REALM RESOURCES LIMITED

ABN 98 008 124 025

INTERIM REPORT

FOR THE HALF-YEAR ENDED

30 JUNE 2013

REALM RESOURCES LIMITED
ABN 98 008 124 025

Contents of Financial Report

REALM RESOURCES LIMITED
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Corporate Information

ABN 98 008 124 025

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

Company Secretary
Theo Renard

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Level 19
207 Kent Street
Sydney, NSW 2000

Solicitors
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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 2013.

DIRECTORS

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
Theo Renard
Dr. Neale Fong
Michael Davies

REVIEW OF OPERATIONS

Katingan Ria Coal Project

Katingan Ria, which spans some 4,258 hectares, is located in Central Kalimantan, approximately 175km North West of the regional capital of Palangkaraya (see Figure 1).

The project marks Realm's initial step to becoming a mid-tier coal producer in the near-term. The Company envisages the project ultimately becoming a simple, open pit mine ramping up to an annualised rate of 2.5 – 3.0 million tonnes per annum ("**Mtpa**") over a 15 year life of mine.

1. OVERVIEW

Feasibility Study

During the half-year to June 30, 2013, the Company announced the completion of a Feasibility Study at Katingan Ria. The study, independently reviewed by Xenith Consulting Pty Limited ("**Xenith**"), supports the development of a 2.5Mtpa (Base case) to 3.0Mtpa (Upside case) open cut mine with a life span of around 15 years.

The study was based on coal being hauled 40 - 45km to a stockpiling and barge loading facility on the Katingan River, then barged 435km to the river mouth for transhipment into ships for delivery to market. The coal is expected to be predominantly sold as a low ash and low sulphur coal ideally suited for modern Indian and Chinese power generation.

During the period under review, Realm Resources Limited and its consultants completed the study of the feasibility of operating an open-cut thermal coal mine of up to 3Mtpa annual production capacity in the Regency of Katingan in Central Kalimantan, Indonesia. The majority of the investigations were within the concession area held by PT Katingan Ria ("**PTKR**"), a 51% subsidiary of Realm, the proposed haul road, and stockpile and barge loading areas and the Katingan River.

The Project mining concession covers an area of some 4,258 ha within an area that has already been subject to commercial forestry operations. The report concluded that the quality (4,200 Kcal/kg GAR low sulphur coal) and quantity (89Mt JORC resource and 29Mt JORC reserve) of the resource could, when considered in conjunction with the proposed mining and logistics solution and status of the relevant licences and permits held by PTKR, support the development of a potential 2.5Mtpa (Base case) to 3.0Mtpa (Upside case) mine for around fifteen years. Katingan Ria's coal is ideally suited for the new generation of power plants being built in India and China and is the fastest growing Indonesian export coal type in recent years.

Directors' Report (continued)

The Project is not capital intensive, with a total of US$18.5M required to establish a 2.5Mtpa to 3.0Mtpa contractor driven operation. An additional US$6M will be required for working capital. Base case FOB cash costs are forecast to be US$37.62/t in the first five years with an average US$41.23/t over the life of mine (excluding royalties). Including royalties, FOB cash cost forecasts are US$39.37/t and US$42.68/t respectively. The average life of mine FOB cash cost in the Upside case is around US$2.00/t lower due to economies of scale.

The Project has an ungeared net present value ("**NPV**") of US$78M (Base case with dozer push) to US$111M (Upside case) based on a long term coal price for Katingan Ria coal of US$52/t. It is most sensitive to changes in operating costs and coal price and least sensitive to changes in capital expenditure.

The Project is well advanced and has a high level of support from the local community and government. The balance of 49% of PTKR is held by professional Indonesian partners.

The following strengths have been identified for the Project:

- The deposit (89.9Mt JORC resource, 29Mt JORC reserve) is structurally simple with a low strip-ratio, therefore leading to lower mining costs.
- The coal (4,200 GAR Kcal/kg raw coal basis) is relatively homogenous, low in sulphur (0.2%) and most likely to be marketed to the rapidly growing demand centres in India, China, Korea and Thailand.
- Low start-up capital.
- The Project requires no rail or port infrastructure to be developed and therefore could be brought into production relatively quickly.

The key technical risks for the Project are:

- FOB cost factors associated with river seasonality and the transport distance to the coast.
- Margins received from the sale of the coal are very sensitive to coal price assumptions and potential increases in operating costs.

2. PROJECT LOCATION AND SUMMARY

The Katingan Ria coal project is located near the town of Tumbang Samba in Central Kalimantan, Indonesia (Figure 1). The Project mining concession covers an area of some 4,258 ha within an area that has already been subject to commercial forestry operations (IUP Exploitation No. IUP OP No. 545/222/KPTS/VIII/2011). The Project aims to be a 2.5Mtpa – 3.0Mtpa open cut mine. Coal is transported from the pit by 60 t road trucks approximately 40km - 45km to a stockpiling and barge loading facility on the Katingan River. Barges will then transport coal 435km to the river mouth for transhipment into coal ships for delivery to market.

Coal will be sold "unwashed", meaning there is no metallurgical treatment required to achieve a saleable product. The coal is expected to be predominately sold as a low ash and low sulphur coal ideally suited for modern Indian and Chinese power generation.

Directors' Report (continued)

Figure 1: Katingan Ria project location

3. GEOLOGY, RESOURCES AND RESERVES

The Katingan Ria deposit, which is found within the Dahor formation in the Barito Basin, occurs as a series of flat lying seams ranging in thickness from 0.1m to 8m, interbedded with weathered sandstones. Structurally, the sequence is horizontal to shallow dipping and displays some gentle folding, a 15m – 40m fault down-throws the sequence in the north of the tenement. The most laterally extensive seam is the Main Seam, which remains the predominant target seam for the Project. The Main Seam typically ranges in thickness from 4.5m to 5.5m in areas to the southeast of the fault, and has an average total thickness of 3.80m across the total JORC Resource area (Figure 2 and 3).

Directors’ Report (continued)

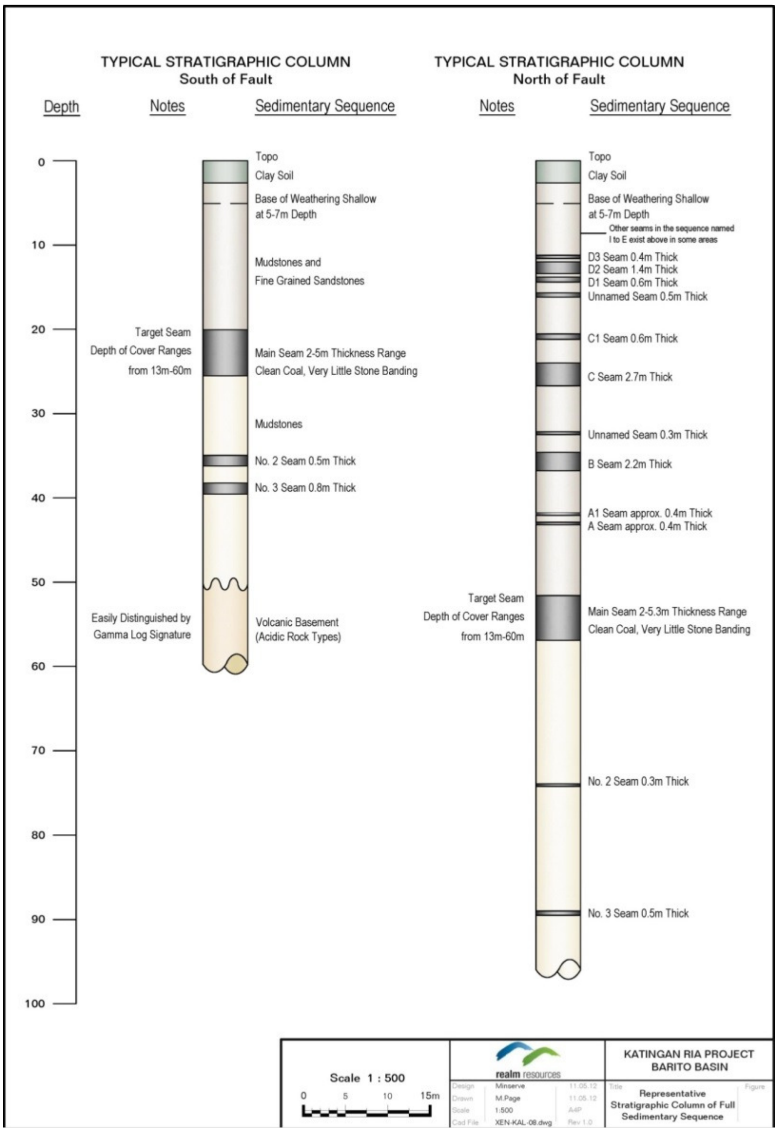

Figure 2: Katingan Ria – Typical Stratigraphic Column

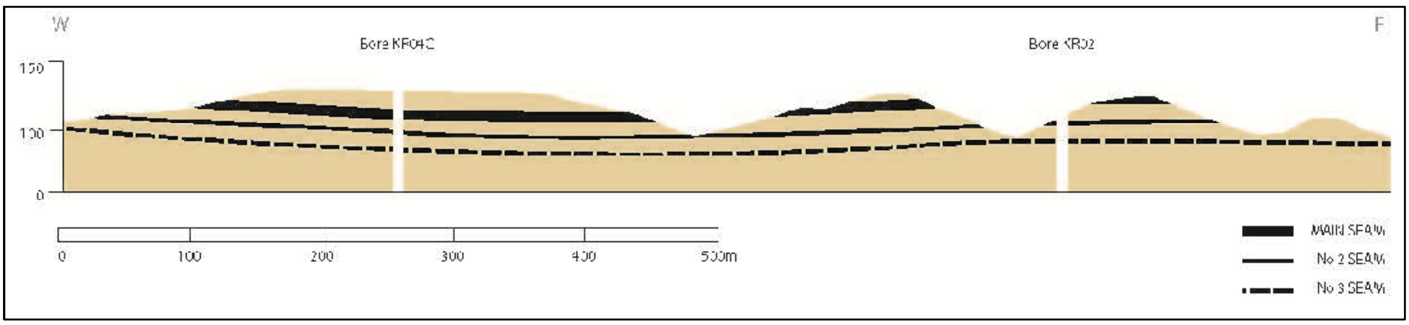

Figure 3: Geological Cross Section – Southern Resource Proposed Mining Area

Directors' Report (continued)

Overall, the Project is estimated to contain a JORC compliant Resource of 89Mt. Resources total 63.3Mt in the Main Seam, 20.8Mt in the upper Seams and the remaining 4.7Mt in the lower Seams. The Resource has a total of 5.7Mt in the Measured category, 44.1Mt in the Indicated category and the remaining 39.0Mt in the Inferred category (Table 1).

Table 1 – Coal Resource Summary

Seam	Measured (Mt)	Indicated (Mt)	Inferred (Mt)	Total
Upper Seams		7.0	13.8	20.8
Main Seam	5.7	37.1	20.5	63.3
Lower Seams			4.7	4.7
Total	**5.7**	**44.1**	**39.0**	**88.8**

Coal reserves have been estimated by applying realistic mining, metallurgical, economic, marketing, legal, environmental, and government factors to the coal resources. No metallurgical factors have been applied as the ROM coal is sold as a raw coal without processing. The coal reserves are based on a long - term coal price of $52/t for Katingan Ria coal (note: based on an internal Market Study by Salva Resources in November 2012, this equates to a long term Hunter Valley coal price of around $104/t). At Katingan Ria, all coal reserves have been classified as probable due to the coal price and barging risks (Table 2 and 3).

Table 2: Total Open Cut Coal Reserve Quantities (February 2013) (Mt) (gar @ 30% moisture)

Area	B Seam Probable (Mt)	Main Seam Probable (Mt)	Total Reserves Probable (Mt)
North of Fault	1.7	6.8	**8.5**
South of Fault - Permit Zone*	0.8	18.0	**18.8**
South of Fault - Other	0.2	1.6	**1.8**
Total	**2.7**	**26.4**	**29.1**

** Note: Permit zone = current phase 1 permit for the initial mining area in the southern part of the lease*

Table 3: Total Open Cut Coal Reserve Qualities (February 2013) (Mt) (gar @ 30% moisture)

Area	B Seam Ash	B Seam CV	Main Seam Ash	Main Seam CV	Avg. Ash	Avg. CV
North of Fault	12.61	4,059	10.47	4,324	**10.91**	**4,270**
South of Fault - Permit Zone	15.27	4,245	8.27	4,248	**8.58**	**4,248**
South of Fault - Other	9.98	4,249	9.91	4,275	**9.92**	**4,272**
Total	**13.25**	**4,127**	**8.94**	**4,269**	**9.34**	**4,256**

Indicative coal quality specifications in the initial mining area are shown in Table 4.

Directors' Report (continued)

Table 4: Indicative specification for Katingan Ria coal

Raw Coal Quality Katingan Main Seam Data - Insitu Permit Area 1 In situ						Mar-13
			AS RECEIVED	AIR DRIED	DRY	DRY ASH FREE
Moisture (%):	Total		***30.0***			
Proximate Analysis (%) :	Inherent Moisture			18.9		
	Ash		7.9	9.1	11.3	
	Volatile Matter		32.9	38.1	47.0	53.0
	Fixed Carbon		29.2	33.8	41.7	
Fuel Ratio				0.9		
Total Sulphur (%):			0.18	0.20	0.25	0.28
Phosphorus (%):			0.004	***0.005***	0.006	0.01
Chlorine (%):			0.009	0.010	0.012	0.014
Calorific Value :	Gross	(kcal/kg)	4266	4940	6094	6865
	Net	(kcal/kg)	3951	4600	5600	6400
	Gross-Net	(kcal/kg)	315			
Ultimate Analysis (%) :	Carbon		44.8	51.9	64.0	72.1
	Hydrogen		3.2	3.7	4.5	5.1
	Nitrogen		0.5	0.6	0.7	0.8
	Oxygen by difference		13.4	15.5	19.1	21.54
	Sulphur		0.19	0.22	0.27	0.30
Ash Analysis	SiO_2	48.3		K_2O	0.2	
(% in dry ash)	Al_2O_3	29.5		TiO_2	1.6	
	Fe_2O_3	8.2		Mn_3O_4	0.10	
	CaO	5.7		SO_3	3.6	
	MgO	1.57		P_2O_5	0.13	
	Na_2O	0.06		Total	99	
HGI:	62					

(Source: Xenith Consulting Pty Ltd and M Resources Pty Ltd 4 April 2013)

4. MINING

The mining strategy is to commence mining near the south-eastern limit of the concession for the following reasons:

- Minimising coal haulage distance to the barge transfer station on the Katingan River;
- Located close to readily available waste dump locations;
- Targeting a start-up area where current geological modelling indicates attractive coal quality; and
- Lowest available strip ratio.

In the Base Case, coal production aims to ramp up from 1.15 Mt in Year 1 and 2.0 Mt in Year 2 up to the aimed maximum production rate of 2.5 Mtpa from Year 3 onwards. The mining schedule for the Base Case involves mining waste year round (dry periods inclusive), while ceasing coal mining operations in the dry months from July to October. The roof of the coal will not be exposed during the dry periods. A small cover of waste will be maintained over the coal to minimise the potential of spontaneous combustion of the in-situ coal.

Directors' Report (continued)

In the Upside Case coal and barging rate achieves 3 Mtpa because coal production and barging does not cease between July and October (dry season) but is reduced (see Table 5).

Table 5: Annual Coal and Waste Mining Schedule

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	Total
Upside Case																	
Waste (Mbcm)	2.9	4.2	8.9	11.2	11.2	11.2	11.2	11.2	11.2	11.2	10.7	10.2	10.2	2.5			**128.0**
ROM Coal Mined (Mt)	1.2	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	0.8			**36.9**
Base Case																	
Waste (Mbcm)	3.8	4.0	4.2	6.3	8.0	11.2	11.2	11.2	10.8	9.6	9.6	9.6	9.6	9.6	6.9	2.5	**128.0**
ROM Coal Mined (Mt)	1.0	1.7	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	1.5	**36.9**

The mining schedule achieves peak production of 2.5 – 3.0Mtpa ROM from year three (Figure 4). This yields a 14 to 16 year mine life with 37 Mt ROM coal and 128 Mbcm of waste. The Main Seam contains the bulk of coal with 34.4 Mt ROM at average energy, ash and thickness of 4,255 kcal/kg (ar), 9.0% (ar), and 3.20 m respectively. Qualities and quantities are reported to a 30% as received moisture basis.

Directors' Report (continued)

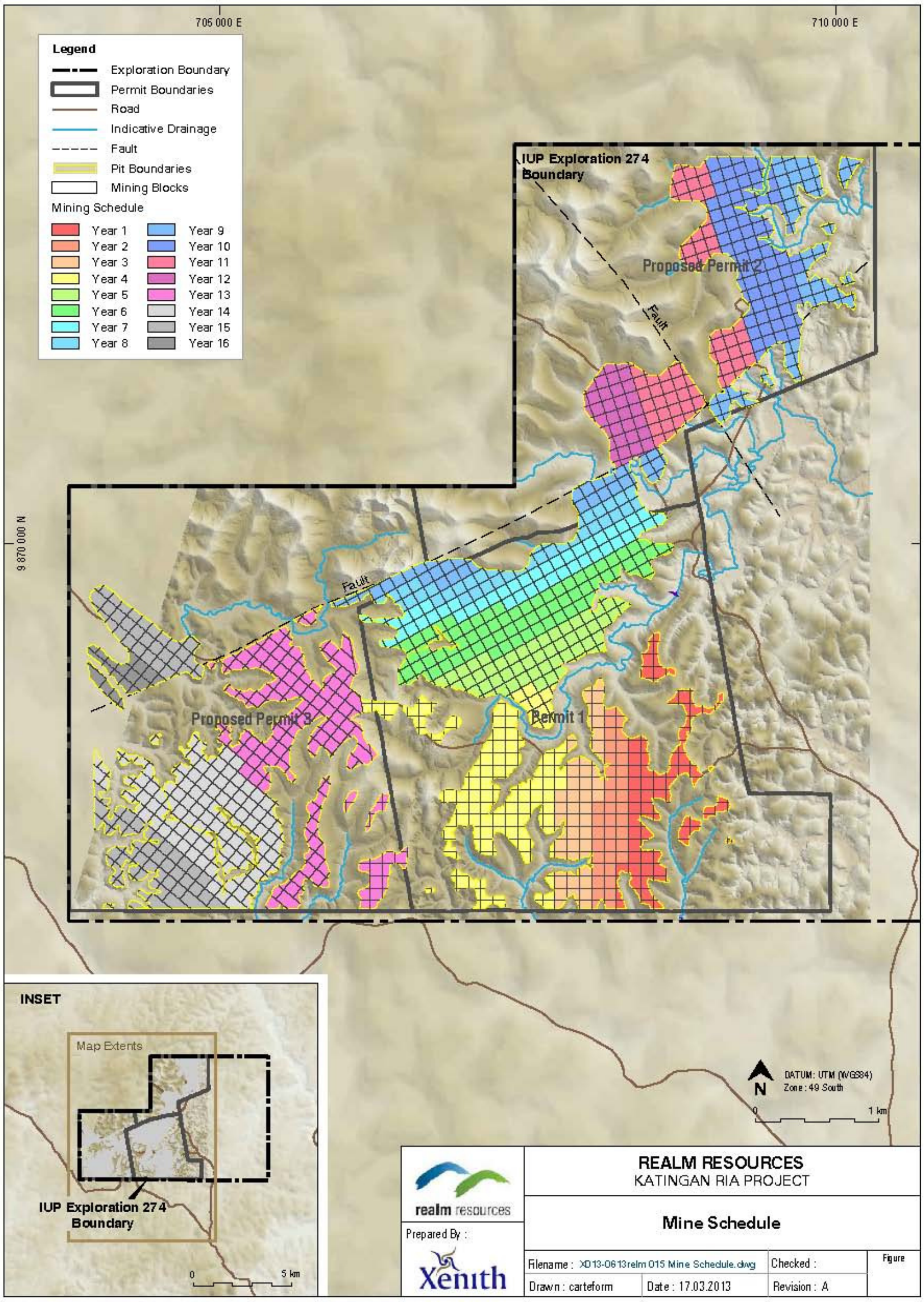

Figure 4: Base Case mine schedule

Directors' Report (continued)

5. LOGISTICS

Coal will be hauled approximately 40km - 45km by road from the mine to the Upper Stockpile ("**USP**"). After crushing and sizing of coal to 50mm, the coal will be loaded onto barges and transported approximately 435km on the Katingan River to the coast, where coal ships will be loaded for delivery to market (Figure 5).
Logistics for transport of the coal would consist of the following:

- Mining and road haulage of ROM coal direct from the mine pit to the USP barge port location;
- Crushing and sizing of coal to 50mm at the USP;
- Loading of coal to barges and transport down the Katingan River to a Staging Post immediately south of the Kasongan Bridge ("**KSP**"), a distance of approximately 130km;
- Barge to barge transfer of coal at the KSP to "top up" any barges that, due to low water levels, were unable to travel fully loaded on the upper section of the river ; and
- Barge transport from the KSP to Loading to mother vessels ("**MV**") at Pegatan Anchorage, a distance of approximately 304km;

In addition, an option exists to add, at a later stage, an Intermediate Stockpile at Jahan Jiang, some 125km south of the KSP, if it is deemed necessary to stockpile coal closer to the MV for continuous loading.

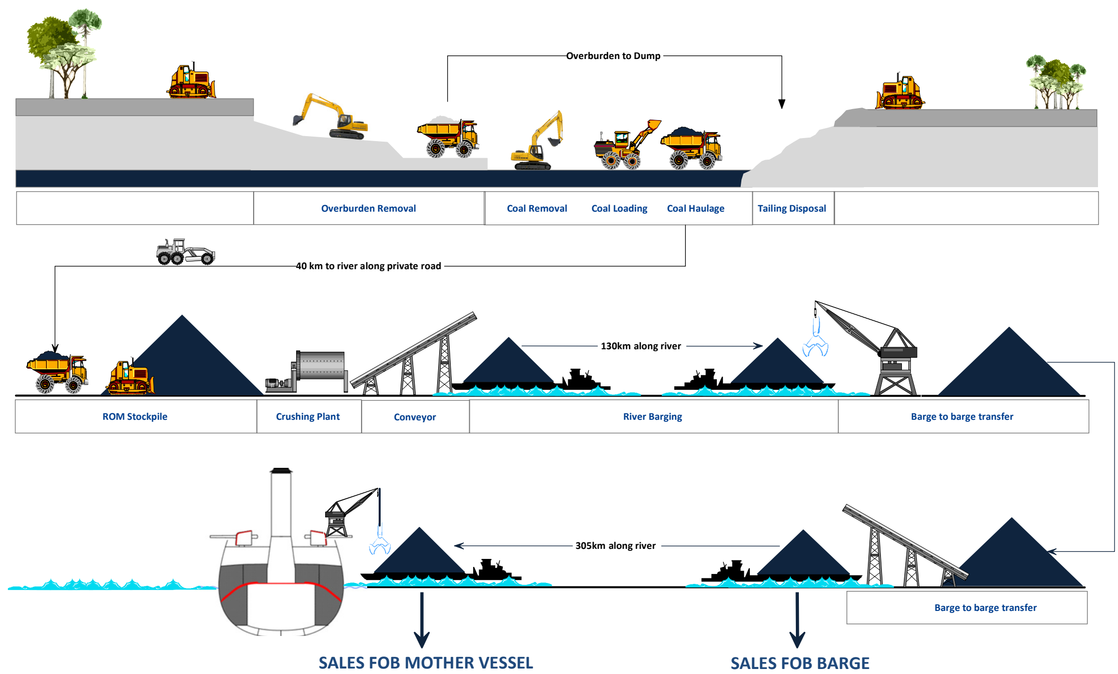

Figure 5: Schematic of the Coal Transportation Chain

Directors' Report (continued)

Barging is considered one of the most critical processes for the Project due to the variability of water levels in the Katingan River, and particularly in the upper reaches during the dry season between July and October. A 250ft jumbo barge will be used for coal transport from the Upper Stockpile to the Mother Vessel. This type of barge has proven coal transport abilities and provides effective barging in rivers with varying water levels.

It is planned to half load (~2,500 t) the barges at the USP and send them in tandem to the staging post near the Kasongan Bridge during the periods of lower water levels. The barge will be fully loaded (~5,000 t) from the USP to the KSP at higher water levels. Some dredging will be needed in a handful of locations between the USP and KSP.

Given the seasonality in the river, the Base Case assumes that barging and coal mining would not be conducted for periods between July and October, and the coal and barging rate be set at 2.5 Mtpa to mitigate this risk. Between July and October, there is potential to catch up capacity that was lost in previous months or increase capacity to around 3.0mtpa (Upside Case), water level permitting. Analysis indicates that this type of barging can achieve the required throughput of 2.5 Mtpa at an average operating cost of US$0.030/t/km for the Base Case and 3.0Mtpa at US$0.027/t/km for the Upside Case. This will require a fleet of 40 barges.

6. ECONOMIC ANALYSIS

Capital and operating costs were established for the Base Case and Upside Case, together with several variations including:

- Owner-operator barging,
- Use of an Intermediate Stockpile near Kasongan instead of a staging post; and
- Use of dozer-push.

6.1 Capital costs

The Project is not capital intensive due to the use of local contractors through most project stages. The capital requirement for both the Base and Upside Case is US$18.5m as the installed capacity of equipment needed is the same in both a 2.5 Mtpa and 3.0 Mtpa cases.

A conservative project contingency of 30% of capital has been assumed (US$4.3m). Sustaining capital of US$1.5m has been allocated to account for on-going items such as dredging and engineering studies (Table 6).

Table 6: Capital Cost Summary

Item	Cost (US$ M)
Mine Development – Mine Site	2.0
Haul Road	3.4
River Dredging	3.0
Upper Stockpile (USP)	2.2
Kasongan Staging Post	1.5
Land Compensation / Acquisition	1.0
Engineering and Project Management	1.1
Project Contingency (30%)	4.3
Total Capital	**18.5**
Working Capital Requirement	**5.9**
Total Capital + Working Capital	**24.4**
Sustaining Capital Expenditure (per Annum)	1.5

Directors' Report (continued)

6.2 Operating costs

Mining (including haulage) and barging and transhipment costs are the major components of total operating cost. The operating cost in the initial years is lower due to mining targeting the low strip ratio areas in the south of the mining Permit area. In the Base Case, the average operating cost over the first five years is US$37.62/t excluding royalties (US$39.37/t including royalties), while the LOM average operating cost US$41.23/t excluding royalties (US$42.68/t including royalties) (Table 7).

Table 7 First Five Years Operating Cost Summary for Base Case, Excluding Royalty

Item	Y1 ($/t)	Y2 ($/t)	Y3 ($/t)	Y4 ($/t)	Y5 ($/t)	Average
Mining Costs	17.26	17.67	15.42	16.31	18.11	**16.85**
ROM Stockpile and Crushing	3.50	3.50	3.50	3.50	3.50	**3.50**
Barging and Transhipment	13.34	14.96	15.35	16.04	16.04	**15.51**
Overheads	1.02	1.18	1.22	1.22	1.22	**1.20**
Other	0.87	0.81	0.53	0.48	0.48	**0.57**
Total	**35.99**	**38.13**	**36.02**	**37.54**	**39.35**	**37.62**

In the Upside Case LOM operating cost is around US$2.00/t lower than the Base Case due to the economies of scale from output of 3.0 Mtpa (Table 8).

Table 8: First Five Years Operating Cost Summary for Upside Case, Excluding Royalty

Item	Y1 ($/t)	Y2 ($/t)	Y3 ($/t)	Y4 ($/t)	Y5 ($/t)	Average
Mining Costs	15.84	15.93	16.05	19.57	20.03	**18.07**
ROM Stockpile and Crushing	3.50	3.50	3.50	3.50	3.50	**3.50**
Barging and Transhipment	13.35	14.16	14.24	14.51	14.51	**14.32**
Overheads	1.02	1.27	1.34	1.22	1.22	**1.24**
Other	0.87	0.72	0.46	0.40	0.40	**0.49**
Total	**34.58**	**35.57**	**35.59**	**39.20**	**39.66**	**37.63**

6.3 Valuation

The Project valuation was undertaken using the discounted cash flow method with ungeared, real estimated cash flows. The model assumes 100% contract mining and barging, with the contractors supplying plant and equipment.

Key assumptions used in project evaluation are:

- A long term coal price of US$52/t for Katingan Ria coal. This is based on the Salva Marketing Report dated November 2012. Based on past relationships, this equates to a long term Hunter Valley coal price of around $104/t;
- All sunk costs to date have been excluded from the financial evaluation; and
- The Project would operate within the Indonesian tax environment and be taxed at 30%.

A valuation for the Base and Upside Cases was conducted, along with the dozer-push, Intermediate Stock Pile, and owner-operator barging scenarios. The addition of dozer-push yields an increase in value of approximately US$4m, with the Base Case yielding an NPV of US$78m and the Upside Case an NPV of US$11m.

Directors' Report (continued)

The Project valuation is most sensitive to changes in coal price and operating costs and is largely insensitive to capital expenditure. In the Base Case, a ±10% increase in the coal price adds US$49m to the valuation while a 10% increase in operating costs reduces the value by US$45m. A 10% increase or decrease in capital expenditure only has a US$2m impact on the NPV.

7. OWNERSHIP AND PROJECT APPROVALS

Realm, through its wholly owned subsidiary Kalres, has direct ownership of 51% of PT Katingan Ria, the Company which holds the coal asset (see Figure 6). The Shareholders Agreement executed by Kalres, SMAA and Pak Kenedy Pisy is the main document which governs the relationship between the shareholders. In addition, an area of exclusive cooperation between RRP and SMAA for the acquisition and development of further coal mines and necessary related infrastructure has been established.

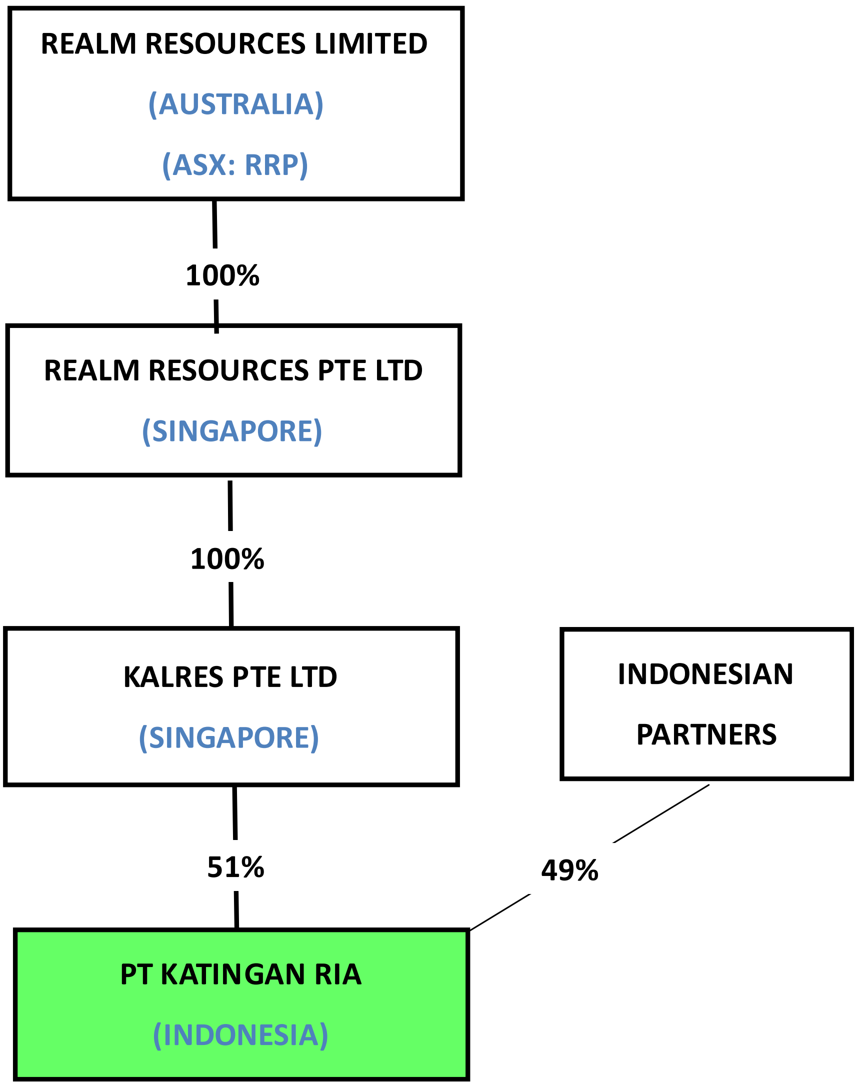

Figure 6: Realm's corporate structure

Directors' Report (continued)

Permitting is well advanced and the Company expects to complete all activities for the submission of the final Borrow to Use Permit or Pinjam Pakai towards mid-2013, and is targeting H2 2013 for the granting of the final Borrow to Use (Izin Pinjam Pakai).

To date, the Project has received the following material licenses and permits:

Table 10 – Katingan Ria - status of licensing and compliance

Licence	Status	Maximum Area	Additional requirements
IUP Exploration	Granted on 23 December 2008	5,053 Ha	None
IUP Operation Production (*IUP Operasi Produksi)*	Upgraded on 9 August 2011	4,258 Ha	*Izin Pinjam Pakai* shall be obtained prior to commencement of the operation and production activities.
Environmental document (*AMDAL*)	Approved 6 May 2011		None
Izin Pinjam Pakai Exploration	Initially granted on 1 November , thereafter on 24 June 2011	2,681 Ha and 1,600 Ha	None
In principle approval of *Izin Pinjam Pakai* operation production	Granted on 7 November 2012	3,058.25 Ha	None
Izin Pinjam Pakai operation production	In process	1,000Ha 1,000 Ha 1,000 Ha	Will be granted in stages with the first stage to be given for 1,000 Ha. The boundary marking and timber inventory has been completed, finalisation of outstanding steps is underway.

8. Project Execution

Policies and procedures have been established for the execution phase, including human resources, operations, safety and health, community and environment, information and risk management.

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

Directors' Report (continued)

PLATINUM GROUP METALS
Realm Resources (Pty) Ltd
(74% owned subsidiary)

In March 2012, Realm secured Section 11 consent enabling the acquisition of Kliprivier, Ghost Mountain and Tinderbox on the Eastern Limb of the Bushveld Igneous Complex in South Africa. Kliprivier contains an inferred resource of 109.6Mt @ 2.3g/t (3PGE+Au) containing 7.6Moz of PGMs (undiscounted).

Following completion of the transaction, Realm holds 95% of Kliprivier and 100% of Ghost Mountain and Tinderbox respectively. Gaining control of the assets enables Realm to take meaningful action to maximise the value of these assets.

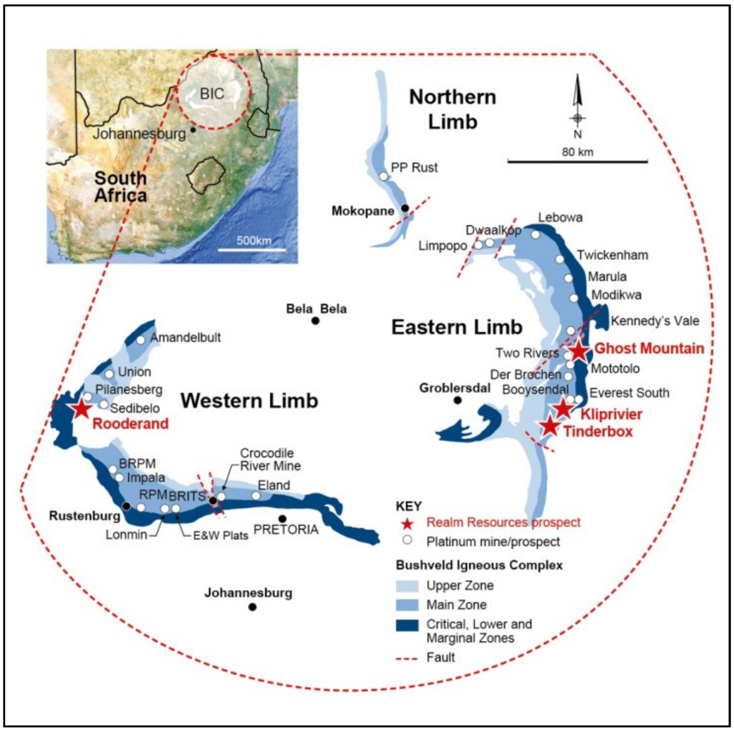

Figure 7 Location of Realm's PGM projects.

Directors' Report (continued)

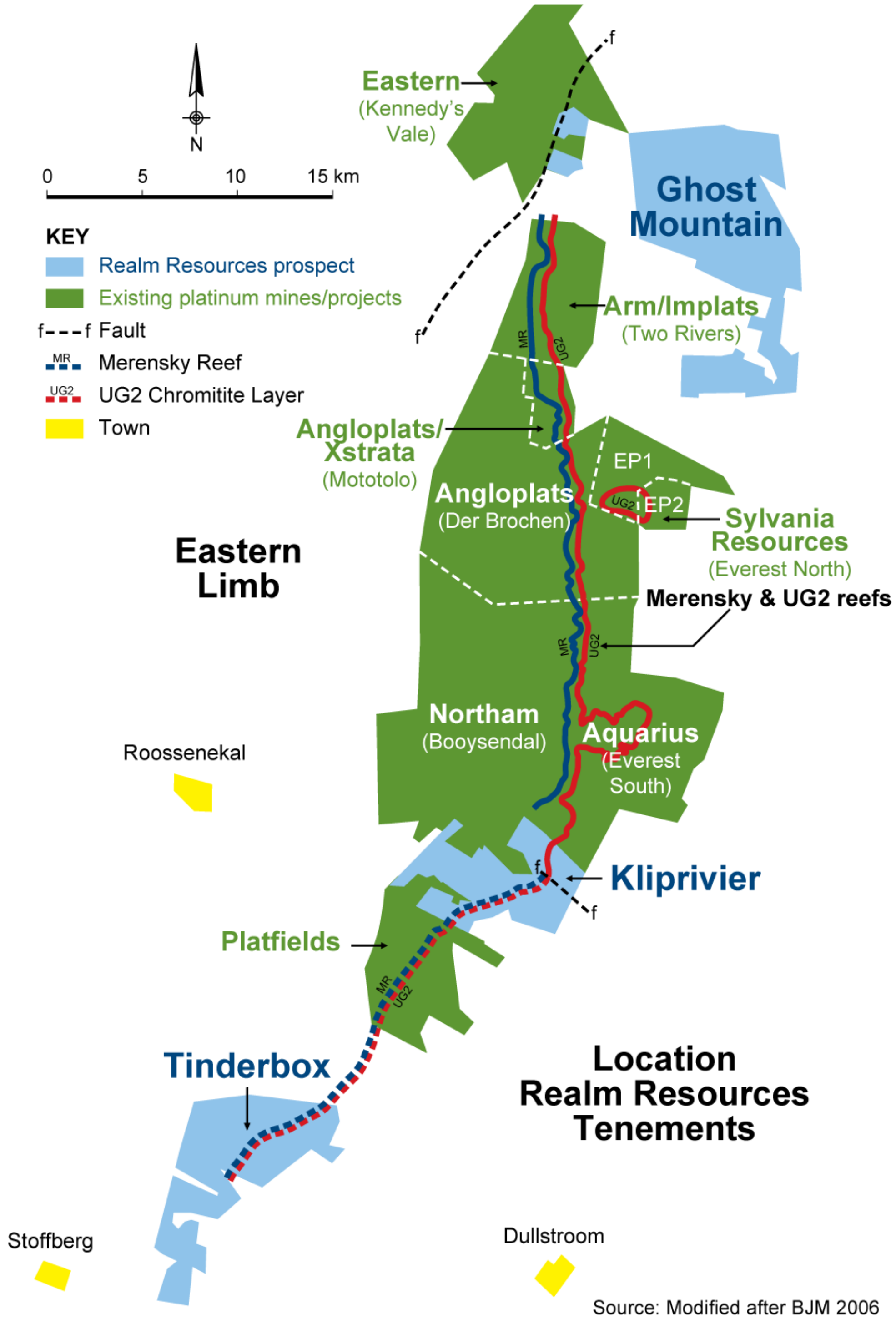

Figure 8 -- Kliprivier, Ghost Mountain and Tinderbox Prospect locations.

Directors' Report (continued)

Competent Persons Statement – Kliprivier, Ghost Mountain and Tinderbox projects
The information in this announcement which relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr. Allen Maynard, who is a Member of the Australian Institute of Geoscientists and a Corporate Member of the Australasian Institute of Mining and Metallurgy. Mr. Maynard is the principal of Al Maynard & Associates Pty Ltd and has over 30 years of exploration and mining experience in a variety of mineral deposit styles. Mr Maynard has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Maynard consents to inclusion in the Directors' Report of the matters based on his information in the form and context in which it appears.

On 13 August 2012, Realm announced that it had entered into an agreement (the "**Agreement**") with Chrometco Limited ("**Chrometco**" – JSE: CMO) and Nkwe Platinum Rooderand (Proprietary) Limited ("**Nkwe**" – ASX: NKP) that would lead to the establishment of a 'stand-alone' company focussed on advancing PGM and chrome assets in South Africa.

The Agreement allowed Nkwe and Realm to cancel the existing farm-in agreement and sell the platinum group and base metal mineral rights as well as historical drill core and geological data to Chrometco. Chrometco holds a mining right for chrome on the same Remaining Extent of the Farm Rooderand 46 JQ property in South Africa (Figure 9).

In terms of the Agreement, Nkwe is in the process of renewing its new order prospecting right for platinum group metals and gold and cobalt, copper and nickel on the Property. Nkwe has agreed to transfer its geological data and the drill core to Chrometco and conditionally abandon its prospecting right subject to the granting of the Section 102 Consent of the Mineral and Petroleum Resources Development Act in favour of Chrometco. Subject to the fulfilment of the conditions precedent set out below, Chrometco would issue 45M Chrometco ordinary shares to Realm and 45M to Nkwe, leading to Realm and Nkwe holding approximately 16% each of Chrometco (assuming no further Chrometco shares being issued). The first tranche of 20 million new ordinary Chrometco shares were allotted to both Realm and Nkwe (i.e. 10 million shares to each) following Chrometco shareholder approval on 2 November 2012. The Company will receive the balance (i.e. 35m Chrometco shares) following the granting of the Section 102 Consent. Both Nkwe and Realm also have board representation on Chrometco.

The consolidation of the mineral rights would unlock significant synergies for the benefit of all parties. Geologically, the economic horizons (reefs) all outcrop on surface and occur in close proximity to each other and furthermore some of the PGM bearing horizons contain by-product chromite ("**Cr**") and the Cr horizons contain by-product PGMs, making a strong case for combined mining and processing operation. Upon approval of the transfer of the PGM and Base Metal rights, the rights would become part of an existing mining right with a reduced approval timeframe.

Directors' Report (continued)

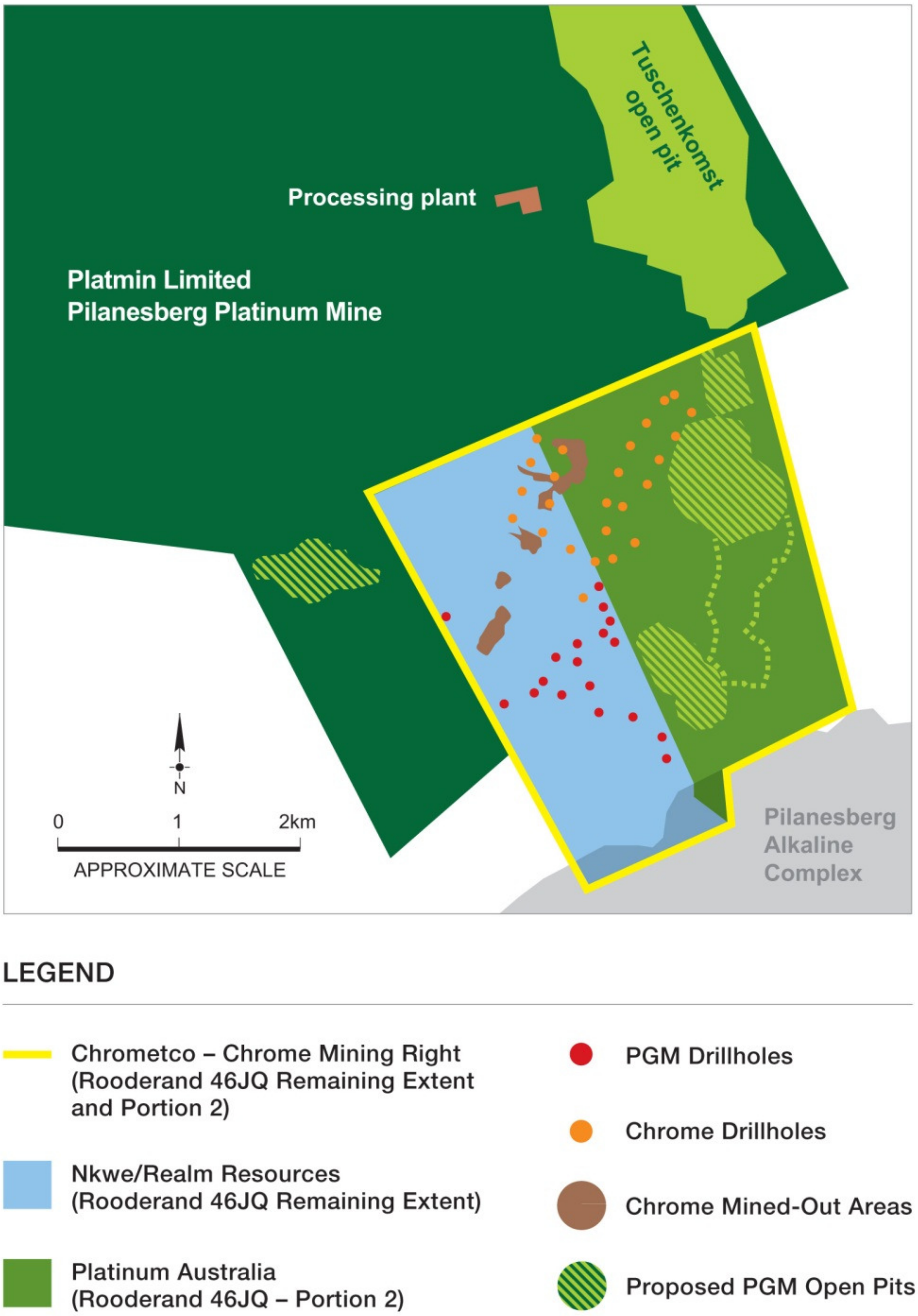

Figure 9 Location of Chrometco's chrome and Nkwe/Realm's PGM and base metals rights

Directors' Report (continued)

Key value drivers are:

- Time to mining significantly reduced via merger of PGM and Base Metals rights into Chrometco's mining right for Cr via the Section 102 process;
- Upgrading resource categorization via combination of existing geological information and limited additional work;
- Reducing capital and timing to cash flow by accessing nearby underutilised processing infrastructure;
- Developing synergistic Cr from PGM and PGM from Cr operations – i.e., ability to mine all the minerals simultaneously, which would allow for more cost efficient mining;
- Expanding operations into neighbouring and other shallow mining PGM/Cr properties; and
- Improving critical mass and ability to finance development as well as attractiveness to logical PGM/Cr consolidation buyers.
- The successful execution of the amendment of the Chrometco Mining Right by the addition of the Prospecting Right.

Competent Persons Statement – Rooderand Project

The information in this announcement that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Nico Bleeker, who is a member of the South African Council for Natural Scientific Professions (SACNASP). Mr Bleeker is employed by Witkop Fluorspar Mine (Proprietary) Limited. Mr Bleeker has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Bleeker consents to the inclusion in the Directors' Report of the matters based on his information in the form and content in which it appears.

ALUMINIUM

Alumicor SA Holdings (Pty) Ltd
(74% owned subsidiary)

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

Health and Safety

There were no disabling injuries during the period under review. The focus on safety training and monitoring continues.

Directors' Report (continued)

Management has considered a range of options including sale, joint ventures and further growth and has concluded that at this time, the focus will remain on maximising cash flow from the South African operation. In this regard, volume expansion on a fixed cost base would yield the best result. As such, in 2012 management applied for and was granted, the right to expand the maximum tonnage treated from 1,400 t per month to 2,100 t per month. Management have since commenced investigations into ways to expand production via accessing additional dross from Hulamin or, if necessary, from other third parties with Hulamin's cooperation.

Table 11: Smelting and recovery performance comparison

Alumicor	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	% change Q1 2013
Tons smelted	4,562	3,739	4,527	5,172	4,505	4,411	(2%)
Average recovery	57%	56%	60%	63%	62%	64%	3%

Operations

During the period under review, there was a decline in dross volumes delivered by Hulamin, largely attributable to the festive season shutdowns as well as unforced shutdowns in the new year reducing volume capacity to Alumicor by 33%. Discussions are underway with Hulamin to secure alternative sources of feedstock given that business performance is volume dependent. Further information on these initiatives will be released in due course.

Financial – Alumicor SA Holdings Proprietary Limited

The significantly reduced volumes from Hulamin resulted in an operating loss for Alumicor during the period under review. Management of operating costs continues together with ongoing efforts to improve process efficiency.

BUSINESS DEVELOPMENT

The Company is focused on creating shareholder value through the exploration and development of bulk commodity projects, particularly coal and the Katingan Ria Project, and continues to seek value optimisation strategies for the PGM and Aluminium businesses and seek complementary value-adding opportunities in the resource sector.

CORPORATE

During the first quarter of 2013, Realm Resources and its partners announced that the commercial way forward for the development of its 51% held Indonesian thermal coal project, Katingan Ria, was clarified following termination of the Master Agreement with its Indonesian Partners (PT SMAA). Consequently, Realm's option to acquire an additional 24% in Katingan Ria for additional staged payments totalling US$17m was cancelled (see RRP: ASX announcement of 12th April 2011 for further details).

Directors' Report (continued)

EVENTS SUBSEQUENT TO BALANCE DATE

On 20 August 2013, the Company announced that it was undertaking a partially underwritten pro-rata renounceable entitlement offer of 39 new shares for every 7 existing ordinary shares in the issued capital of RRP ("**Share**") held as at 7:00pm (AEST) on 28 August 2013 ("**Record Date**") at an issue price of $0.004 per Share ("**Entitlement Offer**"). Under the original timetable, the Entitlement Offer opened at 10:00am (AEST) on 30 August 2013 and was to close at 5:00pm (AEST) on 13 September 2013. The timetable was subsequently withdrawn and a new timetable will be announced shortly.

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 23.

Signed in accordance with a resolution of the directors.

Richard Rossiter
Executive Chairman

Sydney
13 September 2013

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 2013, 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.

Sydney, NSW
13 September 2013

A G Smith
Partner

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 30 June 2013

	Note	Half-year ended 30 June 2013 $	Half-year ended 30 June 2012 $
Revenue from continuing Operations			
Sales and rendering of services		1,818,329	1,908,776
Cost of sales		(936,259)	(984,041)
Gross profit		882,070	924,735
Interest Income	3	154,976	123,774
Other revenue		18,318	20,242
Other income		-	5,216
Impairment loss – loan granted		-	(1,371,973)
Technical expenses		(186,641)	(486,679)
ASIC, ASX and share registry expenses		(34,717)	(37,809)
Due diligence expenses		-	-
Occupancy expenses		(79,197)	(58,818)
Consultancy fees		(596,729)	(502,702)
Audit fees		(81,847)	(95,823)
Directors' fees		(206,352)	(531,143)
Share based compensation expense		-	-
Administrative expenses		(1,426,801)	(1,601,178)
Other expenses		(187,487)	(101,419)
Borrowing costs		(194,476)	(403)
Loss from continuing operations before income tax		(1,938,883)	(3,713,980)
Income tax benefit/(expense)		53,189	(162,206)
Net loss for the period		(1,885,694)	(3,876,186)
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		1,006,190	(85,589)
Total comprehensive income/(loss) for the period		(879,504)	(3,961,775)
Total profit (loss) for the period attributable to:			
Non-controlling interest		(224,816)	618
Members of the parent		(1,660,878)	(3,876,804)
		(1,885,694)	(3,876,186)
Total comprehensive income/(loss) for the period is attributable to:			
Non-controlling interest		(224,816)	618
Owners of the parent		(654,688)	(3,962,393)
		(879,504)	(3,961,775)
		Cents	**Cents**
Earnings per share for profit/(loss) from continuing operations attributable to the ordinary equity holders of the Company:			
Basic (loss)/earnings per share		(0.41)	(1.24)
Diluted (loss)/earnings per share		(0.33)	(1.23)

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

Consolidated Statement of Financial Position
As at 30 June 2013

	Note	30 June 2013 $	31 December 2012 $
ASSETS			
Current assets			
Cash and cash equivalents		988,650	2,492,636
Trade and other receivables		433,019	478,136
Inventories		13,247	11,604
Current tax assets		221,407	-
Other assets		36,425	81,097
Total current assets		1,692,748	3,063,473
Non-current assets			
Receivables		26,341	27,077
Available for sale financial assets		195,260	227,200
Plant and equipment		1,632,899	1,804,057
Deferred tax assets		163,654	170,969
Exploration and evaluation assets	9	16,370,700	15,115,523
Total non-current assets		18,388,854	17,344,826
TOTAL ASSETS		20,081,602	20,408,299
LIABILITIES			
Current liabilities			
Trade and other payables		560,415	771,530
Current tax liabilities		456	3,704
Borrowings	7	6,389,650	6,386,812
Total current liabilities		6,950,521	7,162,046
Non-current liabilities			
Deferred tax liabilities		294,977	90,268
Total non-current liabilities		294,977	90,268
TOTAL LIABILITIES		7,245,498	7,252,314
NET ASSETS		12,836,104	13,155,985
EQUITY			
Capital and reserves			
Contributed equity	5	40,586,108	40,392,135
Retained earnings		(27,520,356)	(25,859,478)
Reserves		(359,745)	(1,731,585)
Attributable to owners of Realm Resources Limited		12,706,007	12,801,072
Non-controlling interests		130,097	354,913
TOTAL EQUITY		12,836,104	13,155,985

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

Consolidated Statement of Cash Flows
For the half-year ended 30 June 2013

	Consolidated	
	Half-year ended 30 June 2013	Half-year ended 30 June 2012
	$	$
Cash flows from operating activities		
Receipts from customers	1,828,256	1,964,649
Payments to suppliers and employees	(3,226,161)	(4,082,145)
Interest received	31,081	30,776
Income tax payments	(93,627)	(233,294)
Net cash flows used in operating activities	(1,460,451)	(2,320,014)
Cash flows from investing activities		
Purchase of property, plant and equipment	(42,504)	(182,328)
Net cash flows used in investing activities	(42,504)	(182,328)
Cash flows from financing activities		
Loan made	-	(128,180)
Proceeds from borrowings	28,582	719,971
Payment of finance lease liabilities	-	(4,786)
Net cash flows used in financing activities	28,582	587,005
Net (decrease)/increase in cash and cash equivalents held	(1,474,373)	(1,915,337)
Net foreign exchange differences	(29,628)	(47,858)
Cash and cash equivalents at the beginning of period	2,492,651	3,264,206
Cash and cash equivalents at end of period	988,650	1,301,011

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

Consolidated Statement of Changes in Equity
For the half-year ended 30 June 2013

	Ordinary shares $	Other Reserves $	Employee equity benefits reserve $	Foreign currency translation reserve $	Retained earnings $	Total Equity attributable to members $	Attributable to non-controlling interest $	Total equity $
	Attributable to members of Realm Resources Limited							
Balance as at 1 January 2012	30,877,930	-	123,040	(1,509,510)	(16,905,091)	12,586,369	486,014	13,072,383
(Loss) for the period	-	-	-	-	(3,876,804)	(3,876,804)	618	(3,876,186)
Other comprehensive income	-	-	-	(85,589)	-	(85,589)	-	(85,589)
Total comprehensive income for the period	-	-	-	(85,589)	(3,876,804)	(3,962,393)	618	(3,961,775)
Transactions with owners in their capacity as owners:		-						
Minority interest share of losses absorbed by parent	-	-	-	-	(29,586)	(29,586)	29,586	-
Shares issued during the year, net of transaction costs	9,432,890	-	-	-	-	9,432,890	-	9,432,890
Balance as at 30 June 2012	40,310,820	-	123,040	(1,595,099)	(20,811,481)	18,027,280	516,218	18,543,498

For the period ended 30 June 2013

	Ordinary shares $	Other Reserves $	Employee equity benefits reserve $	Foreign currency translation reserve $	Retained earnings $	Total Equity attributable to members $	Attributable to non-controlling interest $	Total equity $
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 during the year, 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

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 2013

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 financial 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 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 2012 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.

For the purpose of preparing the half-year financial 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 2012.

Adoption of new and revised Accounting Standards

In the half-year ended 30 June 2013, 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 2013.

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 was 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 2013 (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 2013, the consolidated entity incurred a loss after tax of $1,885,694.

At balance date, the consolidated entity had an excess of current liabilities over current assets of $5,257,773, and total equity of $12,836,104.

Included in current liabilities at year end are borrowings of $5,096,438 in relation to the convertible equity linked credit facility (note 7).

Management have prepared cash flow forecasts covering the period to 31 December 2014. 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) The receipt of additional debt or equity funds;
(ii) 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, which plans to commence coal mining in 2014; 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.

Notes to the Financial Statements for the half-year ended 30 June 2013 (continued)

Note 2: Segment Information (continued)

Segment information provided to the Executive Directors

The segment information provided to the Executive Directors for the reportable segments for the half-year ended 30 June 2013 is 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 2013						
Revenue						
Sales to external customers	1,818,329	-	-	-	-	1,818,329
Other revenue and income	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 profit/(loss) for period	(352,185)	(1,361,563)	-	(171,946)	-	(1,885,694)
Assets and liabilities at 30 June 2013						
Segment assets	2,954,184	11,963,512	5,766,047	10,208,937	(10,811,078)	20,081,602
Segment liabilities	2,131,173	10,887,762	95,509	219,345	(6,088,291)	7,245,498
Depreciation	(151,091)	(2,636)	-	(1,512)	-	(155,239)

The segment information provided to the Executive Directors for the reportable segments for the half-year ended 30 June 2012 is 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 2012						
Revenue						
Sales to external customers	1,908,776	-	-	-	-	1,908,776
Other revenue	12,525	128,532	49	2,910	-	144,016
Total consolidated segment revenue	1,921,301	128,532	49	2,910	-	2,052,792
Result						
Segment results, excluding finance costs	116,577	(3,938,219)	49	(54,190)	-	(3,875,783)
Finance costs	(403)	-	-	-	-	(403)
Net profit/(loss) for period	116,174	(3,938,219)	49	(54,190)	-	(3,876,186)
Assets and liabilities at 31 December 2012						
Segment assets	3,489,660	14,005,497	5,764,720	9,350,803	(12,202,381)	20,408,299
Segment liabilities	2,270,000	11,660,742	-	-	(6,678,428)	7,252,314
Depreciation – half-year ended 30 June 2012	(176,489)	(2,855)	-	(789)	-	(180,133)

Notes to the Financial Statements for the half-year ended 30 June 2013 (continued)

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

	30 June 2013 $	30 June 2012 $
The following revenue and expense items are relevant in explaining the financial performance for the half-year		
Interest received	154,976	123,774
Loan Impairment	-	1,371,973

Note 4: Share-based payment plans

The share-based payment plans are described in note 23 to the financial statements for the year ended 31 December 2012. There have been no cancellations or modifications to any of the plans during the half-year ended 30 June 2013.

(a) 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 (comparatives show movement in year to 31 December 2012):

	30 June 2013 No.	2013 WAEP $	31 December 2012 No.	2012 WAEP $
Outstanding at the beginning of the year	1,000,000	0.15	1,000,000	0.15
Granted during the period	100,000,000	0.05	-	-
Forfeited during the period	-	-	-	-
Exercised during the period	-	-	-	-
Expired during the period	-	-	-	-
Outstanding at the end of the period	101,000,000	0.05	1,000,000	0.15
Exercisable at the end of the period	101,000,000		1,000,000	

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 (comparatives show movement in yea to 31 December 2012):

	30 June 2013 No.	2013 WAEP $	31 December 2012 No.	2012 WAEP $
Granted at the beginning of the year	12,750,000	0.17	12,750,000	0.17
Granted during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Exercised during the period	-	-	-	-
Expired during the period	-	-	-	-
Granted at the end of the period	12,750,000	0.17	12,750,000	0.17

Notes to the Financial Statements for the half-year ended 30 June 2013 (continued)

Note 4: Share-based payment plans (continued)

(b) Option and share pricing model:

Equity – settled transactions
The fair value of the shares and options granted 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.

Refer note 7 for details of the inputs into the models used for the period ended 30 June 2013.

Note 5: Contributed equity

	30 June 2013 $	31 December 2012 $
Ordinary shares (a)	40,586,108	40,392,135
	40,586,108	40,392,135

(a) Ordinary shares

	No.	No.
Issued and fully paid	425,808,576	404,560,478

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

	No.	$
Movement in ordinary shares on issue		
At 1 January 2013	404,560,478	40,392,135
- Shares issued – Taurus Interest on Convertible note in relation to quarter ended 31 December 2012	5,540,335	99,726
- Shares issued – Taurus Interest on Convertible note in relation to quarter ended 31 March 2013	15,707,763	94,247
At 30 June 2013	425,808,576	40,586,108

Note 6: Contingent liabilities

There are no material contingent liabilities as at 30 June 2013.

Note 7: Borrowings

	2013 $	2012 $
Current		
Convertible equity linked credit facility	5,096,438	5,099,726
Other borrowings	1,293,212	1,287,086
	6,389,650	6,386,812

Notes to the Financial Statements for the half-year ended 30 June 2013 (continued)

Note 7: Borrowings (continued)

(a) Loans

On 28 June 2012, the company entered into a $5,000,000 convertible equity linked credit facility with the following parties:

	$
Taurus Funds Management Pty Limited, on behalf of Taurus Resources No. 2, L.P.	4,901,845
Taurus Funds Management Pty Limited, as trustee of the Taurus Resources No. 2 Trust	98,155
Total	5,000,000

At 30 June 2013, the company had drawn $5,000,000 of the facility.

Interest owing of $96,438 has been included in the borrowings figure of $5,096,438 at period end. During the period, the company issued 21,248,098 shares to the above entities to repay interest owing of $193,973 (note 5).

The facility is unsecured with an interest rate of 8% p.a. payable quarterly in arrears and may, at the discretion of the lender and subject to agreement, be converted into ordinary shares of the company.

The company has agreed to repay the loan in full on the earlier of:
(a) the company completing an equity raising for an amount of $5,000,000 or more (unless the parties agree otherwise in writing);
(b) the first drawdown under any arrangements for financial accommodation that the company enters into; or
(c) the maturity date, being 30 September 2013.

In addition to an establishment fee of 2% which was paid after drawdown, the facility agreement states that the company will issue 100,000,000 five year call options with an exercise price of $0.05, subject to shareholder approval. These options were issued following shareholder approval during the period ended 30 June 2013.

The options were valued using the share price of the company as at 12 February 2013, being the date shareholder approval was received. Management have calculated a value of $365,650. The company is required to use funds raised on the exercise of the options to repay any outstanding amounts under the facility. No options have been exercised during the period.

The following table lists the inputs into the Black-Scholes model used by management in estimating the fair value of the options:

No. of options	Grant date share price $	Exercise price $	Expected volatility %	Option life (years)	Dividend yield %	Risk–free interest rate %
100,000,000	0.013	0.05	75	5	-	2.85

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.

Notes to the Financial Statements for the half-year ended 30 June 2013 (continued)

Note 7: Borrowings (continued)

Other borrowings

Included in other borrowings are amounts due to Tiespro 176 (Proprietary) Limited, a company incorporated in South Africa, of $1,293,212. The loan is unsecured and is interest free.

Note 8: Business Combinations

(a) Acquisition – Nkwe Platinum (Scarlet) Proprietary Limited and Masedi Platinum (Proprietary) Limited – during the half-year ended 30 June 2012

On 3 May 2012, the consolidated entity acquired:

- 74% of the issued capital of Nkwe Platinum (Scarlet) Proprietary Limited ("NPS"), an unlisted company based in South Africa; and
- 70.3% of the issued share capital of Masedi Platinum (Proprietary) Limited ("Masedi"), an unlisted company based in South Africa.

Neither NPS or Masedi trade and both are holders of platinum resource exploration and evaluation assets in South Africa.

As reported in note 13 to the financial statements of the Group for the year ended 31 December 2012, at 31 December 2011 the consolidated entity owned 49.99% of NPS and 47.5% of Masedi. These investments were treated as investments in associates as at 31 December 2011.

Following receipt of Ministerial Consent from the South African Minister of Minerals and Energy of a controlling interest in terms of Section 11 of the Mining Act (in South Africa) during the year ended 31 December 2012, Realm Resources Limited issued the following shares to purchase an additional 24.01% and 22.8% of NPS and Masedi respectively:

(i) an additional 15,220,435 shares in the company shareholders of Masedi and NPS; and
(ii) an additional 34,789,565 shares in the company to the previous shareholders of Morning Star Holdings (Australia) Limited.

Details of the purchase consideration and the net assets acquired are as follows:

	$
Fair value of shares issued (consideration - 2012 year)	3,500,700
Fair value of shares issued (consideration - prior years)	2,206,080
Total consideration	5,706,780
Net identifiable tangible assets (liabilities) acquired	(57,940)
Exploration and evaluation assets acquired	5,764,720

Notes to the Financial Statements for the half-year ended 30 June 2013 (continued)

Note 8: Business Combinations (continued)

(a) Acquisition – Nkwe Platinum (Scarlet) Proprietary Limited and Masedi Platinum (Proprietary) Limited – during the half-year ended 30 June 2012 (continued)

The assets and liabilities recognised as a result of the acquisitions are as follows:

	Fair value
	$
Cash and cash equivalents	-
Receivables	29,831
Payables	(108,128)
Net identifiable tangible assets (liabilities)acquired	(78,297)
Less: non-controlling interests	20,357
	(57,940)
Exploration and evaluation assets	5,764,720
Net assets acquired	5,706,780

The directors obtained an independent valuation from Al Maynard & Associates Pty Ltd, Consulting Geologists, which indicated a preferred current cash value for Realm's South African Platinum Projects between the range of $16.5m to $27.8m. Management have elected to value the exploration and evaluation assets acquired at the difference between the consideration and the net identifiable tangible liabilities acquired. The directors consider that the exploration and evaluation assets are not impaired as at 30 June 2013.

Purchase consideration – cash outflow

No cash was paid during the half-year in relation to the acquisitions.

The acquired businesses did not contribute any revenue or any profit/loss to the group.

(b) Acquisition of Alumicor SA Holdings Proprietary Limited

On 1 August 2008 Realm Resources Limited acquired 74% of the voting shares of Alumicor SA Holdings Proprietary Limited, an unlisted proprietary company based in South Africa specialising in aluminium dross treatment.

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 $3.5m, based on exchange rates as at 30 June 2013).

Should Hulamin exercise its option to purchase the business of Alumicor, Realm Resources would sell its aluminium dross treatment process to Hulamin for approximately $3.4m. Results attributable to the Alumicor business, including total assets and liabilities, are disclosed in note 5 to the financial statements.

Notes to the Financial Statements for the half-year ended 30 June 2013 (continued)

Note 9: Non-current assets – exploration and evaluation assets

	30 June 2013 $	31 December 2012 $
Cost on acquisition	19,232,733	19,232,733
Foreign exchange movement	126,367	(1,128,810)
Impairment loss	(2,988,400)	(2,988,400)
Carrying amount at year end	16,370,700	15,115,523

Movement in the carrying amount during the half-year ended 30 June 2013 is as follows:

	2013 $
Carrying amount at the beginning of the half-year	15,115,523
Additions during the year	-
Foreign exchange movement during the half-year	1,255,177
Impairment losses recognised during the half-year	-
Carrying amount at the end of the half-year	16,370,700

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.

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 10: Events Subsequent to Reporting Date

On 20 August 2013, the Company announced that it was undertaking a partially underwritten pro-rata renounceable entitlement offer of 39 new shares for every 7 existing ordinary shares in the issued capital of RRP ("**Share**") held as at 7:00pm (AEST) on 28 August 2013 ("**Record Date**") at an issue price of $0.004 per Share ("**Entitlement Offer**"). Under the original timetable, the Entitlement Offer opened at 10:00am (AEST) on 30 August 2013 and was to close at 5:00pm (AEST) on 13 September 2013. The timetable was subsequently withdrawn and a new timetable will be announced shortly.

Directors' Declaration

In the directors' opinion:

(a) The interim financial statements and notes set out on pages 24 to 36 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 2013 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 statements.

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

Richard Rossiter
Executive Chairman

Sydney
13 September 2013

HLB Mann Judd

Accountants | Business and Financial Advisers

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 2013, 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, notes comprising a summary of significant accounting policies and other 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 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 2013 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 the company, 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.

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HLB Mann Judd

REALM RESOURCES LIMITED

ABN 98 008 124 025

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 2013 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 financial report, which indicates that the consolidated entity incurred a loss after income tax of $1,885,694 for the half-year ended 30 June 2013 and, as of that date, the consolidated entity had an excess of current liabilities over current assets of $5,257,773 and total equity of $12,836,104. 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.

Matters relating to the electronic presentation of the reviewed half-year financial report

This review report relates to the half-year financial report of the company for the half-year ended 30 June 2013 published in the half-year financial report and included on the company's website. The company's directors are responsible for the integrity of the company's website. We have not been engaged to report on the integrity of this website. The review report refers only to the half-year financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the half-year financial report. If users of the half-year financial report are concerned with the inherent risks arising from publication on a web site they are advised to refer to the hard copy of the reviewed half-year financial report to confirm the information contained in this web site version of the half-year financial report.

HLB Mann Judd

A Smith

HLB Mann Judd
Chartered Accountants

A G Smith
Partner

Sydney, NSW
13 September 2013