



ABN 79 123 776 652

RMA ENERGY LIMITED

**FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
30 JUNE 2021**

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Directors

Mr Peng Li (Non-Executive Chairman)
Mr Jun Lyu (Non-Executive Director)
Mr Theuns Klopper (Non-Executive Director)
Mr Zhihong Chen (Non-Executive Director)

Auditor

Hall Chadwick WA Audit Pty Ltd
283 Rokeby Road,
Subiaco WA 6008
Tel: +61 8 9426 0666

Company Secretary

Mr Henko Vos

Banker

ANZ Banking Group Limited
8 St Georges Terrace
PERTH WA 6000

Registered Office

Level 3, 88 William Street
PERTH WA 6000
Tel: +61 8 9463 2463
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Stock Exchange

Australian Stock Exchange Limited
Level 40, Central Park
152-158 St Georges Terrace
PERTH WA 6000

Share Registry

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
PERTH WA 6000
Tel: +61 9323 2000

ASX Code

RMT

Website

www.rmaenergy.com.au

The Board of Directors of RMA Energy Limited ("RMA Energy" or the "Company") presents its report on the Company for the half-year ended 30 June 2021.

DIRECTORS

The names of the Directors of the Company in office during the half-year and until the date of this report are:

Peng Li	Non-Executive Chairman (Appointed 04 March 2020)
Jun Lyu	Non-Executive Director (Appointed 12 December 2017)
Theuns Klopper	Non-Executive Director (Appointed 19 January 2017)
Zhihong Chen	Non-Executive Director (Appointed 29 May 2018)

Unless otherwise shown, all Directors were in office from the beginning of the half-year until the date of this report.

PRINCIPAL ACTIVITY

The principal activity of the Company during the period was focused on seeking and reviewing suitable projects and opportunities for potential investment.

REVIEW AND RESULTS OF OPERATIONS

Operating Results

Net operating loss after tax for the half-year ended 30 June 2021 was \$89,172 (2020: \$74,539).

Review of Operations

The Company is actively considering a number of restructuring and refinancing alternatives and is discussing these with its major shareholders and a number of interested parties with a view to secure the Company's recapitalisation and overall position.

Tenements

As at 30 June 2021, RMA Energy Limited did not hold any tenements.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditor Hall Chadwick to provide the directors of RMA Energy Limited with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 3.

Signed in accordance with a resolution of Directors made pursuant to s.306(3) of the Corporations Act 2001.



**Theuns Klopper
Non-Executive Director
13 September 2021**

To the Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit partner for the review of the financial statements of RMA Energy Limited for the half year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully

Hall Chadwick



HALL CHADWICK WA AUDIT PTY LTD

MARK DELAURENTIS CA
Partner

Dated at Perth this 13th day of September 2021

**RMA ENERGY LIMITED
CONDENSED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2021**



	Six Months Ended 30-Jun 2021 \$	Six Months Ended 30-Jun 2020 \$
Expenditure from continuing operations		
External professional fees	(19,890)	(10,562)
Employee benefits expense	(12,000)	(12,000)
Exploration expenses	(1,543)	(733)
Other administrative expenses	(26,940)	(26,000)
Financial costs	(28,799)	(25,244)
Loss before income tax	<u>(89,172)</u>	<u>(74,539)</u>
Net loss after income tax attributable to members of the company	<u>(89,172)</u>	<u>(74,539)</u>
Total comprehensive income for the year attributable to members of the company	<u>(89,172)</u>	<u>(74,539)</u>
Basic and diluted loss per share (cents)	<u>(0.004)</u>	<u>(0.004)</u>

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

RMA ENERGY LIMITED
CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021



	Note s	30 June 2021 \$	31 December 2020 \$
ASSETS			
Current assets			
Cash and cash equivalents		11,339	6,590
Trade and other receivables	6	5,103	1,418
Total current assets		16,442	8,008
Total assets		16,442	8,008
LIABILITIES			
Current liabilities			
Trade and other payables	7	74,018	45,212
Loans	8	1,217,022	1,148,224
Total current liabilities		1,291,040	1,193,436
Total liabilities		1,291,040	1,193,436
NET ASSETS		(1,274,598)	(1,185,428)
EQUITY			
Contributed equity		24,443,186	24,443,186
Accumulated losses		(25,717,784)	(25,628,613)
TOTAL EQUITY		(1,274,598)	(1,185,428)

The above Condensed Statement of Financial Position should be read in conjunction with the accompanying notes.

RMA ENERGY LIMITED
CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2021



	Issued capital \$	Accumulated losses \$	Total \$
Balance at 1 January 2021	24,443,186	(25,628,612)	(1,185,426)
Total comprehensive income for the year	-	(89,172)	(89,172)
Balance at 30 June 2021	24,443,186	(25,717,784)	(1,274,598)
	Issued capital \$	Accumulated losses \$	Total \$
Balance at 1 January 2020	24,443,186	(25,470,422)	(1,027,236)
Total comprehensive income for the year	-	(74,539)	(74,539)
Balance at 30 June 2020	24,443,186	(25,544,961)	(1,101,775)

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

RMA ENERGY LIMITED
CONDENSED STATEMENT OF CASHFLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2021



	30 June 2021	30 June 2020
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(33,708)	(4,602)
Net cash flows from/(used in) operating activities	<u>(33,708)</u>	<u>(4,602)</u>
Cash flows from investing activities		
Payments for exploration and evaluation tenements	(1,543)	(733)
Net cash flows used in investing activities	<u>(1,543)</u>	<u>(733)</u>
Cash flows from financing activities		
Loan received	40,000	100,000
Net cash flows from financing activities	<u>40,000</u>	<u>100,000</u>
Net increase in cash and cash equivalents	4,749	94,665
Cash and cash equivalents at beginning of period	<u>6,590</u>	<u>18,023</u>
Cash and cash equivalents at end of period	<u>11,339</u>	<u>112,688</u>

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

1. GENERAL INFORMATION

RMA Energy Limited ("the Company") is a company domiciled in Australia and is listed on the Australian Securities Exchange. The half-year financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

2. GOING CONCERN

The half-year financial report has been prepared on a going concern basis of accounting, which assumes the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

The Company has incurred a net loss after income tax of \$89,172 (2020: \$74,539) and had net cash outflows from operating activities of \$33,708 (2020: \$4,602) for the half-year ended 30 June 2021.

The Company has a loan payable to CREC Resources (Aust) Pty Ltd ("CREC") for \$1,217,022 as at 30 June 2021 including accrued interest.

The ability of the Company to continue as a going concern is principally dependent on the Company to increase cashflow from existing businesses, managing cashflow in line with available funds and the ability of the Company to secure funds by raising capital from equity markets or securing further debt funding from CREC and CREC not calling on the loan payable in the next 12 months from the date of this financial report. These conditions indicate material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern.

The directors have prepared a cash flow forecast, which indicates that the Company will need to raise further capital from debt or equity sources to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.

Based on the cash flow forecasts and other factors referred above, the directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Company's history of receiving financial support from CREC to date, the directors are confident of the Company's ability to raise additional funds as and when they are required.

Should the Company be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and *AASB 134 Interim Financial Reporting*. Compliance with *AASB 134* ensures compliance with International Financial Reporting Standard *IAS 34 Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial reports.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the financial year ended 31 December 2020.

(b) Basis of preparation

The half-year financial report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

(c) Accounting policies and methods of computation

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the financial year ended 31 December 2020.

(d) Significant accounting judgements and key estimates

The preparation of the half-year financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Company's last annual financial statements for the year ended 31 December 2020.

(e) Standards and Interpretations in issue not yet adopted

The Company has also reviewed all Standards and Interpretations on issue not yet adopted for the period ended 30 June 2021. The Company has initially determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Company and, therefore, no change is necessary to Company's accounting policies.

4. SEGMENT REPORTING

Management has determined that the Company has one reporting segment being mineral exploration.

5. DIVIDENDS PAID OR PROVIDED FOR

No dividends have been paid or provided for during the half-year (2020: nil).

6. TRADE AND OTHER RECEIVABLES

	30 June 2021 \$	31 December 2020 \$
GST paid	5,103	1,418
	<u>5,103</u>	<u>1,418</u>

7. TRADE AND OTHER PAYABLES

	30 June 2021 \$	31 December 2020 \$
Trade creditors	48,763	21,707
Accruals	24,750	23,000
Super Guarantee	505	505
	<u>74,018</u>	<u>45,212</u>

8. BORROWINGS

	30 June 2021 \$	31 December 2020 \$
Loan from Crec1	410,500	410,500
Add: interest accrued on loan	182,946	168,086
Loan from Crec2	200,000	200,000
Add: interest accrued on loan	53,858	48,609
Loan from Crec3	200,000	200,000
Add: interest accrued on loan	23,910	18,661
Loan from Crec4	100,000	100,000
Add: interest accrued on loan	4,555	2,368
Loan from Crec5	40,000	-
Add: interest accrued on loan	1,253	-
	<u>1,217,022</u>	<u>1,148,224</u>

8. BORROWINGS (con't)

¹ On 24 November 2014, the Company received loan funds of \$410,500 from its major shareholder, CREC Resources (Aust) Pty Ltd ("CREC"). The loan is unsecured and was repayable within 3 years from the date of draw down. Interest accrues on the loan at the rate of 7.20% p.a. from 24 November 2017 (was 6.00% p.a. prior to that).

² On 31 March 2016, the Company received loan funds of \$200,000 from CREC to assist with working capital requirements. The loan term was for 1 year and attracted an interest rate of 5.22% per annum (was 4.35% per annum prior to 31 March 2017).

³ On 27 March 2018, the Company entered into a loan agreement for \$200,000 with CREC to assist with working capital requirements. The borrowing was drawn in 5 instalments of \$40,000 each. The loan is unsecured and was for 1 year term. The loan attracted an interest rate of 4.35% per annum during the first 12 months of borrowing and increased by 20% to 5.22% after the expiration of the 12 months' term.

⁴ On 19 June 2020, the Company received loan funds of \$100,000 from its major shareholder, CREC Resources (Aust) Pty Ltd ("CREC"). The loan is unsecured and is for 1 year term. The loan

attracts an interest rate of 4.35% per annum during the first 1 year of borrowing and increased by 20% to 5.22% after the expiration of the 1 year term.

⁵ On 25 February 2021, the Company entered into a further loan agreement with CREC for \$150,000. The loan is unsecured and repayable within 12 months. The loan attracts an interest rate based on RMB benchmark lending rate announced by People's Bank of China, corresponding to the term of borrowing. The first and second drawdowns of \$20,000 each were received into the Company's bank account on 25 February 2021 and 31 March 2021 respectively.

As at date of this report, RMA directors are still in discussion with CREC to renegotiate the repayment terms of the above loans.

9. ISSUED CAPITAL

Issued capital at 30 June 2021 amounted to 24,443,186 (2,100,235,625 shares) and is unchanged from 31 December 2020.

10. CONTINGENT LIABILITIES

There is no change in contingent liabilities since the last reporting balance date.

11. COMMITMENTS

Capital commitments

The Company did not have any capital commitments at 30 June 2021.

12. RELATED PARTY DISCLOSURES

The Australian parent entity of the Company is CREC Resources (Aust) Pty Ltd ("CREC"), which at 30 June 2021, owned 51.34% (2020: 51.34%) of the issued ordinary shares of RMA Energy Limited.

The ultimate parent entity is China Railway Resources Group Co., Ltd (incorporated in the People's Republic of China) which at 30 June 2021 owned 100% of the issued ordinary shares of CREC Resources (Aust) Pty Ltd.

Director related entities

During the half-year ended 30 June 2021, the Company incurred \$24,000 (2020: \$24,000) in fees to Nexia Perth for provision of directorship, company secretarial, accounting and taxation services. Theuns Klopper is an employee of Nexia Perth. As at 30 June 2021, \$15,279 (2020: \$35,200) remained outstanding.

During the half-year ended 30 June 2021, the Company incurred \$6,000 to The Trustee for the Lee Family Trust (a related entity of Mr Zhihong Chen) for Mr Chen's director's fees. As at 30 June 2020, \$13,000 (2020: \$13,000) remained outstanding.

During the half-year ended 30 June 2021, the Company received \$40,000 loan from its major shareholder CREC Resources (Aust) Pty Ltd. Refer to Note 8 for more details.

13. SUBSEQUENT EVENTS AFTER BALANCE DATE

The Company has been monitoring the potential impact of COVID-19 on its operations. The Company has plans in place to minimise the impact and is dependent on the continued support of its major shareholder, CREC Resources (Aust) Pty Ltd. Given the uncertainty over the situation, the Company is not in a position to determine the full impact that COVID-19 will have on its operations, or quantify any financial impact.

Other than noted above, there have been no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect: (i) the Company's operations in future years; or (ii) the results of those operations in future years; or (iii) the Company's state of affairs in future years.

**RMA ENERGY LIMITED
DIRECTORS' DECLARATION
HALF-YEAR ENDED 30 JUNE 21**



The directors of RMA Energy Limited declare that:

1. The financial statements and notes, of the Company are in accordance with the *Corporations Act 2001* including:
 - (a) complying with Australian Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

A handwritten signature in black ink, appearing to read 'Theuns Klopper', written over a faint, circular stamp or watermark.

**Theuns Klopper
Non-Executive Director
13 September 2021**

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF RMA ENERGY LIMITED

Conclusion

We have reviewed the accompanying half-year financial report of RMA Energy Limited ("the Company") which comprises the condensed statement of financial position as at 30 June 2021, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other selected explanatory notes, and the directors' declaration.

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

- a. Giving a true and fair view of the RMA Energy Limited financial position as at 30 June 2021 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

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

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

Material uncertainty related to going concern

We draw attention to Note 2 in the financial report, which indicates that the Company incurred a net loss of \$89,172 during the half year ended 30 June 2021. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Half-Year Financial Report

The directors of the RMA Energy Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 30 June 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis

MARK DELAURENTIS CA
Partner

Dated at Perth this 13th day of September 2021