

Resource Base Limited

ABN 57 113 385 425

Interim Report - 31 December 2018

Resource Base Limited
Corporate directory
31 December 2018

Directors

Peter Kelliher (Non-Executive Director)
Michael Kennedy (Non-Executive Director)
Angelo Siciliano (Non-Executive Director)

Company secretary

Justyn Stedwell

Registered office

Level 17
500 Collins Street
Melbourne VIC 3000

Principal place of business

Level 17
500 Collins Street
Melbourne VIC 3000

Share register

Link Market Services
Level 4 Central Park
152 St George Terrace
Perth WA 6000

Auditor

RSM Australia Partners
Level 21 55 Collins Street
Melbourne VIC 3000

Stock exchange listing

Resource Base Limited shares are listed on the Australian Securities Exchange (ASX code: RBX)

Resource Base Limited
Directors' report
31 December 2018

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Resource Base Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2018.

Directors

The following persons were directors of Resource Base Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Peter Kelliher
Angelo Siciliano
Michael Kennedy
Martin Janes (resigned 23 August 2018)

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity consisted of:

- assessment of exploration and commercial opportunities to leverage off Resource Base's existing assets.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$340,445 (31 December 2017: \$382,131).

The company continued to advance opportunities to reactivate the Broula King processing plant, on the basis of delivery of material from regional orebodies within economic trucking distance of the plant.

The most advanced potential involves a gold ore, that is particularly suited to the existing processing facilities at Broula King. A preliminary milling agreement has been exchanged, and is under active discussion and review. At the same time, several visits to the respective sites have been made by the technical staff of the parties, to identify the work required to reactivate both the mine and the processing plant in order to achieve the most efficient and economic outcome,. This arrangement could provide feedstock over a period of 2-3 years at the design capacity of the Broula King plant.

The additional permitting for the reactivation of the Broula King site on the basis of trucked-in ore is underway. Also, a strategic review of the capacity and capability of the site to undertake such future operations has been undertaken. This includes the completion of an optional agreement to purchase an adjoining property that will provide scope to enhance the tailings storage facilities of the site.

In addition to this specific opportunity currently under detailed work, there have been enquiries from several other parties with "stranded" small gold deposits around the region. The current high gold prices, esp. in A\$, terms, makes these smaller deposits very valuable, and the parties involved are eager to exploit them as quickly as possible.

In addition to gold ore treatment opportunities, the company is also well advanced in negotiations to purchase a nearby magnetite iron ore deposit . The current holder of the Mining Lease went into liquidation on 4 March 2019, and sale of the lease is underway. The Company is the preferred purchaser, and has lodged a security deposit with the Administrator, pending his final decision on disposal of assets. In this context, discussions have been initiated with the regulatory authorities responsible to approve a change in ownership the Mining Lease, together with their requirements for a reactivation of mining operations.

This ore deposit is approx. 12 km distance from the Broula King site, and it is intended that material will be mined/crushed by a contractor, and trucked to the Broula King site for further processing into a niche iron product (magnetite concentrate) that is utilised within the coal mining industry around New South Wales. The demand for this speciality product continues to rise, in line with the increasing range of coal produced and the environmental requirement to provide the highest quality product. "Washing" of coal to eliminate contaminant materials in raw coal is a significant factor in meeting this demand for "clean coal". The magnetite concentrate utilised as a heavy media in these washing processes is a strategic input into the coal production process, and as such commands a premium price over other high grade iron sources.

The company is confident that the Broula King site can be reactivated in the near future, and that evidence of that reactivation will permit re-listing of the Company's shares on the ASX.

Resource Base Limited
Directors' report
31 December 2018

Significant changes in the state of affairs

On 19 November 2018, the company was suspended from quotation on the Australian Securities Exchange (ASX), as it has been deemed that its operations are not adequate to warrant continued listing. The company is confident that the Broula King site can be reactivated in the near future, and that evidence of that reactivation will permit re-listing of the Company's shares on the ASX.

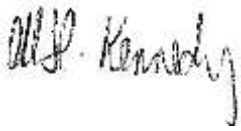
There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in dark ink, appearing to read 'M. Kennedy', is written over a horizontal line.

Michael Kennedy
Director

15 March 2019

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Resource Base 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:

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

A handwritten signature in blue ink, appearing to be 'RSM'.**RSM AUSTRALIA PARTNERS**A handwritten signature in blue ink, appearing to be 'J S Croall'.

J S CROALL
Partner

Dated: 15 March 2019
Melbourne, Victoria

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Resource Base Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2018

		Consolidated	
	Note	December 2018	December 2017
		\$	\$
Revenue	4	68,015	48,188
Interest revenue calculated using the effective interest method		5,529	6,432
Expenses			
Administration expenses		(24,950)	(55,772)
Corporate expenses		(155,804)	(169,172)
Care and maintenance expenses		(44,893)	(62,362)
Occupancy		(89,631)	(84,311)
Other expenses		(1,765)	(2,564)
Finance costs		(96,946)	(62,570)
Loss before income tax expense		(340,445)	(382,131)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Resource Base Limited		(340,445)	(382,131)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Resource Base Limited		<u>(340,445)</u>	<u>(382,131)</u>
		Cents	Cents
Basic earnings per share		(1.24)	(1.39)
Diluted earnings per share		(1.24)	(1.39)

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

Resource Base Limited
Statement of financial position
As at 31 December 2018

		Consolidated	
	Note	December	June 2018
		2018	\$
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		69,521	31,065
Receivables		41,378	17,128
Other		22,457	-
Total current assets		<u>133,356</u>	<u>48,193</u>
Non-current assets			
Plant and equipment		5,161	8,052
Mining		412,500	412,500
Other assets	5	<u>743,142</u>	<u>678,132</u>
Total non-current assets		<u>1,160,803</u>	<u>1,098,684</u>
Total assets		<u>1,294,159</u>	<u>1,146,877</u>
Liabilities			
Current liabilities			
Payables	6	876,590	706,837
Borrowings	7	1,379,013	781,995
Employee benefits		-	26,384
Total current liabilities		<u>2,255,603</u>	<u>1,515,216</u>
Non-current liabilities			
Payables		-	115,927
Borrowings		-	136,733
Provisions		500,000	500,000
Total non-current liabilities		<u>500,000</u>	<u>752,660</u>
Total liabilities		<u>2,755,603</u>	<u>2,267,876</u>
Net liabilities		<u>(1,461,444)</u>	<u>(1,120,999)</u>
Equity			
Issued capital		14,602,953	14,602,953
Reserves		30,414	30,414
Accumulated losses		<u>(16,094,811)</u>	<u>(15,754,366)</u>
Total deficiency in equity		<u>(1,461,444)</u>	<u>(1,120,999)</u>

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

Resource Base Limited
Statement of changes in equity
For the half-year ended 31 December 2018

	Issued capital \$	Accumulated losses \$	Total deficiency in equity \$
Consolidated			
Balance at 1 July 2017	14,602,953	(15,072,424)	(469,471)
Loss after income tax expense for the half-year	-	(382,131)	(382,131)
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	(382,131)	(382,131)
Balance at 31 December 2017	<u>14,602,953</u>	<u>(15,454,555)</u>	<u>(851,602)</u>

	Issued capital \$	Reserves \$	Accumulated losses \$	Total deficiency in equity \$
Consolidated				
Balance at 1 July 2018	14,602,953	30,414	(15,754,366)	(1,120,999)
Loss after income tax expense for the half-year	-	-	(340,445)	(340,445)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(340,445)	(340,445)
Balance at 31 December 2018	<u>14,602,953</u>	<u>30,414</u>	<u>(16,094,811)</u>	<u>(1,461,444)</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Resource Base Limited
Statement of cash flows
For the half-year ended 31 December 2018

	Consolidated	
	December	December
	2018	2017
	\$	\$
Cash flows from operating activities		
Receipts from customers	63,501	32,188
Payments to suppliers and employees (inclusive of GST)	<u>(364,072)</u>	<u>(399,456)</u>
	(300,571)	(367,268)
Interest received	6,753	6,180
Interest and other finance costs paid	<u>(2,716)</u>	<u>(20,411)</u>
	(296,534)	(381,499)
Cash flows from investing activities		
Payments for plant and equipment	-	(2,186)
Payment of deposits for property plant and equipment	-	(15,000)
Payment for deposit on investment	<u>(65,010)</u>	<u>-</u>
	(65,010)	(17,186)
Cash flows from financing activities		
Proceeds from borrowings	<u>400,000</u>	<u>400,000</u>
	400,000	400,000
Net increase in cash and cash equivalents	38,456	1,315
Cash and cash equivalents at the beginning of the financial half-year	<u>31,065</u>	<u>18,140</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>69,521</u></u>	<u><u>19,455</u></u>

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

Resource Base Limited
Notes to the financial statements
31 December 2018

Note 1. General information

The financial statements cover Resource Base Limited as a consolidated entity consisting of Resource Base Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Resource Base Limited's functional and presentation currency.

Resource Base Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 17
500 Collins Street
Melbourne, Victoria 3000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 15 March 2019.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Australian Accounting Standards (AASs) and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period, including AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers. The adoption of these AASs result in no material impact on the interim financial report.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

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

For the six months ended 31 December 2018, the consolidated entity incurred a loss of \$340,445 and had negative cash flows from operations \$296,534.

As at 31 December 2018 the consolidated entity had a working capital deficiency of \$2,122,247 and net asset deficiency of \$1,461,444.

These events and condition indicate a material uncertainty which may cast significant doubt as to whether the consolidated entity will continue as a going concern.

The Board and management of the Company continue to evaluate new business opportunities that have potential to grow and diversify sources of production and increase shareholder wealth.

The Directors are satisfied with the consolidated entity's current financing position and are of the view that the continued application of the going concern basis of accounting is appropriate due to the following factors:

Note 2. Significant accounting policies (continued)

- The company has received a letter of comfort from its major shareholder, Asipac Group Pty Ltd, indicating that Asipac will provide financial support sufficient for the Company to meet its financial commitments. On 8 March 2019, the consolidated entity received an additional \$250,000 by way of loan funding under this agreement;
- The Board is of the opinion that the company will be able to access equity capital markets for any additional working capital requirements;
- The consolidated entity retains the ability, if required, to wholly or in part dispose of mining plant and equipment; and
- The ability of the consolidated entity to scale back certain activities if required.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessarily incurred should the consolidated entity not continue as a going concern.

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into one operating segment, being the exploration and production of gold in Australia. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

Note 4. Revenue

	Consolidated December 2018 \$	December 2017 \$
Rent	68,015	48,188

Note 5. Non-current assets - other assets

	Consolidated December 2018 \$	June 2018 \$
Security deposits	538,132	538,132
Deposits on land	205,010	140,000
	743,142	678,132

During the current period the consolidated entity paid \$65,010, being a 10% deposit on Mining Licence 1616 and 232.8 hectares of land in Cowra NSW.

Note 6. Current liabilities - payables

	Consolidated December 2018 \$	June 2018 \$
Trade payables	225,959	142,347
Payable to directors	128,115	270,187
Payable to former directors	306,090	109,145
Other payables	216,426	185,158
	876,590	706,837

Note 7. Current liabilities - borrowings

	Consolidated	
	December	June 2018
	2018	2018
	\$	\$
Convertible notes payable	143,331	-
Unsecured loan from major shareholder	1,235,682	781,995
	<u>1,379,013</u>	<u>781,995</u>

A total of \$1,100,000 has been drawn down against the facility from the company's major shareholder with an additional amount of \$135,682 having been accrued in relation to interest and facility fees over the life of the loan. This facility has an interest rate of 12%, per annum and matures on 24 October 2019 or within 5 business days of capital raising of \$1,600,000 or more.

The convertible note has an interest rate of 8%, has a conversion price of 4 cents and matures on 26 October 2019. The convertible note has a face value of \$167,147 with an amount of \$30,414 having been recognised in equity.

Note 8. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 9. Events after the reporting period

On 8 March 2019, the consolidated entity raised \$250,000 in debt funding via a loan agreement with Asipac Group Pty Ltd to fund its immediate short-term working capital requirements. The loan is unsecured and is repayable on 24 October 2019 or within 5 days of a capital raising of \$1,850,000 or more. Interest is payable at 12% per annum.

No other matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Resource Base Limited
Directors' declaration
31 December 2018

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Michael Kennedy
Director

15 March 2019

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
RESOURCE BASE LIMITED

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

Directors' Responsibility for the Half-Year Financial Report

The directors of Resource Base 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 internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 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 Resource Base Limited, 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Resource Base Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year then ended; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

Without modifying our conclusion, we draw attention to Note 2 to the financial statements which indicates that as at 31 December 2018 the consolidated entity had a working capital deficiency of \$2,122,247, incurred a loss of \$340,445 for the half year ended 31 December 2018 and reported negative operating cash flows of \$296,534. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and, therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.



RSM AUSTRALIA PARTNERS



J S CROALL
Partner

Dated: 15 March 2019
Melbourne, Victoria