



ABN 79 123 776 652

RMA Energy Limited

Financial Statements For The Year Ended
31 December 2020

RMA Energy Limited

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RMA Energy Limited

Corporate Information

Directors

Mr Peng Li (Non-Executive Chairman)
Mr Jun Lyu (Non-Executive Director)
Mr Theuns Klopper (Non-Executive Director)
Mr Zhihong Chen (Non-Executive Director)

Auditors

Bentleys Audit & Corporate (WA) Pty Ltd
London House
Level 3, 216 St Georges Terrace
PERTH WA 6000

Tel: +61 8 9226 4500

Fax: +61 8 9226 4300

Company Secretary

Mr Henko Vos

Banker

ANZ Banking Group Limited
8 St Georges Terrace
PERTH WA 6000

Registered Office

Level 3, 88 William Street
PERTH WA 6000

Tel: +61 8 9463 2463

Fax: +61 8 9463 2499

Securities Exchange

Australian Securities Exchange
Level 40, Central Park
152-158 St George's Terrace
PERTH WA 6000

Share Registry

Computershare Investor Services Pty Ltd
Level 11, 172 St George's Terrace
PERTH WA 6000

Tel: +61 8 9323 2000

ASX Code

RMT

Website

www.rmaenergy.com.au

RMA Energy Limited

Directors' Report

Your directors present their report on the RMA Energy Limited (the "Company" or "RMA") for the financial year ended 31 December 2020.

DIRECTORS

The names of the directors in office during the period and until the date of this report are as follows:

Mr Peng Li Non-Executive Chairman <i>(Appointed 4 March 2020)</i>	<p>Mr Li holds a Bachelor of Economics from East China Jiaotong University and is a Chinese citizen. He is currently the Head of the Finance Department of China Railway Resources Group Limited.</p> <p><i>Directorships of other listed companies</i> None</p> <p><i>Interest in shares and options</i> Nil</p>
Mr Jun Lyu Non-Executive Director <i>(Appointed 12 December 2017)</i>	<p>Mr Lyu holds a Master's Degree in International Business, Computing and Information Management from London South Bank University and is a Chinese citizen. He is currently Vice Director of the Development Department of China Railway Resources Group Limited.</p> <p><i>Directorships of other listed companies</i> None</p> <p><i>Interest in shares and options</i> Nil</p>
Mr Theuns Klopper Non-Executive Director <i>(Appointed 19 January 2017)</i>	<p>Mr Klopper is a Chartered Accountant with over 15 years' experience providing professional services to ASX listed, public and private companies. His experience includes provision of audit and assurance services as well as advisory work on financial governance and financial reporting. He is a graduate member of the Australian Institute of Company of Directors.</p> <p><i>Directorships of other listed companies</i> None</p> <p><i>Interest in shares and options</i> Nil</p>
Mr Zhihong Chen Non-Executive Director <i>(Appointed 29 May 2018)</i>	<p>Mr Chen was RMA's Senior Exploration Geologist from 2010 to 2015. He holds a PhD in Structural Geology from China Academy of Geological Sciences in Beijing as well as a MSc in Geological Resource Management and Environmental Geology from the International Institute for Geo-information Science and Earth Observation in the Netherlands.</p> <p><i>Directorships of other listed companies</i> None</p> <p><i>Interest in shares</i> 1,468,636</p> <p><i>Interest in options</i> Nil</p>
Mr Ying Liu Former Non-Executive Chairman <i>(Appointed 12 December 2017; Resigned 4 March 2020)</i>	<p>Mr Liu is a Chinese citizen and has an Undergraduate Degree in Engineering from Hebei University. He is currently Director of the Development Department of China Railway Resources Group Limited.</p> <p><i>Directorships of other listed companies</i> None</p> <p><i>Interest in shares and options</i> Nil</p>

All directors were in office for the whole of the financial year unless otherwise stated.

RMA Energy Limited

Directors' Report

COMPANY SECRETARY

Mr Henko Vos

(Appointed 31 March 2020)

Mr Vos is a member of the Australian Institute of Company Directors (AICD), the Governance Institute of Australia (GIA), and the Chartered Accountants in Australia and New Zealand (CAANZ) with more than 15 years' experience working within public practice, specifically within the area of corporate services and audit and assurance both in Australia and South Africa. He holds similar secretarial roles in various other listed public companies in both industrial and resource sectors. He is a Director at Nexia Perth, a mid-tier corporate advisory and accounting practice.

Ms Abby Siew

(Appointed 19 January 2017; Resigned 26 June 2020)

Ms Siew graduated from Curtin University with a Bachelor of Commerce majoring in Accounting and Finance. She is a member of Certified Practising Accountants Australia. She is currently employed by Nexia Perth, a mid-tier corporate advisory and accounting practice.

DIRECTORS' MEETINGS

The number of full directors' meetings and the number of meetings attended by each of the director of the Company for the time the director held office during the financial year are:

	Number eligible to attend	Number attended
Peng Li	1	1
Jun Lyu	1	1
Theuns Klopper	1	1
Zhihong Chen	1	1

In addition to the above, the directors met by circular resolution on 4 occasions during the year.

PRINCIPAL ACTIVITY

The principal activity of the Company during the financial year was to seek and review suitable projects and opportunities for potential investment. In addition, the Company is also considering a number of restructuring and refinancing alternatives and is in discussions with its major shareholders and a number of interested parties with a view to secure the Company's re-capitalisation and overall position.

OPERATING AND FINANCIAL REVIEW

Shareholder returns

The tables below set out summary information about the Company's earnings and movements in shareholder wealth up to 31 December 2020.

	31 December 2020	31 December 2019	31 December 2018	31 December 2017	31 December 2016
Income	-	-	7,567	463	1,038
Net loss before tax	(158,193)	(176,283)	(171,577)	(224,529)	(255,724)
Net loss after tax	(158,193)	(176,283)	(171,577)	(224,529)	(255,724)

	31 December 2020	31 December 2019	31 December 2018	31 December 2017	31 December 2016
Share price at the start of the year (cent)	0.001	0.001	0.003	0.003	0.01
Share price at the end of the year (cent)	0.001	0.001	0.001	0.003	0.003
Basic and diluted loss per share (cent)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)

Operating results

For the year ended 31 December 2020, the loss attributable to members of the Company was \$158,193 (31 December 2019: loss \$176,283).

RMA Energy Limited

Directors' Report

REVIEW OF OPERATIONS

Exploration activities

The company incurred minimum expenditure in relation to exploration and evaluation work on its tenements during the year, and in fact reduced its tenement holdings to nil during the year. The company is currently in the process of completing its final obligations to the Department of Natural Resources, Mines and Energy.

Corporate

During the year ended 31 December 2020, the Company continued its efforts to seek and review suitable projects and opportunities for potential investment. The Board continued its review of the Company's overall position and re-capitalisation strategy and options. This included a review of its current tenement holdings.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no other significant changes in the state of affairs of the Company during the financial year.

DIVIDENDS

No dividend has been paid or recommended by the directors since the commencement of the financial year.

EVENTS SUBSEQUENT TO REPORTING DATE

On 25 February 2021, the Company entered into a loan agreement with its largest shareholder, CREC Resources (Aust) Pty Ltd for \$150,000. The loan is unsecured and repayable within 12 months. The loan attracts an interest rate based on RMB benchmark lending rate announced by People's Bank of China, corresponding to the term of borrowing.

The first drawdown of \$20,000 were received into the Company's bank account on 25 February 2021.

The Company has been monitoring the potential impact of COVID-19 on its operations. The Company has plans in place to minimise the impact and is dependent on the continued support of its major shareholder, CREC Resources (Aust) Pty Ltd. Given the uncertainty over the situation, the Company is not in a position to determine the full impact that COVID-19 will have on its operations, or quantify any financial impact.

Other than noted above, there have been no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect:

- (i) the Company's operations in future years; or
- (ii) the results of those operations in future years; or
- (iii) the Company's state of affairs in future years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company intends to continue exploration on its existing tenements, to acquire further tenements for exploration of all minerals and to seek other areas of investment.

ENVIRONMENTAL REGULATIONS

The Company's environmental obligations are regulated by Australian State and Federal Law. The Company has complied with its environmental performance obligations. No environmental breaches have been notified by any Government agency to the date of the directors' report.

DIRECTORS' INTEREST

The relevant interest of each director in the shares and rights or options over such instruments issued by the Company, as notified by the directors to the ASX in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	Ordinary shares	Options
Peng Li ¹	-	-
Jun Lyu	-	-
Theuns Klopper	-	-
Zhihong Chen	1,468,636	-
Ying Liu ²	-	-

¹ Appointed 4 March 2020.

² Appointed 12 December 2017; Resigned 4 March 2020.

SHARE OPTIONS

Unissued shares under options

There are no unissued shares under options at 31 December 2020 or the date of this report.

Shares issued from exercise of options

No shares were issued during the year ended 31 December 2020 as a result of an exercise of options.

RMA Energy Limited

Directors' Report

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Company are important.

Details of the amounts paid or payable to the auditor Bentleys Perth for audit and non-audit services provided during the period are set out below.

	31-Dec-20	31-Dec-19
	\$	\$
Audit services		
Audit and review of financial reports (Bentleys Perth)	21,223	21,465
Total remuneration for audit services	21,223	21,465

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to 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 part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

REMUNERATION REPORT (AUDITED)

The remuneration report is set out under the following main headings:

- A. Principles used to determine the nature and amount of remuneration
- B. Details of remuneration
- C. Service agreements
- D. Share-based compensation
- E. Additional information

The information provided in this remuneration report has been audited as required by Section 308(3C) of the *Corporations Act 2001*.

A. Principles used to determine the nature and amount of remuneration

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market practice for delivery of reward. The board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency
- capital management

Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the board. The maximum currently stands at \$300,000 in aggregate.

Directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. This amount is separate from any specific tasks the directors may take on for the Company in the normal course of business and at normal commercial rates.

Fees for directors are not linked to the performance of the Company, however, to align all directors' interests with shareholders' interests, directors are encouraged to hold shares in the Company and may receive options. This effectively links directors' performance to the share price performance and therefore to the interests of shareholders. For this reason there are no performance conditions prior to grant, but instead act as an incentive to increase the value for all shareholders.

A director may also be paid fees or other amounts as the directors determine if a director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director. A director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Retirement allowances for directors

Superannuation contributions required under the Australian superannuation guarantee legislation continue to be made and are deducted from the directors' overall fee entitlements.

RMA Energy Limited

Directors' Report

REMUNERATION REPORT (AUDITED) (CONTINUED)

Executive pay

The executive pay and reward framework consists of base pay and benefits, including superannuation.

The combination of these comprises the executives' total remuneration. The Company intends to review its long-term equity-linked performance incentives for executives as deemed necessary by the board.

Base pay

Base pay is structured as a total employment cost package, which may be delivered as a combination of cash and prescribed non-financial benefits, at the executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Correspondence with external remuneration consultants provides the market analysis to ensure base pay is set to reflect the market for a comparable role. Base pay for executives is reviewed annually to ensure the executive's pay is competitive with the market. There is no formal link between executive remuneration and shareholder wealth.

Benefits

No benefits other than noted above are paid to directors or management except as incurred in normal operations of the business.

Short and long term incentives

At the date of this report, the Company has not adopted any employee incentive schemes.

There is no relationship between Company performance and remuneration.

B. Details of remuneration

Key Management Personnel (KMP) and other executives of the Company:

	Short-Term Benefits	Short-Term Benefits	Post- Employment Benefits	Share Based Payments	Total	Value of Share Based Payments as a Proportion of Remuneration
<i>Directors</i>	<i>Base Remuneration</i>	<i>Additional Fees</i>	<i>Superannuation</i>	<i>Value of Options and ESS</i>		<i>%</i>
Ying Liu						
- 31 Dec 2020	-	-	-	-	-	-
- 31 Dec 2019	-	-	-	-	-	-
Jun Lyu						
- 31 Dec 2020	-	-	-	-	-	-
- 31 Dec 2019	-	-	-	-	-	-
Theuns Kloppe						
- 31 Dec 2020	12,000	-	-	-	12,000	-
- 31 Dec 2019	12,000	-	-	-	12,000	-
Zhihong Chen						
- 31 Dec 2020	12,000	-	-	-	12,000	-
- 31 Dec 2019	12,000	-	-	-	12,000	-
Total						
Year ended 31 December 2020	24,000	-	-	-	24,000	-
Year ended 31 December 2019	24,000	-	-	-	24,000	-

The percentage of the remuneration of the directors and other key management personnel that is performance based is nil.

RMA Energy Limited

Directors' Report

REMUNERATION REPORT (AUDITED) (CONTINUED)

C. Service agreements

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of director.

Remuneration and other terms of employment for the managing director and the other key management personnel are also formalised in service agreements. Each of these agreements provide for the provision of performance-related conditions, other benefits including car allowances (if applicable) and when eligible, participation in the RMA Energy Employee Option Plan. Other major provisions of the agreements relating to remuneration are set out below.

Mr Theuns Klopper (appointed 19 January 2017):

- Engagement commenced on 19 January 2017 with no fixed engagement term.
- Director's fees of \$12,000 per annum plus applicable GST through Nexia Perth Pty Ltd.

Mr Zhihong Chen (appointed 29 May 2018):

- Engagement commenced on 29 May 2018. Ongoing appointment is contingent upon satisfactory performance and election by shareholders as and when required by the Company's Constitution.
- Remuneration of \$12,000 per annum (including statutory superannuation).

D. Share-based compensation

During the period no unlisted options were granted to key management personnel as part of their remuneration.

E. Option holdings of key management personnel (KMP)

There were no options exercised during the financial period.

F. Loans to key management personnel

During the period, no loans had been made to key management personnel.

G. Other transactions with key management personnel

There were no other material transactions with key management personnel.

The directors are satisfied that the Company has complied with its policies on ethical standards, including trading in securities.

As at the date of this report there were no unlisted options on issue.

End of audited remuneration report

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 8.

Signed in accordance with a resolution of the directors.



Mr Theuns Klopper
Non-Executive Director

Perth, Western Australia
30 March 2021

**Bentleys Audit & Corporate
(WA) Pty Ltd**

London House

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To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit partner for the audit of the financial statements of RMA Energy Limited for the financial year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully



BENTLEYS
Chartered Accountants



MARK DELAURENTIS CA
Partner

Dated at Perth this 30th day of March 2021

RMA Energy Limited
Statement of Profit and Loss and Other Comprehensive Income
For the year ended 31 December 2020

	Notes	Dec-2020	Dec-2019
		\$	\$
Income from continuing operations			
Revenue	5	2,508	-
Expenditure from continuing operations			
External professional fees		(59,112)	(62,510)
Directors and employee benefits expense		(24,000)	(24,097)
Exploration and evaluation expenses		(733)	(11,973)
Other administrative expenses		(23,692)	(30,402)
Finance costs	6	(53,164)	(47,301)
Loss before income tax for the year		(158,193)	(176,283)
Income tax expense	7	-	-
Net loss after income tax for the year		(158,193)	(176,283)
Total comprehensive loss for the year		(158,193)	(176,283)
Basic and diluted loss per share (cents)	8	(0.008)	(0.01)

The above statement of comprehensive income is to be read in conjunction with the accompanying notes.

RMA Energy Limited
Statement of Financial Position
As at 31 December 2020

	Notes	Dec-2020 \$	Dec-2019 \$
ASSETS			
Current assets			
Cash and cash equivalents	9	6,590	18,023
Other assets	11	1,418	6,309
Total current assets		8,008	24,332
Total assets		8,008	24,332
LIABILITIES			
Current liabilities			
Trade and other payables	12	45,212	56,508
Loans	13	1,148,224	995,060
Total current liabilities		1,193,436	1,051,568
Total liabilities		1,193,436	1,051,568
NET ASSETS DEFICIENCY		(1,185,428)	(1,027,236)
EQUITY			
Contributed equity	14	24,443,186	24,443,186
Accumulated losses		(25,628,612)	(25,470,422)
Shareholders' funds		(1,185,426)	(1,027,236)

The above statement of financial position is to be read in conjunction with the accompanying notes.

RMA Energy Limited
Statement of Cash Flows
For the year ended 31 December 2020

	Notes	Dec-2020 \$	Dec-2019 \$
Cash flows from operating activities			
Payments to suppliers and employees		(118,208)	(115,935)
Interest received		-	-
Net cash flows used in operating activities	10	<u>(118,208)</u>	<u>(115,935)</u>
Cash flows from investing activities			
Payments for exploration and evaluation tenements		(733)	(10,395)
Deposit returned		7,508	-
Net cash flows gain/(used) in investing activities		<u>6,775</u>	<u>(10,395)</u>
Cash flows from financing activities			
Loan received		100,000	120,000
Net cash flows from financing activities		<u>100,000</u>	<u>120,000</u>
Net decrease in cash and cash equivalents		(11,433)	(6,330)
Cash and cash equivalents at beginning of year		18,023	24,353
Cash and cash equivalents at end of year	9	<u>6,590</u>	<u>18,023</u>

The above statement of cash flows is to be read in conjunction with the accompanying notes.

RMA Energy Limited
Statement of Changes in Equity
For the year ended 31 December 2020

	Contributed equity \$	Accumulated losses \$	Total \$
Balance at 1 January 2020	24,443,186	(25,470,422)	(1,027,236)
Total comprehensive loss for the year	-	(158,193)	(158,193)
Transactions with owners in their capacity as owners	-	-	-
Balance at 31 December 2020	24,443,186	(25,628,615)	(1,185,429)
Balance at 1 January 2019	24,443,186	(25,294,139)	(850,953)
Total comprehensive loss for the year	-	(176,283)	(176,283)
Transactions with owners in their capacity as owners	-	-	-
Balance at 31 December 2019	24,443,186	(25,470,422)	(1,027,236)

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

RMA Energy Limited

Notes to and forming part of the Financial Statements

For the year ended 31 December 2020

1. Corporate information

The financial statements of RMA Energy Limited for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 30 March 2021.

RMA Energy Limited is a Company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of operations and principal activities of the Company are described in the Directors' Report.

2. Statement of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the requirement of Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

The financial statements of the Company also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards which include International Financial Reporting Standards as adopted in Australia, compliance with these standards ensures that the financial statements and notes presented comply with International Financial Reporting Standards (IFRS).

For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

(c) Standards and interpretations adopted in the current year

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australia Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 January 2020.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Company include:

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Currently the Company does not have any leases in place, hence AASB 16 does not have any impact on the Company's financial report.

(d) Standards and Interpretations in issue not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 31 December 2020. The Company does not anticipate that the application of the Standards in the future will have an impact on the Company's financial statements.

RMA Energy Limited

Notes to and forming part of the Financial Statements

For the year ended 31 December 2020

2. Statement of significant accounting policies (con't)

(e) Going concern

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

The Company has incurred a loss for the year ended 31 December 2020 of 158,193 (2019: \$176,283) and cash outflows from operating and investing activities of \$111,433 (2019: \$126,329).

The Company has a loan payable to CREC Resources (Aust) Pty Ltd ("CREC") for \$910,500 as at 31 December 2020 excluding accrued interest. The Company also obtains the first drawdown of a further loan of \$150,000 from CREC on 25 February 2021 for a total of \$20,000.

The ability of the Company to continue as a going concern is principally dependent on the Company to increase cashflow from existing businesses, managing cashflow in line with available funds and the ability of the Company to secure funds by raising capital from equity markets or securing further debt funding from CREC. CREC has confirmed that it will not call upon the loan payable until the Company has sufficient working capital available to repay the loan and still have enough cash available to settle its debts as and when they fall due. CREC also confirmed that they will continue to provide financial support as is necessary to enable RMA Energy Limited to meet its working capital when it fall due for a period of no less than 12 months from the date of signing the financial statements of RMA for the full year ended 31 December 2020.

The Board has also initiated discussions with various parties to consider re-capitalisation of the Company.

The directors have prepared a cash flow forecast, which indicates that the Company will need to raise further capital from debt or equity sources to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.

These conditions indicate material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern.

Based on the cash flow forecasts and other factors referred above, the directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Company's history of receiving financial support from CREC to date, the directors are confident of the Company's ability to raise additional funds as and when they are required.

(f) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

(g) Functional and presentation currency

These financial statements are presented in Australian dollars, which is also the Company's functional currency.

(h) Exploration expenses

During the financial year, exploration, evaluation and development expenditure are expensed as exploration and evaluation expenditure as incurred.

(i) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(j) Plant and equipment

Plant and equipment is stated at historical cost less depreciation. Depreciation is calculated using the diminishing value method so as to write off the net cost of each asset during their expected useful life of 3 to 20 years.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not shown in the accounts at a value in excess of the recoverable amount from assets.

(k) Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

(l) Financial Assets

Trade receivables are held in order to collect the contractual cash flows and are initially measured at the transaction price (excludes estimates of variable consideration) as defined in AASB 15, as the contracts of the Group do not contain significant financing components. Impairment losses are recognised based on lifetime expected credit losses in profit or loss.

Other receivables are held in order to collect the contractual cash flows and accordingly are measured at initial recognition at fair value, which ordinarily equates to cost and are subsequently measured at cost less impairment due to their short term nature. A provision for impairment is established based on 12-month expected credit losses unless there has been a significant increase in credit risk when lifetime expected credit losses are recognised. The amount of any provision is recognised in profit or loss.

RMA Energy Limited

Notes to and forming part of the Financial Statements

For the year ended 31 December 2020

2. Statement of significant accounting policies (con't)

(ii) *Financial Liabilities and Equity*

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

All other loans including convertible loan notes are initially recorded at fair value, which is ordinarily equal to the proceeds received net of transaction costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

(iii) *Effective Interest Rate Method*

The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(I) Provisions and employee benefits

Provisions and employee benefits

Provisions are recognised when the Company has a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at year end using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a risk-free government bond rate relative to the expected life of the provision is used as a discount rate. The increase in the provision resulting from the passage of time is recognised in finance costs.

Employee leave benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled wholly within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(m) Share based payments

The Company provides benefits to directors, employees, consultants and other advisors of the Company in the form of share-based payments, whereby the directors, employees, consultants and other advisors render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black-Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the market price of the shares of the Company if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant recipient becomes fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- (i) the extent to which the vesting period has expired and
- (ii) the Company's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the recipient, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

RMA Energy Limited

Notes to and forming part of the Financial Statements

For the year ended 31 December 2020

2. Statement of significant accounting policies (con't)

(n) Loss per share

The calculation of basic loss per share is determined by dividing the loss after income tax attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

(o) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in the active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The fair value of financial instruments traded in active markets (such as shares in listed companies) is based on quoted market prices at 31 December 2020.

The nominal value, less any estimated credit adjustments, of trade receivables and payables are assumed to approximate their fair value.

(p) Impairment of assets

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

(q) Payables

Trade payables and other accounts payable are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services.

(r) Revenue recognition

Interest income

Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

(s) Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at reporting date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

(t) Segment reporting

AASB 8 Operating Segments requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors.

RMA Energy Limited

Notes to and forming part of the Financial Statements

For the year ended 31 December 2020

2. Statement of significant accounting policies (con't)

(u) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the notional income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company operates and generates income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the assets and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(v) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position. Cash flows are presented on a gross basis, inclusive of GST.

(w) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds, net of transaction costs, and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case the fee is deferred until the draw down occurs.

(x) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(y) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

3. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

RMA Energy Limited
Notes to and forming part of the Financial Statements
For the year ended 31 December 2020

3. Significant accounting judgements, estimates and assumptions (con't)

Coronavirus (COVID-19) Pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

RMA Energy Limited

Notes to and forming part of the Financial Statements

For the year ended 31 December 2020

4. Segment information

Management has determined that the Company has one reporting segment being mineral exploration.

As the Company is focused on mineral exploration, management make resource allocation decisions by reviewing the working capital balance, comparing cash balances to committed exploration expenditure and the current results of exploration work performed. This internal reporting framework is the most relevant to assist the board with making decisions regarding the Company and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date and capital available to the Company.

All revenue and expenses relate to corporate activities and would not be used to assess segment performance.

Geographical information

The Company operates in one principal geographical area – Australia (country of domicile).

	Dec-2020 \$	Dec-2019 \$
5. Revenue		
Other income ¹	2,508	-
	<u>2,508</u>	<u>-</u>

¹ Refund of deposits received from the Department of Natural Resources, Mine and Energy.

6. Finance costs

Finance costs ¹	53,164	47,301
	<u>53,164</u>	<u>47,301</u>

¹ Interest expense incurred during the year ended 31 December 2020 on the \$410,500 loan, \$200,000 loan, the \$200,000 drawdown facility and the \$100,000 loan from CREC Resources (Aust) Pty Ltd. Refer to Note 13 for more information.

	Dec-2020 \$	Dec-2019 \$
7. Income tax expense		
The income tax (benefit) for the year differs from the prima facie tax as follows:		
Loss for the year	(158,193)	(176,283)
Prima facie income tax (benefit) @25% (2019: 27.5%)	(39,548)	(48,478)
Non-deductible expenses	-	-
Adjustment due to change in tax rates	668,067	-
PY under/over	23,266	-
Temporary differences not brought to account	(651,785)	48,478
Total income tax expense	<u>-</u>	<u>-</u>
The directors estimate that the potential deferred tax asset, at the rate of 25% (2019:27.5%), in respect of tax losses not brought to account is	<u>6,720,215</u>	<u>7,371,999</u>

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. Management has calculated that accounting losses arose in prior periods and therefore consider a reasonable assumption to be that, following submission of the tax returns, tax losses will be available to be utilised in order to offset its assessable income. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

RMA Energy Limited
Notes to and forming part of the Financial Statements
For the year ended 31 December 2020

	Dec-2020 \$	Dec-2019 \$
8. Loss per share		
Basic loss per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.		
Diluted loss per share amounts are calculated by dividing the net loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.		
(a) Net Loss	(158,193)	(176,283)
(b) Basic and Diluted loss per share – cents per share		
Loss attributable to the ordinary equity holders of the Company	(0.008)	(0.01)
(c) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares outstanding during the period used in calculation of basic earnings per share	2,100,235,625	2,100,235,625
9. Cash at bank and in hand		
Cash as at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash at bank and on hand	6,590	18,023
Balance per statement of cash flows	6,590	18,023
The Company's exposure to interest rate risk is discussed at Note 16. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents noted above.		
10. Reconciliation from the net loss after tax to the net cash flows used in operations	Dec-2020 \$	Dec-2019 \$
Operating loss	(158,193)	(176,283)
<i>Add non-cash items</i>		
Accrued interest	53,164	47,301
Exploration expenses	733	11,973
Less: Deposit Received	(2,508)	-
<i>Increases and decreases in operating assets and liabilities</i>		
(Increase)/decrease in trade and other receivables	(109)	(4)
Increase/(decrease) in trade and other payables	(11,295)	1,079
Net cash used in operating activities	(118,208)	(115,935)

RMA Energy Limited
Notes to and forming part of the Financial Statements
For the year ended 31 December 2020

	Dec-2020	Dec-2019
	\$	\$
Changes in liabilities arising from financing activities		
Opening balance	995,060	827,759
Interest accrued	53,164	47,301
Net cash (used in)/from financing activities	100,000	120,000
Closing balance	1,148,224	995,060

	Dec-2020	Dec-2019
	\$	\$
11. Other assets (current)		
Deposits	-	5,000
Other	1,418	1,309
	1,418	6,309

	Dec-2020	Dec-2019
	\$	\$
12. Trade and other payables (current)		
Trade payables and accruals	45,212	56,508
	45,212	56,508

Trade payables are normally settled on 30 – 60 day terms.

	Dec-2020	Dec-2019
	\$	\$
13. Borrowings (current)		
Loan from CREC ¹	410,500	410,500
Add: Interest accrued on loan	168,086	138,037
Loan from CREC ²	200,000	200,000
Add: Interest accrued on loan	48,609	37,995
Loan Drawdown facility from CREC ³	200,000	200,000
Add: Interest accrued on loan	18,661	8,528
Loan from CREC ⁴	100,000	-
Add: Interest accrued on loan	2,368	-
	1,148,224	995,060

¹ On 24 November 2014, the Company received loan funds of \$410,500 from CREC Resources (Aust) Pty Ltd ("CREC"). The loan is unsecured and is repayable within 3 years from the date of draw down. Interest accrues on the loan at the rate of 7.20% p.a. from 24 November 2017 (was 6.00% p.a. prior to that).

² On 31 March 2016, the Company received further loan funds of \$200,000 from CREC to assist with working capital requirements. The loan term is for 1 year and attracts an interest rate of 5.22% per annum (was 4.35% per annum prior to 31 March 2017).

³ On 27 March 2018, the Company entered into a loan agreement for \$200,000 with CREC to assist with working capital requirements. The borrowing is to be drawn in 5 instalments of \$40,000 each. The loan is unsecured and is for 1 year term. The loan attracts an interest rate of 4.35% per annum during the first 12 months of borrowing and increased by 20% to 5.22% after the expiration of the 12 months' term. As at 31 December 2019, all instalments have been drawn down in full.

⁴ On 19 June 2020, the Company received further loan funds of \$100,000 from CREC to assist with working capital requirements. The loan term is for 1 year and attracts an interest rate of 4.35% per annum.

As at the date of this report, RMA directors are still in discussion with CREC to renegotiate the repayment terms of the above loans. Please refer to Note 21 for further information about this matter.

RMA Energy Limited
Notes to and forming part of the Financial Statements
For the year ended 31 December 2020

	Dec-2020 \$	Dec-2019 \$
14. Contributed equity		
(a) Share Capital		
Ordinary shares at end of year 2,100,235,625 (31 December 2019: 2,100,235,625)	24,443,186	24,443,186
(b) Movement in ordinary shares capital	No of shares	\$
1 January 2020 Opening balance	2,100,235,625	24,443,186
31 December 2020 Closing balance	2,100,235,625	24,443,186

15. Key management personnel

(a) Details of key management personnel

The key management personnel (KMP) of RMA Energy Limited during the year were:

Peng Li	Non-Executive Director (Appointed 4 March 2020)
Ying Liu	Non-Executive Chairman (Appointed 12 December 2017; Resigned 4 March 2020)
Jun Lyu	Non-Executive Director (Appointed 12 December 2017)
Theuns Kloppe	Non-Executive Director (Appointed 19 January 2017)
Zhihong Chen	Non-Executive Director (Appointed 29 May 2018)

	Dec-2020 \$	Dec-2019 \$
(b) Compensation for key management personnel		
Short term employee benefits	24,000	23,394
Post-employment benefits	-	702
Total compensation	24,000	24,097

16. Financial instruments

Overview – risk management

This note presents information about the Company's exposure to credit, liquidity and market risks, its objectives, policies and processes for measuring and managing risk and the management of capital.

The Company does not use any form of derivatives as it is not at a level of exposure that requires the use of derivatives to hedge its exposure. Exposure limits are reviewed by management on a continuous basis. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The board of directors of the Company has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Company and the Company through regular reviews of the risks.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and investment securities. At 31 December 2020 there were no significant concentrations of credit risk.

Cash and cash equivalents

The Company limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating.

Trade and other receivables

As the Company operates primarily in exploration activities, it will only have insignificant trade receivables and therefore is not exposed to significant credit risk in relation to trade receivables. The Company, where necessary, establishes an allowance for impairment that represents its estimate of incurred losses in respect of other receivables and investments.

The Company, where necessary, establishes an allowance for impairment that represents its estimate of incurred losses in respect of other receivables and investments. Management does not expect any counterparty to fail to meet its obligations.

RMA Energy Limited

Notes to and forming part of the Financial Statements

For the year ended 31 December 2020

16. Financial instruments (continued)

Exposure to credit risk

The carrying amount of the Company's financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk at the reporting date was:

	Note	Dec-2020 \$	Dec-2019 \$
Other current assets	11	-	-
Cash and cash equivalents	9	6,590	18,023

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Impairment losses

None of the Company's other receivables are past due (2019: Nil).

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining adequate cash reserves from funds raised in the market including through debt financing and by continuously monitoring forecast and actual flows.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

31 December 2020	Note	Effective interest rate	Carrying amount	Less than 1 year	1-5 years
Trade and other payables	12	-	45,212	45,212	-
Loan from CREC	13	6.20%	1,148,224	1,148,224	-
			1,193,436	1,193,436	-
31 December 2019					
Trade and other payables	12	-	56,508	56,508	-
Loan from CREC	13	6.20%	995,060	995,060	-
			1,051,568	1,051,568	-

Disclosure of the Company's capital commitments are disclosed in Note 17.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Company has no exposure to currency risk at 31 December 2020 and 31 December 2019.

Interest rate risk

The Company is exposed to interest rate risk (primarily on its cash and cash equivalents), which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The Company does not use derivatives to mitigate these exposures.

RMA Energy Limited

Notes to and forming part of the Financial Statements

For the year ended 31 December 2020

16. Financial instruments (continued)

The Company adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents on short term deposit at interest rates maturing over 90 day rolling periods.

Profile

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

	Dec-2020 \$	Dec-2019 \$
Fixed rate instruments		
Financial assets – cash and cash equivalents	-	-
Variable rate instruments		
Financial assets – cash and cash equivalents	6,590	18,023

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss or through equity.

Cash flow sensitivity analysis for variable rate instruments

A change of $\pm 1.5\%$ in interest rates, being the amount official interest rates increased during the financial period, at the reporting date and assuming all other variables held constant, would have increased (decreased) equity and profit or loss by Nil (2019: Nil).

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares or sell assets to reduce debt. The Company's focus has been to raise sufficient funds through equity and/or borrowings to fund exploration and evaluation activities. The Company monitors capital on the basis of the gearing ratio; however there were no external borrowings from unrelated parties as at balance date and the Company is not subject to externally imposed capital requirements.

There were no changes in the Company's approach to capital management during the period. Risk management policies and procedures are established with regular monitoring and reporting.

17. Commitments

Capital commitments

The following tenements expired during the financial year, no further expenditure is required for these exploration permits.

Exploration permits

Tenure No.	Holder	Area (blocks)	Grant date	Expiry date	Minimum expenditure		
					Less than 1 year	1 – 5 years	> 5 years
					\$	\$	\$
EPM 15136	RMA Energy Limited	47	22/07/2009	21/07/2020	-	-	-
EPM 19736	RMA Energy Limited	17	20/10/2015	19/10/2020	-	-	-
Total					-	-	-

RMA Energy Limited

Notes to and forming part of the Financial Statements

For the year ended 31 December 2020

18. Related party disclosure

The Australian parent entity is CREC Resources (Aust) Pty Ltd, which, at 31 December 2020, owned 51.34% (2019: 51.34%) of the issued ordinary shares of RMA Energy Limited. Please refer to Note 13 for the loan balances with the parent entity.

The ultimate parent entity is China Rail Resource Co., Ltd (incorporated in the People's Republic of China) which, at 31 December 2020, owned 100% of the issued ordinary shares of CREC Resources (Aust) Pty Ltd.

Director related entities

The Company paid \$12,000 (2019: \$12,000) to Nexia Perth Pty Ltd for Mr Theuns Klopper's service as Non-Executive Director and \$38,689 (2019: \$41,045) for expense reimbursements, accounting, taxation and Company secretarial services to the Company. Mr Klopper is an employee of Nexia Perth Pty Ltd. As at 31 December 2020, \$4,000 was outstanding (2019: \$8,000).

19. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2019 and 31 December 2020.

20. Auditor's remuneration

	Dec-2020 \$	Dec-2019 \$
Audit services and review of financial reports		
Bentleys Audit & Corporate (WA) Pty Ltd	21,223	21,465
Total remuneration for audit services	<u>21,223</u>	<u>21,465</u>

21. Events after the balance sheet date

On 25 February 2021, the Company entered into a loan agreement with its largest shareholder, CREC Resources (Aust) Pty Ltd for \$150,000. The loan is unsecured and repayable within 12 months. The loan attracts an interest rate based on RMB benchmark lending rate announced by People's Bank of China, corresponding to the term of borrowing.

The first drawdown of \$20,000 funds were received into the Company's bank account on 25 February 2021.

The Company has been monitoring the potential impact of COVID-19 on its operations. The Company has plans in place to minimise the impact and is dependent on the continued support of its major shareholder, CREC Resources (Aust) Pty Ltd. Given the uncertainty over the situation, the Company is not in a position to determine the full impact that COVID-19 will have on its operations, or quantify any financial impact.

Other than noted above, there have been no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect:

- (iv) the Company's operations in future years; or
- (v) the results of those operations in future years; or
- (vi) the Company's state of affairs in future years.

RMA Energy Limited
Directors' Declaration
For the year ended 31 December 2020

The directors of the Company declare that:

1. The attached financial statements and notes are in accordance with the Corporations Act 2001:
 - (a) comply with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) give a true and fair view of the Company's financial position as at 31 December 2020 and of its performance for the year ended on that date.
 - (c) comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. The directors have been given the declaration required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors.



Mr Theuns Klopper
Non-Executive Director

Perth, Western Australia
30 March 2021

Independent Auditor's Report

To the Members of RMA Energy Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of RMA Energy Limited ("the Company"), which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- a. the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 31 December 2020 and of its financial performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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



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Material Uncertainty Related to Going Concern

We draw attention to Note 2(e) in the financial report which indicates that the Company incurred a net loss of \$158,193 during the year ended 31 December 2020. As stated in Note 2(e), these events or conditions, along with other matters as set forth in Note 2(e), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in this respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Loans - \$1,148,224 (Refer to Note 13)</p> <p>This is the largest item on the statement of financial position pertaining to a loan payable to a major shareholder.</p> <p>The specific risks we identified surrounding the loan relate to the rights & obligations of the Company in repaying the loan and whether the loan payable has been accurately stated at year end based on the terms of the Shareholder Loan Agreements.</p> <p>Furthermore as disclosed in Note 21, the Company has entered into an additional facility with the shareholder for a further amount of \$150,000 subsequent to year end.</p>	<p>We reviewed the terms of the Shareholder Loan Agreements and determined whether they have been factored in correctly when calculating the interest accumulated during the year.</p> <p>We performed mathematical checks on the calculated interest expense to ensure it was accurately recorded.</p> <p>We agreed receipt of funds to bank statements subsequent to year end.</p> <p>We obtained a letter from the Shareholder confirming the amount repayable as at 31 December 2020. Furthermore, the Shareholder confirmed that they will not call upon the loan until the Company has sufficient working capital to repay the loan and still have enough cash available to settle its debts as and when they fall due.</p> <p>We assessed the adequacy of the disclosure in Note 13.</p>

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 December 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2020. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 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.

Independent Auditor's Report

To the Members of RMA Energy Limited *(Continued)*



Auditor's Opinion

In our opinion, the Remuneration Report of the Company, for the year ended 31 December 2020, complies with section 300A of the Corporations Act 2001.

A handwritten signature in blue ink that reads "Bentleys".

BENTLEYS
Chartered Accountants

A handwritten signature in blue ink that reads "Mark DeLaurentis".

MARK DELAURENTIS CA
Partner

Dated at Perth this 30th day of March 2021

RMA Energy Limited

ASX Additional Information

The shareholder information set out below was applicable as at 15 March 2021.

20 largest shareholdings – ordinary shares

The 20 largest registered holders of quoted ordinary shares were:

	Name	Number of Shares	%
1.	CREC RESOURCES (AUST) PTY LTD	1,078,173,341	51.34
2.	GOLDEN CONTINENT LIMITED	225,073,342	10.72
3.	CITICORP NOMINEES PTY LIMITED	186,971,506	8.90
4.	MS MIN HAO + MR GUOLIANG YANG	141,440,000	6.73
5.	MR JOEL PETER FISHLOCK <IVANHOE INVESTMENTS A/C>	90,000,000	4.29
6.	TANG CHENGHUA	80,929,637	3.85
7.	XUEFEN SHENG	73,550,675	3.50
8.	SILKTREE INVESTMENTS PTY LTD <PETER VASSILEFF SUPER A/C>	45,000,000	2.14
9.	MR LI HAIDONG	42,000,000	2.00
10.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	15,625,276	0.74
11.	MR JULIAN PETER SISSON + M/S JULIE MAREE WHITE	10,400,000	0.50
12.	MR WEIRAN ZHU	7,554,327	0.36
13.	MR ZHIMIN CHEN	6,263,100	0.30
14.	MR LOKESWAR REDDY GONTU	5,000,000	0.24
15.	MRS ELIZABETH MCCORMICK	4,376,000	0.21
16.	MS JING HAN	3,776,360	0.18
17.	MR CHIN HENG CHUAH	3,600,000	0.17
18.	MRS SYLVIA MARY MACWHIRTER <NO 2 A/C>	3,500,000	0.17
19.	MS HUI CHEN	3,250,000	0.15
20.	QUINN FAMILY SUPER PTY LTD <QUINN SMSF A/C>	3,000,000	0.14
		2,029,483,564	96.63

Distribution of Ordinary Shareholders

Shares Range	Holders	Units	%
1 - 1,000	6	2,488	0.00
1,001 - 5,000	38	110,956	0.01
5,001 - 10,000	33	275,331	0.01
10,001 - 100,000	123	4,910,072	0.23
100,001 Over	120	2,094,936,778	99.75
Total	320	2,100,235,625	100.00

The number of shareholders holding less than a marketable parcel of shares are:

Holders	Units
249	19,328,626

Voting rights – ordinary shares

The voting rights attaching to ordinary shares are:

On a show of hands every member present in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Substantial shareholders

The names of substantial shareholders in accordance with section 671B of the *Corporations Act 2001* are:

	Name	Number of Shares	%
1.	CREC RESOURCES (AUST) PTY LTD	1,078,173,341	51.34
2.	GOLDEN CONTINENT LIMITED	225,073,342	10.72
3.	CITICORP NOMINEES PTY LIMITED	186,971,506	8.90
4.	MS MIN HAO + MR GUOLIANG YANG	141,440,000	6.73

Restricted securities

The Company currently has no restricted securities on issue.