

Resource Base Limited

ABN 57 113 385 425

Interim Report - 31 December 2019

Resource Base Limited
Corporate directory
31 December 2019

Directors

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

Company secretary

Justyn Stedwell

Registered office

Unit 1B, 205-207 Johnston Street
Fitzroy VIC 3065

Principal place of business

Unit 1B, 205-207 Johnston Street
Fitzroy VIC 3065

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 2019

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 2019.

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

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 \$481,953 (31 December 2018: \$340,445).

During the period, shares in the company continued to be suspended from trading on the ASX.

Discussions continued with various parties concerning the potential to utilise the idled Broula King processing site. These parties have mineral deposits within reasonable trucking distance of the Broula King site, and have potential to accelerate development by utilising the existing facilities at Broula King.

The most advanced of these discussions concerns the nearby (12 km) magnetite deposit previously operated by Abterra Australia Pty Ltd (in administration). Discussions with the administrator, and the various regulatory authorities, have defined the way forward, including meeting the regulatory requirements.

The company completed a programme of exploration work on its Exploration Licence 8509 during the period. EL 8509 covers an area of approx. 140 km², and encompasses the Mining Lease at Broula King (M.L 1617) and the Mining Lease containing the magnetite deposit (M.L 1616) cited above. The work programme was undertaken by a specialist exploration company, Rangott Mineral exploration Pty Ltd, who are well acquainted with the regional geological setting.

Exploration work carried out included landholder liaison and access negotiations, review of previous exploration reports and analysis of historic geological data, and field work incorporating geological reconnaissance and rock chip geochemical sampling. Final analytical results from various of the samples are awaited.

In addition to focus on properties that are located reasonably proximate to the Broula King site, discussions have also been held with parties in respect of prospects located elsewhere around Australia. In particular, approaches have been received in respect of mineral exploration opportunities, and especially gold bearing prospects. This reflects the continued high A\$ gold price, and the general high level of corporate activity throughout the gold sector. The company continues to investigate all opportunities.

Significant changes in the state of affairs

There were no 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.

Resource Base Limited
Directors' report
31 December 2019

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

13 March 2020

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 2019, 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 dark ink, appearing to be 'RSM'.**RSM AUSTRALIA PARTNERS**A handwritten signature in dark ink, appearing to be 'RJM'.**R J MORILLO MALDONADO**

Partner

Dated: 13 March 2020
Melbourne, Victoria

Resource Base Limited
Contents
31 December 2019

Statement of profit or loss and other comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10
Directors' declaration	14
Independent auditor's review report to the members of Resource Base Limited	15

Resource Base Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2019

		Consolidated	
	Note	Dec 2019	Dec 2018
		\$	\$
Revenue		28,319	68,015
Interest revenue calculated using the effective interest method		5,675	5,529
Expenses			
Administration expenses		(17,141)	(24,950)
Corporate expenses		(237,308)	(155,804)
Care and maintenance expenses		(18,181)	(44,893)
Occupancy		(8,993)	(89,631)
Movement in provision for rehabilitation		(72,000)	-
Other expenses		(8,138)	(1,765)
Finance costs		(154,186)	(96,946)
Loss before income tax expense		(481,953)	(340,445)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Resource Base Limited		(481,953)	(340,445)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive loss for the half-year attributable to the owners of Resource Base Limited		<u>(481,953)</u>	<u>(340,445)</u>
		Cents	Cents
Basic earnings per share	10	(1.75)	(1.24)
Diluted earnings per share	10	(1.75)	(1.24)

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 2019

	Note	Consolidated Dec 2019 \$	Jun 2019 \$
Assets			
Current assets			
Cash and cash equivalents		35,490	234,881
Receivables		10,190	34,268
Other		22,430	32,774
Total current assets		<u>68,110</u>	<u>301,923</u>
Non-current assets			
Plant and equipment		588	2,271
Mining		369,750	369,750
Other assets	4	<u>718,514</u>	<u>717,514</u>
Total non-current assets		<u>1,088,852</u>	<u>1,089,535</u>
Total assets		<u>1,156,962</u>	<u>1,391,458</u>
Liabilities			
Current liabilities			
Payables	5	723,944	936,638
Borrowings	6	<u>2,350,480</u>	<u>1,962,329</u>
Total current liabilities		<u>3,074,424</u>	<u>2,898,967</u>
Non-current liabilities			
Provisions	7	<u>572,000</u>	<u>500,000</u>
Total non-current liabilities		<u>572,000</u>	<u>500,000</u>
Total liabilities		<u>3,646,424</u>	<u>3,398,967</u>
Net liabilities		<u>(2,489,462)</u>	<u>(2,007,509)</u>
Equity			
Issued capital		14,602,953	14,602,953
Reserves		30,414	30,414
Accumulated losses		<u>(17,122,829)</u>	<u>(16,640,876)</u>
Total deficiency in equity		<u>(2,489,462)</u>	<u>(2,007,509)</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 2019

	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 loss 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>

	Issued capital \$	Reserves \$	Accumulated losses \$	Total deficiency in equity \$
Consolidated				
Balance at 1 July 2019	14,602,953	30,414	(16,640,876)	(2,007,509)
Loss after income tax expense for the half-year	-	-	(481,953)	(481,953)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(481,953)	(481,953)
Balance at 31 December 2019	<u>14,602,953</u>	<u>30,414</u>	<u>(17,122,829)</u>	<u>(2,489,462)</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 2019

	Consolidated	
	Dec 2019	Dec 2018
	\$	\$
Cash flows from operating activities		
Receipts from customers	11,966	63,501
Payments to suppliers and employees (inclusive of GST)	(511,244)	(364,072)
	(499,278)	(300,571)
Interest received	6,171	6,753
Other revenue	24,526	-
Interest and other finance costs paid	(5,438)	(2,716)
Refund of security deposits	25,628	-
Net cash used in operating activities	(448,391)	(296,534)
Cash flows from investing activities		
Payment for deposit on investment	(1,000)	(65,010)
Net cash used in investing activities	(1,000)	(65,010)
Cash flows from financing activities		
Proceeds from borrowings	250,000	400,000
Net cash from financing activities	250,000	400,000
Net increase/(decrease) in cash and cash equivalents	(199,391)	38,456
Cash and cash equivalents at the beginning of the financial half-year	234,881	31,065
Cash and cash equivalents at the end of the financial half-year	<u>35,490</u>	<u>69,521</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 2019

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:

Unit 1B, 205-207 Johnston Street
Fitzroy VIC 3065

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 13 March 2020.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 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 2019 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.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

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 2019, the consolidated entity incurred a loss of \$481,953 and had negative cash flows from operations \$448,391.

As at 31 December 2019 the consolidated entity had a working capital deficiency of \$3,006,314 and net asset deficiency of \$2,489,462.

These events and condition indicate that a material uncertainty exists 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 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 3 February 2020, the consolidated entity received an additional \$150,000 by way of loan of funding under this agreement. Refer to Note 9.;
- 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 assessment of exploration and commercial opportunities to leverage off Resource Base's existing assets 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. Non-current assets - other assets

	Consolidated	
	Dec 2019	Jun 2019
	\$	\$
Security deposits	513,504	512,504
Deposits on land	205,010	205,010
	<u>718,514</u>	<u>717,514</u>

Note 5. Current liabilities - payables

	Consolidated	
	Dec 2019	Jun 2019
	\$	\$
Trade payables	339,370	350,074
Payable to directors	167,535	147,825
Payable to former directors	200,107	289,301
Other payables	16,932	149,438
	<u>723,944</u>	<u>936,638</u>

Note 6. Current liabilities - borrowings

	Consolidated	
	Dec 2019	Jun 2019
	\$	\$
Convertible notes payable	156,527	149,929
Unsecured loan from major shareholder	2,193,953	1,812,400
	<u>2,350,480</u>	<u>1,962,329</u>

The facility from the major shareholder has an interest rate of 12%, per annum and matures on 24 April 2020. A total of \$1,850,000 has been drawn down against the facility from the major shareholder with an additional amount of \$343,953 having been accrued in relation to interest and facility fees over the life of the loan.

The convertible note has an interest rate of 8%, has a conversion price of 4 cents and matures on 24 April 2020. The convertible note has a face value of \$167,147 with an amount of \$30,414 having been recognised in equity.

Note 7. Non-current liabilities - provisions

	Consolidated	
	Dec 2019	Jun 2019
	\$	\$
Rehabilitation	<u>572,000</u>	<u>500,000</u>

Movements in provisions

Movements in each class of provision during the current financial half-year, other than employee benefits, are set out below:

Consolidated - Dec 2019	Rehabilitation
	\$
Carrying amount at the start of the half-year	500,000
Increase in expected rehabilitation costs	<u>72,000</u>
Carrying amount at the end of the half-year	<u>572,000</u>

The increase in the provision for rehabilitation has been predominantly caused by an increase in the expected costs to restore the tailings dam at the Broula King mine site.

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 3 February 2020, the consolidated entity received an additional \$150,000 by way of loan of funding from its major shareholder Asipac Group Pty Ltd to fund its immediate working capital requirements. The loan is unsecured and is repayable on 24 April 2020. Interest is payable at 12% per annum.

No other matter or circumstance has arisen since 31 December 2019 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
Notes to the financial statements
31 December 2019

Note 10. Earnings per share

	Consolidated	
	Dec 2019	Dec 2018
	\$	\$
Loss after income tax attributable to the owners of Resource Base Limited	<u>(481,953)</u>	<u>(340,445)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>27,491,373</u>	<u>27,491,373</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>27,491,373</u>	<u>27,491,373</u>
	Cents	Cents
Basic earnings per share	(1.75)	(1.24)
Diluted earnings per share	(1.75)	(1.24)

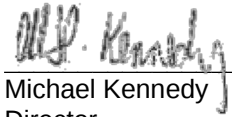
Resource Base Limited
Directors' declaration
31 December 2019

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 2019 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

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

Michael Kennedy
Director

13 March 2020

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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 2019, 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 then ended, 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 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 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.

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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the financial statements which indicates that as at 31 December 2019 the consolidated entity's current liabilities exceeded its current assets by \$3,006,314. Also, for the half year ended 31 December 2019 the consolidated entity incurred a loss of \$481,953 and reported negative operating cash flows of \$448,391. As stated in Note 2, these conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists which may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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 2019 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*.



RSM AUSTRALIA PARTNERS



R J MORILLO MALDONADO
Partner

Dated: 13 March 2020
Melbourne, Victoria