RMC

Resource Mining Corporation Limited

ANNUAL FINANCIAL REPORT 2010

COMPANY INFORMATION

ABN	97 008 045 083
Directors	W. J. Davies (Executive Director) Z. Chi (Non-Executive Director) W. R. Mackenzie (Non-Executive Director)
Secretary	J. L. Hill
Registered Office	702 Murray Street West Perth, WESTERN AUSTRALIA 6005 Telephone: +61 8 9213 9400 Facsimile: +61 8 9213 9444 Email: rmc@resmin.com.au
Share Registry	Computershare Investor Services Pty Ltd Level 2, Reserve Bank Building 45 St Georges Terrace PERTH, WESTERN AUSTRALIA 6000 Telephone: +61 8 9323 2000 Facsimile: +61 8 9323 2033
Auditor	RSM Bird Cameron Partners 8 St Georges Terrace PERTH, WESTERN AUSTRALIA 6000 Telephone: +61 8 9261 9100 Facsimile: +61 8 9261 9111
Bankers	Westpac Bank 116 James Street PERTH, WESTERN AUSTRALIA 6000
Stock Exchange Listing	Resource Mining Corporation Limited shares are listed on the Australian Stock Exchange (Home Exchange – Perth) ASX Code: Shares RMI
Website	www.resmin.com.au

DIRECTORS' REPORT

Your Directors submit their report on the consolidated entity consisting of Resource Mining Corporation Limited and its controlled entities ("RMC") for the financial year ended 30 June 2010.

DIRECTORS

The following persons were Directors of Resource Mining Corporation Limited during the whole of the financial year and up to the date of this report, unless otherwise stated;

		In Office From:	In Office To:
Warwick Jeffrey Davies	Executive Director	1 July 2005	Current
Zhang Chi	Non-Executive Director	11 April 2006	Current
William Mackenzie	Non-Executive Director	19 December 2008	Current

PARTICULARS OF DIRECTORS AND COMPANY SECRETARY

Warwick Jeffrey Davies **Executive Director**

Qualification
Mr Davies is a Bachelor of Arts (Economics) and has a Certificate of Chemistry.

Experience
Mr Davies has forty years' experience in the Iron and Steel Industry including a variety of technical and commercial roles with BHP Steel (Newcastle and Whyalla), Hamersley Iron (Dampier) and Robe River Mining Co (Cape Lambert and Perth).

As an independent Marketing consultant since May 2001, Mr Davies has worked on a variety of assignments associated with the Iron Ore Industry with specific emphasis on China. He brings to the company, a wealth of practical experience, a clear understanding of Iron and Steel, and an extensive potential customer contact network.

Interest in Shares and Options
8,775,000 ordinary shares, 1,560,000 listed options and 3,000,000 unlisted options of Resource Mining Corporation Limited held directly. 4,218,750 ordinary shares, 750,000 listed options and 40,000,000 unlisted options of Resource Mining Corporation Limited held in an indirect capacity.

Special Responsibilities
Mr Davies is responsible for the day-to-day operations of the Company and in particular Metallurgy, Marketing and Infrastructure.

Directorships held in other listed entities
Alchemy Resources Limited

William Mackenzie **Non-Executive Director**

Qualification
Mr Mackenzie has a BE (Mining); MBA; M AusIMM

Experience
Mr Mackenzie is a mining engineer with over 30 years of experience in the resources sector which has involved the assessment, development and operation of mineral projects both within Australia and overseas. Mr Mackenzie's experience has included direct operating, senior project management and executive roles with responsibility for business development, project and business unit management of various Australian and offshore ventures and from 2001 was Principal of a consulting group that provided specialised, independent technical and commercial advice to boards, banks and investors involved in the development of resources, energy and infrastructure projects worldwide. He served as a non-executive Director of ASX listed OM Holdings Limited from 2005 till 2007 and has been Managing Director of a privately owned diversified Australian resource development company since 2007.

DIRECTORS' REPORT *(Continued)*

Interest in Shares and Options
20,000,000 unlisted options of Resource Mining Corporation Limited.

Special Responsibilities
Mr Mackenzie is a Non-Executive Director.

Directorship held in other listed entities
None.

Zhang Chi **Non-Executive Director**

Qualification
Mr Zhang has an economics degree from Renmin University in China (1990).

Experience
Mr Zhang is Managing Director of Sinom (Hong Kong) Limited and has very extensive experience in the Iron and Steel Industry in China. Prior to becoming involved in Sinom (Hong Kong) Limited, Mr Zhang held several positions with the BaoSteel Group, (China's largest steel maker).

Interest in Shares and Options
22,000,000 unlisted options of Resource Mining Corporation Limited held directly. 289,685,787 ordinary shares and 53,698,379 listed options of Resource Mining Corporation held in his capacity as Director of Sinom (Hong Kong) Limited.

Special Responsibilities
Mr Zhang is a Non-Executive Director.

Directorship held in other listed entities
None.

Julie Hill **Company Secretary**
Qualification
Ms Hill is a Chartered Accountant with a Bachelor of Commerce.

Experience
Ms Hill operates her own corporate consulting business, specialising in the area of company secretarial and business management services. Ms Hill consults to a number of publicly listed companies and private company groups.

PRINCIPAL ACTIVITIES

The principal activity of the consolidated entity during the year was mineral exploration in Papua New Guinea and Australia.

DIRECTORS' REPORT (*Continued)*

OPERATING AND FINANCIAL REVIEW

Review of Operations

The main company focus for the year was the Wowo Gap Project in PNG.

Wowo Gap

In accordance with the renewal conditions imposed by PNG's Mining Minister on tenement EL1165, a Feasibility Study was completed for the development of the Wowo Gap Nickel laterite deposit.

The study was based on the mining and processing of the laterite ore in a high pressure acid leach (HPAL) plant using sulphuric acid as the leach agent.

Study outcomes demonstrated that the HPAL process is viable but project economics were highly influenced by:

- Exchange rate
- Acid costs
- Nickel and cobalt selling prices

Exploration On-ground activity focussed on clearing of drill lines in preparation for a +200 core hole drilling program aimed at infilling to 200m spacing's. Drilling is being undertaken in-house using locally sourced labour, geologists and field assistants.

Operating Results	2010 $	2009 $
Consolidated loss after income tax for the financial year	(858,898)	(4,583,726)

Financial Position

At 30 June 2010, the Company has cash reserves of $2,135,878.

Dividends

No dividends were paid during the year and no recommendation is made as to dividends.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year under review not otherwise disclosed in this report or in the consolidated accounts.

MATTERS SUBSEQUENT TO THE END OF FINANCIAL YEAR

Since the end of the financial year under review and the date of this report, there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to significantly affect the operations of the consolidated entity, in subsequent financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company intends to continue its exploration activities with a view to the commencement of mining operations as soon as possible.

Further information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Company.

DIRECTORS' REPORT *(Continued)*

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2010, and the number of meetings attended by each Director. These meetings included matters relating to the Remuneration and Nomination Committees of the Company.

	Number eligible to attend	Number attended
Warwick Jeffrey Davies	6	6
William Mackenzie	6	6
Zhang Chi	6	4

AUDIT COMMITTEE

The Audit Committee, is comprised of the three directors, being the full Board of the company. During the year ended 30 June 2010, Mr Warwick Davies chaired one meeting of the Audit Committee.

REMUNERATION REPORT (Audited)

This report outlines the remuneration arrangements in place for Directors and Key Management Personnel of Resource Mining Corporation Limited in accordance with the requirements of the *Corporations Act 2001* and its Regulations. The information provided in the remuneration report includes remuneration disclosures that are required under Accounting Standards AASB 124 "Related Party Disclosures". For the purposes of this report Key Management Personnel of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, including any directors of the Company.

Remuneration policy

The board policy is to remunerate directors, officers and employees at market rates for time, commitment and responsibilities. The board determines payment to the directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of directors' fees that can be paid is subject to approval by shareholders in general meeting, from time to time. Fees for non-executive directors are not linked to

the performance of the consolidated entity. However, to align directors' interests with shareholders' interests, the directors are encouraged to hold securities in the company.

The company's aim is to remunerate at a level that will attract and retain high-calibre directors, officers and employees. Company officers and directors are remunerated to a level consistent with size of the company.
All remuneration paid to directors and executives is valued at the cost to the company and expensed.

Performance-based remuneration

The company does not pay any performance-based component of salaries.

Details of remuneration for year ended 30 June 2010 for Key Management Personnel

Details of Key Management Personnel

W J Davies	Executive Director (Acting Chairman)
W Mackenzie	Non-Executive Director
Z Chi	Non-Executive Director
J Hill	Company Secretary & Chief Financial Officer

DIRECTORS' REPORT *(Continued)*

Directors' Remuneration

No salaries, commissions, bonuses or superannuation were paid or payable to directors during the year. Remuneration was by way of fees paid monthly in respect of invoices issued to the Company by the
Directors or Companies associated with the Directors in accordance with agreements between the Company and those entities.
The Directors' are entitled to reimbursement of out-of-pocket expenses incurred whilst on company business.

Executive Directors' and Senior Executives' Remuneration

Service Contracts

At the date of this report, the Company had entered into service contracts with the following Key Management Personnel:

W J Davies

Mr Davies is the Executive Director responsible for the day-to-day operations of the Company. The Company has an agreement with Fairstone Holdings Pty Ltd to provide the management services of Mr Davies to the Company in relation to its corporate activities on normal commercial terms and conditions. An annual fee of $161,459 excluding GST was paid during the year. Mr Davies is a director and shareholder of Fairstone Holdings Pty Ltd. The Company may terminate the contract by giving three months' notice. Fairstone Holdings Pty Ltd may terminate by giving three months' notice.

J L Hill

Ms Hill is the Company Secretary and Chief Financial Officer of the Company. The Company has an agreement with DZB Pty Ltd to provide the services of Ms Hill to the Company in relation to its corporate activities on normal commercial terms and conditions. An annual fee of $146,875 excluding GST was paid during the year. Ms Hill is a director and shareholder of DZB Pty Ltd. The Company may terminate the contract by giving three months' notice. DZB Pty Ltd may terminate by giving three months' notice.

The total remuneration paid to Key Management Personnel is summarised below:

Director	Associated Company	Fees	Options	Shares	Total
Year ended 30 June 2010					
W J Davies	Fairstone Holdings Pty Ltd	161,459	111,058	-	272,517
W Mackenzie		-	55,054	-	55,054
Z Chi		-	65,749	-	65,749
J L Hill	DZB Pty Ltd	146,875	85,811	-	232,686
		308,334	317,672	-	626,006

A portion of the options listed as remuneration in the year ended 30 June 2010 were granted in the years ended 30 June 2010 and 30 June 2008 and are to be vested over 2 years and 3 years respectively.

There were no performance related payments made during the year.

DIRECTORS' REPORT *(Continued)*

Director	Associated Company	Fees	Options	Shares	Total
Year ended 30 June 2009					
W J Davies	Fairstone Holdings Pty Ltd	144,245	37,037	45,000	226,282
W Mackenzie		-	-	-	-
Z Chi		-	24,691	-	24,691
W R Bisset	Bisset Consulting Pty Ltd	5,000	-	-	5,000
J L Hill	DZB Pty Ltd	114,375	8,218	-	122,593
		263,620	69,946	45,000	378,566

The options listed as remuneration in the year ended 30 June 2009 were granted in the year ended 30 June 2008 and are to be vested over 3 years from the date of issue.

There were no performance related payments made during the year.

Remuneration Options

During the year ended 30 June 2010 the following remuneration and incentive options were granted and vested:

	Vested	Granted	Grant Date	Value Per Option at Grant Date Cents	Exercise Price Cents	First Exercise Date	Last Exercise Date
W J Davies	21,000,000	40,000,000	23/12/09	0.00313	1.1	30/06/11	31/12/11
W Mackenzie	15,000,000	20,000,000	23/12/09	0.00313	1.1	31/12/11	31/01/12
Z Chi	15,666,667	20,000,000	23/12/09	0.00313	1.1	30/06/11	31/01/12
J L Hill	17,666,667	35,000,000	23/12/09	0.00313	1.1	30/06/11	31/12/11
	69,333,334	115,000,000					

During the year ended 30 June 2009 no remuneration options were granted, but options that were issued in the year ended 30 June 2008 were vested in the recipients in accordance with the terms and conditions of the option agreement.

	Vested	Granted	Grant Date	Value Per Option at Grant Date Cents	Exercise Price Cents	First Exercise Date	Last Exercise Date
W J Davies	1,000,000	-	12/02/08	0.0297	9.0	12/02/09	30/06/11
A D Rule	-	-	12/02/08	0.0297	9.0	12/02/09	30/06/11
Z Chi	666,667	-	12/02/08	0.0297	9.0	12/02/09	30/06/11
J L Hill	166,667	-	12/02/08	0.0297	9.0	12/02/09	30/06/11
	1,833,334	-					

DIRECTORS' REPORT *(Continued)*

Directors Interests in Shares and Options of the Company

	Balance 1 July 2009	Balance at date of appointment	Received as remuneration	Options exercised	Net change other	Balance 30 June 2010
Options Holdings						
W J Davies	3,866,250	-	40,000,000	-	1,443,750	45,310,000
W Mackenzie	-	-	20,000,000	-	-	20,000,000
Z Chi	23,511,070	-	20,000,000	-	32,187,309	75,698,379
	27,377,320	-	80,000,000	-	33,631,059	141,008,379
Shareholdings						
W J Davies	8,662,500	-	-	-	4,331,250	12,993,750
W Mackenzie	-	-	-	-	-	-
Z Chi	193,123,858	-	-	-	96,561,929	289,685,787
	201,786,358	-	-	-	100,893,179	302,679,537

	Balance 1 July 2008	Balance at date of appointment	Received as remuneration	Acquired	Lapse of Options	Balance 30 June 2009
Options and Rights Holdings						
W J Davies	5,000,000	-	-	866,250	(2,000,000)	3,866,250
A D Rule	2,000,000	-	-	-	(2,000,000)	-
Z Chi	2,000,000	-	-	21,511,070	-	23,511,070
W R Bisset	-	-	-	-	-	-
W R Mackenzie	-	-	-	-	-	-
	9,000,000	-	-	22,377,320	(4,000,000)	27,377,320
Shareholdings						
W J Davies	2,925,000	-	1,406,250	4,331,250	-	8,662,500
A D Rule	-	-	-	-	-	-
Z Chi	85,568,510	-	-	107,555,348	-	193,123,858
W R Bisset	-	-	-	-	-	-
W R Mackenzie	-	-	-	-	-	-
	88,493,510	-	1,406,250	111,886,598	-	201,786,358

SHARE OPTIONS

Unlisted Options

As at the date of this report, there were 186,500,000 unlisted options over unissued ordinary shares in the parent entity. 6,500,000 are exercisable at $0.09 on or before 30 June 2011, 160,000,000 are exercisable at $0.011 on or before 31 December 2011 and 20,000,000 are exercisable at $0.011 on or before 31 January 2012. The 6,500,000 options will vest in 3 tranches, one third of the options vested 12 months after their date of issue, one third of the options will vested 24 months after the date of issue and one third of the options will vest 36 months after the date of issue. The 160,000,000 options will vest in 2 tranches, one half vested on issue of the options and the other half will vest 12 months after the date of issue. The 20,000,000 options vested on the date of issue.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the company or any related body corporate or in the interest issue of any other registered scheme.

During the year ended 30 June 2010, the following options of Resource Mining Corporation Limited lapsed in accordance with the terms and conditions of their original issue:

Grant Date	Expiry Date	Exercise Price	Number of Lapsed Options
21/12/2006	30/06/2010	$0.049	9,000,000

Listed Options

At 30 June 2010, there were 271,005,774 listed options over unissued ordinary shares in the parent entity. The listed options are exercisable at $0.008 on or before 31 March 2012. The additional listed options were issued in accordance with the pro-rata renounceable rights issue prospectus dated 22 February 2010. The pro-rata renounceable rights issue was for approximately 523,449,338 new shares and 174,483,113 new options on the basis of 1 new share for every 2 shares held on the record date of 10 March 2010 at an issue price of $0.005 per new share and 1 free attaching option (with an exercise price of $0.008 and an expiry date of 31 March 2012) for every 3 new shares issued to raise up to $2,617,247.

ENVIRONMENTAL ISSUES

The consolidated entity has conducted exploration activities on mineral tenements. The right to conduct these activities is granted subject to environmental conditions and requirements. The consolidated entity aims to ensure a high standard of environmental care is achieved and, as a minimum, to comply with relevant environmental regulations. There have been no known breaches of any of the environmental conditions.

INDEMNIFICATION OF DIRECTORS

During the financial year, the Company has given an indemnity or entered into an agreement to indemnity or paid or agreed to pay insurance premiums as follows:

- The Company has paid premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings while acting in the capacity of Director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. In accordance with the confidentially clause under the insurance policy, the amount of the premium paid to the insurers has not been disclosed. This is permitted under S300 (a) of the Corporation Act 2001.

AUDITOR

RSM Bird Cameron Partners continues in office in accordance with section 327 of the Corporations Act 2001.

DIRECTORS' REPORT *(Continued)*

NON-AUDIT SERVICES

The board of directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2010:

Taxation services	$17,658

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration has been received for the year ended 30 June 2010 and can be found within these financial statements.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the directors'.

W J Davies
Executive Director

Dated at Perth this 21st day of September, 2010.

CORPORATE GOVERNANCE STATEMENT

STATEMENT

Resource Mining Corporation Limited ("**Company**") has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ("**Principles & Recommendations**"), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. Where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and reason for the adoption of its own practice, in compliance with the "if not, why not" regime.

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

Summary Statement

	ASX P & R[1]	If not, why not[2]		ASX P & R[1]	If not, why not[2]
Recommendation 1.1	✓		Recommendation 4.3	✓	
Recommendation 1.2	✓		Recommendation 4.4[3]	n/a	n/a
Recommendation 1.3[3]	n/a	n/a	Recommendation 5.1	✓	
Recommendation 2.1		✓	Recommendation 5.2[3]	n/a	n/a
Recommendation 2.2		✓	Recommendation 6.1	✓	
Recommendation 2.3		✓	Recommendation 6.2[3]	n/a	n/a
Recommendation 2.4		✓	Recommendation 7.1	✓	
Recommendation 2.5	✓		Recommendation 7.2	✓	
Recommendation 2.6[3]	n/a	n/a	Recommendation 7.3	✓	
Recommendation 3.1	✓		Recommendation 7.4[3]	n/a	n/a
Recommendation 3.2	✓		Recommendation 8.1		✓
Recommendation 3.3[3]	n/a	n/a	Recommendation 8.2	✓	
Recommendation 4.1		✓	Recommendation 8.3[3]	n/a	n/a
Recommendation 4.2		✓			

1 Indicates where the Company has followed the Principles & Recommendations.
2 Indicates where the Company has provided "if not, why not" disclosure.
3 Indicates an information based recommendation. Information based recommendations are not adopted or reported against using "if not, why not" disclosure – information required is either provided or it is not.

Website Disclosures

Further information about the Company's charters, policies and procedures may be found at the Company's website at www.resmin.com.au, under the section marked Corporate Governance. A list of the charters, policies and procedures which are referred to in this Corporate Governance Statement, together with the recommendations to which they relate, are set out below.

CORPORATE GOVERNANCE STATEMENT *(Continued)*

Charters	**Recommendation(s)**
Board	1.3
Audit Committee	4.4
Nomination Committee	2.6
Remuneration Committee	8.3
Policies and Procedures	
Policy and Procedure for Selection and (Re)Appointment of Directors	2.6
Process for Performance Evaluation	1.2, 2.5
Policy on Assessing the Independence of Directors	2.6
Policy for Trading in Company Securities (summary)	3.2, 3.3
Code of Conduct (summary)	3.1, 3.3
Policy on Continuous Disclosure (summary)	5.1, 5.2
Procedure for Selection, Appointment and Rotation of External Auditor	4.4
Shareholder Communication Policy	6.1, 6.2

Disclosure – Principles & Recommendations

The Company reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the 2009/2010 financial year ("**Reporting Period**").

Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.1:

Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

Disclosure:

The Company has established the functions reserved to the Board and has set out these functions in its Board Charter. The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

The Company has established the functions delegated to senior executives and has set out these functions in its Board Charter. Senior executives are responsible for supporting the Executive Chair and assisting the Executive Chair in implementing the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Executive Chair or, if the matter concerns the Executive Chair, then directly to the lead independent director.

Recommendation 1.2:

Companies should disclose the process for evaluating the performance of senior executives.

Disclosure:

The Executive Chair is responsible for evaluating the performance of senior executives. The evaluation of the senior executives comprises an informal interview process which occurs annually or more frequently, as required and otherwise takes place as part of the annual salary review under the senior executives' employment contracts.

Recommendation 1.3:

Companies should provide the information indicated in the *Guide to reporting on Principle 1*.

Disclosure:

During the Reporting Period, an evaluation of senior executives took place in accordance with the process disclosed at Recommendation 1.2. Please refer to the section above marked Website Disclosures.

Principle 2 – Structure the board to add value

Recommendation 2.1:

A majority of the Board should be independent directors.

Notification of Departure:

The Board does not have a majority of independent directors.

Explanation for Departure:

The sole independent director of the Board is William McKenzie, who is deemed to be independent by the Board. The non-independent directors of the Board are Warwick Davies and Zhang Chi.

The Company has found that with its direction of operations and the financial climate, it has been difficult to attract and retain directors. Accordingly, the Board has been reviewing its structure and composition including the balance of independence on the Board. The Board is currently actively looking for two more independent directors so that the Board can have a majority of independent directors.

Recommendations 2.2 and 2.3:

The Chair should be an independent director and the roles of the Chair and Chief Executive Officer should not be exercised by the same individual.

Notification of Departure:

The Chair of the Board is not an independent director. The roles of Chair and Managing Director are carried out by the same person, Warwick Davies.

Explanation for Departure:

The current acting Chair, Warwick Davies (who was appointed Chair upon William Bisset's resignation on 25 September 2008) is an executive director of the Company and accordingly is not independent. Notwithstanding Mr Davies' lack of independence, the Company believes he is the most appropriate person for the position of acting Chair.

Recommendation 2.4:

The Board should establish a Nomination Committee.

Notification of Departure:

The Company has not established a separate Nomination Committee.

CORPORATE GOVERNANCE STATEMENT *(Continued)*

Explanation for Departure:

The role of the Nomination Committee is carried out by the full Board in accordance with the Nomination Committee Charter (available on the Company's website). Given the current size and composition of the Company, the Board believes that there would be no efficiencies gained by establishing a separate Nomination Committee. Items that are usually required to be discussed by a Nomination Committee are

marked as separate agenda items at Board meetings when required. When the Board convenes as the Nomination Committee it carries out those functions which are delegated in the Company's Nomination Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of Nomination Committee by ensuring the director with conflicting interests is not party to the relevant discussions.

Recommendation 2.5:

Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.

Disclosure:

The Chair is responsible for evaluation of the Board and, when deemed appropriate, Board committees and individual directors. The Board is responsible for evaluating the Executive Chair.

The evaluations of the Board, any applicable Board committees and individual directors comprise informal discussions on an ongoing basis with the Chair.

The evaluation of the Executive Chair comprises an informal interview process which occurs annually or more frequently, at the Board's discretion.

Recommendation 2.6:

Companies should provide the information indicated in the *Guide to reporting on Principle 2.*

Disclosure:

Skills, Experience, Expertise and term of office of each Director

A profile of each director containing their skills, experience, expertise and term of office is set out in the Directors' Report.

Identification of Independent Directors

The sole independent director of the Company is William Mackenzie, who is deemed independent by the Board. Mr Mackenzie is an employee and director of an associate of a substantial shareholder of the Company. Therefore, Mr Mackenzie does not satisfy paragraph 1 of the independence criteria set out in the Board's *Policy on Assessing the Independence of Directors*. Mr Mackenzie satisfies all other aspects of the independence criteria set out in the Board's *Policy on Assessing the Independence of Directors*. The Board considers he is capable of and demonstrates that he consistently makes decisions and takes actions which the Board believes to be in the best interests of the Company. Further, the Board believes that Mr Mackenzie is able to bring independent judgement to his decision making and is aware of his statutory responsibilities and obligations in relation to conflicts of interests and acts accordingly. Therefore, the Board considers Mr Mackenzie to be independent.

Independence is measured having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the Company's materiality thresholds. The materiality thresholds are set out below.

Company's Materiality Thresholds

The Board has agreed on the following guidelines for assessing the materiality of matters, as set out in the Company's Board Charter:

- Statement of Financial Position items are material if they have a value of more than 10% of pro-forma net asset.
- Profit and loss items are material if they will have an impact on the current year operating result of 10% or more.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, they could affect the Company's rights to its assets, if accumulated they would trigger the quantitative tests, involve a contingent liability that
- would have a probable effect of 10% or more on Statement of Financial Position or profit and loss items, or they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.
- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests, contain or trigger change of control provisions, they are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

Statement concerning availability of Independent Professional Advice

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval for incurring such expense from the Chair, the Company will pay the reasonable expenses associated with obtaining such advice.

Nomination Matters

The full Board, in its capacity as the Nomination Committee, held one meeting during the Reporting Period. All Board members were in attendance at the Nomination Committee meeting except for Mr Zhang.

To assist the Board to fulfil its function as the Nomination Committee, it has adopted a Nomination Committee Charter.

The explanation for departure set out under Recommendation 2.4 above explains how the functions of the Nomination Committee are performed.

Performance Evaluation

During the Reporting Period a performance evaluation of the Board, individual directors and any applicable committees occurred in accordance with the process disclosed at Recommendation 2.5.

Selection and (Re)Appointment of Directors

In determining candidates for the Board, the Nomination Committee (or equivalent) follows a prescribed procedure whereby it evaluates the range of skills, experience and expertise of the existing Board; considers the balance of independent directors on the Board as well as the particular skills and qualifications of potential candidates that will best increase the Board's effectiveness. A potential candidate is considered with reference to their skills and expertise in relation to other Board members. If relevant, the Nomination Committee recommends an appropriate candidate for appointment to the Board. Any appointment made by the Board is subject to ratification by shareholders at the next annual general meeting. The Board's Policy and Procedure for Selection and (Re)Appointment of Directors is available on the Company's website. Please refer to the section above marked Website Disclosure.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. Each director other than the Managing Director, must not hold office (without re-election) past the third annual general meeting of the Company following the Director's appointment or three years following that director's last election or appointment (whichever is the longer). However, a Director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company. At each annual general meeting a minimum of one director or a third of the total number of directors must resign. A director who retires at an annual general meeting is eligible for re-election at that meeting. Re-appointment of directors is not automatic.

Principle 3 – Promote ethical and responsible decision-making

Recommendation 3.1:

Companies should establish a Code of Conduct and disclose the code or a summary of the code as to the practices necessary to maintain confidence in the company's integrity, the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Disclosure:

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, practices necessary to take into account their legal obligations and the expectations of their stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Recommendation 3.2:

Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.

Disclosure:

The Company has established a policy concerning trading in the Company's securities by directors, senior executives and employees.

Recommendation 3.3:

Companies should provide the information indicated in the *Guide to reporting on Principle 3*.

Disclosure:

Please refer to the section above marked Website Disclosures.

Principle 4 – Safeguard integrity in financial reporting

Recommendations 4.1 and 4.2:

The Board should establish an Audit Committee and the Audit Committee should be structured so that it:

- consists only of non-executive directors;
- consists of a majority of independent directors;
- is chaired by an independent Chair, who is not Chair of the Board; and
- has at least three members.

CORPORATE GOVERNANCE STATEMENT *(Continued)*

Notification of Departure:

The Company has not established a separate Audit Committee. Accordingly, it is not structured in accordance with Recommendation 4.2.

Explanation for Departure:

The role of Audit Committee is carried out by the full Board. Given the current size and composition of the Company, the Board believes that there would be no efficiencies gained by establishing a separate Audit Committee. The structure of the Board does not allow for the structural requirements set out in Recommendation 4.2 to be met.

Items that are usually required to be discussed by an Audit Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Audit Committee it carries out those functions which are delegated in the Company's Audit Committee Charter. The Board deals with
any conflicts of interest that may occur when convening in the capacity of Audit Committee by ensuring the director with conflicting interests is not party to the relevant discussions.

Recommendation 4.3:

The Audit Committee should have a formal charter.

Disclosure:

The Company has adopted an Audit Committee Charter.

Recommendation 4.4:

Companies should provide the information indicated in the *Guide to reporting on Principle 4.*

Disclosure:

The full Board, in its capacity as the Audit Committee, held one meeting during the Reporting Period, which all Directors on the Board (Messrs Davies, Zhang and Mackenzie) attended.

When the Board meets as the Audit Committee, Mr Davies Chairs the meeting. To assist the Board to fulfil its function as the Audit Committee, it has adopted an Audit Committee Charter.

The explanation for departure set out under Recommendation 4.1 above explains how the functions of the Audit Committee are performed.

Details of each of the director's qualifications are set out in the Directors' Report.

All of the directors consider themselves to be financially literate and have relevant industry experience. Mr Zhang has a Degree in Economics from the Renmin University in China and has worked in accounting and finance.

The Company has established procedures for the selection, appointment and rotation of its external auditor (available on the Company's website). The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.

CORPORATE GOVERNANCE STATEMENT *(Continued)*

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1:

Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

Disclosure:

The Company has established written policies designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance.

Recommendation 5.2:

Companies should provide the information indicated in the *Guide to reporting on Principle 5.*

Disclosure:

Please refer to the section above marked Website Disclosures.

Principle 6 – Respect the rights of shareholders

Recommendation 6.1:

Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

Disclosure:

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

Recommendation 6.2:

Companies should provide the information indicated in the *Guide to reporting on Principle 6.*

Disclosure:

Please refer to the section above marked Website Disclosures.

Principle 7 – Recognise and manage risk

Recommendation 7.1:

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

CORPORATE GOVERNANCE STATEMENT *(Continued)*

Disclosure:

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile and is available on the Company's website. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the Board delegates day-to-day management of risk to the Executive Chair, who is responsible for identifying, assessing, monitoring and managing risks. The Executive Chair is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

In fulfilling the duties of risk management, the Executive Chair may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established authority limits for management which, if exceeded, will require prior Board approval;
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.

In May 2010, the Company documented and formalised its system and procedures to manage its material business risks. The system includes a risk register prepared by management to identify the Company's material business risks and risk management strategies for these risks, and identifies the risk level, their likelihood and their consequences. In addition, the process of management of material business risks has been allocated to [to be inserted]. The risk register is reviewed and updated by the Board annually.

During the Reporting Period, management regularly reported to the Board on the following categories of risks affecting the Company as part of the Company's systems and processes for managing material business risks: operational, financial reporting, sovereignty and market-related risks.

Prior to May 2010, the Company managed its material business risks via an informal system which entailed regular Board and management discussions at Board level with respect to material business risks faced by the Company.

Recommendation 7.2:

The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

Disclosure:

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. Further, the Board has received a report from the Executive Chair as to the effectiveness of the Company's management of its material business risks.

CORPORATE GOVERNANCE STATEMENT *(Continued)*

Recommendation 7.3:

The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Disclosure:

The Executive Chair and the Chief Financial Officer have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risk.

Recommendation 7.4:

Companies should provide the information indicated in the *Guide to reporting on Principle 7.*

Disclosure:

The Board has received the report from the Executive Chair under Recommendation 7.2.

The Board has received the assurance from the Executive Chair and the Chief Financial Officer under Recommendation 7.3.

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1:

The Board should establish a Remuneration Committee.

Notification of Departure:

The Company has not established a separate Remuneration Committee.

Explanation for Departure:

Given the current size and composition of the Company, the Board believes that there would be no efficiencies gained by establishing a separate Remuneration Committee. Accordingly, the Board performs the role of Remuneration Committee. Items that are usually required to be discussed by a Remuneration Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Remuneration Committee it carries out those functions which are delegated in the Company's Remuneration Committee Charter (available on the Company's website). The Board deals with any conflicts of interest that may occur when convening in the capacity of Remuneration Committee by ensuring the director with conflicting interests is not party to the relevant discussions.

Recommendation 8.2:

Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

Disclosure:

Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to the performance of the Company. Non-executive directors are issued incentive options from time to time in lieu of directors' fees. Apart from the compensation aspects of issuing these options, the options encourage the directors to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through share ownership.

Pay and rewards for executive directors and senior executives consists of a base salary and performance incentives. Long term performance incentives may include options granted at the discretion of the Board and subject to obtaining the relevant approvals. Executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness.

Recommendation 8.3:

Companies should provide the information indicated in the *Guide to reporting on Principle 8.*
Disclosure:

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms of part of the Directors' Report.

The full Board, in its capacity as the Remuneration Committee, held one meeting during the Reporting Period, which all Directors on the Board (Messrs Davies, Zhang and Mackenzie) attended. To assist the Board to fulfil its function as the Remuneration Committee, it has adopted a Remuneration Committee Charter.

The explanation for departure set out under Recommendation 8.1 above explains how the functions of the Remuneration Committee are performed. There are no termination or retirement benefits for non-executive directors (other than for superannuation).

The Company's Remuneration Committee Charter includes a statement of the Company's policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration scheme.

	Note	Consolidated Entity 2010	2009 $
Revenue	2	283,697	2,709,527
Administration & Other Expenses		(446,043)	(504,614)
Depreciation		(9,333)	(16,233)
Consulting fees		(215,016)	(490,162)
Exploration expenditure written off		(37,724)	(190,613)
Impairment in value of exploration expenditure		-	(5,958,829)
Share based payments		(477,418)	(101,304)
Fair value interest adjustment		(69,402)	(108,486)
LOSS BEFORE INCOME TAX		**(971,239)**	**(4,660,714)**
INCOME TAX	4	112,341	76,988
LOSS FOR THE YEAR	3	**(858,898)**	**(4,583,726)**
OTHER COMPREHENSIVE INCOME/(LOSS)			
Exchange translation difference		(390,227)	1,208,397
Income tax relating to components of other comprehensive income/(loss)		-	-
OTHER COMPREHENSIVE INCOME/(LOSS)		**(390,227)**	**1,208,397**
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(1,249,125)**	**(3,375,329)**
LOSS PER SHARE			
Basic loss per share (cents per share)	23	(0.07)	(0.82)
Diluted loss per share (cents per share)	23	(0.07)	(0.82)

The consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As AT 30 JUNE 2010

AND CONTROLLED ENTITIES

	Note	Consolidated Entity 2010	2009 $
CURRENT ASSETS			
Cash and cash equivalents	5	2,135,878	1,712,023
Trade and other receivables	6	52,557	24,491
Other current assets	7	76,932	22,013
Total Current Assets		**2,265,367**	**1,758,527**
NON CURRENT ASSETS			
Trade and other receivables	6	6,519	30,820
Plant and equipment	8	85,181	50,769
Mineral exploration and evaluation	9	6,961,156	6,586,388
Total Non Current Assets		**7,052,856**	**6,667,977**
TOTAL ASSETS		**9,318,223**	**8,426,504**
CURRENT LIABILITIES			
Trade and other payables	10	211,544	226,194
Financial liabilities	11	-	1,212,610
Total Current Liabilities		**211,544**	**1,438,804**
NON CURRENT LIABILITIES			
Deferred tax liabilities	4	-	53,366
Total Non Current Liabilities		-	53,366
TOTAL LIABILITIES		**211,544**	**1,492,170**
NET ASSETS		**9,106,679**	**6,934,334**
EQUITY			
Issued capital	12	57,559,945	54,191,841
Accumulated losses		(48,970,215)	(48,111,317)
Parent entity interest		8,589,730	6,080,524
Reserves	13	516,949	853,810
TOTAL EQUITY		**9,106,679**	**6,934,334**

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

Consolidated Entity	Note	Issued Capital	Accumulated Losses	Minority Equity Interest	Foreign Currency Reserve	Convertible Notes Shares Reserve	Total
		$	$	$	$	$	$
Year ended 30 June 2009							
Balance at 1 July 2008		52,662,235	(42,455,635)	376,244	(479,108)	97,130	10,200,866
Shares issued (net)		1,529,606	-	-	-	-	1,529,606
Losses previously allocated to minority interest assumed by parent upon sale of Argyle Iron Ore Project		-	(1,071,956)	1,071,956	-	-	-
Minority interest acquired		-	-	(1,448,200)	-	-	(1,448,200)
Loss for the year		-	(4,583,726)	-	-	-	(4,583,726)
Translation of foreign controlled entity		-	-	-	1,208,397	-	1,208,397
Total comprehensive loss		-	(4,583,726)	-	1,208,397	-	(3,375,329)
Convertible Note Issue		-	-	-	-	27,391	27,391
Balance at 30 June 2009	13	**54,191,841**	**(48,111,317)**	-	**729,289**	**124,521**	**6,934,334**
Year ended 30 June 2010							
Balance at 1 July 2009		54,191,841	(48,111,317)	-	729,289	124,521	6,934,334
Shares issued (net)		3,368,104	-	-	-	-	3,368,104
Loss for the year		-	(858,898)	-	-	-	(858,898)
Translation of foreign controlled entity		-	-	-	(390,227)	-	(390,227)
Total comprehensive loss for the year		-	(858,898)	-	(390,227)	-	(1,249,125)
Convertible Notes paid back		-	-	-	-	53,366	53,366
Balance at 30 June 2010	13	**57,559,945**	**(48,970,215)**	-	**339,062**	**177,887**	**9,106,679**

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

	Note	Consolidated Entity 2010 $	Consolidated Entity 2009 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payment to suppliers		(693,695)	(997,047)
Interest income received		25,870	15,981
Other income received		90,759	130,897
Interest and other finance costs paid		-	(1,119)
Research and development tax concession		112,341	76,989
Net Cash Outflow From Operating Activities	18	(464,725)	(774,299)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration expenditure		(785,782)	(1,194,542)
Proceeds from sale of investments		150,000	2,550,000
Payment to minority interest		-	(1,150,000)
Payment for other fixed assets		(47,274)	(5,800)
Proceeds from sale of fixed assets		-	107,000
Transfer to funds held in trust		(36,907)	-
Net Cash Inflow/(Outflow) From Investing Activities		(719,963)	306,658
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares and ptions		3,153,773	1,300,361
Share and option issue transaction costs		(263,086)	(170,260)
Repayment of borrowings		(1,282,012)	-
Proceeds from borrowings		-	282,012
Net Cash Inflow From Financing Activities		1,608,675	1,412,113
Net increase/(decrease) in cash and cash equivalents		423,987	944,472
Effect of exchange rate changes on cash holdings		(132)	8,327
Cash and cash equivalents at beginning of the financial year		1,712,023	759,224
Cash and cash equivalents at the end of this financial year	5	2,135,878	1,712,023

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

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report covers the consolidated entity of Resource Mining Corporation Limited and controlled entities. Resource Mining Corporation Limited is a listed public company, incorporated and domiciled in Australia.

The financial report was authorised for issue on 21 September 2010 by the Board of Directors.

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of Australian Accounting Standards Board and the Corporation Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has also been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Adoption of New and Revised Accounting Standards

The consolidated entity has adopted the following new and revised Australia Accounting Standards issued by the AASB which are mandatory to apply to the current period. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

(i) Presentation of financial statements

The consolidated entity has adopted the revised *AASB 101 Presentation of Financial Statements (2007)* from 1 July 2009. The revision of this standard now requires the company to present all non-owner changes to equity ('comprehensive income') in the statement of comprehensive income. The company has presented the Statement of Comprehensive Income and non-owner changes in equity in one statement of comprehensive income. All owner changes in equity are presented separately in the statement of changes in equity.

The presentation requirements have been applied for the entire reporting period and comparative information has been re-presented to also comply with the revised *AASB 101*.

(ii) Segment reporting

The consolidated entity has applied *AASB 8 Operating Segments* with effect from 1 July 2009. Previously operating segments were reported in accordance with *AASB 114 Segment reporting*. AASB 8 requires the entity to identify operating segments and disclose segment information on the basis of internal reports that are provided to, and reviewed by, the chief operating decision maker of the company to allocate resources and assess performance. In the case of the company the chief operating decision maker is the Board of Directors.

As a result of the adoption of AASB 8, the company's reportable segments will only show minor changes. Operating segments now represent the basis on which the company reports its segment information to the Board. Comparative segment information has been represented to comply with the requirements of AASB 8. The change in policy has resulted in a minor change to the disclosure presented and not the company's profit or earnings per share.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report.

Accounting Policies

(a) Principles of Consolidation

A controlled entity is any entity over which Resource Mining Corporation Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 16 to the financial statements.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the consolidated group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

All inter-group balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Minority interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the group, are shown separately within the Equity section of the consolidated Statement of Financial Position and in the consolidated Statement of Comprehensive Income.

(b) Income Tax

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowable items. It is calculated using tax rates that have been enacted or are substantively enacted by the Statement of Financial Position date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary difference can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(c) Plant and Equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future consolidated benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including capitalised lease assets, but excluding computers, is depreciated on a reducing balance commencing from the time the asset is held ready for use. Computers are depreciated on a straight line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	15 – 50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(d) Exploration, Evaluation and Development Expenditure

Exploration, evaluation and development expenditure incurred is either written off as incurred or accumulated in respect of each identifiable area of interest. Tenement acquisition costs are initially capitalised. Costs are only carried forward to the extent that they are expected to be recouped through the successful development of the areas, sale of the respective areas of interest or where activities in the area have not yet reached a stage, which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the areas is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are expensed as incurred and treated as exploration and evaluation expenditure.

(e) Impairment of Assets

At each reporting date, the directors review the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the assets, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over it recoverable amount is expensed to the Statement of Comprehensive Income.

Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(g) Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

(i) Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the group's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(v) Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(g) Financial Instruments (cont)

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the Statement of Comprehensive Income.

(h) Foreign Currency Transaction and Balances

Functional and presentation currency

The functional currency of each of the entities in the consolidated entity is measured using the currency of the primary economic environment in which the entity operates. The consolidated entity financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate.

Exchange differences arising on the transaction of monetary items are recognised in the Statement of Comprehensive Income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange differences are recognised in the Statement of Comprehensive Income.

Controlled entities

The financial results and position of foreign operations whose functional currency is different from the presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;

- income and expenses are translated at average exchange rates for the period; and

- retained earnings are translated at the exchange rates prevailing at the date of transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the foreign currency translation reserve in the Statement of Financial Position. These differences are recognised in the Statement of Comprehensive Income in the period in which the operation is disposed of.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(i) Provisions

Provisions are recognised where there is a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(j) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and less bank overdraft , if any.

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to the economic entity prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(l) Revenue

Revenue is measured at the fair value of the consideration received.

Revenue from the sale of the tenement is recognised at the point of transfer of significant risks and rewards of ownership.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and service tax (GST).

(m) Share-based payments

The group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expenses. Receivables and payables in the Statement of Financial Position are shown inclusive of GST

(o) Contributed Equity

Issued and paid up capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(p) Earnings per share

(i) Basic eamings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted eamings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(q) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(r) Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the consolidated entity.

Key Estimates

Impairment of assets
The directors assess impairment at each reporting date by evaluating conditions specific to the consolidated entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Recoverability of exploration expenditure
The group tests annually whether the exploration and evaluation expenditure incurred in identifiable areas of interest is expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of reserves and further work is expected to be performed. All expenditure that does not meet these criteria is expensed to the Statement of Comprehensive Income.

	Consolidated Entity	
	2010	2009
		$

NOTE 2
REVENUE

	2010	2009
Sale of tenement	150,000	2,550,000
Interest received	42,939	15,981
Gain on disposal of fixed assets	-	66,352
Other income	90,758	77,194
Total revenue	283,697	2,709,527

NOTE 3
LOSS FOR THE YEAR
Loss for the year is after the following expenses:

	2010	2009
Salaries and benefits expenses	66,210	59,401
Foreign currency exchange gain	-	5,076
Fixed assets written off	-	827
Depreciation of non-current assets:		
Plant and equipment	8,290	9,276
Office furniture and equipment	1,043	1,303
Motor vehicles	-	5,654
Total depreciation of non-current assets	9,333	16,233

NOTE 4
Income Tax

No income tax payable by the consolidated entity as it incurred losses for income tax purposes for the year.

The tax benefit for the year consists of research and development tax concession received during the year.

	Consolidated 2010 $	2009 $
The income tax as follows:		
Loss for the year	(971,239)	(4,660,714)
Prima facie tax payable on profit before income tax at 30% (2009: 30%)	(291,372)	(1,398,214)
Add tax effect of:		
Non-allowable expenditure	181,230	63,074
Research and development tax concession claim	112,341	76,988
Less tax effect of:		
Non-assessable income		-
Tax amortization of capital raising costs	(61,500)	(67,212)
Unrecognised tax losses utilized	1,811	380,111
Tax effect on temporary differences and tax losses not recognised	169,831	1,022,241
Income tax benefit	112,341	76,988
i) Tax losses		
Unused revenue tax losses for which no deferred tax asset has been recognised	18,060,336	17,267,137
Potential tax benefit at 30%	5,418,101	5,180,141
Unused capital tax losses for which no deferred tax asset has been recognised	1,551,441	1,551,441
Potential tax benefit at 30%	465,432	465,432
Deductible temporary differences in respect of investments in subsidiaries for which no deferred tax asset has been recognised	20,311,167	20,311,167
Potential tax benefit at 30%	6,093,350	6,093,350

Other deductible temporary differences other than the above are immaterial.

Deferred tax liabilities relate to convertible notes.

	2010 $	2009 $
Opening balance	53,366	80,757
Charged to equity	(53,366)	(27,391)
	-	53,366

	Consolidated Entity	
	2010	2009
	$	$

NOTE 5
CASH AND CASH EQUIVALENTS

	2010 $	2009 $
Cash at bank and on hand	335,878	349,859
Deposits at call	1,800,000	1,362,164
	2,135,878	1,712,023

NOTE 6
TRADE AND OTHER RECEIVABLES

Current

	2010 $	2009 $
Trade receivables	45,297	17,231
Sundry deposits	7,260	7,260
	52,557	24,491

Non Current

	2010 $	2009 $
Mining bonds	6,519	30,820

Trade receivables are considered to be of high credit quality and were received in the subsequent period.

NOTE 7
OTHER CURRENT ASSETS

	2010 $	2009 $
GST refundable	13,595	-
Prepayments	26,430	22,013
Trust funds	36,907	-
	76,932	22,013

	Consolidated Entity 2010 $	Consolidated Entity 2009 $
NOTE 8		
PLANT AND EQUIPMENT		
Plant and equipment		
Cost	184,808	138,910
Accumulated depreciation	(99,627)	(88,141)
	85,181	50,769
Movement in carrying amounts		
Opening balance	50,769	101,071
Additions	47,274	5,800
Disposals	-	(39,820)
Written off	-	(827)
Foreign exchange adjustment	(994)	3,906
Depreciation expense	(9,333)	(16,233)
Depreciation capitalised – exploration costs	(2,535)	(3,128)
Closing balance	85,181	50,769

NOTE 9
MINERAL EXPLORATION AND EVALUATION

	2010 $	2009 $
At cost less impairment brought forward	6,586,388	10,381,882
Foreign exchange adjustment	(390,945)	1,184,113
Expenditure during the year	803,455	1,169,835
Impairment in value of exploration expenditure	-	(5,958,829)
Exploration expenditure written off	(37,742)	(190,613)
At cost less impairment	6,961,156	6,586,388

The ultimate recoupment of exploration expenditure carried forward is dependent upon successful development and commercial exploration, or sale of the respective areas.

	Consolidated Entity 2010 $	Consolidated Entity 2009 $
NOTE 10		
TRADE AND OTHER PAYABLES		
Trade creditors and accruals	195,443	210,794
Due to directors - remuneration	16,101	15,400
	211,544	226,194

NOTE 11 FINANCIAL LIABILITIES	Consolidated Entity 2010 $	 2009 $
CURRENT		
Convertible Note		
Proceeds from issue of convertible notes	-	1,282,012
Amount classified as equity (before tax)	-	(177,888)
Interest expense	-	108,486
Fair value as at 30 June	-	1,212,610

The convertible notes were paid out during the year

	Consolidated Entity 2010 $	 2009 $
NOTE 12 **CONTRIBUTED EQUITY**		
(a) Issued capital: 1,575,858,086 ordinary shares fully paid (2009: 881,612,237 ordinary shares fully paid)	57,559,945	54,191,841

(b) Movements in ordinary share capital of the Company during the past two years were as follows:

Date	Details	No. Of Shares	Issue Price (Cents)	Value $
01/07/08	Opening balance	477,182,093		52,662,235
17/10/08	Share placement	20,000,000	1.50	299,990
08/01/09	Share-based payment	1,406,250	3.2	45,000
27/03/09	Share-based payment	49,700,000	0.6	298,200
22/04/09	Rights Issue (a)	333,305,834	0.3	999,974
	Less: Transaction costs arising on share issues			(170,260)
29/06/09	Option conversion	18,060	0.8	398
30/06/09	Share-based payment	-		56,304
30/06/09	Closing Balance	881,612,237		54,191,841
06/07/09	Option conversion	31,386	0.8	251
14/07/09	Rights Issue shortfall placement	165,255,009	0.3	497,461
	Less: Transaction costs arising on share issues			(36,245)
10/03/10	Option conversion	3,555,370	0.8	28,443
24/03/10	Option conversion	40,000	0.8	320
08/04/10	Rights Issue	525,227,001	0.5	2,626,201
	Less: Transaction costs arising on share issues			(226,842)
29/04/10	Option conversion	30,860	0.8	247
14/05/10	Option conversion	106,223	0.8	850
30/06/10	Share-based payment	-		477,418
30/06/10	Closing Balance	1,575,858,086		57,559,945

NOTE 12
CONTRIBUTED EQUITY

(a) Funds raised were for working capital and exploration purposes

(b) Options as at 30 June 2010:

Unlisted
500,000 options remain on issue, exercisable at $0.067 on or before 31 August 2010.
6,500,000 options remain on issue, exercisable at $0.09 on or before 30 June 2011.
160,000,000 options remain on issue, exercisable at $0.0011 on or before 31 December 2011.
20,000,000 options remain on issue, exercisable at $0.0011 on or before 31 January 2012.
Listed
271,005,774 options remain on issue, exercisable at $0.008 on or before 31 March 2012

(c) Voting and dividend rights
Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.
At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(d) Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(c) Capital Management

Management controls the capital of the group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern.

The group's debt and capital includes ordinary share capital, and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the group's capital by assessing the group's financial risks on a monthly basis and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the group since the prior year. The group's gearing ratio is kept at a minimum. Ongoing operations will be funded via equity or joint ventures with other companies.

NOTE 13
RESERVES

(a) Foreign Currency Reserve
The foreign currency reserve records exchange differences arising on translation of a foreign controlled subsidiary.

(b) Convertible Note Reserve
The convertible note reserve records the equity portion of convertible notes after tax.

NOTE 14
CONTINGENT LIABILITIES

Resource Mining Corporation Limited and its controlled entities have no known material contingent liabilities as at 30 June 2010.

NOTE 15
CAPITAL AND LEASING COMMITMENTS

(a) Mineral Tenement Commitments

In order to maintain current rights of tenure to mining tenements, the consolidated entity will be required to outlay in the years ending 30 June 2011 and 2012 approximately $35,000 for each year (2010: $927,000) in respect of minimum tenement expenditure requirements and lease rentals. The PNG Government has not advised the company of any additional tenement expenditure requirements for EL 1165 and EL 1749 for the years ending 30 June 2011 and 2012. However the company intends to expend approximately $650,000 on these mining tenements in the year ended 30 June 2011.
The Company has a number of avenues available to continue the funding of its current exploration program and as and when decisions are made, the Company will disclose this information to shareholders.

The commitments referred to above represent the Companies' share of obligations under joint venture agreement without allowing for dilution.

(b) Operating Lease Commitments

	Consolidated Entity	
	2010	**2009**
	$	**$**
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable – minimum lease commitments		
- Not later than 12 months	74,302	108,942
- between 12 months and 5 years	-	-
- greater than 5 years	-	-
	74,302	108,942

The Company has exercised the option on the office property lease to renew the lease for one year expiring on 31 May 2011. An option exists to renew the office property lease for an additional year commencing 1 June 2011.Contingent rental provisions within the lease agreement require that the minimum lease payments be paid one month in advance and shall be increased by CPI or current market rental on a per annum basis The leases allow for subletting of all lease areas.

NOTE 16
INVESTMENT IN CONTROLLED ENTITIES

	Class of Shares	Percentage Owned	
		2010	2009
Argyle Iron Ore Ltd	Ordinary	100%	100%
Resource Exploration Limited and its controlled entities	Ordinary	100%	100%

(a) All above controlled entities are incorporated in Australia.
(b) The carrying value of Resource Mining Corporation's investment in the ordinary shares of controlled entities, are at cost less provision for impairment which do not exceed the underlying net assets of each entity.

NOTE 17
SEGMENT INFORMATION

For management purposes the Company has one segment which is exploration activities relating to minerals and the exploration in 2 countries; Papua New Guinea and Australia.

For the year ended 30 June 2010:	Exploration
Revenue from external customers	
Australia	152,821
Papua New Guinea	-
Total revenue from external customers	152,821
Reportable segment profit/(loss) before income tax	
Australia	108,032
Papua New Guinea	(57,279)
Total reportable segment profit before income tax	50,753
Reportable segment assets at 30 June 2010	
Australia	212,084
Papua New Guinea	6,949,548
Total reportable segment assets	7,161,632
Reportable segment liabilities at 30 June 2010	
Australia	4,500
Papua New Guinea	16,846
Total reportable segment liabilities	21,346

NOTE 17
SEGMENT INFORMATION (Continued)

For the year ended 30 June 2009:

Revenue from external customers	
Australia	2,616,352
Papua New Guinea	-
Total revenue from external customers	2,616,352
Reportable segment profit/(loss) before income tax	
Australia	(3,537,840)
Papua New Guinea	(60,464)
Total reportable segment profit/(loss) before income tax	(3,598,304)
Reportable segment assets at 30 June 2009	
Australia	24,000
Papua New Guinea	6,625,262
Total reportable segment assets	6,649,262
Reportable segment liabilities at 30 June 2009	
Australia	4,000
Papua New Guinea	50,428
Total reportable segment liabilities	54,428

	Consolidated Entity	
Reconciliation of reportable segment loss	**2010**	**2009**
Total reportable segment profit/(loss) before income tax	50,753	(3,598,304)
Finance costs	(69,402)	(108,486)
Depreciation	(9,333)	(16,233)
Share based payments	(477,418)	(101,304)
Corporate costs (net)	(465,839)	(836,387)
Loss before income tax	(971,239)	(4,660,714)
Reconciliation of reportable segment assets		
Reportable segment assets	7,161,632	6,649,262
Unallocated assets	2,156,591	1,777,242
Total assets	9,318,223	8,426,504
Reconciliation of reportable segment liabilities		
Reportable segment liabilities	21,346	54,428
Unallocated liabilities	190,198	1,437,742
Total liabilities	211,544	1,492,170

NOTE 18
NOTES TO THE STATEMENT OF CASH FLOWS

	Consolidated Entity 2010 $	Consolidated Entity 2009 $
Reconciliation of loss after income tax to net operating cash flows		
Loss from ordinary activities	(858,898)	(4,583,726)
Gain on exchange rate	-	28,146
Exploration expenditure written off	37,724	190,613
Impairment in value of exploration expenditure	-	5,958,829
Depreciation	9,333	16,233
Share based payments	477,418	101,304
Profit on sale of fixed assets	-	(66,353)
Sale of investment	(150,000)	(2,550,000)
Finance charge on convertible note	69,402	108,486
Movement in assets and liabilities		
Receivables	(21,314)	93,518
Payables	(14,650)	(78,598)
Deferred Tax	-	11,739
Other current assets	(13,740)	(4,490)
Net cash used in operating activities	(464,725)	(774,299)

Financing Agreements
No overdraft facilities have been formalised at 30 June 2010 and neither the company nor any of its controlled entities have lines of credit at 30 June 2010.

NOTE 19
KEY MANAGEMENT PERSONNEL

Remuneration of key management personnel

The Company has taken advantage of the relief provided by AASB 2008-4 Amendments to Australian Accounting Standard – Key Management Personnel Disclosures by Disclosing Entities, and has transferred the detailed remuneration disclosures to the directors' report. The relevant information can be found on pages 5 to 7 of the directors' report.

NOTE 20
SHARE BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2010:

During the year ended 30 June 2008, 8,750,000 share options were granted to directors and consultants to take up ordinary shares. The 8,750,000 options have an exercise price of 9 cents and are exercisable on or before 30 June 2011. These 8,750,000 options will vest in 3 tranches, one third of the options will vest 12 months after their date of issue, one third of the options will vest 24 months after the date of issue and one third of the options will vest 36 months after the date of issue. The options don't hold voting or dividends rights and are not transferable.

During the year ended 30 June 2009, 2,250,000 of these options lapsed due to resignations, in accordance with the terms and conditions of the options. This left a balance of 6,500,000 of these options at 30 June 2010.

The fair value of the options granted was $0.0297 for 8,750,000 options. Share based payment expense for these options recognised in the Statement of Comprehensive Income for the year end 30 June 2010, was $34,761.

The price of the 8,750,000 options was calculated by using a Black Scholes option pricing model applying the following inputs:

Exercise price	$0.090
Life of the option	3.5 years
Underlying share price	$0.068
Expected share price volatility	92.9%
Risk free rate of return	6.42%
Discount for lack of marketability	30%

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future tender, which may not eventuate.

During the year ended 30 June 2010 20,000,000 remuneration options were granted to non-executive directors and 160,000,000 incentive options were granted to directors, consultants and employees to take up ordinary shares.

The 20,000,000 remuneration options have an exercise price of 1.1 cents and are exercisable on or before 31 January 2012. The options don't hold voting or dividend rights.

The 160,000,000 incentive options have an exercise price of 1.1 cents and are exercisable on or before 31 December 2011. These 160,000,000 options will vest in 2 tranches, half on the date of issue and the remaining half will vest 12 months after the date of issue. The options don't hold voting or dividend rights.

The fair value of the 20,000,000 remuneration options granted was 3.21 cents. Share based payment expense for these options recognised in the Statement of Comprehensive Income for the year ended 30 June 2010 was $64,216.

The price of the 20,000,000 remuneration options was calculated by using a Black Scholes option pricing model applying the following inputs:

Exercise price	$0.0011
Life of the option	25 months
Underlying share price	$0.007
Expected share price volatility	120 %
Risk free rate of return	4.71%
Discount for lack of marketability	30 %

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future tender, which may not eventuate.

NOTE 20
SHARE BASED PAYMENTS (cont.)

The fair value of the 160,000,000 incentive options granted was 3.13 cents. Share based payment expense for these options recognised in the Statement of Comprehensive Income for the year ended 30 June 2010 was $378,441.

The price of the 160,000,000 incentive options was calculated by using a Black Scholes option pricing model applying the following inputs:

Exercise price	$ 0.0011
Life of the option	24 months
Underlying share price	$ 0.007
Expected share price volatility	120%
Risk free rate of return	4.71%
Discount for lack of marketability	30%

NOTE 21
RELATED PARTY INFORMATION

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Transactions with related parties:

(a) Ultimate Parent Company

Resource Mining Corporation Ltd is the ultimate Australian parent company.

(b) Controlled Entities

Interests in controlled entities are set out in Note 16.

During the year, funds have been advanced between entities within the consolidated entity for the purposes of working capital requirements only.

NOTE 22
REMUNERATION OF AUDITORS

	Consolidated Entity	
	2010	**2009**
	$	**$**
Amount received, or due and receivable, by the auditors for:		
Auditing and reviewing of the financial statement of Resource Mining Corporation Limited and of its controlled entities	45,000	40,750
Taxation services	17,658	21,672
Other	-	32,235

NOTE 23
LOSS PER SHARE

	Number of Shares	
	2010	**2009**
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	1,165,665,397	559,194,524
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted loss per share	1,165,665,397	559,194,524
Loss used in the calculation of basic and diluted loss per share	(858,898)	(4,583,726)

NOTE 24
FINANCIAL RISK MANAGEMENT

The consolidated entity's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risks. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the business. To date, the Consolidated Group has not used derivative financial instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and ageing analysis for credit risk.

Risk management is carried out by the finance function under policies approved by the Board of Directors. The finance function identifies and evaluates the financial risks in close co-operation with the Group's operating units. The Board provides principles for overall risk management and the finance function provides policies with regard to financial risk management that are clearly defined and consistently applied.

The Consolidated Group's and Parent's financial assets are all within the loans and receivables category. The Consolidated Groups' and Parent's financial liabilities are all within the financial liabilities recorded at amortised cost category.

(a) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities that are denominated in a currency that is not the entity's functional currency. The Consolidated Group exposure to foreign exchange risk is the operation of its subsidiary in Papua New Guinea. The Group's exposure to foreign currency risk is not expected to be material.

(b) Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or contract, leading to a financial loss. The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date, is the carrying amount net of any provisions for impairment of debts, as disclosed in the Statement of Financial Position and notes to the financial statement.

In the case of cash deposited, credit risk is minimised by depositing with recognised financial intermediaries such as banks, subject to Australian Prudential Regulation Authority Supervision.

The consolidated entity does not have any material risk exposure to any single debtor or group of debtors under financial instruments entered into by it.

(c) Liquidity and Capital risk

The consolidated group's total capital is defined as the shareholders' net equity plus net debt, and amounted to approximately $8.9 million at 30 June 2010 (30 June 2009: $5.49 million). The objectives when managing the consolidated entity's capital is to safeguard the business as a going concern, to maximise returns to shareholders and to maintain an optimal capital structure in order to reduce the cost of capital.

The group does not have a target debt /equity ratio, but has a policy of maintaining a flexible financing structure so as to be able to take advantage of investment opportunities when they arise.

The group has appropriate procedures in place to manage cash flows including continuous monitoring of forecast and actual cash flows to ensure funds are available to meet commitments.

As at 30 June 2010, the group has sufficient cash and cash equivalent to settle its current liabilities when they fall due.

(d) *Interest rate risk*

The group's exposure to market risk for changes in interest rates relates primarily to interest on deposits with banking institutions. As at 30 June 2010, the group has no interest bearing borrowings or finance leases.

NOTE 24 (cont.)
FINANCIAL RISK MANAGEMENT

	Non Interest Bearing $		Weighted Average Effective Interest Rate %		Floating Interest Rate $		Fixed Interest Rate within one year $	
	2010	2009	2010	2009	2010	2009	2010	2009
Financial Assets								
- Cash	280,484	83,312			-	-	-	-
- Deposit at call	-	-	4.5	0.01	55,394	628,711	-	-
- Term deposits	-	-	5.7	3.7	-	-	1,800,000	1,000,000
- Bank bonds/ guarantees	-	-	3.5	3.5	-	-	6,519	30,820
- Trade and other debtors	45,297	17,231	6.0	3.5	-	-	7,260	7,260
Total Financial Assets	325,781	100,543			55,394	628,711	1,813,779	1,038,080
Financial Liabilities								
- Payable and accruals	189,257	194,821			-	-	-	-
- Amounts payable related parties	16,101	15,400			-	-	-	-
- Convertible notes	-	1,212,610			-	-	-	-
- Interest bearing liabilities	-	-	5.6	5.6	-	-	6,186	15,973
Total Financial Liabilities	205,358	1,422,831			-	-	6,186	15,973

The following table summarises the sensitivity of the group's and company's financial assets to movements in interest rates of 100 percentage basis points.

		Interest Rate Risk			
	Carrying Amount	+1%		-1%	
Consolidated and parent	$	Profit	Equity	Profit	Equity
30 June 2010					
Financial assets					
Deposit at call and term deposit	1,855,394	18,554	18,554	(18,554)	(18,554)

(e) Net Fair Values

For financial assets and liabilities, the net fair value approximates their carrying value. The consolidated entity has no financial assets or liabilities that are readily traded on organised markets at balance date and has no financial assets where the carrying amount exceeds net fair values at balance date.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and in the notes to and forming part of the financial statements.

NOTE 25
MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There has not arisen, in the interval between the end of the financial year and the date of this report, any matter or circumstance likely, in the opinion of the directors, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in current and subsequent financial years.

NOTE 26
PARENT ENTITY DISCLOSURES

Financial Position

	2010 $	2009 $
ASSETS		
Current assets	2,104,970	1,674,934
Non current assets	6,216,514	5,518,116
Total Assets	8,321,484	7,193,050
LIABILITIES		
Current liabilities	190,198	1,384,375
Non current liabilities	-	53,366
Total Liabilities	190,198	1,437,741
EQUITY		
Issued capital	57,559,945	54,191,841
Accumulated losses	(49,606,547)	(48,561,053)
Reserves	177,888	124,521
Total Equity	8,131,286	5,755,309

Financial Performance

Loss for the year	(1,045,494)	(6,225,421)
Total comprehensive loss for the year	(1,045,494)	(6,225,421)

Commitments of Resource Mining Corporation Limited are disclosed in Note 15.

NOTE 27
NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

At the date of this financial report the following standards and interpretations, which may impact the consolidated entity in the period of initial application, have been issued but are not yet effective:

Reference	Title	Summary	Application date (financial years beginning)
AASB 2009-5	*Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136, 139]*	Amends a number of standards as a result of the annual improvements project.	1 January 2010
AASB 9	*Financial Instruments*	Replaces the requirements of AASB 139 for the classification and measurement of financial assets. This is the result of the first part of Phase 1 of the IASB's project to replace IAS 39.	1 January 2013
AASB 124	*Related Party Disclosures*	Revised standard. The definition of a related party is simplified to clarify its intended meaning and eliminate inconsistencies from the application of the definition	1 January 2011
2009-11	*Amendments to Australian Accounting Standards arising from AASB 9*	Amends AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12 as a result of the issuance of AASB 9.	1 January 2013
2009-12	*Amendments to Australian Accounting Standards*	Amends AASB 8 Operating Segments as a result of the revised AASB 124. Amends AASB 5, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052 as a result of the annual improvement project.	1 January 2011
2010-3	*Amendments to Australian Accounting Standards arising from the Annual Improvements Project*	Amends AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 & AASB 139 as a result of the annual improvements project.	1 July 2010
2010-4	*Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*	Further amends AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13 as a result of the annual improvements project.	1 January 2010

The expected impact on the consolidated entity of the above standards and interpretations are currently being assessed by management. A final assessment has not been made on the expected impact of these standards and interpretations, however, it is expected that there will be no significant changes to the accounting policies of the consolidated entity.

NOTE 28
COMPANY DETAILS

The registered office and principal place of business of the Company and its controlled entities is at:

702 Murray Street
West Perth WA 6005

DIRECTORS DECLARATION

The directors of the company declare that, in the opinion of the directors:

(a) the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including

(i) giving a true and fair view of the financial position and performance of the company and consolidated entity; and

(ii) complying with Australian Accounting Standards, including the Interpretations, and the Corporations Regulations 2001;

(b) the financial statements and notes thereto also comply with International Financial Reporting Standards, as disclosed in Note 1;

(c) the directors have been given the declarations required by s.295A of the Corporations Act 2001; and

(d) 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 the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors

W J Davies
Executive Director

Date at Perth this 21st day of September 2010.

RSM Bird Cameron Partners
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

RESOURCE MINING CORPORATION LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Resource Mining Corporation Limited, which comprises the consolidated statement of financial position as at 30 June 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the consolidated financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

RSM! Bird Cameron Partners
Chartered Accountants

Auditor's Independence Declaration

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

Auditor's Opinion

In our opinion:

(a) the financial report of Resource Mining Corporation Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the financial year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Resource Mining Corporation Limited for the financial year ended 30 June 2010 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners.

RSM BIRD CAMERON PARTNERS
Chartered Accountants

D J WALL
Partner

Perth, WA
Dated: 21 September 2010

RSM Bird Cameron Partners
Chartered Accountants

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Resource Mining Corporation Limited for the year ended 30 June 2010, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners.

RSM BIRD CAMERON PARTNERS
Chartered Accountants

D J WALL
Partner

Peth, WA
Dated: 21 September 2010

	Ordinary Shares Listed

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 20 August 2010

ANALYSIS OF SHAREHOLDING

1 – 1,000	248
1,001 – 5,000	158
5,001 – 10,000	193
10,001 – 100,000	1,070
100,001 – or more	988
	2,657

Total on issue	1,575,868,398
Shareholders holding less than marketable parcel	1,527

Voting Rights

Article 15 of the Constitution specifies that on a show of hands every member present in person, by attorney or by proxy shall have:

(a) for every fully paid share held by him one vote
(b) for every share which is not fully paid a fraction of the vote equal to the amount paid on the share over the nominal value of the shares.

Substantial Shareholders

The following substantial shareholders have notified the Company in accordance with the Corporations Act 2001

SINOM (Hong Kong) Limited	289,685,787	18.38%
Nefco Nominees Pty Ltd	137,027,500	8.70%

Directors' Shareholding

Interest of each director in the share capital if the Company is detailed in the directors' report.

SHAREHOLDER DETAILS
FOR THE YEAR ENDED 30 JUNE 2010

TWENTY LARGEST FULLY PAID SHAREHOLDERS

		No. Shares	% of Shares
1	SINOM (Hong Kong) Limited	289,685,787	18.38
2	Nefco Nominees Pty Ltd	137,027,500	8.70
3	ANZ Nominees Limited	41,956,731	2.66
4	Thunderluck International Ltd	35,535,437	2.25
5	Mount Gibson Iron Limited	34,780,251	2.21
6	Mr Jian Chen	33,073,951	2.10
7	QWL Management Services Pty Ltd	30,000,000	1.90
8	Proridge Pty Ltd	28,450,000	1.81
9	Classic Roofing Pty Limited	27,000,000	1.71
10	Jojo Enterprises Pty Ltd	26,100,000	1.66
11	Comsec Nominees Pty Limited	25,981,337	1.65
12	Berne No 132 Nominees Pty Ltd <376804 AC>	22,629,219	1.44
13	Berne No 132 Nominees Pty Ltd <508558 AC>	22,038,978	1.40
14	Warr Holdings Pty Ltd	21,250,000	1.35
15	Dominant Holdings AG	18,000,000	1.14
16	Berne No 132 Nominees Pty Ltd <115180 AC>	16,772,598	1.06
17	Best Venture Development Limited	16,125,000	1.02
18	STC Advisory Pty Ltd	13,537,009	0.86
19	Erceg Enterprises Pty Ltd	12,804,941	0.81
20	Morble House Investments Pty Ltd	12,762,168	0.81

The largest shareholders listed above own 54.11% of the total issued fully paid ordinary shares.

INTEREST IN MINING TENEMENTS

PAPUA NEW GUINEA

Oro Province – Wowo Gap (Niugini Nickel – 100%)
EL1165

Cape Vogel (Niugini Nickel Ltd – 100%)
EL 1749

WESTERN AUSTRALIA

Blackstone Range – Resource Mining Corporation Limited – (10% non-contributing free carried interest)
E69/2108
E69/2109