Appendix 4D

Resource Development Group Limited

ABN 33 149 028 142

FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Results for announcement to the market

Extracts of the Resource Development Group Limited results for the half year ended 31 December 2018

Revenues from continuing activities	Up	397%	to	$22,916,279
Profit from ordinary activities after tax attributable to members	Up	150%	to	$129,864
Comprehensive income for the period attributable to members	Up	150%	To	$129,864

Dividends	Amount per share	Franked amount per share
Interim dividend	Nil	Nil
Final dividend	Nil	Nil

Record date for determining entitlements to the dividend	N/A

Other information

Net asset backing per ordinary share	$0.029 per share (2017:$0.028 per share)
Net tangible asset backing per ordinary share	$0.030 per share (2017:$0.028 per share)

Additional Appendix 4D disclosure requirements can be found in the Directors' Report and the 31 December 2018 half-year financial statements.

Resource Development Group Limited

ABN 33 149 028 142

Interim Financial Report

31 December 2018

Resource Development Group Limited

ABN 33 149 028 142

Half-Year Financial Report

31 December 2018

Contents

CORPORATE INFORMATION

ABN 33 149 028 142

Directors

Mr. Andrew Ellison, Chairman
Mr. Gary Reid, Executive Director
Mr. Richard Eden, 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

Security Transfer Registrars Pty Ltd
770 Canning Highway, APPLECROSS WA 6153
Telephone: +61 8 9315 2333
Facsimile: +61 8 9315 2233

Solicitors

Steinepreis Paganin
Level 4, 16 Milligan Street, PERTH WA 6000

Bankers

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

Auditors

HLB Mann Judd
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 half year ended 31 December 2018. 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	(Chairman)
Mr Gary Reid	(Executive Director)
Mr Richard Eden	(Non-Executive Director)

Principal Activities

The principal activities of the entities within the consolidated entity during the half year were the provision of contracting services to the mining sector within Australia.

Review of operations

The Group's after-tax profit was $129,864 (2017: $260,373 loss) on a revenue from operations base of $22.9m (2017: $4.6m).

The results for the half year ended 31 December 2018 include those from the Company's majority (80%) acquisition of Mineral Solutions Australia Pty Ltd (MSA), together with the Company's principal subsidiary, Central Systems Pty Ltd (Centrals). Although Centrals has had a very solid result for the 6 month period ($1.9m profit before tax) compared to its past two half-yearly results, MSA sustained a loss before tax of $1.3m, largely as a result of subdued trading conditions in the second half of the period and high depreciation charges on its equipment. Pleasingly, MSA did make a small EBITDA contribution of $0.7m to the Group before accounting for minority interests of 20%; Centrals' EBITDA contribution was $2.3m for the half. Please refer to the Segment Note at page 20 for more detail on the results.

Significant Events

On 25 July 2018, the Company announced to the market that it had executed a Share Sale and Purchase Agreement with the vendors of Mineral Solutions Australia Pty Ltd (MSA) to acquire an 80% stake in that company. MSA is a holding company for three wholly-owned subsidiaries that operate in various forms within the materials handling, screening and ore sorting industries. The acquisition was subsequently completed on 3 August 2018, with an effective date of 2 July 2018.

On 7 September 2018, the Company announced to the market that it had executed a binding term sheet (subject to conditions) with Bullseye Mining Limited (BML) to subscribe for a 30% interest in a new company to be incorporated (BML NewCo). BML NewCo will hold 100% interest in 36km2 of mining leases (BML NewCo Project) currently owned by unlisted public company Bullseye Mining Limited, as part of the North Laverton Gold Project. Most relevantly, RDG will provide the expertise for the design, construction and operation for the BML NewCo Project and also other future BML projects. On 22 February 2019, the Company subsequently announced that it had signed binding Subscription and Shareholder Agreement term sheets which set out the agreed commercial terms of the transaction for the establishment and operation of the new joint venture entity.

On 6 November 2018, the Company announced that it was going to provide a $1.5m loan to Bullseye Mining Limited to assist with funding various costs and in anticipation of a future capital raising by BML. The loan was subsequently provided to BML on 8 November 2018 and the loan is secured by a first ranking mining mortgage over Bullseye's M37/1167 mining lease.

There were no other significant events during the period.

Operations

Headquartered in Perth, Western Australia, RDG through its wholly-owned subsidiary Central Systems Pty Ltd provides diversified services to the resource, infrastructure, energy, government, utilities, defence, residential housing and commercial sectors within Australia. RDG has offices in Perth, Newman and Townsville.

DIRECTORS' REPORT (continued)

Centrals continued to undertake a significant concrete and civil works package for Crushing Services International Pty Ltd, a subsidiary of Mineral Resources Limited. Numerous other projects were undertaken for BHP Billiton Ltd during the period. The contract with the Department of Housing in Secret Harbour was very challenging and in the end the Board decided to terminate that contract due to a lack of pre-sales. Costs of approximately $0.2m were expended on this project and have been expensed during the period. The first stage (6 houses) of our four stage residential housing development at South Beach, Western Australia (W.A.) will commence construction onsite during March 2019.

The crushing services business is based in Kalgoorlie, W.A. although it operates on various sites across W.A., offering mobile crushing, screening and ore sorting contract services.

Workforce Capacity and Capability

There were approximately 125 personnel at the end of the reporting period. The Company has experienced increased activity with both the opportunity pipeline and tender activity, resulting in the appointment of several new staff positions in the company and generally strengthening our management capability across the board. This is a direct result of the resources industry showing strong signs of recovery across the board. We are extremely pleased with our safety result for the past 12 months, showing a LTIFR of zero for the past two years. Our entire management team can be congratulated for this excellent result.

Strategy and Outlook

The Group has diversified significantly over the past 6 months, with the acquisition of 80% of the crushing/screening and ore sorting contracting business and the successful negotiation with Bullseye Mining Limited (BML) to enter into a joint venture, with a 30% equity interest. The Board is acutely aware that the mining sector has had a significant upswing over the past 12 months and is now able to offer an increased capability to the mining industry. We now believe that we have our strategy set and our focus will be to continue to focus on our expanded service offering. We have made excellent progress working with the BML directors to strengthen our relationship by undertaking a number of workshops to define in detail our Joint Venture agreement and sign a new and expanded term sheet and shareholders agreement that will allow the sale contract to be completed with minimal changes from both companies and has allowed both companies' directors to feel significantly more comfortable with the deal. We see no reason why this Joint Venture will not make excellent progress over the coming 12 months ahead.

The Board has confidence that the Mining industry is recovering strongly and are now focusing on growing our order book and delivering great results for our clients. The Board has also had confidence to grow its management team and seeks to continue with the momentum it has encountered in the mining services sector by offering services that will support clients from construction through to production, allowing the business to grow a more consistent and reliable revenue stream. Continued growth and creating value for shareholders remain as always, the main priority for the Board.

We are now looking forward to better times ahead which your Directors are very excited about.

Auditor's Independence Declaration

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 review of the interim financial report. This Independence Declaration is set out on page 5 and forms part of this directors' report for the half year ended 31 December 2018.

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

Mr Andrew Ellison
Chairman
Perth, Western Australia
28 February 2019

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Resource Development Group Limited for the half-year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia	**L Di Giallonardo**
28 February 2019	**Partner**

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Notes	Consolidated 31 December 2018 $	 31 December 2017 $
Revenue	2(a)	22,916,279	4,613,245
Other income	2(b)	127,961	121,884
Profit/(loss) on sale of assets		3,919	(13,197)
Cost of sales		(7,360,139)	(1,845,512)
Employee benefits expense		(11,422,167)	(1,885,504)
Depreciation and amortisation expense	2(c)	(2,179,217)	(583,460)
Finance (costs)/income		(262,311)	(14,332)
Share-based payments	2(c)	(12,445)	(23,968)
Other expenses	2(c)	(1,170,600)	(687,254)
Profit/(Loss) before income tax		641,280	(318,098)
Income tax (expense)/benefit		(511,416)	57,725
Profit/(Loss) after income tax		129,864	(260,373)
Other comprehensive income/(loss) for the period, net of income tax		-	-
Total comprehensive income/(loss) for the period		129,864	(260,373)
Total profit/(loss) for the year is attributable to:			
Non-controlling interests		(253,265)	-
Owners of Resource Development Group Ltd		383,129	(260,373)
		129,864	(260,373)
Total comprehensive income/(loss) for the year is attributable to:			
Non-controlling interests		(253,265)	-
Owners of Resource Development Group Ltd		383,129	(260,373)
		129,864	(260,373)
Earnings/(loss) per share for the period attributable to the members of Resource Development Group Ltd:			
Basic earnings/(loss) per share (cents per share)		0.06	(0.04)
Diluted earnings/(loss) per share (cents per share)		0.06	(0.04)

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

		Consolidated	
Assets	Notes	31 December 2018 $	30 June 2018 $
Current assets			
Cash and cash equivalents	3	13,867,924	13,322,300
Trade and other receivables	4	4,423,374	5,258,040
Current tax assets		50,000	14,907
Inventories	5	544,039	744,951
Other assets		1,846	-
Total current assets		18,887,183	19,340,198
Non-current assets			
Property, plant and equipment	6	16,453,481	5,669,275
Deferred tax assets		271,003	710,779
Total non-current assets		16,724,484	6,380,054
Total assets		35,611,667	25,720,252
Liabilities			
Current liabilities			
Trade and other payables	7	8,412,127	6,910,220
Borrowings	8	3,158,224	-
Provisions		584,832	482,745
Total current liabilities		12,155,183	7,392,965
Non-current liabilities			
Borrowings	8	4,352,635	-
Deferred tax liabilities		748,226	815,774
Provisions		18,354	16,553
Total non-current liabilities		5,119,215	832,327
Total liabilities		17,274,398	8,225,292
Net assets		18,337,269	17,494,960
Equity			
Issued capital	9	7,836,308	7,836,308
Share-based payments reserve		134,134	121,689
Retained earnings		9,920,092	9,536,963
Equity attributable to owners of the parent		17,890,534	17,494,960
Non-controlling interests		446,735	-
Total equity		18,337,269	17,494,960

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Consolidated	Notes	Issued capital	Retained earnings	Share-based payments reserve	Attributable to the owners of the parent	Non-controlling Interest	Total equity
		$	$	$	$	$	$
Balance as at 1 July 2017		7,836,308	9,944,388	186,295	17,966,991	-	17,966,991
Loss for the period		-	(260,373)	-	(260,373)	-	(260,373)
Other comprehensive income for the period		-	-	-	-	-	-
Total comprehensive loss for the year		-	(260,373)	**-**	(260,373)	-	(260,373)
Share-based payments		-	-	23,968	23,968	-	23,968
Transfer of lapsed options		-	101,021	(101,021)	-	-	-
Balance at 31 December 2017		7,836,308	9,785,036	109,242	17,730,586	-	17,730,586
						-	
Balance as at 1 July 2018		7,836,308	9,536,963	121,689	17,494,960	-	17,494,960
Profit/(Loss) for the period		-	383,129	-	383,129	(253,265)	129,864
Other comprehensive income/(loss) for the period		-	-	-	-	-	-
Total comprehensive income/(loss) for the year		-	383,129	**-**	383,129	(253,265)	129,864
Share-based payments		-	-	12,445	12,445	-	12,445
Non-controlling interest arising on acquisition		-	-	-	-	700,000	700,000
Balance at 31 December 2018		7,836,308	9,920,092	134,134	17,890,534	446,735	18,337,269

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

		Consolidated	
		31 December 2018 $	31 December 2017 $
	Note	Inflows/(Outflows)	
Cash flows from operating activities			
Receipts from customers		27,737,914	3,854,122
Payments to suppliers and employees		(19,878,233)	(4,946,412)
Interest received		111,361	69,721
Finance costs paid		(249,763)	(14,332)
Income tax paid		(174,281)	(5,431)
GST paid		(1,383,626)	(198,583)
Net cash inflow/(outflow) from operating activities		6,163,372	(1,240,915)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		930	94,996
Purchase of property, plant & equipment		(154,917)	-
Receipts from recovery from prior year impairment		-	53,329
Acquisition of Mineral Solutions Australia Pty Ltd (net outflow)	12	(1,448,193)	-
Loan advanced to external party (Bullseye Mining Ltd)		(1,500,000)	-
Net cash (outflow)/inflow from investing activities		(3,102,180)	148,325
Cash flows from financing activities			
Repayment of hire purchase liabilities		(2,515,568)	-
		(2,515,568)	-
Net increase/(decrease) in cash held		545,624	(1,092,590)
Cash and cash equivalents at the beginning of the period		13,322,300	10,131,801
Cash and cash equivalents at the end of the period		13,867,924	9,039,211

The accompanying notes form part of these financial statements

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Reporting entity

Resource Development Group Limited ("RDG" or "Company") is a company domiciled in Australia. The consolidated balances of the Company for the half-year ended 31 December 2018 include the Company and its subsidiaries, including Central Systems Pty Limited ("Centrals") and Mineral Solutions Australia Pty Ltd.

b) Statement of compliance

These half-year consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 '*Interim Financial Reporting*', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 '*Interim Financial Reporting*'.

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the consolidated financial statements of Resource Development Group Limited for the year ended 30 June 2018 and any public announcements made by Resource Development Group Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

c) Basis of preparation

This half-year report has been prepared as described in Note 1(a). Cost is based on the fair value of the consideration given in exchange for assets and all amounts are presented in Australian dollars, unless otherwise noted. For the purpose of preparing this report, the half-year has been treated as a discrete reporting period.

d) Accounting policies and methods of computation

The accounting policies and methods of computation are consistent with those adopted by Resource Development Group Limited for the previous financial year apart from changes as a result of adopting AASB15 and AASB9 (see note 1 (f). These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

e) Significant accounting judgements and key estimates

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

In preparing this half-year report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2018.

f) Adoption of new and revised Accounting Standards

Standards and Interpretations applicable to 31 December 2018
In the period ended 31 December 2018, the Directors reviewed all of 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.

AASB 9 *Financial Instruments*

AASB 9 replaces AASB 139 *Financial Instruments: Recognition and Measurement* and makes changes to a number of areas including classification of financial instruments, measurement, impairment of financial assets and hedge accounting model.

Financial instruments are classified as either held at amortised cost or fair value.

Financial instruments are carried at amortised cost if the business model concept can be satisfied.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

All equity instruments are carried at fair value and the cost exemption under AASB 139 which was used where it was not possible to reliably measure the fair value of an unlisted entity has been removed. Equity instruments which are non-derivative and not held for trading may be designated as fair value through other comprehensive income (FVOCI).

Previously classified available-for-sale investments, now carried at fair value are exempt from impairment testing and gains or loss on sale are no longer recognised in profit or loss.

The AASB 9 impairment model is based on expected loss at day 1 rather than needing evidence of an incurred loss, this is likely to cause earlier recognition of bad debt expenses. Most financial instruments held at fair value are exempt from impairment testing.

The Group has applied AASB 9 retrospectively with the effect of initially applying this standard recognised at the date of initial application, being 1 July 2018 and has elected not to restate comparative information Accordingly, the information presented for 31 December 2017 and 30 June 2018 has not been restated.

There is no material impact to profit or loss or net assets on the adoption of this new standard in the current or comparative periods.

AASB 15 *Revenue from contracts with Customers*

AASB 15 replaces AASB 118 *Revenue* and AASB 111 *Construction Contract*s and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards.

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised, including in respect of multiple element arrangements. The core principle of AASB 15 is that it requires identification of discrete performance obligations within a transaction and associated transaction price allocation to these obligations, Revenue is recognised upon satisfaction of these performance obligations, which occur when control of goods or services is transferred, rather than on transfer of risks or rewards. Revenue received for a contract that includes a variable amount is subject to revised conditions for recognition, whereby it must be highly probable that no significant reversal of the variable component may occur when the uncertainties around its measurement are removed.

The Group has adopted AASB 15 using the modified retrospective method of adoption (without practical expedients) with the effect of initially applying this standard recognised at the date of initial application, being 1 July 2018. Accordingly, the information presented for 31 December 2017 and 30 June 2018 has not been restated. The effect of the application of AASB 15 has been applied to only those contracts that are not completed at the date of initial application.

There is no material impact to profit or loss or net assets on the adoption of this new standard in the current or comparative periods.

The Group is in the business of providing construction and contracting services. The services are provided on their own or in separately identified contracts with customers and together as a bundled package of goods and/or services.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 reporting periods. Those which may have a significant to the Group are set out below. The Group does not plan to adopt these standards early.

AASB 16 Leases

AASB 16 replaces the current AASB 17 *Leases standard*. AASB 16 removes the classification of leases as either operating leases or finance leases- for the lessee - effectively treating all leases as finance leases. Most leases will be capitalised on the statement of financial position by recognising a 'right-of-use' asset and a lease liability for the present value obligation. This will result in an increase in the recognised assets and liabilities in the statement of financial position as well as a change in expense recognition, with interest and deprecation replacing operating lease expense.

Lessor accounting remains similar to current practice, i.e. lessors continue to classify leases as finance and operating leases.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

AASB 16 is effective from annual reporting periods beginning on or after 1 January 2019, with early adoption permitted for entities that also adopt AASB 15.

This standard will primarily affect the accounting for the Group's operating leases. As at 31 December 2018, the Group has $503,317 of non-cancellable operating lease commitments, predominantly relating to property leases. The Group is considering the available options to account for this transition but the Group expects a change in reported earnings before interest, tax, depreciation and amortisation (EBITDA) and increase in lease assets and liabilities recognition.

No other new standards, amendments to standards and interpretations are expected to affect the Group's consolidated financial statements.

f) 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 2: REVENUE AND EXPENSES

	Consolidated	
	31 December 2018 $	31 December 2017 $
(a) Revenue		
Rendering of services – over time	22,916,279	4,613,245
(b) Other income		
Interest income	98,640	68,555
Other income	29,321	53,329
	127,961	121,884
(c) Expenses		
Depreciation of non-current assets	(2,179,217)	(583,460)
Operating lease rental expense	(244,650)	(202,505)
Share based payments expense	(12,445)	(23,968)

NOTE 3: CASH AND CASH EQUIVALENTS

	Consolidated	
	31 December 2018 $	30 June 2018 $
Cash at bank and on hand	13,867,924	13,322,300

NOTE 4: CURRENT TRADE AND OTHER RECEIVABLES

	Consolidated	
	31 December 2018 $	30 June 2018 $
Trade receivables	1,667,115	1,824,047
Provision for impairment	(249,372)	-
	1,417,743	1,824,047
Loan receivable[1]	1,500,000	-
Other receivables	16,394	15,027
Accrued income	1,383,875	3,194,897
Prepayments	105,362	224,069
	4,423,374	5,258,040

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 4: CURRENT TRADE AND OTHER RECEIVABLES (continued)

[1] A loan agreement exists between Resource Development Group Limited (RDG) and Bullseye Mining Limited (BML), its majority joint venture partner in a future new company yet to be incorporated. The loan agreement is 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 term of the agreement is for a maximum period terminating on 10 July 2019, or earlier if certain conditions are met; and
- 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).

NOTE 5: INVENTORIES

	Consolidated	
	31 December 2018 $	30 June 2018 $
At cost:		
Raw materials and stores	13,890	12,891
Work in progress (i)	530,149	732,060
	544,039	744,951
(i) Work in progress		
Contract costs incurred	37,143,767	27,728,653
Recognised profits	5,951,625	3,257,715
	43,095,392	30,986,368
Progress billings	(47,769,708)	(34,329,922)
Work in progress	(4,674,316)	(3,343,554)
Income in advance	5,204,465	4,075,614
	530,149	732,060

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 6: PROPERTY, PLANT AND EQUIPMENT

	Consolidated			
	Motor vehicles	Plant and equipment	Leasehold Improvements	Total
	$	$	$	$
Half-year ended 31 December 2018				
At 1 July 2018, net of accumulated depreciation and impairment	765,477	4,902,185	1,613	5,669,275
Assets acquired through business combination (see Note 12)	113,447	9,958,016	39,343	10,110,806
Additions	152,025	2,700,872	-	2,852,897
Disposals	-	(280)	-	(280)
Depreciation charge for the year	(82,226)	(2,095,525)	(1,466)	(2,179,217)
At 31 December 2018, net of accumulated depreciation and impairment	948,723	15,465,268	39,490	16,453,481
At 1 July 2018				
Cost or fair value	2,003,274	15,851,153	5,356	17,859,783
Accumulated depreciation and impairment	(1,237,797)	(10,948,968)	(3,743)	(12,190,508)
Net carrying amount	765,477	4,902,185	1,613	5,669,275
At 31 December 2018				
Cost or fair value	2,268,746	28,509,761	44,699	30,823,206
Accumulated depreciation and impairment	(1,320,023)	(13,044,493)	(5,209)	(14,369,725)
Net carrying amount	948,723	15,465,268	39,490	16,453,481

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 6: PROPERTY, PLANT AND EQUIPMENT (continued)

	Consolidated			
	Motor vehicles	Plant and equipment	Leasehold Improvements	Total
	$	$	$	$
Year ended 30 June 2018				
At 1 July 2017, net of accumulated depreciation and impairment	922,667	6,019,767	2,689	6,945,123
Additions	-	64,663	-	64,663
Disposals	-	(177,216)	-	(177,216)
Depreciation charge for the year	(157,190)	(1,005,029)	(1,076)	(1,163,295)
At 30 June 2018, net of accumulated depreciation and impairment	765,477	4,902,185	1,613	5,669,275
At 1 July 2017				
Cost or fair value	2,003,274	16,066,927	5,356	18,075,557
Accumulated depreciation and impairment	(1,080,607)	(10,047,160)	(2,667)	(11,130,434)
Net carrying amount	922,667	6,019,767	2,689	6,945,123
At 30 June 2018				
Cost or fair value	2,003,274	15,851,153	5,356	17,859,783
Accumulated depreciation and impairment	(1,237,797)	(10,948,968)	(3,743)	(12,190,508)
Net carrying amount	765,477	4,902,185	1,613	5,669,275

The useful life of the assets was estimated as follows for 2018:

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 7: TRADE AND OTHER PAYABLES

Current	31 December 2018 $	30 June 2018 $
Trade payables	1,598,795	2,075,302
Other payables	808,867	759,305
Deferred acquisition cash consideration (Refer to Note 12)	800,000	-
Income received in advance	5,204,465	4,075,614
	8,412,127	6,910,221

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

NOTE 8: BORROWINGS

	Consolidated	
Current	31 December 2018 $	30 June 2018 $
Hire purchase liabilities	3,158,224	-
	3,158,224	-
Non-current		
Hire purchase liabilities	4,352,635	-
	4,352,635	-
Total borrowings	7,510,859	-
Secured		
Hire purchase liabilities (1)	7,510,859	-
Total secured borrowings	7,510,859	-
Total borrowings	7,510,859	-

(1) <u>Hire Purchase liabilities</u>
Assets under hire purchase contracts are pledged as security for the related hire purchase liabilities.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 9: ISSUED CAPITAL

	31 December 2018		30 June 2018	
	Number of shares	$	Number of shares	$
(a) Paid up capital:	631,404,067	7,836,308	631,404,067	7,836,308

(b) Movements in ordinary share capital:

	Six months to 31 December 2018		Year to 30 June 2018	
	Number of shares	$	Number of shares	$
Balance at beginning of financial period	631,404,067	7,836,308	631,404,067	7,836,308
Balance at end of financial period	631,404,067	7,836,308	631,404,067	7,836,308

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.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Incentives

There were no incentives issued during the half-year ended 31 December 2018.

No incentives were forfeited (30 June 2018: No incentives forfeited) during the financial period as a result of termination of employment. There are currently 2,250,000 incentives on issue. The incentives vested on 16 January 2019.

	Consolidated	
	Six months ended 31 December 2018	Year ended 30 June 2018
Movement in employee incentives	Number	Number
Balance at beginning of financial period	2,250,000	2,250,000
Forfeited on termination of employment	-	-
Balance at end of financial period	2,250,000	2,250,000

NOTE 7: CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets or contingent liabilities at or subsequent to balance date.

NOTE 8: FINANCIAL INSTRUMENTS

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

NOTE 9: EVENTS AFTER THE REPORTING PERIOD

On 22 February 2019, the Company announced that it had signed binding Subscription and Shareholder Agreement term sheets which set out the agreed commercial terms of the transaction for the establishment and operation of the new joint venture entity together with Bullseye Mining Limited.

No other matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs in future financial years.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 10: COMMITMENTS

Operating lease commitments – Group as lessee

Future minimum rentals payable under non-cancellable operating leases are as follows:

	Consolidated	
	31 December 2018 $	30 June 2018 $
Within one year	368,265	223,056
After one year but not more than five years	135,052	56,239
Greater than 5 years	-	-
	503,317	279,295

Capital commitments
Capital expenditure commitments contracted for at balance date are as follows:

Plant and equipment:	31 December 2018 $	30 June 2018 $
Within one year	440,000	-
After one year but not more than five years	-	-
Greater than 5 years	-	-
	440,000	-

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 11: 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, results, assets and liabilities by reportable segment provided to the Board for the half years ended 31 December 2018 and 31 December 2017.

31 December 2018	Construction $	Contracting $	Other $	Corporate $	Consolidated $
Revenue	19,729,611	3,186,668	-	-	22,916,279
Profit/(Loss) before income tax	3,371,689	(1,266,324)	(341,321)	(1,122,764)	641,280
Interest revenue	-	-	-	98,640	98,640
Interest expense	-	249,190	-	573	249,763
Depreciation & amortisation	-	1,711,312	-	467,905	2,179,217
Segment assets	1,367,351	11,745,108	-	22,499,208	35,611,667
Segment liabilities	5,204,465	8,111,431	-	3,958,502	17,274,398

31 December 2017	Construction $	Other $	Corporate $	Consolidated $
Revenue	4,613,245	-	-	4,613,245
Profit/(Loss) before income tax	1,058,019	(569,326)	(806,791)	(318,098)
Interest revenue	-	-	68,555	68,555
Interest expense	-	-	-	-
Depreciation & amortisation	-	-	583,460	583,460
Segment assets	3,330,042	-	16,283,541	19,613,583
Segment liabilities	266,769	-	1,616,228	1,882,997

Major Customers

The Group has two customers to whom it provides services where the revenue from each customer was in excess of 10% of the Group's revenue. These customers generated 80% (31 December 2017: three customers, 79%) of the Group's revenue for the period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 12: BUSINESS COMBINATIONS

Acquisition of Mineral Solutions Australia Pty Ltd

On 3 August 2018, the Company completed the acquisition of 80% of the shares of Mineral Solutions Australia Pty Ltd (MSA) for a total purchase consideration of $2 million with a further deferred component of $800,000, with an effective date 2 July 2018. MSA is the holding company of a group that includes Crushing Service Solutions Pty Ltd, Aggregate Crushing Australia Pty Ltd and Ore Sorting Australia Pty Ltd which are based in Kalgoorlie, Western Australia and provide contracting services to the mining and other sectors.

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

	$
Cash paid – purchase price	2,000,000
Deferred acquisition cash consideration (due within 12 months)	800,000
Total purchase consideration	2,800,000

The assets and liabilities recognised because of the acquisition are as follows:

	Fair value $
Cash and cash equivalents	551,807
Trade and other debtors	1,289,200
Plant and equipment	10,110,806
Trade and other payables	(8,451,813)
Provisional fair value of identifiable net assets acquired	3,500,000
Less: Non-controlling interest	(700,000)
	2,800,000

MSA contributed revenue of $3.2m to the Group during the period between 2 July 2018 and 31 December 2018 and a net loss of $1.3m.

The initial accounting for the acquisition of Mineral Solutions Australia Pty Ltd has only been provisionally determined at the end of the reporting period. At the end of the period, the final valuation report in respect of the plant and equipment acquired had not yet been received. At the date of finalisation of this financial report, the necessary market valuations and other calculations had not been finalised and the fair value of the plant and equipment and associated deferred tax liabilities and the determination of the fair value of the non-controlling interest above have therefore only been provisionally determined based on the Directors' best estimate of the likely fair value of the plant and equipment.

Purchase consideration – cash outflow

	$
Cash consideration paid	2,000,000
Less: Balances acquired	
Cash – MSA	(551,807)
Net outflow of cash – investing activities	1,448,193

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 12: BUSINESS COMBINATIONS (continued)

Accounting Policy

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of subsidiary comprises the:

(i) fair values of the assets transferred

(ii) liabilities incurred to the former owners of the acquired business

(iii) equity interests issued by the group

(iv) fair value of any asset or liability resulting from contingent consideration arrangement, and

(v) fair value of any pre-existing equity interest in the subsidiary

Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

(i) consideration transferred,

(ii) amount of any non-controlling interest in the acquired entity, and

(iii) acquisition-date fair value of any previous equity interest in the acquired entity over the fair value 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, the difference is recognised directly in profit or loss as bargain purchase.

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

If the business combination is achieved in stages, the acquisition date carrying value of the Company's previously held equity interest in the acquired business is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

DIRECTORS' DECLARATION

In the opinion of the directors of Resource Development Group Limited (the 'Company'):

1. the attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
   a. giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year then ended; and
   b. complying with Australian Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.
2. 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 signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.

Andrew Ellison
Chairman

Dated this 28th day of February 2019

HLB MANN JUDD
ADVISORY AND ACCOUNTING

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Resource Development Group Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Resource Development Group Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2018, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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 Resource Development Group Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

L Di Giallonardo
Partner

Perth, Western Australia
28 February 2019