



**RESOURCE MINING CORPORATION LIMITED**

**ABN 97 008 045 083**

**FINANCIAL REPORT**

**HALF-YEAR ENDED 31 DECEMBER 2018**

**Resource Mining Corporation Limited**  
**Half-year Ended 31 December 2018**

<b>Contents</b>	<b>Page</b>
Corporate Directory	1
Directors' Report	2
Consolidated Statement of Profit or Loss and Other Comprehensive Income	6
Consolidated Balance Sheet	7
Consolidated Statement of Changes in Equity	8
Consolidated Statement of Cash Flows	9
Notes to the Half Year Consolidated Financial Statements	10
Directors' Declaration	15
Independent Auditor's Review Report	16
Auditor's Independence Declaration	18

# Resource Mining Corporation Limited

## Corporate Directory

---

<b>ABN</b>	97 008 045 083
<b>Directors</b>	William (Bill) Mackenzie (Non-Executive Chairman) Warwick Davies (Managing Director) Zhang Chi (Andy) (Non-Executive Director)
<b>Company Secretary</b>	Amanda Sparks
<b>Registered Office</b>	Suite 14, Level 2, 210 Bagot Road SUBIACO, WESTERN AUSTRALIA 6008
<b>Principal Place of Business</b>	Suite 14, Level 2, 210 Bagot Road SUBIACO, WESTERN AUSTRALIA 6008  Telephone: +61 8 6494 0025 Website: www.resmin.com.au
<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 www.investorcentre.com/contact
<b>Auditor</b>	BDO Audit (WA) Pty Ltd 38 Station Street SUBIACO, WESTERN AUSTRALIA 6008  Telephone: +61 8 6382 4600 Facsimile: +61 8 6382 6401
<b>Bankers</b>	Westpac Bank 116 James Street NORTHBRIDGE, WESTERN AUSTRALIA 6000
<b>Securities Exchange Listing</b>	Resource Mining Corporation Limited shares are listed on the Australian Securities Exchange (Home Exchange – Perth) ASX Code: RMI

# Resource Mining Corporation Limited

## Half-Year Directors' Report

### 31 December 2018

---

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 2018.

#### **DIRECTORS**

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

William (Bill) Mackenzie      Non-Executive Chairman

Warwick Davies                  Managing Director

Zhang Chi (Andy)                Non-Executive Director

#### **COMPANY SECRETARY**

Amanda Sparks

#### **COMPANY REVIEW**

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

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

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

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

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

Considerable off-site activity was spent on 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.

Nickel and cobalt are the principal elements of economic significance in the Wowo Gap resource. They are both traded on the London Metal Exchange, where there is a transparent market price established for high purity nickel and cobalt metal. Traditionally, nickel and cobalt demand has been dominated by specialty alloy applications where extra toughness, strength, wear or temperature resistance are required, supplemented by general industrial consumption in pigments, dyes, chemicals, catalysts and permanent magnets. These traditional uses are expected to continue to grow in line with global economic growth into the foreseeable future.

However, in recent times, new nickel and cobalt demand has emerged associated with rechargeable batteries for use in electric vehicles (EVs), renewable energy and consumer electronics applications. Demand for batteries in these applications is forecast to grow rapidly through the next decade and beyond as government policy promotes emission reductions in transport and electricity generation globally.

Lithium-ion technology has emerged as the preferred technology in most of these emerging battery applications, but the name "lithium-ion" battery hides the other elements required. All batteries have three components – the cathode, the anode and the electrolyte – and in lithium-ion batteries, lithium is

# Resource Mining Corporation Limited

## Half-Year Directors' Report

### 31 December 2018

---

a key ingredient only in the electrolyte. The anode is made of graphite and the cathode is composed of various proportions of nickel, cobalt, aluminium and manganese.

It is reported that Tesla's Model S vehicle battery has a cathode comprising 80% nickel, 15% cobalt and 5% aluminium, whereas Apple's iPhone battery cathode is 100% cobalt and Tesla's Powerwall cathode is made up of cobalt, nickel and manganese in equal portions. This is where the new demand for nickel and cobalt arises.

A further shift in the nickel and cobalt markets arising because of battery applications is a need for high purity nickel and cobalt chemicals, rather than ferro nickel or nickel pig iron (which are too impure for battery chemical production) or high purity metals (which need to be converted back to high purity chemicals). Several producers including BHP have announced plans to produce nickel and cobalt sulphates and hydroxides from their existing processing plants and Sumitomo, Vale and Tsingshan are reportedly investigating the establishment of new Pressure Acid Leach (PAL) processing plants in Indonesia to produce high purity nickel and cobalt chemicals to satisfy this market.

Wowo Gap ore has previously been assessed as amenable to PAL processing, but development was hampered by volatile commodity prices and perceived investment risk in PNG for the large capital investment required to develop a PAL process plant at that time. Since then, the Ramu PAL project has been successfully developed in PNG and in 2017, was the fifth largest producer of cobalt globally.

This rapidly growing demand for both nickel and cobalt, the suitability of Wowo Gap to PAL processing and the success of the nearby Ramu project bode well for the future development of Wowo Gap.

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

The aim has been to endeavour to maintain the developed strategies which have resulted in both longer-term cost efficiencies as well as adding real value to the Project by initiating processes that indirectly supplement the Project's ongoing resource growth via exploration (which will be re-established when the commodity prices incentivise recommencement of the exploration program).

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

#### **Site Activities**

Activities on site continue across three broad categories:

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

Maintenance activities have been focussed on the exploration camp facilities ensuring that essential services including accommodation, water, power and communications are maintained and operating at high standards for current and future operational demands. All facilities and services are ready for any future demand. Included in the routine maintenance activities are the maintenance of all emergency facilities including helipads for potential emergency evacuation.

The regular maintenance of all facilities provides an on-going facility for training and practice to familiarise permanent and casual employees with requirements of a fully functioning exploration site. Considerable training is routinely undertaken with regards communications where employees are trained in use of satellite-based e-mail contact. Site based reports are routinely exchanged as a training exercise leading to routine exchanges.

A program of up-skilling the local workforce begun 2 years ago has achieved the goals set by local and off-site management with successful transfer of operational responsibilities to the small on-site

# Resource Mining Corporation Limited

## Half-Year Directors' Report

### 31 December 2018

---

management group. Continuation of the upskilling program continues with a focus on development of leadership skills within the small core management group.

Environmental monitoring on site continues as a routine with the focus on water, including routine testing of water quality and monitoring of rainfall, stream flows and pond/dam storage for local water supply. The routine monitoring of potable water supply sources continues to provide valuable data regarding available flow rates across a wide variety of climatic conditions. Monitoring of vegetation regrowth, as well as the influence of weather (eg high winds and storms), on the local forest timbers is a routine activity.

Social engagement remains and continues to be a major focus for both Perth and local management personnel. RMC has established an effective and trusting working relationship with local communities. The strength of the relationship was recently evidenced by the support shown for the tenement renewal process. Local villagers and businesses are the first point of contact for sourcing fresh food, supply of portage and facilities and for the provision of locally caught and processed game. Recently, local communities have become successfully involved in rice cultivation. As a basic food staple, RMC is committed to maximising local rice purchase for camp consumption and continues to support the local agriculture initiatives.

Other community support programs relate primarily to education, health and general community initiatives including support to outside agencies such as Rotary International and religious organisations in their provision of a variety of aid programs.

#### **Tenements**

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

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

An application to renew the tenement was submitted prior to the tenement expiry in February 2018. On 19<sup>th</sup> July 2018, Warden's Court Hearings were conducted in local villages of Embessa and Obea where landowners and residents provided overwhelming support for the tenement renewal process. Advice was subsequently received from the Mines Minister on 17<sup>th</sup> December 2018 that the tenement had been renewed for a further 2 years until 28 February 2020. No special conditions were included in or attached to the renewal.

#### **CORPORATE**

#### **Funding Agreement**

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

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

#### **Annual General Meeting**

The Annual General Meeting was held on Thursday 29 November 2018 with all resolutions approved by shareholders.

# Resource Mining Corporation Limited

## Half-Year Directors' Report

### 31 December 2018

---

#### RESULT

The operating result for the half-year ended 31 December 2018 was a loss after income tax of \$239,137 (Half Year 2017: \$234,851 loss).

The Company has continued to be supported by additional funding from RMC's largest shareholder, Sinom (Hong Kong) Limited, on the same terms and conditions as previous funding. This funding support continues for the period through to the end of March 2020. Funding in general and specifically beyond this point, is part of an on-going process.

#### MATTERS SUBSEQUENT TO 31 DECEMBER 2018

Subsequent to 31 December 2018, the following had occurred:

- The Company has drawn an additional \$37,600 of funding from the unsecured loan facility with Sinom (Hong Kong) Limited.

No other matter or circumstance has arisen since 31 December 2018 that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company, in subsequent financial years.

#### AUDITOR'S INDEPENDENCE DECLARATION

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

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



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

Signed on the 7 March 2019

**Resource Mining Corporation Limited**  
**Consolidated Statement of Profit or Loss and Other Comprehensive**  
**Income**  
for the half-year ended 31 December 2018

	Note	Six Months ended 31 December 2018 \$	Six Months ended 31 December 2017\$
<b>Revenue</b>		8	2,495
Administration and corporate expenses	3(a)	(130,460)	(130,830)
Exploration expenditure	3(b)	(107,918)	(105,212)
Borrowing costs	3(c)	(767)	(1,304)
Total expenses		(239,145)	(237,346)
<b>LOSS BEFORE INCOME TAX</b>		<b>(239,137)</b>	<b>(234,851)</b>
<b>INCOME TAX</b>		-	-
<b>LOSS AFTER INCOME TAX FOR THE PERIOD</b>		<b>(239,137)</b>	<b>(234,851)</b>
<b>OTHER COMPREHENSIVE (LOSS) / PROFIT</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange translation difference		(257)	(6,642)
<b>OTHER COMPREHENSIVE (LOSS) / PROFIT</b>		<b>(257)</b>	<b>(6,642)</b>
<b>TOTAL COMPREHENSIVE (LOSS) / PROFIT FOR THE PERIOD</b>		<b>(239,394)</b>	<b>(241,493)</b>
<b>LOSS PER SHARE FOR THE HALF YEAR ATTRIBUTABLE TO MEMBERS OF RESOURCE MINING CORPORATION LIMITED</b>		<b>Cents</b>	<b>Cents</b>
Basic and diluted loss per share (cents per share)	4	(0.08)	(0.08)

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

**Resource Mining Corporation Limited**  
**Consolidated Balance Sheet**  
As at 31 December 2018

	Note	31 December 2017 \$	30 June 2018 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		46,192	57,254
Other current assets		28,201	12,210
<b>Total Current Assets</b>		<b>74,393</b>	<b>69,464</b>
<b>NON CURRENT ASSETS</b>			
Plant and equipment		118,130	123,473
<b>Total Non-Current Assets</b>		<b>118,130</b>	<b>123,473</b>
<b>TOTAL ASSETS</b>		<b>192,523</b>	<b>192,937</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		658,133	599,788
Interest bearing liabilities		17,137	5,445
Non-interest bearing liabilities	5	4,536,987	4,368,987
Provisions		38,192	37,249
<b>Total Current Liabilities</b>		<b>5,250,449</b>	<b>5,011,469</b>
<b>TOTAL LIABILITIES</b>		<b>5,250,449</b>	<b>5,011,469</b>
<b>NET ASSETS / (NET ASSET DEFICIENCY)</b>		<b>(5,057,926)</b>	<b>(4,818,532)</b>
<b>EQUITY</b>			
Issued capital	6	63,294,571	63,294,571
Reserves	7	589,122	589,379
Accumulated losses		(68,941,619)	(68,702,482)
<b>TOTAL EQUITY / (DEFICIENCY IN EQUITY)</b>		<b>(5,057,926)</b>	<b>(4,818,532)</b>

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

**Resource Mining Corporation Limited**  
**Consolidated Statement of Changes in Equity**  
for the half-year ended 31 December 2018

	Issued Capital	Accumulated Losses	Foreign Currency Reserve	Convertible Notes Reserve	Total
	\$	\$	\$	\$	\$
<b>6 Months to December 2018</b>					
Balance at 1 July 2018	63,294,571	(68,702,482)	193,884	395,495	(4,818,532)
Loss for the period	-	(239,137)	-	-	(239,137)
Other comprehensive loss for the period	-	-	(257)	-	(257)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(239,137)</b>	<b>(257)</b>	<b>-</b>	<b>(239,394)</b>
<b>Transactions with owners in their capacity as owners</b>					
Shares issued	-	-	-	-	-
<b>Balance at 31 December 2018</b>	<b>63,294,571</b>	<b>(68,941,619)</b>	<b>193,627</b>	<b>395,495</b>	<b>(5,057,926)</b>

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

*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 2018

	<b>Six Months ended 31 December 2018 \$</b>	<b>Six Months ended 31 December 2017 \$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(187,692)	(172,439)
Interest income received	8	11
Other income received (including GST refunds)	11,819	45,858
Interest and finance costs paid	(767)	(576)
<b>Net Cash Utilised In Operating Activities</b>	<b>(176,632)</b>	<b>(127,146)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings and advances	176,500	139,000
Repayment of advances	(8,500)	(2,000)
<b>Net Cash From Financing Activities</b>	<b>168,000</b>	<b>137,000</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(8,632)</b>	<b>9,854</b>
Cash and cash equivalents at beginning of the period	57,254	51,460
Effect of exchange rate changes on cash and cash equivalents	(2,430)	(2,465)
<b>Cash and cash equivalents at the end of the period</b>	<b>46,192</b>	<b>58,849</b>

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

# Resource Mining Corporation Limited

## Notes to the Financial Statements

for the half-year ended 31 December 2018

---

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

This half-year financial report for the six months ended 31 December 2018 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001 and was authorised for issue in accordance with a resolution of the directors on 6 March 2019.

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

The half-year financial reports should be read in conjunction with the annual financial reports for the year ended 30 June 2018 and any public announcements made by Resource Mining Corporation Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001. For the purpose of preparing the half-year financial statements, the half-year has been treated as a discrete reporting period.

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

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

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

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

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

##### **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 Group**

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 period ended 31 December 2018.

#### ***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. Resource Mining Corporation 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 (applicable from 1 July 2018) are set out below.

# Resource Mining Corporation Limited

## Notes to the Financial Statements

for the half-year ended 31 December 2018

---

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

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. The Group has not yet determined the impact on the group accounts, however it is possible that storage facilities and miscellaneous items such as modem hire will require RMC to recognise lease liabilities and right-of-use assets on its' statement of financial position. This standard is not applicable until the financial year commencing 1 July 2019.

#### **Going Concern**

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

The Group has incurred a net loss after tax for the six months of \$239,137 (Six Months to December 2017: \$234,851), experienced net cash outflows from operating activities of \$176,632 (2017: \$127,146) for the six months ended 31 December 2018 and had a working capital deficiency of \$5,176,055 at balance date, of which \$2,000,000 relates to the convertible notes which are likely to be converted to shares 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 tenement leases held, is dependent upon the future successful raising of funding through equity or other available forms of funding and continued support from its creditors and financiers. These conditions indicate a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore whether it will be able to realise its assets and extinguish its liabilities in the normal course of business.

The Directors are satisfied that the going concern basis of preparation is appropriate. Given the combination of the Sinom (Hong Kong) Limited confirming that it will continue to provide financial support to the Group to meet its liabilities as and when they fall due and keep their assets in good standing during the next twelve months period and letters of support obtained from creditors of significant value to defer amounts payable at 31 December 2018 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.

**Resource Mining Corporation Limited**  
**Notes to the Financial Statements**  
for the half-year ended 31 December 2018

**2. SEGMENT INFORMATION**

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

**3. EXPENSES**

**(a) Administration and Corporate Expenses**

	<b>31 December 2018</b>	<b>31 December 2017</b>
	\$	\$
Compliance and regulatory expenses	45,348	37,837
Consultants	26,862	40,655
Non-Executive directors' fees (accrued, not yet paid)	25,000	25,000
Occupancy	15,907	9,751
Insurance	15,366	12,067
Legal fees	734	-
Depreciation – administration equipment	-	1,160
Other expenses	1,243	4,360
	<b>130,460</b>	<b>130,830</b>

**(b) Exploration Expenditure and Project Costs**

Depreciation – exploration equipment	8,364	8,268
Other exploration and project costs	99,554	96,944
	<b>107,918</b>	<b>105,212</b>

**(c) Borrowing costs**

Finance charges and Interest on insurance funding	767	1,304
	<b>767</b>	<b>1,304</b>

**4. EARNINGS PER SHARE**

	<b>31 December 2018</b>	<b>31 December 2017</b>
Basic and diluted loss per share (cents per share)	(0.08) cents	(0.08) cents
Loss used in the calculation of weighted average basic and diluted loss per share	(\$239,137)	(\$234,851)
	<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	296,267,247

**Resource Mining Corporation Limited**  
**Notes to the Financial Statements**  
for the half-year ended 31 December 2018

	31 December 2018 \$	30 June 2018 \$
<b>5. NON INTEREST BEARING LIABILITIES</b>		
<b>Current</b>		
Advances from Managing Director	62,000	54,000
Unsecured loans and advances from Sinom	2,474,987	2,314,987
Convertible notes	2,000,000	2,000,000
	<b>4,536,987</b>	<b>4,368,987</b>

***Advances from Managing Director***

During the half-year, advances totalling \$16,500 were made by the Managing Director, Warwick Davies, to the Company as short term funding, and \$8,500 was repaid during the half-year. These advances are interest free and unsecured. Mr Davies has agreed not to call for the outstanding payable balances prior to 31 March 2020 unless Resource Mining Corporation Limited is in a position to repay the amounts.

***Unsecured loans and advances from Sinom***

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

- no interest or fees are payable on the Facility;
- the Facility is unsecured; and
- Principal repayable in full on or before 31 March 2020.

As at 31 December 2018, 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 31 March 2020.

As at 31 December 2018, 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 \$764,987 (June 2018: \$604,987). Sinom has agreed not to call for repaid of these advances unless Resource Mining Corporation Limited is in a position to repay the amounts.

***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).

**Resource Mining Corporation Limited**  
**Notes to the Financial Statements**  
for the half-year ended 31 December 2018

**6. ISSUED CAPITAL**

	31 December 2018 No.	30 June 2018 No.	31 December 2018 \$	30 June 2018 \$
Issued and fully paid	296,267,347	296,267,347	63,294,571	63,294,571

There were no movements in issued capital during the period.

**7. RESERVES**

		31 December 2018 \$	30 June 2018 \$
Foreign currency reserve	(a)	193,627	193,884
Convertible notes reserve		395,495	395,495
		<b>589,122</b>	<b>589,379</b>
<b>Foreign currency reserve:</b>			
Balance at the beginning of the period		193,884	192,336
Currency translation differences arising during the period		(257)	1,548
<b>Balance at the end of the period</b>		<b>193,627</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.

**8. COMMITMENTS**

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

**9. RELATED PARTIES**

There have been no new related party transactions entered into since 30 June 2018 other than:

- Advances from a Director during the six months totalling \$16,500 (refer note 5). \$8,500 was repaid during the half-year; and
- Drawdowns of the unsecured loan facility with Sinom (Hong Kong) Limited, a company of which Mr Zhang Chi is a Director of, totalling \$160,000 (refer note 5).

**10. EVENTS SUBSEQUENT TO REPORTING PERIOD**

Subsequent to 31 December 2018, the following had occurred:

- The Company has drawn an additional \$37,600 of funding from the unsecured loan facility with Sinom (Hong Kong) Limited.

No other matter or circumstance has arisen since 31 December 2018 that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company, in subsequent financial years.

## Directors' Declaration

for the half-year ended 31 December 2018

---

1. In the opinion of the directors:
  - a) The financial statements and notes are in accordance with the Corporations Act 2001, including:
    - i) giving a true and fair view of the Company's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
    - ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001 and other mandatory reporting requirements; and
  - b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the half-year ended 31 December 2018.

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



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

Dated 7 March 2019

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Resource Mining Corporation Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Resource Mining Corporation Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

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

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

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

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

#### Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

#### **Independence**

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

**BDO Audit (WA) Pty Ltd**

BDO  


**Jarrad Prue**  
**Director**

Perth, 7 March 2019

**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 2018, 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, 7 March 2019