



**RESOURCE MINING CORPORATION LIMITED**

**ABN 97 008 045 083**

**FINANCIAL REPORT**

**HALF-YEAR ENDED 31 DECEMBER 2016**

# Resource Mining Corporation Limited

## Half-year Ended 31 December 2016

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# Resource Mining Corporation Limited

## Corporate Directory

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<b>ABN</b>	97 008 045 083
<b>Directors</b>	William (Bill) Mackenzie (Non-Executive Chairman) Warwick Davies (Managing Director) Zhang Chi (Andy) (Non-Executive Director)
<b>Company Secretary</b>	Amanda Sparks
<b>Registered Office</b>	702 Murray Street WEST PERTH, WESTERN AUSTRALIA 6005
<b>Principal Place of Business</b>	702 Murray Street WEST PERTH, WESTERN AUSTRALIA 6005  Telephone: +61 8 9213 9400 Facsimile: +61 8 9213 9444 Website: <a href="http://www.resmin.com.au">www.resmin.com.au</a>
<b>Share Registry</b>	Computershare Investor Services Pty Ltd Level 11, 172 St Georges Terrace PERTH, WESTERN AUSTRALIA 6000  Telephone Within Australia: 1300 850 505 Outside Australia: +61 3 9415 4000 <a href="http://www.investorcentre.com/contact">www.investorcentre.com/contact</a>
<b>Auditor</b>	BDO Audit (WA) Pty Ltd 38 Station Street SUBIACO, WESTERN AUSTRALIA 6008  Telephone: +61 8 6382 4600 Facsimile: +61 8 6382 6401
<b>Bankers</b>	Westpac Bank 116 James Street NORTHBRIDGE, WESTERN AUSTRALIA 6000
<b>Securities Exchange Listing</b>	Resource Mining Corporation Limited shares are listed on the Australian Securities Exchange (Home Exchange – Perth) ASX Code: RMI

# Resource Mining Corporation Limited

## Half Year Directors' Report

### 31 December 2016

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The Directors present the financial report of the consolidated entity, consisting of Resource Mining Corporation Limited (ASX: RMI) ("**RMC**") and its controlled entities ("**Group**"), for the half-year ended 31 December 2016.

#### **DIRECTORS**

The names of the Company's directors in office during the half-year and until the date of this report are as below. Directors were in the office for the entire period unless otherwise stated.

William (Bill) Mackenzie	Non-Executive Chairman
Warwick Davies	Managing Director
Zhang Chi (Andy)	Non-Executive Director

#### **COMPANY REVIEW**

##### **REVIEW OF OPERATIONS**

RMC is an innovative, Perth-based, mineral exploration company with a significant mineral deposit in Papua New Guinea ("**PNG**").

The development of the Wowo Gap Project in south east PNG remains the key strategic goal of the Resource Mining Group. With the increased sophistication of development of China's Nickel Pig Iron Industry, attention for development and nickel laterite ore sourcing has focussed on the South Pacific.

##### **Wowo Gap Nickel Laterite Project**

The major focus of the Company remains on the development of its wholly owned Wowo Gap Nickel Laterite Project located 200 kilometres from the PNG capital of Port Moresby. The nickel industry's desire to develop alternative supplies of DSO nickel laterite ore remains solid as the combination of the effects of the Indonesian government's ore export ban and a series of forced mine closures in the Philippines, continue to impact supply sources.

China's demand for laterite ore is relatively subdued due to reduced economic activity; however, international commentators remain bullish for improvement in nickel prices during 2017 and beyond.

RMC's management continues to refine and implement a strategy to maintain and develop an appropriate level of corporate and site activities in an endeavour to both secure and preserve its corporate and the Project's tangible and intangible assets.

The aim has been to endeavour to formulate strategies that go beyond merely simply cutting further costs per se but which also result in both longer term cost efficiencies as well as add value to the Project by initiating processes that will indirectly supplement the Project's ongoing resource growth via exploration (which will be re-established when the commodity prices incentivise recommencement of the exploration program).

A cost effective and an active social engagement policy remain at the core of the Group's activities.

##### **Site Activities**

Activities on site have been concentrated in three broad categories:

1. Housekeeping, maintenance and preparation works,
2. Environmental monitoring, and
3. Social engagement.

# Resource Mining Corporation Limited

## Half Year Directors' Report

### 31 December 2016

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Housekeeping and maintenance has included the routine running of all machinery including drills etc along with rationalisation of all camp facilities. An integral part of the limited site activity has been the on-going program of training. With limited number of personnel on site, there exists a need for multi-skilling of personnel. This multi-skilling has been achieved by an active training program which has proven successful.

Environmental monitoring continues as a routine set of tasks with the focus on water, including routine testing of water quality and monitoring of rainfall and stream flows. The major drought that occurred in PNG and particularly in Oro Province during 2015/16 has broken with rainfall patterns returning to normal. During the past six months, flooding of creeks and major river systems has occurred with minimal interruption to the limited site activities.

The routine monitoring of potable water supply sources continues to provide valuable data regarding available flow rates across a wide variety of climatic conditions.

Social engagement remains and continues to be an important part of the site activities. The management is actively involved in community support programs, particularly relating to education as well as general support for the local communities. The company works with outside agencies to provide advice and logistics support where possible to facilitate aid programs.

#### **Tenements**

##### ***Renewal of Exploration Licence EL 1165***

Advice was received from the Minerals Resources Authority, (MRA), that Niugini Nickel's application for a 2 year extension to the Exploration Licence for EL 1165, had been granted by the Mines Minister. The extension of the exploration licence came with no special conditions. The current life on the licence is through to end February 2018. Management is very encouraged with the renewal giving the Company security of tenure over the Wowo Gap tenement.

##### ***Relinquishment of Exploration Licence EL 1980***

Under the tight commercial and financial constraints faced by the company, a critical review of PNG tenement holdings was undertaken. As a result of this review, a decision was made, that based on the location and difficult topographical features of EL 1980, the tenement would be relinquished. This action was taken and MRA formally advised in September 2016.

##### ***Review of Exploration Licence EL 2337***

This exploration licence is subject of 2 year life with renewal at the beginning of November 2017. RMCs management has undertaken a comprehensive review of the value of this tenement with the result that a decision to relinquish the tenement has been taken. The relinquishment process is currently underway. Important in any renewal process is recognition of the effects the Papuan and New Guinea national election campaign on the renewal process. During national elections, air charter, especially helicopters, becomes problematic as candidates charter helicopters as a means of meeting people in electorates with little or no road infrastructure.

During this electioneering period, the MRA formally suspends warden court hearings. It is not anticipated that the national election campaign activities will have a negative influence on the relinquishment process.

# Resource Mining Corporation Limited

## Half Year Directors' Report

### 31 December 2016

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#### CORPORATE

##### Funding Agreement

The Company has Funding Agreements with the Company's largest shareholder, Sinom (Hong Kong) Limited ("**Sinom**") who currently holds 46.5% of the issued shares in the Company. Mr Zhang Chi (Andy) is a Non-Executive director of the Company and is a director and controlling shareholder of Sinom.

Under the terms of Funding Agreements, Sinom has agreed to provide the Company working capital via unsecured loans. Refer to note 5 of the Half-Year Financial Report for full details.

##### Annual General Meeting

The Annual General Meeting was held on Thursday 17 November 2016 at the Company's office in West Perth with all resolutions approved by shareholders.

#### RESULT

The operating result for the half-year ended 31 December 2016 was a loss after income tax of \$493,688 (2015: \$1,044,900 loss).

The Company has continued to be supported by additional funding from RMC's largest shareholder, Sinom (Hong Kong) Limited, on the same terms and conditions as previous funding. This funding arrangement is on-going.

#### MATTERS SUBSEQUENT TO 31 DECEMBER 2016

Subsequent to 31 December 2016, the following had occurred:

- At a General Meeting of shareholders held on Friday 13<sup>th</sup> January 2017 at the Company's offices in Perth, shareholders approved an amendment to the Company's Converting Notes held by Sinom to extend the maturity date by up to 27 months (ie maturity date extended to 14 January 2019).
- The Company has drawn an additional \$116,000 of funding from the unsecured loan facility with Sinom (Hong Kong) Limited.

No other matter or circumstance has arisen since 31 December 2016 that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company, in subsequent financial years.

#### AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included in this half-year financial report.

Signed in accordance with a resolution of the Board of Directors.



**Warwick Davies**  
**Managing Director**

Signed on the 13 March 2017

**Resource Mining Corporation Limited**  
**Consolidated Statement of Profit or Loss and Other Comprehensive**  
**Income**  
for the half-year ended 31 December 2016

	Note	Six Months ended 31 December 2016 \$	RESTATED* Six Months ended 31 December 2015 \$
<b>Revenue</b>		6,008	100
Administration and corporate expenses	3(a)	(302,546)	(466,717)
Exploration expenditure	3(b)	(90,112)	(412,410)
Borrowing costs	3(c)	(107,038)	(165,873)
Total expenses		(499,696)	(1,045,000)
<b>LOSS BEFORE INCOME TAX</b>		<b>(493,688)</b>	<b>(1,044,900)</b>
<b>INCOME TAX</b>		-	-
<b>LOSS AFTER INCOME TAX FOR THE PERIOD</b>		<b>(493,688)</b>	<b>(1,044,900)</b>
<b>OTHER COMPREHENSIVE (LOSS) / PROFIT</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange translation difference		10,482	(155,384)
<b>OTHER COMPREHENSIVE (LOSS) / PROFIT</b>		<b>10,482</b>	<b>(155,384)</b>
<b>TOTAL COMPREHENSIVE (LOSS) / PROFIT FOR THE PERIOD</b>		<b>(483,206)</b>	<b>(1,200,284)</b>
<b>LOSS PER SHARE FOR THE HALF YEAR ATTRIBUTABLE TO MEMBERS OF RESOURCE MINING CORPORATION LIMITED</b>		<b>Cents</b>	<b>Cents</b>
Basic and diluted loss per share (cents per share)	4	(0.17)	(0.35)

\* Refer to Note 1 for more information regarding prior year restatement.

*The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.*

**Resource Mining Corporation Limited**  
**Consolidated Balance Sheet**  
As at 31 December 2016

	Note	31 December 2016 \$	30 June 2016 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		46,824	69,049
Trade and other current assets		28,055	17,816
<b>Total Current Assets</b>		<b>74,879</b>	<b>86,865</b>
<b>NON CURRENT ASSETS</b>			
Plant and equipment		170,207	184,653
<b>Total Non-Current Assets</b>		<b>170,207</b>	<b>184,653</b>
<b>TOTAL ASSETS</b>		<b>245,086</b>	<b>271,518</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		379,660	307,480
Provisions		-	30,486
Interest bearing liabilities		18,894	13,242
Non-interest bearing liabilities	5	3,897,900	3,488,472
<b>Total Current Liabilities</b>		<b>4,296,454</b>	<b>3,839,680</b>
<b>TOTAL LIABILITIES</b>		<b>4,296,454</b>	<b>3,839,680</b>
<b>NET ASSETS / (NET ASSET DEFICIENCY)</b>		<b>(4,051,368)</b>	<b>(3,568,162)</b>
<b>EQUITY</b>			
Issued capital	6	63,294,571	63,294,571
Accumulated losses		(67,951,601)	(67,457,913)
Reserves	7	605,662	595,180
<b>TOTAL EQUITY / (DEFICIENCY IN EQUITY)</b>		<b>(4,051,368)</b>	<b>(3,568,162)</b>

*The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.*

**Resource Mining Corporation Limited**  
**Consolidated Statement of Changes in Equity**  
for the half-year ended 31 December 2016

	Issued Capital	Accumulated Losses	Foreign Currency Reserve	Convertible Notes Reserve	Total
	\$	\$	\$	\$	\$
<b>6 Months to December 2016</b>					
Balance at 1 July 2016	63,294,571	(67,457,913)	199,685	395,495	(3,568,162)
Loss for the period	-	(493,688)	-	-	(493,688)
Other comprehensive loss for the period	-	-	10,482	-	10,482
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(493,688)</b>	<b>10,482</b>	<b>-</b>	<b>(483,206)</b>
<b>Transactions with owners in their capacity as owners</b>					
Shares issued in lieu of directors fees	-	-	-	-	-
<b>Balance at 31 December 2015</b>	<b>63,294,571</b>	<b>(67,951,601)</b>	<b>210,167</b>	<b>395,495</b>	<b>(4,051,368)</b>

	Issued Capital	Accumulated Losses	Foreign Currency Reserve	Convertible Notes Reserve	Total
	\$	\$	\$	\$	\$
<b>6 Months to December 2015 – Restated*</b>					
Balance at 1 July 2015	63,283,155	(65,731,556)	237,704	395,495	(1,815,202)
Loss for the period	-	(1,044,900)	-	-	(1,044,900)
Other comprehensive loss for the period	-	-	(155,384)	-	(155,384)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(1,044,900)</b>	<b>(155,384)</b>	<b>-</b>	<b>(1,200,284)</b>
<b>Transactions with owners in their capacity as owners</b>					
Shares issued in lieu of directors fees	11,416	-	-	-	11,416
<b>Balance at 31 December 2015</b>	<b>63,294,571</b>	<b>(66,776,456)</b>	<b>82,320</b>	<b>395,495</b>	<b>(3,004,070)</b>

\* Refer to Note 1 for more information regarding prior year restatement.

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**Resource Mining Corporation Limited**  
**Consolidated Statement of Cash Flows**  
for the half-year ended 31 December 2016

	Six Months ended 31 December 2016 \$	RESTATED* Six Months ended 31 December 2015 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(322,910)	(763,431)
Interest income received	8	62
Other income received	6,000	-
Tax paid – repayment of R&D tax concession benefit	(9,477)	(105,000)
Interest paid	(436)	-
<b>Net Cash Utilised In Operating Activities</b>	<b>(326,815)</b>	<b>(868,369)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for plant and equipment	-	-
Transfer secured cash into receivables category on balance sheet	(3,940)	-
<b>Net Cash Utilised In Investing Activities</b>	<b>(3,940)</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	303,900	750,000
<b>Net Cash From Financing Activities</b>	<b>303,900</b>	<b>750,000</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(26,855)</b>	<b>(118,369)</b>
Cash and cash equivalents at beginning of the period	69,049	131,447
Effect of exchange rate changes on cash and cash equivalents	4,630	843
<b>Cash and cash equivalents at the end of the period</b>	<b>46,824</b>	<b>13,921</b>

\* Refer to Note 1 for more information regarding prior year restatement.

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

# Resource Mining Corporation Limited

## Notes to the Financial Statements

for the half-year ended 31 December 2016

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### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### ***Basis of Preparation***

This half-year financial report for the six months ended 31 December 2016 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001 and was authorised for issue in accordance with a resolution of the directors on 13 March 2017.

These half-year financial reports do not include all the notes of the type normally included in annual financial reports and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial reports.

The half-year financial reports should be read in conjunction with the annual financial reports for the year ended 30 June 2016 and any public announcements made by Resource Mining Corporation Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001. For the purpose of preparing the half-year financial statements, the half-year has been treated as a discrete reporting period.

The financial report is presented in Australian dollars, which is the Company's functional and presentation currency.

Resource Mining Corporation Limited is a for-profit entity for the purpose of preparing the half-year financial statements.

#### ***Statement of Compliance***

These half-year financial statements comply with Australian Accounting Standards and International Financial Reporting Standards (IFRS).

#### ***Adoption of new and revised standards***

From 1 July 2016, the Group has adopted all the Standards and Interpretations mandatory for annual periods beginning on 1 July 2016. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Group.

The Group has not elected to early adopt any new Standards or Interpretations. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2016.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2016 reporting period. The Company's assessment of the impact of these new standards and interpretations that may have an impact on the Company is set out below:

#### ***AASB 9 Financial Instruments (effective from 1 January 2018)***

AASB 9 includes requirements for the classification and measurement of financial assets. There is no material impact for the Group. This standard is not applicable until the financial year commencing 1 July 2018.

#### ***Going Concern***

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

The Group has incurred a net loss after tax for the six months of \$493,688 (2015: \$1,044,900), experienced net cash outflows from operating activities of \$326,815 (2015: \$868,369) for the six months ended 31 December 2016 and had a working capital deficiency of \$4,221,575 at balance date, of which \$2,000,000 relates to the convertible notes which are likely to be converted to shares before 14 January 2019. As such the ability of the Group to continue as a going concern, pay its debts as and when they fall due and to meet the expenditure commitments of tenement leases held, is dependent upon the future successful raising of funding through equity or other available forms of funding and continued support from its creditors and financiers. These conditions indicate a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore whether it will be able to realise its assets and extinguish its liabilities in the normal course of business.

# Resource Mining Corporation Limited

## Notes to the Financial Statements

for the half-year ended 31 December 2016

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### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES - continued

#### ***Going Concern - continued***

The Directors are satisfied that the going concern basis of preparation is appropriate. Given the combination of the Groups history of successful capital raising to date, the Loan Agreement with Sinom (Hong Kong) Limited as disclosed in Note 5, and letters of support obtained from creditors of significant value to defer amounts payable at balance date until the Group has sufficient funds to repay the debts, the Directors are confident of the Group's ability to pay its debts as and when they fall due and to meet the expenditure commitments of tenement leases held.

Should the company not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that may be necessary should the Group be unable to continue as a going concern.

#### **Voluntary Change in Accounting Policy - Exploration and evaluation expenditure and recognition of assets**

During the June 2016 financial year, a voluntary change in accounting policy relating to exploration and evaluation expenditure was made, effective 1 July 2015.

The previous accounting policy was to capitalise and carry forward exploration and evaluation expenditure as an asset when rights to tenure of the area of interest are current and either:

- such expenditure is expected to be recovered through successful development and commercial exploitation of the area of interest; or
- the exploration activities in the area of interest have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Accumulated exploration expenditure, which no longer satisfied the above policy, was written off to profit or loss to the extent to which they are considered to be impaired.

The new exploration and evaluation expenditure accounting policy is to charge exploration and evaluation expenditure against profit or loss as incurred.

The new accounting policy was adopted as at 30 June 2016 and has been applied retrospectively. Management judges that the change in policy will result in the financial report providing more relevant and no less reliable information. Recognition treatment of exploration and evaluation assets are inherently uncertain and expensing as incurred results in a more transparent Balance Sheet and Profit or Loss. Both the previous and new accounting policies are compliant with AASB 6 Exploration for and Evaluation of Mineral Resources.

The impacts of the accounting policy change only impact the comparative December 2015 information, and are set out below:

The Statement of Profit or Loss and Other Comprehensive Income increased the loss for the 2015 half-year by \$390,944.

Basic loss per share has also been restated. This has resulted in an increase in the loss per share by 0.13 cents per share for the half-year ended 31 December 2015.

Exploration and evaluation expenditure that is expensed is included as part of cash outflows from operating activities, and exploration and evaluation expenditure that is capitalised is included as cash flows from investing activities. This change in accounting policy has resulted in additional cash outflows from operating activities for the half-year to 31 December 2015 to be increased by \$383,369 with a corresponding decrease in cashflows from investing activities.

**Resource Mining Corporation Limited**  
**Notes to the Financial Statements**  
for the half-year ended 31 December 2016

**2. SEGMENT INFORMATION**

Management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions. The Group does not have any material operating segments with discrete financial information. The Group does not have any customers and all its' assets and liabilities are primarily related to the mining industry and its operations are located within Papua New Guinea. The Board of Directors review internal management reports on a regular basis that is consistent with the information provided in the statement of profit or loss and other comprehensive income, balance sheet and statement of cash flows. As a result no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

**3. EXPENSES**

	<b>31 December 2016</b>	<b>31 December 2015</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Administration and Corporate Expenses</b>		
Compliance and regulatory expenses	34,175	111,986
Salaries and wages	71,675	172,975
Consultants	44,174	15,631
Non-Executive directors' fees	25,000	16,186
Occupancy	77,980	76,576
Insurance	22,567	34,737
Legal fees	8,249	25,244
Depreciation – administration equipment	9,312	2,587
Other expenses	9,414	10,795
	<b>302,546</b>	<b>466,717</b>
<b>(b) Exploration Expenditure and Project Costs</b>		
Depreciation – exploration equipment	10,984	14,656
Other exploration and project costs	79,128	397,754
	<b>90,112</b>	<b>412,410</b>
<b>(c) Borrowing costs</b>		
Interest accreted on convertible note	105,528	154,924
Interest paid	436	9,433
Finance charges on insurance funding	1,074	1,516
	<b>107,038</b>	<b>165,873</b>

**Resource Mining Corporation Limited**  
**Notes to the Financial Statements**  
for the half-year ended 31 December 2016

	31 December 2016	31 December 2015
<b>4. EARNINGS PER SHARE</b>		
Basic and diluted loss per share (cents per share)	(0.17) cents	(0.35) cents
Loss used in the calculation of weighted average basic and diluted loss per share	(\$493,688)	(\$1,044,900)
	<b>Number of shares</b>	<b>Number of shares</b>
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic and diluted loss per share	296,267,347	296,236,327
	<b>31 December 2016 \$</b>	<b>30 June 2016 \$</b>
<b>5. NON INTEREST BEARING LIABILITIES</b>		
<b>Current</b>		
Advances from Director – W Mackenzie	11,000	-
Advances from Director – W Davies	54,900	54,000
Unsecured loans	1,832,000	1,540,000
Convertible notes	2,000,000	1,894,472
	<b>3,897,900</b>	<b>3,488,472</b>

**Advances from Directors**

During the half-year, advances totalling \$11,900 were made by two directors to the Company as short term funding. Subsequent to year end, \$11,900 was repaid, and the balance of advances owed to Director, W Davies is \$54,000. These advances are interest free and unsecured.

**Unsecured loans**

On 4 June 2015, the Company announced entering into a Funding Agreement (“Agreement”) with its major shareholder Sinom (Hong Kong) Limited (“Sinom”). Under the terms of the Agreement and its subsequent amendments, Sinom has agreed to provide the Company up to \$1,210,000 for general working capital purposes as an unsecured loan on the following conditions:

- no interest or fees are payable on the Facility;
- the Facility is unsecured; and
- Principal repayable in full on or before 31 December 2018.

As at 31 December 2016, this facility had been fully drawn down (June 2016: \$1,210,000).

During the previous year, Sinom provided an additional \$330,000 of funding to the Company. This funding is interest free, unsecured with no set repayment date.

On 30 June 2016, the Company announced entering into an additional Funding Agreement (“Additional Agreement”) with its major shareholder Sinom (Hong Kong) Limited (“Sinom”). Under the terms of the Additional Agreement and its subsequent amendments, Sinom has agreed to provide the Company up to \$500,000 for general working capital purposes as an unsecured loan on the following conditions:

- no interest or fees are payable on the Facility;
- the Facility is unsecured; and
- Principal repayable in full on or before 31 December 2018.

As at 31 December 2016, \$292,000 of this facility had been used (30 June 2016 \$nil). Subsequent to 31 December 2016, an additional \$116,000 of this funding had been utilised.

# Resource Mining Corporation Limited

## Notes to the Financial Statements

for the half-year ended 31 December 2016

### 5. NON INTEREST BEARING LIABILITIES – continued

#### Convertible notes

On 14 October 2014 the Company announced entering into a Facility and Note Deed with its major shareholder Sinom. Pursuant to the Deed, Sinom agreed to provide a loan facility to the Company, and subscribed for two Convertible Notes with an issue price of \$1 million each.

The key terms of the Convertible Notes are:

- a conversion into 5,000,000 shares for each note;
- the Convertible Note is interest free and unsecured; and
- a maturity date of 2 years after the date of the Deed i.e. 14 October 2016.

As approved by Shareholders subsequent to year end, the Company has up to 27 months from the maturity date to convert the notes into shares (ie by 14 January 2019).

### 6. ISSUED CAPITAL

	31 December 2016 No.	30 June 2016 No.	31 December 2016 \$	30 June 2016 \$
Issued and fully paid	296,267,347	296,267,347	63,294,571	63,294,571

There were no movements in issued capital during the period.

### 7. RESERVES

		31 December 2016 \$	30 June 2016 \$
Foreign currency reserve	(a)	210,167	199,685
Convertible notes reserve		395,495	395,495
		<b>605,662</b>	<b>595,180</b>
<b>(a) Foreign currency reserve</b>			
Balance at the beginning of the period		199,685	237,704
Currency translation differences arising during the period		10,482	(38,019)
<b>Balance at the end of the period</b>		<b>210,167</b>	<b>199,685</b>

The foreign currency translation reserve is used to record exchange differences arising on translation of the Group entities that do not have a functional currency of Australian dollars and have been translated into Australian dollars for presentation purposes.

### 8. COMMITMENTS

Since the last annual reporting date, there has not been a material change to commitments or contingencies.

### 9. RELATED PARTIES

There have been no new related party transactions entered into since 30 June 2016 other than:

- Advances from Directors during the six months totalling \$11,900 (refer note 5). This \$11,900 was repaid after 31 December 2016; and
- Drawdowns of the unsecured loan facility with Sinom (Hong Kong) Limited, a company of which Mr Zhang Chi is a Director of, totalling \$292,000 (refer note 5).

# Resource Mining Corporation Limited

## Notes to the Financial Statements

for the half-year ended 31 December 2016

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### 10. EVENTS SUBSEQUENT TO REPORTING PERIOD

Subsequent to 31 December 2016, the following had occurred:

At a General Meeting of shareholders held on Friday 13th January 2017 at the Company's offices in Perth, shareholders approved an amendment to the Company's Converting Notes held by Sinom to extend the maturity date by up to 27 months (ie maturity date extended to 14 January 2019).

The Company has drawn an additional \$116,000 of funding from the unsecured loan facility with Sinom (Hong Kong) Limited.

No other matter or circumstance has arisen since 31 December 2016 that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company, in subsequent financial years.

## Directors' Declaration

for the half-year ended 31 December 2016

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1. In the opinion of the directors:
  - a) The financial statements and notes are 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 2016 and of its performance for the half-year ended on that date; and
    - ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001 and other mandatory reporting requirements; and
    - iii) complying with International Financial Reporting Standards (IFRS) as stated in note 1 of the financial statements; and
  - b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the half-year ended 31 December 2016.

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



**Warwick Davies**  
**Managing Director**

Dated 13 March 2017

# Audit Report

## for the half-year ended 31 December 2016

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Tel: +61 8 6382 4600  
Fax: +61 8 6382 4601  
www.bdo.com.au

38 Station Street  
Subiaco, WA 6008  
PO Box 700 West Perth WA 6872  
Australia

### INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Resource Mining Corporation Limited

#### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Resource Mining Corporation Limited, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

#### Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Resource Mining Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Resource Mining Corporation Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

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# Audit Report

for the half-year ended 31 December 2016

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## Conclusion

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

- (i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

## Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'J Prue', is written over the printed name 'Jarrad Prue'.

Jarrad Prue  
Director

Perth, 13 March 2017

# Auditor's Independence Declaration

## for the half-year ended 31 December 2016

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Tel: +61 8 6382 4600  
Fax: +61 8 6382 4601  
www.bdo.com.au

38 Station Street  
Subiaco, WA 6008  
PO Box 700 West Perth WA 6872  
Australia

### DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF RESOURCE MINING CORPORATION LIMITED

As lead auditor for the review of Resource Mining Corporation Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Resource Mining Corporation Limited and the entities it controlled during the period.

A handwritten signature in blue ink that reads 'J Prue'.

**Jarrad Prue**

Director

**BDO Audit (WA) Pty Ltd**

Perth, 13 March 2017

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