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RESOURCEBASE
LIMITED

ABN 57 113 385 425

HALF YEAR FINANCIAL REPORT 31 DECEMBER 2011



Resource Base Limited
Corporate directory
31 December 2011

Directors

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

Company secretary

Adrien Wing

Registered office

Level 17
500 Collins Street
MELBOURNE VIC 3000

Principal place of business

Level 17
500 Collins Street
MELBOURNE VIC 3000

Share register

Link Market Services
178 St George's Terrace
Perth WA 6000
Ph : (08) 9211 6670

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)

Activities Report

Broula King Gold Mine

The project is situated about 230 km due west of Sydney near Bumbaldry, lying mid-way between the towns of Grenfell and Cowra in the Central West Slopes region of NSW.

The site experienced excessive rainfall in Oct/November. The November rainfall was one of the wettest on record for the district. The 2010 year was the wettest on record. Despite the higher than expected rainfall construction of the treatment plant have been significantly advanced.

All major equipment is now in place and electrical works are progressing. Earthworks was recommenced on the tailings facility but was impeded as a result of the wet ground conditions.

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

The Company has been approached and is in preliminary exploratory discussions with third parties in regard to possible joint operations on other projects. 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

31 December 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 half-year ended 31 December 2011.

Directors

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

Alan Fraser
Kevin Lynn
Peter Kelliher
Angelo Siciliano (appointed 1 August 2011)

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity consisted of:

- development of gold production and mineral exploration

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$730,235 (31 December 2010: \$311,016).

Significant changes in the state of affairs

During the period the company has issued 82,997,591 shares raising \$2,987,194 before costs.

During the period the company issued 23,000,000 options to directors as part of their remuneration packages valued at \$276,000.

On 21 November 2011, the company was re-instated onto the Australian Securities Exchange's official list.

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

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.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Alan Fraser
Director

17 February 2012
MELBOURNE

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

To the Directors of Resource Base Limited:

I declare that to the best of my knowledge and belief, in relation to the Independent Half-year Auditor's Review for the half-year ending 31 December 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 MICHELLE DATT
Registered Company Auditor
Registration: 339204

Dated: 17 February 2012

Resource Base Limited
Financial report
For the half-year ended 31 December 2011

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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 3000

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 17 February 2012. The directors have the power to amend and reissue the financial report.

Resource Base Limited
Statement of comprehensive income
For the half-year ended 31 December 2011

	Consolidated	
	31/12/11	31/12/10
	\$	\$
Revenue	135,512	115,976
Expenses		
Administrative expenses	(284,186)	(144,750)
Corporate expenses	(30,000)	(33,000)
Employee and consultancy expenses	(213,102)	(187,100)
Depreciation and amortisation expense	(62,459)	(62,142)
Share based payment expense	(276,000)	-
Loss before income tax expense	(730,235)	(311,016)
Income tax expense	-	-
Loss after income tax expense for the half-year attributable to the owners of Resource Base Limited	(730,235)	(311,016)
Other comprehensive income for the half-year, net of tax	-	-
Total comprehensive income for the half-year attributable to the owners of Resource Base Limited	<u>(730,235)</u>	<u>(311,016)</u>
	Cents	Cents
Basic earnings per share	(0.438)	(0.293)
Diluted earnings per share	(0.438)	(0.293)

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

Resource Base Limited
Statement of financial position
As at 31 December 2011

Note	Consolidated	
	31/12/11	30/06/11
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	2,252,190	2,917
Trade and other receivables	137,338	21,011
Total current assets	<u>2,389,528</u>	<u>23,928</u>
Non-current assets		
Property, plant and equipment	1,256,048	1,316,290
Exploration and evaluation	3 -	4,955,930
Mine properties	4 5,075,376	-
Other	672,628	672,628
Total non-current assets	<u>7,004,052</u>	<u>6,944,848</u>
Total assets	<u>9,393,580</u>	<u>6,968,776</u>
Liabilities		
Current liabilities		
Trade and other payables	539,347	462,512
Borrowings	40,001	45,061
Total current liabilities	<u>579,348</u>	<u>507,573</u>
Non-current liabilities		
Borrowings	172,599	192,152
Employee benefits	54,546	36,465
Provisions	500,000	500,000
Total non-current liabilities	<u>727,145</u>	<u>728,617</u>
Total liabilities	<u>1,306,493</u>	<u>1,236,190</u>
Net assets	<u>8,087,087</u>	<u>5,732,586</u>
Equity		
Contributed equity	5 13,268,275	10,459,539
Reserves	6 524,824	248,824
Accumulated losses	(5,706,012)	(4,975,777)
Total equity	<u>8,087,087</u>	<u>5,732,586</u>

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 half-year ended 31 December 2011

	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 half-year, net of tax	-	-	-	-
Loss after income tax expense for the half-year	-	-	(311,016)	(311,016)
Total comprehensive income for the half-year	-	-	(311,016)	(311,016)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	500,000	-	-	500,000
Balance at 31 December 2010	10,459,539	248,824	(4,591,464)	6,116,899
	Contributed equity \$	Reserves \$	Retained profits \$	Total equity \$
Consolidated				
Balance at 1 July 2011	10,459,539	248,824	(4,975,777)	5,732,586
Other comprehensive income for the half-year, net of tax	-	-	-	-
Loss after income tax expense for the half-year	-	-	(730,235)	(730,235)
Total comprehensive income for the half-year	-	-	(730,235)	(730,235)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	2,808,736	-	-	2,808,736
Share-based payments	-	276,000	-	276,000
Balance at 31 December 2011	13,268,275	524,824	(5,706,012)	8,087,087

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 half-year ended 31 December 2011

Note	Consolidated	
	31/12/11	31/12/10
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	102,874	102,474
Payments to suppliers (inclusive of GST)	(469,492)	(521,492)
Interest received	23,431	12,041
	<u> </u>	<u> </u>
Net cash used in operating activities	<u>(343,187)</u>	<u>(406,977)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(2,217)	-
Payments for exploration and evaluation	(119,446)	(72,075)
	<u> </u>	<u> </u>
Net cash used in investing activities	<u>(121,663)</u>	<u>(72,075)</u>
Cash flows from financing activities		
Proceeds from promissary notes	-	74,289
Proceeds from borrowings from key management personnel	-	90,000
Proceeds from issue of shares (net of costs)	2,738,736	500,000
Repayment of borrowings	(24,613)	(49,745)
	<u> </u>	<u> </u>
Net cash from financing activities	<u>2,714,123</u>	<u>614,544</u>
Net increase in cash and cash equivalents	2,249,273	135,492
Cash and cash equivalents at the beginning of the financial half-year	<u>2,917</u>	<u>54,707</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>2,252,190</u></u>	<u><u>190,199</u></u>

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

Resource Base Limited
Notes to the financial statements
31 December 2011

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2011 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2011 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Mine under construction

When the technical feasibility and commercial viability of a project can be demonstrated the capitalised exploration and evaluation expenditure is reclassified as a mine under construction. All subsequent development expenditure is capitalised and classified as mine under construction. Upon completion of development all assets included in mine under construction are reclassified as operating mine properties.

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.

Note 2. Operating segments

Identification of reportable operating segments

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

Note 3. Non-current assets - exploration and evaluation

	Consolidated	
	31/12/11	30/06/11
	\$	\$
Exploration and evaluation	-	4,955,930
	-	4,955,930
	-	4,955,930

Resource Base Limited
Notes to the financial statements
31 December 2011

Note 3. Non-current assets - exploration and evaluation (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out

	Exploration & Evaluation \$	Total \$
Consolidated		
Balance at 1 July 2011	4,955,930	4,955,930
Transfers in/(out)	<u>(4,955,930)</u>	<u>(4,955,930)</u>
Balance at 31 December	<u><u>-</u></u>	<u><u>-</u></u>

During the period the capitalised expenditure in relation to the Broula King venture was reclassified and disclosed as "mine under construction". This has been done because the project's technical and feasibility and commercial viability are now demonstrable.

Note 4. Non-current assets - mine properties

	Consolidated	
	31/12/11	30/06/11
	\$	\$
Mine under construction	5,075,376	-
	<u>5,075,376</u>	<u>-</u>
	<u><u>5,075,376</u></u>	<u><u>-</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out

	Mine under construction \$	Total \$
Consolidated		
Balance at 1 July 2011	-	-
Additions	119,446	119,446
Transfers in/(out)	<u>4,955,930</u>	<u>4,955,930</u>
Balance at 31 December	<u><u>5,075,376</u></u>	<u><u>5,075,376</u></u>

During the period the capitalised expenditure in relation to the Broula King venture was reclassified and disclosed as "mine under construction". This has been done because the project's technical and feasibility and commercial viability are now demonstrable.

Note 5. Equity - contributed

	Consolidated		Consolidated	
	31/12/11	30/06/11	31/12/11	30/06/11
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>197,429,370</u>	<u>114,451,810</u>	<u>13,268,275</u>	<u>10,459,539</u>

Resource Base Limited
Notes to the financial statements
31 December 2011

Note 5. Equity - contributed (continued)

Movements in ordinary share capital

Details	Date	No of shares	Issue price	\$
Balance	1 July 2011	114,451,810		10,459,539
Share placement	29 July 2011	17,167,770	\$0.036	618,040
Rights issue	16 September 2011	65,809,790	\$0.036	2,369,152
Less cost of capital raising				(178,456)
Balance	31 December 2011	<u>197,429,370</u>		<u>13,268,275</u>

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 6. Equity - reserves

	Consolidated	
	31/12/11	30/06/11
	\$	\$
Share-based payments reserve	<u>524,824</u>	<u>248,824</u>
	Share based payments	Total
	\$	\$
Consolidated		
Balance at 1 July 2011	248,824	248,824
Share based payments	<u>276,000</u>	<u>276,000</u>
Balance at 31 December	<u>524,824</u>	<u>524,824</u>

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 7. Equity - dividends

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

Note 8. Contingent liabilities

There were no contingent liabilities in existence at 31 December 2011.

Note 9. Related party transactions

Parent entity

Resource Base Limited is the parent entity.

Resource Base Limited
Notes to the financial statements
31 December 2011

Note 9. Related party transactions (continued)

Transactions with related parties

There has been no material change in the consolidated entity's commitments since the last reporting period.

Receivable from and payable to related parties

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

	Consolidated	
	31/12/11	30/06/11
	\$	\$
Current payables:		
Directors fees payable to Alan Fraser	317,065	262,565
Directors fees payable to Kevin Lyn	43,667	31,068
Directors fees payable to Angelo Siciliano	9,000	-
Fees payable to Gippsland Resource Development Pty Ltd an entity related to Peter Kelliher	19,798	17,208

Loans to/from related parties

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

	Consolidated	
	31/12/11	30/06/11
	\$	\$
Current borrowings:		
Loan from Alan Fraser	105,000	105,000

Terms and conditions

No interest is payable on the loan from Alan Fraser.

Note 10. Events after the reporting period

No matter or circumstance has arisen since 31 December 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 11. Share-based payments

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
30/11/11	29/11/14	\$0.038	\$0.060	79.70%	0.00%	3.15%	\$0.0150

On 30 November 2011, 23,000,000 options were issued to key management personnel. An expense of \$276,000 has been recognised in relation to these options.

Note 12. Commitments

There has been material change in the consolidated entity's commitments since the last reporting period.

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Resource Base Limited
Directors' declaration

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the financial half-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.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the Corporations Act 2001. On behalf of the directors



Alan Fraser
Director

17 February 2012
MELBOURNE

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF RESOURCE BASED LIMITED AND CONTROLLED ENTITIES

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Resource Base Limited and controlled entities, which comprises the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity, cash flow statement for the half-year ended on that date, selected explanatory notes and the directors' declaration of the company at the end of the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matters that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Resource Base Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Auditor's Independence Declaration

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

Conclusion

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

- (a) giving a true and fair view of the entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



LOREN DATT
Registered Company Auditor
Registration: 339204

Dated: 17 February 2012