Resource Base Limited

ABN 57 113 385 425

Annual Report - 30 June 2011

Resource Base Limited
Corporate directory
30 June 2011

Directors	Mr Alan Fraser (Managing Director and Chairman) Peter Kelliher (Executive Director) Kevin Lynn (Non - Executive Director) Angelo Siciliano (Non - Executive Director)
Registered office	Level 17 500 Collins Street Melbourne VIC 3003
Principal place of business	Level 17 500 Collins Street Melbourne VIC 3003
Share register	Link Market Services Level 4 333 Collins Street Melbourne, VIC 3000
Auditor	Leydin Freyer Audit Pty Ltd Ms Loren Datt Suite 304, 22 St Kilda Road St Kilda VIC 3182
Stock exchange listing	Resource Base Limited shares are listed on the Australian Securities Exchange (ASX code: RBX)

Review of Operations

Company Overview

The Company has continued with the development of its mining asset, the Broula King gold mine located in central NSW, midway between Cowra and Grenfell, approximately 230 km west of Sydney.

The calendar year to 31 December 2010 was one of the wettest years on record effectively closing down almost all activities for 6 months. The surrounding area of the Weddin Shire was the first of two regions in NSW declared a disaster area. Only minor activity was undertaken on site during this period concentrated particularly on work to ameliorate damage from the earlier excessive rain.

During the 6 months to 30 June the construction of the plant was progressed albeit by a skeleton crew.

Plant construction is significantly advanced with most equipment delivered to site and placed on foundations, most infrastructure located on site, bore field and water supply lines operational, pipework underway and electrical installation continuing.

Ongoing environmental monitoring is continuing to provide background data for the site.

On 16 September 2011, the Company lodged a prospectus for a non-renounceable pro-rata offer of up to 65,809,790 shares to eligible shareholders of one new share for every two shares held at $0.036 (3.6 cents) to raise an estimated $2,369,152 before costs. The offer is fully underwritten by Asipac Capital Pty Ltd. The funds raised will be applied towards the development of the Broula King Gold Mine.

The Company has been approached and is in preliminary exploratory discussions with third parties in regard to possible joint operations. The Company does have in board extensive and relevant experience in regard to project acquisition, environmental impact statements, plant procurement and construction and looks to leverage its position from the Broula King gold project. The Company will continue to monitor this position.

Resource Base Limited
Directors' report
30 June 2011

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Resource Base Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the year ended 30 June 2011.

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

Mr Alan Fraser (Managing Director and Chairman)
Peter Kelliher (Executive Director)
Kevin Lynn (Non-Executive Director)
Angelo Siciliano (Non-Executive Directors - appointed 1 August 2011)

Principal activities
During the financial year the principal continuing activities of the consolidated entity consisted of gold production and mineral exploration.

Dividends
There were no dividends paid or declared during the current or previous financial year.

Review of operations
The loss for the consolidated entity after providing for income tax amounted to $695,329 (30 June 2010: $1,275,375).

Refer to separate detailed review of operations preceding this Directors' report.

Significant changes in the state of affairs
During the year the company issued 14,928,000 ordinary shares at an issue price 3.5 cents through a share placement, raising $500,000.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year
On 1 August 2011, the Company issued 17,167,770 ordinary shares at $0.036 (3.6 cents) per share raising $618,039 before costs.

On 16 September 2011, the Company lodged a prospectus for a non-renounceable pro-rata offer of up to 65,809,790 shares to eligible shareholders of one new share for every two shares held at $0.036 (3.6 cents) to raise an estimated $2,369,152 before costs. The offer is fully underwritten by Asipac Capital Pty Ltd.

No other matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations
Review of financial position

Environmental regulation
The economic entity holds participating interests in a number of mining and exploration tenements. The various authorities granting such tenements require the tenement holder to comply with the terms of the grant of the tenement and all directions given to it under those terms of the tenement. There have been no known breaches of the tenement conditions, and no such breaches have been notified by any government agencies during the year ended 30 June 2011.

Information on directors

Name:	Mr Alan Fraser
Title:	Managing Director and Chairman
Experience and expertise:	Mr Fraser has over 30 years of experience in Australian and overseas on green fields mineral exploration, mine project management and mine construction. He has managed gold exploration projects through the stages of tenement acquisition, joint venture negotiation, obtaining regulatory approvals and the management of field exploration programs including assessing volumes and tonnage for tailings dumps and mullock heaps, at times in remote locations. He has been a Director of NuEnergy Capital Limited an ASX listed company since 1992. During his period as a director of NuEnergy Capital, the Heathcote Gold Mine operation in Victoria, in which NuEnergy Capital was a joint venture partner, was progressed through the regulatory approval, plant procurement, plant construction, commissioning stages and production. Since production ceased, the rehabilitation of the mine site has been managed by Mr Fraser. The Heathcote Mine produced in excess of 35,000 ounces of gold over its 3 year life.
Other current directorships:	NuEnerrgy Capital Limited (ASX prefix : NGY)
Former directorships (in the last 3 years):	Nil
Special responsibilities:	Nil
Interests in shares:	6,212,923 shares
Interests in options:	854,212 options

Name:	Mr Peter Kelliher
Title:	Executive Director
Qualifications:	B.Sc (Hons), Grad Dip GeoSc, MAusIMM, MSME
Experience and expertise:	Mr Kelliher has 30 years of varied metallurgical experience, predominantly in the field of gravity treatment and gold processing. His expertise is in small to medium size mining operations where cost management is a priority. His work has taken him throughout Australia and on several overseas assignments. He holds a Mine Managers Certificate for Victoria and was Manager of the Heathcote open cut gold mine from 1993 to 1995 and of the Avoca alluvial gold project for Sedimentary Holdings Ltd from 1996 to 2000. As Manager his responsibilities included dealing with regulatory processes, community consultation, environmental management and site rehabilitation. Most recently he has operated his own consulting business. This has included assignments at the Ardlethan alluvial tin mine (2001 to 2004) and the Mt Boppy gold mine (1995) in NSW. In both cases he assumed the position of Registered Manager for extended periods.
Other current directorships:	Nil
Former directorships (in the last 3 years):	Nil
Special responsibilities:	
Interests in shares:	190,475 shares
Interests in options:	28,571 options

Name:	Mr Kevin Lynn
Title:	Non Executive Director
Experience and expertise:	Mr Kevin Lynn is a Chartered Accountant, with a masters degree in Finance. He has had over 20 years experience in the resources sector and is currently a Company Secretary or Director of a number of public companies including Burleson Energy Ltd, Silver Mines Ltd, Ignite Energy Ltd, and Granite Power Ltd.
Other current directorships:	Nil
Former directorships (in the last 3 years):	Nil
Special responsibilities:	Nil
Interests in shares:	None
Interests in options:	None

Name:	Angelo Siciliano
Title:	Non Executive Director
Experience and expertise:	Angelo Siciliano is a Fellow of the Institute of Public Accountants. He has had 20 years experience in the field of Accounting and over this period has focused predominantly on property development and investment. For the last 15 years Mr Siciliano has owned and managed an accounting practice with his major emphasis being taxation and business consulting.
Other current directorships:	Nil
Former directorships (in the last 3 years):	Nil
Special responsibilities:	Nil
Interests in shares:	None
Interests in options:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

Company secretary

Mr Wing is a Certified Practising Accountant and specialises in the public company environment. He practised in the audit and corporate divisions of a chartered accounting firm before providing corporate/accounting consultant and company secretary services to public companies.

Meetings of directors

The number of meetings of the company's Board of Directors held during the year ended 30 June 2011, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Mr Alan Fraser	7	7
Mr Peter Kelliher	7	7
Mr Kevin Lynn	7	7

Held: represents the number of meetings held during the time the director held office.

Resource Base Limited
Directors' report
30 June 2011

Remuneration report (audited)
The report details the nature and amount of remuneration for each director of Resource Base Limited and for the executives receiving the highest remuneration in accordance with the requirements of the Corporations Act 2001 and its Regulations. It also provides the remuneration disclosures required by Aus 25.4 to Aus 25.7.2 of AASB 124 Related Party Disclosures, which have been transferred to the Remuneration report in accordance with Corporations regulation2M.6.04. For the purposes of this report, the term “executive” encompasses all directors of the Company.

Remuneration consists of a fixed remuneration and a long term incentive portion as considered appropriate. The Board believes that options are an effective remuneration tool which preserves the cash reserves of the company whilst providing valuable remuneration.

The remuneration report is set out under the following main headings:
A Principles used to determine the nature and amount of remuneration
B Details of remuneration
C Service agreements
D Share-based compensation

A Principles used to determine the nature and amount of remuneration

The Board policy for determining the nature and amount of remuneration of directors and executives is agreed by the board of directors as a whole. The Board obtains professional advice where necessary to ensure that the company attracts and retains talented motivated directors and employees who can enhance the company through their contributions and leadership.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity and company.

Alignment to shareholders' interests:
- focuses on sustained growth in shareholder wealth through growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executives

In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations are separate.

Non-executive directors remuneration
Non-executive directors' fees are paid within an aggregate limit which is approved by the shareholders by the shareholders from time to time. Retirement payments, if any, are agreed to be determined in accordance with the rules set out in the Corporations Act at the time of the Directors retirement or termination. Non-Executive Directors remuneration may include an incentive portion of bonuses and/or options as considered appropriate by the Board, which may be subject to shareholder approval in accordance with the ASX listing rules.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers the amount of director fees being paid by comparable companies with similar responsibilities and the experience of the non executive directors when undertaking the annual review process.

The Company determines the maximum amount for remuneration, including thresholds for share based remuneration, for directors by resolution. Currently, the maximum amount of remuneration allocated to all non executive directors that approved by shareholders is $200,000. Further details regarding components of director and executive remuneration are provided in the notes to the financial statements.

Executive remuneration
In determining the level and make up of executive remuneration, the Board negotiates a remuneration to reflect the market salary for a position and individual of comparable responsibility and experience. Due to the limited size of the Company and of its operations and financial affairs, the use of a separate remuneration committee is not considered appropriate. Remuneration is regularly compared with the external market by participation in industry surveys and during recruitment activities generally. If required, the Board may engage an external consultant to provide independent advice in the form of a written report detailing market levels of remuneration for comparable executive roles.

Company performance, shareholder wealth and director and executive remuneration
The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. The achievement of this aim has been through the issue of options to directors to encourage the alignment of personal and shareholder interests. The recipients of the options are responsible for growing the Company and increasing shareholder value. If they achieve this goal, the value of the options granted to them will also increase. Therefore, the options provide an incentive to the recipients to remain with the Company and to continue to work to enhance the Company's value.

B Details of remuneration

Amounts of remuneration
Details of the remuneration of the directors, other key management personnel (defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity) and specified executives of Resource Base Limited are set out in the following tables.

30 June 2011	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
Name	Cash salary and fees $	Bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
Mr Kevin Lynn	18,000	-	-		-	-	18,000
Executive Directors:							
Mr Alan Fraser	100,000	-	-	9,000	-	-	109,000
Mr Peter Kelliher **	17,208	-	-	-	-	-	17,208
Other Key Management Personnel:							
Mr Adrien Wing *	60,000	-	-	-	-	-	60,000
	195,208	-	-	9,000	-	-	204,208

* these fees have been paid or payble to Northern Star Nominees Pty Ltd.
** these fees are payable to Gippsland Resource Development Pty Ltd.

30 June 2010	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
Name	Cash salary and fees $	Bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
Mr Kevin Lynn	13,068	-	-	1,176	-	-	14,244
Mr Glenn Connor	5,114	-	-	-	-	-	5,114
Executive Directors:							
Mr Alan Fraser	100,000	-	-	9,000	-	-	109,000
Other Key Management Personnel:							
Mr Adrien Wing *	60,000	-	-	-	-	-	60,000
	178,182	-	-	10,176	-	-	188,358

* these fees have been paid or payble to Northern Star Nominees Pty Ltd.

C Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Mr Alan Fraser
Title: Managing Director and Chairman
Details: The agreement provides for an initial 12 month term commencing upon the listing of the Company on ASX with automatic 12 month renewal unless otherwise terminated. Upon listing of the Company on ASX, Mr Fraser receives remuneration at the rate of $100,000 per annum plus statutory superannuation.

The Company may terminate the agreement by providing 30 days written notice. The Company must pay an amount equal to the lessor of the full amount of fees for the balance of the term; or 12 months fees at the rate set out in the agreement.

The Company may terminate the agreement at any time without notice if serious misconduct has occurred. Where termination with cause occurs Mr Fraser is only entitled to that portion of remuneration which is fixed, and only up to the date of termination.

Name:	Mr Peter Kelliher
Title:	Executive Director
Details:	The agreement provides for an initial 12 month term commencing upon the listing of the Company on ASX. Upon listing of the Company on ASX, Mr Kelliher was to receive remuneration at the rate of $120,000 per annum plus statutory superannuation. The Company may terminate the agreement by providing 30 days written notice. The Company must pay an amount equal to the lessor of the full amount of fees for the balance of the term; or 12 months fees at the rate set out in the agreement. The Company may terminate the agreement at any time without notice if serious misconduct has occurred. It has been agreed between Mr Kelliher and the Company that the employment agreement will not accrue until a time to be agreed by both parties in the future.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

D Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2011.

Options
There were no options issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2011.

There were no options granted to or exercised by directors and other key management personnel as part of compensation during the year ended 30 June 2011.

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares of Resource Base Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
February 2010	30 June 2013	$0.20	2,000,000
November 2007	30 November 2011	$0.05	18,928,555
			20,928,555

Shares issued on the exercise of options
There were no shares of Resource Base Limited issued on the exercise of options during the year ended 30 June 2011.

Indemnity and insurance of officers
The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and insurance of auditor
The company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services
There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former audit partners of Leydin Freyer Audit Pty Ltd
There are no officers of the company who are former audit partners of Leydin Freyer Audit Pty Ltd.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Auditor
Leydin Freyer Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

A.L. Fraser

Alan Fraser
Director

22 September 2011
Melbourne

Suite 304, 22 St Kilda Road, St Kilda, Vic. 3182

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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 audit for the year ended 30 June 2011, 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.

LOREN DATT
Registered Company Auditor
Registration: 339204

22 September 2011

Resource Base Limited
Financial report
For the year ended 30 June 2011

Contents

General information

The financial report covers Resource Base Limited as a consolidated entity consisting of Resource Base Limited and the entities it controlled. The financial report is presented in Australian dollars, which is Resource Base Limited's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Resource Base Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 17
500 Collins Street
Melbourne VIC 3003

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 22 September 2011. The directors have the power to amend and reissue the financial report.

Resource Base Limited
Statement of comprehensive income
For the year ended 30 June 2011

	Note	Consolidated 30 June 2011 $	30 June 2010 $
Revenue	4	234,753	146,181
Expenses			
Administraion expenses		(28,775)	(90,115)
Corporate expenses		(228,981)	(197,094)
Employee benefits expense		(280,242)	(295,208)
Depreciation and amortisation expense	5	(125,048)	(118,286)
Impairment of BBX dollars		(98,237)	(555,239)
Occupancy expenses		(153,523)	(139,055)
Finance costs	5	(15,276)	(26,559)
Loss before income tax expense		(695,329)	(1,275,375)
Income tax expense	6	-	-
Loss after income tax expense for the year attributable to the owners of Resource Base Limited		(695,329)	(1,275,375)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Resource Base Limited		(695,329)	(1,275,375)
		Cents	**Cents**
Basic earnings per share	32	(0.63)	(1.59)
Diluted earnings per share	32	(0.63)	(1.59)

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Resource Base Limited
Statement of financial position
As at 30 June 2011

	Note	Consolidated 30 June 2011 $	30 June 2010 $
Assets			
Current assets			
Cash and cash equivalents	7	2,917	54,707
Trade and other receivables	8	21,011	192,667
Other	9	-	181,000
Total current assets		23,928	428,374
Non-current assets			
Property, plant and equipment	10	1,316,290	1,445,058
Exploration and evaluation	11	4,955,930	4,803,662
Other	12	672,628	591,629
Total non-current assets		6,944,848	6,840,349
Total assets		6,968,776	7,268,723
Liabilities			
Current liabilities			
Trade and other payables	13	462,512	588,772
Borrowings	14	45,061	119,265
Total current liabilities		507,573	708,037
Non-current liabilities			
Borrowings	15	192,152	110,458
Employee benefits	16	36,465	22,313
Provisions	17	500,000	500,000
Total non-current liabilities		728,617	632,771
Total liabilities		1,236,190	1,340,808
Net assets		5,732,586	5,927,915
Equity			
Contributed equity	18	10,459,539	9,959,539
Reserves	19	248,824	248,824
Accumulated losses		(4,975,777)	(4,280,448)
Total equity		5,732,586	5,927,915

The above statement of financial position should be read in conjunction with the accompanying notes

Resource Base Limited
Statement of changes in equity
For the year ended 30 June 2011

	Contributed equity $	Reserves $	Retained profits $	Total equity $
Consolidated				
Balance at 1 July 2009	8,154,774	248,824	(3,005,073)	5,398,525
Other comprehensive income for the year, net of tax	-	-	-	-
Loss after income tax expense for the year	-	-	(1,275,375)	(1,275,375)
Total comprehensive income for the year	-	-	(1,275,375)	(1,275,375)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	1,804,765	-	-	1,804,765
Balance at 30 June 2010	9,959,539	248,824	(4,280,448)	5,927,915

	Contributed equity $	Reserves $	Retained profits $	Total equity $
Consolidated				
Balance at 1 July 2010	9,959,539	248,824	(4,280,448)	5,927,915
Other comprehensive income for the year, net of tax	-	-	-	-
Loss after income tax expense for the year	-	-	(695,329)	(695,329)
Total comprehensive income for the year	-	-	(695,329)	(695,329)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	500,000	-	-	500,000
Balance at 30 June 2011	10,459,539	248,824	(4,975,777)	5,732,586

The above statement of changes in equity should be read in conjunction with the accompanying notes

Resource Base Limited
Statement of cash flows
For the year ended 30 June 2011

	Note	Consolidated 30 June 2011 $	Consolidated 30 June 2010 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		205,941	123,241
Payments to suppliers and employees (inclusive of GST)		(700,051)	(637,696)
Interest received		12,809	20,858
Net cash used in operating activities	30	(481,301)	(493,597)
Cash flows from investing activities			
Payments for property, plant and equipment	10	-	(176,214)
Payments for exploration and evaluation	11	(152,268)	(973,387)
Proceeds from release of security deposits		-	10,611
Net cash used in investing activities		(152,268)	(1,138,990)
Cash flows from financing activities			
Proceeds from issue of shares	18	500,000	1,828,568
Proceeds from borrowings from director		105,000	-
Share issue transaction costs		-	(88,092)
Repayment of borrowings		(97,510)	(92,705)
Proceeds from promissory notes		74,289	-
Net cash from financing activities		581,779	1,647,771
Net increase/(decrease) in cash and cash equivalents		(51,790)	15,184
Cash and cash equivalents at the beginning of the financial year		54,707	39,523
Cash and cash equivalents at the end of the financial year	7	2,917	54,707

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern
The Group has prepared this financial report on the 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.

For the reasons described below there is significant uncertainty whether the company and consolidated entity will continue as a going concern:

• The consolidated entity and the company recorded a net loss of $695,329 (2010: $1,275,375);
• The consolidated entity and the company had negative operating cash flows for the year; and
• The consolidated entity and the company have low cash reserves.

The continuing viability of the Group and its ability to continue as a going concern and meet its debts and commitments as they fall due are subject to the Group being successful in accessing additional capital.

At the date of this report and having considered the above position, the directors are confident that the company will be able to continue as a going concern given the following:

• On 1 August 2011, the Company issued 17,167,770 ordinary shares at $0.036 (3.6 cents) per share raising $618,039 before costs;
• On 16 September 2011, the Company lodged a prospectus for a non-renounceable pro-rata offer of up to 65,809,790 shares to eligible shareholders of one new share for every two shares held at $0.036 (3.6 cents) to raise an estimated $2,369,152 before costs. The offer is fully underwritten by Asipac Capital Pty Ltd. The underwrting agreement and the funds raised thereto are contingent on the Company requoting on the Australian Securities Exchange.; and
• This should provide the Company sufficient resources to finance the Broula King Gold Mine through to becoming a producing mine.

Notwithstanding this there is significant uncertainty whether the company and the consolidated entity will continue as going concerns and, therefore, whether they will realise their assets and extinguish their liabilities in the normal course of business at the amount stated in the financial statements.

The financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company and the consolidated entity not continue as going concerns.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Note 1. Significant accounting policies (continued)

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 27.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Resource Base Limited ('company' or 'parent entity') as at 30 June 2011 and the results of all subsidiaries for the year then ended. Resource Base Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the 'business combinations' accounting policy for further details. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Note 1. Significant accounting policies (continued)

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rent
Rent revenue from investment properties is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses and under and over provision in prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Other receivables are recognised at amortised cost, less any provision for impairment.

Note 1. Significant accounting policies (continued)

Investments and other financial assets
Investments and other financial assets are measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. The fair values of quoted investments are based on current bid prices. For unlisted investments, the consolidated entity establishes fair value by using valuation techniques. These include the use of recent arms length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets
The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been had the impairment not been recognised and is reversed to profit or loss.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	5-33 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Note 1. Significant accounting policies (continued)

Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset’s useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Exploration and evaluation assets
Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset’s fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Note 1. Significant accounting policies (continued)

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including:
- interest on short-term and long-term borrowings
- interest on hire purchases

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Wages and salaries and annual leave
Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave
The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Note 1. Significant accounting policies (continued)

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Contributed equity
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

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

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 1. Significant accounting policies (continued)

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2011. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The fair value of financial instruments classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and definite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Tax losses
The Company has not recognised tax a deferred tax asset with regard to unused tax losses and other temporary differences, as it has not determined whether the Company will generate sufficient taxable income against which the unused tax losses and other temporary differences can be utilised in the foreseeable future.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Long service leave provision
As discussed in note 1, the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

BBX Dollars
BBX Dollars are an alternative form of cash, at the capital raising in 2007 $700,000 in BBX dollars was acquired from the issue of 3,500,000 ordinary shares at 20 cents per share in Resources Base Limited. The BBX dollars can be used as a payment method with merchants that accept this form of payment. The Directors performed an impairment test at reporting date and have resolved to impair the BBX Dollars at 30 June 2011 $98,237, (2010 : $555,239) leaving a carrying value of nil (2010 : $100,000, classified as $25,000 Current Assets and $75,000 Non Current

Intercompany loan account
Since the acquisition of Broula King Joint Venture Pty Ltd during the 2007 financial year, Resource Base Limited has been funding, via an at call loan facility, the exploration activities that Broula King Joint Venture Pty Ltd has been engaged in. Based on the carrying value of the Broula King Joint Venture Pty Ltd assets and liabilities at 30 June 2011 the Board of Resource Base Limited resolved to make a provision against this loan for $201,631, (2009: $450,000), which brings the fair value of the loan in line with the net assets of Broula King Joint Venture Pty Ltd. The Board will continue to monitor the progress of Broula King Joint Venture Pty Ltd and raise additional provisions against the loan if deemed necessary.

Provision for restoration
A provision has been made for the present value of anticipated costs for future restoration of exploration tenements. The provision includes future cost estimates associated with rehabilitation of the tenements. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for tenements are recognised in the statement of financial position by adjusting both the expense or asset, if applicable, and provision.

Exploration and evaluation assets
The directors review the carrying value of each area of interest, with reference to the indicators of impairment indicated in AASB 6 - Exploration for and Evaluation of Mineral Resources.

Promissory notes
Promissory Notes were issued with an “On Demand” maturity, with a balance of $1,298,400 uncalled at 30 June 2008. During the 2009 financial year calls totalling $518,400 were made and received in full. Prior to 30 June 2009 $780,000 promissory notes were called and remained outstanding. The Board resolved to make a provision of $770,000 against the outstanding promissory notes at 30 June 2009 leaving a balance of $10,000 on the balance sheet. Subsequent to 30 June 2009, this $10,000 was received. During the 2010 financial year $74,289 of promissory notes were issued and remain outstanding and recoverable at 30 June 2010, subsequent to year end these funds were received. The Board reserves its rights and continues to pursue the recovery of the $770,000 in outstanding promissory notes provided for in the 2009 financial year. There are no balances relating to promissory notes at 30 June 2011.

Note 3. Operating segments

Identification of reportable operating segments
The consolidated entity is organised into one operating segment : exploration for base and precious metals in Australia. The operating segment is based on the internal reports that reviewed by the Directors (who are identified as Chief Decision Makers) in assessing performance and allocation of resources.

Note 4. Revenue

	Consolidated	
	30 June 2011 $	30 June 2010 $
Other revenue		
Interest received	28,812	21,014
Rent received	205,941	125,167
Revenue	234,753	146,181

Note 5. Expenses

	Consolidated	
	30 June 2011 $	30 June 2010 $
Loss before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	125,048	118,286
Impairment		
Plant and equipment	3,720	1,671
Non-recovery of BBX dollars	98,237	555,239
Total impairment	101,957	556,910
Finance costs		
Interest and finance charges paid/payable	15,276	26,559
Rental expense relating to operating leases		
Minimum lease payments	136,182	135,771
Superannuation expense		
Defined contribution superannuation expense	10,316	10,176

Note 6. Income tax expense

	Consolidated	
	30 June 2011 $	**30 June 2010 $**
Numerical reconciliation of income tax expense to prima facie tax payable		
Loss before income tax expense	(695,329)	(1,275,375)
Tax at the Australian tax rate of 30%	(208,599)	(382,613)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Other permanent differences	278	503
	(208,321)	(382,110)
Impairment of BBX dollars	29,471	166,572
Depreciation	(8,114)	(6,444)
Superannuation accrual	1,447	(3,423)
Capitalised deductible exploration expenditure	(3,549)	(9,821)
Deductible share issue costs	(38,619)	(49,887)
Other timing differences	17,311	(9,278)
Income tax losses not carried forward	210,374	294,391
Income tax expense	-	-

	Consolidated	
	30 June 2011 $	**30 June 2010 $**
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Tax losses	3,630,798	2,937,263
Tempoary difference	(364,868)	(717,230)
Total deferred tax assets not recognised	3,265,930	2,220,033

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

The taxation benefits of tax losses and temporary differences not brought to account will only be obtained if:
i) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
ii) the consolidated entity continues to comply with the conditions for deductibility imposed by law; and
iii) no change in tax legislation adversely affects the consolidated entity in realising the benefits from deducting the losses.

Note 7. Current assets - cash and cash equivalents

	Consolidated	
	30 June 2011 $	30 June 2010 $
Cash at bank	2,917	54,707

Note 8. Current assets - trade and other receivables

	Consolidated	
	30 June 2011 $	30 June 2010 $
Promissory notes	-	74,289
Interest receivable	18,295	2,292
GST receivable	2,716	116,086
	21,011	192,667

Promissory Notes were issued with an "On Demand" maturity, with a balance of $1,298,400 uncalled at 30 June 2008. During the 2009 financial year calls totalling $518,400 were made and received in full. Prior to 30 June 2009 $780,000 promissory notes were called and remained outstanding. The Board resolved to make a provision of $770,000 against the outstanding promissory notes at 30 June 2009 leaving a balance of $10,000 on the balance sheet. Subsequent to 30 June 2009, this $10,000 was received. During the 2010 financial year $74,289 of promissory notes were issued and were received. The Board reserves its rights and continues to pursue the recovery of the $770,000 in outstanding promissory notes provided for in the 2009 financial year.

Impairment of receivables
The consolidated entity has recognised a loss of $nil (2010 : $nil) in profit or loss in respect of impairment of receivables.

Note 9. Current assets - other

	Consolidated	
	30 June 2011 $	30 June 2010 $
Prepayments	-	156,000
BBX dollars	-	25,000
	-	181,000

BBX dollars are an alternative form of cash, at the capital raising in 2007 $700,000 in BBX dollars was acquired from the issue of 3,500,000 ordinary shares at 20 cents per share in Resources Base Limited. The BBX dollars can be used as a payment method with merchants that accept this form of payment. The Directors performed an impairment test at reporting date and have resolved to impair the BBX Dollars at 30 June 2011 $98,237 (2010 : $555,239).

The financial statements also include a non-current amount in relation to BBX dollars, refer to Note 12.

Note 10. Non-current assets - property, plant and equipment

	Consolidated 30 June 2011 $	Consolidated 30 June 2010 $
Plant and equipment - at cost	1,715,695	1,719,688
Less: Accumulated depreciation	(399,405)	(274,630)
	1,316,290	1,445,058
	1,316,290	1,445,058

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Plant & Equip $	Total $
Consolidated		
Balance at 1 July 2009	1,389,800	1,389,800
Additions	176,214	176,214
Write off of assets	(1,671)	(1,671)
Depreciation expense	(119,285)	(119,285)
Balance at 30 June 2010	1,445,058	1,445,058
Write off of assets	(3,720)	(3,720)
Depreciation expense	(125,048)	(125,048)
Balance at 30 June 2011	1,316,290	1,316,290

Note 11. Non-current assets - exploration and evaluation

	Consolidated 30 June 2011 $	Consolidated 30 June 2010 $
Exploration and evaluation	4,955,930	4,803,662

Note 11. Non-current assets - exploration and evaluation (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Exploration & Evaluation $	Total $
Consolidated		
Balance at 1 July 2009	3,830,275	3,830,275
Additions	973,387	973,387
Balance at 30 June 2010	4,803,662	4,803,662
Additions	152,268	152,268
Balance at 30 June 2011	4,955,930	4,955,930

Total exploration and evaluation expenditure capitalised is solely intangible. The directors have performed an impairment review and have not impaired the capitalised exploration expenditure, based on the potential for future economic benefits that may arise.

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and mining of the existing mining agreements. Amounts totalling $141,157 (2010: $973,387) have been capitalised during the financial year.

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration activities carried out in Australia.

The Company has continued to commit resources towards the development of the Broula King gold mine. The Company believes that such expenditure to date should be capitalised and is fully recoverable.

Note 12. Non-current assets - other

	Consolidated	
	30 June 2011 $	**30 June 2010 $**
Deferred expenses	156,000	-
BBX dollars	-	75,000
Other non-current assets	516,628	516,629
	672,628	591,629

BBX dollars are an alternative form of cash, at the capital raising in 2007 $700,000 in BBX dollars was acquired from the issue of 3,500,000 ordinary shares at 20 cents per share in Resources Base Limited. The BBX dollars can be used as a payment method with merchants that accept this form of payment. The Directors performed an impairment test at reporting date and have resolved to impair the BBX Dollars at 30 June 2011 $98,237 (2010 : $555,239).

The financial statements also include a current amount in relation to BBX dollars, refer to Note 9.

Note 13. Current liabilities - trade and other payables

	Consolidated	
	30 June 2011 $	30 June 2010 $
Trade and other payables	462,512	588,772

Refer to note 21 for detailed information on financial instruments.

The average credit period on purchases is 30 to 60 days. No interest is charged on the trade payables.

Note 14. Current liabilities - borrowings

	Consolidated	
	30 June 2011 $	30 June 2010 $
Hire purchase	45,061	119,265

Note 15. Non-current liabilities - borrowings

	Consolidated	
	30 June 2011 $	30 June 2010 $
Loan from director	105,000	-
Hire purchase	87,152	110,458
	192,152	110,458

Refer to note 21 for detailed information on financial instruments.

Total secured liabilities
The total secured liabilities (current and non-current) are as follows:

	Consolidated	
	30 June 2011 $	30 June 2010 $
Hire purchase	132,213	229,723

Hire purchase liabilities are secured against the equipment for which the liabilities relate to and no other assets that the Company holds.

Note 16. Non-current liabilities - employee benefits

	Consolidated 30 June 2011 $	Consolidated 30 June 2010 $
Employee benefits	36,465	22,313

Note 17. Non-current liabilities - provisions

	Consolidated 30 June 2011 $	Consolidated 30 June 2010 $
Rehabilitation	500,000	500,000

Note 18. Equity - contributed

	Consolidated 30 June 2011 Shares	Consolidated 30 June 2010 Shares	Consolidated 30 June 2011 $	Consolidated 30 June 2010 $
Ordinary shares - fully paid	114,451,810	99,523,810	10,459,539	9,959,539

Movements in ordinary share capital

Details	Date	No of shares	Issue price	$
Balance	1 July 2009	61,666,666		8,154,774
Placement	7 September 2009	8,000,000	$0.05	400,000
Rights issue	24 December 2009	6,842,797	$0.05	342,140
Rights issue	20 February 2010	23,014,347	$0.05	1,150,717
Cost of capital raising		-	$0.00	(88,092)
Balance	30 June 2010	99,523,810		9,959,539
Placement	11 October 2010	14,928,000	$0.03	500,000
Balance	30 June 2011	114,451,810		10,459,539

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 18. Equity - contributed (continued)

Capital risk management
The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may issue new shares in order to meets its financing requirements.

The consolidated entity would look to raise capital in order to raise the capital to finance the Broula King project.

The consolidated entity is subject to certain financing arrangements and meeting these are given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2011 Annual Report.

For further information in relation to unissued ordinary shares of Resource Base Limited, refer to the Director's

Note 19. Equity - reserves

	Consolidated	
	30 June 2011 $	30 June 2010 $
Share-based payments reserve	248,824	248,824

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Note 20. Equity - dividends

There were no dividends paid or declared during the current or previous financial year.

Note 21. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk.

Risk management is carried out by the Board. These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits.

Market risk

Foreign currency risk
The consolidated entity is not exposed to any significant foreign currency risk.

Note 21. Financial instruments (continued)

Price risk
The consolidated entity is not exposed to any significant price risk.

Interest rate risk
The consolidated entity is not exposed to any significant interest rate risk due to its low level of cash holdings and the fact the only interest bearing liabilities that it has are fixed interest hire purchase agreements.

Credit risk
Credit risk is managed on a consolidated entity basis. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has minimal exposure to credit risk as its only receivable balances relate to GST refundable and interest receivable.

Resource Base Limited has significant exposure to its wholly owned subsidiaries, Broula King JV Pty Ltd. At 30 June 2011 a provision for non recovery of $201,631 (2010:$450,000) has been made against the long term inter company loan.

Liquidity risk
At 30 June 2011 the Group had a working capital deficiency of $591,562. However, $486,841 of the liabilities are payable to directors and the company secretary who have subordinated these amounts and will not call on them until the Group is in a position where it can pay these amounts. In addition the Group, has maintained good relationships with all creditors. Since year end the Company has raised further funds through the issue of shares and lodged a fully underwritten prospectus, refer to Note 29 for further details.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

Note 22. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	30 June 2011 $	30 June 2010 $
Short-term employee benefits	195,208	178,182
Post-employment benefits	9,000	10,176
	204,208	188,358

Note 22. Key management personnel disclosures (continued)

Shareholding
The number of shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

30 June 2011	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Mr Alan Fraser	6,212,923	-	-	-	6,212,923
Mr Peter Kelliher	190,475	-	-	-	190,475
Mr Adrien Wing	854,500	-	2,179,798	-	3,034,298
	7,257,898	-	2,179,798	-	9,437,696

30 June 2010	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Mr Alan Fraser	4,504,498	-	1,708,425	-	6,212,923
Mr Peter Kelliher	133,333	-	57,142	-	190,475
Mr Adrien Wing	854,500	-	-	-	854,500
Mr Glenn Connor *	1,909,780	-	(1,909,780)	-	-
	7,402,111	-	(144,213)	-	7,257,898

* Director resigned during the 2010 financial year

Option holding
The number of options over ordinary shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

30 June 2011	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Mr Alan Fraser	854,212	-	-	-	854,212
Mr Peter Kelliher	28,571	-	-	-	28,571
	882,783	-	-	-	882,783

30 June 2011	Vested and exercisable	Vested and unexercisable	Vested at the end of the year
Options over ordinary shares			
Mr Alan Fraser	854,212	-	854,212
Mr Peter Kelliher	28,571	-	28,571
	882,783	-	882,783

Note 22. Key management personnel disclosures (continued)

30 June 2010	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Mr Alan Fraser *	-	-	-	854,212	854,212
Mr Peter Kelliher *	-	-	-	28,571	28,571
	-	-	-	882,783	882,783

* Refers to options purchased during the year.

30 June 2010	Vested and exercisable	Vested and unexercisable	Vested at the end of the year
Options over ordinary shares			
Mr Alan R Fraser	854,212	-	854,212
Mr Peter Kelliher	28,571	-	28,571
	882,783	-	882,783

Related party transactions
Related party transactions are set out in note 26.

Note 23. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Leydin Freyer Audit Pty Ltd, the auditor of the company, and its related practices:

	Consolidated	
	30 June 2011 $	**30 June 2010 $**
Audit services - Leydin Freyer Audit Pty Ltd		
Audit or review of the financial report	28,500	24,500

The auditor of Resource Base Limited is Ms Loren Datt of Leydin Freyer Audit Pty Ltd. Under the auditor rotation policies, Ms Melanie Leydin of Leydin Freyer Audit Pty Ltd resigned as auditor on 20 June 2011 and Ms Datt was appointed.

Note 24. Contingent liabilities

The consolidated entity did not have contingent liabilities at either 30 June 2011 or 30 June 2010.

Note 25. Commitments for expenditure

	Consolidated	
	30 June 2011 $	**30 June 2010 $**

Note 25. Commitments for expenditure (continued)

	Consolidated	
	30 June 2011	**30 June 2010**
	$	**$**
Operating rental lease		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	126,450	126,450
One to five years	126,450	252,900
	252,900	379,350
Hire purchase commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	46,246	119,263
One to five years	87,152	110,458
	133,398	229,721
Exploration and evaluation		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	52,500	52,500
One to five years	210,000	210,000
	262,500	262,500

The Company entered into a 5 year lease arrangement for the office of Level 17, 500 Collins Street, Melbourne on 1 June 2008, with the option of a further five years at expiry. The Company sub leases this office to other tenants and recovers a proportion of the lease commitment on a monthly basis.

Broula King Joint Venture Pty Ltd has several items of mining equipment that have been financed via hire purchase arrangements with the National Australia Bank.

In order maintain current rights of tenure to the mining lease the Company is required to outlay rentals and meet 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 recorded in the financial statements.

The disclosed commitment relates to Mining Lease 1617. The lease has been granted and will expire in March 2029. There is an annual commitment of $52,500 whilst the lease is in force. The Company shall undertake such commitments and will end when the Company ceases working the lease. The Company expects to work the lease for up to five years.

Note 26. Related party transactions

Parent entity
Resource Base Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 28.

Key management personnel
Disclosures relating to key management personnel are set out in note 22 and the remuneration report in the directors' report.

Note 26. Related party transactions (continued)

Transactions with related parties
There were no transactions with related parties during the financial year.

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	30 June 2011 $	30 June 2010 $
Current payables:		
Director fees payable to Alan Fraser	262,565	153,565
Directors fees payable to Kevin Lynn	31,068	13,068
Fees payable to Gippsland Resource Development Pty Ltd an entity related to Peter Kelliher	17,208	-

No interest is payable by the consolidated entity in respect of these balances .

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	30 June 2011 $	30 June 2010 $
Current borrowings:		
Loan payable to Alan Fraser	105,000	-

No interest is payable on the loan from Alan Fraser.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 27. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of comprehensive income

	Parent	
	30 June 2011 $	30 June 2010 $
Loss after income tax	(647,662)	(1,387,635)
Total comprehensive income	(647,662)	(1,387,635)

Note 27. Parent entity information (continued)

Statement of financial position

	Parent 30 June 2011 $	Parent 30 June 2010 $
Total current assets	22,925	181,445
Total assets	6,284,955	6,183,117
Total current liabilities	422,892	287,541
Total liabilities	559,357	309,854
Equity		
Contributed equity	10,459,539	9,959,539
Reserves	248,824	248,824
Accumulated losses	(4,982,765)	(4,335,100)
Total equity	5,725,598	5,873,263

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2011 and 30 June 2010.

Capital commitments - Property, plant and equipment
Refer to Note 25 for details of capital commitments. Only the amount relating to the operating lease relates to the parent entity. The other amounts relate to Broula King Joint Venture Pty Ltd.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment.

Note 28. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 1:

Name of entity	Country of incorporation	Equity holding 30 June 2011 %	Equity holding 30 June 2010 %
Broula King Joint Venture Pty Ltd	Australia	100.00	100.00

Note 29. Events occurring after the reporting date

On 1 August 2011, the Company issued 17,167,770 ordinary shares at $0.036 (3.6 cents) per share raising $618,039 before costs.

On 16 September 2011, the Company lodged a prospectus for a non-renounceable pro-rata offer of up to 65,809,790 shares to eligible shareholders of one new share for every two shares held at $0.036 (3.6 cents) to raise an estimated $2,369,152 before costs. The offer is fully underwritten by Asipac Capital Pty Ltd.

No other matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 30. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	30 June 2011 $	30 June 2010 $
Loss after income tax expense for the year	(695,329)	(1,275,375)
Adjustments for:		
Depreciation and amortisation	125,048	119,285
BBX dollars used during the year	1,521	2,414
Provision for non recovery of BBX dollars	98,237	555,239
Write off of fixed assets	3,720	1,671
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	98,479	(2,082)
Increase in prepayments	-	(26,000)
Increase/(decrease) in trade and other payables	(127,129)	108,938
Increase in employee benefits	14,152	22,313
Net cash used in operating activities	(481,301)	(493,597)

Financing Facilities

The Group has taken out a bank guarantee which is held by the Department of Mines for the purposes of the rehabilitation on tenement leases. Held as security against the guarantee, is a term deposit of $491,000, (2010: $491,000).

The Group has a commercial hire purchase arrangement for plant and equipment purchased for use in its exploration activities. Held as security against the guarantee, is a term deposit of $25,629, (2010:$25,629)

Note 31. Non-cash investing and financing activities

The Company did not enter into any non-cash financing activities during the current or prior financial year.

Note 32. Earnings per share

	Consolidated 30 June 2011 $	Consolidated 30 June 2010 $
Loss after income tax attributable to the owners of Resource Base Limited	(695,329)	(1,275,375)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	110,239,251	80,064,896
Weighted average number of ordinary shares used in calculating diluted earnings per share	110,239,251	80,064,896
	Cents	**Cents**
Basic earnings per share	(0.63)	(1.59)
Diluted earnings per share	(0.63)	(1.59)

The rights to options held by option holders have not been included in the weighted average number of ordinary shares for the purposes of calculating diluted EPS as they do not meet the requirements for inclusion in AASB 133 “Earnings per Share”. The rights to options are non-dilutive as the Company generated a loss during the financial year.

Resource Base Limited
Directors' declaration

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the directors

A.L. Fraser

Alan Fraser
Director

22 September 2011
Melbourne

LeydinFreyer

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Independent Auditor's Report

To the Directors of Resource Base Limited

Report on the Financial Report

We have audited the accompanying financial report of Resource Base Limited, which comprises the statements of financial position as at 30 June 2011, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 3.1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, 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 Base Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

LeydinFreyer

Opinion

In our opinion:

(a) the financial report of Resource Base Limited. is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's and consolidated entity's financial positions as at 30 June 2011 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements and notes in the financial report also comply with *International Financial Reporting Standards* as disclosed in Note 3.1.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the going concern section of Note 1 in the financial report, which indicates that during the year ended 30 June 2011, the consolidated entity and the company incurred a net loss of $695,329; had negative operating cash flows and during the year has had insufficient cash reserves to meet its commitments for the next 18 months. These conditions, along with other matters set forth in Note 1, indicate the existence of an inherent uncertainty which may cast doubt on the consolidated entity's ability to continue as a going concern and whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 10 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Resource Base Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

LOREN DATT
Registered Company Auditor
Registration: 339204

22 September 2011

CORPORATE GOVERNANCE

COMPLIANCE WITH ASX CORPORATE GOVERNANCE RECOMMENDATIONS

Introduction
Resource Base Ltd ("Company") has adopted systems of control and accountability as the basis for the administration of corporate governance. These policies and procedures are summarised below.

Corporate governance is the system by which companies are directed and managed. It influences how the objectives of the Company are achieved, how risk is monitored and assessed and how performance is optimised.

The Board and management are committed to corporate governance and, to the extent that they are applicable to the Company, have adopted the Eight Essential Corporate Governance Principles as set out in the Corporate Governance Principles and Recommendation (2nd Edition) as published by the ASX Corporate Governance Council.

Whilst the Board has demonstrated, and continues to demonstrate, its commitment to best practice in corporate governance, it emphasises that good corporate governance is only one factor contributing to the success of the Company's operations.

Additional information about the Company's corporate governance practices is set out on the Company's website at www.resourcebase.com.au.

The table below summarises the Company's compliance with the Corporate Governance Council's Recommendations:

Principle	ASX Corporate Governance Council Recommendations	Comply
1	Lay solid foundations for management and oversight	
1.1	Establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Yes
1.2	Disclose the process for evaluating the performance of senior executives.	Yes
1.3	Provide the information indicated in the Guide to reporting on principle 1.	Yes
2	Structure the Board to add value	
2.1	A majority of the board should be independent Directors.	Yes
2.2	The chair should be an independent director.	No
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	No
2.4	The board should establish a nomination committee.	Yes
2.5	Disclose the process for evaluating the performance of the board, its committees and individual Directors.	Yes
2.6	Provide the information indicated in the Guide to reporting on principle 2.	Yes
3	Promote ethical and responsible decision-making	
3.1	Establish a code of conduct and disclose the code or a summary as to:	Yes
	• the practices necessary to maintain confidence in the Company's integrity;	
	• the practices necessary to take into account the Company's legal obligations and the reasonable expectations of its stakeholders; and	
	• the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	
3.2	Establish a policy concerning diversity and disclose the policy or a summary of that policy which includes requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually the objectives and progress in achieving them.	No
3.3	Disclose annually the measurable objectives set for achieving gender diversity and progress towards achieving them.	No
3.4	Disclose annually the proportion of woman employees in the whole organization, women in senior executive positions and women on the board.	No
3.5	Provide the information indicated in the Guide to reporting on principle 3.	Yes

4	Safeguard integrity in financial reporting	
4.1	The board should establish an audit committee.	No
4.2	The audit committee should be structured so that it:	
	• consists only of non-executive Directors;	No
	• consists of a majority of independent Directors;	No
	• is chaired by an independent chair, who is not chair of the board; and	No
	• has at least three members.	No
4.3	The audit committee should have a formal charter	No
4.4	Provide the information indicated in the Guide to reporting on principle 4.	Yes
5	Make timely and balanced disclosure	
5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes
5.2	Provide the information indicated in the Guide to reporting on principle 5.	Yes
6	Respect the rights of shareholders	
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose the policy or a summary of that policy.	Yes
6.2	Provide the information indicated in the Guide to reporting on principle 6.	Yes
7	Recognise and manage risk	
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes
7.2	The board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	Yes
7.3	The board should disclose whether it had received assurance from the chief executive officer and the chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes
7.4	Provide the information indicated in the Guide to reporting on principle 7.	Yes
8	Remunerate fairly and responsibly	
8.1	The board should establish a remuneration committee.	No
8.2	The remuneration committee should be structured so that : - it consists of a majority of independent directors; - it is chaired by an independent director; - has at least three members.	 No No No
8.3	Clearly distinguish the structure on non-executive Directors' remuneration from that of executive Directors and senior executives.	Yes
8.4	Provide the information indicated in the Guide to reporting on principle 8.	Yes

Council Principle 1: Lay solid foundations for management and oversight

1.1 Role of the Board

The Board's primary role is the protection and enhancement of medium to long term shareholder value. To fulfil this role, the Board is responsible for the overall Corporate Governance of the consolidated entity including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

1.2 Responsibility of the Board

The Board is collectively responsible for promoting the success of the Company by:

- Supervising the Company's framework of control and accountability systems to enable risk to be assessed and managed;
- Ensuring the Company is properly managed;
- Approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- Approval of the annual budget;
- Monitoring the financial performance of the Company;
- Approving and monitoring financial and other reporting;
- Overall corporate governance of the Company, including conducting regular reviews of the balance of responsibilities within the Company to ensure division of functions remain appropriate to the needs of the Company;
- Liaising with the Company's external auditors as appropriate; and
- Monitoring, and ensuring compliance with, all of the Company's legal obligations, in particular those obligations relating to the environment, native title, cultural heritage and occupational health and safety.

The Board must convene regular meetings with such frequency as is sufficient to appropriately discharge its responsibilities. Between regular meetings it will also ensure that important matters are addressed by way of circular resolutions. The Board may, from time to time, delegate some of the responsibilities listed above to its senior management team.

1.3 Materiality threshold

The Board has agreed on both quantitative and qualitative guidelines for assessing the materiality of matters. Qualitative indications of materiality would include if:

- They impact on the reputation of the Company;
- They involve a breach of legislation;
- They are outside the ordinary course of business;
- They could affect the Company's rights to its assets; or
- If accumulated they would trigger the quantitative tests.

1.4 The Chairman

The chairman is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's function and for the briefing of all directors in relation to issues arising at Board meetings. The chairman is also responsible for chairing shareholder meetings, and arranging Board performance evaluation.

1.5 The Managing Director

The managing director is responsible for running the affairs of the Company under delegated authority from the Board and to implement the policies and strategy set by the Board. In carrying out his/her responsibilities the managing director must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial condition and operational results.

1.6 Role and responsibility of management

The role of management is to support the managing director and implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board. Management is responsible for reporting all matters which fall within the Materiality Threshold at first instance to the managing director or if the matter concerns the managing director then directly to the chairman or the lead independent director, as appropriate.

1.7 Relationship of Board with management

Management of the day-to-day business of the Company is to be conducted by or under the supervision of the Board, and by those other officers and employees to whom the management function is properly delegated by the Board.

The Board will adopt appropriate structures and procedures to ensure that the Board functions independently of management. Appropriate procedures may involve the Board meeting on a regular basis without management present, or may involve expressly assigning the responsibility for administering the Board's relationship to management to a Committee of the Board.

Information is formally presented to the Board at Board meetings by way of Board reports and review of performance to date. When directors are providing information about opportunities for the Company, this should always be through the Board.

Council Principle 2: Structure the board to add value

The Company presently has three non-executive directors and one executive director. Three directors are independent in accordance with the terms of the ASX Corporate Governance Council's definition of an independent director. The Chairman (Mr Alan Fraser) is neither a non-executive nor an independent director in terms of the ASX Corporate Governance Council's definition of an independent director. The Board considers that its structure has been and continues to be appropriate in the context of the Company's current projects and operations. The Company considers that each director possesses skills and experience suitable for building the Company. Furthermore, the Board considers that in the current phase of the Company's growth, the Company's shareholders are better served by directors who have a vested interest in the Company. The Board intends to reconsider its composition as the Company's operations evolve, and appoint independent directors as appropriate.

The full board of directors performs the role of the nomination committee.

Council Principle 3: Promote ethical and responsible decision-making

The Company complies with this recommendation other than with regard to the adoption of a diversity policy. The Company has adopted a code of conduct incorporating all corporate executives. It requires all business affairs to be conducted legally, ethically and with integrity. The code provides for reporting of breach of the code by others. The code of conduct has been made available on the Company's website.

The Board has prepared a draft diversity policy and currently is still taking advice with regard to a diversity policy prior to its adoption. The draft policy contemplates the recommendations of the Corporate Governance Council on diversity, which includes :

- requirements for the board to establish objectives for achieving gender diversity;
- the annual assessment and measurement of the company against these objectives;
- the annual disclosure of the measurement and progress in achieving the set objectives; and
- the disclosure of the proportion of women employed in the whole organization, women in senior executive positions and women on the board.

Currently there are no women in the organisation at any levels. Other than the board members, there is one employee within the Company. Where applicable, the Company has a broad policy of "outsourcing" immediately. The formulation of a final policy will also contemplate these issues and how they affect the Company.

Council Principle 4: Safeguard integrity in financial reporting

The Company's Managing Director and Chief Financial Officer (or equivalent) report in writing to the Board that the consolidated financial statements of the Company and its controlled entities for each half and full year present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with accounting standards.

The audit committee function is performed by the whole Board. This was considered appropriate as the matters to be dealt with by an audit committee are dealt with at Board meetings. Such matters include:

- Establishment and review of internal control frameworks within the Company;
- Review of the financial statements, annual report and any other financial information distributed to shareholders or other external stakeholders;
- Review of audit reports and any correspondence from auditors, including comments on the Company's internal controls;
- Nomination of the external auditor and reviewing the adequacy of the scope and quality of the annual audit and half year review; and
- Monitoring compliance with the Corporations Act, ASX listing Rules and any other regulatory requirements.

Council Principle 5: Make timely and balanced disclosure

Compliance procedures for ASX Listing Rule disclosure requirements have been adopted by the Company. It has appointed an officer of the Company to be responsible for compliance.

Council Principle 6: Respect the rights of shareholders

Information will be communicated to shareholders as follows:

- The annual report is distributed to all shareholders. The Board ensures that the annual report includes relevant information about the operations of the consolidated entity during the year, changes in the state of affairs of the consolidated entity and details of future developments, in addition to the other disclosures required by the Corporations Act. The annual report is made available on the Company's website, and is provided in hard copy format to any shareholder who requests it.
- The half-yearly report contains summarised financial information and a review of the operations of the consolidated entity during the year. The half-year audited financial report is prepared in accordance with the requirements of applicable Accounting Standards and the Corporations Act and is lodged with the Australian Securities Exchange. The half-yearly report is made available on the Company's website, and is sent to any shareholder who requests it.
- The quarterly report contains summarised cash flow financial information and details about the Company's activities during the quarter. The quarterly report is made available on the Company's website, and is sent to any shareholder who requests it.
- Proposed major changes in the consolidated entity which may impact on share ownership rights are submitted to a general meeting of shareholders.
- The Company's website is well promoted to shareholders and shareholders may register to receive updates, either by email or in hard copy.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the consolidated entity's strategy and goals. Important issues are presented to the shareholders as resolutions.

The shareholders are requested to vote on the appointment and aggregate remuneration of directors, the granting of options and shares to directors and changes to the constitution. Copies of the constitution are available to any shareholder who requests it.

Company's website

The Company maintains a website at www.resourcebase.com.au. On its website, the Company makes the following information available on a regular and up to date basis:

- Company announcements;
- latest information briefings;

- notices of meetings and explanatory materials; and
- quarterly, half yearly and annual reports.

The website is being continuously updated with any information the directors and management may feel is material. The Company also ensures that the audit partner attends the Annual General Meeting.

Council Principle 7: Recognise and manage risk

The Company has developed an initial framework for risk management and internal compliance and control systems which covers organisational, financial and operational aspects of the Company's affairs. The framework is the subject of ongoing review and yet to be finalised. It appoints the Managing Director as being responsible for ensuring that the systems are maintained and complied with.

Council Principle 8: Remunerate fairly and responsibly

The Board considers that, based on the Company's stage of development, no benefits or efficiencies are to be gained by delegating this function to a separate committee. The structure of Executive and Non-Executive Directors' remuneration is detailed in the remuneration report, which forms part of the Directors' report in the annual report.

Resource Base Limited
Shareholder information
30 June 2011

The shareholder information set out below was applicable as at 21 September 2011.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number of holders of options over ordinary shares
1 to 1,000	10	9
1,001 to 5,000	12	16
5,001 to 10,000	108	10
10,001 to 100,000	201	58
100,001 and over	120	21
	451	114
Holding less than a marketable parcel	146	56

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
Asipac Group Pty Ltd	26,278,000	19.97
JE & MG O'Grady Nominees Pty Ltd <The O'Grady Family>	10,000,000	7.60
Alcardo Investments Limited <Styled 102501 A/C>	9,340,500	7.10
Timora Pty Ltd	7,204,254	5.47
Martin Place Securities Nominees Pty Ltd <Crown Credit Corp A/C>	4,647,928	3.53
Martin Place Securities Staff Superannuation Fund Pty Ltd <MPSSF No 2 A/C>	3,520,630	2.67
Egret Superannuation Fund	3,078,000	2.34
Martin Place Securities Nominees Pty Ltd	2,985,775	2.27
Mr William Flannery and & Mrs Sheila Flannery <Flannery Super Fund>	2,884,333	2.19
Citro Tech Pty Ltd	2,777,778	2.11
Nu Energy Capital Limited	2,487,000	1.89
Consolidated Global Securities Ltd	2,000,000	1.52
Martin Place Securities Staff Superannuation Fund Pty Ltd	1,944,444	1.48
National Nominees Limited	1,925,000	1.46
Mr Glenn Thomas Connor & Mrs Annette Margaret Connor <Connor Super Fund>	1,699,333	1.29
LT King Pty Ltd	1,455,562	1.11
Nailbridge Pty Ltd <ATF The Alan Fraser Family Trust>	1,428,571	1.09
Mr Morry Blumenthal and Mr George Muchnicki <The Morry Bluementhal S/F AC>	1,400,000	1.06
SST Trading Pty Ltd	1,350,000	1.03
Narrowsburg Holdings Ltd	1,250,000	0.95
	89,657,108	68.13

	Options over ordinary shares	
	Number held	% of total options issued
JE & MG O'Grady Nominees Pty Ltd <The O'Grady Family>	5,000,000	26.42
Alcardo Investments Ltd <Styled 102501>	2,000,000	10.57
Martin Place Securities Nominees Pty Ltd <Crown Credit Corporation A/C>	2,000,000	10.57
Martin Place Securities Nominees Pty Ltd	1,492,888	7.89
Martin Place Securities Staff Superannuation Fund Pty Ltd <MPSSF No 2 A/C>	1,198,714	6.33
Martin Place Securities Staff Superannuation Fund Pty Ltd <MPSSF Investment A/C>	878,785	4.64
Professor Alan Johnathon Berrick	500,000	2.64
Simon-Lisa Pty Ltd	500,000	2.64
Egret Superannuation Pty Ltd	389,000	2.06
Mr Aivars Strazdins	300,000	1.58
Mrs Michelle Wing	300,000	1.58
Mr Glenn Thomas Connor & Mrs Annette Margaret Connor <Connor Super Fund A/C>	270,500	1.43
Monk Nominees Pty Ltd <Monk Super Fund A/C>	250,000	1.32
Monk Nominees Pty Ltd <Monk Super Fund>	250,000	1.32
Mr Steven John McCarthy	216,941	1.15
Nailbridge Pty Ltd <ATF The Alan Fraser Family Trust>	214,285	1.13
Butler & Company Architects Pty Ltd <Butler & Co Exec Superfund A/C>	200,000	1.06
Mr Glenn Thomas Connor	150,000	0.79
Mr David Lawrence Bardas <Bardas Retirement Fund>	107,143	0.57
Mr Alan Robert Fraser	105,714	0.56
	16,323,970	86.25

Unquoted equity securities
The Company also has 2,000,000 twenty cent options, exercisable on or before 30 June 2013, on issue.

Substantial holders
Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Asipac Group Pty Ltd	26,278,000	19.97
JE & MG O'Grady Nominees Pty Ltd <The O'Grady Family>	10,000,000	7.60
Alcardo Investments Limited <Styled 102501 A/C>	9,340,500	7.10
Timora Pty Ltd	7,204,254	5.47

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Tenements

Description	Tenement number	Interest owned
Bumbaldry, NSW (held by Broula King, expires 31 March 2029 - $52,500 expenditure pa)	Mining Lease 1615	100.00%