



**RESOURCE MINING CORPORATION LIMITED**

**ABN 97 008 045 083**

**FINANCIAL REPORT**

**HALF-YEAR ENDED 31 DECEMBER 2020**

**Resource Mining Corporation Limited**  
**Half-year Ended 31 December 2020**

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# Resource Mining Corporation Limited

## Corporate Directory

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<b>ABN</b>	97 008 045 083
<b>Directors</b>	William (Bill) Mackenzie (Non-Executive Chairman) Warwick Davies (Managing Director) Zhang Chi (Andy) (Non-Executive Director)
<b>Company Secretary</b>	Amanda Sparks
<b>Registered Office</b>	Suite 14, Level 2, 210 Bagot Road SUBIACO, WESTERN AUSTRALIA 6008
<b>Principal Place of Business</b>	Suite 14, Level 2, 210 Bagot Road SUBIACO, WESTERN AUSTRALIA 6008  Telephone: +61 8 6494 0025 Website: <a href="http://www.resmin.com.au">www.resmin.com.au</a>
<b>Share Registry</b>	Computershare Investor Services Pty Ltd Level 11, 172 St Georges Terrace PERTH, WESTERN AUSTRALIA 6000  Telephone Within Australia: 1300 850 505 Outside Australia: +61 3 9415 4000 <a href="http://www.investorcentre.com/contact">www.investorcentre.com/contact</a>
<b>Auditor</b>	BDO Audit (WA) Pty Ltd 38 Station Street SUBIACO, WESTERN AUSTRALIA 6008  Telephone: +61 8 6382 4600 Facsimile: +61 8 6382 6401
<b>Bankers</b>	Westpac Bank 116 James Street NORTHBRIDGE, WESTERN AUSTRALIA 6000
<b>Securities Exchange Listing</b>	Resource Mining Corporation Limited shares are listed on the Australian Securities Exchange (Home Exchange – Perth) ASX Code: RMI

# Resource Mining Corporation Limited

## Half-Year Directors' Report

### 31 December 2020

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The Directors present the financial report of the consolidated entity, consisting of Resource Mining Corporation Limited (ASX: RMI) ("**RMC**") and its controlled entities ("**Group**"), for the half-year ended 31 December 2020.

#### **DIRECTORS**

The names of the Company's directors in office during the half-year and until the date of this report are as below. Directors were in the office for the entire period unless otherwise stated.

William (Bill) Mackenzie	Non-Executive Chairman
Warwick Davies	Managing Director
Zhang Chi (Andy)	Non-Executive Director

#### **COMPANY SECRETARY**

Amanda Sparks

#### **COMPANY REVIEW**

##### **REVIEW OF OPERATIONS**

RMC is an innovative, Perth-based, mineral exploration company with a significant mineral deposit in Papua New Guinea ("**PNG**").

The impact of the COVID-19 pandemic has had a negative influence with regards all aspects of the Company's activities in PNG. Delays to the process of tenement renewal has resulted in uncertainty for the future for all stakeholders.

Community transmission in PNG whilst low compared to European countries, continues to affect the population in Port Moresby and regional areas. Whilst there have not been any infections recorded in the area surrounding the Wowo Gap Project area, the Company continues to maintain PNG operations in a COVID-19 safe manner.

The development of the Wowo Gap Project in south east PNG remains a goal of the Resource Mining Group. The growth in the world's stainless-steel industries since 2015/16 together with the continued evolution of and forecast growth of nickel use in Lithium ion (Li-ion) batteries maintains focussed attention on nickel laterite ore sources in the South Pacific. Indonesia has become the centre of innovative nickel industry development.

##### **Wowo Gap Nickel Laterite Project**

The Company holds 100% of the Wowo Gap Nickel Laterite Project located 200 kilometres from the PNG capital of Port Moresby.

Nickel and cobalt are the principal elements of economic significance in the Wowo Gap resource. They are both traded on the London Metal Exchange, where there is a transparent market price established for high purity nickel and cobalt metal. 70% of nickel use, approx. 2.35Mt, is in the production of stainless-steel whilst there is a growing demand for nickel to produce nickel sulphate and other nickel-based chemicals for Lithium-ion batteries.

##### **Other Projects**

During the six months, the Company continued to look for opportunities to acquire other projects to complement the Wowo Gap Nickel Laterite Project. Subsequent to the half-year end, RMC acquired the Kabulwanyele Nickel Project in Tanzania. Refer to Matters Subsequent to 31 December 2020 in the Directors' Report for further information.

# **Resource Mining Corporation Limited**

## **Half-Year Directors' Report**

### **31 December 2020**

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#### ***Nickel Demand***

COVID-19 was anticipated to have a serious negative impact on the global economy, general market consensus was that a reduction in global output would result in a reduction in nickel demand in 2020. However, according to Wood Mackenzie, nickel consumption by the battery sector this year has remained strong,

As for 2021, commentators including Wood Mackenzie and Roskill are forecasting that nickel demand will recover strongly by between 9 and 10 percent to reach 2.5 million tonnes with most of the increased demand expected to come from the stainless steel and battery sectors. Wood Mackenzie forecast that In 2021, nickel use in precursors for batteries is forecast to increase by about 11 percent, which looks very strong, but amounts only to 20,000 tonnes on nickel metal!

#### ***Nickel Supply***

Indonesia has become the dominant supplier of refined nickel and nickel products related to stainless steel. The position of dominance has come from the rapid growth and development of the nickel pig iron, (NPI), sector.

For battery-based chemicals including nickel sulphate, Roskill anticipates that Chinese production will continue to grow rapidly to meet battery producer's demand. However, this situation could change as the first high-pressure acid leach (HPAL) projects in Indonesia targeting the battery supply chain are anticipated to be commissioned and start production in 2022. Industry commentators have divergent views for supply/demand for 2021 ranging from a small surplus to a balanced market.

Indonesia has three separate groups looking to develop High Pressure Acid Leach (HPAL) technology operations. The most advance project, a joint venture between Indonesia's Harita Group and China's mining firm Ningbo Lygend on Obi island, will have an annual capacity to produce 36,000 tonnes in nickel content and 4,400 tonnes of cobalt content.

Wowo Gap ore has previously been assessed as amenable to HPAL processing, but development was hampered by volatile commodity prices and perceived investment risk in PNG for the large capital investment required to develop a PAL process plant at that time. Since then, the Ramu HPAL project has been successfully developed in PNG and in 2017, was the fifth largest producer of cobalt globally. This rapidly growing demand for both nickel and cobalt, the suitability of Wowo Gap to HPAL processing and the success of the nearby Ramu project bode well for the future development of Wowo Gap.

#### **Operations**

RMC's management continues to refine and implement a strategy to maintain and develop an appropriate level of corporate and site activities in an endeavour to both secure and preserve its corporate and the Project's tangible and intangible assets.

The aim has been to endeavour to maintain the developed strategies which have resulted in both longer-term cost efficiencies as well as adding real value to the Project. Continuous improvement of local processes and activities are practiced that indirectly supplement the Project's ongoing resource growth via exploration (which will be re-established when the commodity prices incentivise recommencement of the exploration program).

#### **Site Activities**

The requirement to be COVID-19 safe and aware dictated changes to site operations and works plans to ensure appropriate social distancing as well as a heightened hygiene focus for all employees, porters and casual visitors. (The main exploration camp lies adjacent to a major walking track between coastal and inland communities. Ensuring travellers adhered to site COVID-19 requirements from an initial questioning has transitioned to routine acceptance as well as a desire by travellers to receive regular virus awareness updates).

# **Resource Mining Corporation Limited**

## **Half-Year Directors' Report**

### **31 December 2020**

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As local villages lack basic infrastructure, through Village Liaison Officers, (VLO's), the Company provides regular updates to villagers regarding details of the COVID-19 situation locally and across the country. This service is part of the Company's comprehensive and active social engagement policy, a core value and undertaking.

Activities on site continue across three broad categories:

1. Safety and COVID-19 awareness
2. Equipment maintenance and,
3. Environmental monitoring.

COVID-19 awareness and ensuring the exploration camp and site activities were conducted in a COVID-19 safe environment, meant a change in the local OH+S environment. Safety and a safe working environment necessitated changes to site operations with physical distancing etc a challenge in an exploration setting. Following the explanation of the health impacts from NOT adhering to the changed conditions, all personnel have accepted and adopted the changed operating conditions. All emergency facilities including helipads for potential emergency evacuation are maintained.

Exploration equipment and camp facilities underwent routine and special maintenance during the year as an integral part of the annual audit process. The Company owns diamond and auger drilling rigs, with the equipment maintained in a 'ready-to-use' condition. With the restrictions on manpower on site due to COVID-19, a special maintenance and training program of 'one-on-one' was completed for key groups of local staff.

Environmental monitoring on site continued as a routine with the focus on water, including routine testing of water quality and monitoring of rainfall, stream flows and pond/dam storage for local water supply. The routine monitoring had to be modified to meet the requirements of social distancing for COVID-19. Monitoring of vegetation regrowth, as well as the influence of weather (eg high winds and storms), on the local forest timbers is a routine activity.

Buildings in the main exploration camp were subjected to the vagaries of unseasonal very heavy and consistent rainfall followed by sustained high winds. Recent routine maintenance ensured minimal damage although some roofs have since required repair. All facilities and services are ready for any future demand including requirements for permanent and casual employees.

Social engagement remains and continues to be a major focus for both Perth and local management personnel. The Company has established an effective and trusting working relationship with local communities which has been enhanced with the COVID-19 awareness programs provided by the VLO's. COVID-19 awareness and information was seen as an extension to the fact that the Company is frequently seen as the provider of all manner of essential services. These include support for education and health being priority calls.

Requests for assistance and advice emanates from areas well beyond the immediate tenement area and includes requests for assistance from families of local residents living in Port Moresby. Responses to all requests are handled in a clearly established and well-advertised protocol however, the continued deterioration of services supplied by all levels of government, mean requests for assistance cannot be met.

The Company actively encourages local villagers, community and church groups and businesses to provide fresh food and services so necessary expenditure is maximised at the local level. RMC is firmly committed to maximising local food and service purchase for camp consumption and continues to support the local agriculture initiatives.

# **Resource Mining Corporation Limited**

## **Half-Year Directors' Report**

### **31 December 2020**

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#### **Tenements**

The Company currently holds one tenement in PNG, EL 1165.

#### ***Tenement Status Licence EL 1165***

The term of exploration tenements in PNG is two years. The current licence period expired on 28 February 2020. An application to renew the exploration for a further two years has been made and accepted by the Minerals Resources Authority, (MRA).

The first stage of the tenement renewal process is the conduct of a Warden's Court Hearing, (WCH), carried out at the main villages adjacent to the EL 1165 tenement. The residents of the two villages, Embessa and Obea, are afforded the opportunity during the WCH to voice their views as to whether they support the tenement renewal process. Whilst the support of opinions local villages is not mandatory, having positive support is considered important by the MRA in the overall renewal process.

The COVID-19 pandemic has severely interrupted the renewal process with the WCH's scheduled initially for 26<sup>th</sup> April 2020 and subsequently 5<sup>th</sup> August 2020, both being cancelled by the MRA. Further advice was received on 12<sup>th</sup> October 2020 that domestic travel restrictions within PNG had been lifted and overseas restrictions reduced. The Company was advised that we should anticipate a schedule for the Warden's Court Hearing for EL 1165. Subsequent to the half-year end, the Company received advice that a WCH is scheduled for 15 April 2021, subject to COVID-19 regulations.

The Company retains all rights and obligations regarding the tenement during the application assessment process.

#### **CORPORATE**

##### **Funding Agreement**

The Company has Funding Agreements with the Company's largest shareholder, Sinom (Hong Kong) Limited ("**Sinom**") who currently holds 41.97% of the issued shares in the Company. Mr Zhang Chi (Andy) is a Non-Executive director of the Company and is a director and controlling shareholder of Sinom.

Under the terms of Funding Agreements, Sinom has agreed to provide the Company working capital via unsecured loans. Refer to note 5 of the Half-Year Financial Report for full details.

##### **Redemption of Convertible Notes**

On 13 November 2020, RMC elected to redeem the two convertible notes issued to Sinom for a total of \$2,000,000. Sinom agreed to loan RMC \$2,000,000 in accordance with a new unsecured loan agreement for the purpose of redemption of the two convertible loan notes.

##### **Assignment of Loans**

During the half-year, Sinom assigned an additional \$3,051,087 of loans owed by RMC, to Corcel plc. RMC is not a party to the debt acquisitions by Corcel, however RMC have acknowledged the assignment.

##### **Annual General Meeting**

The Annual General Meeting was held on Friday 11 December 2020 with all resolutions approved by shareholders.

# Resource Mining Corporation Limited

## Half-Year Directors' Report

### 31 December 2020

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#### RESULT

The operating result for the half-year ended 31 December 2020 was a loss after income tax of \$195,892 (Half Year 2019: \$216,197 loss).

The Company has continued to be supported by additional funding from RMC's largest shareholder, Sinom (Hong Kong) Limited, on the same terms and conditions as previous funding. This funding support continues for the period through to the end of March 2022 (excluding funding for repayment of borrowings to Corcel plc). Funding in general and specifically beyond this point, is part of an on-going process.

#### MATTERS SUBSEQUENT TO 31 DECEMBER 2020

Subsequent to 31 December 2020, the following had occurred:

The Company has drawn an additional \$50,000 of funding from the unsecured loan facility with Sinom (Hong Kong) Limited; and

- On 9 February 2021, the Company announced that it had agreed to acquire 75% of the issued capital of Eastern Nickel Pty Ltd (ENPL), an Australian company. The remaining 25% is held by Kabunga Holdings Pty Ltd. On 11 February 2021 the transaction was completed and the consideration for the acquisition being 29,626,735 RMI shares were issued (valued at \$474,028 at the closing price on 5 February 2021 of \$0.016). The shares are escrowed for six months from the date of issue.

ENPL holds 99% of the shares in Tanzanian subsidiary, Eastern Nickel Tanzania Limited (ENT). The remaining 1% is held by Leticia Herman Kabunga, a Tanzanian resident. ENT holds a 100% interest in the Kabulwanyele Nickel Project (KNP) located approximately 45 km south west of Mpanda, the administrative centre for the Katavi Region in Western Tanzania. The KNP comprises 2 x granted Prospecting Licences, PL/11534/2021 and PL/11535/2021, covering approximately 20.5 square kilometres in total. The KNP covers part of the Ubendian rock system of lower Proterozoic rocks, comprising mainly of acidic gneisses, granulites, amphibolites and ultramafic rocks. Laterite hills at Kabulwanyele are prospective for nickel, cobalt and manganese. The area has not been subject to modern exploration.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company, in subsequent financial years.

#### AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included in this half-year financial report.

Signed in accordance with a resolution of the Board of Directors.



**Warwick Davies**  
**Managing Director**

Signed on the 16 March 2021



**Resource Mining Corporation Limited**  
**Consolidated Statement of Profit or Loss and Other Comprehensive**  
**Income**  
for the half-year ended 31 December 2020

	Note	Six Months ended 31 December 2020 \$	Six Months ended 31 December 2019 \$
<b>Other income</b>		-	101
<b>Expenses:</b>			
Administration and corporate expenses	3(a)	(110,404)	(116,290)
Exploration expenditure	3(b)	(84,701)	(99,608)
Borrowing costs	3(c)	(787)	(400)
Total expenses		(195,892)	(216,298)
<b>LOSS BEFORE INCOME TAX</b>		<b>(195,892)</b>	<b>(216,197)</b>
<b>INCOME TAX</b>		-	-
<b>LOSS AFTER INCOME TAX FOR THE PERIOD</b>		<b>(195,892)</b>	<b>(216,197)</b>
<b>OTHER COMPREHENSIVE (LOSS) / PROFIT</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange translation difference		(14,722)	(1,593)
<b>OTHER COMPREHENSIVE (LOSS) / PROFIT</b>		<b>(14,722)</b>	<b>(1,593)</b>
<b>TOTAL COMPREHENSIVE (LOSS) / PROFIT FOR THE PERIOD</b>		<b>(210,614)</b>	<b>(217,790)</b>
<b>LOSS PER SHARE FOR THE HALF YEAR ATTRIBUTABLE TO MEMBERS OF RESOURCE MINING CORPORATION LIMITED</b>		<b>Cents</b>	<b>Cents</b>
Basic and diluted loss per share (cents per share)	4	(0.07)	(0.07)

*The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.*

**Resource Mining Corporation Limited**  
**Consolidated Statement of Financial Position**  
As at 31 December 2020

	Note	31 December 2020 \$	30 June 2020 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		62,435	43,962
Other current assets		15,987	19,200
<b>Total Current Assets</b>		<b>78,422</b>	<b>63,162</b>
<b>NON CURRENT ASSETS</b>			
Plant and equipment		77,741	95,531
<b>Total Non-Current Assets</b>		<b>77,741</b>	<b>95,531</b>
<b>TOTAL ASSETS</b>		<b>156,163</b>	<b>158,693</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		969,820	898,708
Interest bearing liabilities		8,561	5,956
Non-interest bearing liabilities	5	3,052,093	4,912,427
Provisions		32,850	38,149
<b>Total Current Liabilities</b>		<b>4,063,324</b>	<b>5,855,240</b>
Non-interest bearing liabilities	5	2,000,000	-
<b>Total Non-Current Liabilities</b>		<b>2,000,000</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>6,063,324</b>	<b>5,855,240</b>
<b>NET ASSETS / (NET ASSET DEFICIENCY)</b>		<b>(5,907,161)</b>	<b>(5,696,547)</b>
<b>EQUITY</b>			
Issued capital	6	63,294,571	63,294,571
Reserves	7	175,338	585,555
Accumulated losses		(69,377,070)	(69,576,673)
<b>TOTAL EQUITY / (DEFICIENCY IN EQUITY)</b>		<b>(5,907,161)</b>	<b>(5,696,547)</b>

*The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.*

**Resource Mining Corporation Limited**  
**Consolidated Statement of Changes in Equity**  
for the half-year ended 31 December 2020

	Issued Capital	Accumulated Losses	Foreign Currency Reserve	Convertible Notes Reserve	Total
	\$	\$	\$	\$	\$
<b>6 Months to December 2020</b>					
Balance at 1 July 2020	63,294,571	(69,576,673)	190,060	395,495	(5,696,547)
Loss for the period	-	(195,892)	-	-	(195,892)
Other comprehensive loss for the period	-	-	(14,722)	-	(14,722)
<b>Total comprehensive loss for the period</b>	-	<b>(195,892)</b>	<b>(14,722)</b>	-	<b>(210,614)</b>
Transfer of convertible notes reserve to accumulated losses	-	395,495	-	(395,495)	-
<b>Transactions with owners in their capacity as owners</b>					
Shares issued	-	-	-	-	-
<b>Balance at 31 December 2020</b>	<b>63,294,571</b>	<b>(69,377,070)</b>	<b>175,338</b>	<b>-</b>	<b>(5,907,161)</b>

	Issued Capital	Accumulated Losses	Foreign Currency Reserve	Convertible Notes Reserve	Total
	\$	\$	\$	\$	\$
<b>6 Months to December 2019</b>					
Balance at 1 July 2019	63,294,571	(69,151,395)	190,868	395,495	(5,270,461)
Loss for the period	-	(216,197)	-	-	(216,197)
Other comprehensive loss for the period	-	-	(1,593)	-	(1,593)
<b>Total comprehensive loss for the period</b>	-	<b>(216,197)</b>	<b>(1,593)</b>	-	<b>(217,790)</b>
<b>Transactions with owners in their capacity as owners</b>					
Shares issued	-	-	-	-	-
<b>Balance at 31 December 2019</b>	<b>63,294,571</b>	<b>(69,367,592)</b>	<b>189,275</b>	<b>395,495</b>	<b>(5,488,251)</b>

*The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

**Resource Mining Corporation Limited**  
**Consolidated Statement of Cash Flows**  
for the half-year ended 31 December 2020

	<b>Six Months ended 31 December 2020 \$</b>	<b>Six Months ended 31 December 2019 \$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(124,525)	(140,816)
Interest income received	-	101
Other income received (including GST refunds)	10,635	10,214
Interest and finance costs paid	(787)	(400)
<b>Net Cash Utilised In Operating Activities</b>	<b>(114,677)</b>	<b>(130,901)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings and advances	154,961	137,570
Repayment of advances	(15,295)	(3,341)
<b>Net Cash From Financing Activities</b>	<b>139,666</b>	<b>134,229</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>24,989</b>	<b>3,328</b>
Cash and cash equivalents at beginning of the period	43,962	49,962
Effect of exchange rate changes on cash and cash equivalents	(6,516)	(1,451)
<b>Cash and cash equivalents at the end of the period</b>	<b>62,435</b>	<b>51,839</b>

*The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.*

# Resource Mining Corporation Limited

## Notes to the Financial Statements

for the half-year ended 31 December 2020

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### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### ***Basis of Preparation***

This half-year financial report for the six months ended 31 December 2020 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001 and was authorised for issue in accordance with a resolution of the directors on 16 March 2021.

These half-year financial reports do not include all the notes of the type normally included in annual financial reports and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial reports.

The half-year financial reports should be read in conjunction with the annual financial reports for the year ended 30 June 2020 and any public announcements made by Resource Mining Corporation Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001. For the purpose of preparing the half-year financial statements, the half-year has been treated as a discrete reporting period.

The financial report is presented in Australian dollars, which is the Company's functional and presentation currency.

Resource Mining Corporation Limited is a for-profit entity for the purpose of preparing the half-year financial statements.

#### ***Statement of Compliance***

These half-year financial statements comply with Australian Accounting Standards and International Financial Reporting Standards (IFRS).

#### ***Adoption of new and revised standards***

##### **Early adoption of accounting standards**

The Group has not elected to apply any pronouncements before their operative date in the annual reporting year beginning 1 July 2020.

##### **New and amended standards adopted by the Group**

There were no material new or amended standards applicable for the current reporting period for which the Group has adopted.

##### **New and amended standards not yet adopted by the Group**

There are no material new or amended standards not yet adopted by the Group.

#### ***Going Concern***

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group has incurred a net loss after tax for the six months of \$195,892 (six months to December 2019: \$216,197), experienced net cash outflows from operating activities of \$114,677 (2019: \$130,901) for the six months ended 31 December 2020 and had a working capital deficiency of \$3,984,902 at balance date.

The ability of the Group to continue as a going concern is dependent on the realisation of value of the Group's projects, the future successful raising of funding through equity or other available forms of funding and continued support from its creditors and financiers. These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors believe there are reasonable grounds to believe that the Company will be able to meet the entity's working capital requirements as at the date of this report.

The financial statements have been prepared on the basis that the Group is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities for the following reasons:

- The Directors have assessed the cash flow requirements for the 12 month period from the date of approval of the financial statements and its impact on the Group and have confirmed that Sinom (Hong Kong) Limited will continue to provide financial support to the Group to meet its liabilities as and when they fall due and keep its assets in good standing during the next twelve months period (excluding repayment of the Corcel loans);

# Resource Mining Corporation Limited

## Notes to the Financial Statements

for the half-year ended 31 December 2020

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES - continued

#### *Going Concern - continued*

- The working capital deficiency contains amounts not currently owing but that will be due to be settled within the next 12 months. Prior to these amounts being due and payable, the Directors expect to negotiate a settlement of the amounts due to Corcel plc; and
- Letters of support have been obtained from Sinom (Hong Kong) Limited and the Company's Directors William Mackenzie and Warwick Davies to defer amounts owing to them as at 31 December 2020 until the Group has sufficient funds to repay the debts.

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

### 2. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions. The Group does not have any material operating segments with discrete financial information. The Group does not have any customers and all its' assets and liabilities are primarily related to the mining industry and its operations are located within Papua New Guinea. The Board of Directors review internal management reports on a regular basis that is consistent with the information provided in the statement of profit or loss and other comprehensive income, balance sheet and statement of cash flows. As a result, no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

### 3. EXPENSES

#### (a) Administration and Corporate Expenses

	31 December 2020 \$	31 December 2019 \$
Compliance and regulatory expenses	37,415	41,745
Consultants	28,390	27,836
Non-Executive directors' fees (accrued, not yet paid)	25,000	25,000
Occupancy	11,485	11,505
Insurance	7,059	9,229
Legal fees	141	56
Other expenses	914	919
	<b>110,404</b>	<b>116,290</b>

#### (b) Exploration Expenditure and Project Costs

Depreciation – exploration equipment	4,842	6,354
Other exploration and project costs	79,859	93,254
	<b>84,701</b>	<b>99,608</b>

#### (c) Borrowing costs

Finance charges and Interest on insurance funding	787	400
	<b>787</b>	<b>400</b>

**Resource Mining Corporation Limited**  
**Notes to the Financial Statements**  
for the half-year ended 31 December 2020

**4. EARNINGS PER SHARE**

	31 December 2020	31 December 2019
Basic and diluted loss per share (cents per share)	(0.07) cents	(0.07) cents
Loss used in the calculation of weighted average basic and diluted loss per share	(\$195,892)	(\$216,197)
	<b>Number of shares</b>	<b>Number of shares</b>
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic and diluted loss per share	296,267,347	296,267,247

**5. NON INTEREST BEARING LIABILITIES**

**Current**

	31 December 2020 \$	30 June 2020 \$
Advances from Managing Director	71,006	76,340
Convertible notes	-	2,000,000
Unsecured loans and advances due to Sinom*	220,000	1,126,087
Unsecured loans and advances due to Corcel	2,761,087	1,710,000
	<b>3,052,093</b>	<b>4,912,427</b>

**Non-Current**

Unsecured loans and advances from Corcel	<b>2,000,000</b>	-
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\*Sinom (Hong Kong) Limited, RMC's largest Shareholder and an entity controlled by RMC's Non-Executive Director, Andy Zhang (**Sinom**).

**Advances from Managing Director**

During the half-year, advances totalling \$9,961 were made by the Managing Director, Warwick Davies, to the Company as short term funding, and \$15,295 was repaid during the half-year. These advances are interest free and unsecured. Mr Davies has agreed not to call for the initial outstanding payable balance of \$54,000 prior to 31 March 2022 unless Resource Mining Corporation Limited is in a position to repay the amounts.

**Convertible notes**

On 13 November 2020, the Company elected to redeem the two convertible notes for a total of \$2,000,000 in accordance with clause 8.3(g) of Schedule 2 of the Facility and Note Deed dated 14 October 2014, and the letters of amendment dated 9 December 2016, 15 October 2018 and 1 October 2019 between RMC and Sinom. Sinom agreed to loan RMC \$2,000,000 in accordance with a new unsecured loan agreement for the purpose of redemption of the two convertible loan notes. On 17 November 2020, Sinom assigned this loan (Loan D) to Corcel plc.

**Unsecured loans and advances due to Sinom**

	31 December 2020 \$	30 June 2020 \$
Movement - Unsecured loans and advances due to Sinom		
Opening balance	1,126,087	2,597,587
New loan to repay convertible notes	2,000,000	-
Other advances	145,000	238,500
Assignment of loans to Corcel plc	(3,051,087)	(1,710,000)
<b>Closing balance</b>	<b>220,000</b>	<b>1,126,087</b>

# Resource Mining Corporation Limited

## Notes to the Financial Statements

for the half-year ended 31 December 2020

### 5. NON INTEREST BEARING LIABILITIES - continued

In November 2020, RMC documented with Sinom the terms of previous loan funds made by Sinom during the period 8 June 2017 to 17 February 2020 totalling AUD 1,051,087 (Loan C). On 17 November 2020, Sinom assigned Loans C and D to Corcel plc, an unrelated UK company listed on AIM.

Sinom has also provided additional interest free advances to the Company. During the half-year these advances totalled \$145,000. These advances are unsecured with no set repayment date. Sinom has agreed not to call for repayment of these advances unless RMC is in a position to repay the amounts.

#### *Unsecured loans due to Corcel plc*

	31 December 2020 \$	30 June 2020 \$
Movement - Unsecured loans due to Corcel		
Opening balance	1,710,000	-
Assignment of loans by Sinom	3,051,087	1,710,000
<b>Closing balance</b>	<b>4,761,087</b>	<b>1,710,000</b>
Consists of:		
Loans A & B – repayable no earlier than 30/9/2021	1,710,000	1,710,000
Loan C – repayable no earlier than 30/9/2021	1,051,087	-
Loan D – repayable no earlier than 14/01/2022	2,000,000	-
	<b>4,761,087</b>	<b>1,710,000</b>

The key terms agreed are as follows:

- The loans are unsecured.
- The loans are interest free.
- The loans are repayable at any time on or following the dates in the table above forthwith on demand by Corcel. Corcel must give RMC at least thirty days' notice prior to any requested repayment date for loans C and D. RMC may repay the loans, in whole or in part, at any time prior to Corcel providing notice of the requested repayment date.

Corcel plc is an unrelated UK company listed on AIM. On 23 November 2020, Base Asia Pacific Limited, an entity related to RMC's Non-Executive Director, Andy Zhang, acquired a 12.69% interest in Corcel.

### 6. ISSUED CAPITAL

	31 December 2020 No.	30 June 2020 No.	31 December 2020 \$	30 June 2020 \$
Issued and fully paid	296,267,347	296,267,347	63,294,571	63,294,571

There were no movements in issued capital during the period.



# Resource Mining Corporation Limited

## Notes to the Financial Statements

for the half-year ended 31 December 2020

7. RESERVES		31 December 2020	30 June 2020
		\$	\$
Foreign currency reserve	(a)	175,338	190,060
Convertible notes reserve		-	395,495
		<b>175,338</b>	<b>585,555</b>
<b>Foreign currency reserve:</b>			
Balance at the beginning of the period		190,060	190,868
Currency translation differences arising during the period		(14,722)	(808)
<b>Balance at the end of the period</b>		<b>175,338</b>	<b>190,060</b>
<b>Convertible notes reserve:</b>			
Balance at the beginning of the period		395,495	395,495
Transfer to accumulated losses upon redemption of the notes		(395,495)	-
<b>Balance at the end of the period</b>		<b>-</b>	<b>395,495</b>

The foreign currency translation reserve is used to record exchange differences arising on translation of the Group entities that do not have a functional currency of Australian dollars and have been translated into Australian dollars for presentation purposes.

## 8. COMMITMENTS

Since the last annual reporting date, there has not been a material change to commitments or contingencies.

## 9. RELATED PARTIES

There have been no new related party transactions entered into since 30 June 2020 other than:

- Advances from a Director during the six months totalling \$9,961 (refer note 5). \$15,295 was repaid during the half-year; and
- Interest free advances from Sinom (Hong Kong) Limited, a company of which Mr Zhang Chi is a Director of, totalling \$145,000 (refer note 5).

## 10. EVENTS SUBSEQUENT TO REPORTING PERIOD

Subsequent to 31 December 2020, the following had occurred:

- The Company has drawn an additional \$50,000 of funding from the unsecured loan facility with Sinom (Hong Kong) Limited; and
- On 9 February 2021, the Company announced that it had agreed to acquire 75% of the issued capital of Eastern Nickel Pty Ltd (ENPL), an Australian company. The remaining 25% is held by Kabunga Holdings Pty Ltd. On 11 February 2021 the transaction was completed and the consideration for the acquisition being 29,626,735 RMI shares were issued (valued at \$474,028 at the closing price on 5 February 2021 of \$0.016). The shares are escrowed for six months from the date of issue.

ENPL holds 99% of the shares in Tanzanian subsidiary, Eastern Nickel Tanzania Limited (ENT). The remaining 1% is held by Leticia Herman Kabunga, a Tanzanian resident. ENT holds a 100% interest in the Kabulwanyele Nickel Project (KNP) located approximately 45 km south west of Mpanda, the administrative centre for the Katavi Region in Western Tanzania. The KNP comprises 2 x granted Prospecting Licences, PL/11534/2021 and PL/11535/2021, covering approximately 20.5 square kilometres in total. The KNP covers part of the Ubendian rock system of lower Proterozoic rocks, comprising mainly of acidic gneisses, granulites, amphibolites and ultramafic rocks. Laterite hills at Kabulwanyele are prospective for nickel, cobalt and manganese. The area has not been subject to modern exploration.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company, in subsequent financial years.

## Directors' Declaration

for the half-year ended 31 December 2020

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1. In the opinion of the directors:
  - a) The financial statements and notes are in accordance with the Corporations Act 2001, including:
    - i) giving a true and fair view of the Company's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
    - ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001 and other mandatory reporting requirements; and
  - b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the half-year ended 31 December 2020.

This declaration is signed in accordance with a resolution of the Board of Directors.



**Warwick Davies**  
**Managing Director**

Dated 16 March 2021

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Resource Mining Corporation Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Resource Mining Corporation Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

#### Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

**Responsibility of the directors for the 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 for the review of the financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 Company's financial position as at 31 December 2020 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*.

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.

**BDO Audit (WA) Pty Ltd**



**Dean Just**

**Director**

Perth, 16 March 2021

**DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF RESOURCE MINING CORPORATION LIMITED**

As lead auditor for the review of Resource Mining Corporation Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Resource Mining Corporation Limited and the entities it controlled during the period.



**Dean Just**

**Director**

**BDO Audit (WA) Pty Ltd**

Perth, 16 March 2021