

Resource Base Limited

ABN 57 113 385 425

Half-year Financial Report - 31 December 2012

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Resource Base Limited
Corporate directory
31 December 2012

Directors	Alan Fraser (Managing Director and Chairman) Peter Kelliher (Executive Director) Kevin Lynn (Non-Executive Director) Angelo Siciliano (Non-Executive Director)
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	Loren Datt 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)

Resource Base Limited

Directors' report

31 December 2012

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 2012.

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

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 \$1,559,932 (31 December 2011: \$730,234).

Significant changes in the state of affairs

There were no 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

8 March 2013
MELBOURNE

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

To the Directors of Resource Base Ltd:

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 2012, 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

Dated: 8 March 2013

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Resource Base Limited
Financial report
For the half-year ended 31 December 2012

Contents

	Page
Financial report	
Statement of comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10
Directors' declaration	14
Independent auditor's review report to the members of Resource Base Limited	15

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 8 March 2013. 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 2012

	Note	Consolidated	
		2012 \$	31/12/11 \$
Revenue		405,837	135,512
Expenses			
Administrative expenses		(39,455)	(199,710)
Corporate expenses		(176,004)	(30,000)
Employee and consultancy expenses		(135,955)	(200,002)
Depreciation and amortisation expense		(825,685)	(62,459)
Occupancy expenses		(66,092)	(91,288)
Share based payment expense		-	(276,000)
Finance costs		(39,592)	(6,287)
Cost of sales		(682,986)	-
Loss before income tax expense		(1,559,932)	(730,234)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Resource Base Limited		(1,559,932)	(730,234)
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		(1,559,932)	(730,234)
		Cents	Cents
Basic earnings per share	10	(0.789)	(0.438)
Diluted earnings per share	10	(0.789)	(0.438)

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

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Resource Base Limited
Statement of financial position As
at 31 December 2012

	Note	Consolidated	
		31/12/12 \$	30/06/12 \$
Assets			
Current assets			
Cash and cash equivalents		28,579	353,080
Trade and other receivables		48,776	170,568
Inventories	3	55,924	-
Total current assets		<u>133,279</u>	<u>523,648</u>
Non-current assets			
Property, plant and equipment		9,347,751	8,367,281
Other		532,628	672,628
Total non-current assets		<u>9,880,379</u>	<u>9,039,909</u>
Total assets		<u>10,013,658</u>	<u>9,563,557</u>
Liabilities			
Current liabilities			
Trade and other payables		1,966,742	869,929
Borrowings		798,599	48,527
Employee benefits		75,849	55,097
Total current liabilities		<u>2,841,190</u>	<u>973,553</u>
Non-current liabilities			
Borrowings		-	142,656
Employee benefits		13,389	11,815
Provisions		500,000	500,000
Total non-current liabilities		<u>513,389</u>	<u>654,471</u>
Total liabilities		<u>3,354,579</u>	<u>1,628,024</u>
Net assets		<u>6,659,079</u>	<u>7,935,533</u>
Equity			
Contributed equity	5	13,533,274	13,268,276
Reserves		543,302	524,824
Accumulated losses		(7,417,497)	(5,857,567)
Total equity		<u>6,659,079</u>	<u>7,935,533</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 2012

	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	-	-	(730,234)	(730,234)
Total comprehensive income for the half-year	-	-	(730,234)	(730,234)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	2,808,735	-	-	2,808,735
Share-based payments	-	276,000	-	276,000
Balance at 31 December 2011	<u>13,268,274</u>	<u>524,824</u>	<u>(5,706,011)</u>	<u>8,087,087</u>
	Contributed equity \$	Reserves \$	Retained profits \$	Total equity \$
Consolidated				
Balance at 1 July 2012	13,268,274	524,824	(5,857,565)	7,935,533
Other comprehensive income for the half-year, net of tax	-	-	-	-
Loss after income tax expense for the half-year	-	-	(1,559,932)	(1,559,932)
Total comprehensive income for the half-year	-	-	(1,559,932)	(1,559,932)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	265,000	-	-	265,000
Share-based payments	-	18,478	-	18,478
Balance at 31 December 2012	<u>13,533,274</u>	<u>543,302</u>	<u>(7,417,497)</u>	<u>6,659,079</u>

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 2012

	Note	Consolidated	
		31/12/12 \$	31/12/11 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		429,904	102,874
Payments to suppliers (inclusive of GST)		(380,382)	(469,492)
Interest received		-	23,431
Net cash from/(used in) operating activities		<u>49,522</u>	<u>(343,187)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(1,356,353)	(2,217)
Payments for exploration and evaluation		-	(119,446)
Net cash used in investing activities		<u>(1,356,353)</u>	<u>(121,663)</u>
Cash flows from financing activities			
Proceeds from issue of shares (net of costs)		265,000	2,738,736
Proceeds from borrowings		717,330	-
Repayment of borrowings		-	(24,613)
Net cash from financing activities		<u>982,330</u>	<u>2,714,123</u>
Net increase/(decrease) in cash and cash equivalents		(324,501)	2,249,273
Cash and cash equivalents at the beginning of the financial half-year		<u>353,080</u>	<u>2,917</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>28,579</u></u>	<u><u>2,252,190</u></u>

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

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Resource Base Limited
Notes to the financial statements
31 December 2012

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2012 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 2012 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.

Going Concern

The Consolidated Group has incurred a net loss after tax of \$1,559,932 for the period ended 31 December 2012 (31 December 2011: \$730,234) and had cash outflows from operating and investing activities of \$1,306,831 (31 December 2011: \$464,850). As at the balance date the Group had negative working capital, being current assets less current liabilities, of \$2,632,062 (2011: \$449,905). These conditions indicate a significant or material uncertainty about the consolidated entity's ability to continue as a going concern.

The financial report has been prepared on a going concern basis which assumes the realisation of assets and extinguishment of liabilities in the normal course of business at the amounts stated in the financial report, for the following reasons:

- ASIPAC Pty Ltd (the major shareholder) has provided a loan facility totalling \$800,000 at an interest rate of 15% payable within 1 year.
- The Board has produced cash flow budgets which show the Broula King mine, will become cash positive within five months from signing date.
- The total liabilities include \$939,701 payable to directors and the company secretary will not be called upon until the Company has sufficient funds, without compromising the ability of the company to pay its other creditors

For the above reasons the Board considers that the Consolidated Group remains a going concern and the financial report has been prepared on this basis. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be incurred should the Consolidated Group not continue as a going concern

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.

Resource Base Limited
Notes to the financial statements
31 December 2012

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. Current assets - inventories

	Consolidated	
	31/12/12	30/06/12
	\$	\$
Raw materials - at cost	<u>55,924</u>	<u>-</u>

Note 4. Non-current assets - mine properties

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	
	31/12/12	30/06/12	31/12/12	30/06/12
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>207,939,370</u>	<u>197,429,370</u>	<u>13,533,274</u>	<u>13,268,276</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 - dividends

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

Note 7. Contingent liabilities

There were no contingent liabilities in existence at 31 December 2012.

Note 8. Related party transactions

Parent entity

Resource Base Limited is the parent entity.

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

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Resource Base Limited
Notes to the financial statements
31 December 2012

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

	Consolidated	
	31/12/12	30/06/12
	\$	\$
Current payables:		
Directors fees payable to Alan Fraser	131,252	317,065
Directors fees payable to Kevin Lynn	58,068	43,667
Directors fees payable to Angelo Siciliano	27,000	9,000
Fees payable to Gippsland Resource Development Pty Ltd an entity related to Peter Kelliher	9,105	19,798

Loans to/from related parties

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

	Consolidated	
	31/12/12	30/06/12
	\$	\$
Current borrowings:		
Loan from Alan Fraser	176,802	105,000

Terms and conditions

No interest is payable on the loan from Alan Fraser.

Note 9. Events after the reporting period

Subsequent to year end ASIPAC, being the major shareholder, provided a loan facility amounting to \$800,000 at an interest rate of 15%. The loan is repayable within 12 months and has been provided to assist with the working capital shortfall.

No other matter or circumstance has arisen since 31 December 2012 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.

Resource Base Limited
Notes to the financial statements
31 December 2012

Note 10. Earnings per share

	Consolidated	
	31/12/12	31/12/11
	\$	\$
Loss after income tax attributable to the owners of Resource Base Limited	<u>(1,559,932)</u>	<u>(730,234)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>197,777,196</u>	<u>166,825,952</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>197,777,196</u>	<u>166,825,952</u>
	Cents	Cents
Basic earnings per share	(0.789)	(0.438)
Diluted earnings per share	(0.789)	(0.438)

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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 2012 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

8 March 2013
MELBOURNE

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Resource Base Ltd, which comprises the statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity, cash flows statement for the half-year ended on that date, selected explanatory notes and the directors' declaration of the company and the entities it controlled 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 of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of 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 half-year 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 2012 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 Royalco Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Auditor's Independence Declaration

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

Opinion

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 is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2012 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*.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2 in the financial report, which indicates that the consolidated entity incurred a net loss of \$1,559,932 during the period ended 31 December 2012; at that date, the consolidated entity's current liabilities exceeded its current assets by \$2,527,062 and the consolidated entity had negative operating cash flows and insufficient cash reserves to meet its commitments for the next 12 months. These conditions, along with other matters set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt on the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity's may be unable to realise their assets and discharge its liabilities in the normal course of business.



LOREN DATT
Registered Company Auditor
Registration: 339204
Dated: 8 March 2013

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