REALM RESOURCES LIMITED

ABN 98 008 124 025

INTERIM REPORT

FOR THE HALF-YEAR ENDED
30 JUNE 2014

The information in this interim report should be read in conjunction with the annual financial report for the year ended 31 December 2013.

REALM RESOURCES LIMITED
ABN 98 008 124 025

Contents of financial report:

REALM RESOURCES LIMITED
ABN 98 008 124 025

Corporate information

ABN 98 008 124 025

Directors
Richard Rossiter – Chair and Executive Director
Theo Renard – Executive Director
Michael Davies – Non-executive Director

Company Secretary
Theo Renard

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Share Registry
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Level 2, 45 St Georges Terrace
Perth WA 6000 AUSTRALIA

Auditors
HLB Mann Judd
Chartered Accountants
Level 19
207 Kent Street
Sydney, NSW 2000

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

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

Country and Date of Incorporation
Australia, 30 January 1987

Directors' report

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 2014.

DIRECTORS AND COMPANY SECRETARY

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

Richard Rossiter (Executive Chairman)
Theo Renard (Executive Director)
Michael Davies (Non-Executive Director)

REVIEW OF OPERATIONS

In summary:

- Ongoing efforts aimed at maximising the value of Realm's development-ready Indonesian thermal coal project are being directed at buyers and strategic partners seeking exposure to the high growth Indonesian power sector;
- Coal market remains oversupplied with export prices for expected Katingan Ria coal quality at around US$36/t;
- Alumicor – licence to allow additional aluminium dross processing at Mkondeni imminent; and
- Business development activities aimed at enhancing and/or realising the value of Realm's South African aluminium and platinum assets as well as seeking new resource sector investment opportunities.

The Company continues its focus on securing buyers and/or strategic off-take partners and financing for its development-ready thermal coal project in Central Kalimantan. Despite robust demand growth, the thermal coal seaborne market has remained in oversupply, with the price of Katingan Ria 4,200kcal GAR coal falling further to around US$36/t. Strategic partner negotiations have therefore been focussed on domestic supply opportunities and specifically PT PLN (PERSERO) ("PLN"), the Indonesian State-owned Electricity Corporation's proposed 200Mw power station development in the vicinity of Kasongan.

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

On the business development front, numerous resource sector opportunities continue to be reviewed, with the focus directed at projects with near term cash generation capacity, in the coal, base and precious metals sectors.

Coal – Focussing on Domestic Power Station Supply

During the period, your directors focussed efforts on buyers seeking exposure to the high growth Indonesian energy sector via securing strategically located coal assets ahead of planned power station developments. Realm's 51% owned Katingan Ria thermal coal project is ideally suited to supply a proposed 2x100Mw mine mouth power station in Central Kalimantan. This has seen discussions being advanced with larger Indonesian mining and logistic conglomerates and international power station developers. We expect further details on the power station tender process to emerge following the recent election in Indonesia.

Directors' report (continued)

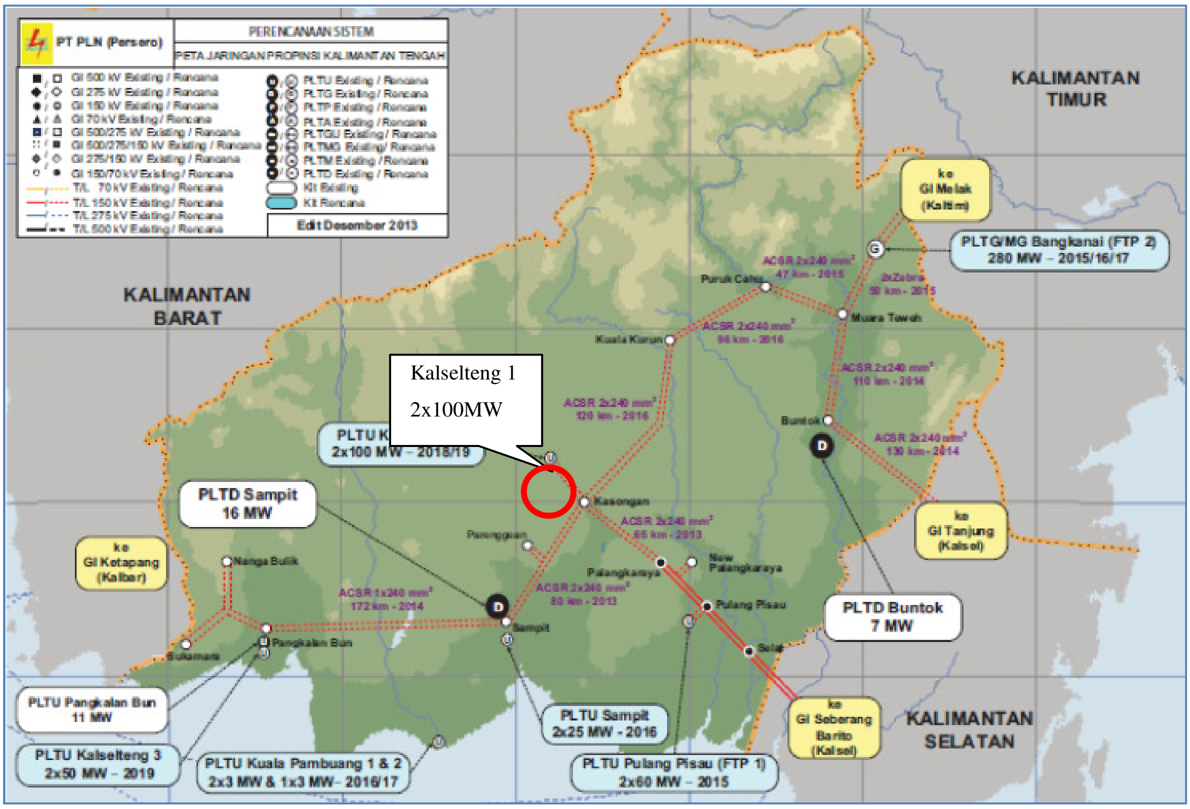
Indonesia's electricity demand is forecast to grow at a rate of ~8% pa to 2022 or around 60 GW of additional power supply. This will require an estimated US$125bn in new investment. Given this significant funding requirement, the Indonesian Government is now opening up the electricity sector to private and foreign investment, thereby reducing the load on the State-owned Electricity Corporation, PLN.

The Central Kalimantan province economy has been growing at the rate of 6.4% per year in the last five years. Agriculture, palm oil plantation, coal mining and trading has contributed to the dynamic and prospective economic growth in the province. This, together with the low level of electrification in the province, means that electricity demand is expected to remain high over the next 5-7 years. PLN released a national "Power Supply Business Plan" ("RUPTL") for the period 2013 - 2022. This can be accessed at the PLN website at www.pln.co.id.

Katingan Ria has the potential to supply a 2x100Mw power station development near the town of Kasongan in Central Kalimantan (Figure 1; exact location yet to be finalised). This has the potential to see the mine being developed largely as a domestic coal supplier. Coal supply, which is required by 2018/19 for the power station, could therefore be developed for both domestic and export markets (assuming export prices recover from current lows).

The electricity grid and development plan for Central Kalimantan province is shown in Figure 1.

Figure 1: Central Kalimantan electricity grid and development plan showing the proposed Kalseteng 1 - 2x 100MW power station development close to Realm's Katingan Ria coal project



Source: PT PLN (PERSERO) RUPTL 2013-2022

Directors' report (continued)

Aluminium Waste Toll Treating Business

Health and Safety

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

Smelting and recovery performance comparison

Alumicor	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	% change Q1 2014
Tonnes smelted	4,527	5,172	4,505	4,411	4,528	4,150	4,649	4,401	-5%
Average recovery	60%	63%	62%	64%	65%	65%	65%	64%	-1%

Hulamin and Alumicor continue to work on a joint initiative aimed at better utilising the spare waste treatment capacity (about 300t/month) at Alumicor by acquiring third party aluminium waste material. This has the potential to benefit both parties through improvements to Alumicor's efficiency and profitability and increase the supply of low cost aluminium feedstock to Hulamin.

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

In addition, management is assessing a number of growth projects in the rapidly expanding aluminium recycling space, and has embarked on a process to seek funders and/or partners seeking exposure to or interested in developing the business. The licence to allow aluminium dross to be treated at Alumicor Mkondeni, is expected shortly (Mkondeni is a second smaller plant close to Alumicor Maritzburg). Management is already in discussions to secure 3rd party dross for the plant. Mkondeni has a capacity of 600 tpm.

Platinum Exploration Projects

The platinum market has remained depressed despite rising South Africa supply concerns and has remained around the US$1,450/oz level. This, together with the industrial unrest in the South African mining sector, has hampered the Group's ability to progress the projects at this stage.

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

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

Directors' report (continued)

BUSINESS DEVELOPMENT

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

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 6.

Signed in accordance with a resolution of the directors.

Richard Rossiter
Executive Chairman

Sydney
12 September 2014

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

To the directors of Realm Resources Limited:

As lead auditor for the review of the consolidated financial report of Realm Resources Limited for the half-year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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

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

HLB Mann Judd

Sydney, NSW
12 September 2014

D K Swindells
Partner

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REALM RESOURCES LIMITED

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 30 June 2014

	Note	Half-year ended 30 June 2014 $	Half-year ended 30 June 2013 $
Revenue from continuing Operations			
Sales and rendering of services		1,997,406	1,818,329
Cost of sales		(950,621)	(936,259)
Gross profit		1,046,785	882,070
Other Revenue			
Interest income	3	146,702	154,976
Other revenue		13,656	18,318
Other income		51,100	-
Exploration expenses		-	(186,641)
Share maintenance expenses		(33,488)	(34,717)
Occupancy expenses		(60,308)	(79,197)
Consultancy fees		(302,284)	(596,729)
Audit fees		(136,624)	(81,847)
Directors' fees		(187,786)	(206,352)
Administrative expenses		(706,325)	(1,426,801)
Other expenses		(197,549)	(187,487)
Finance costs		(22,306)	(194,476)
Loss from continuing operations before income tax		(388,427)	(1,938,883)
Income tax benefit/(expense)		(103,254)	53,189
Net loss for the period		(491,681)	(1,885,694)
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(87,156)	1,006,190
Total comprehensive loss for the period		(578,837)	(879,504)
Total profit (loss) for the period attributable to:			
Non-controlling interest		(4,194)	(224,816)
Members of the parent		(487,487)	(1,660,878)
		(491,681)	(1,885,694)
Total comprehensive loss for the period is attributable to:			
Non-controlling interest		(4,194)	(224,816)
Owners of the parent		(574,643)	(654,688)
		(578,837)	(879,504)
		Cents	**Cents**
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the Company:			
Basic loss per share		(0.03)	(0.41)
Diluted loss per share		(0.02)	(0.33)

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 2014

	Note	30 June 2014 $	31 December 2013 $
ASSETS			
Current assets			
Cash and cash equivalents		527,285	842,612
Trade and other receivables		446,600	384,938
Inventories		8,551	11,788
Current tax assets		299,640	320,052
Other assets		16,625	23,716
Total current assets		1,298,701	1,583,106
Non-current assets			
Trade and other receivables		21,837	23,577
Available for sale financial assets		160,000	118,030
Property, plant and equipment		1,460,282	1,527,973
Deferred tax assets		16,801	66,073
Exploration and evaluation assets		15,115,523	15,115,523
Total non-current assets		16,774,443	16,851,176
TOTAL ASSETS		18,073,144	18,434,282
LIABILITIES			
Current liabilities			
Trade and other payables		837,471	548,514
Current tax liabilities		382	1,013
Borrowings	7	1,446,814	1,520,081
Total current liabilities		2,284,667	2,069,608
Non-current liabilities			
Deferred tax liabilities		2,640	-
Total non-current liabilities		2,640	-
TOTAL LIABILITIES		2,287,307	2,069,608
NET ASSETS		15,785,837	16,364,674
EQUITY			
Capital and reserves			
Contributed equity	5	45,462,465	46,398,433
Retained earnings (accumulated losses)		(28,376,217)	(28,866,028)
Reserves		(1,563,428)	(1,434,942)
Attributable to owners of Realm Resources Limited		15,522,820	16,097,463
Non-controlling interests		263,017	267,211
TOTAL EQUITY		15,785,837	16,364,674

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 2014

	Half-year ended 30 June 2014 $	Half-year ended 30 June 2013 $
Cash flows from operating activities		
Receipts from customers	1,944,819	1,828,256
Payments to suppliers and employees	(1,958,119)	(3,226,161)
Interest received	2,858	31,081
Income tax payments	(56,148)	(93,627)
Net cash flows (used in) operating activities	(66,590)	(1,460,451)
Cash flows from investing activities		
Purchase of property, plant and equipment	(206,749)	(42,504)
Net cash flows (used in) investing activities	(206,749)	(42,504)
Cash flows from financing activities		
Proceeds from borrowings	-	28,582
Net cash flows from financing activities	-	28,582
Net (decrease) in cash and cash equivalents held	(273,339)	(1,474,373)
Net foreign exchange differences	(41,988)	(29,628)
Cash and cash equivalents at the beginning of period	842,612	2,492,651
Cash and cash equivalents at end of period	527,285	988,650

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 2014

	Attributable to members of Realm Resources Limited						Attributable to non-controlling interest	Total equity
	Ordinary shares	Other Reserves	Employee equity benefits reserve	Foreign currency translation reserve	Retained earnings	Total Equity attributable to members		
	$	$	$	$	$	$	$	$
Balance as at 1 January 2013	40,392,135	-	41,330	(1,772,915)	(25,859,478)	12,801,072	354,913	13,155,985
Loss for the period	-	-	-	-	(1,660,878)	(1,660,878)	(224,816)	(1,885,694)
Other comprehensive income	-	-	-	1,006,190	-	1,006,190	-	1,006,190
Total comprehensive income for the period	-	-	-	1,006,190	(1,660,878)	(654,688)	(224,816)	(879,504)
Transactions with owners in their capacity as owners:								
Shares issued net of transaction costs	193,973	-	-	-	-	193,973	-	193,973
Options Issued	-	365,650	-	-	-	365,650	-	365,650
Balance as at 30 June 2013	40,586,108	365,650	41,330	(766,725)	(27,520,356)	12,706,007	130,097	12,836,104
Balance as at 1 January 2014	46,398,433	365,650	41,330	(1,841,922)	(28,866,028)	16,097,463	267,211	16,364,674
Loss for the period	-	-	-	-	(487,487)	(487,487)	(4,194)	(491,681)
Other comprehensive income	-	-	-	(87,156)	-	(87,156)	-	(87,156)
Total comprehensive income for the period	-	-	-	(87,156)	(487,487)	(574,643)	(4,194)	(578,837)
Transactions with owners in their capacity as owners:								
Employee Share Plan Shares cancelled	(935,968)	-	-	-	935,968	-	-	-
Employee Share Plan Options cancelled	-	-	(41,330)	-	41,330	-	-	-
Balance as at 30 June 2014	45,462,465	365,650	-	(1,929,078)	(28,376,217)	15,522,820	263,017	15,785,837

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

Notes to the Financial Statements for the half-year ended 30 June 2014

Note 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 authorative 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 2013 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 2013.

Adoption of new and revised Accounting Standards

During the half-year ended 30 June 2014 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 2014.

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.

Notes to the Financial Statements for the half-year ended 30 June 2014 (continued)

Note 1: Basis of preparation (continued)

Going concern basis of preparation

The financial statements are prepared on a going concern basis. For the period ended 30 June 2014, the consolidated entity incurred a loss after tax of $491,681.

At the reporting date, the consolidated entity had an excess of current liabilities over current assets of $985,966, and total equity of $15,785,837.

Included in current liabilities at period end is interest accrued of $259,153 in relation to the previous convertible equity-linked credit facility.

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

(i) Positive cash flows from the operating subsidiary;
(ii) The receipt of additional debt or equity funds;
(iii) The sale of one or more of the consolidated entity's assets.

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

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

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

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

Note 2: Segment Information

Description of Segments

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

The executive directors consider the business from both a product and a geographic perspective and have identified four reportable segments. PT Katingan Ria in Indonesia, Alumicor in South Africa (toll treats aluminium dross); Masedi Platinum (Proprietary) Limited and Nkwe Platinum (Scarlet) (Proprietary) Limited in South Africa, which hold platinum resource tenements; and head office and administration.

Notes to the Financial Statements for the half-year ended 30 June 2014 (continued)

Note 2: Segment Information (continued)

Segment information provided to the Executive Directors

The information provided to the executive directors for the reportable segments was as follows:

	Alumicor SA Holdings (Pty) Ltd	Head office	Masedi Platinum (Proprietary) Limited and Nkwe Platinum (Scarlet) (Proprietary) Limited	Pt Katingan Ria	Inter-Segment Elimination	Total
	$	$	$	$	$	$
6 month period ended 30 June 2014						
Revenue						
Sales to external customers	1,997,406	-	-	-	-	1,997,406
Other revenue	1,008	210,430	-	20	-	211,458
Total consolidated segment revenue	1,998,414	210,430	-	20	-	2,208,864
Result						
Segment results, excluding finance costs	23,938	(456,550)	-	(36,763)	-	(469,375)
Finance costs	(309)	(21,993)	-	(4)	-	(22,306)
Net loss for period	23,629		-		-	(491,681)
Depreciation	(167,455)	(940)	-	(1,394)		(169,789)
Assets and liabilities at 30 June 2014						
Segment assets	2,757,399	17,134,258	5,764,720	9,364,743	(16,947,976)	18,073,144
Segment liabilities	1,935,149	16,933,242	86,433	285,569	(16,953,086)	2,287,307
6 month period ended 30 June 2013						
Revenue						
Sales to external customers	1,818,329	-	-	-	-	1,818,329
Other revenue	7,128	165,306	-	860	-	173,294
Total consolidated segment revenue	1,825,457	165,306	-	860	-	1,991,623
Result						
Segment results, excluding finance costs	(352,185)	(1,167,087)	-	(171,946)	-	(1,691,218)
Finance costs	-	(194,476)	-	-	-	(194,476)
Net loss for period	(352,185)	(1,361,563)	-	(171,946)	-	(1,885,694)
Assets and liabilities at 31 December 2013						
Segment assets	2,938,713	18,433,371	5,764,720	9,395,423	(18,097,945)	18,434,282
Segment liabilities	2,086,259	6,309,038	-	291,858	(6,617,547)	2,069,608
Depreciation	(151,091)	(2,636)	-	(1,512)	-	(155,239)

Notes to the Financial Statements for the half-year ended 30 June 2014 (continued)

Note 3: Share-based payment plans

The share-based payment plans are described in Note 22 to the financial statements for the year ended 31 December 2013. All share-based payment plan shares and options were cancelled during the half-year ended 30 June 2014, by agreement.

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

	Balance at beginning of period 1 January 2014	Granted as remuneration	Exercised	Cancelled	Balance at end of period 30 June 2014	Vested at 30 June 2014		
						Total	Exercisable	Not exercisable
	No.	No.	No.	No.	No.	No.	No.	No.
Ryan McConnachie	1,000,000	-	-	(1,000,000)	-	-	-	-
	1,000,000	-	-	(1,000,000)	-	-	-	-

Note 4: Contributed equity

(a) Ordinary shares

	30 June 2014 $	31 December 2013 $
Ordinary shares	45,462,465	46,398,433
	No.	No.
Issued and fully paid	1,931,090,077	1,943,840,077

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

	30 June 2014	
	No.	$
Movement in ordinary shares on issue		
At beginning of period	1,943,840,077	46,398,433
- Employee Share Plan shares cancelled	(12,750,000)	(935,968)
At end of period	1,931,090,077	45,462,465

Notes to the Financial Statements for the half-year ended 30 June 2014 (continued)

Note 4: Contributed equity (continued)

(b) Summaries of options movements during the period:

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

	30 June 2014 No.	2014 WAEP $	31 December 2013 No.	2013 WAEP $
Outstanding at the beginning of the period	101,000,000	0.05	1,000,000	0.15
Issued		-	100,000,000	0.05
Forfeited	-	-	-	-
Exercised	-	-	-	-
Cancelled	(1,000,000)	0.15	-	-
Outstanding at the end of the period	100,000,000	0.05	101,000,000	0.05
Exercisable at the end of the period	100,000,000		101,000,000	

Note 5: Borrowings

	30 June 2014 $	31 December 2013 $
Current		
Tiespro 176 (Proprietary) Limited	1,066,065	1,143,888
Taurus - interest	259,153	249,278
Other	121,596	126,915
	1,446,814	1,520,081

Amounts due to Tiespro 176 (Proprietary) Limited, a company incorporated in South Africa, are unsecured and interest free.

The amount owed to Taurus is convertable to shares at the request of Taurus subject to agreement of RRP and also to specified conditions being met.

Note 6: Non-current assets – exploration and evaluation assets

	30 June 2014 $	31 December 2013 $
Cost on acquisition	19,232,733	19,232,733
Foreign exchange movement	(1,128,810)	(1,128,810)
Impairment loss	(2,988,400)	(2,988,400)
Carrying amount at year end	15,115,523	15,115,523

Exploration and evaluation assets consist of the exploration and evaluation assets acquired as part of the purchase of: 51% of the shares in PT Katingan Ria, 74% of the shares in Nkwe

Notes to the Financial Statements for the half-year ended 30 June 2014 (continued)

Note 6: Non-current assets – exploration and evaluation assets (continued)

Platinum (Scarlet) Proprietary Limited and 70.3% of the shares in Masedi Platinum (Proprietary) Limited.

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

Directors' declaration

In the director's opinion:

(a) The interim financial statements and notes set out on pages 7 to 16 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 2014 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.

Richard Rossiter
Executive Chairman

Sydney
12 September 2014

REALM RESOURCES LIMITED

ABN 98 008 124 025

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Realm Resources Limited:

We have reviewed the accompanying half-year financial report of Realm Resources Limited ("the company") which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration, for 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 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 2014 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.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

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

Independence

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

HLB Mann Judd

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INDEPENDENT AUDITOR'S REVIEW REPORT (continued)

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 2014 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 to the half-year financial report, which indicates that the consolidated entity incurred a loss after income tax of $491,681 for the half-year ended 30 June 2014 and, as of that date, the consolidated entity had an excess of current liabilities over current assets of $985,966 and total equity of $15,785,837. These conditions, along with other matters as set out in Note 1 to the financial report, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

D K Swindells
Partner

Sydney, NSW
12 September 2014