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## APPENDIX 4D

### HALF YEAR REPORT

**Name of Entity: Realm Resources Limited**

**ABN: 98 008 124 025**

**For the half year ended: 30 June 2011**

**Results for announcement to the Market**

	June 2011 \$	June 2010 \$	Change \$	Change %
Sales and rendering of services	2,464,951	2,261,399	Up \$203,552	Up 9%
Finance Income	209,254	207,313	Up \$ 1,941	Up 0.9%
(Loss)/profit after tax	(1,237,454)	(659,047)	Down \$578,407	Down 87%
Net (loss)/profit attributable to members	(1,345,524)	(694,016)	Down \$651,508	Down 94%
Dividends – No dividends were paid or declared during the half year period (2009 – nil)				
	June 2011	June 2010		
Net tangible assets per share (cents per share)	3.6	4.4	Down 0.8	Down 18.2%
	June 2011	June 2010		
Basic earnings per share (cents per share)	(0.81)	(0.43)	N/A	N/A
Diluted earnings per share (cents per share)	(0.83)	(0.43)	N/A	N/A

#### Loss of control of entities having material effect

Not applicable

#### Details of associates and joint venture activities

The Company now owns 47.5% of Masedi Platinum (Proprietary) Limited (“Masedi”) and 49.9% of Nkwe Platinum (Scarlet) (Proprietary) Limited (“NPS”). Additional information on Masedi and NPS can be found in the Financial Report for the year ending 31 December 2010.

#### Dividend reinvestment plans

Not applicable

#### Foreign Entities

Realm Resources Limited controlled Alumicor SA Holdings Limited and Realm Resources SA (Proprietary) Limited during the half year period. International Financial Reporting Standards were used in compiling the reports for the South African entities.

#### Commentary on the results for the period:

Refer to the attached half yearly report. Net loss attributable to members for the half year ended 30 June 2011 was \$1,345,524 (June 2010: \$694,016 loss), primarily this was due to due diligence costs on the Katingan Ria Coal Project. During the period Alumicor’s tolling customer, Hulamin, agreed to an increase in the tolling fee this resulted in improved revenues at Alumicor. The other significant source of income is finance income derived from interest on cash assets and receivables, this has increased to \$209,254 (2010: \$207,313).



**REALM RESOURCES LIMITED**  
ABN 98 008 124 025

**INTERIM REPORT**  
FOR THE HALF YEAR ENDED  
30 June 2011

# 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**

Grant Button – Chair and Non-executive Director

Richard Rossiter – Managing Director

Theo Renard – Executive Director

Dr Neale Fong – Non-executive Director

Andrew Matheson – Executive Director

### **Company Secretary**

Theo Renard

### **Registered and Principal Office**

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Sydney NSW 2000 AUSTRALIA

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Facsimile (+61 2) 8249 4001

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

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

### **Share Registry**

Computershare Investor Services Pty Limited

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 Stock 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 2011.

### DIRECTORS AND COMPANY SECRETARY

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

Grant Button  
Richard Rossiter  
Theo Renard  
Dr. Neale Fong

### COAL DIVERSIFICATION STRATEGY PROGRESS

As announced on 12 April 2011, the Company has an exclusive option to acquire all of the issued capital in Kalres Limited (**Kalres**), for an aggregate consideration of US\$29.6 million and the issue of 15 million performance rights. Should the acquisition proceed, Realm will effectively have a 75% interest in the Katingan Ria project.

The Katingan Ria Project is an advanced thermal coal exploration project with the potential to progress to mining within 12 months. The project covers 5,053 hectares under Mining Business Permit for Exploration (**IUP Exploration**) No. 274. It is located in Central Kalimantan within the Katingan Hulu district, approximately 175km North West of the regional capital of Palangkaraya.

Kalres is a party to a Master Agreement with PT Sinar Mulia Anugerah Agung (**PT SMAA**), under which Kalres can acquire up to a 75% interest in an Indonesian coal company, PT Katingan Ria (**PTKR**), which holds the Katingan Ria Project.

At present, Realm is nearing finalisation of its due diligence on Kalres, PT SMAA and PTKR in accordance with the terms of the Master Agreement and as part of the Company's strategy to identify and develop opportunities in the bulk commodity sector.

### 40.5 million tonne inferred JORC Resource delineated in Southern Area

As announced to the ASX on 11 July 2011, Realm has identified an initial 40.5 million tonne inferred resource estimate for the Southern area of the Katingan Ria Project. The deposit has relatively low stripping ratios (average approximately 3:1).

**Table 1: JORC Resource Estimate (Main Seam – Southern area)**

Main Seam	Coal Mass Tonnes Insitu (x 10 <sup>6</sup> )	Av. Coal Thickness (m)	Coal RD Insitu	Total Moisture %	Inherent Moisture % (Adb)	Raw Ash % (Adb)	Raw Volatile Matter % (Adb)	Raw Sulphur % (Adb)	Raw Specific Energy Kcal/Kg (Adb)	HGI
Total Measured	-	-	-	-	-	-	-	-	-	-
Total Indicated	-	-	-	-	-	-	-	-	-	-
<b>Total Inferred</b>	40.1	3.88	1.31	30.7	17.1	9.5	38.0	0.20	5,063	48
<b>Sub Total</b>	<b>40.1</b>									

# REALM RESOURCES LIMITED

## Directors' report (continued)

A scoping study on the feasibility of developing an initial 3mtpa open pit operation has commenced focussed on the Southern area, with coal quality data and logistics studies incorporated.

In parallel, drilling in the Northern area is expected to confirm the existence of additional resources which outcrop at various locations and mapped at over 6 metre seam thickness.

The resource estimate was based on the main seam only, drill spacing of approximately 1 km and publically available terrain elevation data. In order to improve the JORC classification to indicated status, further work is required to upgrade the topographical resolution. This work is planned to commence subject to Realm acquiring the asset.

In the mean time, further coal quality test work will be undertaken on outcrop samples. No washability test work is planned at this stage. Due to the relatively low levels of ash, the coal is likely to require only crushing and screening to produce a marketable product thus obviating the need for a coal handling and preparation plant.

A number of haul road and barge to port options have been identified. The haulage route will utilise existing logging roads which vary from 30-45km in distance from the project site to the Katingan River. The barge to port route is approximately 420km on river to the coast.

River bathymetric data for the length of the Katingan River was sourced and is currently under review primarily to identify any potentially un-navigable waters. Whilst logging operations continue year round on 180 foot barges, the likely requirement for dredging parts of the river to reduce costs through the use of larger barges of up to 300 foot is being evaluated by Realm in conjunction with PTKR. Intermediate stockpile locations are also being evaluated in conjunction with PTKR and the local government.

Discussions have also been held with a number of barge operations groups within the region to better determine the operational cost and logistics framework, given that no coal mining operations currently exist on this river.

## Marketing

Coal marketing study work is in progress and a Memorandum of Understanding has been signed with Coeclerici for the provision of initial marketing support services to the Katingan Ria Project within the markets of Indonesia, India and northern Asia.

## PLATINUM GROUP METALS

As announced on 26 May 2011, Realm has strengthened the Company's existing portfolio of platinum group metals (**PGM**) projects in South Africa, by signing a farmin agreement (**Farmin Agreement**) with Nkwe Platinum (Rooderand) (Pty) Ltd (**Nkwe**), a company in which Nkwe Platinum Limited (ASX: NKP) holds a 70% interest.

Under the terms of the Farmin Agreement, Realm can earn a 51% interest in the prospecting rights for PGM, gold, silver, nickel, copper and cobalt granted in respect of Nkwe's Rooderand prospect (**Rooderand Prospect**) by spending \$2 million in expenditure over a two year period.

Nkwe's Rooderand Prospect covers 535ha and is located on the Western Limb of the Bushveld Igneous Complex adjacent to Platinum Australia Limited's Rooderand platinum project and Platmin Limited's Pilanesberg open pit platinum mine.

# REALM RESOURCES LIMITED

## Directors' report (continued)

Over 20 holes were drilled on the Rooderand Prospect (during the period between 2004 and 2006) and an inferred Merensky Reef and UG2 chromitite resource of 36.7 Mt @ 3.8 g/t containing 4.5 Moz (3PGE +Au) has been defined. The Merensky and UG2 reefs are relatively close to each other in this area and are separated by around 20-35m thereby enhancing the economics for open pit mining. The Merensky and UG2 reefs dip to the South and occur from surface.

### Material terms of the Farmin Agreement

Upon renewal of the prospecting rights for PGM, gold, silver, nickel, copper and cobalt granted in respect of the Rooderand Prospect, Realm has a two year period (**Sole Funding Period**) in which it can earn an undivided 51% interest in such prospecting rights by:

- (a) spending \$2 million on exploration and development; or
- (b) paying to Nkwe an amount equal to the difference between \$2 million and the amount of expenditure spent by Realm during the Sole Funding Period (**Adjustment Amount**).

In addition, subsequent to 30 June 2011, Realm has issued 5,000,000 shares in the capital of the Company to Nkwe's nominee.

During the Sole Funding Period, Realm will be the manager of the Rooderand Prospect. Realm will also be solely responsible for the administration and maintenance of the Rooderand Prospect and complying with any minimum annual expenditure requirements during the Sole Funding Period. An expenditure plan will be drawn up once the prospecting rights are renewed.

If Realm fails to spend \$2 million in expenditure on the Rooderand Prospect or pay Nkwe the Adjustment Amount during the Sole Funding Period, the Farmin Agreement will terminate and Realm will have no interest in the Rooderand Project.

During the Sole Funding Period, neither Realm or Nkwe may assign its rights or obligations under the Farmin Agreement without the prior consent of the other (which must not be unreasonably withheld or delayed).

Upon Realm acquiring a 51% interest in the prospecting rights granted in respect of the Rooderand Prospect, Realm and Nkwe will enter into a joint venture on the terms and conditions set out in the Farmin Agreement.

### Eastern Limb Platinum Projects Update

Realm has been actively following up the Section 11 applications lodged in respect of the Kliprivier, Ghost Mountain and Tinderbox projects located on the Eastern Limb of the Bushveld Igneous Complex in South Africa. Recent correspondence with the South African Department of Mineral Resources has been positive and would indicate that the applications have progressed and could be approved within the third quarter of 2011. Approval of the Section 11 applications will enable the Company to finalise the acquisition of the three PGM tenements comprising the Kliprivier, Ghost Mountain and Tinderbox projects. In total, these projects contain an inferred resource of 109.6Mt @ 2.3g/t (3PGE+Au) containing 7.6Moz of PGMs (undiscounted). The Company is assessing ways to maximise the value of its PGM portfolio including the development potential of an open pit operation along 6 km of near surface outcrop of the UG2 reef horizon on the priority Kliprivier project.

# REALM RESOURCES LIMITED

## Directors' report (continued)

### REVIEW OF RESULTS AND OPERATIONS

The Group has recorded revenue from continuing operations of \$2,695,443 (2010: \$2,494,921) and a net loss for the half year ended 30 June 2011 of \$1,237,454 versus a loss of \$659,047 for the half year ended 30 June 2010.

#### **ALUMICOR SA PTY LTD (RRP - 74%)**

Realm Resources' subsidiary, Alumicor SA ("**Alumicor**"), treats aluminium dross and returns aluminium to Hulammin Limited ("**Hulammin**") on a toll conversion fee basis.

#### **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 June Quarter was 3.8%.

#### **Smelting and recovery performance comparison**

Alumicor	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	% change Q1 to Q2 2011
Tons smelted	3,823	4,070	4,160	3,393	3,350	4,983	49%
Average recovery	61%	61%	61%	55%	53%	58%	9%

#### **Operations**

During the period, there was a significant increase in volumes treated through the plant, with Hulammin increasing their output in addition to delivery of test batches of scrap to Alumicor. Together with Hulammin, Alumicor continues investigating sourcing additional dross and scrap that should see a continuation of volumes increasing during 2011.

#### **Financial- Alumicor SA Holdings Proprietary Limited**

Following the improvement in throughput volumes in the period, operating profitability improved. Management of operating costs continues together with efforts to improve processes, safety and environmental standards.

### **BUSINESS DEVELOPMENT**

The Company is focussed on diversifying into coal and continues to seek value optimisation strategies for the PGM business and seek complimentary value-adding opportunities in the resource sector.

### **CORPORATE**

During the period under review 4,000,000 shares were issued under the share plan.



# REALM RESOURCES LIMITED

## Directors' report (continued)

### EVENTS SUBSEQUENT TO BALANCE DATE

#### *Nkwe Platinum (Rooderand) (Pty) Ltd*

During the period, the company entered into an agreement with Nkwe Platinum (Rooderand) (Pty) Ltd ("Nkwe") to purchase a 51% interest in a prospecting right granted in respect of platinum group minerals of Farm Rooderand 46 JQ, located in the north western rim of the Pilanesberg National Park in South Africa ("the tenement").

In order to purchase this 51% interest, the company must:

- pay an amount of \$2,000,000 to Nkwe Platinum (Rooderand) (Pty) Ltd, less any expenditure incurred by the company in relation to the exploration, development and mining of the tenement ("the funding amount");
- pay the funding amount prior to 21 May 2013.

Should the company not satisfy the above conditions, the agreement will terminate and, other than costs incurred up to the date of termination, the company will terminate its rights, entitlements and obligations under the agreement and it shall have no interest in the tenement.

As part of this agreement, the company agreed to issue 5,000,000 fully paid ordinary shares to Nkwe or its nominee. These shares were issued subsequent to year end.

### 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 8.

Signed in accordance with a resolution of the directors.



**Richard Rossiter**  
**Managing Director**

**Sydney**  
**31 August 2011**

**AUDITOR'S INDEPENDENCE DECLARATION****To the Directors of Realm Resources Limited:**

As lead auditor for the audit of Realm Resources Limited for the half-year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

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



**A G Smith**  
**Partner**

**Sydney**  
**31 August 2011**

# REALM RESOURCES LIMITED

## Consolidated Statement of Comprehensive Income For the half year ended 30 June 2011

		Half year ended 30 June 2011 \$	Half year ended 30 June 2010 \$
<b>Revenue from continuing Operations</b>			
Sales and rendering of services		2,464,951	2,261,399
Interest Income	3	209,254	207,313
Other revenue		21,238	26,209
<b>Revenue</b>		<b>2,695,443</b>	<b>2,494,921</b>
Cost of sales		(1,046,865)	(1,456,702)
<b>Gross profit</b>		<b>1,648,578</b>	<b>1,038,219</b>
Other income		45,049	5,181
Technical expenses		(48,793)	(286,921)
Share maintenance expenses		(33,985)	(8,868)
Due diligence expenses		(878,263)	-
Occupancy expenses		(41,703)	(34,752)
Consultancy fees		(372,651)	(365,175)
Audit fees		(97,282)	(59,000)
Directors fees		(87,454)	(81,462)
Share based compensation expense		(206,648)	(81,710)
Administrative expenses		(866,698)	(682,730)
Other expenses		(124,092)	(78,964)
Finance costs		(490)	(5,745)
<b>Loss from continuing operations before income tax</b>		<b>(1,064,432)</b>	<b>(641,927)</b>
Income tax benefit/(expense)		(173,022)	(17,120)
<b>Net loss for the period</b>		<b>(1,237,454)</b>	<b>(659,047)</b>
<b>Total profit (loss) for the period attributable to:</b>			
<b>Non-controlling interest</b>		108,070	34,969
<b>Members of the parent</b>		(1,345,524)	(694,016)
		<b>(1,237,454)</b>	<b>(659,047)</b>
<b>Other comprehensive income</b>			
Exchange differences on translation of foreign operations		(225,741)	21,513
<b>Total comprehensive income/(loss) for the period</b>		<b>(1,463,195)</b>	<b>(637,534)</b>
<b>Total comprehensive income/(loss) for the period is attributable to:</b>			
<b>Non-controlling interest</b>		108,070	34,969
<b>Owners of the parent</b>		(1,571,265)	(672,503)
		<b>(1,463,195)</b>	<b>(637,534)</b>
		<b>Cents</b>	<b>Cents</b>
<b>Earnings per share for profit/(loss) from continuing operations attributable to the ordinary equity holders of the Company:</b>			
Basic (loss)/earnings per share		(0.81)	(0.43)
Diluted (loss)/earnings per share		(0.83)	(0.43)

*The above statement of comprehensive income should be read in conjunction with the accompanying notes.*

# REALM RESOURCES LIMITED

## Consolidated Statement of Financial Position As at 30 June 2011

	Note	30 June 2011 \$	31 December 2010 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		4,038,912	5,213,521
Trade and other receivables		632,449	521,976
Inventories		13,787	13,709
Other assets		56,224	25,117
<b>Total current assets</b>		<b>4,741,372</b>	<b>5,774,323</b>
<b>Non-current assets</b>			
Investments accounted for using the equity method		2,206,080	2,206,080
Plant and equipment		1,930,502	1,983,870
Deferred tax assets		120,730	169,997
<b>Total non-current assets</b>		<b>4,257,312</b>	<b>4,359,947</b>
<b>TOTAL ASSETS</b>		<b>8,998,684</b>	<b>10,134,270</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		520,058	393,041
Current tax liabilities		74,273	67,017
Borrowings		10,842	14,193
<b>Total current liabilities</b>		<b>605,173</b>	<b>474,251</b>
<b>Non-current liabilities</b>			
Borrowings		-	6,142
Deferred tax liabilities		103,399	107,219
<b>Total non-current liabilities</b>		<b>103,399</b>	<b>113,361</b>
<b>TOTAL LIABILITIES</b>		<b>708,572</b>	<b>587,612</b>
<b>NET ASSETS</b>		<b>8,290,112</b>	<b>9,546,658</b>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Contributed equity	6	20,987,213	20,821,894
Retained earnings		(12,888,244)	(11,542,720)
Reserves		(97,347)	87,064
<b>Attributable to owners of Realm Resources Limited</b>		<b>8,001,622</b>	<b>9,366,238</b>
<b>Non-controlling interests</b>		<b>288,490</b>	<b>180,420</b>
<b>TOTAL EQUITY</b>		<b>8,290,112</b>	<b>9,546,658</b>

*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 2011

	Consolidated Half year ended 30 June 2011 \$	Consolidated Half year ended 30 June 2010 \$
<b>Cash flows from operating activities</b>		
Receipts from customers	2,362,953	2,335,272
Payments to suppliers and employees	(3,164,873)	(2,925,054)
Interest received	97,895	138,489
Income tax payments	(127,490)	(89,826)
<b>Net cash flows used in operating activities</b>	<b>(831,515)</b>	<b>(541,119)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(273,508)	(66,494)
<b>Net cash flows used in investing activities</b>	<b>(273,508)</b>	<b>(66,494)</b>
<b>Cash flows from financing activities</b>		
Payment of finance lease liabilities	(8,068)	(30,616)
<b>Net cash flows used in financing activities</b>	<b>(8,068)</b>	<b>(30,616)</b>
Net (decrease)/increase in cash and cash equivalents held	(1,113,091)	(638,229)
Net foreign exchange differences	(61,518)	2,800
Cash and cash equivalents at the beginning of period	5,213,521	6,353,630
<b>Cash and cash equivalents at end of period</b>	<b>4,038,912</b>	<b>5,718,201</b>

*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 2011

	Attributable to members of Realm Resources Limited						Total equity \$
	Ordinary shares \$	Employee equity benefits reserve \$	Foreign currency translation reserve \$	Retained earnings \$	Total Equity attributable to members \$	Attributable to non- controlling interest \$	
<b>Balance as at 1 January 2010</b>	20,821,894	193,439	76,619	(11,054,086)	10,037,866	-	10,037,866
(Loss) for the period	-	-	-	(694,016)	(694,016)	34,969	(659,047)
Other comprehensive income	-	-	21,513	-	21,513	-	21,513
<b>Total comprehensive income for the period</b>	-	-	21,513	(694,016)	(672,503)	34,969	(637,534)
<b>Transactions with owners in their capacity as owners:</b>							
Minority interest share of profits allocated to the parent until minority interest's share of losses previously absorbed by parent has been recovered	-	-	-	34,969	34,969	(34,969)	-
Share-based payment	-	81,710	-	-	81,710	-	81,710
Cancellation of share-based payment	-	(193,439)	-	193,439	-	-	-
<b>Balance as at 30 June 2010</b>	20,821,894	81,710	98,132	(11,519,694)	9,482,042	-	9,482,042
<b>For the period ended 30 June 2011</b>							
	Ordinary shares \$	Employee equity benefits reserve \$	Foreign currency translation reserve \$	Retained earnings \$	Total Equity attributable to members \$	Attributable to non- controlling interest \$	Total equity \$
<b>Balance as at 1 January 2011</b>	20,821,894	81,710	5,354	(11,542,720)	9,366,238	180,420	9,546,658
(Loss) for the period	-	-	-	(1,345,524)	(1,345,524)	108,070	(1,237,454)
Other comprehensive income	-	-	(225,741)	-	(225,741)	-	(225,741)
<b>Total comprehensive income for the period</b>	-	-	(225,741)	(1,345,524)	(1,571,265)	108,070	(1,463,195)
<b>Transactions with owners in their capacity as owners:</b>							
Employee Share Plan	165,319	41,330	-	-	206,649	-	206,649
<b>Balance as at 30 June 2011</b>	20,987,213	123,040	(220,387)	(12,888,244)	8,001,622	288,490	8,290,112

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

# REALM RESOURCES LIMITED

## Notes to the Financial Statements for the half year ended 30 June 2011

### 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 the group 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 2010 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. 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.

For the purpose of preparing the half-year report, the half-year has been treated as a discrete reporting period.

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 2010.

### Adoption of new and revised Accounting Standards

In the half-year ended 30 June 2011, 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 2011.

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.

# REALM RESOURCES LIMITED

## Notes to the Financial Statements for the half year ended 30 June 2011

### 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 has identified two reportable segments. Alumicor, in South Africa, which toll treats aluminium dross (this segment was established in August 2008), and Masedi Platinum (Proprietary) Limited and Nkwe Platinum (Scarlet) (Proprietary) Limited, in South Africa, which hold platinum resource tenements.

#### Segment information provided to the Managing Director

The segment information provided to the Managing Director for the reportable segments for the half year ended 30 June 2011 is as follows:

	Alumicor SA Holdings (Pty) Ltd \$	Head office \$	Masedi Platinum (Proprietary) Limited and Nkwe Platinum (Scarlet) (Proprietary) Limited \$	Eliminations \$	Total \$
<b>6 month period ended 30 June 2011</b>					
<b>Revenue</b>					
Sales to external customers	2,464,951	-	-	-	2,464,951
Other revenue	15,136	215,356	-	-	230,492
Total consolidated segment revenue	2,480,087	215,356	-	-	2,695,443
<b>Result</b>					
Segment results	410,652	(1,647,616)	-	-	(1,236,964)
Finance costs	(490)	-	-	-	(490)
Net profit/(loss) for period	410,162	(1,647,616)	-	-	(1,237,454)
<b>Assets and liabilities</b>					
Segment assets	3,735,864	7,499,276	2,206,080	(4,442,537)	8,998,683
Segment liabilities	2,683,418	2,709,640	-	(4,684,486)	708,572
Depreciation	(184,281)	(2,224)	-	-	(186,505)



# REALM RESOURCES LIMITED

## Notes to the Financial Statements for the half year ended 30 June 2011

The segment information provided to the Managing Director for the reportable segments for the half year ended 30 June 2010 is as follows:

	Alumicor SA Holdings (Pty) Ltd \$	Head office \$	Masedi Platinum (Proprietary) Limited and Nkwe Platinum (Scarlet) (Proprietary) Limited \$	Eliminations \$	Total \$
<b>6 month period ended 30 June 2010</b>					
<b>Revenue</b>					
Sales to external customers	2,261,399	-	-	-	2,261,399
Other revenue	5,694	227,528	-	-	233,522
Total consolidated segment revenue	2,267,093	227,528	-	-	2,494,921
<b>Result</b>					
Segment results	139,823	(793,125)	-	-	(653,302)
Finance costs	(5,745)	-	-	-	(5,745)
Net profit/(loss) for period	134,078	(793,125)	-	-	(659,047)
<b>Assets and liabilities</b>					
Segment assets	2,769,864	11,653,693	2,206,080	(6,563,499)	10,066,138
Segment liabilities	2,838,401	2,596,512	-	(4,850,817)	584,096
Depreciation	(103,131)	(1,884)	-	-	(105,015)

### Note 3: Profit/(Loss) for the half year

	30 June 2011 \$	30 June 2010 \$
The following revenue and expense items are relevant in explaining the financial performance for the half – year		
Interest received	209,254	207,313

# REALM RESOURCES LIMITED

## Notes to the Financial Statements for the half year ended 30 June 2011

### Note 4: Share-based payment plans

The share – based payment plans are described in note 23(b) to the financial statements for the year ended 31 December 2010. There have been no cancellations or modifications to any of the plans during the half year ended 30 June 2011.

#### (a) Summaries of options granted under Option Plan (“OP”) and Share Plan (“SP”)

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 2011 No.	2011 WAEP \$	31 December 2010 No.	2010 WAEP \$
<b>OP</b>				
Outstanding at the beginning of the year (OP)	2,500,000	0.15	2,500,000	0.15
Granted during the period	1,000,000	0.15	2,500,000	0.15
Forfeited during the period	-	-	-	-
Exercised during the period	-	-	-	-
Expired during the period	-	0.15	(2,500,000)	0.15
Outstanding at the end of the period (OP)	3,500,000	0.15	2,500,000	0.15
Exercisable at the end of the period	-	-	-	-

Options outstanding at the end of the period were issued under the Option Plan that was approved by shareholders on 18 July 2008.

The following table illustrates the number (No.) and weighted average exercise price (WAEP) of, and movements in, shares issued under the share plan during the half year:

	30 June 2011 No.	2011 WAEP \$	31 December 2010 No.	2010 WAEP \$
<b>SP</b>				
Granted at the beginning of the year	8,750,000	0.18	8,750,000	0.18
Granted during the period	4,000,000	0.15	-	-
Forfeited during the period	-	-	-	-
Exercised during the period	-	-	-	-
Expired during the period	-	-	-	-
Granted at the end of the period	12,750,000	0.17	8,750,000	0.18

Shares granted at the end of the period were issued under the Share Plan that was approved by shareholders on 18 July 2008.

# REALM RESOURCES LIMITED

## Notes to the Financial Statements for the half year ended 30 June 2011

### Note 4: Share-based payment plans (continued)

#### (b) Option and share pricing model:

##### *Equity – settled transactions*

The fair value of the shares granted under the OP and SP 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 following table lists the inputs into the models used for the period ended 30 June 2011, and the year ended 31 December 2010.

<b>OP 2011</b>	Grant date share price \$	Exercise price \$	Expected volatility %	Option life (years)	Dividend yield %	Risk-free interest rate %	Weighted average share price at measurement date \$	Model used
1,000,000	0.09	0.15	89	4	-	5.093	0.10	Black - Scholes
<b>SP 2011</b>	Grant date share price \$	Exercise price \$	Expected volatility %	Option life (years)	Dividend yield %	Risk-free interest rate %	Weighted average share price at measurement date \$	Model used
4,000,000	0.09	0.15	89	4	-	5.093	0.10	Black - Scholes
<b>OP 2010</b>	Grant date share price \$	Exercise price \$	Expected volatility %	Option life (years)	Dividend yield %	Risk-free interest rate %	Weighted average share price at measurement date \$	Model used
2,500,000	0.10	0.15	90	2	-	4.591	0.032	Black - Scholes
<b>SP 2010</b>	Grant date share price \$	Exercise price \$	Expected volatility %	Option life (years)	Dividend yield %	Risk-free interest rate %	Weighted average share price at measurement date \$	Model used
Nil	-	-	-	-	-	-	-	-

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical sector volatility is indicative of further trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

# REALM RESOURCES LIMITED

## Notes to the Financial Statements for the half year ended 30 June 2011

### Note 5: Non-current assets – investments in associates accounted for using the equity method

#### (a) Investment details

	Consolidated	
	30 June 2011	30 June 2010
	\$	\$
Unlisted		
Masedi Platinum (Proprietary) Limited	1,074,867	1,074,867
Nkwe Platinum (Scarlet) (Proprietary) Limited	1,131,213	1,131,213
Investments in associates	<u>2,206,080</u>	<u>2,206,080</u>

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting and are carried at cost, less any allowance for impairment.

The Group now owns 47.5% of Masedi Platinum (Proprietary) Limited ("Masedi") and 49.99% of Nkwe Platinum (Scarlet) (Proprietary) Limited ("NPS"), acquired by issuing 15,214,348 shares in the Company, valued at date of acquisition at \$0.145 per share during the year ended 31 December 2009. Stage 2 of the acquisition transaction, which would result in acquisition of further shares in Masedi and NPS, is dependent upon Ministerial Consent from the South African Minister of Minerals and Energy for the acquisition of a controlling interest in terms of Section 11 of the Mining Act in South Africa for the transfer of the assets to Realm. If Ministerial approval is received, Realm will achieve 74% ownership of Masedi and NPS, the balance being held by a local Black Economic Empowerment ("BEE") partner. Management expects completion to occur in Q3 2011 with the issue of a further 15,220,435 shares.

#### (b) Fair values

The fair values of the Group's investment in Masedi Platinum (Proprietary) Limited and Nkwe Platinum (Scarlet) (Proprietary) Limited are as set out in note 5(c) below.

#### (c) Summarised financial information

The following table illustrates summarised financial information relating to the Group's associates:

##### Extract from the associates' statement of financial position:

	30 June 2011	30 June 2010
	\$	\$
Current assets	32,828	35,905
Non-current assets – prospects, rights and exploration assets	554,340	588,942
	<u>587,168</u>	<u>624,847</u>
Current liabilities	(119,191)	(122,228)
Non-current liabilities	(429,055)	(459,303)
	<u>(548,246)</u>	<u>(581,531)</u>
Net assets	<u>38,922</u>	<u>43,316</u>
Share of associates' net assets	19,457	21,657
Goodwill on acquisition of associate	2,186,623	2,184,423
	<u>2,206,080</u>	<u>2,206,080</u>

# REALM RESOURCES LIMITED

## Notes to the Financial Statements for the half year ended 30 June 2011

### Note 5: Non-current assets – investments in associates accounted for using the equity method (continued)

#### (d) Impairment

For the purpose of impairment testing, the company obtained an independent valuation from Al Maynard & Associates Pty Ltd, Consulting Geologists, dated 29 March 2011, which indicates that the current cash value range for the associates' mineral properties is in excess of the carrying amount of the investment in associates as above.

At 30 June 2011, the directors believe that the independent valuation obtained from Al Maynard and Associates Pty Ltd, dated 29 March 2011, represents the latest information available to the directors, and therefore the directors believe that the current cash value range for the associate's mineral properties is in excess of the company's amount of the investment in associates as above.

#### (e) Contingent liabilities of associates

Nil

### Note 6: Contributed equity

	30 June 2011 \$	31 December 2010 \$
Ordinary shares (a)	20,987,213	20,821,894
	<u>20,987,213</u>	<u>20,821,894</u>

#### (a) Ordinary shares

	No.	No.
Issued and fully paid	165,197,809	161,197,809

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

	No.	No.
<i>Movement in ordinary shares on issue</i>		
At 1 January 2011	161,197,809	161,197,809
- Shares issued	4,000,000	-
At 30 June 2011	<u>165,197,809</u>	<u>161,197,809</u>

### Note 7: Contingent liabilities

There are no material contingent liabilities as at 30 June 2011.

# REALM RESOURCES LIMITED

## Notes to the Financial Statements for the half year ended 30 June 2011

### Note 8: Other commitments

As disclosed in note 5, if the Company receives Ministerial Consent from the South African Minister of Minerals and Energy for the controlling interest in Masedi and NPS, the company will issue:

- (i) an additional 15,220,435 shares in the company to acquire the controlling interests of Masedi and NPS; and
- (ii) an additional 34,775,652 shares in the company to the vendors of Morning Star Holdings (Australia) Pty Limited (formerly known as Realm Resources Limited) (the vendors being the previous shareholders of Morning Star Holdings (Australia) Pty Limited).

### Note 9: Alumicor SA Holdings Proprietary Limited

The company's 74% owned subsidiary, Alumicor Maritzburg (Pty) Ltd ("Alumicor"), has an agreement where its major customer, Hulamin Ltd ("Hulamin"), has an option to purchase the business of Alumicor for approximately South African Rand 31,000,000 (approximately \$4.3m, based on exchange rates as at 30 June 2011).

Should Hulamin exercise its option to purchase the business of Alumicor, Realm Resources Limited would sell its aluminium dross treatment process to Hulamin for approximately \$4.3m. Results attributable to the Alumicor business, including total assets and liabilities, are disclosed in note 2.

### Note 10: Events after the balance sheet date

*Nkwe Platinum (Rooderand) (Pty) Ltd*

During the period, the company entered into an agreement with Nkwe Platinum (Rooderand) (Pty) Ltd ("Nkwe") to purchase a 51% interest in a prospecting right granted in respect of platinum group minerals of Farm Rooderand 46 JQ, located in the north western rim of the Pilanesberg National Park in South Africa ("the tenement").

In order to purchase this 51% interest, the company must:

- pay an amount of \$2,000,000 to Nkwe Platinum (Rooderand) (Pty) Ltd, less any expenditure incurred by the company in relation to the exploration, development and mining of the tenement ("the funding amount");
- pay the funding amount prior to 21 May 2013.

Should the company not satisfy the above conditions, the agreement will terminate and, other than costs incurred up to the date of termination, the company will terminate its rights, entitlements and obligations under the agreement and it shall have no interest in the tenement.

As part of this agreement, the company agreed to issue 5,000,000 fully paid ordinary shares to Nkwe or its nominee. These shares were issued subsequent to year end.

# REALM RESOURCES LIMITED

## Directors' declaration

In the director's opinion:

- (a) The interim financial statements and notes set out on pages 9 to 20 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 2011 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.

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



**Richard Rossiter**  
**Managing Director**

**Sydney**  
**31 August 2011**

**REALM RESOURCES LIMITED****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 2011, the statement of comprehensive income, statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity as set out on pages 9 to 21. The consolidated entity comprises 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 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 2011 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.



**REALM RESOURCES LIMITED****INDEPENDENT AUDITOR'S REVIEW REPORT (continued)****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 2011 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*.



**HLB MANN JUDD**  
**Chartered Accountants**



**A G Smith**  
**Partner**

**Sydney**  
**31 August 2011**