

**RESOURCE BASE LIMITED**

**ABN 57 113 385 425**

**Financial Report  
for the half-year ended 31 December 2008**

RESOURCE BASE LIMITED  
ABN 57 113 385 425

CORPORATE DIRECTORY

**Board of Directors**

Alan R Fraser  
Glenn T Connor  
Peter E Kelliher  
Peter Armitage (resigned 19 December 2008)  
Geoffrey R Turner (resigned 6 January 2009)

**Company Secretary**

Adrien M Wing

**Registered Office**

Level 17  
500 Collins Street  
Melbourne Victoria 3000  
Telephone: (03) 9614 0600  
Facsimile: (03) 9614 0550

**Solicitor**

Q Legal  
Level 4  
105 St George's Terrace  
Perth WA 6000

**Auditor**

Melanie Leydin  
Leydin Freyer Corporate Pty Ltd  
Suite 304, 22 St Kilda Road  
St Kilda Vic 3182

**Share Registry**

Link Market Services Limited  
Level 9, 333 Collins Street  
Melbourne Victoria 3000  
Telephone: 1300 558 249

**Stock Exchange Listing**

Resource Base Limited is listed on the Australian Stock  
Exchange. Home stock exchange is Adelaide.  
ASX code: RBX

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## DIRECTORS' REPORT

The Directors of economic entity submit herewith the financial report for the half-year ended 31 December 2008. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

### DIRECTORS

The names of the Company's Directors in office during or since the end of the half-year are:

#### Name

Alan R Fraser  
Glenn T Connor  
Peter E Kelliher  
Peter Armitage  
Geoffrey R Turner

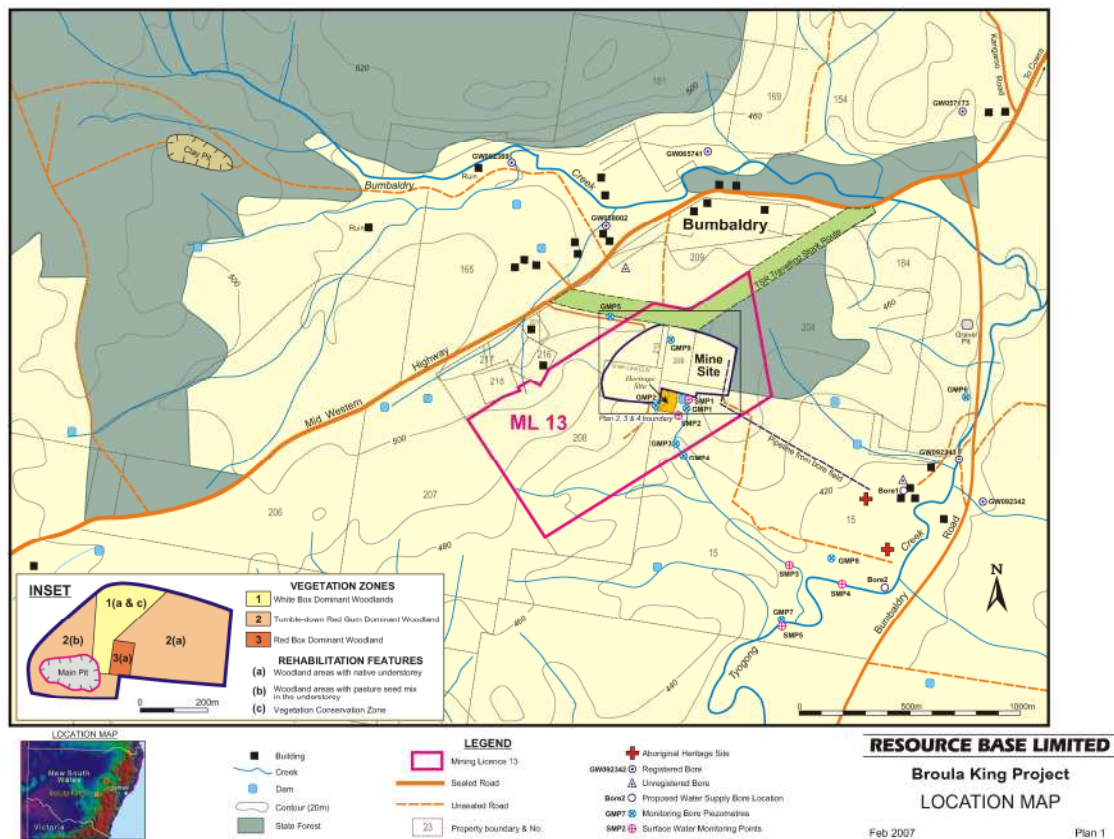
Resigned 19 December 2008  
Resigned 6 January 2009

## REVIEW OF OPERATIONS

### Operations

#### Broula King Gold Mine

#### Broula King Gold Mine



## Operations

### Broula King Gold Mine

#### Broula King Gold Mine (continued)

During the half year, the project suffered delay due to the need to seek an additional permit involving both compulsory acquisition and the extinguishment of Native Title in regard to the diversion of an existing power line presently traversing the site to a position bordering the site. The first advertising for extinguishing native title was defective and required a 2nd 30 day regulatory period. As a result significant works had to be delayed and additional expense has been incurred. During the quarter all outstanding permits were granted and the power diversion completed.

Despite the delay some construction has continued and most equipment is now onsite or ready to be transported. Clearing of vegetation for the tailings storage facility and open pit area is continuing and is approximately 80% complete.

Engineering design for pre-mining development and early scheduling of mining and processing is well advanced.

Water supply pipeline from the already completed water bore field to the production site is progressing. Bore pump installation complete with electrical supply has been completed.

Environmental monitoring is continuing to provide background data for the project.

### Bethanga Exploration Project EL 4436

The Bethanga Project is in the north east of Victoria, 15 km east of Albury. The township of Bethanga is 1 to 2 km south east of the principal workings.

Past gold production has been estimated to have been 78,000 oz of gold from 62,000 tonnes of ore. In addition to the gold production, 618 tonnes of copper were produced plus minor amounts of silver and arsenic.

The ore was hand sorted to produce an average head grade at the treatment plants of 39 g/t, the highest average grade of all the major goldfields in Victoria.

A recent rationalisation of the tenement holding has seen the tenement consolidated into one EL 4436

The License is prospective for high-grade narrow vein auriferous (Au-Ag-Cu) sulphidic lode systems. Gold at Bethanga occurs in a series of parallel quartz reef systems striking NNE, with strike lengths up to 4 km, and widths from a few centimetres to less than 1 metre. The reefs are vertical or dip steeply to the north-west, and the productive sections of the reefs are known to occur in shoots. These shoots are 100 to 200 metres long and appear to have a moderate plunge to the north.

The exploration program will be directed to establishing economic mineralisation along strike and down dip of previous workings. Work during the quarter concentrated on landowner access for drilling.

**Bethanga Exploration Project (continued)**  
**EL 4436**



**LEGEND**

- Exploration Licence
- Mining Licence
- Road

0 1 2 3 4 5km  
Scale: 1:100 000  
(MGA Zone 56GDA94)

**LOCATION MAP**



Bethanga006V9(2)

**RESOURCE BASE LIMITED**

**Bethanga Project**

TENEMENT PLAN  
LOCATION MAP

April 2008

Figure 1

**Corporate**

The consolidated loss of the economic entity for the half year amounted to \$348,500 (2007: \$309,935)

The Company undertook a non renounceable entitlement issue to shareholders for up to 18 million new shares at 6 cents each to raise up to \$1,080,000 on the basis of 1 new share for every 3 shares held. Up to 31 December 2008, the Company issued 2.56 million shares (\$153,000) pursuant to the offer. Subsequent to year end, the Company issued 5.1 million shares (\$306,000) pursuant to the offer.

Mr Peter Armitage and Mr Geoff Turner resigned as directors of the Company during the half year to 31 December 2008 and prior to the signing of this Report.

**AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the auditor's independence declaration under s.307C of the *Corporation Act 2001* in relation to the review of the half-year is included on page 7.

Signed in accordance with a resolution of the Directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors



**Alan Fraser**  
Director

MELBOURNE,

16 March 2009

## AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

To the Directors of Resource Base Limited:

I declare that to the best of my knowledge and belief, in relation to the Independent Half-year Auditor's Review for the half-year ending 31 December 2008, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.



**MELANIE J LEYDIN**  
Registered Company Auditor  
Registration: 212298

16 March 2009

## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF RESOURCE BASE LIMITED**

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

We have reviewed the accompanying half-year financial report of Resource Base Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity, cash flow statement for the half-year ended on that date, selected explanatory notes and the directors' declaration of the company at the end of the half-year.

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

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *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 an Interim 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 matters that makes us believe that the 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 2008 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 Base 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.

#### *Auditor's Independence Declaration*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



### *Basis for Qualified Conclusion*

Based on information provided to me by management:

- (a) The Directors have classified Promissory Notes of \$780,000 as cash and cash equivalents in the financial statements at 31 December 2008 on the basis that the Promissory Notes are "at call" and can be readily converted into cash. I have not been provided with sufficient or appropriate audit evidence to confirm that these amounts are readily convertible into cash. These Promissory Note holders, have not responded to repeated cash calls. There has been no collection of cash from the Promissory Note Holders since 17 November 2008. Based on this I believe that the promissory notes should be classified as trade and other receivables. The financial report does not disclose this fact.
- (b) The Directors are confident of the full collection of the Promissory Notes to the value of \$780,000. Subsequent to year end no amount has been collected. The terms of these promissory notes were re-negotiated during the period extending the payment due to date to 16 March 2009. There was no payment forthcoming on 16 March 2009 and the Company agreed to extend the payment date to 31 March 2009. I have not been provided with appropriate audit evidence to support the collection of these promissory notes and accordingly believe a provision for non-collectible Promissory Notes of \$780,000 should be raised which would reduce current assets by \$780,000 and increase the loss for the year by \$780,000. The financial report does not disclose this fact.

### *Conclusion*

Based on our review, which is not an audit, with the exception of the matters described in the preceding paragraphs, nothing has come to our attention that causes us to believe that the half-year financial report of Resource Base Limited does not present fairly, in all material respects the financial position of the entity as at 31 December 2008, and of its financial performance and its cash flows for the period ended on that date in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### *Emphasis of Matter Regarding Going Concern*

Without qualification to the opinion expressed above, attention is drawn to the following matter. As detailed in Note 1 the Directors have prepared the financial report on the going concern basis. There is uncertainty whether the Company can continue as a going concern without the continued support of the investment community.

At 31 December 2008 the consolidated entity had cash and cash equivalents totalling \$1,484,177, comprising cash at bank of \$9,523, promissory notes of \$780,000, BBX dollars of \$658,414 and term deposits supporting bank guarantees of \$36,240. In my opinion only \$9,523 is available to meet current creditors of \$264,259

During the period 1 January 2009 to 16 March 2009 the Company received funds through the Rights Issue Shortfall applications of \$306,000.

As at 16 March 2009 the consolidated entity had approximately \$125,388 available cash (excluding promissory notes, BBX dollars and term deposits supporting bank guarantees) to meet current creditors of approximately \$272,000 (including subordinated Directors fees of \$112,694). The Company is reliant upon the remainder of the shortfall monies to be banked on 17 March 2009 amounting to \$200,000 to be able to meet their debts as and when they fall due.

As detailed in Note 1, the company is reliant upon the continued support of the investment community together with the collection of the remaining promissory notes of \$780,000 to fund its operations until it successfully develops its assets.

Yours faithfully



**MELANIE J LEYDIN**  
Registered Company Auditor  
Registration: 212298

16 March 2009

**DIRECTORS DECLARATION**

The Directors declare that:

- a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors



**Alan Fraser**  
Director

MELBOURNE,

16 March 2009

**RESOURCE BASE LIMITED**  
**ABN 57 113 385 425**

**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Note	CONSOLIDATED ENTITY Half-year ended 31 December 2008 \$	Half-year ended 31 December 2007 \$
Revenue – Interest received		19,784	50,230
Revenue – Rent received		60,791	-
Revenue - Other		5,249	909
Administrative expenses		(130,314)	-
Corporate expenses		(35,539)	(74,411)
Exploration expenses written off		(57,608)	(1,445)
Depreciation		(56,538)	(6,717)
Employment and consulting expenses		(154,325)	(29,677)
Share based payments		-	(248,824)
<b>Profit/(loss) before tax for the period</b>		<b>(348,500)</b>	<b>(309,935)</b>
Income tax expense		-	-
<b>Profit/(loss) for the period</b>		<b>(348,500)</b>	<b>(309,935)</b>
		<b>Cents per Share</b>	<b>Cents per Share</b>
<b>Earnings/(Loss) per Share</b>			
Basic Earnings/(Loss) per share		(0.01)	(2.93)
Diluted Earnings/(Loss) per share		(0.01)	(2.82)

This statement is to be read in conjunction with the notes to the financial statements.

**RESOURCE BASE LIMITED**  
**ABN 57 113 385 425**

**CONDENSED CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2008**

	<b>CONSOLIDATED ENTITY</b>	
	<b>31 Dec 2008</b>	<b>30 Jun 2008</b>
	<b>\$</b>	<b>\$</b>
<b>Current Assets</b>		
Cash and cash equivalents	1,484,177	2,201,956
Trade and other receivables	48,772	175,880
Other current assets	130,000	50,000
<b>Total Current Assets</b>	<b>1,662,949</b>	<b>2,427,836</b>
<b>Non-Current Assets</b>		
Plant & equipment	1,489,387	1,413,656
Exploration and evaluation assets	3,682,986	3,269,917
Other non current assets	491,000	491,000
<b>Total Non-Current Assets</b>	<b>5,663,373</b>	<b>5,174,573</b>
<b>Total Assets</b>	<b>7,326,322</b>	<b>7,602,409</b>
<b>Current Liabilities</b>		
Trade and other payables	264,259	359,338
Borrowings	121,849	62,875
<b>Total Current Liabilities</b>	<b>386,108</b>	<b>422,213</b>
<b>Non Current Liabilities</b>		
Borrowings	243,698	269,276
Provisions	500,000	500,000
<b>Total Non Current Liabilities</b>	<b>743,698</b>	<b>769,276</b>
<b>Total Liabilities</b>	<b>1,129,806</b>	<b>1,191,489</b>
<b>Net Assets</b>	<b>6,196,516</b>	<b>6,410,920</b>
<b>Equity</b>		
Issued Capital	7,853,278	7,719,182
Reserves	248,824	248,824
Accumulated losses	(1,905,586)	(1,557,086)
<b>Total Equity</b>	<b>6,196,516</b>	<b>6,410,920</b>

This statement is to be read in conjunction with the notes to the financial statements.

**RESOURCE BASE LIMITED**  
**ABN 57 113 385 425**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

<b>CONSOLIDATED</b>				
	Issued Capital	Option Reserve	Retained Earnings	Total
	\$	\$	\$	\$
Equity as at 1 July 2007	1,514,200	-	(461,474)	1,052,726
Shares issued	6,823,100	-	-	6,823,100
Cost of capital raising	(520,218)	-	-	(520,218)
Options issued		248,824	-	248,824
Profit/(loss) for the period (a)		-	(309,935)	(309,935)
<b>Equity as at 31 December 2007</b>	<b>7,817,082</b>	<b>248,824</b>	<b>(771,409)</b>	<b>7,294,497</b>

<b>CONSOLIDATED</b>				
	Issued Capital	Option Reserve	Retained Earnings	Total
	\$	\$	\$	\$
Equity as at 1 July 2008	7,719,182	248,824	(1,557,086)	6,410,920
Shares issued	152,270	-	-	152,270
Cost of capital raising	(18,174)			(18,174)
Profit/(loss) for the period	-	-	(348,500)	(348,500)
<b>Equity as at 31 December 2008</b>	<b>7,853,278</b>	<b>248,824</b>	<b>(1,905,586)</b>	<b>6,196,516</b>

This statement is to be read in conjunction with the notes to the financial statements.

**RESOURCE BASE LIMITED**  
**ABN 57 113 385 425**

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	<b>CONSOLIDATED ENTITY</b>	
	<b>Half-year ended</b>	<b>Half-year ended</b>
	<b>31 December 2008</b>	<b>31 December 2007</b>
	<b>\$</b>	<b>\$</b>
<b>Cash Flows From Operating Activities</b>		
Receipts from customers	196,684	-
Interest received	16,523	50,230
Payments to suppliers and employees	<u>(553,140)</u>	<u>(235,036)</u>
Net cash used in operating activities	<u>(339,933)</u>	<u>(184,806)</u>
<b>Cash Flows From Investing Activities</b>		
Payment for property, plant and equipment	(98,874)	(500,000)
Payment for exploration costs	<u>(413,069)</u>	<u>(1,600,623)</u>
Net cash (used in)/provided by investing activities	<u>(511,943)</u>	<u>(2,100,623)</u>
<b>Cash Flows From Financing Activities</b>		
Proceeds from issue of equity securities	134,097	6,277,100
Payment for share issue costs	-	(520,218)
Repayment to related parties	<u>-</u>	<u>(27,000)</u>
Net cash flows from financing activities	<u>134,097</u>	<u>5,729,882</u>
<b>Net Increase (Decrease) in cash and cash equivalents</b>	<u>(717,779)</u>	<u>3,444,453</u>
Cash and cash equivalents at beginning of the half year	<u>2,201,956</u>	<u>1,262,758</u>
<b>Cash and cash equivalents at the end of the half year</b>	<u><u>1,484,177</u></u>	<u><u>4,707,211</u></u>

This statement is to be read in conjunction with the notes to the financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Statement of compliance**

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual report.

**Basis of preparation**

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's annual financial report for the financial year ended 30 June 2008.

**(a) Going concern**

The consolidated entity incurred a loss for the half-year ended 31 December 2008 of \$348,500, and negative operating cash flows of \$339,933. These conditions give rise to a material uncertainty that may cast significant doubt about the ability of the consolidated entity to continue as a going concern.

The continuing viability of the company and its ability to continue as a going concern and meet its debts and commitments as they become due and payable is subject to the consolidated entity being successful in accessing additional capital. Since 30 June 2008 the consolidated entity has raised \$460,000 from the non renounceable rights issue and related shortfall. Furthermore, the Company continues to utilise the promissory notes and BBX to satisfy such current debts and commitments.

In the event that these negotiations to raise additional capital are not successful, the constitution of Resource Base Limited provides for the issues of shares by the directors. The directors believe the consolidated entity will be able to obtain adequate additional sources of finance to fund operations for the next 12 months. This may be undertaken through:

- issuing shares pursuant to the "15% rule" under ASX Listing Rules and other share issues approved by shareholders
- issuance of debt instruments

The financial report has been prepared on a going concern basis which assumes the realisation of assets and the extinguishment of liabilities in the normal course of business at the amount stated in the financial statements.

If the consolidated entity is unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amount different to those stated in the financial statements. The financial statements do not include adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the company be unable to continue as a going concern and meet its debts as and when they become due and payable.

Promissory notes have been issued with an "On Demand" maturity, of which \$1,088,400 has been called in, with a balance of \$780,000 uncalled at 31 December 2008. The Directors believe that these promissory notes could be called upon in full.

BBX dollars are an alternative form of cash. At the capital raising in 2007 \$700,000 in BBX dollars were acquired by the Company, with a balance of \$658,413. The BBX dollars can be used as a payment method with merchants that accept this form of payment. The Directors believe that the value of BBX dollars equates to AU\$1.00 per BBX dollar.

Promissory notes and BBX dollars appear as cash and cash equivalents in the balance sheet, with Directors performing an impairment test at reporting date. At 31 December 2008, no impairment had been made.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**2. SEGMENT INFORMATION**

Resource Base Limited operates in the mining and exploration industry in Australia.

**3. ISSUE OF EQUITY SECURITIES**

During the 31 December 2008 half year period the company:

- issued 2,562,830 shares at an issue price of \$0.06 per share

The Company did not issue any securities during the 30 June 2008 reporting period.

**4. BUSINESS COMBINATIONS**

There were no entities acquired or disposed of during the half year. The consolidated group is as follows:

Name of Entity	Country of Incorporation	Ownership Interest	
		31 December 2008 %	31 December 2007 %
<b>Parent Entity</b>			
Resource Base Limited	Australia		
<b>Subsidiaries</b>			
Broula King Joint Venture Pty Ltd	Australia	100%	100%

**5. COMMITMENTS**

**Mining Tenements – Commitments for Expenditure**

In order to maintain current rights of tenure to exploration tenements, the Company and economic entity is required to outlay rentals and to meet the minimum expenditure requirements of the State Mines Departments. Minimum expenditure commitments may be subject to renegotiation and with approval may otherwise be avoided by sale, farm out or relinquishment. These obligations are not provided in the accounts and are payable:

	31 December 2008	30 June 2008
Not later than 1 year	119,060	119,060
Later than one year but not later than five	287,430	406,492
Later than 5 years		-
	<u>406,490</u>	<u>525,551</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

6. EVENTS AFTER THE BALANCE SHEET DATE

Other than as disclosed below, no matter or circumstance has arisen since the date of this report which has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in future financial years:

- On 6 January 2009, the Company announced that Mr Geoff Turner resigned as director of the Company.
- On 10 February 2009, the Company announced that it had issued 350,001 shares pursuant to the shortfall regarding the recent non renounceable entitlement issue, representing \$21,000.00;
- On 13 March 2009, the Company announced that it had issued 4,783,837 shares pursuant to the shortfall regarding the recent non renounceable entitlement issue, representing \$287,030.22;