



**RMIC**

Resource Mining Corporation Limited

# **ANNUAL REPORT 2019**

**RESOURCE MINING  
CORPORATION LIMITED**

**ABN 97 008 045 083**

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## COMPANY INFORMATION



|                                    |                                                                                                                                                                                                                                                                                             |
|------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>ABN</b>                         | 97 008 045 083                                                                                                                                                                                                                                                                              |
| <b>Directors</b>                   | William (Bill) Mackenzie (Non-Executive Chairman)<br>Warwick Davies (Managing Director)<br>Zhang Chi (Andy) (Non-Executive Director)                                                                                                                                                        |
| <b>Company Secretaries</b>         | Amanda Sparks                                                                                                                                                                                                                                                                               |
| <b>Registered Office</b>           | Suite 14, Level 2<br>210 Bagot Road<br>SUBIACO, WESTERN AUSTRALIA 6008                                                                                                                                                                                                                      |
| <b>Principal Place of Business</b> | Suite 14, Level 2<br>210 Bagot Road<br>SUBIACO, WESTERN AUSTRALIA 6008<br><br>Telephone: +61 8 6494 0025<br>Website: <a href="http://www.resmin.com.au">www.resmin.com.au</a>                                                                                                               |
| <b>Share Registry</b>              | Computershare Investor Services Pty Ltd<br>Level 11, 172 St Georges Terrace<br>PERTH, WESTERN AUSTRALIA 6000<br><br>Telephone<br>Within Australia: 1300 850 505<br>Outside Australia: +61 3 9415 4000<br><a href="http://www.investorcentre.com/contact">www.investorcentre.com/contact</a> |
| <b>Auditor</b>                     | BDO Audit (WA) Pty Ltd<br>38 Station Street<br>SUBIACO, WESTERN AUSTRALIA 6008<br><br>Telephone: +61 8 6382 4600<br>Facsimile: +61 8 6382 6401                                                                                                                                              |
| <b>Bankers</b>                     | Westpac Bank<br>116 James Street<br>NORTHBRIDGE, WESTERN AUSTRALIA 6000                                                                                                                                                                                                                     |
| <b>Securities Exchange Listing</b> | Resource Mining Corporation Limited shares<br>are listed on the Australian Securities Exchange<br>(Home Exchange – Perth)<br>ASX Code: Shares RMI                                                                                                                                           |

Dear Shareholder

On behalf of the Board of Directors, it is with pleasure that I present Resource Mining Corporation Limited's (RMC's) Annual Report for the year ended 30 June 2019.

The past financial year continued to be challenging for the Company. Over the past year, the Nickel market has experienced some turbulence with prices beginning the year at US\$15,000/ton in July '18, falling to around US\$9,000/ton in Jan '19 and ending the year at a very healthy level of US\$18,000/ton at the end of June '19. Price levels reflect a continued decline in the LME nickel metal stock levels where demand for nickel has exceeded supply for the past 4 years. Sustained demand from stainless steel producers combined with the emerging Electric Vehicle (EV) battery market demand has contributed to the metal production shortfall.

The cobalt price reversed the dramatic price increases from the previous 2 years and retreated from a closing price in July '18 of US\$75,000/ton to a very modest US\$25,000 at the end of June 2019. The price decrease beginning influenced by ready availability of the metal together with a downward revision of the medium to long term outlook of a previously estimated worldwide shortfall.

Despite the turbulent year, your company continues to maintain its 100% interest in the Wowo Gap project pending a sustained improvement in market conditions. The current approved license period for EL 1165 expired on 28 February 2018. The Company successfully applied for the renewal of the exploration license with advice being received from the Mines Minister on 17<sup>th</sup> December 2018 that the tenement had been renewed for a further two years until 28 February 2020.

Project activity on EL 1165 was in keeping with the commitments for the EL 1165 license, site-based activities including maintaining the project area and exploration equipment in a 'ready state' for future exploration and potential development. Upskilling of casual labourers with regular training programs was undertaken with benefits of improved performance providing flexibility for key tasks on site being experienced.

Off-site activity was spent understanding the battery minerals business and the roles nickel and cobalt play in the various lithium ion battery types. An understanding of end-user's product requirements continues as a management focus.

The Company's social engagement policy was enhanced during the year with positive outcomes resulting from the regular and routine involvement with local landowner groups. The Company continued to provide support for local schools, community groups as well as clan groups on a cooperative basis. The past policy of maximizing local purchase of labour and food continued throughout the year to the satisfaction and mutual benefit of the company and communities.

This support was evident when the major communities of Embessa and Obea provided overwhelming support at the Warden's court Hearing for the renewal of the exploration license for EL 1165. This support is welcomed and appreciated by the Company.

On behalf of the Board, I thank the RMC team for their commitment during the year and my fellow directors for their support. Most importantly, I thank you, the Shareholders, for your continued support.

Yours sincerely

A handwritten signature in black ink, appearing to read 'W. Mackenzie', written in a cursive style.

William Mackenzie  
Chairman

Resource Mining Corporation Limited (ASX: RMI) (**Resource Mining, RMC** or the **Company**) is an innovative, Perth-based, mineral exploration company with a significant mineral deposit in Papua New Guinea (**PNG**).

The development of the Wowo Gap Nickel/Cobalt Project in south east PNG remains the key strategic goal of the Resource Mining Group. Recent developments in the world’s nickel industry have focussed attention on the nickel laterite projects in the South Pacific.

**PAPUA NEW GUINEA - WOWO GAP NICKEL/COBALT/ LATERITE PROJECT (the Project): EL 1165 (RMC 100% interest)**

**PROJECT OVERVIEW**

The Project is located 200 kilometres east of the PNG capital Port Moresby and approximately 35 kilometres from the town of Wanigela situated on Collingwood Bay. The Project hosts significant nickel-cobalt mineralisation within the laterite profile overlying an ultramafic plateau.

Completed exploration has outlined mineralisation along the 12-kilometre strike length with a total Indicated and Inferred Mineral Resource Estimate of 125 million tonnes at 1.06 per cent Nickel (Ni), 0.07 per cent Cobalt (Co)\*. See Table 1 below for further details.

The full regolith profile of the Wowo Gap deposit with typical average thicknesses from top to bottom is described in Table 1 below.

| Lithology       | Typical Geochemistry                                                      | Typical thickness | Description                                      |
|-----------------|---------------------------------------------------------------------------|-------------------|--------------------------------------------------|
| Volcanic Ash    | <0.3%Ni                                                                   | 1 metre           | Volcanic ash – barren overburden                 |
| Limonite        | 1.2%Ni, 50% Fe <sub>2</sub> O <sub>3</sub> , 5%MgO, 20% SiO <sub>2</sub>  | 5 metres          | Limonitic clay; Ni, Co, Fe, Mn enriched          |
| Saprolite       | 1.5%Ni, 30% Fe <sub>2</sub> O <sub>3</sub> , 20%MgO, 35% SiO <sub>2</sub> | 5 metres          | Saprolite clay; Ni, Mg enriched                  |
| Rocky Saprolite | 1.9%Ni, 20% Fe <sub>2</sub> O <sub>3</sub> , 30%MgO, 40% SiO <sub>2</sub> | 5 metres          | Saprolite clay within partly weathered UM rocks; |
| Bedrock         | <0.3%Ni                                                                   | NA                | Ultramafic rocks, peridotite and dunite          |

**Table 1: Primary Lithology Units**

\*Refer to ASX announcement 14 December 2011, RMC confirms that it is not aware of any new information or data that affects the information included in that market announcement and that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. RMC’s policy for Mineral Resources estimates is to have the estimates prepared by a suitably qualified and experienced external consultant and have these estimates reviewed internally by the Board periodically.

**Tenement Status EL 1165**

Niugini Nickel Pty Ltd (**Niugini Nickel**), a 100% owned subsidiary of Resource Mining, is the sole owner of Exploration Licence 1165. The Exploration Licence consists of 28 sub-blocks with an area of 94.40 square kilometres.

The Exploration Licence for EL1165 was renewed for a 2-year period to 28 February 2020 with no special conditions with the renewal advice received from the Mines Minister on 17<sup>th</sup> December 2018.

**Geology**

Wowo Gap is located at the south-eastern end of the Papuan Ultramafic Belt, a complex of peridotite, pyroxenite and gabbro which form the prominent east-west trending Didana Range.

The most prominent rock types are of the Papuan Ultramafic Belt, which occur as an east trending block through the Didana Range and are bounded to the east and southeast by the Bereruma Fault. The Bereruma Creek is controlled by this fault and is positioned in Wowo Gap between the Didana Range to the west and the Goropu Mountains to the east. In the Didana Range the ultramafic rocks consist of tectonite ultramafics, cumulate ultramafics and gabbro and granular gabbro.

The tectonite ultramafics crop out at the eastern end of the Didana Range adjacent to and within the western section of the Wowo Gap Nickel Laterite Project. The Sivai Breccia, co-host of the Wowo Gap mineralisation, flanks the tectonite ultramafic at the eastern end of the Didana Range adjacent to the Bereruma Fault.

The ultramafic rocks are flanked by younger clastic sediments and basaltic volcanics of the Pliocene Domara River Conglomerate, the Musa Volcanics and the Silimidi Conglomerate. In the northern foothills of the Didana Range the Bonua Porphyry is associated with the Musa Volcanics.

The Project area lies within an erosional regime of an east dipping lateritic profile developed over the underlying ultramafics. The Project area is the physiographic expression of the northeast trending Bereruma Fault.

A complete lateritic profile is preserved, with partial truncation associated with recent drainage systems. The depth of weathering varies according to rock type and the degree of brecciation. The lateritic profile is typically 10 to 15 metres thick, occasionally more than 20 metres proximal to the Sivai Breccia.

**Nickel Market**

The Nickel market continued to improve during the year driven by a combination of reasonable strong demand from the stainless-steel industry as well as continued growth from the battery industry. Development of lithium ion batteries rich in nickel as an alternative to cobalt, has seen the forecast demand reflected in the nickel current price. Table 2 illustrates the movement in spot Nickel Prices over the past 5 years. This improvement reflects the combination of increased demand and continued reduced metal output.



Figure 1: 5 Year Nickel Spot Price

**Electric Vehicles (EV)**

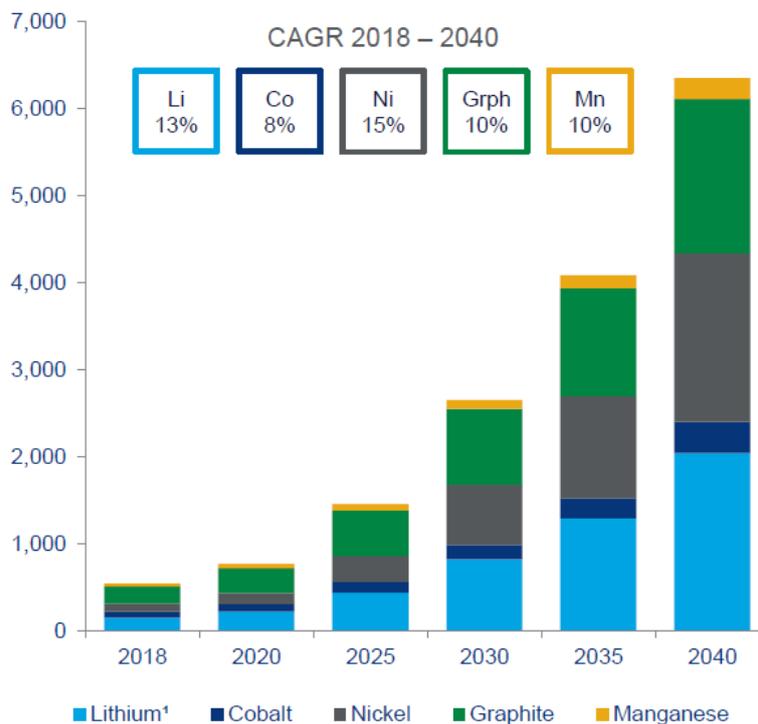
In every electric vehicle (EV) battery, there is a range of metals including cobalt, lithium, nickel, manganese and graphite. The electrification of transport is transforming the demand and supply of these battery raw materials which commentators are predicting double-digit growth for battery raw materials over the next decade.

According to commentators, demand is being driven

- Total passenger electric vehicle (EV) car sales, including hybrid electric vehicles (HEV), were up by over 24% last year
- Global electric car sales (with a plug) will account for 7% of all passenger car sales by 2025, 14% by 2030 and 38% by 2040
- Battery pack sizes continue to trend larger through the medium term
- NMC 811 cells (80% nickel, 10% manganese and 10% cobalt) are being produced on a greater scale resulting in increased nickel demand at the expense of cobalt and lithium
- Most automotive manufacturers plan to go completely electric by 2050

Wood Mackenzie, in a report on Battery Minerals 25 July 2019, outlined their view of the future demand for battery minerals including nickel, in the Table 3 “Global battery sector demand by metal (kt)’ below. Demand for Nickel is forecast to grow by 15% during the period 2018 to 2040.

Global battery sector demand by metal (kt)



Source: Wood Mackenzie

Figure 2: Global Battery Sector Demand by Metal (kt)

As further support for the growth in EV battery sector, India is reported to be contemplating the construction of at least four Tesla-style giga factories to manufacture batteries with an investment of around \$4 billion, as the country prepares to switch to vehicles electric to curb pollution and cut its dependence on imported petroleum. oil. The national government hopes that battery storage manufacturing will enable India to develop an electric vehicle ecosystem including manufacturing and R&D. To facilitate the battery factory development, the government may offer a raft of incentives to manufacturers such as concessional financing options and other incentives. This support for an indigenous battery industry in India is further evidence of the potential growth in the market for Nickel in coming years.

Although the battery sector share of nickel demand is much smaller than other metals, commentators suggest that getting the quantity of nickel that EVs will need by the mid-2020s will be a challenge. The hitherto low nickel price has hindered nickel chemical project development and with lead times often up to 10 years, investment in new production facilities will need to take place soon to ensure the anticipated demand for nickel in EV batteries is met.

**Direct Shipped Nickel Laterite**

*Background*

Previous exploration has been focussed on the determination of a suitable source of direct shipped nickel laterite to satisfy the Chinese Nickel Pig Iron industries demand for product. China imports approximately 60Mtpa of a variety of grades of laterite ore. Sources of nickel laterite for this purpose include Indonesia, Philippines, New Caledonia and more recently, Guatemala. (Indonesia and Philippines supply 90% of China’s demand). China’s demand for nickel laterite ore remained relatively stable during 2014,2015 and 2016 whilst Indonesia’s minerals export ban was in place. With the easing of export restrictions, China’s laterite demand has increased for 45Mtpa to 60Mtp today despite the growth of an indigenous nickel production industry in Indonesia.

RMC completed a Feasibility Study into a DSO operation for the Wowo Gap Project in 2016 which confirmed the potential for this type of development subject to a satisfactory nickel ore price.

Some commentators see growth in the nickel industry in Indonesia as the key to the future for nickel. Since the Indonesian Government banned the export of nickel ores in 2014, in order to facilitate a local nickel processing industry, the strategy has achieved mixed success. The principal adopted was to allow the continued export of nickel ores on the condition that exporters undertook to construct nickel smelters or similar processing facilities in Indonesia. The net result has been that Indonesia is now a producer of nickel pig iron and stainless-steel. There are increasing rumours

that the Indonesian Government may reimpose export restrictions on nickel ores in order to preserve all grades of ore for 'in-country' processing rather than continue to permit laterite ore exports.

Figure 3 below shows the continued decline in LME Nickel Warehouse stock levels over the past 5 years. The dramatic decline since December 2017 is evidence of the excess of demand over nickel supply.

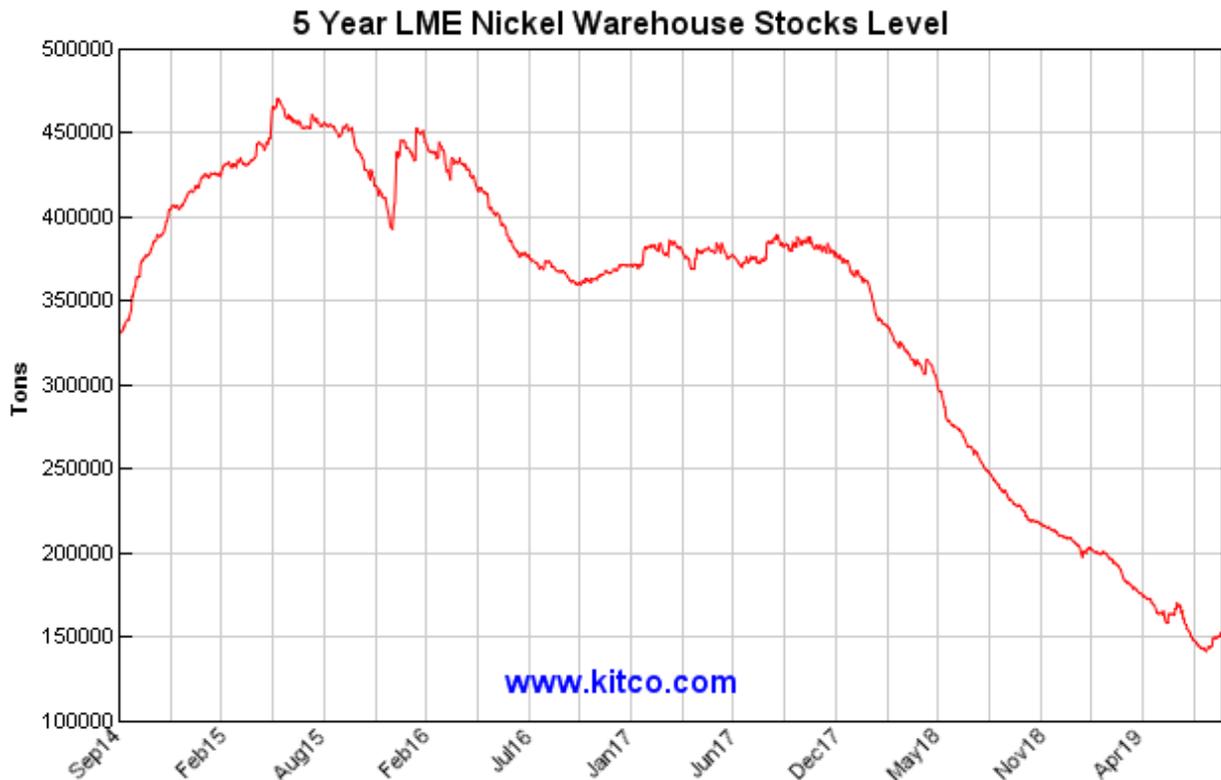


Figure 3. 5 Year LME Warehouse Stock Level

Cobalt

Like lithium, cobalt prices have softened since the middle of 2018 when cobalt prices peaked on future supply fears in April 2018. These fears have proven unfounded with cobalt prices declining rapidly since the April 2018 peak to levels of <US\$15,000 ton today, the same as 2007. Current levels of oversupply show no signs of dissipating with future demand expected to be met by existing production. The adoption of high-nickel batteries in EVs means that possible supply deficits should be more manageable than conceived in mid 2018.

Cobalt Price  
15.88 USD/lb  
4 Sep '19



**EL 1165**

The 2-year life of EL 1165 will expire on 28 February 2020. Exploration tenement life is just 2 years in PNG and so there is a regular cycle of applications for renewal especially when advice of successful renewal was received in Dec 2018 almost 12 months into the life of the 'new' renewal. Application for extension to the life of EL 1165 will begin in November of 2019 when the formal application process begins. During the renewal period, the tenement continues to be maintained in good standing.

Limited direct exploration activity was undertaken 'on-the-ground' during the year. Significant work was undertaken to both maintain and to upgrade access tracks within the exploration area. Maintenance of walking tracks is essential for the efficient portage of personnel, food, fuel and small equipment to site. The exploration camp access tracks also serve as walking tracks that link local villages and settlements.

All equipment including diamond and auger drills were effectively maintained during the year. A feature of this maintenance process is a disciplined approach to the training of semi-skilled personnel in all aspects of stripping and rebuilding the equipment. All exploration equipment is safely stored in purpose-built facilities.

**Other Activities**

Exploration camp facilities have been maintained and local personnel rotated through regular training programs. An extensive campaign of updating all policies and procedures and training manuals has been completed along with successful rationalization of operational roles on site. The objectives of the rationalization program have been to multi-skill local employees to ensure a pool of personnel trained in all aspects of current site activities.

Other activities include the following:

**Environmental**

Environmental activities were conducted at a reduced level to ensure the continuity of measuring water quality and monitoring stream and river flows. Unlike recent years, 2018/19 was a more 'normal' year with regards rainfall as no drought or adverse flood conditions were experienced. Updates to environmental baseline data in preparation for any future development were maintained with the provision of historical rainfall data provided in a response to a government agency request. The well-established water supply to the exploration camps, received regular and routine maintenance demonstrating its reliability of a predictable water source.

Whilst infrequent, storms occur in the tenement area contributing to natural destruction of the sections of the forest when large old trees fall. Continual attention is required to ensure walking trails and exploration tracks are kept open. This is particularly relevant to EL 1165 where the majority of food, fuel and small equipment is carried in providing local residents with employment opportunities. Track maintenance provides opportunities for forest and vegetation

monitoring. Routine and regular maintenance is undertaken to the standard and emergency helicopter landing pads which are kept in a 'use ready' condition at all times.

### **Social**

The maintenance of an active social engagement policy continued during the year. As the year progressed, requests for assistance for a wide range of services increased reflecting the continued 'fall-off' of service delivery by local, provincial and national governments. Sadly, RMC's subsidiary company Niugini Nickel Pty Ltd is seen by many individuals and communities associated with the Wowo Gap Nickel Project, as the obvious candidate to provide basic services relating to health and education.

A consequence of the decreasing service delivery from Government agencies, is a decline in community spirit. The Company increasingly finds that without Niugini Nickel support, airstrip, village storage, and school room maintenance at both the Embessa and Obea communities would not occur.

Social engagement with the active participation of village-based Liaison Officers operated on a routine basis with the delivery of local food supported by a core group of producers. The local communities have actively embraced the growing of rice, a food staple, with reasonable success. Initially, community growers were keen to supply RMC with local rice but local and household demand has severely restricted the availability of rice for commercial sale to the Company.

The routine dissemination of Company related information is provided to villagers and landowners living adjacent to the EL 1165 tenement by the Liaison Officers. In Embessa, the local school has been connected to the internet although regularity of service is poor. This has provided the local population with some contact to the world at large.

As an extension of the fresh food delivery system, one of the local villages has been providing sago leaves for the re-thatching of roofs of several of the exploration buildings. Use of indigenous materials has demonstrated superiority over tarpaulin as a roofing material. A significant re-roofing program was undertaken during the year as part of the plan to maintain the exploration facilities in an 'action-ready' state.

## DIRECTORS' REPORT



Your Directors present their report for the financial year ended 30 June 2019.

### PRINCIPAL ACTIVITIES

The principal activity of the Group during the year was mineral exploration in Papua New Guinea.

### DIRECTORS

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

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

### PARTICULARS OF DIRECTORS AND COMPANY SECRETARY

#### **William (Bill) Mackenzie** **Chairman (Non-Executive)**

*Qualifications:* Bachelor of Engineering (Mining); MBA; M AusIMM; MAICD

*Term:* Chairman and Director since December 2008

*Experience:* Mr Mackenzie is a mining engineer with over 30 years of experience in the resources sector with involvement in the assessment, development and operation of mineral projects both within Australia and overseas. Mr Mackenzie's experience has included direct operating, senior project management and executive roles with responsibility for business development, project and business unit management of various Australian and offshore ventures and from 2001 was Principal of a consulting group that provided specialised, independent technical and commercial advice to boards, banks and investors involved in the development of resources, energy and infrastructure projects worldwide. He served as a non-executive Director of ASX listed OM Holdings Limited from 2005 till 2007 and as Managing Director of a privately owned diversified Australian resource development company from 2007 till 2013. Since 2015, he has been a director of the Australian subsidiary of a privately owned international investment group.

*Interest in Shares and Options in Resource Mining Corporation Limited:* 2,092,847 ordinary shares

*Special Responsibilities:* Mr Mackenzie is a Non-Executive Chairman.

*Directorships held in other listed entities current or last 3 years:* None.

#### **Zhang Chi (Andy)** **Director (Non-Executive)**

*Qualifications:* Mr Zhang has an economics degree from Renmin University in China.

*Term:* Director since April 2006

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

*Interest in Shares and Options in Resource Mining Corporation Limited:* 136,793,768 ordinary shares held by Sinom (Hong Kong) Limited of which Mr Zhang is a Director and controlling shareholder.

*Special Responsibilities:* Mr Zhang is a Non-Executive Director.

*Directorships held in other listed entities current or last 3 years:* None.

## DIRECTORS' REPORT (continued)



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

*Qualifications:* Bachelor of Arts (Economics) and has a Certificate of Chemistry.

*Term:* Director since August 2004

*Experience:* Mr Davies has over fifty years' industry experience in the mining, exploration and manufacturing industries. He has held a variety of leadership roles in both technical and commercial positions during his extensive career with BHP, Hamersley Iron, Robe River Mining Co and RMC.

As an independent mining industry consultant since 2001, Mr Davies has worked on a wide variety of assignments initially in the Iron Ore Industry and more recently in the Non-Ferrous industry with specific emphasis on China. He brings to the Company, considerable practical and international experience, a strong technical background and an extensive potential customer contact network. Over the past 10 years, Mr Davies has developed detailed knowledge of the conduct of business in Papua New Guinea as well as the Nickel and emerging Battery Minerals industry.

*Interest in Shares and Options in Resource Mining Corporation Limited:* 1,679,437 ordinary shares held directly and 2,655,945 ordinary shares held by related parties.

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

*Directorships held in other listed entities current or last 3 years:* None

### **Amanda Sparks** **Company Secretary**

*Qualifications:* B.Bus, CA, F.Fin

*Term:* Company Secretary since August 2016

*Experience:* Ms Amanda Sparks is a Chartered Accountant with over 30 years of resources related financial experience, both with explorers and producers. Ms Sparks has extensive experience in financial management, corporate governance and compliance for listed companies.

## **MEETINGS OF DIRECTORS**

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2019, and the number of meetings attended by each Director.

|                   | <b>Board</b>                     |                        |
|-------------------|----------------------------------|------------------------|
|                   | <b>Number eligible to attend</b> | <b>Number attended</b> |
| Warwick Davies    | 1                                | 1                      |
| William Mackenzie | 1                                | 1                      |
| Zhang Chi         | 1                                | -                      |

During the year, the Chairman and Managing Director held various discussions via phone calls and informal meetings, rather than formal Board meetings. In addition, circular resolutions were used to resolve important matters.

## **LIKELY DEVELOPMENTS AND EXPECTED RESULTS**

The Group intends to continue its exploration activities with a view to the commencement of mining operations when practical.

For further details refer to Review of Strategic Intent immediately preceding this Directors' Report.

## **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

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

### DIVIDENDS

No dividends were paid or declared during the year. The Directors do not recommend payment of a dividend.

### ENVIRONMENTAL REGULATIONS

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

### OPERATING AND FINANCIAL REVIEW

#### Review of Operations

The major focus of the Company remains on the development of its wholly owned Wowo Gap Nickel/Cobalt/Laterite Project located 200 kilometres from the PNG capital of Port Moresby.

Nickel prices remained volatile during the year however prices moved upwards reflecting a combination of real and speculative demand. Indonesia's fledgling nickel industry together with real demand from China for stainless-steel and battery industries, the future of the nickel price remains positive. In addition to nickel prices moving up, physical nickel metals stocks held by the LME have declined to a level of approximately 6 months current world nickel metal demand.

Cobalt prices have declined primarily on the basis of a recognition that sufficient metal will be available to meet future demand. The EV industry has adopted a high nickel content battery with cobalt content being reduced driven by the perception of long-term supply shortages for cobalt.

The nickel laterite shipping industry has remained relatively stable over the past year however as the year ends, rumours have begun to circulate suggesting that the Indonesian Government may advance planned export restrictions on nickel laterite ore. As China's annual demand of approximately 65Mt of laterite ore and 35% is supplied by Indonesia, any restrictions will have significant impact on the supply of laterite ore to China.

Accordingly, activity at Wowo Gap was reduced with work focussed on:

- Maintaining basic exploration and environmental monitoring activity;
- Researching the nickel and cobalt distribution in the Wowo Gap ore body;
- Understanding the various chemical combinations particularly of nickel and cobalt in lithium ion batteries for various battery applications including industrial storage, (mega batteries) as well as fast charge electric charge batteries;
- Maintenance of exploration camp facilities;
- Review of previous bulk sample pits and fresh ore exposures from weather events for access to sample locations for limonite and/or saprolite ore;
- Intensive training of local based work force;
- Maintain focus on social engagement activities particularly with populations of local villages adjacent to the Wowo Gap exploration project;
- Maximisation of local food fresh food purchase as an integral component of the company's social engagement process; and
- Other work to ensure the integrity of the tenement to ensure all facilities and personnel are in an "operationally ready" condition.

A cost effective and an active social engagement policy remains at the core of Niugini Nickel's activities.

For further details refer to Review of Strategic Intent immediately preceding this Directors' Report.

**Summary of Financial Position, Asset Transactions and Corporate Activities**

A summary of key financial indicators for the Group, with prior period comparison, is set out in the following table:

|                                                         | Year<br>30 June 2019 | Year<br>30 June 2018 |
|---------------------------------------------------------|----------------------|----------------------|
|                                                         | \$                   | \$                   |
| Cash and cash equivalents held at year end              | 49,962               | 57,254               |
| Net loss for the year after tax                         | (448,913)            | (530,501)            |
| Included in loss for the year:                          |                      |                      |
| Exploration costs                                       | (193,526)            | (299,661)            |
| Borrowing costs                                         | (1,567)              | (2,039)              |
| Basic loss per share (cents) from continuing operations | (0.15)               | (0.18)               |
| Net cash (used in) operating activities                 | (298,821)            | (252,883)            |
| Net cash (used in) investing activities                 | -                    | -                    |
| Net cash from financing activities                      | 290,807              | 257,000              |

During the year:

- The Company continues to be supported by additional funding from RMC's largest shareholder, Sinom (Hong Kong) Limited. During the year, Sinom loaned an additional \$282,600 to the Company. This funding is interest free and unsecured.

**SHARE OPTIONS**

As at the date of this report, there are no listed or unlisted options over unissued ordinary shares in the Resource Mining Corporation Limited.

**REMUNERATION REPORT (Audited)**

The Directors present the 2019 Remuneration Report, outlining key aspects of Resource Mining Corporation's remuneration policy and framework, together with remuneration awarded this year.

The report is structured as follows:

- A. Key management personnel (KMP) covered in this report
- B. Remuneration policy, link to performance and elements of remuneration
- C. Contractual arrangements of KMP remuneration
- D. Remuneration of key management personnel
- E. Equity holdings and movements during the year
- F. Other transactions with key management personnel
- G. Use of remuneration consultants
- H. Voting of shareholders at last year's annual general meeting

**A. KEY MANAGEMENT PERSONNEL (KMP) COVERED IN THIS REPORT**

For the purposes of this report key management personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether Executive or otherwise).

**Key Management Personnel during the Year**

**Non-Executive Directors**

- William Mackenzie – Non-executive Chairman (from December 2008)
- Zhang Chi – Non-Executive Director (from April 2006)

**Executive Directors**

- Warwick Davies – Managing Director (from August 2004)

**B. REMUNERATION POLICY, LINK TO PERFORMANCE AND ELEMENTS OF REMUNERATION**

The Board's policy is to remunerate Directors, officers and employees at market rates for companies of similar size and industry, for time, commitment and responsibilities. The Board determines payment to the Directors and reviews their remuneration as required, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of Directors' fees that can be paid is subject to approval by shareholders in general meeting, from time to time. Fees for Non-Executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholders' interests, the Directors are encouraged to hold securities in the Company.

The remuneration of Non-Executive Directors is set by reference to payments made by other companies of similar size and industry, and by reference to the Director's skills and experience, and for the Reporting Period included a consideration of the financial restrictions in place on the Company.

**Remuneration policy and framework**

The Company's policy on remuneration clearly distinguishes the structure of Non-Executive Directors' remuneration from that of executive Directors and senior executives. The remuneration of Non-Executive Directors is set by reference to payments made by other companies of similar size and industry, and by reference to the Director's skills and experience, and for the Reporting Period included a consideration of the financial restrictions in place on the Company. Given the financial restrictions placed on it, the Company may consider it appropriate to issue unlisted options to Non-Executive Directors, subject to obtaining the relevant approvals. The Remuneration Policy is subject to annual review.

The maximum aggregate amount of fees (including superannuation payments) that can be paid to Non-Executive Directors is subject to approval by shareholders at general meeting. The maximum aggregate Directors' fees payable to non-executive Directors is \$250,000 per annum as approved by the shareholders at the 2014 AGM on 26 November 2014.

Executive pay and rewards may consist of a base salary and performance incentives. Long term performance incentives may include options granted at the discretion of the Board and subject to obtaining the relevant approvals. The grant of options, when made, are designed to recognise and reward efforts as well as to provide additional incentive and may be subject to the successful completion of performance hurdles. Executives are offered a competitive level of base pay at market rates (for comparable companies) and are reviewed to ensure market competitiveness.

There are no termination or retirement benefits for Non-Executive Directors (other than superannuation).

**Relationship between remuneration and the Group's performance**

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

**Non-Executive Directors' Remuneration**

Non-Executive Directors' remuneration consists of base fees (inclusive of superannuation) and is currently set at \$50,000 per annum for the Chairman. The Directors are entitled to reimbursement of out-of-pocket expenses incurred whilst on Company business.

**C. CONTRACTUAL ARRANGEMENTS OF KMP REMUNERATION**

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 executive directors and the other key management personnel are formalised in service agreements.

**Executive Directors**

Mr Warwick Davies, Managing Director, is responsible for the day-to-day operations of the Group. The Group has an agreement with Fairstone Holdings Pty Ltd\* to provide the services of Mr Davies to the Company in relation to its activities on normal commercial terms and conditions, which are detailed as follows:

| Terms of Agreement                                                                                                                                                  | Remuneration excluding GST                                                                                                                                                                                                                                                                                                        | Termination benefit    |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| <p>Agreement commenced 31 August 2011 for 3 years, extended to 31 March 2016.</p> <p>Services continue to be provided under this agreement since 31 March 2016.</p> | <p>\$14,400 per calendar month based on a minimum of 216 business days per annum plus \$100 per hour there-after.</p> <p>However, to assist in reducing costs, Mr Davies has not invoiced the minimum monthly amount, and instead charged his time at \$100/hour, which has resulted in a significantly lower monthly amount.</p> | <p>3 months notice</p> |

\*Mr Davies is a Director and shareholder of Fairstone Holdings Pty Ltd.

**D. REMUNERATION OF KEY MANAGEMENT PERSONNEL**

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

| 2019                     | Short-term benefit |            |                      | Post-employment Benefits | Share-based payments |                |
|--------------------------|--------------------|------------|----------------------|--------------------------|----------------------|----------------|
| Name                     | Salary and Fees    | Cash Bonus | Non-Monetary Benefit | Super-annuation          | Shares               | Total          |
|                          | \$                 | \$         | \$                   | \$                       | \$                   | \$             |
| W Mackenzie <sup>1</sup> | 50,000             | -          | -                    | -                        | -                    | 50,000         |
| W Davies <sup>2</sup>    | 81,993             | -          | -                    | -                        | -                    | 81,993         |
| Zhang C <sup>3</sup>     | -                  | -          | -                    | -                        | -                    | -              |
| <b>Totals</b>            | <b>131,993</b>     | <b>-</b>   | <b>-</b>             | <b>-</b>                 | <b>-</b>             | <b>131,993</b> |

| 2018                     | Short-term benefit |            |                      | Post-employment Benefits | Share-based payments |                |
|--------------------------|--------------------|------------|----------------------|--------------------------|----------------------|----------------|
| Name                     | Salary and Fees    | Cash Bonus | Non-Monetary Benefit | Super-annuation          | Shares               | Total          |
|                          | \$                 | \$         | \$                   | \$                       | \$                   | \$             |
| W Mackenzie <sup>1</sup> | 50,000             | -          | -                    | -                        | -                    | 50,000         |
| W Davies <sup>2</sup>    | 102,081            | -          | -                    | -                        | -                    | 102,081        |
| Zhang C <sup>3</sup>     | -                  | -          | -                    | -                        | -                    | -              |
| <b>Totals</b>            | <b>152,081</b>     | <b>-</b>   | <b>-</b>             | <b>-</b>                 | <b>-</b>             | <b>152,081</b> |

1. Mr Mackenzie's' fees for the 2016, 2017, 2018 and 2019 financial years are unpaid as at 30 June 2019 (total \$200,000).
2. Mr Davies' fees for the period May 2015 to June 2019 are unpaid as at 30 June 2019 (total \$426,316 excluding GST).
3. Mr Zhang Chi elected not to receive any Director's fees effective 1 July 2014.

Long term benefits and termination benefits paid for the year were nil (2018: nil).

During the year, no share-based payments were made (2018: none).

**E. EQUITY HOLDINGS AND MOVEMENTS DURING THE YEAR**

Share holdings of key management personnel <sup>1</sup>

| 30 June 2019     | Balance At the beginning of the Year | Granted as Remuneration | Other    | Balance 30 June 2019 |
|------------------|--------------------------------------|-------------------------|----------|----------------------|
| <b>Directors</b> |                                      |                         |          |                      |
| W Davies         | 4,335,382                            | -                       | -        | 4,335,382            |
| W Mackenzie      | 2,092,847                            | -                       | -        | 2,092,847            |
| Zhang C          | 137,793,768                          | -                       | -        | 137,793,768          |
| <b>Totals</b>    | <b>144,221,997</b>                   | <b>-</b>                | <b>-</b> | <b>144,221,997</b>   |

1. Includes shares held directly, indirectly and beneficially by key management personnel.

There are no options on issue as at year end.

**F. OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL**

**Office Usage**

Warwick Davies, Director, is also shareholder and Director of Fairstone Holdings Pty Ltd (Fairstone). During the year, Fairstone provided office usage to the Company amounting to \$8,500 (for the period June 2017 to June 2019).

**Advances from Directors**

During the 2016 year, the Managing Director advanced a total of \$54,000 to the Company as short term funding. These advances are interest free and unsecured. Mr Davies has agreed not to call for the outstanding payable balances prior to 30 September 2020 unless Resource Mining Corporation Limited is in a position to repay the amounts.

During the 2018/2019 year, the Managing Director advanced a total of \$36,500 (interest free) and \$28,293 was repaid by the Company during the year (2018: advances made to the Company \$6,200, and \$6,200 repaid).

### ***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 30 September 2020.

As at 30 June 2019, this facility had been fully drawn down (June 2018: fully drawn down).

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 30 September 2020.

As at 30 June 2019, this facility had been fully drawn down (June 2018: fully drawn down).

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 \$887,587 (2018: \$604,987).

### ***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 on 29 November 2018, the Company has up to 39 months from the maturity date to convert the notes into shares (ie by 14 January 2020).

### ***Other transactions***

There were no other transactions with key management personnel during the year.

## **G. USE OF REMUNERATION CONSULTANTS**

No remuneration consultants were engaged by the Company during the year.

## **H. VOTING OF SHAREHOLDERS AT LAST YEAR'S ANNUAL GENERAL MEETING**

The Company received 98.14% of 'yes' votes for its remuneration report for the 2018 financial year and did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

***This is the end of audited remuneration report.***

## **INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS**

The Company has paid a premium to insure the Directors and Officers of the Company and its controlled entities. Details of the premium are subject to a confidentiality clause under the contract of insurance.

The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Company.

### INDEMNIFICATION OF AUDITORS

The Company has agreed to indemnify their auditors, BDO Audit (WA) Pty Ltd, to the extent permitted by law, against any claim by a third party arising from the Company's breach of their agreement. The indemnity stipulates that the Company will meet the full amount of any such liabilities including a reasonable amount of legal costs.

### CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Resource Mining Corporation Limited support and adhere to the principles of corporate governance. Please refer to the Company's website for details of corporate governance policies: <http://resmin.com.au/corporate/corporate-governance/>.

### AUDITOR

BDO Audit (WA) Pty Ltd was appointed auditors in November 2012 in accordance with section 327 of the *Corporations Act 2001*.

### NON-AUDIT SERVICES

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

There were no fees for non-audit services paid/payable to the external auditors during the year ended 30 June 2019.

### AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration is included after the Auditor's Report in this annual report.

### MATTERS SUBSEQUENT TO THE END OF FINANCIAL YEAR

Subsequent to year end, the following occurred:

- The Company has received an additional \$53,500 of funding from Sinom (Hong Kong) Limited.

There are no other matters or circumstances that have arisen since 30 June 2019 that have or may significantly affect the operations, results, or state of affairs of the Group in future financial years.

Signed in accordance with a resolution of the Directors

A handwritten signature in black ink, appearing to read 'Warwick Davies', is written over a light blue horizontal line.

Warwick Davies  
Managing Director

Dated at Perth 25<sup>th</sup> day of September 2019

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
for the year ended 30 June 2019**



|                                                                                                               | Note | Consolidated     |                  |
|---------------------------------------------------------------------------------------------------------------|------|------------------|------------------|
|                                                                                                               |      | 2019<br>\$       | 2018<br>\$       |
| <b>Revenue</b>                                                                                                |      | 104              | 2,645            |
| <b>Expenses</b>                                                                                               |      |                  |                  |
| Administration and corporate expenses                                                                         | 3(a) | (253,924)        | (231,446)        |
| Exploration expenditure and project costs                                                                     | 3(b) | (193,526)        | (299,661)        |
| Borrowing costs                                                                                               | 3(c) | (1,567)          | (2,039)          |
| Total expenses                                                                                                |      | (449,017)        | (533,146)        |
| <b>LOSS BEFORE INCOME TAX</b>                                                                                 |      | <b>(448,913)</b> | <b>(530,501)</b> |
| <b>INCOME TAX BENEFIT / (EXPENSE)</b>                                                                         | 5    | -                | -                |
| <b>LOSS AFTER INCOME TAX FOR THE YEAR</b>                                                                     |      | <b>(448,913)</b> | <b>(530,501)</b> |
| <b>OTHER COMPREHENSIVE PROFIT/(LOSS)</b><br><i>Items that maybe re-classified to profit or loss</i>           |      |                  |                  |
| Exchange translation difference                                                                               |      | (3,016)          | 1,548            |
| <b>OTHER COMPREHENSIVE PROFIT/(LOSS)</b>                                                                      |      | <b>(3,016)</b>   | <b>1,548</b>     |
| <b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>                                                                  |      | <b>(451,929)</b> | <b>(528,953)</b> |
| <b>LOSS PER SHARE FOR THE YEAR ATTRIBUTABLE TO<br/>THE MEMBERS OF RESOURCE MINING CORPORATION<br/>LIMITED</b> |      |                  |                  |
| Basic and diluted loss per share (cents per share)                                                            | 4    | (0.15)           | (0.18)           |

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
as at 30 June 2019



|                                              | Note | Consolidated          |                       |
|----------------------------------------------|------|-----------------------|-----------------------|
|                                              |      | 30 June<br>2019<br>\$ | 30 June<br>2018<br>\$ |
| <b>CURRENT ASSETS</b>                        |      |                       |                       |
| Cash and cash equivalents                    | 6    | 49,962                | 57,254                |
| Trade and other current assets               | 8    | 14,251                | 12,210                |
| <b>Total Current Assets</b>                  |      | <b>64,213</b>         | <b>69,464</b>         |
| <b>NON CURRENT ASSETS</b>                    |      |                       |                       |
| Plant and equipment                          | 9    | 109,521               | 123,473               |
| <b>Total Non-Current Assets</b>              |      | <b>109,521</b>        | <b>123,473</b>        |
| <b>TOTAL ASSETS</b>                          |      | <b>173,734</b>        | <b>192,937</b>        |
| <b>CURRENT LIABILITIES</b>                   |      |                       |                       |
| Trade and other payables                     | 10   | 740,443               | 599,788               |
| Interest bearing liabilities                 | 11   | 5,712                 | 5,445                 |
| Non-interest bearing liabilities             | 12   | 4,659,794             | 4,368,987             |
| Provisions                                   | 13   | 38,246                | 37,249                |
| <b>Total Current Liabilities</b>             |      | <b>5,444,195</b>      | <b>5,011,469</b>      |
| <b>TOTAL LIABILITIES</b>                     |      | <b>5,444,195</b>      | <b>5,011,469</b>      |
| <b>NET ASSETS / (NET ASSET DEFICIENCY)</b>   |      | <b>(5,270,461)</b>    | <b>(4,818,532)</b>    |
| <b>EQUITY</b>                                |      |                       |                       |
| Issued capital                               | 14   | 63,294,571            | 63,294,571            |
| Reserves                                     | 15   | 586,363               | 589,379               |
| Accumulated losses                           |      | (69,151,395)          | (68,702,482)          |
| <b>TOTAL EQUITY / (DEFICIENCY IN EQUITY)</b> |      | <b>(5,270,461)</b>    | <b>(4,818,532)</b>    |

*The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.*

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the year ended 30 June 2019



| Group                                                       | Issued Capital    | Accumulated Losses  | Foreign Currency Reserve | Convertible Notes Reserve | Total              |
|-------------------------------------------------------------|-------------------|---------------------|--------------------------|---------------------------|--------------------|
|                                                             | \$                | \$                  | \$                       | \$                        | \$                 |
| <b>Year ended 30 June 2019</b>                              |                   |                     |                          |                           |                    |
| Balance at 1 July 2018                                      | 63,294,571        | (68,702,482)        | 193,884                  | 395,495                   | (4,818,532)        |
| Loss for the year                                           | -                 | (448,913)           | -                        | -                         | (448,913)          |
| Other comprehensive loss for the year                       | -                 | -                   | (3,016)                  | -                         | (3,016)            |
| <b>Total comprehensive profit/(loss) for the year</b>       | <b>-</b>          | <b>(448,913)</b>    | <b>(3,016)</b>           | <b>-</b>                  | <b>(451,929)</b>   |
| <b>Transactions with owners in their capacity as owners</b> |                   |                     |                          |                           |                    |
| Shares issued                                               | -                 | -                   | -                        | -                         | -                  |
| <b>Balance at 30 June 2019</b>                              | <b>63,294,571</b> | <b>(69,151,395)</b> | <b>190,868</b>           | <b>395,495</b>            | <b>(5,270,461)</b> |
| <b>Year ended 30 June 2018</b>                              |                   |                     |                          |                           |                    |
| Balance at 1 July 2017                                      | 63,294,571        | (68,171,981)        | 192,336                  | 395,495                   | (4,289,579)        |
| Loss for the year                                           | -                 | (530,501)           | -                        | -                         | (530,501)          |
| Other comprehensive profit for the year                     | -                 | -                   | 1,548                    | -                         | 1,548              |
| <b>Total comprehensive profit/(loss) for the year</b>       | <b>-</b>          | <b>(530,501)</b>    | <b>1,548</b>             | <b>-</b>                  | <b>(528,953)</b>   |
| <b>Transactions with owners in their capacity as owners</b> |                   |                     |                          |                           |                    |
| Shares issued                                               | -                 | -                   | -                        | -                         | -                  |
| <b>Balance at 30 June 2018</b>                              | <b>63,294,571</b> | <b>(68,702,482)</b> | <b>193,884</b>           | <b>395,495</b>            | <b>(4,818,532)</b> |

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
for the year ended 30 June 2019



|                                                              | Note | Consolidated     |                  |
|--------------------------------------------------------------|------|------------------|------------------|
|                                                              |      | 2019             | 2018             |
|                                                              |      | \$               | \$               |
| <b>CASH FLOWS FROM OPERATION ACTIVITIES</b>                  |      |                  |                  |
| Payments to suppliers and employees                          |      | (354,036)        | (309,181)        |
| Interest income received                                     |      | 104              | 126              |
| Other income received, including GST refunds                 |      | 55,111           | 56,748           |
| Interest expense paid                                        |      | -                | (576)            |
| <b>Net Cash Utilised In Operating Activities</b>             | 7(a) | <b>(298,821)</b> | <b>(252,883)</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                  |      |                  |                  |
| Proceeds from sale of other fixed assets                     |      | -                | -                |
| Other outflows                                               |      | -                | -                |
| <b>Net Cash Utilised In Investing Activities</b>             |      | <b>-</b>         | <b>-</b>         |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                  |      |                  |                  |
| Proceeds from borrowings and advances                        | 7(b) | 319,100          | 263,200          |
| Repayment of borrowings and advances                         | 7(b) | (28,293)         | (6,200)          |
| <b>Net Cash From Financing Activities</b>                    |      | <b>290,807</b>   | <b>257,000</b>   |
| Net increase/(decrease) in cash and cash equivalents         |      | (8,014)          | 4,117            |
| Cash and cash equivalents at beginning of the year           |      | 57,254           | 51,460           |
| Effect of exchange rate changes on cash and cash equivalents |      | 722              | 1,677            |
| <b>Cash and cash equivalents at the end of the year</b>      | 6    | <b>49,962</b>    | <b>57,254</b>    |

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

## **1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

These consolidated statements and notes represent those of Resource Mining Corporation Limited (“**Company**”) and controlled entities (the “**Group**”). Resource Mining Corporation Limited is a listed public company, incorporated and domiciled in Australia.

The financial report was authorised for issue on 25 September 2019 by the Board of Directors.

### **(a) Basis of Preparation and Accounting Policies**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards. The financial report has also been prepared on a historical cost basis.

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

The consolidated financial statements are presented in Australian dollars. The functional currency of Resource Mining Corporation Limited and its subsidiaries is Australian dollars, except for Niugini Nickel Pty Ltd whose functional currency is Papua New Guinean Kina.

### **(b) Statement of Compliance**

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board.

### **(c) 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 of \$448,913 (2018: \$530,501), experienced net cash outflows from operations of \$298,821 (2018 outflow: \$252,883) for the year ended 30 June 2019 and had a working capital deficiency of \$5,379,982 at balance date, of which \$2,000,000 relates to the convertible notes which are convertible to shares on or before 14 January 2020. 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 its tenement lease 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 30 June 2019 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.

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

### **(d) New and Amended Accounting Standards and Interpretations**

#### **Early adoption of accounting standards**

The Group has not elected to apply any pronouncements before their operative date in the annual reporting year beginning 1 July 2018.

#### **New and amended standards adopted by the Company**

A number of new or amended standards became applicable for the current reporting period for which the Group has adopted

- AASB 15 Revenue from Contracts with Customers; and
- AASB 9 Financial Instruments.

The new accounting policies are disclosed below. There is no impact on the Company for the year ended 30 June 2019.

#### *AASB 15 Revenue from contracts with Customers*

AASB 15 Revenue from contracts with Customers replaces AASB 118 Revenue. AASB 15 was adopted by the Group on 1 July 2018. AASB 15 provides a single, principles-based five-step model to be applied to all contracts with customers. The Group has considered AASB 15 and determined that there is no impact on the Group's financial statements as the Group is not generating sales revenue at this stage.

The Group's new revenue accounting policy is detailed below:

Revenue is recognised when or as the Group transfers control of goods or services to a customer at the amount to which the Group expects to be entitled. If the consideration promised includes a variable component, the Group estimates the expected consideration for the estimated impact of the variable component at the point of recognition and re-estimated at every reporting period.

#### *AASB 9 Financial Instruments*

AASB 9 Financial Instruments replaces the provisions of AASB 139 Financial Instruments: Recognition and Measurement that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of AASB 9 Financial Instruments from 1 July 2018 did not give rise to any transitional adjustments. The new accounting policies are set out below.

#### **Classification and measurement:**

Except for certain trade receivables the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Under AASB 9 financial assets are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

#### **Impairment:**

From 1 July 2018 the group will assess on a forward looking basis any expected credit losses (ECLs) associated with any debt instruments carried at amortised cost and FVOCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. For trade and other receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience.

#### **New and amended standards not yet adopted by the Group**

##### *AASB 16 Leases*

AASB 16 requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months. This standard is not applicable until the financial year commencing 1 July 2019. Currently, there will not be an impact to the Group's financial statements. The Group's current leases for storage and modem rental are covered by the exception for short-term and low-value leases under AASB 16.

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

**(e) Significant Accounting Estimates and Judgements**

Estimates and judgements incorporated into the financial report are continually evaluated and are based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

*Commitments - Exploration*

The Group has certain minimum exploration commitments to maintain its right of tenure to its' exploration permit. These commitments require estimates of the cost to perform exploration work required under this permit.

**(f) Principles of Consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Resource Mining Corporation Limited ("Company" or "Parent Entity") as at 30 June each year and the results of all subsidiaries for the year then ended. Resource Mining Corporation Limited and its subsidiaries together are referred to in these financial statements as the "Group".

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity and Statement of Financial Position respectively.

**(g) Foreign Currency Transaction and Balances**

*Functional and presentation currency*

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

*Transaction and balances*

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

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

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

*Controlled entities*

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

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of transaction.

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

## 2. REVENUE

|                   | Consolidated |              |
|-------------------|--------------|--------------|
|                   | 2019         | 2018         |
|                   | \$           | \$           |
| Interest received | 104          | 125          |
| Other income      | -            | 2,520        |
|                   | <b>104</b>   | <b>2,645</b> |

## 3. EXPENSES

### Exploration and Evaluation Expenditure

Exploration expenditure is expensed to the profit or loss statement as and when it is incurred and included as part of cash flows from operating activities.

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

The Group has one exploration licence EL 1165.

### Borrowing Costs

Refer to the accounting policy notes under Interest Bearing Liabilities and Non-Interest Bearing Liabilities.

|                                                      | Consolidated   |                |
|------------------------------------------------------|----------------|----------------|
|                                                      | 2019           | 2018           |
|                                                      | \$             | \$             |
| <b>(a) Administration and Corporate Expenses</b>     |                |                |
| Compliance and regulatory expenses                   | 83,046         | 72,446         |
| Consultants                                          | 50,882         | 64,585         |
| Non-Executive directors' fees                        | 50,000         | 50,000         |
| Occupancy                                            | 27,394         | 19,716         |
| Insurance                                            | 14,445         | 15,783         |
| Legal fees                                           | 24,508         | -              |
| Depreciation – administration equipment              | -              | 1,800          |
| Other expenses                                       | 3,649          | 7,116          |
|                                                      | <b>253,924</b> | <b>231,446</b> |
| <b>(b) Exploration Expenditure and Project Costs</b> |                |                |
| Depreciation – exploration equipment                 | 15,436         | 16,774         |
| Other exploration and project costs                  | 178,090        | 282,887        |
|                                                      | <b>193,526</b> | <b>299,661</b> |
| <b>(c) Borrowing costs</b>                           |                |                |
| Interest paid                                        | -              | 576            |
| Finance charges on insurance funding                 | 1,567          | 1,463          |
|                                                      | <b>1,567</b>   | <b>2,039</b>   |

**NOTES TO THE CONSOLIDATED  
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**4. LOSS PER SHARE**

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

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

|                                                                                                                                      | <b>2019</b>             | <b>2018</b>             |
|--------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Basic and diluted loss per share (cents per share)                                                                                   | (0.15)                  | (0.18)                  |
| Loss used in the calculation of weighted average basic and diluted loss per share                                                    | (448,913)               | (530,501)               |
|                                                                                                                                      | <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             | 296,267,347             |

**5. INCOME TAX**

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

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of Profit or Loss and Other Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

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

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

|                                                                                                                                                                                                                       | <b>Consolidated</b> |             |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-------------|
|                                                                                                                                                                                                                       | <b>2019</b>         | <b>2018</b> |
|                                                                                                                                                                                                                       | <b>\$</b>           | <b>\$</b>   |
| <b>(a) Income Tax Expense</b>                                                                                                                                                                                         |                     |             |
| A reconciliation of income tax (benefit) / expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate is as follows: |                     |             |
| Loss before tax                                                                                                                                                                                                       | (448,913)           | (530,501)   |
| Prima facie income tax (benefit) @ 30% (2018: 27.5%)                                                                                                                                                                  | (134,674)           | (145,888)   |
| Add:                                                                                                                                                                                                                  |                     |             |
| Non deductible expenses                                                                                                                                                                                               | 1,404               | 4,145       |
| Temporary differences and losses not recognised                                                                                                                                                                       | 171,713             | 208,668     |
| Tax differential                                                                                                                                                                                                      | (38,443)            | (66,925)    |
| Income tax (benefit) / expense attributable to operating loss                                                                                                                                                         | -                   | -           |

**NOTES TO THE CONSOLIDATED  
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**5. INCOME TAX – continued**

**Tax Consolidation**

The Company and its 100% owned controlled entities have formed a tax consolidated group. Members of the Group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly owned controlled entities on a pro-rata basis. The agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At reporting date, the possibility of default is remote. The head entity of the tax consolidated group is Resource Mining Corporation Limited.

**Tax effect accounting by members of the tax consolidated group**

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated group. Deferred taxes are allocated to members of the tax consolidated group in accordance with a group allocation approach which is consistent with the principles of AASB 112 Income Taxes. The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the controlled entities intercompany accounts with the tax consolidated group head company, Resource Mining Corporation Limited.

**(b) Net Deferred Tax Assets Not Recognised Relate to the Following:**

|                                                                   | Consolidated      |                  |
|-------------------------------------------------------------------|-------------------|------------------|
|                                                                   | 2019              | 2018             |
|                                                                   | \$                | \$               |
| <b>Unrecognised deferred tax assets / (liabilities):</b>          |                   |                  |
| Deferred Tax Assets/(Liabilities) – Other Timing Differences, net | 6,600             | 6,050            |
| Deferred Tax Assets - Capital losses                              | 465,432           | 426,646          |
| Deferred Tax Assets - Tax losses – Australia *                    | 6,224,800         | 5,641,806        |
| Deferred Tax Assets – Exploration tax losses - PNG**              | 6,858,173         | 670,084          |
|                                                                   | <b>13,555,005</b> | <b>6,744,586</b> |

\* The tax losses do not expire under current legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits.

\*\* Includes as at 30 June 2019 all carry forward Exploration Expenditure for PNG not previously disclosed. These losses expire 20 years after being incurred.

**6. CASH AND CASH EQUIVALENTS**

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

|                          |        |        |
|--------------------------|--------|--------|
| Cash at bank and on hand | 49,962 | 57,254 |
|--------------------------|--------|--------|

**7. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) Reconciliation from net loss after tax to the net cash flow from operating activities**

|                                                   |                  |                  |
|---------------------------------------------------|------------------|------------------|
| Loss after income tax                             | (448,913)        | (530,501)        |
| Non-Cash Items:                                   |                  |                  |
| Depreciation                                      | 15,436           | 18,574           |
| Loss on sale and write-off of plant and equipment | 1,593            | -                |
| Movement in assets and liabilities                |                  |                  |
| Decrease in trade and other receivables           | (1,858)          | 9,007            |
| Increase in trade and other payables              | 134,654          | 214,901          |
| Decrease in interest bearing liabilities          | 267              | (2,113)          |
| Increase/(decrease) in provisions                 | -                | 37,249           |
| <b>Net cash used in operating activities</b>      | <b>(298,821)</b> | <b>(252,883)</b> |

No non-cash financing and investing activities were undertaken during the year (2018: none).

**7. NOTES TO THE STATEMENT OF CASH FLOWS - continued**

|                                                          | Note | Consolidated     |                  |
|----------------------------------------------------------|------|------------------|------------------|
|                                                          |      | 2019             | 2018             |
|                                                          |      | \$               | \$               |
| <i>(b) Reconciliation of Net Borrowings and Advances</i> |      |                  |                  |
| Net borrowings and advances at 1 July                    | 12   | 4,368,987        | 4,111,987        |
| Cash flows:                                              |      |                  |                  |
| Proceeds from borrowings and advances                    |      | 319,100          | 263,200          |
| Repayment of borrowings and advances                     |      | (28,293)         | (6,200)          |
| <b>Net borrowings and advances as at 30 June</b>         | 12   | <b>4,659,794</b> | <b>4,368,987</b> |

**8. TRADE RECEIVABLES AND OTHER CURRENT ASSETS**

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Current receivables for GST are due for settlement within 30 days and other current receivables within 12 months. Cash on deposit is not due for settlement until rights of tenure are forfeited or performance obligations are met.

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office in Australia and the Internal Revenue Commission in Papua New Guinea. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expenses.

Receivables and payables are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

|                 | Consolidated  |               |
|-----------------|---------------|---------------|
|                 | 2019          | 2018          |
|                 | \$            | \$            |
| <b>Current</b>  |               |               |
| Secured cash    | 3,947         | 3,764         |
| Prepayments     | 4,469         | 4,509         |
| GST receivables | 5,835         | 3,937         |
|                 | <b>14,251</b> | <b>12,210</b> |

*Secured Cash*

There is a lien over deposit at call of \$3,947 (9,162 Kina) to secure a Bank Guarantee of 5,000 Kina to the Mineral Resources Authority (MRA) in Papua New Guinea.

*Fair Value and Risk Exposures:*

- (i) Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.
- (ii) The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security.
- (iii) Other receivables generally have repayments between 30 and 90 days.

Receivables do not contain past due or impaired assets as at 30 June 2019 (2018: none).

**9. PLANT AND EQUIPMENT**

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

*Plant and equipment:*

Plant and equipment are measured on historical cost basis less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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**9. PLANT AND EQUIPMENT - continued**

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

*Depreciation:*

The depreciable amount of all fixed assets is depreciated on a reducing balance commencing from the time the asset is held ready for use.

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

| <u>Class of Fixed Asset</u> | <u>Depreciation Rate</u> |
|-----------------------------|--------------------------|
| Plant and Equipment         | 15 – 50%                 |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

|                                  | <b>Consolidated</b> |                |
|----------------------------------|---------------------|----------------|
|                                  | <b>2019</b>         | <b>2018</b>    |
|                                  | <b>\$</b>           | <b>\$</b>      |
| Cost                             | 249,610             | 261,571        |
| Accumulated depreciation         | (140,089)           | (138,098)      |
|                                  | <b>109,521</b>      | <b>123,473</b> |
| Movement in carrying amounts:    |                     |                |
| Opening balance                  | 123,473             | 142,283        |
| Disposals                        | (1,615)             | -              |
| Depreciation expense             | (15,436)            | (18,574)       |
| Currency translation differences | 3,099               | (236)          |
| <b>Closing balance</b>           | <b>109,521</b>      | <b>123,473</b> |

**10. TRADE AND OTHER PAYABLES**

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

|                             | <b>Consolidated</b> |                |
|-----------------------------|---------------------|----------------|
|                             | <b>2019</b>         | <b>2018</b>    |
|                             | <b>\$</b>           | <b>\$</b>      |
| Trade payables              | 504,586             | 415,032        |
| Other payables and accruals | 235,857             | 184,756        |
|                             | <b>740,443</b>      | <b>599,788</b> |

**Fair Value and Risk Exposures**

- (i) Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.
- (ii) Trade and other payables are unsecured, non-interest bearing and usually paid within 60 days of recognition.

## 11. INTEREST BEARING LIABILITIES

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised costs. 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, capitalised as a prepayment and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

|                           | <b>Consolidated</b> |              |
|---------------------------|---------------------|--------------|
|                           | <b>2019</b>         | <b>2018</b>  |
|                           | <b>\$</b>           | <b>\$</b>    |
| <b>Current</b>            |                     |              |
| Insurance premium funding | <b>5,712</b>        | <b>5,445</b> |

## 12. NON INTEREST BEARING LIABILITIES

### Convertible Notes

Compound financial instruments issued by the Group comprise convertible notes that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed. The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition. Interest related to the financial liability is recognised in the statement of profit or loss and other comprehensive income. On conversion the financial liability is reclassified to equity and no gain or loss is recognised.

|                                         | <b>Consolidated</b> |                  |
|-----------------------------------------|---------------------|------------------|
|                                         | <b>2019</b>         | <b>2018</b>      |
|                                         | <b>\$</b>           | <b>\$</b>        |
| <b>Current</b>                          |                     |                  |
| Advances from Managing Director         | 62,207              | 54,000           |
| Unsecured loans and advances from Sinom | 2,597,587           | 2,314,987        |
| Convertible notes                       | 2,000,000           | 2,000,000        |
|                                         | <b>4,659,794</b>    | <b>4,368,987</b> |

### **Advances from Managing Director**

These advances are interest free and unsecured. Mr Davies has agreed not to call for the outstanding payable balances prior to 30 September 2020 unless Resource Mining Corporation Limited is in a position to repay the amounts.

During the 2018/2019 year, the Managing Director advanced a total of \$36,500 (interest free) and \$28,293 was repaid by the Company during the year (2018: advances made to the Company \$6,200, and \$6,200 repaid).

### **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 30 September 2020.

As at 30 June 2019, this facility had been fully drawn down (30 June 2018: fully drawn down).

## 12. NON INTEREST BEARING LIABILITIES - continued

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 30 September 2020.

As at 30 June 2019, this facility had been fully drawn down (30 June 2018: fully drawn down).

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 \$887,587 (2018: \$604,987).

### **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 on 29 November 2018, the Company has up to 39 months from the maturity date to convert the notes into shares (ie by 14 January 2020).

## 13. PROVISIONS

### **Compensation Provision**

Obligations associated with compensation are recognised when the Group has an obligation which is probable, and the provision can be measured reliably. The provision is measured at the estimated value of the future expenditure. The determination of the provision requires judgement in terms of the best estimate of the costs of the compensation required.

|                            | <b>Consolidated</b> |               |
|----------------------------|---------------------|---------------|
|                            | <b>2019</b>         | <b>2018</b>   |
|                            | <b>\$</b>           | <b>\$</b>     |
| <b>Current</b>             |                     |               |
| Provision for compensation | <b>38,246</b>       | <b>37,249</b> |

The movement during the year was due to currency translations.

## 14. CONTRIBUTED EQUITY

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

|                       | <b>2019</b>   | <b>2018</b>   | <b>2019</b> | <b>2018</b> |
|-----------------------|---------------|---------------|-------------|-------------|
|                       | <b>Number</b> | <b>Number</b> | <b>\$</b>   | <b>\$</b>   |
| Issued and fully paid | 296,267,347   | 296,267,347   | 63,294,571  | 63,294,571  |

### **Movement in ordinary share capital of the Company:**

There were no movements during the year ended 30 June 2019 (2018: none).

### **Options as at 30 June 2019**

There are no options on issue as at 30 June 2019 (2018: nil).

#### 14. CONTRIBUTED EQUITY - continued

##### Voting and dividend rights

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

##### Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as maintains optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management may in the future adjust the capital structure to take advantage of favourable costs of capital and issue further shares in the market. There are no plans to distribute dividends in the next year.

##### Dividends

The Group did not pay nor declare dividends in the last financial year (2018: nil).

|                                                            |     | <b>Consolidated</b> |                |
|------------------------------------------------------------|-----|---------------------|----------------|
|                                                            |     | <b>2019</b>         | <b>2018</b>    |
|                                                            |     | <b>\$</b>           | <b>\$</b>      |
| <b>15. RESERVES</b>                                        |     |                     |                |
| Foreign currency reserve                                   | (a) | 190,868             | 193,884        |
| Convertible notes reserve                                  | (b) | 395,495             | 395,495        |
|                                                            |     | <b>586,363</b>      | <b>589,379</b> |
| <b>(a) Foreign currency reserve</b>                        |     |                     |                |
| Balance at the beginning of the year                       |     | 193,884             | 192,336        |
| Currency translation differences arising during the period |     | (3,016)             | 1,548          |
| <b>Balance at the end of the year</b>                      |     | <b>190,868</b>      | <b>193,884</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.

##### (b) Convertible Notes reserve

The Convertible Note reserve records the equity portion of the Convertible Notes as described in note 12.

#### 16. RELATED PARTY TRANSACTIONS

##### Subsidiaries

The consolidated financial statements included the financial statements of Resource Mining Corporation Limited and the subsidiaries listed in the following table:

| Name                                                   |     | Class of shares | Country of incorporation | % Equity Interest |             |
|--------------------------------------------------------|-----|-----------------|--------------------------|-------------------|-------------|
|                                                        |     |                 |                          | <b>2019</b>       | <b>2018</b> |
| Resource Exploration Pty Ltd and its controlled entity | (a) | Ordinary        | Australia                | 100%              | 100%        |

(a) Niugini Nickel Pty Ltd is a wholly owned subsidiary of Resource Exploration Pty Ltd. Niugini Nickel Pty Ltd's place of business is Papua New Guinea, and its principal activity is exploration.

##### Ultimate Parent

Resource Mining Corporation Limited is the ultimate Australian parent entity and the ultimate parent of the Group.

**16. RELATED PARTY TRANSACTIONS - continued**

**Compensation of Key Management Personnel**

|                          | <b>Consolidated</b> |                |
|--------------------------|---------------------|----------------|
|                          | <b>2019</b>         | <b>2018</b>    |
|                          | <b>\$</b>           | <b>\$</b>      |
| Short term benefits      | 131,993             | 152,081        |
| Post-employment benefits | -                   | -              |
|                          | <b>131,993</b>      | <b>152,081</b> |

**Transactions with Related Parties**

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

- a) Warwick Davies, Director, is also shareholder and Director of Fairstone Holdings Pty Ltd (Fairstone). During the year, Fairstone provided office usage to the Company amounting to \$8,500 (for the period June 2017 to June 2019).

**b) Outstanding balances arising from services**

|                                                             | <b>Consolidated</b> |                |
|-------------------------------------------------------------|---------------------|----------------|
|                                                             | <b>2019</b>         | <b>2018</b>    |
|                                                             | <b>\$</b>           | <b>\$</b>      |
| Current payables (included in trade creditors and accruals) |                     |                |
| Key management personnel                                    | <b>678,298</b>      | <b>528,756</b> |

Outstanding balances relate to remuneration services during 2015 to 2019 (inclusive of GST where applicable).

**c) Loans and Advances from related parties**

*Advances (unsecured and interest free) from related parties*

**Warwick Davies**

|                                                       |               |               |
|-------------------------------------------------------|---------------|---------------|
| Balance at the beginning of the year                  | 54,000        | 54,000        |
| Loans/Advances advanced                               | 36,500        | 6,200         |
| Repaid                                                | (28,293)      | (6,200)       |
| <b>Balance at the end of the year</b> – refer note 12 | <b>62,207</b> | <b>54,000</b> |

*Loans (unsecured and interest free) from related parties*

**Sinom (Hong Kong) Limited <sup>(i)</sup>**

|                                                       |                  |                  |
|-------------------------------------------------------|------------------|------------------|
| Balance at the beginning of the year                  | 2,314,987        | 2,057,987        |
| Loans advanced                                        | 282,600          | 257,000          |
| Loan repayments made                                  | -                | -                |
| <b>Balance at the end of the year</b> – refer note 12 | <b>2,597,587</b> | <b>2,314,987</b> |

- (i) Non-Executive Director Mr Zhang Chi is the Managing Director of Sinom (Hong Kong) Limited.

Sinom (Hong Kong) Limited also holds two Convertible Notes with a face value of \$2,000,000. Refer to note 12 for further details on the loan and Convertible Notes.

**17. PARENT ENTITY DISCLOSURES**

|                                       | <b>Parent Entity</b> |                    |
|---------------------------------------|----------------------|--------------------|
|                                       | <b>2019</b>          | <b>2018</b>        |
|                                       | <b>\$</b>            | <b>\$</b>          |
| Current assets                        | 15,417               | 25,446             |
| Non-current assets                    | -                    | -                  |
| <b>Total assets</b>                   | <b>15,417</b>        | <b>25,446</b>      |
| Current liabilities                   | 5,398,395            | 4,941,572          |
| <b>Total liabilities</b>              | <b>5,398,395</b>     | <b>4,941,572</b>   |
| <b>Net liabilities</b>                | <b>(5,382,978)</b>   | <b>(4,916,126)</b> |
| Issued capital                        | 63,294,571           | 63,294,571         |
| Reserves                              | 395,495              | 395,495            |
| Accumulated losses                    | (69,073,044)         | (68,606,192)       |
| <b>Total deficiency in equity</b>     | <b>(5,382,978)</b>   | <b>(4,916,126)</b> |
| Loss for the year                     | (466,852)            | (452,376)          |
| Total comprehensive loss for the year | (466,852)            | (452,376)          |

- i) Guarantees: No guarantees have been entered into by the parent entity on behalf of the subsidiaries.  
ii) Contingent liabilities: No contingent liabilities exist.

**18. CONTINGENCIES**

Resource Mining Corporation Limited and its controlled entities do not have any known material contingent assets or liabilities as at 30 June 2019.

**19. CAPITAL AND LEASING COMMITMENTS**

**(a) Mineral Tenement Commitments**

In order to maintain current rights of tenure to mining tenements, the Group has exploration and evaluation expenditure obligations up until the expiry of those licences. The following stated obligations are not provided for in the financial statements and represent a commitment of the Group (EL 1165 is renewed for a 2 year period to 28/2/2020):

|                                                 | <b>Consolidated</b> |               |
|-------------------------------------------------|---------------------|---------------|
|                                                 | <b>2019</b>         | <b>2018</b>   |
|                                                 | <b>\$</b>           | <b>\$</b>     |
| Within 1 Year                                   | 16,088              | 23,496        |
| Later than 1 year but not later than five years | -                   | 15,664        |
|                                                 | <b>16,088</b>       | <b>39,160</b> |

**(b) Operating Lease Commitments**

There are no non-cancellable operating leases contracted for but not capitalised in the financial statements.

## 20. REMUNERATION OF AUDITORS

|                                                              | Consolidated |        |
|--------------------------------------------------------------|--------------|--------|
|                                                              | 2019         | 2018   |
|                                                              | \$           | \$     |
| Amount received, or due and receivable, by the auditors for: |              |        |
| Auditing and reviewing of financial reports                  | 38,017       | 37,740 |

## 21. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks, including market risk (including currency risk), credit risk and liquidity risks. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the business. To date, the Group has not used derivative financial instruments. The Group uses different methods to measure different types of risk to which it is exposed.

### Risk Management

Risk management is carried out by the Managing Director under policies approved by the Board of Group's Directors and includes evaluation of financial risks. The Board provides principles for overall risk management and the finance function provides policies with regard to financial risk management that are defined and consistently applied.

#### (a) Credit Risk

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

In the case of material cash deposited, credit risk is minimised by depositing with recognised financial intermediaries such as banks, subject to Australian Prudential Regulation Authority Supervision. For banks and financial institutions, only independently rated parties with a minimum rating of AA are accepted.

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

#### (b) Liquidity and Capital Risk

The Group has appropriate procedures in place to manage cash flows including continuous monitoring of forecast and actual cash flows to ensure funds are available to meet commitments. The objectives when managing the Group's capital is to safeguard the business as a going concern, to maximise returns to shareholders and to maintain an optimal capital structure in order to reduce the cost of capital.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date.

| Financial liabilities            | Less than<br>6 months | 6 to 12<br>months        | 1 to 5<br>years | Over 5<br>years | Total            |
|----------------------------------|-----------------------|--------------------------|-----------------|-----------------|------------------|
| <b>2019</b>                      |                       |                          |                 |                 |                  |
| Trade and other payables         | 740,443               | -                        | -               | -               | 740,443          |
| Interest bearing liabilities     | 5,712                 | -                        | -               | -               | 5,712            |
| Non-interest bearing liabilities | 2,949,794             | 1,710,000 <sup>(i)</sup> | -               | -               | 4,659,794        |
|                                  | <b>3,695,949</b>      | <b>1,710,000</b>         | -               | -               | <b>5,405,949</b> |
| <b>2018</b>                      |                       |                          |                 |                 |                  |
| Trade and other payables         | 599,789               | -                        | -               | -               | 599,789          |
| Interest bearing liabilities     | 5,445                 | -                        | -               | -               | 5,445            |
| Non-interest bearing liabilities | 2,658,987             | 1,710,000                | -               | -               | 4,368,987        |
|                                  | <b>3,264,221</b>      | <b>1,710,000</b>         | -               | -               | <b>4,974,221</b> |

<sup>(i)</sup> The repayment date of the \$1,710,000 has been extended to 30 September 2020, however the Group classifies this as a current liability on the basis that it can be repaid at any time.

## **21. FINANCIAL RISK MANAGEMENT - continued**

### **(c) Interest Rate Risk**

The Group's exposure to market risk for changes in interest rates relates primarily to interest on deposits with banking institutions. The sensitivities of a movement in interest rates has no material impact on the Group due to the small balances that are interest bearing.

### **(d) Foreign Exchange Risk**

As a result of operations in Papua New Guinea being denominated primarily in Papua New Guinean Kina, the Group's Statement of Financial Position can be affected by movements in the Kina/A\$ exchange rate. The Group does not hedge this exposure.

The Group manages its foreign exchange risk by constantly reviewing its exposure to commitments payable in foreign currency and ensuring appropriate cash balances are maintained in Kina, to meet current operational commitments.

The Group's exposure to foreign exchange risk for changes in exchange rates relates has no material impact on the Group due to the small balances of cash, receivables and payables.

Management believes the balance date risk exposures are representative of the risk exposure inherent in financial instruments.

### **(e) Net Fair Values**

Disclosure of fair value measurements by level are as follows:

- Level 1 – the fair value is calculated using quoted prices in active markets
- Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data

#### ***Fair values of other financial instruments***

The carrying value of assets and liabilities, due to their short term nature, are assumed to approximate their fair value, except for the convertible notes.

The fair value of the convertible notes has been determined by discounting the cash-flows over the term of the facility, being the principal repayable on maturity, using a market interest rate for a similar instrument that does not have the conversion feature. As at 30 June 2019 and 30 June 2018, the fair value of the convertible notes was \$2,000,000 (carrying value \$2,000,000).

## **22. SEGMENT INFORMATION**

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 Managing Director.

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.

## **23. MATTERS SUBSEQUENT TO THE REPORTING PERIOD**

Subsequent to year end, the following occurred:

- The Company has received an additional \$53,500 of funding from Sinom (Hong Kong) Limited.

There are no other matters or circumstances that have arisen since 30 June 2019 that have or may significantly affect the operations, results, or state of affairs of the Group in future financial years.

**DIRECTOR'S DECLARATION  
for the year ended 30 June 2019**



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 30 June 2019 and of its performance for the year then ended; and
    - ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001 and other mandatory professional 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 financial year ended 30 June 2019.

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

A handwritten signature in black ink, appearing to read 'W. Davies', is written over a light blue horizontal line.

Warwick Davies  
Managing Director

Dated this 25th day of September 2019

## INDEPENDENT AUDITOR'S REPORT

To the members of Resource Mining Corporation Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Resource Mining Corporation Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the Corporations Act 2001, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 Group in accordance with 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 confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

#### Material uncertainty related to going concern

We draw attention to Note 1 (c) 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 opinion is not modified in 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. Except for the matter described in the Material uncertainty related to going concern section, we have determined there are no key audit matters to be communicated in our report.

## Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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 preparing the financial report, the directors are responsible for assessing the ability of the group 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 Group or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Report

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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf)

This description forms part of our auditor's report.



## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 15 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Resource Mining Corporation Limited, for the year ended 30 June 2019, complies with section 300A of the Corporations Act 2001.

### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'J Prue'.

Jarrad Prue

Director

Perth, 25 September 2019

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

As lead auditor of Resource Mining Corporation Limited for the year ended 30 June 2019, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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, 25 September 2019

## ADDITIONAL SHAREHOLDER INFORMATION



Additional information required by the Australian Securities Exchange Listing Rules and not disclosed elsewhere in this report is set out below. The information is current as at 19 September 2019.

### ANALYSIS OF SHAREHOLDING - Ordinary Shares

| Size of Holding   | Number of Holders | Number of Shares   |
|-------------------|-------------------|--------------------|
| 1 – 1,000         | 495               | 179,797            |
| 1,001 – 5,000     | 555               | 1,527,760          |
| 5,001 – 10,000    | 245               | 1,912,255          |
| 10,001 – 100,000  | 541               | 19,579,578         |
| 100,001 – or more | 154               | 273,067,957        |
| <b>TOTAL</b>      | <b>1,990</b>      | <b>296,267,347</b> |

Shareholders holding less than a marketable parcel 1,731

### SUBSTANTIAL SHAREHOLDERS

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

Sinom (Hong Kong) Limited – as per notice given 137,793,768 46.51%

### TOP 20 SHAREHOLDERS

The top 20 largest shareholders are listed below:

| Name                                                                  | Number of Shares   | % of Shares    |
|-----------------------------------------------------------------------|--------------------|----------------|
| 1 SINOM (HONG KONG) LIMITED                                           | 136,793,768        | 46.17          |
| 2 CENTURY THREE X SEVEN RESOURCE FUND INC                             | 10,656,250         | 3.60           |
| 3 KEEN MERIT LIMITED                                                  | 10,192,024         | 3.44           |
| 4 THUNDER LUCK INTERNATIONAL LTD                                      | 8,503,171          | 2.87           |
| 5 MS NADA SAADE                                                       | 8,483,924          | 2.86           |
| 6 BEST VENTURE DEVELOPMENT LIMITED                                    | 8,469,895          | 2.86           |
| 7 ERCEG ENTERPRISES PTY LTD                                           | 8,000,000          | 2.70           |
| 8 TIERRA DE SUENOS SA                                                 | 5,866,819          | 1.98           |
| 9 CLASSIC ROOFING PTY LIMITED <SUPERANNUATION FUND ACCOUNT>           | 5,510,000          | 1.86           |
| 10 BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE A/C>                  | 4,100,000          | 1.38           |
| 11 MOUNT GIBSON IRON LIMITED                                          | 3,478,025          | 1.17           |
| 12 INTUICION INC                                                      | 3,360,271          | 1.13           |
| 13 CENTURY THREE X SEVEN RESOURCE FUND INC                            | 3,170,000          | 1.07           |
| 14 MR DIMITRIOS GRAIKOS <THE GRAIKOS FAMILY A/C>                      | 3,100,000          | 1.05           |
| 15 NICAMA INVESTMENTS PTY LTD                                         | 3,000,000          | 1.01           |
| 16 MR WILLIAM ROSS MACKENZIE                                          | 2,092,847          | 0.71           |
| 17 FAIRSTONE HOLDINGS PTY LIMITED                                     | 1,910,633          | 0.64           |
| 18 CORPORATE FINANCE (HEIDELBERG) PTY LTD <MILLER CORP STAFF S/F A/C> | 1,780,000          | 0.60           |
| 19 MR WARWICK JEFFREY DAVIES                                          | 1,679,437          | 0.57           |
| 20 SWISS TRADING OVERSEAS CORP                                        | 1,677,259          | 0.57           |
| <b>TOTAL TOP 20 HOLDERS</b>                                           | <b>231,824,323</b> | <b>78.25%</b>  |
| TOTAL REMAINING HOLDERS BALANCE                                       | 64,443,024         | 21.75%         |
| <b>TOTAL</b>                                                          | <b>296,267,347</b> | <b>100.00%</b> |

**VOTING RIGHTS**

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

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

**INTEREST IN MINING TENEMENTS**

| <b>Tenement</b> | <b>Tenement No.</b> | <b>RMC Interest</b> | <b>Country in which Licence is held</b> |
|-----------------|---------------------|---------------------|-----------------------------------------|
| Wowo Gap        | EL1165              | 100%                | Papua New Guinea                        |