



REALM RESOURCES LIMITED
ABN 98 008 124 025

INTERIM REPORT
FOR THE HALF-YEAR ENDED
30 JUNE 2016

The information in this interim report should be read in conjunction with the annual financial report for the year ended 31 December 2015.

REALM RESOURCES LIMITED

ABN 98 008 124 025

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REALM RESOURCES LIMITED

ABN 98 008 124 025

Corporate information

ABN 98 008 124 025

Directors

Richard Rossiter – Chair and Executive Director

Theo Renard – Executive Director

Michael Davies – Non-Executive Director

Company Secretary

Theo Renard

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Sydney NSW 2000 AUSTRALIA

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Email: info@realmresources.com.au

Share Registry

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Level 11

172 St Georges Terrace

Perth WA 6000 AUSTRALIA

Auditors

RSM Australia Partners

Chartered Accountants

Level 13

60 Castlereagh Street

Sydney, NSW 2000 AUSTRALIA

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

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 2016.

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 Director)
Theo Renard (Executive Director and Company Secretary)
Michael Davies (Non-Executive Director)

REVIEW OF OPERATIONS

Realm Resources Ltd. (ASX: RRP) ("Realm" or the "Company") is pleased to provide an update on activities during the H1 2016.

In summary:

- Business development activities focussed on seeking new resource sector investment opportunities, particularly those with near term cash generation potential as well as enhancing and/or realising the value of Realm's assets
- Katingan Ria thermal coal project – FOB cash cost forecast revision underway
- Expected price for Katingan Ria 4200kcal/kg GAR coal improved to US\$29.00/t (vs. US\$26.00/t)
- Corporate opportunities being evaluated for the Company's platinum group metals assets
- Platinum prices improved by 35% since the January 2016 low

Realm Resources Ltd. (ASX: RRP) ("**Realm**" or the "**Company**") is pleased to provide an update on activities during H1 2016.

Katingan Ria Coal Project

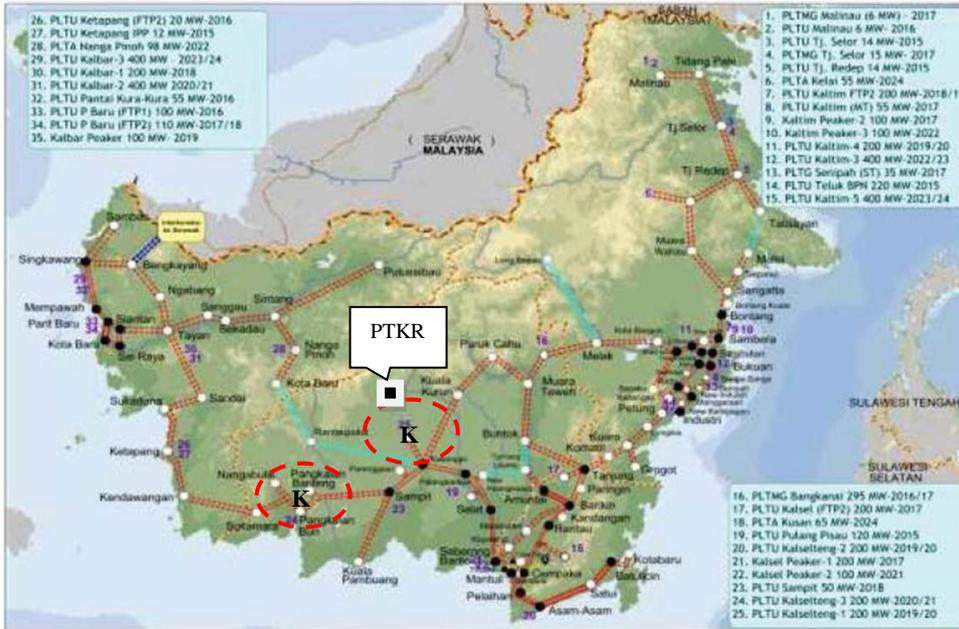
The Company continues to engage with PLN (Indonesian State owned Electricity Corporation) and other potential partners/buyers in order to progress its power station strategy. The depressed coal market and government inertia with respect to the power station development process continues to slow progress in this area. The Katingan Ria thermal coal project (Realm 51%) is ideally suited to supply proposed power stations in the region – i.e. Kalselteng No.1 (2x100MW) Kalselteng No.3 (2x100MW). These developments have unfortunately been further delayed (Figure 1).

The thermal coal price for expected Katingan Ria coal (i.e. 4,200 kcal/kg GAR) has risen to about US\$35.00/t at the time of writing (vs a low of approximately US\$26.00/t). Note: - 4,200 kcal/kg GAR coal typically trades at around 50% of the FOB Newcastle price (Figure 2). Supply cuts and continued robust demand for thermal could see the market supported in the medium term.

REALM RESOURCES LIMITED

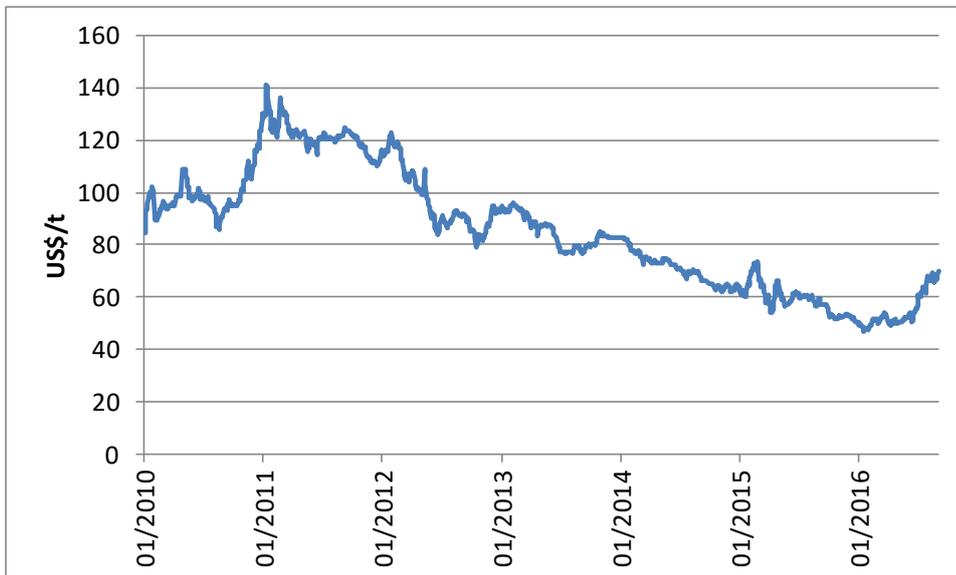
Directors' report (continued)

Figure 1: - PT Katingan Ria project Location and Central Kalimantan Power Station Plan



Source: PLN RUPTL 2015-2024. Note: PTKR = PT Katingan Ria coal project; K1 = Kalselteng 1 200Mw power station proposal; K3 = Kalselteng 3 200Mw power station proposal

Figure 2: - Thermal Coal (FOB Newcastle) Prices have rebounded and could stay supported



Source: Global coal.

South African Projects

Aluminium Waste Toll Treating Business

There were no disabling injuries during the quarter. The focus on safety training and monitoring continues. The disabling injury frequency rate (DIFR) for the June quarter 2016 was 0.0% (0.0% in the prior quarter).

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Directors' report (continued)

Smelting and recovery performance comparison

Alumicor	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	% change Q1 2016
Tonnes smelted	4,279	4,537	4,835	4,984	4,364	5,412	4,868	4,473	-8%
Average recovery	66%	67%	64%	61%	53%	56%	57%	57%	3%

Alumicor continues to operate profitably and deliver cash flow with management's attention focussed on running the business safely and efficiently. During the quarter two of the three furnaces were decommissioned for servicing and relining, during the downtime management performed remedial work on the plant and premises.

In addition, the Company is pleased to announce that constructive discussions with Hulammin are continuing with the aim of securing a mutually beneficial long term processing agreement in the near term.

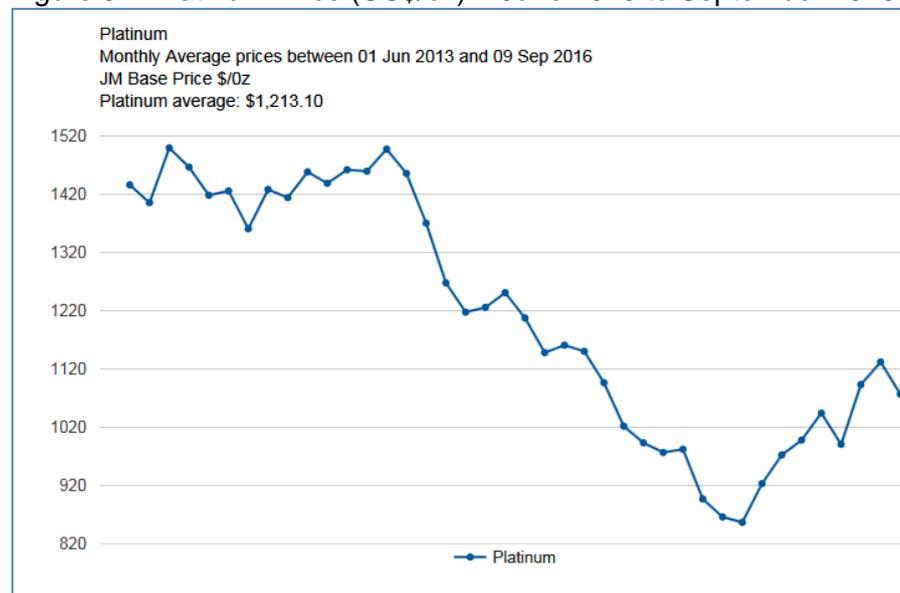
The Company continues to engage with Hulammin and other parties and will make further announcements when additional information becomes available.

Platinum Group Metals

The Company advanced discussions regarding its holdings in Chrometco (45 m shares in JSE:CMO) and its mineral rights situated in the Eastern Limb of the Bushveld Igneous Complex.

Platinum prices have rebounded since the January low of US\$816/oz, rising by about 32% to US\$1076/oz at the time of writing. Supply side disruptions could provide additional support as wage negotiations in South Africa gather get underway (Figure 3).

Figure 3: - Platinum Price (US\$/oz) – June 2013 to September 2016



REALM RESOURCES LIMITED

Directors' report (continued)

Source: Johnson Matthey 27 July 2016

Subsequent Event - Foxleigh Transaction

Summary

- Realm Resources Limited (Taurus Resources Fund No. 2 - 87.8%) announces that its 99.9% owned subsidiary Middlemount South Pty Ltd ("Middlemount") has completed the Foxleigh Transaction ("Transaction") with Anglo American Metallurgical Coal Assets Pty Ltd ("Anglo").
- The Transaction comprises:
 - acquisition of a 70% interest in the Foxleigh Coal Mine ("Foxleigh"), and a 100% interest in EPC 855; and
 - acquisition of 100% of EPC 1669.
- Foxleigh is an open cut mining operation located near the town of Middlemount in Central Queensland's Bowen Basin coalfield. The mine produces high quality low-volatile pulverised coal injection (PCI) coal.
- Foxleigh is owned and operated as a Joint Venture with POSCO Australia Pty Ltd ("POSCO") and Nippon Steel & Sumitomo Metal Pty Ltd ("Nippon") owning 20% and 10% respectively. POSCO and Nippon are longstanding customers of Foxleigh.
- Realm and Middlemount have strengthened their corporate capabilities with new board and management appointments.

1. Foxleigh

Foxleigh Mine is located in Queensland's Bowen Basin coalfield, 12km south of Middlemount and 272km northwest of Rockhampton (see Figure 1). The mine was established in 1999 as an open cut operation producing benchmark quality, low volatile PCI coal for the export market. Saleable production in CY 2015 (100% basis) was ~2.6 million tonnes.

Mining is undertaken using the truck and shovel method with raw coal delivered to Foxleigh's coal handling and preparation plant ("CHPP") for washing. The CHPP has processing capacity in excess of 4Mtpa of raw coal.

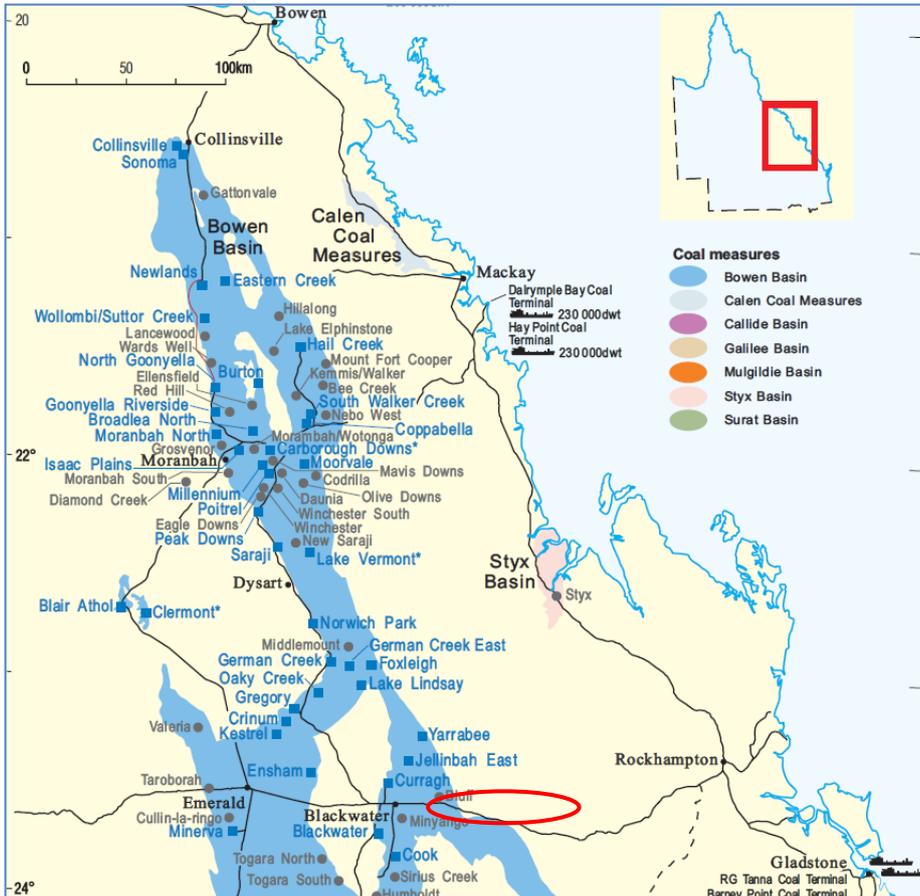
Product coal is hauled 27km on a private haul road to a dedicated train loading facility located alongside the Capcoal rail loop and is then railed 280km to the Dalrymple Bay Coal Terminal ("DBCT") at the Port of Hay Point near Mackay, Queensland.

Foxleigh has a diversified base of longstanding customers in key export markets including South Korea, China, Taiwan and Japan.

Relevant organisational and corporate arrangements are shown in Appendix A.

Directors' report (continued)

Figure 1: Foxleigh Location and Infrastructure Map



Source: Queensland Government – Department of Mines and Energy

2. Transaction Overview

Under the Transaction, Middlemount has acquired 100% of the shares in Foxleigh Coal Pty Limited (“FCL”) and 100% of EPC 1669 tenement from Anglo. FCL owns 70% of the Joint Venture and 100% of EPC 855.

As part of the Transaction:

- Bank guarantees totalling A\$85.3m have been put in place on a back to back basis to Anglo to cover the underlying guarantees as follows:
 - a) in favour of the State of Queensland in respect of the mining licences of the Joint Venture and the EPC’s; and
 - b) in favour of various counterparties to Joint Venture contracts.
- The Company has paid A\$43.7m cash to Anglo. A further working capital adjustment may be payable in 80 days, subject to a dispute period.
- FCL will pay Anglo a semi-annual royalty (“Royalty Payment”) on its 70% share of coal extracted and sold from the assets acquired for a period of 12.5 years. The Royalty Payments will be made

REALM RESOURCES LIMITED

Directors' report (continued)

based on the Average Coal Price Achieved ("ACPA") in each six-month royalty period based on the following scale:

- if ACPA is greater than A\$105 per tonne then a payment of A\$1.00 per tonne; or
- if ACPA is greater than A\$115 per tonne then a payment of A\$2.00 per tonne; or
- if ACPA is greater than A\$130 per tonne then a payment of A\$3.00 per tonne.

Royalty payments are capped at A\$75.0m in aggregate.

- Foxleigh has been acquired on a going concern basis and the Transaction includes a number of procurement and services contracts, landholder access agreements, logistics and coal sales contracts. The contracts include access to port and rail capacity consistent with expectations for future Foxleigh production.

3. Funding

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

Bridge Loan

Facility Amount	A\$50m
Borrower	Realm Resources Limited
Lender	Taurus Resources Fund No. 2
Term	12 months
Arranging Fee	2.5% of Facility Amount (capitalised)
Interest Rate	10% per annum (capitalised)
Security	Unsecured
Other Key Terms	<ul style="list-style-type: none"> - Bullet repayment at maturity - Facility denominated in A\$ terms - Facility currently A\$43.7m drawn

Performance Guarantee and Working Capital Facility

Facility Amount	US\$98.5m available in two tranches: <ul style="list-style-type: none"> - Performance Guarantee Facility US\$78.5m - Working Capital Facility US\$20.0m
Borrower	Middlemount South Pty Limited
Lender	Taurus Mining Finance Fund
Term	24 months
Arranging Fee	3.0% of Facility Amount
Interest Rate	9% per annum
Security	Secured
Other Key Terms	<ul style="list-style-type: none"> - Non-amortising - Facility denominated in US\$ terms - Taurus Mining Finance Fund granted a 1.0% gross revenue royalty on Realm's share of saleable coal production - No financial covenants

REALM RESOURCES LIMITED

Directors' report (continued)

	<ul style="list-style-type: none">- Performance Guarantee Facility currently US\$64.5m drawn- Working Capital Facility currently US\$4.4m drawn
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Following completion of the Transaction and related financing arrangements, Realm has a pro-forma cash balance in excess of A\$25m.

The Company intends to re-finance any outstanding amounts under the Bridge Loan via an equity raising to be undertaken during the coming year and has mandated Morgans Corporate Limited to assist in this regard. Taurus Resources Fund No. 2 has indicated its support to act as a sub-underwriter for any equity raising. Further details on Realm's equity raising plans will be provided in due course.

4. Corporate Arrangements

Middlemount is a 99.9% owned subsidiary of Realm, which is in turn 87.8% held by Taurus Resources Fund No. 2.

As a result of the Transaction, Middlemount has a 30% direct interest in Foxleigh via its ownership of FCL and an indirect 40% interest via FCL's shareholding in CAML Resources Pty Ltd ("CAML").

Foxleigh is governed by the Foxleigh Joint Venture Agreement ("Foxleigh JVA") to which FCL, CAML (Middlemount & POSCO), and Nippon are counterparties.

Under a separate Operating Agreement, Middlemount is the manager and operator of the Foxleigh Mine via its 100% ownership of Foxleigh Management Pty Ltd.

Under the Foxleigh JVA, upon a change in control of a joint venturer, the other joint venturers have the option (within 60 days) to elect to acquire the joint venture interest of the participant, which is the subject of a change in control. The option can only be exercised for all of the joint venture interest. The valuation for the interest is to be determined after the option is exercised – either by agreement or, failing that, by independent valuation.

Under the CAML shareholder arrangements in place, POSCO has the option to acquire some or all of the shareholding of FCL in CAML at an independent valuation on a change in control of CAML.

5. Effects on the Company

The Transaction is expected to have an effect on the Company's financial position, however the Company is not in a position at this stage to provide accurate and complete guidance as to the likely impact on the Company's revenue or profitability until Middlemount's JORC report on reserves and resources is completed. Middlemount will undertake the necessary geological assessments and studies required in accordance with the JORC 2012 code to verify the estimates provided by Anglo as soon as practical and is confident that JORC 2012 reserve and resource estimates, together with the corresponding competent person's statement, will be completed by the end of Q4 2016.

REALM RESOURCES LIMITED

Directors' report (continued)

Business Development

On the business development front, numerous 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 sector.

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 10.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'R Rossiter', is positioned above the printed name and title.

Richard Rossiter
Executive Director

Sydney
13 September 2016

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 2016, 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: 13 September 2016

REALM RESOURCES LIMITED

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the half-year ended 30 June 2016

	Half-year ended 30 June 2016 \$	Half-year ended 30 June 2015 \$
Continuing Operations		
Sales and rendering of services	2,331,597	2,309,968
Interest income	669	85,202
Other revenue	1,524	12,864
Revenue	2,333,790	2,408,034
Cost of sales	(1,522,703)	(1,249,373)
Gross profit	811,087	1,158,661
Other income	80,092	172,071
Impairment loss – exploration assets	-	(1,276,320)
Technical expenses	-	(12,928)
ASIC, ASX and share registry expenses	(9,813)	(14,301)
Occupancy expenses	(21,587)	(65,792)
Consultancy fees	(239,621)	(209,403)
Audit fees	(147,814)	(43,535)
Directors' fees	(50,000)	(183,601)
Administrative expenses	(918,062)	(802,710)
Other expenses	-	(27,942)
Finance costs	(2,773)	(98)
Loss from continuing operations before income tax	(498,491)	(1,305,898)
Income tax expense	(908)	(118,961)
Net loss for the period	(499,399)	(1,424,859)
Other comprehensive income		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translation of foreign operations	75,773	92,256
Total comprehensive loss for the period	(423,626)	(1,332,603)
Total loss for the period attributable to:		
Non-controlling interest	80,842	41,154
Members of the parent	(580,241)	(1,466,013)
	(499,399)	(1,424,859)
Total comprehensive loss for the period is attributable to:		
Non-controlling interest	80,842	41,154
Members of the parent	(504,468)	(1,373,757)
	(423,626)	(1,332,603)
	Cents	Cents
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the Company:		
Basic loss per share	(0.02)	(0.06)
Diluted loss per share	(0.02)	(0.06)

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 2016

	Note	30 June 2016 \$	31 December 2015 \$
ASSETS			
Current assets			
Cash and cash equivalents		526,019	333,368
Trade and other receivables		384,614	435,106
Inventories		74,442	62,816
Current tax assets		340,398	254,612
Other assets		54,703	21,001
Total current assets		1,380,176	1,106,903
Non-current assets			
Trade and other receivables		21,075	36,516
Available for sale financial assets		106,098	105,720
Property, plant and equipment		1,062,469	1,353,797
Deferred tax assets		56,474	23,706
Exploration and evaluation assets	6	12,835,152	12,835,152
Total non-current assets		14,081,268	14,354,891
TOTAL ASSETS		15,461,444	15,461,794
LIABILITIES			
Current liabilities			
Trade and other payables		482,557	796,921
Current tax liabilities		196	360
Borrowings	5	1,948,118	1,166,539
Total current liabilities		2,430,871	1,963,820
TOTAL LIABILITIES		2,430,871	1,963,820
NET ASSETS		13,030,573	13,497,974
EQUITY			
Capital and reserves			
Contributed equity	4	46,314,806	46,314,806
Accumulated losses		(32,375,206)	(31,794,966)
Reserves		(1,252,929)	(1,328,702)
Attributable to owners of Realm Resources Limited		12,686,671	13,191,138
Non-controlling interests		343,902	306,836
TOTAL EQUITY		13,030,573	13,497,974

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 2016

	Consolidated Half-year ended 30 June 2016	Consolidated Half-year ended 30 June 2015
	\$	\$
Cash flows from operating activities		
Receipts from customers	2,465,867	2,356,845
Payments to suppliers and employees	(3,293,495)	(2,254,449)
Interest received	669	2,676
Income tax payments	(138,150)	(130,773)
Net cash flows used in operating activities	(965,109)	(25,701)
Cash flows from investing activities		
Purchase of property, plant and equipment	(155,168)	(105,459)
Net cash flows used in investing activities	(155,168)	(105,459)
Cash flows from financing activities		
Proceeds from borrowings	1,000,000	-
Net cash flows provided by financing activities	1,000,000	-
Net increase/(decrease) in cash and cash equivalents held	190,058	(131,160)
Net foreign exchange differences	2,539	926
Cash and cash equivalents at beginning of period	333,422	772,437
Cash and cash equivalents at end of period	526,019	642,203

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 2015

	Attributable to members of Realm Resources Limited					Total Equity attributable to members	Attributable to non-controlling interest	Total equity
	Ordinary shares \$	Other Reserves \$	Employee equity benefits reserve \$	Foreign currency translation reserve \$	Retained earnings \$			
Balance as at 1 January 2015	46,314,806	365,650	-	(1,883,986)	(28,724,887)	16,071,583	263,060	16,334,643
Loss for the period	-	-	-	-	(1,466,013)	(1,466,013)	41,154	(1,424,859)
Other comprehensive income	-	-	-	92,256	-	92,256	-	92,256
Total comprehensive income for the period	-	-	-	92,256	(1,466,013)	(1,373,757)	41,154	(1,332,603)
Transactions with owners in their capacity as owners:								
Employee Share Plan Shares Cancelled during the year	-	-	-	-	-	-	-	-
Employee Share Plan Options Cancelled during the year	-	-	-	-	-	-	-	-
Balance as at 30 June 2015	46,314,806	365,650	-	(1,791,730)	(30,190,900)	14,697,826	304,214	15,002,040
Balance as at 1 January 2016	46,314,806	365,650	-	(1,694,352)	(31,794,966)	13,191,138	306,836	13,497,974
(Loss) for the period	-	-	-	-	(580,240)	(580,240)	80,842	(435,877)
Other comprehensive income	-	-	-	75,773	-	75,773	(43,776)	31,997
Total comprehensive income for the period	-	-	-	75,773	(580,240)	(504,467)	80,842	(423,625)
Balance as at 30 June 2016	46,314,806	365,650	-	(1,618,579)	(32,375,206)	12,686,671	343,902	13,030,573

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

REALM RESOURCES LIMITED

Notes to the Consolidated Financial Statements for the half-year ended 30 June 2016

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 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 2015 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 2015.

Adoption of new and revised Accounting Standards

During the half-year ended 30 June 2016 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 2016.

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.

REALM RESOURCES LIMITED

Notes to the Consolidated Financial Statements for the half-year ended 30 June 2016 (continued)

Note 1: Basis of preparation (continued)

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, which toll treats aluminium dross; Masedi Platinum (Proprietary) Limited and Nkwe Platinum (Scarlet) (Proprietary) Limited in South Africa, which hold platinum resource tenements; and head office and administration.

Segment information provided to the Executive Directors

The segment information provided to the executive directors was as follows:

	Alumicor SA Holdings (Pty) Ltd \$	Head office \$	Masedi Platinum (Proprietary) Limited and Nkwe Platinum (Scarlet) (Proprietary) Limited \$	Pt Katingan Ria \$	Elimination \$	Total \$
6 month period ended 30 June 2016						
Revenue						
Rendering of services to external customers	2,331,597	-	-	-	-	2,331,597
Other revenue	11	2,180	-	2	-	2,193
Total consolidated segment revenue	2,331,608	2,180	-	2	-	2,333,790
Result						
Segment results, excluding finance costs	(74,318)	(413,486)	-	(8,822)	-	(496,626)
Finance costs	(2,773)	-	-	-	-	(2,773)
Net loss for period	(77,091)	(413,486)	-	(8,822)	-	(499,399)
Depreciation	(198,195)	(224)	-	(1,085)	-	(199,504)
Assets and liabilities at 30 June 2016						
Segment assets	2,305,231	12,685,181	5,764,720	8,797,722	14,091,140	15,461,444
Segment liabilities	1,192,967	5,673,284	91,792	489,304	2,428,574	2,430,871

REALM RESOURCES LIMITED

Notes to the Consolidated Financial Statements for the half-year ended 30 June 2016 (continued)

Note 2: Segment Information (continued)

6 month period ended 30 June 2015

Revenue

Rendering of services to external customers	2,309,968	-	-	-	-	2,309,968
Other revenue	368	97,680	-	18	-	98,066
Total consolidated segment revenue	<u>2,310,336</u>	<u>97,680</u>	<u>-</u>	<u>18</u>	<u>-</u>	<u>2,408,034</u>

Result

Segment results, excluding finance costs	152,540	(1,558,230)	-	(19,071)	-	(1,424,761)
Finance costs	(98)	-	-	-	-	(98)
Net loss for period	<u>152,442</u>	<u>(1,558,230)</u>	<u>-</u>	<u>(19,071)</u>	<u>-</u>	<u>(1,424,859)</u>
Depreciation	(160,739)	(444)	-	(1,472)	-	(162,655)

Assets and liabilities at 31 December 2015

Segment assets	<u>3,189,204</u>	<u>19,996,776</u>	<u>5,764,720</u>	<u>8,086,659</u>	<u>(19,844,506)</u>	<u>17,192,853</u>
Segment liabilities	<u>1,986,889</u>	<u>19,581,998</u>	<u>91,792</u>	<u>373,855</u>	<u>(19,843,721)</u>	<u>2,190,813</u>

Note 3: Share-based payment plans

Nil on issue.

Note 4: Contributed equity

(a) Ordinary shares

	30 June 2016	31 December 2015
	\$	\$
Ordinary shares	<u>46,314,806</u>	<u>46,314,806</u>
	No.	No.
Issued and fully paid	<u>2,357,260,417</u>	<u>2,357,260,417</u>

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

REALM RESOURCES LIMITED

Notes to the Consolidated Financial Statements for the half-year ended 30 June 2016 (continued)

Note 4: Contributed equity (continued)

(b) Summaries of options and shares issued during the period:

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

	30 June 2016 No.	2016 WAEP \$	31 December 2015 No.	2015 WAEP \$
Outstanding at the beginning of the year	100,000,000	0.05	100,000,000	0.05
Movements during the period	-	-	-	-
Outstanding at the end of the period	100,000,000	0.05	100,000,000	0.05
Exercisable at the end of the period	100,000,000		100,000,000	

Note 5: Borrowings

	30 June 2016 \$	31 December 2015 \$
Current		
Other borrowings	1,948,118	1,305,218

Included in other borrowings are amounts due to Tiespro 176 (Proprietary) Limited, a company incorporated in South Africa. The loan is unsecured and is interest free.

On 10 June 2016 a \$1,000,000 unsecured loan was entered into with Taurus Funds Management Pty Ltd (ACN 121 452 560) for and behalf of Taurus Resources No. 2 L.P. and Taurus Funds Management Pty Ltd (ACN 121 452 560) as trustee for Taurus Resources No. 2 Trust (together the "Lenders"). The loan bears interest at 10% per annum and is repayable in 6 months.

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

	30 June 2016 \$	31 December 2015 \$
Cost on acquisition	19,232,733	19,232,733
Foreign exchange movement	(1,128,810)	(1,128,810)
Impairment loss	(5,268,711)	(5,268,711)
Carrying amount at period end	12,835,152	12,835,152

Exploration and evaluation assets consist of the exploration and evaluation assets acquired as part of the purchase of: 51% of the shares in PT Katingan Ria, 74% of the shares in Nkwe Platinum (Scarlet) Proprietary Limited and 70.3% of the shares in Masedi Platinum (Proprietary) Limited.

REALM RESOURCES LIMITED

Notes to the Consolidated Financial Statements for the half-year ended 30 June 2016 (continued)

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

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.

Note 7: Subsequent event

Subsequent to the period end, on 31 August 2016, announce that the Company has acquired Anglo American's ("**Anglo**") 70% interest in the Foxleigh and a 100% interest in EPC 855 (the "**Transaction**") with a separate agreement to acquire and EPC 1669.

Summary

- Realm Resources Limited (Taurus Resources Fund No. 2 - 87.8%) announces that its 99.9% owned subsidiary Middlemount South Pty Ltd ("Middlemount") has completed the Foxleigh Transaction ("Transaction") with Anglo American Metallurgical Coal Assets Pty Ltd ("Anglo").
- The Transaction comprises:
 - acquisition of a 70% interest in the Foxleigh Coal Mine ("Foxleigh"), and a 100% interest in EPC 855; and
 - acquisition of 100% of EPC 1669.
- Foxleigh is an open cut mining operation located near the town of Middlemount in Central Queensland's Bowen Basin coalfield. The mine produces high quality low-volatile pulverised coal injection (PCI) coal.
- Foxleigh is owned and operated as a Joint Venture with POSCO Australia Pty Ltd ("POSCO") and Nippon Steel & Sumitomo Metal Pty Ltd ("Nippon") owning 20% and 10% respectively. POSCO and Nippon are longstanding customers of Foxleigh.
- Realm and Middlemount have strengthened their corporate capabilities with new board and management appointments.

6. Foxleigh

Foxleigh Mine is located in Queensland's Bowen Basin coalfield, 12km south of Middlemount and 272km northwest of Rockhampton (see Figure 1). The mine was established in 1999 as an open cut operation producing benchmark quality, low volatile PCI coal for the export market. Saleable production in CY 2015 (100% basis) was ~2.6 million tonnes.

Mining is undertaken using the truck and shovel method with raw coal delivered to Foxleigh's coal handling and preparation plant ("CHPP") for washing. The CHPP has processing capacity in excess of 4Mtpa of raw coal.

Product coal is hauled 27km on a private haul road to a dedicated train loading facility located alongside the Capcoal rail loop and is then railed 280km to the Dalrymple Bay Coal Terminal ("DBCT") at the Port of Hay Point near Mackay, Queensland.

Foxleigh has a diversified base of longstanding customers in key export markets including South Korea, China, Taiwan and Japan.

REALM RESOURCES LIMITED

Notes to the Consolidated Financial Statements for the half-year ended 30 June 2016 (continued)

Note 7: Subsequent event (continued)

7. Transaction Overview

Under the Transaction, Middlemount has acquired 100% of the shares in Foxleigh Coal Pty Limited ("FCL") and 100% of EPC 1669 tenement from Anglo. FCL owns 70% of the Joint Venture and 100% of EPC 855.

As part of the Transaction:

- Bank guarantees totalling A\$85.3m have been put in place on a back to back basis to Anglo to cover the underlying guarantees as follows:
 - c) in favour of the State of Queensland in respect of the mining licences of the Joint Venture and the EPC's; and
 - d) in favour of various counterparties to Joint Venture contracts.
- The Company has paid A\$43.7m cash to Anglo. A further working capital adjustment may be payable in 80 days, subject to a dispute period.
- FCL will pay Anglo a semi-annual royalty ("Royalty Payment") on its 70% share of coal extracted and sold from the assets acquired for a period of 12.5 years. The Royalty Payments will be made based on the Average Coal Price Achieved ("ACPA") in each six-month royalty period based on the following scale:
 - if ACPA is greater than A\$105 per tonne then a payment of A\$1.00 per tonne; or
 - if ACPA is greater than A\$115 per tonne then a payment of A\$2.00 per tonne; or
 - if ACPA is greater than A\$130 per tonne then a payment of A\$3.00 per tonne.

Royalty payments are capped at A\$75.0m in aggregate.

- Foxleigh has been acquired on a going concern basis and the Transaction includes a number of procurement and services contracts, landholder access agreements, logistics and coal sales contracts. The contracts include access to port and rail capacity consistent with expectations for future Foxleigh production.

REALM RESOURCES LIMITED

Notes to the Consolidated Financial Statements for the half-year ended 30 June 2016 (continued)

Note 7: Subsequent event (continued)

8. Funding

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

Bridge Loan

Facility Amount	A\$50m
Borrower	Realm Resources Limited
Lender	Taurus Resources Fund No. 2
Term	12 months
Arranging Fee	2.5% of Facility Amount (capitalised)
Interest Rate	10% per annum (capitalised)
Security	Unsecured
Other Key Terms	<ul style="list-style-type: none"> - Bullet repayment at maturity - Facility denominated in A\$ terms - Facility currently A\$43.7m drawn

Performance Guarantee and Working Capital Facility

Facility Amount	US\$98.5m available in two tranches: <ul style="list-style-type: none"> - Performance Guarantee Facility US\$78.5m - Working Capital Facility US\$20.0m
Borrower	Middlemount South Pty Limited
Lender	Taurus Mining Finance Fund
Term	24 months
Arranging Fee	3.0% of Facility Amount
Interest Rate	9% per annum
Security	Secured
Other Key Terms	<ul style="list-style-type: none"> - Non-amortising - Facility denominated in US\$ terms - Taurus Mining Finance Fund granted a 1.0% gross revenue royalty on Realm's share of saleable coal production - No financial covenants - Performance Guarantee Facility currently US\$64.5m drawn - Working Capital Facility currently US\$4.4m drawn

Following completion of the Transaction and related financing arrangements, Realm has a pro-forma cash balance in excess of A\$25m.

REALM RESOURCES LIMITED

Notes to the Consolidated Financial Statements for the half-year ended 30 June 2016 (continued)

Note 7: Subsequent event (continued)

The Company intends to re-finance any outstanding amounts under the Bridge Loan via an equity raising to be undertaken during the coming year and has mandated Morgans Corporate Limited to assist in this regard. Taurus Resources Fund No. 2 has indicated its support to act as a sub-underwriter for any equity raising. Further details on Realm's equity raising plans will be provided in due course.

9. Corporate Arrangements

Middlemount is a 99.9% owned subsidiary of Realm, which is in turn 87.8% held by Taurus Resources Fund No. 2.

As a result of the Transaction, Middlemount has a 30% direct interest in Foxleigh via its ownership of FCL and an indirect 40% interest via FCL's shareholding in CAML Resources Pty Ltd ("CAML").

Foxleigh is governed by the Foxleigh Joint Venture Agreement ("Foxleigh JVA") to which FCL, CAML (Middlemount & POSCO), and Nippon are counterparties.

Under a separate Operating Agreement, Middlemount is the manager and operator of the Foxleigh Mine via its 100% ownership of Foxleigh Management Pty Ltd.

Under the Foxleigh JVA, upon a change in control of a joint venturer, the other joint venturers have the option (within 60 days) to elect to acquire the joint venture interest of the participant, which is the subject of a change in control. The option can only be exercised for all of the joint venture interest. The valuation for the interest is to be determined after the option is exercised – either by agreement or, failing that, by independent valuation.

Under the CAML shareholder arrangements in place, POSCO has the option to acquire some or all of the shareholding of FCL in CAML at an independent valuation on a change in control of CAML.

10. Effects on the Company

The Transaction is expected to have an effect on the Company's financial position, however the Company is not in a position at this stage to provide accurate and complete guidance as to the likely impact on the Company's revenue or profitability until Middlemount's JORC report on reserves and resources is completed. Middlemount will undertake the necessary geological assessments and studies required in accordance with the JORC 2012 code to verify the estimates provided by Anglo as soon as practical and is confident that JORC 2012 reserve and resource estimates, together with the corresponding competent person's statement, will be completed by the end of Q4 2016.

REALM RESOURCES LIMITED

Directors' declaration

In the director's opinion:

- (a) The interim financial statements and notes set out on pages [xx] to [xx] 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 2016 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
13 September 2016

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 2016, 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 2016 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 2016 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


G N Sherwood
Partner

Sydney, NSW
Dated: 13 September 2016