



**RESOURCE MINING CORPORATION LIMITED**

**ABN 97 008 045 083**

**FINANCIAL REPORT**

**HALF-YEAR ENDED 31 DECEMBER 2015**

**Resource Mining Corporation Limited**  
**Half-year Ended 31 December 2015**

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# Resource Mining Corporation Limited

## Corporate Directory

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

# Resource Mining Corporation Limited

## Half Year Directors' Report

### December 2015

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The Directors present the financial report of the consolidated entity, consisting of Resource Mining Corporation Limited (ASX: RMI) ("**RMC**") and its controlled entities ("**Group**"), for the half-year ended 31 December 2015.

#### HIGHLIGHTS

Your Company's management remains focussed on the assessment of the Wowo Gap Nickel Laterite Project ("**the Project**") to supply direct shipping nickel laterite ore ("**DSO**") to the Chinese nickel market. Achievements during the half year include:

- Tenements granted and renewed
- AGM and Share Consolidation completed
- Continuation of work programs at Wowo Gap

#### DIRECTORS

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

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

#### COMPANY REVIEW

##### REVIEW OF OPERATIONS

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

The development of the Project in south east PNG remains the key strategic goal of the Resource Mining Group. Developments in the world's nickel industry have focussed attention on the nickel laterite projects in the South Pacific.

##### Wowo Gap Nickel Laterite Project

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

RMC has not been immune to the challenges that are currently faced by those within the resources sector. These challenges, which are now familiar to most investors, are the commodity cycle, the downturn in the resources sector per se, the world economy, the slowdown in China, weak economic growth and for RMC specifically, the depressed nickel price, all of which currently show signs of little promise in the short term.

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

# Resource Mining Corporation Limited

## Half Year Directors' Report

### December 2015

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

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

#### **Site Activities**

Activities continue to be undertaken to gather environmental and other baseline information which will form the basis for future project development approvals. During the December quarter, the site work program was predominantly focussed on environmental monitoring and in particular, the testing of water quality in rivers, creeks and streams across the tenement. The water testing is to provide bassline environmental water quality background prior to any development activity.

A spin-off of the routine water testing is to provide data regarding the viability of access to a permanent source of potable water and in quantities sufficient to sustain all the Project sites.

#### **Environmental Monitoring**

Routine water quality and stream flow measurements including monitoring continue across a range of static measurement locations. Prior to any development taking place and in an attempt to identify the reliability of a potable water source in variable climatic conditions, all data collected from measurements and monitoring is compiled and will be used to support any background evidence. Currently, drinkable water is sourced from streams high in the mountains above the two main exploration camps.

#### **Tenements**

##### ***Grant of Exploration Licence EL 2337***

Niugini Nickel Limited (100% subsidiary of RMC) received advice from the Registrar of the Mineral Resources Authority ("MRA") of Papua New Guinea that an exploration licence for the new tenement EL 2337 has been granted for a 2 year term ending 1 November 2017. This tenement is an enhancement to the Project, one of which is the logistic opportunities presented by its location towards the coast.

##### ***Renewal of Exploration Licence EL 1980***

The renewal of tenement EL 1980 (which is adjacent to EL 1165) was granted, without additional conditions, for a further 2 year term ending 27 September 2016. The assessment and renewal process for EL renewal applications is often a somewhat lengthy and protracted process.

Now that all tenements have been renewed and granted, the opportunity presents for a comprehensive review and assessment of the mineralisation potential of the Project's tenement portfolio. This is currently scheduled to commence in the 2<sup>nd</sup> quarter 2016.

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

A Feasibility Study for the development of a DSO project, which is required for the renewal of EL 1165, was completed and delivered to the MRA at the end of February 2016. An application for the renewal of EL 1165 has been submitted to the MRA. Confirmation of the Warden's Court Hearing for this renewal application has been confirmed for 20<sup>th</sup> April 2016. Hearings will take place in two villages adjacent to the Project site, and landowners and villagers will have the opportunity to express their views in relation to the continuation of the tenement ownership by Niugini Nickel.

# Resource Mining Corporation Limited

## Half Year Directors' Report

### December 2015

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Tenure of the tenement remains in good standing during the renewal process and RMC remains confident the renewal of the tenement will be granted.

#### CORPORATE

##### Funding Agreement

On 29 September 2015, the Company announced it had entered into an amendment to the Funding Agreement ("**Agreement**") dated 9 June 2015, with the Company's largest shareholder, Sinom (Hong Kong) Limited ("**Sinom**") who currently holds 46.5% of the issued shares in the Company. Mr Zhang Chi (Andy) is a Non-Executive director of the Company and is a director and controlling shareholder of Sinom.

Under the terms of the amendment to the Agreement, Sinom has agreed to provide the Company an additional \$400,000, taking the total of the loan to \$900,000, for general working capital purposes as an unsecured loan on the same terms and conditions as the initial loan and as disclosed in Note 12. Furthermore Sinom has extended the final repayment date from 31 October 2015 to 31 October 2016. During the reporting period, the Company acquired additional funding from Sinom on the same terms and conditions as previous funding.

##### Annual General Meeting

The Annual General Meeting was held on Thursday 26 November 2015 at the Company's office in West Perth with all resolutions presented approved by shareholders. This included the resolution pertaining to the consolidation of the issued capital of the Company on the basis of every 10 fully paid ordinary shares being consolidated into one fully paid ordinary share.

The consolidation process was completed on 9 December 2015, with notification and new holding statements being sent to shareholders.

#### MATTERS SUBSEQUENT TO 31 DECEMBER 2015

Subsequent to period end, on 15 March 2016, the Company entered into an amendment to the Funding Agreement ("**Agreement**") dated 9 June 2015 (as amended), with the Company's largest shareholder, Sinom (Hong Kong) Limited ("**Sinom**") who currently holds 46.5% of the issued shares in the Company. Mr Zhang Chi (Andy) is a Non-Executive director of the Company and is a director and controlling shareholder of Sinom. Under the terms of the amendment to the Agreement, Sinom has agreed to provide the Company an additional \$310,000, taking the total of the loan to \$1,210,000, for general working capital purposes as an unsecured loan on the same terms and conditions as the initial loan and as disclosed in note 6. Furthermore Sinom has extended the final repayment date from 31 October 2016 to 31 March 2017.

Other than the matters above, there has not been any material event subsequent to the end of the reporting date and the date of this half year financial report that has not been recognised in this financial report.

#### RESULT

The operating result for the half-year ended 31 December 2015 was a loss after income tax of \$653,956 (2014: \$446,822 loss).

# Resource Mining Corporation Limited

## Half Year Directors' Report

### December 2015

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#### AUDITOR'S INDEPENDENCE DECLARATION

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

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



**William (Bill) Mackenzie**  
Chairman

Signed on the 15 March 2016

**Resource Mining Corporation Limited**  
**Consolidated Statement of Profit or Loss and Other Comprehensive**  
**Income**  
for the half-year ended 31 December 2015

	Note	Six Months ended 31 December 2015 \$	Six Months ended 31 December 2014 \$
<b>Revenue</b>		100	2,807
Corporate expenses		(143,046)	(154,498)
Employee and consulting fees		(209,218)	(277,355)
Administration and other expenses		(111,866)	(142,555)
Borrowing costs		(165,873)	(510)
Depreciation		(2,587)	(2,698)
Exploration expenditure and project costs		(21,466)	(41,511)
<b>LOSS BEFORE INCOME TAX</b>		<b>(653,956)</b>	<b>(616,320)</b>
<b>INCOME TAX BENEFIT</b>	3	-	169,498
<b>LOSS AFTER INCOME TAX FOR THE PERIOD</b>		<b>(653,956)</b>	<b>(446,822)</b>
<b>OTHER COMPREHENSIVE (LOSS) / PROFIT</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange translation difference		(546,328)	946,973
<b>OTHER COMPREHENSIVE (LOSS) / PROFIT</b>		<b>(546,328)</b>	<b>946,973</b>
<b>TOTAL COMPREHENSIVE (LOSS) / PROFIT FOR THE PERIOD</b>		<b>(1,200,284)</b>	<b>500,151</b>
<b>LOSS PER SHARE FOR THE HALF YEAR ATTRIBUTABLE TO MEMBERS OF RESOURCE MINING CORPORATION LIMITED</b>			
Basic and diluted loss per share (cents per share)		(0.22)	(0.15)

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



**Resource Mining Corporation Limited**  
**Consolidated Statement of Financial Position**  
As at 31 December 2015

	Note	31 December 2015 \$	30 June 2015 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		13,921	131,447
Trade and other current assets		46,268	61,791
<b>Total Current Assets</b>		<b>60,189</b>	<b>193,238</b>
<b>NON CURRENT ASSETS</b>			
Plant and equipment		214,832	239,605
Mineral exploration and evaluation	4	13,498,951	13,637,826
<b>Total Non-Current Assets</b>		<b>13,713,783</b>	<b>13,877,431</b>
<b>TOTAL ASSETS</b>		<b>13,773,972</b>	<b>14,070,669</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		288,694	317,745
Provisions		27,773	39,613
Interest bearing liabilities	5	28,259	5,016
Non-interest bearing liabilities	6	2,776,187	300,000
<b>Total Current Liabilities</b>		<b>3,120,913</b>	<b>662,374</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions		19,303	14,408
Non-interest bearing liabilities	6	-	1,571,263
<b>Total Non-Current Liabilities</b>		<b>19,303</b>	<b>1,585,671</b>
<b>TOTAL LIABILITIES</b>		<b>3,140,216</b>	<b>2,248,045</b>
<b>NET ASSETS</b>		<b>10,633,756</b>	<b>11,822,624</b>
<b>EQUITY</b>			
Issued capital	7	63,294,571	63,283,155
Accumulated losses		(53,941,966)	(53,288,010)
Reserves	8	1,281,151	1,827,479
<b>TOTAL EQUITY</b>		<b>10,633,756</b>	<b>11,822,624</b>

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

**Resource Mining Corporation Limited**  
**Consolidated Statement of Changes in Equity**  
for the half-year ended 31 December 2015

	Issued Capital	Accumulated Losses	Foreign Currency Reserve	Convertible Notes Reserve	Total
	\$	\$	\$	\$	\$
<b>6 Months to December 2015</b>					
Balance at 1 July 2015	63,283,155	(53,288,010)	1,431,984	395,495	11,822,624
Loss for the period	-	(653,956)	-	-	(653,956)
Other comprehensive loss for the period	-	-	(546,328)	-	(546,328)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(653,956)</b>	<b>(546,328)</b>	<b>-</b>	<b>(1,200,284)</b>
<b>Transactions with owners in their capacity as owners</b>					
Shares issued in lieu of directors fees	11,416	-	-	-	11,416
<b>Balance at 31 December 2015</b>	<b>63,294,571</b>	<b>(53,941,966)</b>	<b>885,656</b>	<b>395,495</b>	<b>10,633,756</b>

	Issued Capital	Accumulated Losses	Foreign Currency Reserve	Convertible Notes Reserve	Total
	\$	\$	\$	\$	\$
<b>6 Months to December 2014</b>					
Balance at 1 July 2014	61,942,247	(52,211,018)	546,657	-	10,277,886
Loss for the year	-	(446,822)	-	-	(446,822)
Other comprehensive income for the period	-	-	946,973	-	946,973
<b>Total comprehensive income / (loss) for the period</b>	<b>-</b>	<b>(446,822)</b>	<b>946,973</b>	<b>-</b>	<b>500,151</b>
Equity component of Convertible Notes	-	-	-	564,993	564,993
Deferred tax on Convertible Notes	-	-	-	(169,498)	(169,498)
<b>Transactions with owners in their capacity as owners</b>					
Shares issued on exercise of options	68,623	-	-	-	68,623
<b>Balance at 31 December 2014</b>	<b>62,010,870</b>	<b>(52,657,840)</b>	<b>1,493,630</b>	<b>395,495</b>	<b>11,242,155</b>

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

**Resource Mining Corporation Limited**  
**Consolidated Statement of Cash Flows**  
for the half-year ended 31 December 2015

	Six Months ended 31 December 2015 \$	Six Months ended 31 December 2014 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(380,062)	(428,361)
Interest income received	62	959
Other income received	-	1,877
Government Grant	(105,000)	-
Interest charges paid	-	(901)
<b>Net Cash Utilised In Operating Activities</b>	<b>(485,000)</b>	<b>(426,426)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for plant and equipment	-	(194,615)
Payments for exploration expenditure	(383,369)	(1,117,728)
<b>Net Cash Utilised In Investing Activities</b>	<b>(383,369)</b>	<b>(1,312,343)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from share issues	-	68
Proceeds from borrowings	750,000	2,500,000
<b>Net Cash From Financing Activities</b>	<b>750,000</b>	<b>2,500,068</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(118,369)</b>	<b>761,299</b>
Cash and cash equivalents at beginning of the period	131,447	184,771
Effect of exchange rate changes on cash and cash equivalents	843	1,384
<b>Cash and cash equivalents at the end of the period</b>	<b>13,921</b>	<b>947,454</b>

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

# Resource Mining Corporation Limited

## Notes to the Half-Year Consolidated Financial Statements

for the half-year ended 31 December 2015

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### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

This general purpose condensed financial report for the half year ended 31 December 2015 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of Resource Mining Corporation Limited and its controlled entities (the "Group") as the annual financial report.

It is recommended that this interim financial report be read in conjunction with the annual report for the year ended 30 June 2015 and considered together with any public announcements made by RMC since that time in accordance with the continuous disclosure obligations of the ASX Listing Rules.

#### ***Changes in Accounting Policies***

From 1 July 2015, the Group has adopted all the Standards and Interpretations mandatory for annual periods beginning on 1 July 2015. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Group.

The Group has not elected to early adopt any new Standards or Interpretations. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2015.

#### ***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 \$653,956 (2014: \$446,822), experienced net cash outflows from operations of \$485,000 (2014 outflow: \$426,426) for the half-year ended 31 December 2015 and had a working capital deficiency of \$3,060,724 at balance date, of which \$2,776,187 relates to the convertible notes and loan with Simon (Hong Kong) Limited as disclosed in Note 6.

The Directors are satisfied that the going concern basis of preparation is appropriate. Given the combination of the Group's history of successful capital raising to date; the Loan Agreement with Sinom (Hong Kong) Limited as disclosed in Notes 6 and 14; and letters of support obtained from creditors of significant value to defer amounts payable at balance date until the Group has sufficient funds to repay the debts, the Directors are confident of the Group's ability to pay its debts as and when they fall due and to meet the expenditure commitments of tenement leases held.

Notwithstanding the above, the ability of the Group to continue as a going concern, pay its debts as and when they fall due and to meet the expenditure commitments of tenement leases held, is dependent upon the future successful raising of funding through equity or other available forms of funding and continued support from its creditors and financiers. However, if the Group is unable to achieve the above, there is 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 pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report.

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.

The consolidated half year report was approved by the Board of Directors on 15 March 2016.

# Resource Mining Corporation Limited

## Notes to the Half-Year Consolidated Financial Statements

for the half-year ended 31 December 2015

### 2. SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are reviewed and used by the management team in assessing performance and in determining the allocation of resources.

The Group is undertaking exploration and evaluation activities in Papua New Guinea, and hence the operations of the Group represent one operating segment.

The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of the financial statements.

	Six months ended 31 December 2015 \$	Six months ended 31 December 2014 \$
<b>3. INCOME TAX BENEFIT</b>		
Deferred income tax benefit (Note 8(b))	-	169,498

Deferred income tax benefit in the prior period comprises the recognition of a deferred tax asset, to the extent of the deferred tax liability arising on the recognition of the equity component of the convertible notes.

	Six months ended 31 December 2015 \$	Year ended 30 June 2015 \$
<b>4. MINERAL EXPLORATION AND EVALUATION</b>		
Opening balance	13,637,826	10,419,661
Expenditure during the period	398,015	2,298,651
Foreign exchange adjustment	(536,890)	919,514
<b>Closing balance</b>	<b>13,498,951</b>	<b>13,637,826</b>

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

#### ***WOWO Gap Nickel Laterite Project – EL 1165 Renewal***

EL1165, the exploration licence for the tenement with a carry value of \$13,424,456 (2015:\$13,576,354) was renewed from 1 March 2014 for a further two year period until 28 February 2016. Subsequent to period end, on 10 February 2016, a renewal application was submitted to the MRA.

#### ***EL 2337***

EL 2337 was granted during the period for a two year term effective from 1 November 2015.

#### ***EL 1980 Renewal***

The renewal of tenement EL 1980 (which is adjacent to EL 1165) was granted, without additional conditions, for a further 2 year term ending 27 September 2016.

**Resource Mining Corporation Limited**  
**Notes to the Half-Year Consolidated Financial Statements**  
for the half-year ended 31 December 2015

5. INTEREST BEARING LIABILITIES	31 December 2015 \$	30 June 2015 \$
<b>Current</b>		
Insurance premium funding	28,259	5,016
	<b>28,259</b>	<b>5,016</b>
<b>6. NON INTEREST BEARING LIABILITIES</b>		
<b>Current</b>		
Unsecured loan	1,050,000	300,000
Convertible notes	1,726,187	-
	<b>2,776,187</b>	<b>300,000</b>
<b>Non-current</b>		
Convertible notes	-	1,571,263
	-	<b>1,571,263</b>

**Unsecured loan**

On 9 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 (as amended), Sinom has agreed to provide the Company up to \$500,000 for general working capital purposes as an unsecured loan on the following conditions:

- no interest or fees are payable on the Facility;
- the Facility is unsecured; and
- Principal repayable in full on or before 31 October 2015.

On 29 September 2015, the Company announced it had entered into an amendment to the above Agreement. Under the terms of the amendment to the Agreement, Sinom agreed to provide the Company an additional \$400,000, taking the total of the loan to \$900,000 as an unsecured loan on the same terms and conditions as the initial Agreement. Furthermore Sinom extended the final repayment date from 31 October 2015 to 31 October 2016. During the reporting period, the Company acquired additional funding from Sinom, on the same terms and conditions as previous funding.

**Convertible notes**

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

The key terms of the Convertible Notes are:

- a conversion price of \$0.02;
- 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.

Sinom may at any time after the issue of the notes and up to 5 business days before the maturity date, provide the Company with a conversion notice electing to convert the notes.

The Company may, at any time after the issue of a note and prior to the maturity date, redeem a note by giving Sinom at least 3 business days written notice and re-paying the issue price to Sinom in immediately available funds. The Lender may not elect to redeem a note early and the Company is not required to redeem a note early.

Unless the notes have been converted or redeemed early, the Company must use reasonable endeavours to obtain any approvals necessary for the conversion or the issue of shares on conversion, within 3 months following the maturity date. If the approvals have not been obtained by the date 3 months after the maturity date, the notes shall become incapable of being converted into shares, and the Company shall redeem the note by paying the redemption amount to Sinom in immediately available funds at that date.

# Resource Mining Corporation Limited

## Notes to the Half-Year Consolidated Financial Statements

### for the half-year ended 31 December 2015

RMC shareholders approved the issue of the Convertible Notes at the Annual General Meeting on 26 November 2014 and the Convertible Notes were subscribed for during the prior period.

Accounting standards require the separate recognition of debt and equity components of the Convertible Notes.

At the date of recognition of the new notes, the debt and equity components of the Convertible Notes were separated according to their fair values. Total proceeds of the issue were allocated to the respective fair values of the equity and debt components with the effect that the discount on the debt component is being amortised into earnings as an interest expense.

Accordingly, over the term of the Convertible Notes, the debt component will increase to the face value of \$2 million at the maturity date of 14 October 2016. The increase in the debt component is accounted for by recognising a non-cash interest expense reflecting an effective interest rate of approximately 19% over the life of the note.

No interest is payable to the note holder.

#### 7. CONTRIBUTED EQUITY

	31 December 2015 No.	30 June 2015 No.	31 December 2015 \$	30 June 2015 \$
Issued and fully paid	296,267,347	2,956,967,898	63,294,571	63,283,155

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

Date	Details	Number of shares	Value
1 July 2014	Opening Balance	2,714,387,147	61,942,247
	Issue of shares (i)	208,253,713	1,249,522
	Issue of shares (ii)	34,327,038	91,386
<b>30 June 2015</b>	<b>Closing Balance</b>	<b>2,956,967,898</b>	<b>63,283,155</b>
1 July 2015	Opening Balance	2,956,967,898	63,283,155
	Issue of shares (ii)	5,707,765	11,416
	Share consolidation (10:1)	(2,666,408,316)	-
<b>31 December 2015</b>	<b>Closing Balance</b>	<b>296,267,347</b>	<b>63,294,571</b>

(i) The following shares were issued during 2015 at \$0.006 per share upon conversion of share options:

- a. 11,365 on 19 November 2014
- b. 29,454 on 19 January 2015
- c. 10,312 on 21 January 2015
- d. 1,291,875 on 28 January 2015
- e. 206,910,707 on 29 January 2015

(ii) The following shares were issued in satisfaction of non-executive director fees / fees as approved by the shareholders at the Annual General Meeting on 26 November 2014:

- a. On 9 December 2014, 19,106,333 shares were issued in satisfaction of the \$57,139 fees payable to Fairstone Holdings Pty Ltd for Mr Warwick Davies services as Managing Director for the period 1 July 2014 - 30 September 2014.
- b. On 16 December 2014, 3,805,175 shares were issued in satisfaction of the \$11,415 non-executive director's fees payable to the Chairman, William Mackenzie for the period 1 July 2014 - 30 September 2014.
- c. On 8 January 2015, 5,707,765 shares were issued in satisfaction of the \$11,415 non-executive director's fees payable to the Chairman, William Mackenzie for the period 1 October 2014 - 31 December 2014.
- d. On 7 April 2015, 5,707,765 shares were issued in satisfaction of the \$11,415 non-executive director's fees payable to the Chairman, William Mackenzie for the period 1 January 2015 - 31 March 2015.
- e. On 2 July 2015, 5,707,765 shares were issued in satisfaction of the \$11,415 non-executive director's fees payable to the Chairman, William Mackenzie for the period 1 January 2015 - 31 March 2015.

(iii) On 26 November 2015, Shareholders approved the share consolidation of issued capital on the basis of every 10 fully paid ordinary shares being consolidated into one fully paid ordinary share. The consolidation process was completed on 9 December 2015.

#### Options as at 31 December 2015

There are no listed options on issue as at 31 December 2015 (2014: 226,166,540 listed options exercisable at \$0.006 on or before 31 January 2015).

**Resource Mining Corporation Limited**  
**Notes to the Half-Year Consolidated Financial Statements**  
for the half-year ended 31 December 2015

8. RESERVES		31 December 2015 \$	30 June 2015 \$
Foreign currency reserve	(a)	885,656	1,431,984
Convertible notes reserve	(b)	395,495	395,495
		<b>1,281,151</b>	<b>1,827,479</b>
<b>(a) Foreign currency reserve</b>			
Balance at the beginning of the period		1,431,984	546,657
Currency translation differences arising during the period		(546,328)	885,327
<b>Balance at the end of the period</b>		<b>885,656</b>	<b>1,431,984</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**

Balance at the beginning of the period		395,495	-
Equity portion of the Convertible Notes		-	564,993
Deferred tax on the Convertible Notes (note 6)		-	(169,498)
<b>Balance at the end of the period</b>		<b>395,495</b>	<b>395,495</b>

The Convertible Note reserve records the equity portion of the Convertible Notes as described in note 6.

**9. DIVIDENDS**

There have been no dividends declared or recommended and no distributions made to shareholders or other persons during the period.

**10. COMMITMENTS**

**(a) Mineral Tenement Commitments**

In order to maintain current rights of tenure to mining tenements, the Consolidated Entity 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 Consolidated Entity:

	31 December 2015 \$	30 June 2015 \$
Within 1 Year	58,571	50,509
Later than 1 year but not later than five years	25,229	9,243
Later than 5 years	-	-
	<b>83,800</b>	<b>59,752</b>

The Company has a number of potential avenues available to continue the funding of its current exploration program and as and when decisions are made, the Company will disclose this information to shareholders.



# Resource Mining Corporation Limited

## Notes to the Half-Year Consolidated Financial Statements

for the half-year ended 31 December 2015

### (b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements.

	31 December 2015 \$	30 June 2015 \$
<b>Payable – minimum lease commitments:</b>		
Within 1 Year	98,568	98,568
Later than 1 year but not later than five years	41,070	90,354
Later than 5 years	-	-
	<b>139,638</b>	<b>188,922</b>

Contingent rental provisions within the lease agreement require that the minimum lease payments be paid one month in advance and shall be increased by CPI or current market rental on a per annum basis. The lease allows for subletting.

### 11. CONTINGENCIES

#### *Contingent Asset*

Resource Mining Corporation Limited and its controlled entities do not have a known material contingent asset, as at 31 December 2015 (30 June 2015: Nil).

#### *Contingent Liability*

Resource Mining Corporation Limited and its controlled entities do not have a known material contingent liability, as at 31 December 2015 (30 June 2015: Nil).

### 12. RELATED PARTIES

#### a) 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:

	Six months ended 31 December 2015 \$	Six months ended 31 December 2014 \$
<b>Key Management Personnel of the Group</b>		
Non-executive Directors fees <sup>i(a)</sup>	25,000	25,000
Salary and fees <sup>i(b)</sup>	66,229	94,920
<b>Closing balance</b>	<b>91,229</b>	<b>119,920</b>

(i) The following shares were issued in satisfaction of non-executive director fees / fees as approved by the shareholders at the Annual General Meeting on 26 November 2014:

- a. On 16 December 2014, 3,805,175 shares were issued in satisfaction of the \$11,415 non-executive director fees payable to the Chairman, William Mackenzie for the period 1 July 2014 - 30 September 2014.
- b. On 9 December 2014, 19,106,333 shares were issued in satisfaction of the \$57,139 fees payable to Fairstone Holdings Pty Ltd for Mr Warwick Davies services as Managing Director for the period 1 July 2014 - 30 September 2014.

# Resource Mining Corporation Limited

## Notes to the Half-Year Consolidated Financial Statements

for the half-year ended 31 December 2015

### b) Outstanding balances arising from the purchase of goods and services

	31 December 2015 \$	30 June 2015 \$
<b>Key Management Personnel of the Group</b>		
Current payables		
Key management personnel <sup>(i)</sup>	122,485	40,940

(i) Outstanding balances relate to Non-Executive Director fees and Executive Director consulting fees incurred during the period ended 31 December 2015.

### c) Loans to / from related parties

#### *Loans to specified key management personnel*

There were no loans to key management personnel during the period (June 2015: nil).

#### *Loans from related parties*

<b>Sinom (Hong Kong) Limited <sup>(i)</sup></b>		
Balance at the beginning of the period	300,000	
Loans advanced	750,000	800,000
Loan repayments made	-	(500,000)
Interest charged	-	-
Interest paid	-	-
<b>Balance at the end of the period</b>	<b>1,050,000</b>	<b>300,000</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 6 for further details on the loan and Convertible Notes.

## 13. FAIR VALUE FINANCIAL INSTRUMENTS

### *Recurring fair value measurements*

The Group does not have any financial instruments that are subject to recurring or non-recurring fair value measurements.

### *Fair value hierarchy*

All assets and liabilities for which fair value is measured or disclosed are categorised according to the fair value hierarchy as follows:

- Level 1 – the instrument has quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – a valuation technique is used using inputs other than quoted prices within Level 1 that are observable for the financial instrument, either directly (i.e. as prices), or indirectly (i.e. derived from prices); or
- Level 3 – a valuation technique is used using inputs that are not based on observable market data (unobservable inputs).

There were no transfers between hierarchy levels in the six months ended 31 December 2015.

### *Valuation techniques used to derive fair values recognised in the financial statements*

The fair value of financial instruments traded in active markets is based upon quoted market prices at the end of the reporting period. The quoted market price is the quoted bid prices which are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. The Group makes a number of assumptions based upon observable market data existing at each reporting period.

If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

# Resource Mining Corporation Limited

## Notes to the Half-Year Consolidated Financial Statements

for the half-year ended 31 December 2015

### Fair values of other financial instruments

The Group also has a number of assets and liabilities which are not measured at fair value in the statement of financial position, but for which fair values are required to be disclosure per below:

	31 December 2015		30 June 2015	
	Carrying Amount \$	Net Fair Value \$	Carrying Amount \$	Net Fair Value \$
<b>Financial assets - current</b>				
<i>Current</i>				
Trade receivables	9,775	9,775	26,902	26,902
<b>Total financial assets</b>	<b>9,775</b>	<b>9,775</b>	<b>26,902</b>	<b>26,902</b>
<b>Financial liabilities</b>				
<i>Current</i>				
Trade and other payables	288,694	288,694	317,745	317,745
Interest bearing liabilities	28,259	28,259	5,016	5,016
Non-interest bearing liabilities	2,776,187	2,782,019	300,000	300,000
<b>Total current</b>	<b>3,093,140</b>	<b>3,098,972</b>	<b>622,761</b>	<b>622,761</b>
<i>Non-current</i>				
Non-interest bearing liabilities	-	-	1,571,263	1,579,926
<b>Total non-current</b>	<b>-</b>	<b>-</b>	<b>1,571,263</b>	<b>1,579,926</b>
<b>Total financial liabilities</b>	<b>3,093,140</b>	<b>3,098,972</b>	<b>2,194,024</b>	<b>2,202,687</b>

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Management assessed that cash and short-term deposits, trade receivables, other current receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 31 December 2015, the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.
- 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.

### 14. EVENTS SUBSEQUENT TO REPORTING PERIOD

Subsequent to period end, on 15 March 2016, the Company entered into an amendment to the Funding Agreement ("**Agreement**") dated 9 June 2015 (as amended), with the Company's largest shareholder, Sinom (Hong Kong) Limited ("**Sinom**") who currently holds 46.5% of the issued shares in the Company. Mr Zhang Chi (Andy) is a Non-Executive director of the Company and is a director and controlling shareholder of Sinom. Under the terms of the amendment to the Agreement, Sinom agreed to provide the Company an additional \$310,000, taking the total of the loan to \$1,210,000, for general working capital purposes as an unsecured loan on the same terms and conditions as the initial loan and as disclosed in note 6. Furthermore Sinom has extended the final repayment date from 31 October 2016 to 31 March 2017.

Other than the matters above, there has not been any material event subsequent to the end of the reporting date and the date of this half year financial report that has not been recognised in this financial report.

## Directors' Declaration

for the half-year ended 31 December 2015

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### DIRECTORS' DECLARATION

The directors of Resource Mining Corporation Limited declare that:

- 1) The financial statements and notes are in accordance with the *Corporations Act 2001* and:
  - (a) comply with the Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements;
  - (b) give a true and fair view of the Group's financial position as at 31 December 2015 and of its performance, as represented by the results of its operations, changes in equity and its cash flows for the half-year ended 31 December 2015.
- 2) At the date of this declaration there are reasonable grounds to believe that Resource Mining Corporation Limited will be able to pay its debts when they become due and payable.

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



**William (Bill) Mackenzie**  
Chairman

Dated 15 March 2016

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Resource Mining Corporation Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Resource Mining Corporation Limited, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

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

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

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Resource Mining Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

#### Independence

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



## Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

## Emphasis of matter

Without modifying our conclusion, we draw attention to Note 1 in the financial report, which describes the principle conditions that raise doubt about the consolidated entity's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO Audit (WA) Pty Ltd

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

Jarrad Prue

Director

Perth, 15 March 2016

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

As lead auditor for the review of Resource Mining Corporation Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

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

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



Jarrad Prue  
Director

BDO Audit (WA) Pty Ltd  
Perth, 15 March 2016