

Appendix 4E

Preliminary final report
Financial Year Ended 30 June 2021
Previous corresponding reporting period 30 June 2020

RESOURCE DEVELOPMENT GROUP LIMITED				
ABN: 33 149 028 142				
Results for announcement to the market				\$A
Revenues from continuing operations	Up	220.6%	To	\$67,123,044
Profit from continuing operations after tax attributable to the members of Resource Development Group Limited	Up	22.2%	To	\$382,694
Profit for the period attributable to the members of Resource Development Group Limited	Down	23.7%	To	\$1,123,328
		30 June 2021		30 June 2020
Net tangible asset backing per security		\$0.004		\$0.007
Dividends		Amount per security		Franking %
Final dividend declared		\$Nil		n/a
Previous corresponding period		\$Nil		n/a
Interim dividend declared		\$Nil		n/a
Previous corresponding period		\$Nil		n/a

Statement of comprehensive income

Refer attached financial report for the year ended 30 June 2021.

Statement of financial position

Refer attached financial report for the year ended 30 June 2021.

Statement of cash flows

Refer attached financial report for the year ended 30 June 2021.

Dividend reinvestment plans

Not applicable.

Statement of changes in equity

Refer attached financial report for the year ended 30 June 2021.

Gain or loss of control over entities

Refer attached financial report for the year ended 30 June 2021.

Associates and joint ventures

Refer attached financial report for the year ended 30 June 2021.

Other significant information

Not applicable.

Foreign entities

Refer attached financial report for the year ended 30 June 2021.

Commentary on results for the period

Commentary on the above figures is included in the attached financial report for the year ended 30 June 2021 from page 3.

Status of audit

The financial report for the year ended 30 June 2021 has been audited and is not subject to dispute or qualification. Refer to the Independent Audit Report within the enclosed financial report.

This announcement has been authorised for release to the ASX by the Board of Resource Development Group Ltd.

A handwritten signature in black ink, appearing to read 'M. Kenyon', is written over a double-lined horizontal line.

Signed:

Michael Kenyon
CFO & Company Secretary
Resource Development Group Ltd

Date: 30 August 2021



Resource
Development
Group

Resource Development Group Limited

ABN 33 149 028 142

**Annual Financial Report
30 June 2021**

Resource Development Group Limited

ABN 33 149 028 142

Annual Financial Report

30 June 2021

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CORPORATE INFORMATION

ABN 33 149 028 142

Directors

Mr. Andrew Ellison – Managing Director
Mr. Mark Wilson – Chairman, Non-Executive Director
Mr. Mike Grey – Non-Executive Director
Mr. Paul Brown – Non-Executive Director

Company Secretary

Mr. Michael Kenyon

Registered Office

Level 1, 46 Edward Street
OSBORNE PARK WA 6017
Telephone: +61 8 9443 2928
Facsimile: +61 8 9443 2926

Principal Place of Business

Level 1, 46 Edward Street
OSBORNE PARK WA 6017
Telephone: +61 8 9443 2928
Facsimile: +61 8 9443 2926
Website: www.resdevgroup.com.au

Share Registry

Automatic Share Registry
126 Phillip Street
SYDNEY NSW 2000
Telephone: 1300 288 664

Solicitors

Steinepreis Paganin Lawyers & Consultants
Level 4, The Read Building
16 Milligan Street
PERTH WA 6000

Bankers

ANZ Banking Group Limited
Level 10, 77 St Georges Terrace
PERTH WA 6000

Auditors

HLB Mann Judd (WA Partnership)
Level 4, 130 Stirling Street
PERTH WA 6000

Securities exchange listing

Resource Development Group Limited shares are listed on the Australian Securities Exchange (ASX: RDG)

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity (or "Group") consisting of Resource Development Group Limited ("Company" or "RDG") and the entities it controlled during the period for the year ended 30 June 2021. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors who held office throughout the period and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Mr Andrew Ellison (Managing Director)

Mr Ellison is a highly experienced executive with a successful track record in delivering business growth. Mr Ellison is responsible for strategic business development, development of new capabilities and services, identification of new territories and markets and key client relationship management. He has over 30 years' experience in maintenance and construction contracting across Australia and West Africa including civil and concrete, commercial building, structural mechanical and piping, tanks, and electrical services.

In the three years immediately before the end of the financial year Mr Ellison has not served as a director of any other listed companies.

Mr Mark Wilson (Chairman, Non-Executive Director)

Mr Wilson is an experienced senior executive with a strong track record in development and implementation of business strategy, balance sheet management, organisational design, project management, and transaction execution. He has held senior positions in several Australian and international companies, including Laing O'Rourke, Multiplex and Brookfield Multiplex. He holds a Bachelor of Commerce (Finance) and Bachelor of Laws from the University of New South Wales and has a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia (FINSIA).

In the three years immediately before the end of the financial year Mr Wilson has not served as a director of any other listed companies.

Mr Mike Grey (Non-Executive Director)

Mr Grey has over 35 years of experience in the mining industry having started his career with Alluvial Gold Mining where he was responsible for constructing, operating and maintaining numerous floating gold dredges and hard rock gold mining and processing. After gaining valuable experience in the gold industry, Mr Grey moved into iron ore mining, holding a range of Maintenance Management and Mine Management positions across a number of projects in the Kimberley, Pilbara and Yilgarn regions of Western Australia.

In the three years immediately before the end of the financial year Mr Grey served as a non-executive director of Hazer Group Ltd between April 2019 and May 2020.

Mr Paul Brown (Non-Executive Director)

Paul has over 20 years of experience in the mining industry with a strong track record in multiple disciplines including general management, operational management, technical leadership, project/studies management, business improvement, mineral resource evaluation and mine planning. Prior to joining Mineral Resources Limited, he held senior operating roles with Leighton, HWE and FMG gaining both contractor and own miner experience through a broad range of technical, operational and construction roles spanning large scale open cut operations across a range of commodities including iron ore, lithium, and copper. Mr Brown is a qualified mining engineer with a Masters in Mine Engineering M. Eng (MI) from Federation University in Victoria and also holds mechanical trade qualifications.

In the three years immediately before the end of the financial year Mr Brown has not served as a director of any other listed companies.

Company Secretary

Mr Michael Kenyon (Chief Financial Officer/Company Secretary)

Mr Kenyon has held senior roles with both private and ASX-listed corporations over the past 24 years. He holds a Bachelor of Business degree from Edith Cowan University, is a Chartered Accountant and a graduate member of the Australian Institute of Company Directors.

DIRECTORS' REPORT (continued)**Interests in the shares, options and incentives of the Company and related bodies corporate**

The following relevant interests in shares, options and incentives of the Company or a related body corporate were held by the directors as at the date of this report.

Directors	Fully paid ordinary shares Number	Share options Number
Andrew Ellison	138,983,058	2,077,922
Mark Wilson	-	2,077,922
Mike Grey	274,683	2,077,922
Paul Brown	-	2,077,922

Shares under option or issued on exercise of options

At the date of this report, unissued ordinary shares of the Company under option are as follows:

Date options granted	Number of shares under option	Exercise price	Expiry date of option
14 January 2021	8,311,688	\$0.07	14 January 2024

Incentives granted and subject to vesting

There were no incentives outstanding as at 30 June 2021 (2020: Nil).

Share options/incentives granted to directors and senior management

During the financial year, each of the directors was granted 2,077,922 options as part of their remuneration. The options had all vested by 30 June 2021, expire on 14 January 2024 and have an exercise price of \$0.07.

Unissued shares

Further to the acquisition of the Balline Garnet project, a further 75 million RDG shares are to be issued following FIRB approval of the transaction, which was granted on 23 April 2021. Pursuant to the Asset Acquisition Agreement relating to this project, these shares will be issued 12 months from FIRB approval.

Principal Activities

The principal activities of the entities within the consolidated entity during the year were the provision of contracting, remedial and construction services to the mining and oil and gas sectors within Australia as well as residential building and development.

Review of operations

RDG reported a net profit after tax from its continuing operations of \$0.4m (2020: \$0.3m), whilst its underlying Earnings before interest, depreciation, amortisation, and taxation (EBITDA) from its continuing operations for the period was \$1.6m (2020: \$1.3m). The Group has focussed its energy over the past financial year on continuing to grow the Central Systems Pty Ltd (Centrals) business, continued the development of its Ant/Sunday Hill manganese project as well as the advancement of its Lucky Bay Garnet project following the acquisition of those assets during January 2021.

The discontinuation of the Group's subsidiary, Mineral Solutions Australia Pty Ltd (MSA) was also progressed during the period. The Board was not able to arrest the underperformance of the MSA business over a two-year period. The Board had recognised that the business required significant capital expenditure to be injected to deliver the large crushing and screening projects being offered in the market. The majority of MSA's assets including crushing and screening equipment, were sold during FY21 and the preceding year. The profit on sale of assets was approximately \$1.4m (2020: \$1.7m).

The total profit and comprehensive income attributable to the shareholders of the Company was \$1.1m (2020: \$1.5m). The Group's operating cash flow was \$16.6m resulting in record cash at bank at 30 June of \$23.9m (2020: 10.7m).

The Company's wholly owned subsidiary, Centrals, continued to successfully complete various projects in the Northwest of Western Australia for Fortescue Metals Group Ltd (FMG) and various smaller projects for Mineral Resources Ltd (MRL) during the year. As a result, FY21 revenue for Centrals increased significantly to \$67.1m (2020: \$20.9m).

The Group's overall borrowings reduced to \$3.0m by 30 June 2021 (2020: \$4.6m). It should be noted that most of the proceeds of equipment sales at MSA were used to reduce its hire purchase liability to nil by 31 December 2020, whilst additional capital expenditure at Centrals to reinvigorate its ageing construction fleet was funded by way of new borrowings.

DIRECTORS' REPORT (continued)

The directors are very pleased with the acquisition of garnet assets from Australian Garnet Resources Pty Ltd (formerly Australian Garnet Pty Ltd), a transaction which was completed on 31 January 2021.

Acquisition of Assets

On 31 January 2021, the Company executed an Asset Sale Agreement with Australian Garnet Pty Ltd (AGPL) to acquire a 100% interest in the Balline Garnet Project. The transaction was completed simultaneously as all material conditions precedent were satisfied. The terms of the acquisition included the following:

- Payment of \$4m to AGPL to enable payments to creditors, bondholders and its principal financier, Nebari Natural Resources Credit Fund, in satisfaction of a loan provided to AGPL; and
- Issue of 355,000,000 shares in RDG, to the vendor (or nominee(s) to be issued in two tranches as follows:
 - Tranche 1: 280,000,000 RDG shares issued at completion; and
 - Tranche 2: 75,000,000 RDG shares following FIRB approval of the transaction, which was granted on 23 April 2021. Tranche 2 shares will be issued 12 months from FIRB approval.

Operations

Headquartered in Perth, RDG provides diversified mining services to the resources, infrastructure, and energy sectors within Australia, as well as owning two mining projects. RDG has offices/facilities in Perth and Newman, as well as manganese and garnet mining tenements in the Northwest of Western Australia.

RDG had three wholly owned subsidiaries as at 30 June 2021 and an 80% equity interest in another subsidiary, Mineral Solutions Australia Pty Ltd (whose operations were discontinued during the period):

- Central Systems Pty Ltd (Centrals) provides multi-discipline construction and plant modification services to the resources, energy, and infrastructure sectors in Australia.
- Comcen Pty Ltd, is the holder of the Ant Hill and Sunday Hill manganese project; and
- Australian Garnet Pty Ltd (AGPL), is the holder of the Lucky Bay Garnet project.

Centrals provide a 'whole of project' life-cycle service including:

- Multi-disciplinary construction services (civil, structural, mechanical, piping and tanks (SMPT), electrical and instrumentation (E&I) and non-process building works)
- Plant Modification services
- Engineering, procurement, construction management (EPCM), project management consultancy (PMC) or integrated team project delivery solutions
- Engineering, procurement, and construction (EPC) project delivery solutions
- Design and construct (D&C) package delivery solutions
- Optimising services including plant debottlenecking

Workforce Capacity and Capability

On 30 June 2021, the Company employed approximately 158 people (2020: 61 people). Staff numbers increased over the past year as the focus was on growing the Central Systems business that included delivering various significant projects for FMG and other clients. The Company's subsidiary that houses its garnet project, Australian Garnet Pty Ltd, also commenced employing new staff during the year. The Company is pleased that it has been able to ramp up and retain its workforce over the past year, particularly in light of a very tight labour market and continued labour supply pressures.

Strategy and Outlook

The Company's strategic direction has continued to focus on identifying suitable investment opportunities that provide RDG with long term sustainable revenue streams with an acceptable return on capital. The Board is confident with the two opportunities now acquired – the Ant Hill/Sunday Hill manganese project and Lucky Bay Garnet project which can now turn to development. The Company continues work to identify a third project that meets our return-on-investment requirements, that can be developed and retained for the long term.

Your directors remain focused on the following key areas of the RDG business:

- Continue to actively pursue and deliver construction projects for our long-term customers aligned with our traditional skills and market sectors that will generate acceptable profit margins. This will include performing our own projects such as the Lucky Bay Garnet project, as well as those for our long-term customers, including MRL;
- Diversify our existing business, ensure overheads and operating costs are kept proportionate to revenue; and
- Identify other opportunities that are complementary to our existing business.

DIRECTORS' REPORT (continued)

The Board is satisfied that it continues to actively manage the three key areas above and is confident that the long-term direction of the Company is now getting close to being clearly defined for shareholders.

RDG has been working to develop a detailed project development plan for its Lucky Bay Garnet project, to take the project into production. Engineering and detail design and ordering of long lead items of equipment is well advanced, with onsite construction to commence during Q3 2021 with commissioning planned to commence during Q2 2022, whilst planning for plant operations is also underway.

The Company has to date been able to navigate the challenges of the COVID-19 pandemic without delay or incident, however it always remains cautiously aware of any potential risk.

Your directors are extremely pleased with the progress to date and have utmost confidence that the Company's outlook for the next 12-24 months is extremely promising, particularly with the development of its Lucky Bay Garnet project.

Operating results for the year

The Group reported a net profit before income tax from continuing operations for the reporting year ended 30 June 2021 of \$0.4 million (2020: \$0.3m), up 22.2%. Revenues from continuing operations were \$67.1m (2020: \$20.9m), which is up 220.6% on the previous year.

Risk management

Senior management have made decisions on how to manage the various categories of risk exposure and this includes the imposition of Standard Operating Procedures (SOP's) for routine business transactions and mitigation initiatives such as insurance policies to lessen or obviate risks.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the consolidated entity to the date of this report, other than as set out in this report.

COVID-19

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not had a financially materially impact on the Group up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Significant events after balance date

No matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results

Disclosure of information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Therefore, this information has not been presented in this report.

Environmental legislation

The consolidated entity is not subject to any significant environmental legislation.

Indemnification and insurance of Directors and Officers

The Company has agreed to indemnify all the directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

During the financial year the Company paid a premium in respect of a contract to insure the directors and officers of the Company and its controlled entities against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

DIRECTORS' REPORT (continued)

Remuneration report

This report outlines the remuneration arrangements in place for the key management personnel of Resource Development Group Limited for the financial year ended 30 June 2021. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for key management personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

Key management personnel

(i) Directors

Mr Andrew Ellison	(Managing Director)
Mr Mark Wilson	(Chairman/Non-Executive Director)
Mr Mike Grey	(Non-Executive Director)
Mr Paul Brown	(Non-Executive Director)

(ii) Executives

Mr Gary Reid (Director, Construction)

Mr Michael Kenyon (Chief Financial Officer/Company Secretary)

Remuneration philosophy

The performance of the Company depends upon the quality of the key management personnel. The philosophy of the Company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- Establish appropriate, demanding performance hurdles for variable executive remuneration.

Remuneration committee

The Remuneration Committee of the Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the key management personnel.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of key management personnel on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and executive team.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The latest determination was at a General Meeting held on 3 February 2011 when shareholders approved an aggregate remuneration of \$500,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the way it is apportioned amongst directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

The remuneration of directors for the year ended 30 June 2021 is detailed in Table 1 of this report.

Senior manager and executive director remuneration

Remuneration consists of fixed remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

DIRECTORS' REPORT (continued)**Remuneration report (continued)**

Compensation levels for executives of the Group are competitively set to attract and retain appropriately qualified and experienced executives. The compensation structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders.

The compensation structures consider:

- The capability and experience of the executive;
- The executive's ability to control the relevant segment's performance; and
- The Group's performance including:
 - (a) The Group's earnings; and
 - (b) The growth in share price and delivering constant returns on shareholder wealth.

Compensation packages include a mix of fixed and variable compensation, and long-term incentives. In considering the Group's performance and returns on shareholder wealth, the Board has regard to the following indicators of performance in respect of the current financial year and the previous four financial years:

	\$	\$	\$	\$	\$
	2021	Restated ¹ 2020	2019	2018	2017
Revenue	67,123,044	20,938,155	38,535,695	15,939,479	9,256,201
Net profit/(loss) after tax (excluding non-controlling interests)	1,123,328	1,471,776	(1,796,671)	(508,446)	(1,167,055)
Share price at year-end (\$)	0.042	0.03	0.018	0.021	0.021
Earnings per share (cents)	0.042	0.0021	(0.0028)	(0.008)	(0.0018)

¹ The 30 June 2020 comparatives have been restated for the reclassification of the discontinued operation.

Fixed remuneration

Fixed remuneration is reviewed annually by the Remuneration Committee and/or the Board. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Committee has access to external, independent advice where necessary.

Senior managers are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group.

The fixed remuneration component of the key management personnel is detailed in Table 1 of this report.

Variable remuneration

The objective of a short-term incentive program is to link the achievement of the Group's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential short-term incentive available can be set at a level to provide enough incentive to the senior manager to achieve the operational targets and such that the cost to the Group is reasonable in the circumstances.

Although there were some informal arrangements in place in relation to the payment of variable remuneration, options were issued to directors during the year which were not performance-based.

DIRECTORS' REPORT (continued)

Remuneration report (continued)

Service/Employment contracts

Mr Andrew Ellison (Managing Director)

Mr Ellison had an original Contract Services Agreement dated 10 September 2014 with the Company, engaging him as Chairman/Managing Director for an indefinite term commencing 19 September 2014, for an agreed rate of up to \$25,000 per calendar month depending on time committed plus ancillary work-related expenses. The Board agreed to increase the rate to \$35,000 per month, with effect from 1 January 2021, because of the increased activity in the Company and no increase in the rate for almost seven years.

The agreement may be terminated by either party giving four weeks written notice or terminated immediately with cause. Restraint and non-solicitation provisions will apply for six months following termination of the contract, and other usual and appropriate commercial conditions of employment are included to protect the interests of the Company during and following his term of engagement.

Mr Mark Wilson (Chairman/Non-Executive Director)

Mr Wilson is an appointee of Mineral Resources Limited which became a substantial shareholder on 17 June 2020 because of the acquisition 100% interest in the Ant Hill and Sunday Hill manganese projects from Mineral Resources Limited subsidiary, Auvex Resources Pty Ltd. Mr Wilson has no formal terms of appointment.

Mr Mike Grey (Non-Executive Director)

Mr Grey is an appointee of Mineral Resources Limited which became a substantial shareholder on 17 June 2020 because of the acquisition 100% interest in the Ant Hill and Sunday Hill manganese projects from Mineral Resources Limited subsidiary, Auvex Resources Pty Ltd. Mr Grey has no formal terms of appointment.

Mr Paul Brown (Non-Executive Director)

Mr Brown is an appointee of Mineral Resources Limited which became a substantial shareholder on 17 June 2020 because of the acquisition 100% interest in the Ant Hill and Sunday Hill manganese projects from Mineral Resources Limited subsidiary, Auvex Resources Pty Ltd. Mr Brown has no formal terms of appointment.

Mr Michael Kenyon (Chief Financial Officer/Company Secretary)

The Company entered into a Contract Services Agreement (CSA) effective 19 May 2015 with Mr Kenyon, engaging him as Chief Financial Officer/Company Secretary for a 6-month term ending on 26 November 2015 for a TFR of \$10,000 per calendar month for a two-day working week. Effective 1 December 2015, the Company agreed to an extension of the terms of the CSA with the working days to be determined on an "as needed" basis at a day rate of \$1,250 per day. From 1 October 2020, the rate was increased to \$1,400 per day.

The agreement may be terminated by either party giving four weeks written notice or terminated immediately with cause. Other usual and appropriate commercial conditions of employment are included to protect the interests of the Company during and following his term of engagement.

Mr Gary Reid (Director, Construction)

Mr Reid has an original Executive Service Agreement (ESA) dated 10 September 2014 with the Company, employing him as Executive Director for an indefinite term commencing on 19 September 2014. This ESA has been varied over the years and currently has the following status:

- Base salary cash component of \$346,468 per annum with effect from 1 February 2018;
- Payment of project uplift amount of \$40,515 per annum.

The agreement may be terminated by either party giving three months' written notice or terminated immediately with cause. The Company may choose to pay Mr Reid an amount in lieu of the applicable remaining notice period. Restraint and non-solicitation provisions will apply for six months following termination of the contract, and other usual and appropriate commercial conditions of employment are included to protect the interests of the Company during and following his term of employment. If Mr Reid's employment is terminated by reason of redundancy, the Company will comply with redundancy provisions in accordance with the National Employment Standards.

DIRECTORS' REPORT (continued)**Remuneration report (continued)***Remuneration of directors and named executives***Table 1: Key Management Personnel remuneration for the years ended 30 June 2021 and 30 June 2020**

		Short-term employee benefits				Post-employment benefits	Other long-term benefits	Equity	Total \$	Performance related %
		Salary & fees \$	Bonuses \$	Non-monetary benefits \$	Other \$	Superannuation \$	Long-service leave \$	Options \$		
Mr Andrew Ellison	2021	380,000	-	-	-	-	-	80,000	460,000	-
	2020	340,860	-	-	-	-	-	-	340,860	-
Mr Mark Wilson	2021	-	-	-	-	-	-	80,000	80,000	-
	2020	-	-	-	-	-	-	-	-	-
Mr Mike Grey	2021	-	-	-	-	-	-	80,000	80,000	-
	2020	-	-	-	-	-	-	-	-	-
Mr Paul Brown	2021	-	-	-	-	-	-	80,000	80,000	-
	2020	-	-	-	-	-	-	-	-	-
Mr Gary Reid ¹	2021	386,983	-	-	-	19,307	-	-	406,290	-
	2020	403,357	-	-	-	26,196	-	-	429,553	-
Mr Michael Kenyon	2021	131,558	-	-	-	-	-	-	131,558	-
	2020	77,250	-	-	-	-	-	-	77,250	-
Totals	2021	898,541	-	-	-	19,307	-	320,000	1,237,848	-
	2020	821,467	-	-	-	26,196	-	-	847,663	-

¹ Mr Reid resigned as a director of Resource Development Group Ltd on 17 June 2020 however remains as a Key Management Person of the Group

DIRECTORS' REPORT (continued)**Remuneration report (continued)****Key Management Personnel equity holdings****Ordinary shares held in Resource Development Group Limited (number)**

30 June 2021	Balance at beginning of period	Balance on appointment	Purchased/ (Sold)	On exercise of incentives	Net change other	Balance on resignation	Balance at end of period
Directors							
Mr Andrew Ellison	105,649,724	-	33,333,334	-	-	-	138,983,058
Mr Mark Wilson	-	-	-	-	-	-	-
Mr Mike Grey	-	-	274,683	-	-	-	274,683
Mr Paul Brown	-	-	-	-	-	-	-
Executives							
Mr Gary Reid	105,649,724	-	33,333,334	-	-	-	138,983,058
Mr Michael Kenyon	1,000,000	-	(500,000)	-	-	-	500,000

Ordinary shares held in Resource Development Group Limited (number)

30 June 2020	Balance at beginning of period	Balance on appointment	Purchased	On exercise of incentives	Net change other	Balance on resignation	Balance at end of period
Directors							
Mr Andrew Ellison	105,649,724	-	-	-	-	-	105,649,724
Mr Andrew Haslam ¹	-	-	-	-	-	-	-
Mr Mark Wilson ²	-	-	-	-	-	-	-
Mr Mike Grey ²	-	-	-	-	-	-	-
Mr Paul Brown ²	-	-	-	-	-	-	-
Mr Gary Reid ³	105,649,724	-	-	-	-	-	105,649,724
Mr Ivan Ruefli ⁴	-	105,649,724	-	-	-	(105,649,724)	-
Executives							
Mr Michael Kenyon	1,000,000	-	-	-	-	-	1,000,000

¹ Mr Haslam was appointed as a non-executive director on 12 March 2019 and resigned 12 August 2019² Mr Mike Grey, Mr Mark Wilson and Mr Paul Brown were appointed as non-executive directors on 17 June 2020³ Mr Gary Reid resigned as executive director on 17 June 2020 however remains in his role as Director, Construction for Central Systems Pty Ltd⁴ Mr Ivan Ruefli was appointed as executive director on 12 August 2019 and resigned on 17 June 2020

DIRECTORS' REPORT (continued)**Remuneration report (continued)****Options issued to Directors during the year (number)**

	Opening balance	Options granted	Closing balance
Directors			
Mr Andrew Ellison	-	2,077,922	2,077,922
Mr Mark Wilson	-	2,077,922	2,077,922
Mr Mike Grey	-	2,077,922	2,077,922
Mr Paul Brown	-	2,077,922	2,077,922

The terms and conditions attributable to the options are as follows:

Valuation date	20 October 2020
Market price of shares	\$0.05
Exercise price	\$0.07
Expiry date (length of time from issue)	3 years from date of issue
Risk free interest rate	0.07%
Volatility	84.4%

Details of employee share option plans

Under the terms of the plan, the Board may offer free options to persons ("Eligible Persons") who are full-time or part-time employees (including a person engaged by the Company under a consultancy agreement); or Directors of the Company or any subsidiary based on several criteria including contribution to the Company, period of employment, potential contribution to the Company in the future and other factors the Board considers relevant. Upon receipt of such an offer, the Eligible Person may nominate an associate to be issued with the options. The maximum number of options issued under the Plan at any one time is 5% of the total number of Shares on issue in the Company provided that the Board may increase this percentage, subject to the Corporations Act and the Listing Rules.

Each option entitles the holder, on exercise, to one ordinary fully paid share in the Company. There is no issue price for the options. The exercise price for the options will be such price as determined by the Board (in its discretion) on or before the date of issue provided that in no event shall the exercise price be less than 80% of the weighted average sale price of Shares sold on ASX during the five Business Days prior to the date of issue.

Shares issued on exercise of options will rank equally with other ordinary shares of the Company.

Options may not be transferred other than to a nominee of the holder. Quotation of options on ASX will not be sought. However, the Company will apply to ASX for official quotation of Shares issued on the exercise of options.

An option may only be exercised after that option has vested and any other conditions imposed by the Board on exercise satisfied. The Board may determine the vesting period (if any). An option will lapse upon the first to occur of the expiry date, the holder acting fraudulently or dishonestly in relation to the Company, the employee ceasing to be employed by the Company or on certain conditions associated with a party acquiring a 90% interest in the Shares of the Company.

If, in the opinion of the Board any of the following has occurred or is likely to occur, the Company entering a scheme of arrangement, the commencement of a takeover bid for the Company's Shares, or a party acquiring a sufficient interest in the Company to enable them to replace the Board, the Board may declare an option to be free of any conditions of exercise. Options which are so declared may, subject to the lapsing conditions set out above, be exercised at any time on or before their expiry date and in any number.

There are no participating rights or entitlements inherent in the options and option holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the options. However, the Company will ensure that the record date for determining entitlements to any such issue will be at least six Business Days after the issue is announced. Option holders shall be afforded the opportunity to exercise all options which they are entitled to exercise pursuant to the Plan prior to the date for determining entitlements to participate in any such issue.

If the Company makes an issue of shares to Shareholders by way of capitalisation of profits or reserves ("Bonus Issue"), each option holder holding any options which have not expired at the time of the record date for determining entitlements to the Bonus Issue shall be entitled to participate in the Bonus Issue by exercising their options before the record date determining entitlements under the Bonus Issue. They will then be issued the shares under the Bonus Issue in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise.

DIRECTORS' REPORT (continued)

Remuneration report (continued)

The Bonus Shares will be paid by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the Bonus Issue and upon issue rank pari passu in all respects with the other Shares issued upon exercise of the options. In the event of any reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the expiry of any options, the number of options to which each option holder is entitled or the exercise price of his or her options or both or any other terms will be reconstructed in a manner determined by the Board which complies with the provisions of the Listing Rules.

Under current taxation laws any taxation liability in relation to the options, or the Shares issued on exercise of the options, will fall on the participants. The Company will not be liable to fringe benefits tax in relation to options or Shares issued under the Plan.

Although Directors are eligible to be offered options under the Plan, this first requires specific Shareholder approval due to the requirements of the ASX Listing Rules and the Corporations Act 2001.

Related Party disclosures

(a) Lease agreements

The Company has entered into operating lease agreements for rental premises with the following shareholder related entities:

Slipstream Property Partnership

Allmont Pty Ltd as trustee for the Allmont Trust (Andrew Ellison); and
Matthew Reid Project Management Pty Ltd (Gary Reid).

The lease for the property located in Osborne Park, Western Australia lease commenced on 1 May 2015 with a termination date of 30 April 2019. The lease has been on a rolling month-by-month arrangement since that date.

Rental payments made for the year 1 July 2020 to 30 June 2021 were \$136,800 (2020: \$136,800). At balance date, \$Nil (2020: \$Nil) was payable to the Slipstream Property Trust.

Grisam Investments Pty Ltd as trustee for the Grisam Property Trust

Allmont Pty Ltd as trustee for the Allmont Trust (Andrew Ellison); and
Gary Reid as trustee for the Gary Reid Family Trust.

The lease for the property located in Newman, Western Australia commenced on 1 October 2014 with a termination date of 30 September 2019. The lease has been on a rolling month-by-month arrangement since that date.

Rental payments made for the year 1 July 2020 to 30 June 2021 were \$210,000 (2020: \$210,000). At balance date, \$Nil (2020: \$Nil) was payable to Grisam Investments Pty Ltd.

(b) Other transactions

- i) The Company entered a lump sum building contract with Allmont Pty Ltd (Mr Andrew Ellison – Chairman) for the construction of a two-storey residential dwelling at the Company's residential project located at North Coogee, Western Australia on 8 December 2018. The contract was executed at normal commercial rates.

Allmont Pty Ltd was invoiced \$132,936 inclusive of GST for the year ended 30 June 2021 (2020: \$67,967). At balance date, \$Nil (2020: \$Nil) was owing by Allmont Pty Ltd.

- ii) The Company entered a lump sum building contract with Gary Reid (Director, Construction of Central Systems Pty Ltd) for the construction of a two-storey residential dwelling at the Company's residential project located at North Coogee, Western Australia on 14 December 2018. The contract was executed at normal commercial rates.

Mr Reid was invoiced \$349,883 inclusive of GST for the year ended 30 June 2021 (2020: \$332,164). At balance date, \$Nil (2020: \$Nil) was owing by Mr Reid.

This concludes the remuneration report, which has been audited

DIRECTORS' REPORT (continued)**Directors' Meetings**

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director was as follows:

	Directors' Meetings	Eligible to attend	Audit Committee*	Remuneration Committee*
Number of meetings held:	9	9	-	-
Number of meetings attended:				
Mr Andrew Ellison	9	9	-	-
Mr Mark Wilson	9	9	-	-
Mr Mike Grey	9	9	-	-
Mr Paul Brown	9	9	-	-

**given the size of the Board and the Company, the directors also fulfilled the roles required in the committees*

Proceedings on behalf of the Group

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

Auditor Independence and Non-Audit Services

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on page 15 and forms part of this directors' report for the year ended 30 June 2021.

Non-Audit Services

The Directors review any non-audit services to be provided to ensure they are compatible with the general standard for independence for auditors imposed by the Corporations Act 2001.

During the year, HLB Mann Judd did not provide any non-audit services to the Group.

Signed in accordance with a resolution of the directors.



Mr Andrew Ellison
Managing Director
Perth, Western Australia
30 August 2021

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Resource Development Group Limited for the year ended 30 June 2021, 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 audit; and
- b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
30 August 2021



N G Neill
Partner

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HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Notes	Consolidated	
		30 June 2021 \$	Restated 30 June 2020 \$
Continuing operations			
Revenue	2(a)	67,123,044	20,938,155
Other income	2(b)	37,695	266,444
Profit on sale of assets		75,889	63,669
Cost of sales		(39,445,040)	(8,658,300)
Employee benefits expense		(23,298,712)	(9,595,687)
Depreciation and amortisation expense	2(c)	(1,170,076)	(941,021)
Finance costs		(128,942)	(70,847)
Share-based payments	2(c)	(320,000)	-
Other expenses		(2,011,444)	(1,701,149)
Profit before income tax		862,414	301,264
Income tax (expense)/benefit	3	(479,720)	11,927
Profit after income tax from continuing operations		382,694	313,191
Other comprehensive income for the period, net of income tax		-	-
Total comprehensive income for the period from continuing operations		382,694	313,191
Discontinued operations			
Profit after tax from discontinued operations	30	798,576	1,448,231
Net profit for the year		1,181,270	1,761,422
Total profit for the year is attributable to:			
Non-controlling interests		57,942	289,646
Owners of Resource Development Group Ltd		1,123,328	1,471,776
		1,181,270	1,761,422
Total comprehensive income for the year is attributable to:			
Non-controlling interests	29	57,942	289,646
Owners of Resource Development Group Ltd		1,123,328	1,471,776
		1,181,270	1,761,422
Earnings per share for the period attributable to the members of Resource Development Group Ltd			
Basic earnings per share (¢ per share) – continuing operations	5	0.01	0.04
Basic earnings per share (¢ per share)	5	0.04	0.21
Diluted earnings per share (¢ per share) – continuing operations	5	0.01	0.04
Diluted earnings per share (¢ per share)	5	0.04	0.21

The 30 June 2020 comparatives have been restated for the reclassification of the discontinued operation.

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

	Notes	Consolidated	
		2021 \$	2020 \$
Assets			
Current assets			
Cash and cash equivalents	6	23,897,426	10,707,614
Trade and other receivables	7	10,240,763	8,232,291
Inventories	8	885,561	50,197
Total current assets		35,023,750	18,990,102
Non-current assets			
Property, plant and equipment	9	8,215,878	10,224,933
Right-of-Use asset	13	-	52,345
Deferred exploration and evaluation expenditure	11	49,924,827	24,282,000
Development expenditure	12	25,055,000	25,055,000
Deferred tax assets	3	1,752,457	468,775
Total non-current assets		84,948,162	60,083,053
Total assets		119,971,912	79,073,155
Liabilities			
Current liabilities			
Trade and other payables	14	27,378,372	6,359,632
Borrowings	15	1,022,761	2,486,667
Lease liabilities	13	-	56,484
Current tax liabilities	3	19,404	124,615
Provisions	16	1,272,061	712,417
Total current liabilities		29,692,598	9,739,815
Non-current liabilities			
Borrowings	15	1,990,719	2,163,038
Provisions	16	13,796	8,912
Deferred tax liabilities	3	2,582,269	720,130
Total non-current liabilities		4,586,784	2,892,080
Total liabilities		34,279,382	12,631,895
Net assets		85,692,530	66,441,260
Equity			
Contributed equity	17	74,990,375	57,240,375
Share-based payments reserve	19	320,000	-
Retained earnings		10,402,464	9,279,136
Equity attributable to owners of the parent		85,712,839	66,519,511
Non-controlling interests	29	(20,309)	(78,251)
Total equity		85,692,530	66,441,260

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021**

Consolidated	Contributed equity	Retained earnings	Share-based payments reserve	Attributable to the owners of the parent	Non-controlling interest	Total equity
<u>30 June 2019</u>						
Balance as at 1 July 2019	7,836,308	7,740,292	134,135	15,710,735	(367,897)	15,342,838
Profit for the year	-	1,471,776	-	1,471,776	289,646	1,761,422
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	1,471,776	-	1,471,776	289,646	1,761,422
<i>Transactions with owners in their capacity as owners:</i>						
Lapsed incentives	-	67,068	(67,068)	-	-	-
Issue of shares	49,404,067	-	(67,067)	49,337,000	-	49,337,000
Balance at 30 June 2020	57,240,375	9,279,136	-	66,519,511	(78,251)	66,441,260
Balance as at 1 July 2020	57,240,375	9,279,136	-	66,519,511	(78,251)	66,441,260
Profit for the year	-	1,123,328	-	1,123,328	57,942	1,181,270
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	1,123,328	-	1,123,328	57,942	1,181,270
<i>Transactions with owners in their capacity as owners:</i>						
Share-based payments	-	-	320,000	320,000	-	320,000
Issue of shares	17,750,000	-	-	17,750,000	-	17,750,000
Balance at 30 June 2021	74,990,375	10,402,464	320,000	85,712,839	(20,309)	85,692,530

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021**

	Notes	Consolidated	
		2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers		86,049,064	31,062,912
Payments to suppliers and employees		(66,512,726)	(29,008,488)
Interest received		187,264	173,112
Finance costs paid		(132,632)	(353,027)
Income tax receipts/(paid)		473,246	(184,322)
Insurance proceeds received		-	99,221
GST paid		(3,421,624)	(1,653,703)
Net cash inflow from operating activities	6(ii)	16,642,592	135,705
Cash flows from investing activities			
Purchase of property, plant and equipment		(628,837)	(230,912)
Proceeds from sale of property, plant and equipment		5,703,000	3,177,855
Acquisition of Lucky Bay Garnet assets	10	(4,000,000)	-
Loan to external party repaid		1,500,000	-
Payments for deferred exploration expenditure		(277,827)	-
Transfer of funds held in trust		(818,181)	-
Net cash inflow from investing activities		1,478,155	2,946,943
Cash flows from financing activities			
Repayment of lease liability	6(iii)	(56,484)	(52,345)
Repayment of hire purchase liabilities	6(iii)	(4,874,451)	(3,319,952)
Net cash (outflow) from financing activities		(4,930,935)	(3,372,297)
Net increase/(decrease) in cash held		13,189,812	(289,649)
Cash and cash equivalents at the beginning of the period		10,707,614	10,997,263
Cash and cash equivalents at the end of the period	6(i)	23,897,426	10,707,614

The accompanying notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1 (ad).

(a) Adoption of new and revised standards

Standards and Interpretations applicable to 30 June 2021

In the year ended 30 June 2021, the Directors have reviewed all the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period.

As a result of this review, the Directors have determined that *AASB 2018-6 Amendments to Australian Account Standards – Definition of Business* and *AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework* were both adopted during the year.

The Directors have also determined that there is no material impact of these revised Standards on the Company and, therefore, no material change is necessary to Group accounting policies.

(b) Statement of compliance

The financial report was authorised for issue 30 August 2021.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(c) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Resource Development Group Limited ('Company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. Resource Development Group Limited and its subsidiaries are referred to in this financial report as the Group or the consolidated entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

Business combinations are accounted for using the acquisition method of accounting (refer note 1(j)).

Unrealised gains or transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) Going concern

The financial statements are prepared on a going concern basis.

At balance date, the Group had a working capital surplus of \$5,331,152 (2020: \$9,250,287) and cash balances of \$23,897,426 (2020: \$10,707,614).

The Board considers that based on its assessment of operating cash flows it is appropriate in the Group's current circumstances to prepare its financial statements on a going concern basis.

(e) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Resource Development Group Limited.

(f) Foreign currency translation

Both the functional and presentation currency of Resource Development Group Limited and its subsidiaries is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

(g) Revenue from Contracts with customers

Revenue arises mainly from the provision of contracting services. The Group generates revenue largely in Australia.

To determine whether to recognise revenue, the Group follows a 5-step process:

- 1 Identifying the contract with a customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Recognising revenue when/as performance obligation(s) are satisfied.

The revenue and profits recognised in any period are based on the delivery of performance obligations and an assessment of when control is transferred to the customer.

In determining the amount of revenue and profits to record, and related statement of financial position items (such as contract fulfilment assets, capitalisation of costs to obtain a contract, trade receivables, accrued income and deferred income) to recognise in the period, management is required to form a number of key judgements and assumptions. This includes an assessment of the costs the Group incurs to deliver the contractual commitments and whether such costs should be expensed as incurred or capitalised.

Revenue is recognised either when the performance obligation in the contract has been performed, so 'point in time' recognition or 'over time' as control of the performance obligation is transferred to the customer.

Transaction price

At contract inception the total transaction price is estimated, being the amount to which the Group expects to be entitled and has rights to under the present contract.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Revenue from Contracts with customers (continued)

The transaction price does not include estimates of consideration resulting from change orders for additional goods and services unless these are agreed.

Once the total transaction price is determined, the Group allocates this to the identified performance obligations in proportion to their relative stand-alone selling prices and recognises revenue when (or as) those performance obligations are satisfied.

For each performance obligation, the Group determines if revenue will be recognised over time or at a point in time. Where the Group recognises revenue over time for long term contracts, this is in general due to the Group performing and the customer simultaneously receiving and consuming the benefits provided over the life of the contract.

For each performance obligation to be recognised over time, the Group applies a revenue recognition method that faithfully depicts the Group's performance in transferring control of the goods or services to the customer. This decision requires assessment of the real nature of the goods or services that the Group has promised to transfer to the customer. The Group applies the relevant output or input method consistently to similar performance obligations in other contracts.

When using the output method, the Group recognises revenue on the basis of direct measurements of the value to the customer of the goods and services transferred to date relative to the remaining goods and services under the contract. Where the output method is used, in particular for long term service contracts where the series guidance is applied, the Group often uses a method of time elapsed which requires minimal estimation. Certain long-term contracts use output methods based upon estimation of number of users, level of service activity or fees collected.

If performance obligations in a contract do not meet the over time criteria, the Group recognises revenue at a point in time. This may be at the point of physical delivery of goods and acceptance by a customer or when the customer obtains control of an asset or service in a contract with customer-specified acceptance criteria.

Refer to Note 1 (o) for further consideration of revenue recognition.

Disaggregation of revenue

The Group disaggregates revenue from contracts with customers by contract type, which includes (i) contracting/construction services, (ii) projects performed on a rates basis and (iii) residential development and construction as management believe this best depicts how the nature, amount, timing and uncertainty of the Group's revenue and cash flows.

Performance obligations

The nature of contracts or performance obligations categorised within this revenue type includes (i) design/construct an asset on a mine site, (ii) provide agreed services on a rates basis and (iii) construct a residential dwelling.

The service contracts in this category include contracts with either a single or multiple performance obligations.

The Group considers that the services provided meet the definition of a series of distinct goods and services as they are (i) substantially the same and (ii) have the same pattern of transfer (as the series constitutes services provided in distinct time increments (e.g. monthly or annual services)) and therefore treats the series as one performance obligation.

Contract assets and contract liabilities

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

As a result of the contracts which the Group enters into with its customers, a number of different assets and liabilities are recognised on the Group's Statement of Financial Position. These include but are not limited to:

- Trade receivables
- Accrued income
- Deferred income

(i) Rendering of services

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Revenue from Contracts with customers (continued)

(ii) Interest income

Interest revenue is recognised on a time proportionate basis that considers the effective yield on the financial asset.

(iii) Dividends

Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be consequently tested for impairment.

(h) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Income tax (continued)

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity or entities within a tax consolidated group and the same taxation authority.

Tax consolidation legislation

Resource Development Group Limited and its 100% owned subsidiaries, Central Systems Pty Ltd, Australian Garnet Pty Ltd and Comcen Pty Ltd have implemented the tax consolidation legislation. See Note 3 for further information on how the Group accounts for income tax consolidation.

(i) Other taxes

Revenues, expenses, and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(j) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or business under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred, and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified as either equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(k) Impairment of assets

The Group assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Impairment of assets (continued)

recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(l) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(m) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within 30 days.

The Group measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit loss. The expected credit losses on trade and other receivables are estimated with reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operates and an assessment of both the current and the forecast direction of conditions at the reporting date.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery; for example, when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss and other comprehensive income.

(n) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

Raw materials – purchase cost on a first-in, first-out basis; and

Finished goods and work-in-progress – cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Inventories (continued)

Inventories are measured at the lower of cost and net realisable value.

(o) Work in Progress

Work in progress is measured at cost, plus profit recognised to date less any provision for anticipated future losses. Cost includes both variable and fixed costs relating to specific contracts, and those costs that are attributable to the contract activity in general and that can be allocated on a reasonable basis.

Profits are recognised using the input method on the basis of the Group's estimates on inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation.

Revenue has been recognised on the basis of the terms of the contract adjusted for any variations or claims allowable under the contract.

(p) Property, plant, and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on a reducing balance basis over the estimated useful life of the assets as follows:

Plant and equipment – over 2 to 20 years

Motor Vehicle – over 4 to 6 years

Leasehold improvements – over 10 to 13 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(ii) Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(q) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(r) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021****NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(s) Employee leave benefits***(i) Wages, salaries and annual leave*

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the balance date are recognised in other payables in respect of employees' services up to the balance date. They are measured at the amounts expected to be paid when the liabilities are settled.

Liabilities accruing to employees in respect of wages and salaries, annual leave and long service leave not expected to be settled within 12 months of the balance date are recognised in non-current other payables in respect of employees' services up to the balance date. They are measured as the present value of the estimated future outflows to be made by the Group.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the balance date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the balance date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(t) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

(u) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(v) Earnings per share

Basic earnings/loss per share is calculated as net profit/loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings/loss per share is calculated as net profit/loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Parent entity financial information

The financial information for the legal parent entity, disclosed in Note 23 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Resource Development Group Ltd. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Share-based payments

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

(x) Leases

Finance Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are initially recognised at their fair value or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised.

Finance lease assets are depreciated on a straight-line basis over the estimated useful life of the asset.

AASB 16 Leases

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the Company recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Lease assets

Lease assets are initially recognised at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, any initial direct costs incurred by the Company, and an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequent to initial recognition, lease assets are measured at cost (adjusted for any remeasurement of the associated lease liability), less accumulated depreciation and any accumulated impairment loss.

Lease assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, consistent with the estimated consumption of the economic benefits embodied in the underlying asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Leases (continued)

Lease liabilities

Lease liabilities are initially recognised at the present value of the future lease payments (i.e., the lease payments that are unpaid at the commencement date of the lease). These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the Company's incremental borrowing rate.

Subsequent to initial recognition, lease liabilities are measured at the present value of the remaining lease payments (i.e., the lease payments that are unpaid at the reporting date). Interest expense on lease liabilities is recognised in profit or loss (presented as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

Leases of 12-months or less and leases of low value assets

Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a lease asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term.

(y) Share-based payment transactions

Equity settled transactions:

The Group provides benefits to employees (including directors and senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

There is currently one plan in place to provide these benefits:

- the Employee Share Option Plan (ESOP), which provides benefits to directors, senior executives and other parties.

The cost of these equity-settled transactions with the grantees is measured by reference to the fair value of the equity instruments at the date at which they are granted.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Resource Development Group Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) Share-based payment transactions (continued)

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 5).

(aa) Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI).

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets to collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under IAS 39.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(aa) Financial instruments (continued)

Impairment of financial assets

Impairment uses forward-looking information to recognise expected credit losses – the ‘expected credit loss (ECL) model’.

Instruments include loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (‘Level 1’) and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (‘Level 2’).
- ‘Level 3’ would cover financial assets that have objective evidence of impairment at the reporting date.

‘12-month expected credit losses’ are recognised for the first category while ‘lifetime expected credit losses’ are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

Classification and measurement of financial liabilities

The Group’s financial liabilities include borrowings, trade and other payables and derivative financial instruments. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument’s fair value that are reported in profit or loss are included within finance costs or finance income.

(ab) Deferred Exploration Expenditure

Exploration and evaluation costs including costs of studies, exploratory drilling, trenching, and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities along with those for general and administrative costs are expensed in the period they are incurred. Acquisition costs of acquiring are capitalised until the viability of the area of interest is determined. Those acquisition costs are carried forward when the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ab) Deferred Exploration Expenditure (continued)

a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or

b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

(ac) Development Expenditure

Development expenditure incurred by or on behalf of the Group is accumulated separately for each of interest in which economically recoverable resources have been identified. Such expenditure comprises cost directly attributable to the construction of a mine and the related infrastructure.

Once a development decision has been taken, the carrying amount of the exploration and evaluation expenditure in respect of the area of interest is aggregated with the development expenditure and classified under non-current assets as development properties.

A development property is reclassified as a mining property at the end of the commissioning phase, when the mine is capable of operating in the manner intended by management.

Depreciation is charged using the units-of-production method, with separate calculations being made for each area of interest. The units-of-production basis results in a depreciation charge proportional to the depletion of proved, probable and estimated reserves. Development properties are tested for impairment in accordance with the policy on impairment of assets.

(ad) Critical accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that sufficient future tax profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Options are valued using a Black-Scholes model.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ad) Critical accounting estimates and judgements (continued)

Consideration of impairment of property, plant, and equipment

As a result of the Group incurring a loss for the year, the Group considered the requirements of AASB 136 *Impairment of Assets*, and specifically whether an indicator of impairment existed in relation to the carrying value of the Group's property, plant and equipment. The Group did not consider that there were any indicators of impairment in respect of these items at balance date.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 7, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. This reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes, and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ae) New standards and interpretations not yet adopted

At the date of authorisation of the financial statements, the Group has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

New or Revised Requirements	Effective date for entity	Impact
<p>AASB 17 Insurance Contracts</p> <p>This standard will change insurance accounting in Australia, the level of impact will vary depending on the type of insurance entity and the current systems in place. AASB 17 treats insurance products with similar risks in the same manner, regardless of whether they are labelled as 'general', 'life' or 'health' insurance. Some products offered by life insurance entities may now qualify for a simpler way of determining their insurance liabilities. AASB 17 requires an insurer to recognise profits as it delivers insurance services (rather than when it receives premiums) and to provide information about insurance contract profits the company expects to recognise in the future. Insurer will reflect the time value of money in expected payments to settle incurred claims and will measure their insurance contracts based only on the obligations created by these contracts</p>	1 January 2021	The Directors have determined that there will be no impact on the financial position of the company as a result of the change.
<p>AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an investor and its Associate or Joint Venture, AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial corrections</p> <p>The amendments to AASB 10 Consolidated Financial Statements and AASB 128 Investment in Associates and Joint Ventures deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture</p>	1 January 2022 (Editorial corrections in AASB 2017-5 applied from 1 January 2018)	The Directors do not anticipate that the amendments will have a material impact on the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ae) New standards and interpretations not yet adopted (continued)

New or Revised Requirements	Effective date for entity	Impact
<p>AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</p> <p>This standards amends AASB 101 Presentation of Financial Statements to: Clarify that the classification of liabilities as current or non-current is based on rights that in existence at the end of the reporting period; Specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; Explain that rights are in existence if covenants are complied with at the end of the reporting period; and Introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.</p>	1 January 2022	The Directors have not yet assessed the impact that the application of this standard will have on the Group’s financial statements
<p>AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments</p> <p>This standard amends numerous Standards to effect of number of minor changes. The amendments apply to annual reporting periods beginning on or after 1 January 2022 (apart from the amendments to AASB 16 which affect the Illustrative Examples which accompanying but are not part of the Standard and so do not have an effective date) The annual improvements amend the following standards: AASB 1, AASB 9, AASB 16 and AASB 137.</p>	1 January 2022	The Directors anticipate that the application of the amendments will not have impact on the Group’s financial statements, as many of the amendments either do not have affect the Group’s existing accounting policies, or apply to situations, transactions and events that the Group does not undertake.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 2: REVENUE AND EXPENSES

	Consolidated	
	2021	Restated 2020
	\$	\$
(a) Revenue		
Rendering of services – over time	67,123,044	20,938,155
	<u>67,123,044</u>	<u>20,938,155</u>

The Group derives its revenue from the provision of services over time in the following major segments. This is consistent with the revenue information that is disclosed for each reportable segment under AASB 8, refer note 4.

(b) Other income

Interest income	36,649	167,223
Other	1,046	-
Insurance proceeds	-	99,221
	<u>37,695</u>	<u>266,444</u>

(c) Expenses

Depreciation and amortisation of non-current assets	(1,170,076)	(941,021)
Short term rental expense	404,157	405,010
Share based payments expense	320,000	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 3: INCOME TAX

	Consolidated	
	2021	2020
	\$	\$
Income tax recognised in profit or loss:		
The major components of tax expense are:		
Current tax (benefit)/expense – continuing operations	-	243,730
Current tax (benefit)/expense – discontinued operations	197,327	5,473
Current tax	197,327	249,203
Deferred tax (income) relating to the origination and reversal of temporary differences – continuing operations	523,661	(158,019)
Deferred tax (income) relating to the origination and reversal of temporary differences – discontinued operations	54,795	(101,253)
Deferred tax	578,457	(259,273)
Change in tax rate	-	41,998
Deferred tax (income) adjustments relating to the origination and reversal of temporary differences in respect of prior years	45,678	-
Adjustments recognised in respect of prior years	(28,214)	-
Total tax expense	793,248	31,928
Tax expense/(benefit) from continuing operations	479,720	(11,927)
Tax expense from discontinued operations	313,528	43,855

	Consolidated	
	2021	2020
	\$	\$
The prima facie income tax benefit on pre-tax accounting loss from operations reconciles to the income tax benefit in the financial statements as follows:		
Accounting profit before income tax	1,974,518	1,793,350
Income tax benefit calculated at 30% (2020: 30%)	592,355	538,005
Add tax effect of:		
Entertainment	-	1,978
Share based payments	96,000	-
Other net assessable income	(15,000)	-
Adjustments recognised in respect of prior years	(28,214)	-
Tax losses not recognised in prior periods and deducted during current period	148,107	(546,188)
Change in tax rate	-	41,998
Other	-	(6,647)
Tax losses not recognised	-	2,782
Income tax expense/(benefit) reported in the statement of profit or loss and other comprehensive income	793,248	31,928
Tax expense/(benefit) from continuing operations	479,720	(11,927)
Tax expense from discontinued operations	313,528	43,855

The tax rate used in the above reconciliation is the corporate tax rate of 30% (2020: 30%) payable by Australian corporate entities on taxable profits under Australian tax law.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 3: INCOME TAX (continued)

	Consolidated	
	2021	2020
	\$	\$
Current tax liabilities comprise:		
Income tax payable	19,404	124,615
	<u>19,404</u>	<u>124,615</u>
Deferred tax assets comprise:		
Lease liability	-	16,945
Provisions – employee benefits	330,666	216,399
Accrued expenses	45,715	123,490
Doubtful debts provision	64,471	64,471
Tax losses	1,302,771	-
Mining tenement	-	23,216
Blackhole expenditure and borrowing costs	8,835	24,254
	<u>1,752,457</u>	<u>468,775</u>
Deferred tax liabilities comprise:		
Prepayments	27,005	20,467
Stock on hand	5,157	5,504
Right-of-Use assets	-	15,704
Exploration expenditure	1,242,619	-
Depreciable property, plant and equipment	1,307,488	678,455
	<u>2,582,269</u>	<u>720,130</u>
Net	<u>(829,812)</u>	<u>(251,355)</u>

The Group has capital losses of approximately \$11,562,407 arising in Australia (2020: \$11,562,407) that are available indefinitely for offset against future capital gains of the tax consolidated group, subject to satisfying the relevant company loss provisions. No deferred tax asset has been recognised for capital losses as it is not probable that capital gains will be available against which the carried forward capital losses can be utilised.

The entities of the MSA group have the following carried forward tax/capital losses:

Crushing Service Solutions Pty Ltd - \$214,501 tax losses (2020: \$672,594);
 Crushing Service Solutions Pty Ltd - \$30,784 capital losses (2020: 30,784);
 Aggregate Crushing Australia Pty Ltd - \$613,455 tax losses (2020: \$100,107); and
 Ore Sorting Australia Pty Ltd - \$140,509 tax losses (2020: \$140,509).

No deferred tax asset has been recognised for tax/capital losses any of the MSA group companies as it is not probable that taxable income/capital gains will be available against which the carried forward losses can be utilised.

Given Mineral Resources Limited acquired 75% of the Company on 17 June 2020, it is likely that Crushing Service Solutions Pty Ltd and Aggregate Crushing Australia Pty Ltd will fail the "Continuity of Ownership Test" (COT) during the year ended 30 June 2020. However, both companies have carried on a similar business during the period 1 July 2018 to 30 June 2020, being the relevant test period for the "Similar Business Test" (SBT).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 3: INCOME TAX (continued)

Reconciliation of deferred tax assets/(liabilities):

2021	Consolidated				
	Opening balance \$	Change in tax rate \$	Charged to income \$	Charged to equity \$	Closing balance \$
Temporary differences	210,701	-	(123,843)	-	86,857
Property, plant and equipment	(678,455)	-	(629,033)	-	(1,307,488)
Provisions	216,399	-	114,267	-	330,666
Exploration expenditure	-	-	(1,242,619)	-	(1,242,619)
Tax losses carried forward	-	-	1,302,771	-	1,302,771
	(251,355)	-	(578,457)	-	(829,812)

2020	Consolidated				
	Opening balance \$	Change in tax rate \$	Charged to income \$	Charged to equity \$	Closing balance \$
Temporary differences	121,122	10,855	78,724	-	210,701
Property, plant and equipment	(754,096)	(67,582)	143,223	-	(678,455)
Provisions	164,346	14,729	37,324	-	216,399
Tax losses carried forward	-	-	-	-	-
	(468,628)	(41,998)	259,271	-	(251,355)

Tax consolidation

Effective 1 July 2011, for the purposes of income taxation, Resource Development Group Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group. Central Systems Pty Ltd and CS Civil Construction Pty Ltd joined the tax consolidated group as subsidiary members on 3 October 2014. Prior to joining, Central Systems Pty Ltd and CS Civil Construction Pty Ltd had formed a tax consolidated group, effective from 1 July 2013. Australian Garnet Pty Ltd and Comcen Pty Ltd both also joined the tax consolidated group during FY21.

The members of the Group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly owned subsidiaries on a pro-rata basis. The agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. The head entity of the tax consolidated group is Resource Development Group Limited. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

The MSA group has not formed a tax consolidated group and therefore each entity of that group accounts for income tax on a stand-alone basis.

Tax effect accounting by members of the tax consolidated group

The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 *Income Taxes*.

In addition to its own current and deferred tax amounts, the head entity also recognises current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Franking credits

The Group has franking credits of \$5,150,525 as at 30 June 2021 (2020: \$4,354,920) to attach to future dividends declared by the Company. The franking credits of the subsidiaries are assumed by Resource Development Group Limited as the head company of the tax consolidated group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 4: SEGMENT REPORTING

AASB 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating decision maker in order to allocate resources to the segment and to assess its performance.

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies. The following tables are an analysis of the Group's revenue and results by reportable segment provided to the Board for the year ended 30 June 2021 and 30 June 2020.

	Construction	Discontinued Operations (Contracting)	Mining	Other	Corporate	Consolidated
30 June 2021	\$	\$	\$	\$	\$	\$
Revenue and other income	67,124,090	2,644,797	-	-	-	69,768,887
Profit/(loss) before income tax	6,991,233	1,112,105	(288,662)	(2,302,512)	(3,537,646)	1,974,518
Income tax (expense)/benefit	-	(313,528)	-	-	(479,720)	(793,248)
Profit/(loss) after income tax	6,991,233	798,577	(288,662)	(2,302,512)	(4,017,366)	1,181,270
Interest revenue	36,649	979	-	-	-	37,628
Interest expense	53,688	105,154	56	75,198	-	234,096
Depreciation & amortisation	-	440,648	1,257	1,152,639	16,180	1,610,724
Segment assets	9,635,742	3,726,919	75,911,175	-	30,698,076	119,971,912
Segment liabilities	13,327,289	3,707,883	4,057,929	-	13,186,281	34,279,382
Acquisition of non-current assets	-	-	22,592,184	-	3,608,960	26,201,144
30 June 2020	\$	\$	\$	\$	\$	\$
Revenue and other income	20,938,156	9,452,650	-	-	266,443	30,657,249
Profit/(loss) before income tax	5,145,722	1,492,086	-	(1,800,161)	(3,044,297)	1,793,350
Income tax (expense)/benefit	-	(43,855)	-	-	11,927	(31,928)
Profit/(loss) after income tax	5,145,722	1,448,231	-	(1,800,161)	(3,032,370)	1,761,422
Interest revenue	-	5,889	-	-	167,223	173,112
Interest expense	-	282,180	-	28,820	42,027	353,027
Depreciation & amortisation	2,017,853	-	-	941,021	-	2,958,874
Segment assets	3,366,501	8,476,517	49,337,000	-	17,893,137	79,073,155
Segment liabilities	2,651,614	5,913,255	-	-	4,067,026	12,631,895
Acquisition of non-current assets	-	1,703,506	49,337,000	-	175,432	51,215,938

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 4: SEGMENT REPORTING (continued)

Major Customers

The Group has two (2020: three) customers to whom it provided services where the revenue from that customer was in excess of 10% of the Group's revenue. These customers generated 84% (2020: 62%) of the Group's revenue for the period.

NOTE 5: EARNINGS PER SHARE

	Consolidated	
	2021	2020
	Cents per share	Cents per share
Basic and diluted profit per share	0.04	0.21
Basic and diluted profit per share – continuing operations	0.01	0.04
Profit after income tax attributable to owners of Resource Development Group Ltd used to calculate basic profit per share	1,123,328	1,471,766
Profit after income tax attributable to owners of Resource Development Group Ltd used to calculate basic and diluted profit per share – continuing operations	382,694	313,191
	Number	Number
Weighted average number of ordinary shares for the purpose of basic profit per share	2,646,719,008	699,660,940
Weighted average number of ordinary shares for the purpose of diluted profit per share	2,677,951,884	699,660,940

NOTE 6: CASH AND CASH EQUIVALENTS

	Consolidated	
	2021	2020
	\$	\$
Cash at bank and on hand	23,897,426	10,707,614

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Security deposits are restricted cash used as collateral to obtain bank guarantee facilities. These deposits are interest bearing and the interest is compounded and added to operating cash reserves.

(i) Reconciliation to the Statement of Cash Flows:

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank and investments in money market instruments, net of outstanding bank overdrafts.

Cash and cash equivalents as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2021	2020
	\$	\$
Cash and cash equivalents	23,897,426	10,707,614

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 6: CASH AND CASH EQUIVALENTS (continued)

(ii) Reconciliation of net profit for the year to net cash flows from operating activities

	Consolidated	
	2021	2020
	\$	\$
Net profit for the year	1,181,270	1,761,422
Profit on sale or disposal of assets	(1,437,506)	(1,716,758)
Depreciation and amortisation	1,663,069	2,958,874
Equity settled share-based payment	320,000	-
<i>(Increase)/decrease in operating assets:</i>		
Trade and other receivables	(2,690,391)	(2,770,103)
Inventories	(835,364)	335,335
Deferred tax	578,456	(152,394)
<i>Increase/(decrease) in operating liabilities:</i>		
Trade and other payables	17,298,530	(358,736)
Provisions	564,528	78,065
Net cash provided by operating activities	16,642,592	135,705

(iii) Changes in liabilities arising from financing activities

	Lease liability	Hire Purchase	Total
	\$	\$	\$
<u>30 June 2021</u>			
Opening balance	56,484	4,649,705	4,706,189
Acquisition of plant and equipment by means of hire purchase	-	3,238,226	3,238,226
Financing cashflows	(56,484)	(4,874,451)	(4,930,935)
	-	3,013,480	3,013,480
	Lease Liability	Hire purchase	Total
	\$	\$	\$
<u>30 June 2020</u>			
Opening balance	-	6,430,460	6,430,460
Acquisition of plant and equipment by means of hire purchase	-	1,539,197	1,539,197
Adoption of AASB 16	108,829	-	108,829
Financing cashflows	(52,345)	(3,319,952)	(3,372,297)
	56,484	4,649,705	4,706,189

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 6: CASH AND CASH EQUIVALENTS (continued)

(iv) Non-cash investing and financing activities

	Consolidated	
	2021	2020
	\$	\$
Property, plant and equipment – hire purchases	3,238,226	1,539,197
Right-of-Use-asset	-	108,829
Exploration and development	17,750,000	49,337,000
	<u>20,988,226</u>	<u>50,985,026</u>

NOTE 7: CURRENT TRADE AND OTHER RECEIVABLES

	Consolidated	
	2021	2020
	\$	\$
Trade receivables	8,767,372	6,029,318
Allowance for expected credit losses	-	-
	<u>8,767,372</u>	<u>6,029,318</u>
Loan receivable ¹ (inclusive of accrued interest)	-	1,650,615
Other receivables	169,819	102,255
Accrued income	6,146	6,146
Prepayments	479,245	443,957
Funds held in trust ²	818,181	-
	<u>10,240,763</u>	<u>8,232,291</u>

¹ A loan agreement existed between Resource Development Group Limited (RDG) and Bullseye Mining Limited (BML), its majority joint venture partner in a new company yet to be incorporated. The loan agreement intended to assist funding various costs within BML, in anticipation of a future capital raising. The principal terms of the agreement are as follows:

- The funding is capped at \$1.5m;
- Interest is calculated daily at a rate of 6% per annum;
- The original term of the agreement is for a maximum period terminating on 10 July 2019, however this was subsequently extended for various periods;
- The loan is secured by a first ranking registered mortgage granted by BML over its right, title and interest in Mining Lease M37/1167 (which holds the Bungarra gold deposit) under the Mining Act 1978 (WA); and
- The loan was repaid on 16 July 2020.

² As a result of the successful conclusion of a legal settlement between a former customer and MSA subsidiary, Aggregate Crushing Australia Pty Ltd, the Company currently holds these funds in trust, which will be used to satisfy income tax and GST liabilities associated with that settlement. Pursuant to the original Share Sale Agreement with the vendors of MSA in 2018, the net proceeds of the legal settlement were an excluded asset at the time of acquisition and will subsequently be distributed to the MSA vendors by way of dividend.

(i) The average credit period on sales of goods and rendering of services is 27 days (2020: 46 days). Interest is not charged. No allowance is required to be made for estimated irrecoverable trade receivable amounts and related party loans arising from the past sale of goods and rendering of services, determined by reference to past default experience.

(ii) For details of the terms and conditions of related party receivables refer to Note 22.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality and have been collected subsequent to year-end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 7: CURRENT TRADE AND OTHER RECEIVABLES (continued)

	Consolidated	
	2021	2020
	\$	\$
<u>Ageing of past due but not impaired</u>		
30 – 60 days	-	57,762
60 – 90 days	-	41,777
90+ days	-	100,530
Total	-	200,069

Movement in the allowance for expected credit losses

	Consolidated	
	2021	2020
	\$	\$
Balance at the beginning of the year	-	(214,904)
Bad debt written off	-	214,904
Allowance for expected credit losses recognised	-	-
Balance at the end of the year	-	-

NOTE 8: INVENTORIES

	Consolidated	
	2021	2020
	\$	\$
At cost:		
Raw materials and stores	17,191	18,346
Work in progress (i)	868,370	31,851
	885,561	50,197

(i) Work in progress

	Consolidated	
	2021	2020
	\$	\$
Contract costs incurred	79,418,665	62,532,154
Recognised profits	9,590,628	12,970,903
	89,009,293	75,503,057
Progress billings	(101,468,212)	(78,122,820)
Work in progress	(12,458,919)	(2,619,763)
Income in advance	13,327,289	2,651,614
	868,370	31,851

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	Consolidated			
	Motor vehicles	Property, plant and equipment	Leasehold Improvements	Total
	\$	\$	\$	\$
<hr/>				
Year ended 30 June 2021				
At 1 July 2020, net of accumulated depreciation and impairment	758,210	9,466,143	580	10,224,933
Additions	581,524	3,869,620	-	4,451,144
Disposals	(29,976)	(4,843,250)	-	(4,873,226)
Depreciation charge for the year	(215,570)	(1,371,171)	(232)	(1,586,973)
<hr/>				
At 30 June 2021, net of accumulated depreciation and impairment	1,094,188	7,121,342	348	8,215,878
<hr/>				
At 30 June 2021				
Cost or fair value				28,473,624
Accumulated depreciation and impairment				(20,257,746)
Net carrying amount				<u>8,215,878</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 9: PROPERTY, PLANT AND EQUIPMENT (continued)

	Consolidated			
	Motor vehicles	Plant and equipment	Leasehold Improvements	Total
	\$	\$	\$	\$
Year ended 30 June 2020				
At 1 July 2019, net of accumulated depreciation and impairment	901,599	11,878,670	38,042	12,818,311
Additions	-	1,770,109	-	1,770,109
Disposals	(93,287)	(1,367,810)	-	(1,461,097)
Depreciation charge for the year	(50,102)	(2,814,826)	(37,462)	(2,902,390)
At 30 June 2020, net of accumulated depreciation and impairment	758,210	9,466,143	580	10,224,933
At 30 June 2020				
Cost or fair value				28,895,706
Accumulated depreciation and impairment				(18,670,773)
Net carrying amount				10,224,933

The useful life of the assets was estimated as follows for both 2021 and 2020:

- Plant and equipment 2 to 20 years
- Motor vehicles 4 to 6 years
- Leasehold improvements 10 to 13 years

NOTE 10: ASSET ACQUISITION

Lucky Bay garnet project (formerly known as Balline garnet project)

On 1 February 2021, the Company announced that it had executed an Asset Sale Agreement with Australian Garnet Pty Ltd (AGPL) to acquire a 100% interest in the Balline Garnet Project. The transaction was also completed simultaneously as all of the material conditions precedent were satisfied. The terms of the acquisition included the following:

- Payment of \$4m to AGPL to enable payments to creditors, bondholders and its principal financier, Nebari Natural Resources Credit Fund, in full satisfaction of a loan provided to AGPL; and
- Issue of 355,000,000 shares in RDG, to the vendor (or nominee(s) to be issued in two tranches as follows:
 - Tranche 1: 280,000,000 RDG shares issued at completion; and
 - Tranche 2: 75,000,000 RDG shares following FIRB approval of the transaction, which was granted on 23 April 2021. Tranche 2 shares will be issued 12 months from the date of FIRB approval.

Ant Hill and Sunday Hill manganese projects

On 12 March 2020, the Company executed an asset sale agreement with Mineral Resources Limited (MRL) and its wholly owned subsidiary, Auvex Resources Pty Ltd to acquire a 100% interest in the Ant Hill and Sunday Hill manganese projects located in Western Australia comprising of mining leases M6/237, M46/238 and miscellaneous licence L46/67 (Tenements) (Asset Sale Agreement). This transaction was subsequently approved by the Company's shareholders at a General Meeting held on 2 June 2020.

Under this Asset Sale Agreement, MRL has been issued with 1,897,587,201 fully paid ordinary shares of the Company which equates to 75% of the Company's total issued capital on a fully diluted basis. The Company and MRL have also entered into Service Agreement and Loan Agreement. Under the Service Agreement, the Company has agreed to engage MRL to undertake resource drilling, design, supply & construct the processing and non-processing infrastructure,

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 10: ASSET ACQUISITION (continued)

commission the plant and supply the mining equipment to commence mining on the Tenements. Under the Loan Agreement, MRL has agreed to advance working capital funds to the Company via a secured loan of up to \$35 million (Loan). The Loan will have a 5-year term with an interest rate of 8.125% per annum and includes standard terms for a loan agreement including undertakings, covenants and default events.

The above transactions were accounted for as an acquisition of assets. Deferred exploration expenditure assets of \$24,282,000 were recognised for the acquired Ant Hill and Sunday Hill projects and a development expenditure asset of \$25,055,000 recognised in relation to the Service Agreement.

Lucky Bay garnet project

	2021
	\$
<i>Assets acquired</i>	
Deferred exploration	20,917,000
Property, Plant and Equipment	833,000
	<u>21,750,000</u>
<i>Consideration</i>	
Cash	4,000,000
280,000,000 ordinary shares	14,000,000
75,000,000 ordinary shares to be issued within 12 months on receipt of FIRB approval	3,750,000
	<u>21,750,000</u>

Ant Hill and Sunday Hill manganese projects

	2020
	\$
<i>Assets acquired</i>	
Deferred exploration	24,282,000
Development expenditure	25,055,000
Opening balance	<u>49,337,000</u>
<i>Consideration</i>	
1,897,587,201 ordinary shares	<u>49,337,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 11: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	2021	2020
	\$	\$
Exploration and evaluation costs	49,924,827	24,282,000
<i>Reconciliation</i>		
Opening balance	24,282,000	-
Acquisitions (Note 10)	20,917,000	24,282,000
Additions	1,110,827	-
Transaction costs accrual	3,615,000	-
Closing balance	49,924,827	24,282,000

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

NOTE 12: DEVELOPMENT EXPENDITURE

	Consolidated	
	2021	2020
	\$	\$
Cost	25,055,000	25,055,000
Accumulated amortisation	-	-
	25,055,000	25,055,000
<i>Reconciliation</i>		
Opening balance	25,055,000	-
Acquisitions (Note 10)	-	25,055,000
Closing balance	25,055,000	25,055,000

Development expenditure incurred by or on behalf of the Group is accumulated separately for each of interest in which economically recoverable resources have been identified. Such expenditure comprises cost directly attributable to the construction of a mine and the related infrastructure.

Once a development decision has been taken, the carrying amount of the exploration and evaluation expenditure in respect of the area of interest is aggregated with the development expenditure and classified under non-current assets as development properties.

A development property is reclassified as a mining property at the end of the commissioning phase, when the mine is capable of operating in the manner intended by management.

Depreciation will be charged using the units-of-production method, with separate calculations being made for each area of interest. The units-of-production basis results in a depreciation charge proportional to the depletion of proved, probable and estimated reserves. Development properties are tested for impairment in accordance with the policy on impairment of assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 13: LEASE ASSETS AND LEASE LIABILITIES

Lease arrangements

The following information relates to the current reporting period only and is presented in accordance with AASB 16 Leases.

	Consolidated	
	2021	2020
	\$	\$
Lease assets		
Carrying amount of lease assets, by class of underlying asset:		
<i>Buildings under lease arrangements</i>		
Recognised (Right-of-Use assets) on adoption of AASB 16	108,829	108,829
Accumulated amortisation	(108,829)	(56,484)
	-	52,345
Reconciliation of the carrying amount of lease assets at the beginning and end of the financial year:		
Opening balance/Adoption of AASB 16 at 1 July 2019	52,345	108,829
Amortisation	(52,345)	(56,484)
Carrying amount at 30 June	-	52,345

NOTE 14: TRADE AND OTHER PAYABLES

	Consolidated	
	2021	2020
	\$	\$
Current		
Trade payables	8,136,419	2,399,787
Other payables	2,299,664	1,308,231
Transaction costs accrual	3,615,000	-
Income received in advance	13,327,289	2,651,614
	27,378,372	6,359,632

Trade payables are non-interest bearing and are normally settled on 30-day terms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 15: BORROWINGS

	Consolidated	
	2021	2020
	\$	\$
Current		
Hire purchase liabilities	1,022,761	2,486,667
	<u>1,022,761</u>	<u>2,486,667</u>
Non-current		
Hire purchase liabilities	1,990,719	2,163,038
	<u>1,990,719</u>	<u>2,163,038</u>
Total borrowings	<u>3,013,480</u>	<u>4,649,705</u>
Secured		
Hire purchase liabilities ¹	3,013,480	4,649,705
Total secured borrowings	<u>3,013,480</u>	<u>4,649,705</u>
Total borrowings	<u>3,013,480</u>	<u>4,649,705</u>

¹ Hire Purchase liabilities: Assets under hire purchase contracts are pledged as security for the related hire purchase liabilities (refer to Note 9).

Bank facility

Following a review of the Company's banking facilities, the ANZ Bank provided a restated Letter of Offer to the Company dated 22 February 2021, which included the following continuing facilities that the Company has agreed to:

- Standby Letter of Credit or Guarantee Facility of \$2,500,000 (at 30 June 2021, amount used: \$Nil; amount unused \$2,500,000); and
- Commercial card facility limits at 30 June 2021: \$200,000 (ANZ Corporate Card), \$200,000 (ANZ Business One).

The bank facilities are secured by way of a General Security Agreement over all of the assets of the Group. A Deed of Priority and Subordination between ANZ Bank and performance bond provider Tokio Marine & Nichido Fire Insurance Co. Ltd is also in place.

Performance bond facility

The Company has these arrangements in place:

- Performance bond facility with Tokio Marine & Nichido Fire Insurance Co. Ltd of \$16,000,000 (at 30 June 2021 amount used \$14,547,947 (30 June 2020: \$1,895,568); amount unused \$1,452,053 (30 June 2020: \$8,104,432).

The performance bond facility is secured by way of a General Security Agreement over all of the assets of the Group.

Other

The Group entered into a secured loan of \$35 million with Mineral Resources Limited (MRL) on 17 June 2020. The loan had a 5-year term with an interest rate of 8.125% per annum. The loan is secured by a general security agreement over the assets of Comcen Pty Ltd and Resource Development Group Limited as well as a mining mortgage over Comcen's mineral assets.

On 17 June 2021, the Company executed a variation to the secured loan described above. In this variation, MRL agreed to extend the advance to \$60 million and allocate the funds to the development of the Company's Lucky Bay Garnet project. All other terms of the loan agreement remain static. No amounts were drawn at 30 June 2021 (30 June 2020: \$Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 16: PROVISIONS

Employee Entitlements:	2021	2020
Consolidated	\$	\$
At 1 July	721,329	643,264
Net movements	564,528	78,065
At 30 June	1,285,857	721,329
2021	Employee benefits	Total
Consolidated	\$	\$
Current	1,272,061	1,272,061
Non-current	13,796	13,796
	1,285,857	1,285,857
2020	Employee benefits	Total
Consolidated	\$	\$
Current	712,417	712,417
Non-current	8,912	8,912
	721,329	721,329

NOTE 17: CONTRIBUTED EQUITY

	2021		2020	
	Number of shares	\$	Number of shares	\$
(a) Paid up capital:	2,885,116,268	74,990,375	2,530,116,268	57,240,375
(b) Movements in ordinary share capital:				
	Year to 30 June 2021		Year to 30 June 2020	
	Number of shares	\$	Number of shares	\$
Balance at beginning of financial period	2,530,116,628	57,240,375	632,029,067	7,836,308
Issue of shares in relation to acquisition of assets (Note 10)	280,000,000	14,000,000	1,897,587,201	49,337,000
Issue of shares to employees on vesting of incentives	-	-	500,000	67,067
Balance at end of financial period	2,810,116,268	71,240,375	2,530,116,268	57,240,375
Shares still to be issued in relation to acquisition of assets (Note 10) ¹	75,000,000	3,750,000	-	-
	2,885,116,268	74,990,375	2,530,116,268	57,240,375

¹ 75,000,000 RDG shares will be issued to the vendors of the Balline Garnet project following FIRB approval of the transaction, which was granted on 23 April 2021. Pursuant to the agreement, these shares will be issued 12 months from the date of FIRB approval.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

A poll is conducted at every meeting, where each shareholder is entitled to one vote. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 18: OPTIONS

Options

	30 June 2021		30 June 2020	
	Number of options	\$	Number of options	\$
Director options	8,311,688	320,000	-	-
<i>Movement in options:</i>				
Balance at beginning of period	-	-	-	-
Issue of options to Directors	8,311,688	320,000	-	-
Balance at end of period	8,311,688	320,000	-	-

Incentives

There were 2,250,000 incentives on hand as at 1 July 2018. A total of 1,125,000 incentives were fully vested as at 16 January 2019 with the remaining 1,125,000 incentives lapsing at that date as a result of not meeting a performance hurdle. During the year the Company issued 500,000 shares in relation to the previously vested incentives; 625,000 shares were issued on vested incentives in 2019.

	Consolidated	
	Year ended 2021 Number	Year ended 2020 Number
<i>Movement in employee incentives</i>		
Balance at beginning of financial period	-	500,000
Incentives vested and exercised	-	(500,000)
Incentives lapsed	-	-
Balance at end of financial period	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 19: SHARE BASED PAYMENTS AND RESERVE

	Consolidated	
	Share based payments reserve	Total
	\$	\$
At 1 July 2020	-	-
Share based payments	320,000	-
At 30 June 2021	320,000	-
At 1 July 2019	134,135	134,135
Shares issued on vested incentives	(67,067)	(67,067)
Lapsed incentives	(67,068)	(67,068)
At 30 June 2020	-	-

8,311,688 options were issued to the directors (2,077,922 to each director) as remuneration. The options are exercisable at \$0.07 per option and expire on 14 January 2024. The options were valued at \$320,000 using a Black-Scholes model using the following assumptions:

Valuation date	20 October 2020
Market price of shares	\$0.05
Exercise price	\$0.07
Expiry date (length of time from issue)	3 years from date of issue
Risk free interest rate	0.07%
Volatility	84.4%

	2021		2020	
	Average exercise price per share option \$	Number of options	Average exercise price per share option \$	Number of options
At 1 July	-	-	-	-
Granted during the year	0.07	8,311,688	-	-
At 30 June	0.07	8,311,688	-	-

Nature and purpose of reserves

Share based payment reserve

This reserve is used to record the value of equity benefits provided to employees and Directors as part of their remuneration.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 20: FINANCIAL INSTRUMENTS

(a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged from 2020.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings/(accumulated losses).

None of the Group's entities are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax, dividends and general administrative outgoings.

Gearing levels are reviewed by the Board on a regular basis in line with its target gearing ratio, the cost of capital and the risks associated with each class of capital.

	Consolidated	
	2021	2020
	\$	\$
(b) Categories of financial instruments		
Financial assets		
Cash and cash equivalents	23,897,426	10,707,614
Trade and other receivables	10,240,763	8,232,291
Financial liabilities		
Trade payables	27,378,372	6,359,632
Borrowings	3,013,480	4,649,705
Lease liabilities	-	56,484

(c) Financial risk management objectives

The Group is exposed to market risk including currency risk, fair value interest rate risk and price risk, credit risk, liquidity risk and cash flow interest rate risk.

(d) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, commodity prices and exchange rates.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

The Group does not have sufficient investments that would expose it to unmanageable market risks.

(e) Interest rate risk management

The Company and the Group are exposed to interest rate risk as entities in the Group borrow funds at variable interest rates. The Group's policy is to manage its exposure to movements in interest rates by fixing the interest rate on financial instruments, including bank loans, finance leases and hire purchase liabilities, wherever possible. In addition, the Group utilises a number of financial institutions to obtain the best interest rate possible and to manage its risk. The Group does not enter into interest rate hedges.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021****NOTE 20: FINANCIAL INSTRUMENTS (continued)****Interest rate risk sensitivity analysis**

The Company only had fixed rate borrowings at 30 June 2021, therefore interest rate sensitivity analysis is not required to be undertaken for the purpose of this report.

(f) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses publicly available financial information and its own trading record to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

(g) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group currently has no financing facilities in place.

(h) Fair value of financial instruments

The directors consider that the carrying value of the financial assets and financial liabilities as recognised in the consolidated financial statements approximate their fair values.

The following tables detail the Group's expected contractual maturity for its non-derivative financial liabilities.

These have been drawn up based on undiscounted contractual maturities of the financial liabilities based on the earliest date the Group can be required to repay.

The tables include both interest and principal cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 20: FINANCIAL INSTRUMENTS (continued)

30 June 2021	Consolidated			
	Current		Non-Current	
	Within 6 months	6 – 12 months	1 – 5 years	5+ years
	\$	\$	\$	\$
Trade and other payables	27,378,372	-	-	-
Lease liabilities	-	-	-	-
Hire purchase obligations	511,380	511,381	1,990,719	-
	27,889,752	511,381	1,990,719	-

30 June 2020	Consolidated			
	Current		Non-Current	
	Within 6 months	6 – 12 months	1 – 5 years	5+ years
	\$	\$	\$	\$
Trade and other payables	6,359,632	-	-	-
Lease liabilities	27,890	28,594	-	-
Hire purchase obligations	1,221,508	1,265,159	2,163,038	-
	7,609,030	1,293,753	2,163,038	-

NOTE 21: COMMITMENTS AND CONTINGENCIES

Hire Purchase commitments

	Consolidated	
	2021	2020
	\$	\$
Within one year	1,110,404	2,691,269
After one year but not more than five years	2,072,953	2,251,872
Greater than 5 years	-	-
Minimum payments	3,183,357	4,943,141
Less future finance charges		
Within one year	87,643	204,602
After one year but not more than five years	82,234	88,834
Greater than 5 years	-	-
Total future finance charges	169,877	293,436
Present value of minimum payments	3,013,480	4,649,705

Capital commitments

No capital expenditure commitments have been made for items of plant and machinery as at 30 June 2021 (2020: \$Nil).

Contingent liabilities

The Group has no material contingent liabilities and assets as at 30 June 2021 (2020: \$Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 22: RELATED PARTY DISCLOSURE

Resource Development Group Limited is the legal Australian parent entity. The legal subsidiaries are as follows:

Name	Country of Incorporation	% Equity Interest		Investment (\$)	
		2021	2020	2021	2020
Central Systems Pty Ltd	Australia	100	100	1800,100	1800,100
Mineral Solutions Australia Pty Ltd	Australia	80	80	420	420
Comcen Pty Ltd	Australia	100	100	1	1
Australian Garnet Pty Ltd	Australia	100	-	1	-
Crushing Service Solutions Pty Ltd	Australia	80	80	120	120
Aggregate Crushing Australia Pty Ltd	Australia	80	80	200	200
Ore Sorting Australia Pty Ltd	Australia	80	80	100	100

(a) Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms. Outstanding balances at the year are unsecured, interest free and settlement occurs in cash. No guarantees were provided or received for any related party receivables or payables.

An impairment assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates to determine whether there is objective evidence that a related party receivable is impaired. When such objective evidence exists, the Group recognises an allowance for the impairment loss.

Transactions with parent entity (Mineral Resources Limited (MRL))

The Group had the following transactions with MRL during the year ended 30 June 2021 (2020: Nil):

- The Group hired assets from MRL for use on its projects in the sum of \$123,193
- The Group performed project work for MRL in the sum of \$5,552,216
- The Group sold some of its assets to MRL in the sum of \$5,703,000, at a valuation determined by an independent third party

Director options

8,311,688 options were issued to the directors (2,077,922 to each director) as remuneration. The options are exercisable at \$0.07 per option and expire on 14 January 2024. Refer to Notes 18 and 19 for full details.

(b) Lease agreements

The company has entered into lease agreements for rental premises with the following shareholder related entities:

Slipstream Property Partnership

Allmont Pty Ltd as trustee for the Allmont Trust (Andrew Ellison); and
Matthew Reid Project Management Pty Ltd (Gary Reid).

The lease for the property located in Osborne Park, Western Australia lease commenced on 1 May 2015 with a termination date of 30 April 2019. The lease has been on a rolling month-by-month arrangement since that date.

Rental payments made for the year 1 July 2020 to 30 June 2021 were \$136,800 (2020: \$136,800). At balance date, \$Nil (2020: \$Nil) was payable to the Slipstream Property Trust.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 22: RELATED PARTY DISCLOSURE (continued)

(b) Lease agreements (continued)

Grisam Investments Pty Ltd as trustee for the Grisam Property Trust
Allmont Pty Ltd as trustee for the Allmont Trust (Andrew Ellison); and
Gary Reid as trustee for the Gary Reid Family Trust.

The lease for the property located in Newman, Western Australia commenced on 1 October 2014 with a termination date of 30 September 2019. The lease has been on a rolling month-by-month arrangement since that date.

Rental payments made for the year 1 July 2020 to 30 June 2021 were \$210,000 (2020: \$210,000). At balance date, \$Nil (2020: \$Nil) was payable to Grisam Investments Pty Ltd.

(c) Other transactions

- i) The Company entered a lump sum building contract with Allmont Pty Ltd (Mr Andrew Ellison – Chairman) for the construction of a two-storey residential dwelling at the Company's residential project located at North Coogee, Western Australia on 8 December 2018. The contract was executed at normal commercial rates.

Allmont Pty Ltd was invoiced \$132,936 inclusive of GST for the year ended 30 June 2021 (2020: \$67,967). At balance date, \$Nil (2020: \$Nil) was owing by Allmont Pty Ltd.

- ii) The Company entered a lump sum building contract with Gary Reid (Director) for the construction of a two-storey residential dwelling at the Company's residential project located at North Coogee, Western Australia on 14 December 2018. The contract was executed at normal commercial rates.

Mr Reid was invoiced \$349,883 inclusive of GST for the year ended 30 June 2021 (2020: \$332,164). At balance date, \$Nil (2020: \$Nil) was owing by Mr Reid.

(d) Asset acquisition - agreements

As part of the asset acquisition from Mineral Resources Limited (MRL) (refer Note 10), the Company had entered into the following agreements:

- 1) a services agreement pursuant to which the Company agrees to engage MRL to undertake resource drilling and to design, construct, supply and commission processing and non-processing infrastructure and equipment for the Company's proposed mining project on the Tenements (Services Agreement). The material terms of the Services Agreement are as follows:

(Term): 12 months commencing on 18 March 2020.

(Fees): The fees to be paid by the Company to MRL will be MRL's "Actual Cost", which comprises:

total payroll costs (aggregate expenditure incurred in connection with MRL personnel engaged in connection with the Services);

reasonable out of pocket third party expenses incurred in providing the Services;

overheads costs (6% of aggregate of payroll cost and out of pocket expenses); and

plant & equipment charges.

(Estimated Total Fee): The estimated total fee to be paid by the Company to MRL for the Services is AU\$35 million.

(Payment): Upon completion of the provision of services by the MRL Group, or where the provision of the services under the purchase order extends beyond a month, at the end of the month, MRL must provide the Company with a tax invoice with the entire fee payable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 22: RELATED PARTY DISCLOSURE (continued)

(d) Asset acquisition – agreements (continued)

- 2) a loan agreement pursuant to which MRL agrees to advance up to \$35m to the Company via a secured loan to pay for construction payments and other working costs and expenses (Loan Agreement). The material terms of the Loan Agreement are set out below:

(Loan Amount): The Lender will advance up to \$35 million to the Company under the Loan Agreement;

(Term): The Loan has a term of 5 years from the date on which the first drawing is advanced by the Lender.

(Repayment): The repayment of the Loan will commence on the last business day of the first full Quarter after the first shipment date (Repayment Date) and each Quarter thereafter for the period of the term, unless paid before.

(Interest): The interest payable is 8.125%.

(Early repayment): No early repayment fees apply.

(Guarantee): The Guarantor jointly and severally guarantees the Company's obligations under the Loan Agreement to the Lender.

On 17 June 2021, the Company executed a variation to the Loan Agreement described in (d) 2) above. In this variation, MRL agreed to extend the advance to \$60 million and allocate the funds to the development of the Company's Lucky Bay Garnet project. All other terms of the loan agreement remain static.

NOTE 23: PARENT ENTITY DISCLOSURES

Financial Position	2021 \$	2020 \$
Assets		
Current assets	401,397	1,915,899
Non-current assets	74,202,001	54,342,256
Total assets	74,603,398	56,258,155
Liabilities		
Current liabilities	8,556,587	7,315,741
Non-current liabilities	-	-
Total liabilities	8,556,587	7,315,741
Equity		
Issued capital	75,040,772	57,290,772
Reserves	320,000	-
Accumulated losses	(9,313,961)	(8,348,358)
Total equity	66,046,811	48,942,414

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 23: PARENT ENTITY DISCLOSURES (continued)

Financial performance

	Year ended 30 June 2021 \$	Year ended 30 June 2020 \$
Loss for the year	(965,603)	(454,043)
Other comprehensive income	-	-
Total comprehensive loss	(965,603)	(454,043)

Commitments

The parent entity does not have any commitments of its own.

NOTE 24: COVID-19

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not had a financially material impact on the Group up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

NOTE 25: EVENTS AFTER THE REPORTING PERIOD

There were no matters or circumstances that has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

NOTE 26: AUDITOR'S REMUNERATION

The auditor of Resource Development Group Limited is HLB Mann Judd.

	Consolidated	
	2021 \$	2020 \$
Amounts received or due and receivable by HLB Mann Judd for:		
An audit or review of the financial report of the entity and any other entity in the Group	95,750	101,917

NOTE 27: DIRECTORS AND EXECUTIVES DISCLOSURES

The aggregate compensation made to directors and other key management personnel of Resource Development Group Limited is set out below:

	Consolidated	
	2021 \$	2020 \$
Short-term employee benefits	898,541	925,816
Post-employment benefits	19,307	26,847
Share-based payments	320,000	-
	1,237,848	952,663

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 28: DIVIDENDS

There were no dividends declared or paid during the year ended 30 June 2021 (30 June 2020: \$Nil).

	Consolidated	
	2021	2020
	\$	\$
<i>Franking account balance</i>		
The amount of franking credits available for subsequent financial years are:		
Franking account balance as at the end of the financial year at 30% (2020: 30%)	4,354,920	4,053,976
Franking credits that will arise from the payment of income tax payable as at the end of the financial year	795,605	300,944
	<u>5,150,525</u>	<u>4,354,920</u>

The tax rate at which any dividends would have been franked is 30% (2020: 30%).

NOTE 29: NON-CONTROLLING INTEREST

The non-controlling interest of 20% in Mineral Solutions Australia Pty Ltd (MSA) recognised at the acquisition date was measured by reference to the non-controlling interest's proportionate share of the acquiree's identifiable net assets and amounted to \$500,000.

Summary financial information for MSA is found below:

	30 June 2021	30 June 2020
	\$	\$
Assets		
Current assets	970,067	2,998,779
Non-current assets	222,267	5,467,166
Total assets	<u>1,192,334</u>	<u>8,465,945</u>
Liabilities		
Current liabilities	1,157,594	6,849,509
Non-current liabilities	15,704	2,007,689
Total liabilities	<u>1,173,298</u>	<u>8,857,198</u>
Equity		
Issued capital	420	420
Reserves	285,975	285,975
Accumulated losses	(267,359)	(677,648)
Total equity	<u>19,036</u>	<u>(391,253)</u>
<i>Non-controlling interest movement schedule</i>		
Opening balance	(78,251)	(367,897)
Non-controlling interest arising on acquisition of MSA	-	-
Non-controlling interest share of profit/(loss)	57,942	289,646
Non-controlling interest share of comprehensive income	-	-
	<u>(20,309)</u>	<u>(78,251)</u>

NOTE 30: DISCONTINUED OPERATIONS

The crushing and screening business within the Mineral Solutions Australia Pty Ltd group (MSA group), has been discontinued at the date of this report due to the inability to make an operating profit. The majority of MSA group's plant and equipment had been sold at the date of this report which resulted in a profit on sale of approximately \$1.4m in 2021 (2020: \$1.7m).

The directors are continuing to wind down the MSA group and will collect all remaining receivables, pay any outstanding liabilities, and finalise any outstanding obligations.

The financial performance of the MSA group for the period ended 30 June 2021 and 30 June 2020 is as follows:

	30 June 2021 \$	30 June 2020 \$
Revenue	2,594,797	9,452,650
Profit on sale of assets	1,361,717	1,653,089
Expenses	(2,844,410)	(9,613,653)
Profit before tax	1,112,104	1,492,086
Income tax expense	(313,528)	(43,855)
Profit from discontinued operations	798,576	1,448,231

DIRECTORS' DECLARATION

1. In the opinion of the directors of Resource Development Group Limited (the 'Company'):
 - a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
 - i. giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the year then ended; and
 - ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
 - 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.
 - c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
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 financial year ended 30 June 2021.
3. The Company and a wholly owned subsidiary, Central Systems Pty Ltd, have entered into a deed of cross guarantee under which the Company and its subsidiary guarantee the debts of each other. At the date of this declaration, there are reasonable grounds to believe that the companies which are party to this deed of cross guarantee will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed.

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



Andrew Ellison
Managing Director

Dated this 30 August 2021

INDEPENDENT AUDITOR'S REPORT

To the members of Resource Development Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Resource Development Group Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2021, 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

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Key Audit Matter

How our audit addressed the key audit matter

**Revenue recognition on long term contracts
And accounting for work in progress**

Refer to Note 2 and 8 of the financial report

A substantial amount of the Group's revenue relates to revenue from the rendering of services and construction contracts. Many of these contracts are of long-term duration and revenue and margins are recognised based on the stage of completion of the individual contracts. This is calculated on the proportion of total costs incurred at the reporting date compared to management's estimation of total costs of the contract.

We focused on this area as a key audit matter due to the number and type of estimation events that may occur over the course of the contract life, leading to complex and judgemental revenue recognition from these contracts.

Our procedures included but were not limited to the following:

- We examined and tested the Group's key controls over revenue and related work-in-progress;
- We recalculated the net work in progress balance ensuring that the revenue is recognised in line with the requirements of AASB 15 *Revenue from Contracts with Customers*;
- We have reviewed contract margins that were materially different from the expected margin;
- We tested contract values on a sample basis by agreeing to contracts and approved variations;
- We assessed the estimation of costs to complete on a sample basis by agreeing key forecast cost assumptions to underlying evidence;
- We assessed the Group's ability to forecast margins on contracts by analysing the accuracy of previous margin forecasts to actual outcomes, on a sample basis;
- We compared the contract performance at balance date to subsequent months for evidence of deteriorating contract performance and that the Group was accounting for loss making contracts appropriately;
- We tested contract costs to the underlying documentation on a sample basis;
- We tested completeness of work in progress by comparing management reports to accounting records;
- We considered if there were any legal or contentious matters that may indicate the inappropriate recognition of variations and claims. We checked the consistency of this to the inclusion or otherwise of an amount in the estimates used for revenue recognition; and
- We assessed the adequacy of the disclosures in the financial report.

Key Audit Matter	How our audit addressed the key audit matter
<p>Acquisition of assets Refer to Note 10 of the financial report</p> <p>The Group acquired the Balline Garnet Project from Australian Garnet Pty Ltd for a gross consideration of \$21,750,000. This was considered a significant purchase for the Group.</p> <p>Resource Development Group Limited accounted for the transaction as an acquisition of exploration expenditure assets with a fair value of \$20,917,000, land of \$600,000 and various property, plant and equipment items of \$233,000 in exchange for issuing equity of \$17,750,000 and a cash payment of \$4,000,000.</p> <p>We focused on this area as a key audit matter due to the material nature of the transaction and the complexity of the accounting for it.</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> • We read and considered the sale agreement and ancillary agreements and contracts; • We reviewed the application of the asset concentration test in AASB 3; • We considered if the fair value of the assets acquired and equity issued was appropriate with reference to the valuations contained in the independent expert report and AASB 2 <i>Share-based Payment</i>; • We considered if the classification of the acquired tenements as exploration expenditure was appropriate under AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>; and • We assessed the adequacy of the disclosures in the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Resource Development Group Limited for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
30 August 2021



N G Neill
Partner

Additional Information for Listed Public Companies

Additional information included in accordance with the Listing Rules of the Australian Securities Exchange Limited.
The information is current as at 29 August 2021.

1. Shareholdings

Substantial shareholders of Resource Development Group Limited:

Name of shareholder	Shares held
MINERAL RESOURCES LIMITED	1,897,587,201
SEAFIRE HOLDINGS PTY LTD (SEAFIRE A/C)	138,983,058
MATHEW REID PROJECT MANAGEMENT PTY LTD (GM REID FAMILY A/C) / GM REID INVESTMENTS PTY LTD <GARY REID FAMILY A/C>	138,983,058
	2,175,553,317

Distribution of equity – Listed securities:

Size of holding	Number of Shareholders
1 – 1,000	15
1,001 – 5,000	11
5,001 – 10,000	65
10,001 – 100,000	394
100,001 – and over	230
Total	715

At the date of this report there were 47 shareholders, with a total of 173,448 shares, who held less than a marketable parcel of shares.

Listed securities in Resource Development Group Limited (RDG) are quoted on all member exchanges of the Australian Securities Exchange.

Additional Information for Listed Public Companies (continued)

Updated as at 29 August 2021

Position	Holder Name	Holding	% IC
1	MINERAL RESOURCES LIMITED	1,897,587,201	67.53%
2	GARNET INTERNATIONAL GROUP LTD	247,368,019	8.80%
3	SEAFIRE HOLDINGS PTY LTD <SEAFIRE A/C>	138,983,058	4.95%
4	MATHEW REID PROJECT MANAGEMENT PTY LTD <THE GM REID FAMILY A/C>	105,649,724	3.76%
5	MR RICHARD JAMES EDEN <EDEN FAMILY A/C>	54,818,200	1.95%
6	AMPHORA PTY LTD <THE PURPLE A/C>	38,983,056	1.39%
7	GM REID INVESTMENTS PTY LTD <GARY REID FAMILY A/C>	33,333,334	1.19%
8	MR STEPHEN KROLL <THE KROLL FAMILY TRUST>	26,412,431	0.94%
9	AWIN GLOBAL PTY LTD <BATCHELOR CONCRETE A/C>	21,000,000	0.75%
10	MR MICHAEL JOHN BEGLEY <THE QUARTZ A/C>	13,653,303	0.49%
10	MS CORRINE RACHEL PANZICH <C & D PANZICH FAMILY A/C>	13,653,303	0.49%
11	CORUMBA CAPITAL PTY LTD	13,653,302	0.49%
12	FORTE EQUIPMENT PTY LTD	13,601,266	0.48%
13	OMEGA RED PTY LTD <SOUBUTTS SUPER FUND A/C>	12,028,302	0.43%
14	MR HUGH JONATHAN GREEN	8,120,000	0.29%
15	MR TROY MICHAEL VENTRISS <THE VENTRISS FAMILY A/C>	7,623,094	0.27%
16	BNP PARIBAS NOMS PTY LTD <DRP>	7,085,227	0.25%
17	MR MARK NAGLE & MRS SHANDELLE PATRICIA NAGLE <THE NAGLE FAMILY A/C>	6,706,105	0.24%
18	SKBZ INVESTMENTS PTY LTD	6,463,031	0.23%
19	MR JEFFREY BRILL <THE BRILL FAMILY A/C>	5,250,000	0.19%
20	FULLERTON PRIVATE CAPITAL PTY LIMITED	5,000,000	0.18%
20	MRS TRUDY JOY BRILL	5,000,000	0.18%
	Total	2,681,971,956	95.44%
	Total issued capital	2,810,116,268	100.00%