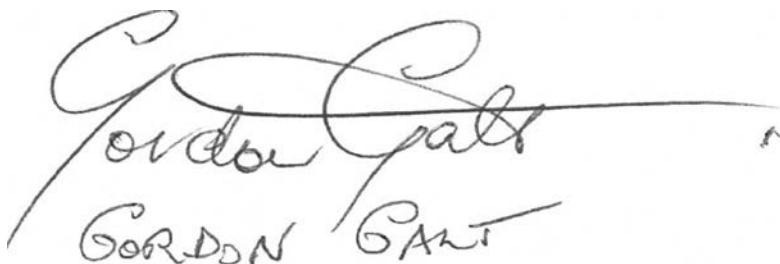
Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307 of the *Corporations Act 2001* is set out on page 4.

Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Signed in accordance with a resolution of the directors.



Gordon Galt
GORDON GALT

Gordon Galt
Chairman

Sydney
12 September 2017

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Realm Resources Limited for the half year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

RSM

RSM AUSTRALIA PARTNERS



G N Sherwood
Partner

Sydney, NSW

Dated: 12 September 2017

REALM RESOURCES LIMITED

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the half-year ended 30 June 2017

	Note	Half-year ended 30 June 2017 (\$'000)	Half-year ended 30 June 2016 (\$'000)
Continuing operations			
Revenue		202,850	2,332
Other income		680	2
Operating expenses		(62,076)	(1,523)
Depreciation and amortisation		(2,732)	(198)
Selling and distribution costs		(21,354)	-
Royalties		(21,614)	-
Administrative expenses		(6,117)	(117)
Other expenses	5	(6,401)	-
Profit / (loss) before finance cost		83,236	(496)
Financial income		198	1
Financial expense		(10,565)	(3)
Net financial expense		(10,367)	(2)
Profit/(loss) from continuing operations before income tax		72,869	(498)
Income tax expense	6	(22,685)	(1)
Net profit/(loss) for the period		50,184	(499)
Other comprehensive income/(loss)			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		(1,118)	76
Total comprehensive income/(loss) for the period		49,066	(423)
Total income/(loss) for the period attributable to:			
Non-controlling interest		(9)	81
Members of the parent		50,193	(580)
		50,184	(499)
Total comprehensive income/(loss) for the period is attributable to:			
Non-controlling interest		(9)	81
Members of the parent		49,075	(504)
		49,066	(423)
		Cents	Cents
Earnings per share for profit/(loss) from continuing operations attributable to the ordinary equity holders of the Company:			
Basic earnings/(loss) per share		2.10	(0.02)
Diluted earnings/(loss) per share		2.12	(0.02)

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

REALM RESOURCES LIMITED

Consolidated statement of financial position As at 30 June 2017

	Notes	30 June 2017 (\$'000)	31 Dec 2016 (\$'000)
ASSETS			
Current assets			
Cash and cash equivalents		107,153	69,160
Trade and other receivables		39,514	17,351
Inventories		19,919	25,644
Current tax assets		200	234
Other assets		5,465	1,725
Total current assets		172,251	114,114
Non-current assets			
Trade and other receivables		1,249	1,546
Available for sale financial assets		120	121
Property, plant and equipment		13,733	2,931
Deferred tax assets		995	995
Exploration, evaluation and mining infrastructure assets		63,845	67,204
Total non-current assets		79,942	72,797
TOTAL ASSETS		252,193	186,911
LIABILITIES			
Current liabilities			
Trade and other payables		47,786	38,940
Income tax payable		22,718	-
Provisions		16,277	16,414
Borrowings	7	49,268	48,667
Total current liabilities		136,049	104,021
Non-Current liabilities			
Trade and other payables		21,480	21,480
Provisions		11,217	28,038
Total non-current liabilities		32,697	49,518
TOTAL LIABILITIES		168,746	153,539
NET ASSETS		83,447	33,372
Capital and reserves			
Contributed equity		46,315	46,315
Retained earnings/(accumulated losses)		38,102	(12,091)
Reserves		(1,339)	(1,177)
Attributable to owners of Realm Resources Limited		83,078	33,047
Non-controlling interests		369	325
TOTAL EQUITY		83,447	33,372

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

REALM RESOURCES LIMITED

Consolidated Statement of Cash Flows For the half-year ended 30 June 2017

	Consolidated	Consolidated
	Half-year	Half-year
	ended	ended
	30 June 2017	30 June 2016
	(\$'000)	(\$'000)
Cash flows from operating activities		
Receipts from customers	186,091	2,466
Payments to suppliers and employees	(122,728)	(2,983)
Interest received	3	-
Income tax payments	(4)	(138)
Net cash flows provided by/(used in) operating activities	63,362	(665)
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,963)	(155)
Net cash flows used in investing activities	(10,963)	(155)
Cash flows from financing activities		
Proceeds from borrowings	-	1,000
Finance costs	(10,345)	-
Net cash flows (used in)/provided by financing activities	(10,345)	1,000
Net increase in cash and cash equivalents held	42,054	190
Net foreign exchange differences	(4,061)	3
Cash and cash equivalents at beginning of period	69,160	333
Cash and cash equivalents at end of period	107,153	526

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

REALM RESOURCES LIMITED

Consolidated Statement of Changes in Equity For the half-year ended 30 June 2017

	Attributable to members of Realm Resources Limited					Total Equity attributable to members (\$'000)	Attributable to non-controlling interest (\$'000)	Total equity (\$'000)
	Ordinary shares (\$'000)	Other Reserves (\$'000)	Employee equity benefits reserve (\$'000)	Foreign currency translation reserve (\$'000)	Retained earnings (\$'000)			
Balance as at 1 January 2016	46,315	365	-	(1,694)	(31,795)	13,191	307	13,498
Loss for the period	-	-	-	-	(580)	(580)	81	(499)
Other comprehensive income	-	-	-	76	-	76	-	76
Total comprehensive income for the period	-	-	-	76	(580)	(504)	81	(423)
Balance as at 30 June 2016	46,315	365	-	(1,618)	(32,375)	12,687	388	13,075
Balance as at 1 January 2017	46,315	366	-	(1,543)	(12,091)	33,047	325	33,372
Profit for the period	-	-	-	-	50,193	50,193	(9)	50,184
Other comprehensive income	-	-	-	(1,118)	-	(1,118)	-	(1,118)
Total comprehensive income for the period	-	-	-	(1,118)	50,193	49,075	(9)	49,066
Transactions with owners in their capacity as owners:								
Other	-	-	-	-	-	-	53	53
Employee Share Plan Shares issued during the year	-	-	951	-	-	951	-	951
Employee Share Plan Options issued during the year	-	-	5	-	-	5	-	5
Balance as at 30 June 2017	46,315	366	956	(2,661)	38,102	83,078	369	83,447

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

REALM RESOURCES LIMITED

Notes to the financial statements half year ended 30 June 2017

1. Basis of preparation

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, applicable accounting standards including AASB 134: Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB").

This half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of Realm Resources Limited and its controlled entities ("the Group" or "the consolidated entity") as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 31 December 2016 and any public announcements made by Realm Resources Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

The half-year report has been prepared on a historical cost basis, as modified by the revaluation of assets and liabilities acquired as part of a business combination, and the revaluation of available for sale financial assets, to fair value. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies are consistent with those of the previous financial year and corresponding interim reporting period.

Significant accounting judgements and key estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 31 December 2016 except valuation of employee shares and options issued during the financial period as disclosed in Note 4 to the financial statements other than reflected below:

Employee Share Plan Options Valuation

The Company issued 91,500,000 shares and 2,000,000 options to key management personnel in the period under review as disclosed in Note 4. Non-recourse loans were extended to the participants in the share plan. It has been determined by the Board that shares issued with non-recourse loans would be treated as options and consequently they have been valued as such, and expensed over the vesting period. There is significant judgement in relation to the assumptions used in the Black Scholes Option pricing models. Judgement is required with regards to the fair value of the shares at the issue date, the market volatility, the expected exercise period, and a number of other inputs into the models.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences where management considers that it is probable that future taxable profits will be available to utilise those temporary differences. Significant judgement is required on the part of management and the Board to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits over the future years together with future tax planning strategies. Management and the Board have determined not to raise any deferred tax assets which are estimated at \$26m during the half year ended 30 June 2017 so as to enable the Board to determine more reliably the probability of utilising these tax assets in the foreseeable future.

REALM RESOURCES LIMITED

Notes to the financial statements half year ended 30 June 2017

2. Adoption of new and revised Accounting Standards

During the half-year ended 30 June 2017 the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2017. It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business, and therefore no change is necessary to Group accounting policies.

Certain new accounting standards and interpretations have been published that are not mandatory for the half-year reporting period. The Group's assessment of the impact of these standards and interpretations is that they will result in no significant changes to the amounts recognised or matters disclosed in future financial reports.

3. Segment Information

Description of Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment;
- the geographical location of the segment; and
- any external regulatory requirements.

Performance is measured based on segment profit after income tax as included in the internal financial reports.

The Group has included the following operating segments:

- i. Australia - Foxleigh Coal Mine is an open cut operation producing benchmark quality, LV PCI coal for the export market
- ii. Indonesia - PT Katingan Ria is a thermal coal project (Realm 51%) ideally suited to supply proposed power stations in the region
- iii. South Africa - Alumicor, which toll treats aluminium dross; Masedi Platinum (Proprietary) Limited and Nkwe Platinum (Scarlet) (Proprietary) Limited, which hold platinum resource tenements;

Segment information provided to the chief operating decision makers

	South Africa (\$'000)	Australia (\$'000)	Indonesia (\$'000)	Unallocated (\$'000)	Total (\$'000)
6 month period ended 30 June 2017					
Revenue	2,107	200,743	.	-	202,850
Other revenue	3	677	.	-	680
Total consolidated segment revenue	2,110	201,420	.	-	203,530
Result					
Segment results, excluding finance costs	80	61,659	.	(1,188)	60,551
Finance costs	(22)	(10,345)	.	-	(10,367)
Net profit/(loss) for period	58	51,314	.	(1,188)	50,184
Depreciation	165	2,567	.	-	2,732
Assets and liabilities at 30 June 2017					
Segment assets	2,513	241,487	8,193	-	252,193
Segment liabilities	2,099	163,464	541	2,642	168,746

REALM RESOURCES LIMITED

Notes to the financial statements half year ended 30 June 2017

3. Segment Information (continued)

	South Africa (\$'000)	Australia (\$'000)	Indonesia (\$'000)	Unallocated (\$'000)	Total (\$'000)
6 month period ended 30 June 2016					
Revenue					
Rendering of services to external customers	2,332	-	.	-	2,332
Other revenue	-	2	.	-	2
Total consolidated segment revenue	2,332	2	.	-	2,334
Result					
Segment results, excluding finance costs	(74)	(413)	.	(10)	(497)
Finance costs	(2)	-	.	-	(2)
Net loss for period	(76)	(413)	.	(10)	(499)
Depreciation	198	-	.	-	198
Assets and liabilities at 31 December 2016					
Segment assets	2,341	175,507	9,063	-	186,911
Segment liabilities	2,101	148,798	553	2,087	153,539

4. Share-based payment plans

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

(a) Option holdings of key management personnel

30 June 2017	Balance at 1 January 2017	Granted as remuneration	Net change Other	Balance at end of period 30 June 2017	Vested at 30 June 2017	
					Exercisable	Not exercisable
Eva Armila	-	2,000,000	-	2,000,000	-	-
	-	2,000,000	-	2,000,000	-	-

There were no options as at 31 December 2016.

(b) Shareholdings of key management personnel

Shares held in Realm Resources Limited

30 June 2017	Balance at 1 Jan 17	Granted as remuneration	On exercise of options	Net change other	Balance at end of period 30 Jun 17
Key Management Personnel(KMP)					
Richard Rossiter	-	10,000,000	-	-	10,000,000
Theo Renard	-	10,000,000	-	-	10,000,000
Glen Lewis	-	10,000,000	-	-	10,000,000
James Beecher	-	10,000,000	-	-	10,000,000
Staffan Ever	-	10,000,000	-	-	10,000,000
	-	50,000,000	-	-	50,000,000

REALM RESOURCES LIMITED

Notes to the financial statements half year ended 30 June 2017

4. Share based payments plans (continued)

30 June 2017	Balance at beginning of period 1 Jan 17	Granted as remuneration	On exercise of options	Net change other	Balance at end of period 30 Jun 17
Other					
Employees and consultants	-	41,500,000	-	-	41,500,000
	-	41,500,000	-	-	41,500,000

The only equity transactions with KMP's relate to issue of remuneration shares and options.

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:

	2017 (\$'000)	2016 (\$'000)
Expenses arising from equity – settled share – based payment transactions	956	-

(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. In February 2017, 2,000,000 options were granted to acquire shares in the capital of company under the option plan with an expiry of 5 March 2018.

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 third of the shares offered),
- 24 months (in relation to one third of the shares offered), and
- 36 months (in relation to the one third of the shares offered) has passed from the date of issue.

REALM RESOURCES LIMITED

Notes to the financial statements half year ended 30 June 2017

4. Share based payments plans (continued)

(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:

	2017 No.	2017 WAEP \$	2016 No.	2016 WAEP \$
OP				
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	2,000,000	0.0615	-	-
Cancelled during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	2,000,000	0.0615	-	-
Exercisable at the end of the year	-	-	-	-
	2017 No.	2017 WAEP \$	2016 No.	2016 WAEP \$
SP				
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	91,500,000	0.0615	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Cancelled during the year	-	-	-	-
Outstanding at the end of the year	91,500,000	0.0615	-	-

(d) 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. The inputs used in the model requires significant judgement which has an impact on the fair value of the shares issued.

5. Other expenses

	30 June 2017 (\$'000)	30 June 2016 (\$'000)
Included in other expenses are following costs:		
Foreign exchange losses	5,445	-
Share based payments transactions	956	-
	<u>6,401</u>	<u>-</u>

REALM RESOURCES LIMITED

Notes to the financial statements half year ended 30 June 2017

6. Income tax

	30 June 2017 (\$'000)	30 June 2016 (\$'000)
(a) Income tax expense		
<i>The major components of income tax expense are:</i>		
<i>Current income tax</i>		
Current income tax charge	17,798	1
<i>Under accrual of income taxes in relation to prior periods</i>	4,887	-
Income tax expense	22,685	1

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

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:

Total accounting profit/(loss) before income tax	72,869	(498)
At the Parent entity's statutory income tax rate of 30% (2016: 30%)	21,861	-
Tax effect of amounts which are not deductible (payable) in calculating taxable income:		
Non-deductible expenses	67	1
<i>Under accrual of income taxes in relation to prior periods</i>	4,887	-
Relating to origination and reversal of temporary differences	(4,130)	-
Income tax expense	22,685	1

7. Borrowings

	30 June 2017 (\$'000)	31 Dec 2016 (\$'000)
Current		
Bridge loan (a)	48,193	47,592
Other borrowings	1,075	1,075
	49,268	48,667

Realm has provided the funding for Middlemount's transaction through the following funding arrangements:

(a) Bridge Loan

The Group has a AUD50m bridge facility with Taurus Resource Fund with a term of 12 months, expiring in August 2017. This facility has 2.05% arrangement fee and interest rate of 10% capitalised. The loan is unsecured and AUD43m drawn at the reporting date. Subsequent to balance date, management has made a decision to repay this loan effective 29 August 2017.

REALM RESOURCES LIMITED

Notes to the financial statements half year ended 30 June 2017

8. Contingent Liabilities

The Group has a US\$98.5m facility with Taurus Mining Finance Fund, which includes a performance guarantee facility and a working capital facility with a term of 24 months fully secured over the assets of the Group.

Of these facilities, USD65m has been drawn on which facility financing costs are paid by the group on a quarterly basis.

- Performance Guarantee Facility with a limit of USD78.5m – currently, guarantees totalling USD49m (AUD65.9m) have been issued
- Working Capital Facility with a limit of USD20m – currently undrawn

9. Events Subsequent to Reporting Date

1. Issued capital of the company was consolidated on the basis of every 10 shares into one share and every 10 options into one option with the exercise price amended in an inverse proportion of that ratio effective 17 July 2017
2. On 29 August 2017, the Group repaid \$45m of debt drawn under the Taurus Resources No.2 Fund Facility. This represents a reduction in net debt of a corresponding amount.
3. The managing director, Glen Lewis tendered his resignation on 29 August 2017 with an effective date of 8 September 2017.
4. On 31 July 2017, Foxleigh Joint Venture had approved an upgrade to the mining fleet used at the mine, at an approximate cost of \$24.5m (100% basis). Purchase and settlement arrangements are being finalised for these three excavators.
5. Update of Re-instatement to the official quotation:
The company last advised on the status of work towards its proposed re-instatement to official quotation on 2 August 2017. At the time shareholders were advised that the Company:
 - Had continued to work with its advisers to determine the most appropriate offer structure for a capital raise proposed to satisfy the 20% free float condition in connection with the Company's re-compliance with Chapters 1 and 2 of ASX Listing Rules (Offer);
 - Was working with the ASX to finalise a prospectus in connection with the Offer (Prospectus);
 - Had received a notice from ASIC regarding continuous disclosure in respect of the Foxleigh transaction and was obtaining and considering advice in respect of the notice, and
 - Was therefore not in a position to provide an indicative timetable for the capital raise needed for re-instatement.

It was noted that ASIC stated that the notice should not be construed as an indication by ASIC that a contravention of the law has occurred nor should it be considered a reflection upon any person or entity.

During the past month, the Company has produced documents in answer to the ASIC notice. On 7 September 2017, ASIC confirmed that it does not intend to take any further action against Realm in connection to the matters relating to the notice.

Realm will continue to keep the market informed of any developments and will provide an updated timetable for re-Listing when it is in a position to do so.

Other than the above, no other matter has arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

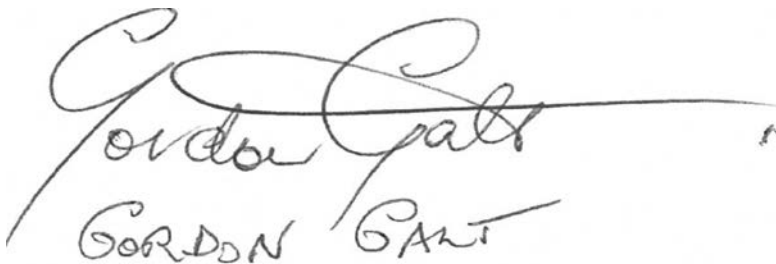
REALM RESOURCES LIMITED

Directors' declaration

In the director's opinion:

- (a) The interim financial statements and notes set out on pages 5 to 15 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standard AASB134 Interim Financial Reporting, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Realm Resources Limited will be able to pay its debts as and when they become due and payable, as outlined in Note 1 to the interim financial report.

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



Gordon Galt
GORDON GALT

Director
Gordon Galt

Sydney
12 September 2017

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
REALM RESOURCES LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Realm Resources Limited which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Realm Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Realm Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Realm Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

RSM

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink, appearing to read "G N Sherwood", with the initials "GNS" written to the right of the signature.

G N SHERWOOD
Partner

Sydney, NSW
Dated: 13 September 2017