



**RESOURCE MINING CORPORATION LIMITED**

**ABN 97 008 045 083**

**FINANCIAL REPORT**

**HALF-YEAR ENDED 31 DECEMBER 2017**

# Resource Mining Corporation Limited

## Half-year Ended 31 December 2017

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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>	Suite 14, Level 2, 210 Bagot Road SUBIACO, WESTERN AUSTRALIA 6008
<b>Principal Place of Business</b>	Suite 14, Level 2, 210 Bagot Road SUBIACO, WESTERN AUSTRALIA 6008  Telephone: +61 8 6494 0025 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 2017

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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 2017.

#### **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 SECRETARY**

Amanda Sparks

#### **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. Industry interest in nickel suffered a decline during the early part of 2016 but has since experienced a resurgence and renewed interest in nickel and cobalt resources globally, spurred by the rapidly increasing demand for rechargeable batteries for industrial and automotive applications.

Lithium Ion batteries are currently the major and forecast source of rechargeable batteries with varying chemical combinations of compounds of lithium, nickel, cobalt and manganese providing varying charging and storage characteristics for lithium ion batteries. The chemical combination of rapid charge batteries is different to the chemicals required for long term power storage batteries. Essential in all lithium ion batteries are varying amounts of the chemical compounds of both nickel and cobalt.

Whilst stainless steel production remains the key and most important end-user of nickel metal, the forecast growth in nickel use in the battery sector continues to experience regular upward revisions. UBS analysts predict that sales of electric vehicles will exceed 16.5 million in 2025 up from their earlier prediction of 15 million vehicles. Their latest forecast is based on announcements of planned increase investment in charging stations as well as the decreasing costs of the electric vehicle powertrains. Consequently, the forecast demand for rechargeable batteries, nickel and cobalt prices have increased, particularly cobalt. The Wowo Gap Nickel Laterite Project contains both nickel and cobalt and is viewed by management as a potential source of minerals for the rechargeable battery industry.

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.

# Resource Mining Corporation Limited

## Half Year Directors' Report

### 31 December 2017

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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 maintained and concentrated in three broad categories:

1. Maintenance, training and preparation works,
2. Environmental monitoring, and
3. Social engagement.

Maintenance training has focussed on the upskilling of local employees in all aspects of site-based activities. This includes the routine running of all machinery including drill rigs, motors, generators, as well as the site based solar power system all activities including systematic training of locally sourced labour. The rationalisation of all camp facilities has been completed with the consolidation of all activities into one central exploration camp area.

The up-skilling program continues to achieve goals set by local and off-site management with successful transfer of operational responsibilities to the small on-site management group. This group has successfully undertaken a recent upgrade to satellite-based communications system, enhancement of the solar power system and an overall improvement to work processes and procedures.

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 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. Where possible, local businesses are used for the sourcing of fresh produce and more recently for the delivery of fuel to the exploration site. The fuel delivery system is now operating efficiently with the minimum of management involvement resulting in a timely and cost-effective means of delivering fuel to site.

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. During the year, the Company provided advice and assistance to a Rotary International project involving the provision of fresh water supplies to a village adjacent to the EL 1165 tenement.

#### **Tenements**

The Company currently holds one tenement in PNG, EL 1165.

##### ***Tenement Status Licence EL 1165***

The current life on the licence is through to end February 2018. An application to renew the tenement has been submitted to the Mineral Resources Authority. The renewal process can take up to nine (9) months during which time the Company retains ownership and with ownership, obligations to keep the tenement in good standing.

##### ***Relinquishment of Exploration Licence EL 2337***

This exploration licence was subject of 2-year life with renewal at the beginning of November 2017. RMCs management undertook a comprehensive review of the value of this tenement with the result that a decision was made to relinquish the tenement.

# Resource Mining Corporation Limited

## Half Year Directors' Report

### 31 December 2017

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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 Friday 17 November 2017 with all resolutions approved by shareholders.

#### RESULT

The operating result for the half-year ended 31 December 2017 was a loss after income tax of \$234,851 (Half Year 2016: \$493,688 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 support continues for the period through to the end of December 2019. Funding in general and specifically beyond this point, is part of an on-going process.

#### MATTERS SUBSEQUENT TO 31 DECEMBER 2017

Subsequent to 31 December 2017, the following had occurred:

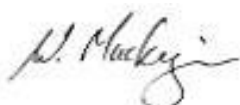
- The Company has drawn an additional \$60,000 of funding from the unsecured loan facility with Sinom (Hong Kong) Limited.
- The Company has received notification for a landowner compensation claim. This matter is with the Chief Warden of the PNG Mineral Resources Authority for a hearing at the end of March 2018. The Company do not believe the claim is justified.

No other matter or circumstance has arisen since 31 December 2017 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.



**William (Bill) Mackenzie**  
**Chairman**

Signed on the 12 March 2018

**Resource Mining Corporation Limited**  
**Consolidated Statement of Profit or Loss and Other Comprehensive**  
**Income**  
for the half-year ended 31 December 2017

	Note	Six Months ended 31 December 2017 \$	Six Months ended 31 December 2016 \$
<b>Revenue</b>		2,495	6,008
Administration and corporate expenses	3(a)	(130,830)	(302,546)
Exploration expenditure	3(b)	(105,212)	(90,112)
Borrowing costs	3(c)	(1,304)	(107,038)
Total expenses		(237,346)	(499,696)
<b>LOSS BEFORE INCOME TAX</b>		<b>(234,851)</b>	<b>(493,688)</b>
<b>INCOME TAX</b>		-	-
<b>LOSS AFTER INCOME TAX FOR THE PERIOD</b>		<b>(234,851)</b>	<b>(493,688)</b>
<b>OTHER COMPREHENSIVE (LOSS) / PROFIT</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange translation difference		(6,642)	10,482
<b>OTHER COMPREHENSIVE (LOSS) / PROFIT</b>		<b>(6,642)</b>	<b>10,482</b>
<b>TOTAL COMPREHENSIVE (LOSS) / PROFIT FOR THE PERIOD</b>		<b>(241,493)</b>	<b>(483,206)</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	(0.08)	(0.17)

*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 Statement of Financial Position**  
As at 31 December 2017

	Note	31 December 2017 \$	30 June 2017 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		58,849	51,460
Trade and other current assets		24,478	21,145
<b>Total Current Assets</b>		<b>83,327</b>	<b>72,605</b>
<b>NON CURRENT ASSETS</b>			
Plant and equipment		128,788	142,283
<b>Total Non-Current Assets</b>		<b>128,788</b>	<b>142,283</b>
<b>TOTAL ASSETS</b>		<b>212,115</b>	<b>214,888</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	5	477,866	384,922
Interest bearing liabilities		16,334	7,558
Non-interest bearing liabilities	6	4,248,987	4,111,987
<b>Total Current Liabilities</b>		<b>4,743,187</b>	<b>4,504,467</b>
<b>TOTAL LIABILITIES</b>		<b>4,743,187</b>	<b>4,504,467</b>
<b>NET ASSETS / (NET ASSET DEFICIENCY)</b>		<b>(4,531,072)</b>	<b>(4,289,579)</b>
<b>EQUITY</b>			
Issued capital	7	63,294,571	63,294,571
Reserves	8	581,189	587,831
Accumulated losses		(68,406,832)	(68,171,981)
<b>TOTAL EQUITY / (DEFICIENCY IN EQUITY)</b>		<b>(4,531,072)</b>	<b>(4,289,579)</b>

*The above Consolidated Statement of Financial Position 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 2017

	Issued Capital	Accumulated Losses	Foreign Currency Reserve	Convertible Notes Reserve	Total
	\$	\$	\$	\$	\$
<b>6 Months to December 2017</b>					
Balance at 1 July 2017	63,294,571	(68,171,981)	192,336	395,495	(4,289,579)
Loss for the period	-	(234,851)	-	-	(234,851)
Other comprehensive loss for the period	-	-	(6,642)	-	(6,642)
<b>Total comprehensive loss for the period</b>	-	<b>(234,851)</b>	<b>(6,642)</b>	-	<b>(241,493)</b>
<b>Transactions with owners in their capacity as owners</b>					
Shares issued	-	-	-	-	-
<b>Balance at 31 December 2017</b>	<b>63,294,571</b>	<b>(68,406,832)</b>	<b>185,694</b>	<b>395,495</b>	<b>(4,531,072)</b>

	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>(493,688)</b>	<b>10,482</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 2016</b>	<b>63,294,571</b>	<b>(67,951,601)</b>	<b>210,167</b>	<b>395,495</b>	<b>(4,051,368)</b>

*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 2017

	<b>Six Months ended 31 December 2017 \$</b>	<b>Six Months ended 31 December 2016 \$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(172,439)	(322,910)
Interest income received	11	8
Other income received (including GST refunds)	45,858	6,000
Tax paid – repayment of R&D tax concession benefit	-	(9,477)
Interest paid	(576)	(436)
<b>Net Cash Utilised In Operating Activities</b>	<b>(127,146)</b>	<b>(326,815)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Transfer secured cash into receivables category	-	(3,940)
<b>Net Cash Utilised In Investing Activities</b>	<b>-</b>	<b>(3,940)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings and advances	139,000	303,900
Repayment of advances	(2,000)	-
<b>Net Cash From Financing Activities</b>	<b>137,000</b>	<b>303,900</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>9,854</b>	<b>(26,855)</b>
Cash and cash equivalents at beginning of the period	51,460	69,049
Effect of exchange rate changes on cash and cash equivalents	(2,465)	4,630
<b>Cash and cash equivalents at the end of the period</b>	<b>58,849</b>	<b>46,824</b>

*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 2017

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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 2017 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 12 March 2018.

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 2017 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 2017, the Group has adopted all the Standards and Interpretations mandatory for annual periods beginning on 1 July 2017. 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 2017.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2017 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***

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.

#### ***AASB 16 Leases***

AASB 16 requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months. RMC has not yet determined the impact on the group accounts, however it is possible that storage facilities and miscellaneous items such as modem hire will require RMC to recognise lease liabilities and right-of-use assets on its' statement of financial position. This standard is not applicable until the financial year commencing 1 July 2019.

# Resource Mining Corporation Limited

## Notes to the Financial Statements

for the half-year ended 31 December 2017

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

#### *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 \$234,851 (Six Months to December 2016: \$493,688), experienced net cash outflows from operating activities of \$127,146 (2016: \$326,815) for the six months ended 31 December 2017 and had a working capital deficiency of \$4,659,860 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.

The Directors are satisfied that the going concern basis of preparation is appropriate. Given the combination of the Sinom (Hong Kong) Limited confirming that it will continue to provide financial support to the Group to meet its liabilities as and when they fall due and keep their assets in good standing during the next twelve months period and letters of support obtained from creditors of significant value to defer amounts payable at 31 December 2017 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.

### 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, statement of financial position 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

#### (a) Administration and Corporate Expenses

	31 December 2017 \$	31 December 2016 \$
Compliance and regulatory expenses	37,837	34,175
Salaries and wages	-	71,675
Consultants	40,655	44,174
Non-Executive directors' fees	25,000	25,000
Occupancy	9,751	77,980
Insurance	12,067	22,567
Legal fees	-	8,249
Depreciation – administration equipment	1,160	9,312
Other expenses	4,360	9,414
	<b>130,830</b>	<b>302,546</b>

**Resource Mining Corporation Limited**  
**Notes to the Financial Statements**  
for the half-year ended 31 December 2017

3. EXPENSES - continued	31 December 2017 \$	31 December 2016 \$
<b>(b) Exploration Expenditure and Project Costs</b>		
Depreciation – exploration equipment	8,268	10,984
Other exploration and project costs	96,944	79,128
	<b>105,212</b>	<b>90,112</b>
<b>(c) Borrowing costs</b>		
Interest accreted on convertible note	-	105,528
Interest paid	576	436
Finance charges on insurance funding	728	1,074
	<b>1,304</b>	<b>107,038</b>
	<b>31 December 2017</b>	<b>31 December 2016</b>
<b>4. EARNINGS PER SHARE</b>		
Basic and diluted loss per share (cents per share)	(0.08) cents	(0.17) cents
Loss used in the calculation of weighted average basic and diluted loss per share	(\$234,851)	(\$493,688)
	<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 2017 \$</b>	<b>30 June 2017 \$</b>
<b>5. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Trade payable	332,577	85,776
Other payables and accruals	145,289	299,146
	<b>477,866</b>	<b>384,922</b>

Included in trade payables is \$323,552 including GST due to Fairstone Holdings Pty Ltd for consulting services provided by Mr Warwick Davies (Director) for the period May 2015 to December 2017. Mr Davies has agreed not to call for the outstanding payable balances prior to 31 March 2019 unless Resource Mining Corporation Limited is in a position to repay the amounts (June 2017: \$73,210 included in trade payables and \$175,183 included in accruals).

Included in other payables and accruals is an amount of \$125,000 for accrued director fees owing to William Mackenzie for the period July 2015 to December 2017. Mr Mackenzie has agreed not to call for the outstanding payable balances prior to 31 March 2019 unless Resource Mining Corporation Limited is in a position to repay the amounts (June 2017: \$100,000).

# Resource Mining Corporation Limited

## Notes to the Financial Statements

for the half-year ended 31 December 2017

### 6. NON INTEREST BEARING LIABILITIES

#### Current

Advances from Director – W Davies	(i)	54,000	54,000
Unsecured loans and advances from Sinom	(ii)	2,194,987	2,057,987
Convertible notes	(iii)	2,000,000	2,000,000
		<b>4,248,987</b>	<b>4,111,987</b>

#### (i) Advances from Director

During the half-year, advances totalling \$2,000 were made by a director to the Company as short term funding, and this was repaid during the half-year. These advances are interest free and unsecured. Mr Davies has agreed not to call for the outstanding payable balances prior to 31 March 2019 unless Resource Mining Corporation Limited is in a position to repay the amounts.

#### (ii) Unsecured loans and advances from Sinom

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 2019.

As at 31 December 2017, this facility had been fully drawn down (June 2017: \$1,210,000).

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 2019.

As at 31 December 2017, this facility had been fully drawn down (June 2017: \$500,000).

Sinom has also provided additional interest free advances to the Company. These advances are unsecured with no set repayment date. Amount owing from these advances as at year end is \$484,987 (June 2017: \$347,987).

#### (iii) 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 in January 2017, the Company has up to 27 months from the maturity date to convert the notes into shares (ie by 14 January 2019).

**Resource Mining Corporation Limited**  
**Notes to the Financial Statements**  
for the half-year ended 31 December 2017

**7. ISSUED CAPITAL**

	31 December 2017 No.	30 June 2017 No.	31 December 2017 \$	30 June 2017 \$
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.

**8. RESERVES**

	31 December 2017 \$	30 June 2017 \$
Foreign currency reserve	185,694	192,336
Convertible notes reserve	395,495	395,495
	<b>581,189</b>	<b>587,831</b>
<b>Foreign currency reserve:</b>		
Balance at the beginning of the period	192,336	199,685
Currency translation differences arising during the period	(6,642)	(7,349)
<b>Balance at the end of the period</b>	<b>185,694</b>	<b>192,336</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.

**9. COMMITMENTS**

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

**10. RELATED PARTIES**

There have been no new related party transactions entered into since 30 June 2017 other than:

- Advances from a Director during the six months totalling \$2,000 (refer note 6). This \$2,000 was repaid during the half-year; and
- Drawdowns of the unsecured loan facility with Sinom (Hong Kong) Limited, a company of which Mr Zhang Chi is a Director of, totalling \$137,000 (refer note 6).

**11. EVENTS SUBSEQUENT TO REPORTING PERIOD**

Subsequent to 31 December 2017, the following had occurred:

- The Company has drawn an additional \$60,000 of funding from the unsecured loan facility with Sinom (Hong Kong) Limited.
- The Company has received notification for a landowner compensation claim. This matter is with the Chief Warden of the PNG Mineral Resources Authority for a hearing at the end of March 2018. The Company do not believe the claim is justified.

No other matter or circumstance has arisen since 31 December 2017 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 2017

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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 Group's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
    - ii) complying with Accounting Standard 134 Interim Financial Reporting and the Corporations Regulations 2001; 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 2017.

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



**William (Bill) Mackenzie**  
Chairman

Dated 12 March 2018



## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Resource Mining Corporation Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Resource Mining Corporation Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, 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 then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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 the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial 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 Group's ability to continue as a going concern and therefore the Group 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.

#### 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 Group's financial position as at 31 December 2017 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



As the auditor of the Group, 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 the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

**BDO Audit (WA) Pty Ltd**

A handwritten signature in blue ink, consisting of the letters 'BDO' above the name 'J Prue'.

**Jarrad Prue**

**Director**

Perth, 12 March 2018

**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 2017, 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.



**Jarrad Prue**

Director

**BDO Audit (WA) Pty Ltd**

Perth, 12 March 2018