Appendix 4D

Resource Development Group Limited

ABN 33 149 028 142

FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

Results for announcement to the market

Extracts of the Resource Development Group Limited results for the half year ended 31 December 2019

Revenues from continuing activities	Down	37%	to	$14,383,080
Profit from ordinary activities after tax attributable to members	Up	1,332%	to	$1,859,325
Comprehensive income for the period attributable to members	Up	1,332%	To	$1,859,325

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	$0.027 per share (2018:$0.029 per share)
Net tangible asset backing per ordinary share	$0.028 per share (2018:$0.030 per share)

Additional Appendix 4D disclosure requirements can be found in the Directors' Report and the 31 December 2019 half-year financial statements.

Resource Development Group Limited

ABN 33 149 028 142

Interim Financial Report
31 December 2019

Resource Development Group Limited

ABN 33 149 028 142

Half-Year Financial Report

31 December 2019

Contents

CORPORATE INFORMATION

ABN 33 149 028 142

Directors

Mr. Andrew Ellison, Managing Director
Mr. Gary Reid, Executive Director
Mr. Ivan Ruefli, Executive Director

Company secretary

Mr. Michael Kenyon

Registered office

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OSBORNE PARK WA 6017
Telephone: +61 8 9443 2928
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Principal place of business

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

Share registry

Automic Group
Level 2
267 St George's Terrace
PERTH WA 6000
Telephone: 1300 288 664
Email: hello@automicgroup.com.au

Solicitors

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

Bankers

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

Auditors

HLB Mann Judd
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 2019. 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 Ivan Ruefli	(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 $1,859,325 (2018: $129,864) on a revenue from operations base of $14,383,080 (2018: $22,916,279). The result includes profit on sale of assets of $1,534,346 which eventuated as a result of a sell-down of surplus equipment in the Company's 80%-owned subsidiary, Mineral Solutions Australia Pty Ltd.

The results for the half year ended 31 December 2019 include those from the Company's main subsidiary, Central Systems Pty Ltd (Centrals) and Mineral Solutions Australia Pty Ltd (MSA). Centrals had a stable result for the 6 month period ($179,943 profit after tax), whilst MSA's result of $1,679,382 net profit after tax included profit on sale of assets of $1,537,982. Pleasingly, the Group's EBITDA result for the 6 months was $3,485,066 and even with the exclusion of the profit on sale of assets, the result was a healthy $1,854,601. Please refer to the Segment Note at page 20 for more detail on the results.

Significant Events

There were no significant events reported 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 Kalgoorlie.

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 first stage (6 houses) of our four-stage development residential housing development at South Beach, Western Australia (W.A.) commenced construction onsite during March 2019 and is planned to be completed by July 2020.

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

Workforce Capacity and Capability

There were approximately 80 personnel at the end of the reporting period. The Company has maintained a steady level of project work, although nowhere near the desired level. The Company is engaged on many smaller projects across Western Australia. The safety result for the past twelve months has been excellent, with the LTIFR still at zero which it has remained for over three years.

Strategy and Outlook

The Company has encountered strong headwinds since 2015, with the downturn of the construction market and our clients' preference on using larger contractors with stronger balance sheets in place of small contractors where possible. It has therefore been extremely difficult to win quality construction projects with reasonable margins and acceptable commercial terms, resulting in the company being very selective on the type of work we take on with a continual focus on keeping our overhead costs as low as possible.

DIRECTORS' REPORT (continued)

The Company purchased eighty percent of a crushing/screening and ore sorting contracting business in mid-2018. This business has endured some operational and trading difficulties, however with a sell down of equipment to reduce debt and a management restructure, it is showing signs of improvement.

The Company's agreement to establish a joint venture with Bullseye Mining Limited remains on foot, which if progressed, will result in a 30% ownership stake.

During the past four years, the Board has continued to remain focussed on looking to diversify and not be totally reliant on the construction industry. We are committed to providing our shareholders with value and return in the longer term. Your directors are focussed on diversifying RDG and providing long term sustained revenue and financial returns to its loyal shareholders.

Your directors are committed to expanding our existing offering and providing diversified services with a focus to continue to provide our existing construction service and will keep shareholders informed of any developments.

The Board has renewed confidence that we are on the right track to provide a long-term direction for your company that will provide future growth and create value for RDG shareholders.

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 2019.

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
27 February 2020

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 2019, 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
27 February 2020

N G Neill
Partner

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

		Consolidated	
	Notes	31 December 2019 $	31 December 2018 $
Revenue	2(a)	14,383,080	22,916,279
Other income	2(b)	103,361	127,961
Profit on sale of assets		1,534,346	3,919
Cost of sales		(6,054,637)	(7,360,139)
Employee benefits expense		(5,399,752)	(11,422,167)
Depreciation and amortisation expense	2(c)	(1,312,574)	(2,179,217)
Finance costs		(206,855)	(262,311)
Share-based payments	2(c)	-	(12,445)
Other expenses	2(c)	(1,074,090)	(1,170,600)
Profit before income tax		1,972,879	641,280
Income tax expense		(113,554)	(511,416)
Profit after income tax		1,859,325	129,864
Other comprehensive income for the period, net of income tax		-	-
Total comprehensive income for the period		1,859,325	129,864
Total profit/(loss) for the year is attributable to:			
Non-controlling interests		335,876	(253,265)
Owners of Resource Development Group Ltd		1,523,449	383,129
		1,859,325	129,864
Total comprehensive income/(loss) for the year is attributable to:			
Non-controlling interests		335,876	(253,265)
Owners of Resource Development Group Ltd		1,523,449	383,129
		1,859,325	129,864
Earnings per share for the period attributable to the members of Resource Development Group Ltd:			
Basic earnings per share (cents per share)		0.24	0.06
Diluted earnings per share (cents per share)		0.24	0.06

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

		Consolidated	
Assets	Notes	31 December 2019 $	30 June 2019 $
Current assets			
Cash and cash equivalents	3	10,384,972	10,997,263
Trade and other receivables	4	5,953,008	5,462,188
Inventories	5	536,638	385,532
Total current assets		16,874,618	16,844,983
Non-current assets			
Property, plant and equipment	6	10,241,566	12,818,311
Right-of-use asset	7	82,719	-
Deferred tax assets		313,616	321,158
Total non-current assets		10,637,901	13,139,469
Total assets		27,512,519	29,984,452
Liabilities			
Current liabilities			
Trade and other payables	8	4,373,392	6,718,368
Borrowings	9	1,953,923	2,894,049
Lease liability	10	54,395	-
Current tax liabilities		206,245	59,736
Provisions		601,371	623,110
Total current liabilities		7,189,326	10,295,263
Non-current liabilities			
Borrowings	9	2,219,727	3,536,411
Lease liability	10	28,594	-
Deferred tax liabilities		869,177	789,786
Provisions		3,532	20,154
Total non-current liabilities		3,121,030	4,346,351
Total liabilities		10,310,356	14,641,614
Net assets		17,202,163	15,342,838
Equity			
Issued capital	11	7,836,308	7,836,308
Share-based payments reserve		134,135	134,135
Retained earnings		9,263,741	7,740,292
Equity attributable to owners of the parent		17,234,184	15,710,735
Non-controlling interests		(32,021)	(367,897)
Total equity		17,202,163	15,342,838

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

Consolidated	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 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 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
Balance as at 1 July 2019	7,836,308	7,740,292	134,135	15,710,735	(367,897)	15,342,838
Profit for the period	-	1,523,449	-	1,523,449	335,876	1,859,325
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the year	-	1,523,449	-	1,523,449	335,876	1,859,325
Balance at 31 December 2019	7,836,308	9,263,741	134,135	17,234,184	(32,021)	17,202,163

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Note	Consolidated 31 December 2019 $	Consolidated 31 December 2018 $
		Inflows/(Outflows)	
Cash flows from operating activities			
Receipts from customers		15,141,698	27,737,914
Payments to suppliers and employees		(15,724,395)	(19,878,233)
Interest received		56,004	111,361
Finance costs paid		(206,855)	(249,763)
Income tax refund/(paid)		119,888	(174,281)
GST paid		(640,381)	(1,383,626)
Net cash (outflow)/inflow from operating activities		(1,254,041)	6,163,372
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		3,187,085	930
Purchase of property, plant & equipment		(362,446)	(154,917)
Acquisition of Mineral Solutions Australia Pty Ltd (net outflow)		-	(1,448,193)
Loan advanced to external party (Bullseye Mining Ltd)		-	(1,500,000)
Net cash inflow/(outflow) from investing activities		2,824,639	(3,102,180)
Cash flows from financing activities			
Repayment of hire purchase liabilities and lease liabilities		(2,182,889)	(2,515,568)
		(2,182,889)	(2,515,568)
Net decrease)/increase in cash held		(612,291)	545,624
Cash and cash equivalents at the beginning of the period		10,997,263	13,322,300
Cash and cash equivalents at the end of the period	3	10,384,972	13,867,924

The accompanying notes form part of these financial statements

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

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 2019 include the Company and its subsidiaries, including Central Systems Pty Limited ("Centrals") and Mineral Solutions Australia Pty Ltd ("MSA").

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 2019 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 adopted are consistent with those of the previous financial year and corresponding half year, except for the impact of the new Standards and Interpretations effective 1 July 2019 disclosed in 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 2019.

f) Adoption of new and revised Accounting Standards

Standards and Interpretations applicable to 31 December 2019

In the half-year ended 31 December 2019, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 July 2019. Those that have a material impact on the Company are set out below.

<u>AASB 16 Leases</u>

Change in accounting policy

AASB 16 *Leases* supersedes AASB 117 *Leases*. The Company has adopted AASB 16 from 1 July 2019, which has resulted in changes in the classification, measurement and recognition of leases. The changes result in almost all leases where the Company is the lessee being recognised on the Statement of Financial Position and removes the former distinction between 'operating' and 'finance' leases. The new standard requires recognition of a right-of-use asset (the leased item) and a financial liability (to pay rentals). The exceptions are short-term leases and leases of low value assets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Adoption of new and revised Accounting Standards (continued)

The Company has adopted AASB 16 using the modified retrospective approach under which the reclassifications and the adjustments arising from the new leasing rules are recognised in the opening Condensed Statement of Financial Position on 1 July 2019. Under this approach, the retained earnings have not been adjusted for the initial impact of application, and comparatives have not been restated.

The Company leases various premises, plant and equipment. Prior to 1 July 2019, leases were classified as operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 July 2019, where the Company is a lessee, the Company recognises a right-of-use asset and a corresponding liability at the date that the lease asset is available for use by the Company (i.e. commencement date). Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a consistent period rate of interest on the remaining balance of the liability for each period.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the rate implied in the lease. If this rate is not readily determinable, the Company uses its incremental borrowing rate.

Lease payments included in the initial measurement if the lease liability consist of:

- Fixed lease payments less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at commencement date;
- Any amounts expected to be payable by the Company under residual value guarantees;
- The exercise price of extension options, if the Company is reasonably certain to exercise the options; and
- Termination penalties of the lease term reflect the exercise of an option to terminate the lease.

Extension options are included in a number of property leases across the Company. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if, at commencement date, it is reasonably certain that the options will be exercised.

Subsequent to initial recognition, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The lease liability is remeasured (with a corresponding adjustment to the right-of-use asset) whenever there is a change in the lease term (including assessments relating to extension and termination options), lease payments due to changes in an index or rate, or expected payments under guaranteed residual values.

Right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before commencement date, less any lease incentives received and any initial direct costs. These right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Where the terms of a lease require the Company to restore the underlying asset, or the Company has an obligation to dismantle and remove a leased asset, a provision is recognised and measured in accordance with AASB 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated on a straight-line basis over the term of the lease (or the useful life of the leased asset if this is shorter). Depreciation starts on commencement date of the lease.

Where leases have a term of less than 12 months or relate to low value assets, the Company has applied the optional exemptions to not capitalise these leases and instead account for the lease expense on a straight-line basis over the lease term.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Adoption of new and revised Accounting Standards (continued)

The impact on the accounting policies, financial performance and financial position of the Company from the adoption of AASB 16 is detailed below.

Impact on adoption of AASB 16

On adoption of AASB 16, the Company recognised lease liabilities in relation to leases, which had previously been classified as operating leases under the principles of AASB 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to lease liabilities on 1 July 2019 was 5%.

On initial application, right-of-use assets were measured at the amount equal to the lease liability.

In the Condensed Statement of Cash Flows, the Company has recognised cash payments for the principal portion of the lease liability within financing activities, cash payments for the interest portion of the lease liability as interest paid within operating activities and short-term lease payments and payments for lease of low-value assets within operating activities.

The adoption of AASB 16 resulted in the recognition of right-of-use assets of $108,841, and lease liabilities of $108,841 in respect of all operating leases, other than short-term leases and leases of low-value assets.

There was no impact on retained earnings at 1 July 2019.

Practical expedients applied

In applying AASB 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with similar characteristics.
- The exclusion of initial direct costs for the measurement of the right-of-use-asset at the date of initial application.
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate.

Reconciliation of operating lease commitments previously disclosed and lease liabilities on 1 July 2019

Below is a reconciliation of total operating lease commitments as at 30 June 2019, as disclosed in the annual financial statements for the year ended 30 June 2019, and the lease liabilities recognised on 1 July 2019:

	30 June 2019
Lease liabilities	**$**
Operating lease commitments disclosed as at 30 June 2019	233,831
Short term leases outside the scope of AASB 16	(119,672)
Operating leases that fall under AASB 16	114,159
Discounted using the lessee's incremental borrowing rate at the date of initial application	(5,318)
Lease liabilities as at 1 July 2019	108,841

Other than the above, there is no material impact of the new and revised Standards and Interpretations on the Company.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Adoption of new and revised Accounting Standards (continued)

New Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the half-year ended 31 December 2019. As a result of this review, the Directors have determined that there is no material impact of the Standard and Interpretations in issue not yet adopted on the Company and, therefore, no change is necessary to its accounting policies.

No other new standards, amendments to standards or interpretations are expected to affect the Company's financial statements.

g) 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.

h) Going concern

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

NOTE 2: REVENUE AND EXPENSES

	Consolidated	
	31 December 2019 $	31 December 2018 $
(a) Revenue		
Rendering of services – over time	14,383,080	22,916,279
(b) Other income		
Interest income	103,361	98,640
Other income	-	29,321
	103,361	127,961
(c) Expenses		
Depreciation and amortisation of non-current assets	(1,312,574)	(2,179,217)
Short term rental expense	(201,817)	(244,650)
Share based payments expense	-	(12,445)

NOTE 3: CASH AND CASH EQUIVALENTS

	Consolidated	
	31 December 2019 $	30 June 2019 $
Cash at bank and on hand	10,384,972	10,997,263

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 4: CURRENT TRADE AND OTHER RECEIVABLES

	Consolidated	
	31 December 2019 $	30 June 2019 $
Trade receivables	3,680,588	3,551,300
Provision for impairment	-	(214,904)
	3,680,588	3,339,426
Loan receivable[1] (inclusive of accrued interest)	1,605,795	1,558,438
Other receivables	11,473	75,905
Accrued income	486,377	65,919
Prepayments	168,775	422,500
	5,953,008	5,462,188

[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 original term of the agreement was for a maximum period terminating on 10 July 2019, however this has since been extended and now has a maturity date of 10 July 2020; 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 2019 $	30 June 2019 $
At cost:		
Raw materials and stores	16,320	13,890
Work in progress (i)	520,318	371,642
	536,638	385,532
(i) Work in progress		
Contract costs incurred	52,105,021	46,197,860
Recognised profits	10,507,302	9,042,506
	62,612,323	55,240,366
Progress billings	(64,408,665)	(57,995,363)
Work in progress	(1,796,342)	(2,754,997)
Income in advance	2,316,660	3,126,639
	520,318	371,642

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 6: PROPERTY, PLANT AND EQUIPMENT

	Consolidated			
	Motor vehicles	Plant and equipment	Leasehold Improvements	Total
	$	$	$	$
Half-year ended 31 December 2019				
At 1 July 2019, net of accumulated depreciation and impairment	901,599	11,878,670	38,042	12,818,311
Additions	99,200	263,246	-	362,446
Disposals	-	(1,652,739)	-	(1,652,739)
Depreciation charge for the year	(84,156)	(1,199,134)	(3,162)	(1,286,452)
At 31 December 2019, net of accumulated depreciation and impairment	916,643	9,290,043	34,880	10,241,566
At 31 December 2019				
Cost or fair value				29,682,340
Accumulated depreciation and impairment				(19,440,774)
Net carrying amount				10,241,566

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 6: PROPERTY, PLANT AND EQUIPMENT (continued)

	Consolidated			
	Motor vehicles	Plant and equipment	Leasehold Improvements	Total
	$	$	$	$
Year ended 30 June 2019				
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	171,822	7,207,357	39,342	7,418,521
Additions	152,025	3,209,881	-	3,361,906
Disposals	-	(64,036)	-	(64,036)
Depreciation charge for the year	(187,725)	(3,376,717)	(2,913)	(3,567,355)
At 30 June 2019, net of accumulated depreciation and impairment	901,599	11,878,670	38,042	12,818,311
At 30 June 2019				
Cost or fair value				28,530,210
Accumulated depreciation and impairment				(15,711,899)
Net carrying amount				12,818,311

The useful life of the assets was estimated as follows for 2019:

- 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 2019

NOTE 7: RIGHT-OF-USE ASSETS

		Premises	Total
31 December 2019	**Note**	**$**	**$**
Recognised on 1 July 2019 on adoption of AASB 16	1(f)	108,841	108,841
Amortisation expense		(26,122)	(26,122)
Closing carrying amount		82,719	82,719

	Premises	Total
As at 31 December 2019	**$**	**$**
Cost	108,841	108,841
Accumulated amortisation	(26,122)	(26,122)
Carrying amount	82,719	82,719

AASB 16 has been adopted during the period, refer note 1(f) for details.

NOTE 8: TRADE AND OTHER PAYABLES

	31 December 2019	30 June 2019
Current	$	$
Trade payables	1,379,565	2,321,040
Other payables	677,167	1,270,689
Income received in advance	2,316,660	3,126,639
	4,373,392	6,718,368

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

NOTE 9: BORROWINGS

	Consolidated	
	31 December 2019	30 June 2019
Current	$	$
Hire purchase liabilities	1,953,923	2,894,049
	1,953,923	2,894,049
Non-current		
Hire purchase liabilities	2,219,727	3,536,411
	2,219,727	3,536,411
Total borrowings	4,173,650	6,430,460
Secured		
Hire purchase liabilities (1)	4,173,650	6,430,460
Total secured borrowings	4,173,650	6,430,460
Total borrowings	4,173,650	6,430,460

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 9: BORROWINGS (CONTINUED)

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

NOTE 10: LEASE LIABILITIES

	Premises	Total
31 December 2019	**$**	**$**
Current liabilities	54,395	54,395
Non-current liabilities	28,594	28,594
	82,989	82,989

Reconciliation

		Premises	Total
	Note	**$**	**$**
Recognised on 1 July 2019 on adoption of AASB 16	1(f)	108,841	108,841
Principal repayments		(26,122)	(26,122)
Closing balance		82,989	82,989

AASB 16 has been adopted during the period, refer note 1(f) for details.

Total cash outflow relating to leases for the period ended 31 December 2019 was $28,188, of which $25,852 related to principal payments, $2,336 related to interest.

NOTE 11: ISSUED CAPITAL

	31 December 2019		30 June 2019	
	Number of shares	$	Number of shares	$
(a) Paid up capital:	632,029,067	7,836,308	632,029,067	7,836,308

(b) Movements in ordinary share capital:

	6 months to 31 December 2019		Year to 30 June 2019	
	Number of shares	$	Number of shares	$
Balance at beginning of financial period	632,029,067	7,836,308	631,404,067	7,836,308
Issue of shares to employees on vesting of incentives	-	-	625,000	-
Balance at end of financial period	632,029,067	7,836,308	632,029,067	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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 11: ISSUED CAPITAL (continued)

Incentives

There were no incentives issued during the half-year ended 31 December 2019.

No incentives were forfeited (30 June 2019: No incentives forfeited) during the financial period as a result of termination of employment. There are no incentives on issue and the incentives all vested on 16 January 2019.

	Consolidated	
	Six months ended 31 December 2019	Year ended 30 June 2018
Movement in employee incentives	Number	Number
Balance at beginning of financial period	-	2,250,000
Incentives vested and exercised	-	(1,125,000)
Incentives lapsed	-	(1,125,000)
Balance at end of financial period	-	-

NOTE 12: CONTINGENT ASSETS AND LIABILITIES

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

NOTE 13: 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 14: EVENTS AFTER THE REPORTING PERIOD

There are no matters or circumstances that 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.

NOTE 15: COMMITMENTS

Capital commitments

No capital expenditure commitments have been made for items of plant and machinery as at 31 December 2019 (30 June 2019: $Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 16: 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 2019 and 31 December 2018.

31 December 2019	Construction $	Contracting $	Other $	Corporate $	Consolidated $
Revenue	10,054,451	4,328,629	-	-	14,383,080
Profit/(Loss) before income tax	2,544,240	1,723,237	(944,618)	(1,349,980)	1,972,879
Income tax benefit/(expense)	-	(43,855)	-	(69,699)	(113,554)
Profit/(loss) after income tax	2,544,240	1,679,382	(944,618)	(1,419,679)	1,859,325
Interest revenue	-	5,708	-	97,653	103,361
Finance costs	-	168,164	-	38,691	206,855
Depreciation & amortisation	-	849,803	-	462,771	1,312,574
Segment assets	3,135,887	6,950,029	-	17,426,603	27,512,519
Segment liabilities	2,316,660	4,486,932	-	3,506,764	10,310,356

31 December 2018	Construction $		Other $	Corporate $	Consolidated $
Revenue and other income	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
Income tax benefit/(expense)	-	-	-	(511,416)	(511,416)
Profit/(loss) after income tax	3,371,689	(1,266,324)	(341,321)	(1,634,180)	129,864
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	2,751,227	11,745,108	-	21,115,332	35,611,667
Segment liabilities	5,204,465	8,111,431	-	3,958,502	17,274,398

Major Customers

The Group has four 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 76% (31 December 2018: two customers, 80%) of the Group's revenue for the period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 17: NON-CONTROLLING INTEREST

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

Summary financial information for MSA is found below:

	31 December 2019 $
Assets	
Current assets	1,847,122
Non-current assets	5,102,907
Total assets	6,950,029
Liabilities	
Current liabilities	5,156,596
Non-current liabilities	1,953,535
Total liabilities	7,110,131
Equity	
Issued capital	420
Reserves	285,975
Accumulated losses	(446,497)
Total equity	(160,102)

Non-controlling interest movement schedule

Opening balance as at 1 July 2019	(367,897)
Non-controlling interest share of profit	335,876
Non-controlling interest share of comprehensive income	-
	(32,021)

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 2019 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 27th day of February 2020

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 2019, 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 consolidated entity 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 consolidated entity's financial position as at 31 December 2019 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 2019 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.

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

Perth, Western Australia
27 February 2020

Norman Neill

N G Neill
Partner