



# **RESOURCE BASE LTD**

## **ANNUAL REPORT 2014**

# Resource Base Limited

## Contents

30 June 2014

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**Resource Base Limited**  
**Corporate directory**  
**30 June 2014**

Directors

Mr 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  
Ph : (03) 9614 0600  
Fax : (03) 9614 0550  
Email : [admin@resourcebase.com.au](mailto:admin@resourcebase.com.au)

Share register

Link Market Services  
Level 4 Central Park  
152 St George Terrace  
Perth WA 6000

Auditor

Loren Datt Audit Pty Ltd  
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**  
**30 June 2014**

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 at the end of, or during, the year ended 30 June 2014.

**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 Director)

**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, recommended or declared during the current or previous financial year.

**Review of operations**

The profit for the consolidated entity after providing for income tax amounted to \$146,344 (30 June 2013: loss of \$7,481,071).

During the year, the Company continued focus on developing the Broula King gold project (the Project) that commenced production in September 2012, pouring the first dore bullion at the beginning of October 2012.

Revenues from the sale of gold reported in profit or loss amounted to \$9,850,583 (2012: \$4,767,964, excluding \$927,450 which was received pre-steady state production and capitalised into the balance sheet). Costs of production in the period amounted to \$8,541,074 (2013: \$11,352,257) which included non-cash items of depreciation and amortisation of \$1,892,571 (2013: \$3,633,858) and nil impairment expense (2013: \$3,858,725), whilst the impairment of gold inventory, related to price of \$81,648 and recorded in 2013 was reversed in the current year.

At 30 June 2014 the directors reviewed the recoverable value of the mine assets based on its value in use and determined that there was no impairment. Details are contained in note 12. As a result, the mining assets are carried at \$765,000, an amount that reflects the expected recovery value at the completion of the mine's life or from sale of mine equipment. Net assets of the consolidated entity are \$1,214,193.

*Broula King Gold Mine Project*

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, located approximately 1km from the main road.

The consolidated entity completed the treatment plant and became operation in September 2012. To 30 June the project treated a total of 103,888 dry tonnes for the production of 226,970 grams complete with sales of \$9,850,583. The project is substantially complete at 30 June 2014, with some remaining ore in process at that date.

**Significant changes in the state of affairs**

On 21 August 2013 the convertible notes on issue reached maturity. The key terms of the convertible notes included an interest rate of 10% payable on maturity and the holder having the right to convert the Notes into fully paid ordinary shares of the Company at an issue price of \$0.025 (2.5 cents) per share. Asipac Group Pty Ltd ('Asipac'), the Company's largest shareholder, held a Note to the value of \$300,000 and elected to convert. Accordingly 12 million fully paid ordinary shares were issued to settle the convertible note.

The remaining \$125,000 in convertible notes were extended on the same terms for a further six months. Upon maturity the Notes were paid out in cash, and all outstanding interest paid.

**Resource Base Limited**  
**Directors' report**  
**30 June 2014**

During the year the Company settled its other borrowings of \$400,000 plus accrued interest in full out of cash reserves.

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 31 July 2014 the consolidated entity announced that it was placing the Broula King project on care and maintenance. This was as a result of the reduced gold price, rising Australian dollar and exhaustion of identified reserves at the project. The last bar was subsequently poured in September as production at the site was wound down.

No other matter or circumstance has arisen since 30 June 2014 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**

The consolidated entity has in-house, 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 consolidated entity has been actively working through a number of future possible opportunities that have been either forwarded or researched by the consolidated entity.

The company will continue to monitor this 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 2014.

**Information on directors**

Name:	Mr Alan Fraser
Title:	Managing Director and Chairman
Experience and expertise:	Mr Fraser has over 30 years of experience in Australia 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 Gas Limited an ASX listed company since 1992. During his period as a director of NuEnergy Gas Limited, the Heathcote Gold Mine operation in Victoria, in which NuEnergy Gas Limited 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:	NuEnergy Gas Limited (ASX: NGY)
Former directorships (last 3 years):	Nil
Special responsibilities:	Nil
Interests in shares:	18,588,351 fully paid ordinary shares
Interests in options:	7,000,000 6c options expiring on 29 November 2014.

**Resource Base Limited  
Directors' report  
30 June 2014**

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 (last 3 years): Nil  
 Special responsibilities: Nil  
 Interests in shares: 190,475 shares  
 Interests in options: 4,000,000 6c options expiring on 29 November 2014.

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 (last 3 years): Nil  
 Special responsibilities: Nil  
 Interests in shares: None  
 Interests in options: 4,000,000 6c options expiring on 29 November 2014.

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: Terramin Australia Limited (ASX: TZN)  
 Former directorships (last 3 years): Nil  
 Special responsibilities: Nil  
 Interests in shares: None  
 Interests in options: 4,000,000 6c options expiring on 29 November 2014.

'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.

**Resource Base Limited**  
**Directors' report**  
**30 June 2014**

**Meetings of directors**

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2014, and the number of meetings attended by each director were:

	Full Board		Audit Committee	
	Attended	Held	Attended	Held
Mr Alan Fraser	7	7	-	-
Mr Peter Kelliher	7	7	-	-
Mr Kevin Lynn	7	7	2	2
Mr Angelo Siciliano	7	7	2	2

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

**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 regulation 2M.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:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

***Principles used to determine the nature and amount of remuneration***

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 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.

**Resource Base Limited**  
**Directors' report**  
**30 June 2014**

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 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.

**Details of remuneration**

*Amounts of remuneration*

Details of the remuneration of the key management personnel of the consolidated entity are set out in the following tables.

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

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	Total
2014	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Mr Kevin Lynn	18,000	-	-	1,665	-	-	19,665
Mr Angelo Siciliano	18,000	-	-	1,665	-	-	19,665
<i>Executive Directors:</i>							
Mr Alan Fraser	100,000	-	-	9,250	6,313	-	115,563
Mr Peter Kelliher	200,000	-	-	18,500	-	-	218,500
<i>Other Key Management Personnel:</i>							
Mr Adrien Wing *	66,000	-	-	-	-	-	66,000
	402,000	-	-	31,080	6,313	-	439,393

\* Fees have been paid or payable to Northern Star Nominees Pty Ltd, an entity associated with Adrien Wing.



**Resource Base Limited**  
**Directors' report**  
**30 June 2014**

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	Total
	\$	\$	\$	\$	\$	\$	\$
<b>2013</b>							
<i>Non-Executive Directors:</i>							
Mr Kevin Lynn	18,000	-	-	1,620	-	-	19,620
Mr Angelo Siciliano	18,000	-	-	1,620	-	-	19,620
<i>Executive Directors:</i>							
Mr Alan Fraser***	162,500	-	-	9,000	3,462	-	174,962
Mr Peter Kelliher**	163,048	-	-	-	-	-	163,048
<i>Other Key Management Personnel:</i>							
Mr Adrien Wing *	66,000	-	-	-	-	-	66,000
	427,548	-	-	12,240	3,462	-	443,250

\* Fees have been paid or payable to Northern Star Nominees Pty Ltd, an entity associated with Adrien Wing.

\*\* Fees are payable to Gippsland Resource Development Pty Ltd, an entity associated with Peter Kelliher. All fees are for consulting services in addition to services provided as a director are billed based on agreed rates that are on normal commercial terms.

\*\*\* Fee include amounts paid to Nailbridge Pty Ltd, an entity associated with Alan Fraser. The amount includes consulting fees of \$62,500 paid by Broula King Joint Venture Pty Ltd in relation to the Broula King Gold Project.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2014	2013	2014	2013	2014	2013
<i>Non-Executive Directors:</i>						
Mr Kevin Lynn	100%	100%	-%	-%	-%	-%
Mr Angelo Siciliano	100%	100%	-%	-%	-%	-%
<i>Executive Directors:</i>						
Mr Alan Fraser	100%	100%	-%	-%	-%	-%
Mr Peter Kelliher	100%	100%	-%	-%	-%	-%
<i>Other Key Management Personnel:</i>						
Mr Adrien Wing	100%	100%	-%	-%	-%	-%

**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 provided for an initial 12 month term commencing upon the listing of the Company on ASX with automatic 12 month renewal. Upon listing of the Company on ASX, Mr Fraser's remuneration was set at a 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 lesser 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.

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

**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 2014.

*Options*

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
30 November 2011	30 November 2011	29 November 2014	\$0.060	\$0.012

Options granted carry no dividend or voting rights.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2014.

**Additional information**

The earnings of the consolidated entity for the five years to 30 June 2014 are summarised below:

	2010 \$	2011 \$	2012 \$	2013 \$	2014 \$
Profit/(Loss) before tax	(1,275,375)	(695,329)	(881,790)	(7,481,071)	146,344
Profit/(Loss) after tax	(1,275,375)	(695,329)	(881,790)	(7,481,071)	146,344

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2010	2011	2012	2013	2014
Share price at financial year end (\$)	0.020	0.020	0.020	0.012	0.007
Basic earnings per share (cents per share)	(0.020)	(0.630)	(0.480)	(3.670)	0.067

**Resource Base Limited**  
**Directors' report**  
**30 June 2014**

***Additional disclosures relating to key management personnel***

***Shareholding***

The number of shares in the company 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:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
Mr Alan Fraser *	18,588,351	-	-	-	18,588,351
Mr Peter Kelliher	190,475	-	-	-	190,475
Mr Adrien Wing	3,034,298	-	-	-	3,034,298
	<u>21,813,124</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,813,124</u>

\* Additions during the year were made to settle outstanding director's fees.

***Option holding***

The number of options over ordinary shares in the company 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:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Options over ordinary shares</i>					
Mr Alan Fraser	7,000,000	-	-	-	7,000,000
Mr Peter Kelliher	4,000,000	-	-	-	4,000,000
Mr Kevin Lynn	4,000,000	-	-	-	4,000,000
Mr Angelo Siciliano	4,000,000	-	-	-	4,000,000
Mr Adrien Wing	4,000,000	-	-	-	4,000,000
	<u>23,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,000,000</u>

***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
30 November 2011	29 November 2011	\$0.060	23,000,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

**Shares issued on the exercise of options**

There were no ordinary shares of Resource Base Limited issued on the exercise of options during the year ended 30 June 2014 and up to the date of this report.

**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 Loren Datt Audit Pty Ltd**

There are no officers of the company who are former audit partners of Loren Datt 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**

Loren Datt 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



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Alan Fraser  
Director

29 September 2014  
Melbourne

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
FOR THE YEAR ENDED 30 JUNE 2014**

As lead auditor for the audit of Resource Base Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Resource Base Limited.



**LOREN DATT**  
Registered Company Auditor  
Registration: 339204

Dated: 29 September 2014

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.resoucebase.com.au](http://www.resoucebase.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
	<ul style="list-style-type: none"> <li>the practices necessary to maintain confidence in the Company's integrity;</li> <li>the practices necessary to take into account the Company's legal obligations and the reasonable expectations of its stakeholders; and</li> <li>the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</li> </ul>	
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.	Yes
3.3	Disclose annually the measurable objectives set for achieving gender diversity and progress towards achieving them.	Yes
3.4	Disclose annually the proportion of woman employees in the whole organization, women in senior executive positions and women on the board.	Yes
3.5	Provide the information indicated in the Guide to reporting on principle 3.	Yes

**Resource Base Limited**  
**Corporate governance statement**

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;

## **Resource Base Limited**

### **Corporate governance statement**

- 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



## Resource Base Limited

### Corporate governance statement

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 adopted a diversity policy that considers the benefits of diversity, ways to promote a culture of diversity, factors to be taken into account in the selection process of candidates for Board and senior management positions in the Company, education programs to develop skills and experience in preparation for Board and senior management positions, processes to include review measurable diversity performance objectives for the Board, Managing Director and senior management.

The diversity policy states that the Company will report, where appropriate, in each annual report, the measurable objectives for achieving gender diversity set by the Board.

The following table provides a break-up of the gender diversity in the organization.

	Number	%
Number of women employees in the whole organisation	2	10%
Number of women in senior executive positions	-	-
Number of women on the Board	-	-

#### 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

## **Resource Base Limited**

### **Corporate governance statement**

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](http://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**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2014**

	<b>Note</b>	<b>Consolidated 2014 \$</b>	<b>2013 \$</b>
<b>Revenue</b>	5	10,014,913	4,918,775
<b>Expenses</b>			
Mine and production expenses		(8,541,074)	(11,352,257)
Administration expenses		(540,618)	(251,118)
Corporate expenses		(529,467)	(481,910)
Occupancy		(160,137)	(165,294)
Other expenses		(4,588)	(38,020)
Finance costs	6	(92,685)	(111,247)
<b>Profit/(loss) before income tax expense</b>		146,344	(7,481,071)
Income tax expense	7	-	-
<b>Profit/(loss) after income tax expense for the year attributable to the owners of Resource Base Limited</b>		146,344	(7,481,071)
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year attributable to the owners of Resource Base Limited</b>		<u>146,344</u>	<u>(7,481,071)</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	34	0.067	(3.674)
Diluted earnings per share	34	0.067	(3.674)

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Resource Base Limited**  
**Statement of financial position**  
**As at 30 June 2014**

	<b>Note</b>	<b>Consolidated 2014 \$</b>	<b>2013 \$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	1,693,509	300,572
Trade and other receivables	9	123,813	237,459
Inventories	10	458,380	377,106
Total current assets		<u>2,275,702</u>	<u>915,137</u>
<b>Non-current assets</b>			
Property, plant and equipment	11	9,460	11,016
Mining	12	765,000	2,660,027
Other	13	516,628	526,820
Total non-current assets		<u>1,291,088</u>	<u>3,197,863</u>
<b>Total assets</b>		<u>3,566,790</u>	<u>4,113,000</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	14	1,512,399	1,557,792
Borrowings	15	150,908	1,017,273
Employee benefits	16	156,973	76,571
Total current liabilities		<u>1,820,280</u>	<u>2,651,636</u>
<b>Non-current liabilities</b>			
Borrowings	17	13,108	164,015
Employee benefits	18	19,209	59,409
Provisions	19	500,000	500,000
Total non-current liabilities		<u>532,317</u>	<u>723,424</u>
<b>Total liabilities</b>		<u>2,352,597</u>	<u>3,375,060</u>
<b>Net assets</b>		<u>1,214,193</u>	<u>737,940</u>
<b>Equity</b>			
Issued capital	20	13,876,321	13,533,276
Reserves	21	276,000	294,502
Accumulated losses		<u>(12,938,128)</u>	<u>(13,089,838)</u>
<b>Total equity</b>		<u>1,214,193</u>	<u>737,940</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 year ended 30 June 2014**

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Retained profits \$</b>	<b>Reserves \$</b>	<b>Total equity \$</b>
Balance at 1 July 2012	13,268,276	(5,857,567)	524,824	7,935,533
Loss after income tax expense for the year	-	(7,481,071)	-	(7,481,071)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	(7,481,071)	-	(7,481,071)
<i>Transactions with owners in their capacity as owners:</i>				
Settlement of directors fees	250,000	-	-	250,000
Share-based payments	15,000	-	-	15,000
Equity portion of convertible note	-	(24)	18,502	18,478
Options lapsed	-	248,824	(248,824)	-
Balance at 30 June 2013	<u>13,533,276</u>	<u>(13,089,838)</u>	<u>294,502</u>	<u>737,940</u>
<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Retained profits \$</b>	<b>Reserves \$</b>	<b>Total equity \$</b>
Balance at 1 July 2013	13,533,276	(13,089,838)	294,502	737,940
Profit after income tax expense for the year	-	146,344	-	146,344
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	146,344	-	146,344
<i>Transactions with owners in their capacity as owners:</i>				
Conversion of convertible notes	343,045	-	(13,136)	329,909
Write off of convertible notes upon settlement	-	5,366	(5,366)	-
Balance at 30 June 2014	<u>13,876,321</u>	<u>(12,938,128)</u>	<u>276,000</u>	<u>1,214,193</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 year ended 30 June 2014**

	<b>Note</b>	<b>Consolidated 2014 \$</b>	<b>2013 \$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		10,916,568	6,321,969
Payments to suppliers and employees (inclusive of GST)		(8,773,571)	(4,678,923)
Interest received		2,142,997	1,643,046
Interest and other finance costs paid		29,989	26,493
		(96,750)	-
Net cash from operating activities	32	2,076,236	1,669,539
<b>Cash flows from investing activities</b>			
Payments for mine development		-	(2,632,244)
Payments for property, plant and equipment		-	(1,940)
Net cash used in investing activities		-	(2,634,184)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	632,245
Proceeds from convertible notes		-	425,000
Repayment of Hire Purchase liabilities		(158,299)	(145,108)
Repayment of borrowings		(400,000)	-
Repayment of convertible notes		(125,000)	-
Net cash from/(used in) financing activities		(683,299)	912,137
Net increase/(decrease) in cash and cash equivalents		1,392,937	(52,508)
Cash and cash equivalents at the beginning of the financial year		300,572	353,080
Cash and cash equivalents at the end of the financial year	8	<u>1,693,509</u>	<u>300,572</u>

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

**Resource Base Limited**  
**Notes to the financial statements**  
**30 June 2014**

**Note 1. General information**

The financial statements cover Resource Base Limited as a consolidated entity consisting of Resource Base Limited and its subsidiaries. The financial statements are presented in Australian dollars, which is Resource Base Limited's functional and presentation currency.

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 statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 September 2014. The directors have the power to amend and reissue the financial statements.

**Note 2. 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.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

**AASB 10 Consolidated Financial Statements**

The consolidated entity has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The consolidated entity not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes. Application of AASB 10 has not impacted the composition of the consolidated entity.

**AASB 11 Joint Arrangements**

The consolidated entity has applied AASB 11 from 1 July 2013. The standard defines which entities qualify as joint arrangements and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets are accounted for using the equity method. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities, will account for its share of the assets, liabilities, revenues and expenses separately under the appropriate classifications. Application of AASB 11 has not impacted the financial report.

**Note 2. Significant accounting policies (continued)**

*AASB 12 Disclosure of Interests in Other Entities*

The consolidated entity has applied AASB 12 from 1 July 2013. The standard contains the entire disclosure requirement associated with other entities, being subsidiaries, associates, joint arrangements (joint operations and joint ventures) and unconsolidated structured entities. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'.

*AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)*

The consolidated entity has applied AASB 119 and its consequential amendments from 1 July 2013. The standard eliminates the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans. The standard also changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken. Application of AASB 119 has not materially impacted the financial report.

*AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement*

The consolidated entity has applied 2011-4 from 1 July 2013, which amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No.1) now specify the KMP disclosure requirements to be included within the directors' report.

**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, as appropriate for for-profit oriented entities. 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.

*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 3.

**Comparative**

During the current year the Statement of profit or loss and other comprehensive income has been re-ordered to provide information on expenses according to the function to which the expense relates. Comparative information has been reclassified and repositioned to be consistent with current year disclosures.

**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 29.

**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 2014 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'.



**Note 2. Significant accounting policies (continued)**

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. 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. 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.

*Sale of goods*

Revenues arising from sales of gold and silver are recognised when all the risks and rewards of ownership are transferred to the customer and there is a valid sales agreement.

*Rent*

Rent revenues from sub-leases are recognised on a straight-line basis over the lease term. 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, unused tax losses and the adjustment recognised for 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 interests in subsidiaries, associates or 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.

**Note 2. Significant accounting policies (continued)**

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 entities which intend to settle simultaneously.

**Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

**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**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

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

**Inventories**

Gold bars and inventories of ore still in process are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost includes all expenses directly attributable to the production process as well as appropriate portions of related production overheads, based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**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 years
Computer equipment	3 - 5 years

Depreciation of mining equipment is described in the 'Mining assets' accounting policy.

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

**Note 2. Significant accounting policies (continued)**

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.

**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 fair value of the leased assets, or if lower, 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.

**Mining assets**

Capitalised mining development costs include expenditures incurred to develop new ore bodies to define further mineralisation in existing ore bodies, to expand the capacity of a mine and to maintain production. Mining development also includes costs transferred from exploration and evaluation phase once production commences in the area of interest. Mining 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.

Amortisation of mining development is computed by the units of production basis over the estimated mineral resource. The assets are amortised from the date on which steady state production commences. The amortisation is calculated over the estimated life of the mineral resource, with the estimation reviewed annually.

Depreciation on mining equipment is calculated on a straight line bases over the life of the mine less any residual value estimated for each asset. The estimated remaining life of the mine is currently at less than one year and asset carrying values have been written down to their residual value.

Restoration costs expected to be incurred are provided for as part of development phase that give rise to the need for restoration.

**Impairment of non-financial assets**

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 of disposal 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 are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**Note 2. Significant accounting policies (continued)**

**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.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

**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, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave, long service leave and accumulating sick 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. Non-accumulating sick leave is expensed to profit or loss when incurred.

*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 superannuation plans are expensed in the period in which they are incurred.

**Note 2. Significant accounting policies (continued)**

**Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

**Issued capital**

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.

**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 2014. The consolidated entity has reviewed these new or amended Accounting Standards and Interpretations and does not expect any to impact the financial report, based on its current operations and reported assets and liabilities.

**Note 3. 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 (refer to the respective notes) within the next financial year are discussed below.

*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 finite 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.

*Residual values of assets*

The consolidated entity's mining assets include equipment that will hold a residual value upon completion of the planned mining activities in relation to the resource. The estimated residual value of the mining assets is \$765,000 and is based upon directors' estimates of recoverable value or replacement cost value of the assets if those assets were to be utilised on another project. Directors' estimates are based upon their knowledge of the resources industry and the replacement cost of equipment used in the industry. Any variation in the estimate of the residual value would impact the carrying value of the assets at 30 June 2014 and the depreciation charge for the year.

*Impairment of mining assets*

The recoverable value of mining assets is based on discounted cash flows expected to be derived from use of the assets in the production of the gold. At the reporting date the recoverable value was reviewed by the directors to ensure that the expected value in use was in excess of the carrying value. At 30 June 2014 the resource had substantially been mined, and the assets written down to the recoverable value of \$765,000 (see above for residual value of assets). No impairment has been recorded in the current year (2013: \$3,858,725). Any variation in estimates of recoverable amount would impact the carrying value of the assets at 30 June 2014 and the impairment charge/reversal of impairment charge for the year.

*Provision for restoration*

A provision has been made for the present value of anticipated costs of the remediation work that will be required to comply with environmental and legal obligations. The provision is estimated based on currently available facts, technology expected to be available at the time of the clean-up, laws and regulations presently or virtually certain to be enacted and prior experience in remediation of contaminated sites.

*Recovery of deferred tax assets*

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

*Employee benefits provision*

As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are 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.

*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 2013 the Board of Resource Base Limited resolved to make a provision against this loan. The Board will continue to monitor the progress of Broula King Joint Venture Pty Ltd. No further amounts have been loaned in the current period, and no provisions have been reversed.

**Note 4. Operating segments**

*Identification of reportable operating segments*

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

**Note 5. Revenue**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<i>Sales revenue</i>		
Sale of gold	9,850,583	4,767,964
Sale of silver	31,253	18,837
	<u>9,881,836</u>	<u>4,786,801</u>
<i>Other revenue</i>		
Interest received	25,414	23,521
Rent received	103,977	108,453
Other revenue	3,686	-
	<u>133,077</u>	<u>131,974</u>
Revenue	<u><u>10,014,913</u></u>	<u><u>4,918,775</u></u>

Note 6. Expenses

	Consolidated	
	2014	2013
	\$	\$
Profit/(loss) before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Mining equipment	445,046	304,301
Plant and equipment	1,556	1,234
Total depreciation	446,602	305,535
<i>Amortisation</i>		
Developed mine	1,447,525	3,329,557
Total depreciation and amortisation	1,894,127	3,635,092
<i>Impairment</i>		
Developed mine	-	3,858,725
<i>Inventory recognised in profit or loss</i>		
Changes in inventories recognised in profit or loss	374	(458,753)
Impairment of inventory	-	81,648
Reversal of impairment of inventory	(81,648)	-
Total inventory recognised in profit or loss	(81,274)	(377,105)
<i>Finance costs</i>		
Convertible note	17,510	52,625
Loan	29,610	18,390
Hire purchase	45,565	40,232
Finance costs expensed	92,685	111,247
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	155,370	154,654
<i>Superannuation expense</i>		
Defined contribution superannuation expense	146,050	70,631
<i>Employee benefits expense excluding superannuation</i>		
Employee benefits expense excluding superannuation	1,654,709	983,480



**Note 7. Income tax expense**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit/(loss) before income tax expense	146,344	(7,481,071)
Tax at the statutory tax rate of 30%	43,903	(2,244,321)
Current year tax losses not recognised	270,202	851,562
Prior year tax losses not recognised now recouped	(344,915)	-
Current year temporary differences not recognised	30,810	1,392,759
Income tax expense	-	-

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	7,596,325	7,844,139
Potential tax benefit @ 30%	2,278,898	2,353,242

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

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 8. Current assets - cash and cash equivalents**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	893,509	300,572
Cash on deposit	800,000	-
	<u>1,693,509</u>	<u>300,572</u>

**Note 9. Current assets - trade and other receivables**

	Consolidated 2014 \$	2013 \$
Trade receivables	-	29,560
Other receivables	108,631	180,502
Interest receivable	5,441	10,016
GST receivable	9,741	17,381
	<u>123,813</u>	<u>237,459</u>

*Impairment of receivables*

There has been no impairment of receivables, (2013: Nil).

**Note 10. Current assets - inventories**

	Consolidated 2014 \$	2013 \$
Consumables - at cost	103,142	182,807
Ore in process - at cost	189,140	203,706
Less: Provision for impairment	-	(52,565)
	<u>189,140</u>	<u>151,141</u>
Gold bars - at cost	166,098	72,241
Less: Provision for impairment	-	(29,083)
	<u>166,098</u>	<u>43,158</u>
	<u>458,380</u>	<u>377,106</u>

The carrying value of inventories of gold bars and ore in process is subject to commodity price risk. At 30 June 2013 the net realisable value of the gold bars on hand and the ore in process was determined to be less than the recorded cost. Consequently, the inventory was impaired, and the impairment recorded in mining and production expenses in profit or loss. At 30 June 2014 the carrying value was reviewed, and based on the net realisable value at that date the impairment was reversed in full.

**Note 11. Non-current assets - property, plant and equipment**

	Consolidated 2014 \$	2013 \$
Plant and equipment - at cost	20,301	20,301
Less: Accumulated depreciation	(12,587)	(11,225)
	<u>7,714</u>	<u>9,076</u>
Computer equipment - at cost	1,940	1,940
Less: Accumulated depreciation	(194)	-
	<u>1,746</u>	<u>1,940</u>
	<u>9,460</u>	<u>11,016</u>

**Resource Base Limited**  
**Notes to the financial statements**  
**30 June 2014**

**Note 11. Non-current assets - property, plant and equipment (continued)**

*Reconciliations*

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

<b>Consolidated</b>	Plant & Equipment \$	Computer Equipment \$	Total \$
Balance at 1 July 2012	15,810	-	15,810
Additions	-	1,940	1,940
Transfers in/(out)	(5,500)	-	(5,500)
Depreciation expense	(1,234)	-	(1,234)
Balance at 30 June 2013	9,076	1,940	11,016
Depreciation expense	(1,362)	(194)	(1,556)
Balance at 30 June 2014	<u>7,714</u>	<u>1,746</u>	<u>9,460</u>

**Note 12. Non-current assets - mining**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Developed mine - at cost	8,638,263	8,638,263
Less: Accumulated amortisation	(4,777,081)	(3,329,557)
Less: Impairment	(3,861,182)	(3,858,725)
	<u>-</u>	<u>1,449,981</u>
Mine equipment - at cost	2,030,602	2,030,602
Less: Accumulated amortisation	(1,265,602)	(820,556)
	<u>765,000</u>	<u>1,210,046</u>
	<u>765,000</u>	<u>2,660,027</u>

*Reconciliations*

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

<b>Consolidated</b>	Developed mine \$	Mine equipment \$	Mine under construction \$	Total \$
Balance at 1 July 2012	-	1,309,695	7,041,776	8,351,471
Additions	23,956	204,652	1,572,531	1,801,139
Impairment of assets	(3,858,725)	-	-	(3,858,725)
Transfers in/(out)	8,614,307	-	(8,614,307)	-
Amortisation expense	(3,329,557)	(304,301)	-	(3,633,858)
Balance at 30 June 2013	1,449,981	1,210,046	-	2,660,027
Write off of assets	(2,457)	-	-	(2,457)
Amortisation expense	(1,447,524)	(445,046)	-	(1,892,570)
Balance at 30 June 2014	<u>-</u>	<u>765,000</u>	<u>-</u>	<u>765,000</u>

**Note 12. Non-current assets - mining (continued)**

In October 2012 the mine went into production, and as a consequence the construction costs were transferred into Developed mine costs in the prior financial year.

The mine is being amortised based on the units of production over the expected life of the mine operation. At 30 June 2014 cumulative amortisation of the mine and cumulative depreciation of the mining equipment has been estimated at 10% of the total cost accumulated at 30 June 2014, as the resource was effectively fully mined with all significant deposits sold or in stock.

The mining equipment is depreciated over the estimated life of the mine, allowing for residual values of each asset. At 30 June 2014 the carrying value of all mining assets is \$765,000, equal to the estimated residual value of the plant and equipment. The residual value of the plant and equipment has been estimated based up the directors' knowledge of the resource industry and the replacement cost of equipment used in the industry.

The directors note that changes in key assumptions and estimates, may impact the recoverable values of the plant and equipment.

**Note 13. Non-current assets - other**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Deferred expenses	-	10,192
Other non-current assets	516,628	516,628
	<u>516,628</u>	<u>526,820</u>

**Note 14. Current liabilities - trade and other payables**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Trade payables	449,457	746,161
Due to Directors	532,661	402,098
BAS payable	143,137	76,895
Other payables	387,144	332,638
	<u>1,512,399</u>	<u>1,557,792</u>

Refer to note 23 for further information on financial instruments.

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

**Note 15. Current liabilities - borrowings**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Shareholder loans	-	418,390
Convertible notes payable	-	459,147
Hire purchase	150,908	139,736
	<u>150,908</u>	<u>1,017,273</u>

Refer to note 23 for further information on financial instruments.

A hire purchase facility was provided to the consolidated entity during the previous year for the acquisition of mine equipment. The facility is fully secured.

At the 2012 Annual General Meeting the shareholders approved the issue of 17 million unlisted convertible notes at \$0.025 (2.5 cents) each providing proceeds of \$425,000. The notes were provided with an interest rate of 10% and a maturity date of 3 September 2013 for 15.6 million notes and 2 October for the remaining 1.4 million notes. The notes were convertible at any time prior to the maturity date at the request of the note holder at \$0.025 (2.5 cents) per share. The fair value of the convertible note liability has been estimated using a market interest rate of 15%.

During the year 12 million notes were converted at 3 cents per share, satisfying convertible notes to the value of \$300,000. The remaining notes were settled in cash, along with interest amounts of \$48,750.

Shareholder loans of \$400,000 plus interest were satisfied in full during the year.

*Financing arrangements*

Unrestricted access was available at the reporting date to the following lines of credit:

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Total facilities		
Shareholder loan facility	-	800,000
Used at the reporting date		
Shareholder loan facility	-	400,000
Unused at the reporting date		
Shareholder loan facility	-	400,000

**Note 16. Current liabilities - employee benefits**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Employee benefits	<u>156,973</u>	<u>76,571</u>

**Note 17. Non-current liabilities - borrowings**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Hire purchase	13,108	164,015

Refer to note 23 for further information on financial instruments.

*Total secured liabilities*

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

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Shareholder loans	-	418,390
Hire purchase	164,016	303,751
	164,016	722,141

**Note 18. Non-current liabilities - employee benefits**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Employee benefits	19,209	59,409

**Note 19. Non-current liabilities - provisions**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Rehabilitation	500,000	500,000

*Rehabilitation*

The provision represents the present value of estimated costs of the remediation work that will be required to comply with environmental and legal obligations. The mine site is currently in care and maintenance; however in terms of the mining lease no events have occurred that would trigger the rehabilitation process to be implemented. The company does not expect the rehabilitation process to commence in the next 12 to 18 months.

**Note 20. Equity - issued capital**

	<b>Consolidated</b>			
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	219,929,370	207,929,370	13,876,321	13,533,276

**Note 20. Equity - issued capital (continued)**

*Movements in ordinary share capital*

Details	Date	Shares	Issue price	\$
Balance	1 July 2012	197,429,370		13,268,276
Shares issued to extinguish debt	27 November 2012	10,000,000	\$0.030	250,000
Share based payment	4 December 2012	500,000	\$0.030	15,000
Balance	30 June 2013	207,929,370		13,533,276
Conversion of convertible note	21 August 2013	12,000,000	\$0.030	300,000
Equity portion of convertible notes converted	21 August 2013	-	\$0.000	43,045
Balance	30 June 2014	<u>219,929,370</u>		<u>13,876,321</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 and the company does not have a limited amount of authorised capital.

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.

*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 may 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 2013 Annual Report.

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

**Note 21. Equity - reserves**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Share-based payments reserve	276,000	276,000
Convertible notes reserve	-	18,502
	<u>276,000</u>	<u>294,502</u>

**Note 21. Equity - reserves (continued)**

*Movements in reserves*

Movements in each class of reserve during the current and previous financial year are set out below:

<b>Consolidated</b>	Share based payment \$	Convertible note reserve \$	Total \$
Balance at 1 July 2012	524,824	-	524,824
Options lapsed	(248,824)	-	(248,824)
Equity portion of convertible note	-	18,502	18,502
Balance at 30 June 2013	276,000	18,502	294,502
Transfer on conversion	-	(13,136)	(13,136)
Write off on repayment	-	(5,366)	(5,366)
Balance at 30 June 2014	276,000	-	276,000

**Note 22. Equity - dividends**

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

**Note 23. Financial instruments**

***Financial risk management objectives***

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate 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 derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. 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 and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by the Board of Directors ('the Board'), which identifies, evaluates and hedges financial risks within the consolidated entity's operating units where considered appropriate.

***Market risk***

***Foreign currency risk***

The consolidated entity is not subject to significant levels of foreign exchange risk in relation to its financial instruments.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

***Price risk***

The consolidated entity is exposed to commodity price risk in relation to its gold reserves. At 30 June 2014 the quantities of gold in reserve amounted to \$130,508. Also included in inventory is \$156,205 of gold ore in process that is subject to commodity price risk. Accordingly the total amount of inventory subject to commodity price risk is \$286,713.

As the inventory levels are not significant in comparison to the net assets or profit for the year, the potential effect of changes in the price of gold held at 30 June 2014 is not considered significant. The Board will manage the risk associated to future gold reserves as the resource is realised and the risks materialise.



**Note 23. Financial instruments (continued)**

*Interest rate risk*

The consolidated entity is not exposed to any significant interest rate risk on borrowings due to the fact the only interest bearing liabilities that it has are fixed interest hire purchase agreements.

**Credit risk**

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 a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is \$1,798,190. Of this, \$1,693,509 is held in bank deposits, and are held at financial institutions with a minimum AA credit rating. The consolidated entity does not hold any collateral.

Resource Base Limited has significant exposure to its wholly-owned subsidiary, Broula King JV Pty Ltd. At 30 June 2014 full provision for non-recovery has been made against the long term inter-company loan.

**Liquidity risk**

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

*Financing arrangements*

Unused borrowing facilities at the reporting date:

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Shareholder loan facility	-	400,000

The loan facility is provided by Asipac Group Pty Ltd and was repaid in full during the year.

*Remaining contractual maturities*

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>Consolidated - 2014</b>						
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-%	449,457	-	-	-	449,457
BAS payable	-%	143,137	-	-	-	143,137
Other payables	-%	387,144	-	-	-	387,144
Other loans	-%	532,661	-	-	-	532,661
<i>Interest-bearing - fixed rate</i>						
Hire purchase	7.72%	164,016	-	-	-	164,016
Total non-derivatives		1,676,415	-	-	-	1,676,415

**Note 23. Financial instruments (continued)**

<b>Consolidated - 2013</b>	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-%	746,161	-	-	-	746,161
BAS payable	-%	76,895	-	-	-	76,895
Other payables	-%	332,638	-	-	-	332,638
Other loans	-%	402,098	-	-	-	402,098
<i>Interest-bearing - fixed rate</i>						
Other loans	15.00%	418,390	-	-	-	418,390
Convertible notes payable	10.00%	459,147	-	-	-	459,147
Hire purchase	7.72%	139,736	150,908	13,107	-	303,751
<b>Total non-derivatives</b>		<b>2,575,065</b>	<b>150,908</b>	<b>13,107</b>	<b>-</b>	<b>2,739,080</b>

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

**Fair value of financial instruments**

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

**Note 24. Key management personnel disclosures**

*Directors*

The following persons were directors of Resource Base Limited during the financial year:

Mr Alan Fraser  
Mr Peter Kelliher  
Mr Kevin Lynn  
Mr Angelo Siciliano

*Other key management personnel*

The following person also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

Mr Adrien Wing

*Compensation*

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

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	402,000	427,548
Post-employment benefits	31,080	12,240
Long-term benefits	6,313	3,462
	<b>439,393</b>	<b>443,250</b>

**Note 25. Remuneration of auditors**

During the financial year the following fees were paid or payable for services provided by Loren Datt Audit Pty Ltd, the auditor of the company:

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<i>Audit services - Loren Datt Audit Pty Ltd</i>		
Audit or review of the financial statements	53,423	40,000

**Note 26. Contingent liabilities**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Bank guarantees	516,628	516,628

The consolidated entity did not have any other contingent liabilities at either 30 June 2014 or 30 June 2013.

**Note 27. Commitments**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	-	153,846
<i>Exploration and evaluation assets</i>		
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
<i>Hire purchase commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	150,908	158,300
One to five years	13,108	171,492
	164,016	329,792

The Company's lease arrangement for the office of Level 17, 500 Collins Street, expired during the year. The Company has agreed to a new lease agreement subsequent to the year end.

In order to 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.

**Note 27. Commitments (continued)**

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. Whilst it is expected that the mining operation will complete in approximately one year, the consolidated entity is exploring other sources of income that can be generated from the assets. This includes the processing of ore from surrounding mining operations in the area. For this reason the consolidated entity intends to meet the lease obligations over the next five years to retain rights to the lease.

**Note 28. Related party transactions**

*Parent entity*

Resource Base Limited is the parent entity.

*Subsidiaries*

Interests in subsidiaries are set out in note 30.

*Key management personnel*

Disclosures relating to key management personnel are set out in note 24 and the remuneration report in the directors' report.

*Transactions with related parties*

The following transactions occurred with related parties:

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Payment for goods and services:		
Payments for hire of equipment from Nailbridge Pty Ltd (an entity related to Alan Fraser)	11,700	28,600
Payment for other expenses:		
Payment of corporate advisory and underwriting fees to Asipac Loan Pty Ltd (the company's major shareholder)	-	24,000
Interest payable on the loan from Asipac Group Pty Ltd	29,610	18,390
Interest payable on convertible note held by Asipac Group Pty Ltd	8,353	37,147
Other transactions:		
Payroll expense paid to employees that are related to key management personnel (including superannuation)	32,275	-

*Receivable from and payable to related parties*

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

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Current payables:		
Director fees payable to Alan Fraser	256,120	188,697
Directors fees payable to Kevin Lynn	33,000	72,027
Fees payable to Gippsland Resource Development Pty Ltd, an entity related to Peter Kelliher	9,105	49,210
Director fees payable to Angelo Siciliano	9,000	37,620
Fees payable to Northern Star Nominees Pty Ltd, an entity related to Adrien Wing	56,685	65,055
Payable to Nailbridge Pty Ltd (an entity related to Alan Fraser)	68,750	68,750
Salary payable to Peter Kelliher	100,000	-

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

**Note 28. Related party transactions (continued)**

*Loans to/from related parties*

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

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Current borrowings:		
Loan payable to Asipac Group Pty Ltd	-	418,390
Convertible note held by Asipac Group Pty Ltd	-	300,000

During the year the loan and all outstanding interest was fully paid.

The convertible note held by Asipac Group Pty Ltd was redeemed during the year with the issue of 12 million fully paid ordinary shares. Interest of \$30,000 was paid in relation to settlement of the convertible note, at a coupon rate of 10%.

*Terms and conditions*

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

**Note 29. Parent entity information**

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

*Statement of profit or loss and other comprehensive income*

	<b>Parent</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax	(839,667)	(7,186,401)
Total comprehensive income	(839,667)	(7,186,401)

*Statement of financial position*

	<b>Parent</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Total current assets	78,557	65,861
Total assets	1,007,134	2,236,757
Total current liabilities	759,507	1,439,408
Total liabilities	778,716	1,498,817
Equity		
Issued capital	13,876,319	13,533,274
Share-based payments reserve	276,000	276,000
Convertible notes reserve	-	18,502
Accumulated losses	(13,923,901)	(13,089,836)
Total equity	228,418	737,940

**Note 29. Parent entity information (continued)**

*Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2014. Bank guarantees disclosed in Note 25 are provided by the parent entity.

*Contingent liabilities*

The parent entity had no contingent liabilities as at 30 June 2014, other than those disclosed in Note 25.

*Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment at as 30 June 2014 and 30 June 2013.

*Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

**Note 30. Interests in subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2014 %	2013 %
Broula King Joint Venture Pty Ltd	Australia	100.00%	100.00%

**Note 31. Events after the reporting period**

On 31 July 2014 the consolidated entity announced that it was placing the Broula King project on care and maintenance. This was as a result of the reduced gold price, rising Australian dollar and exhaustion of identified reserves at the project. The last bar was subsequently poured in September as production at the site was wound down.

No other matter or circumstance has arisen since 30 June 2014 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 32. Reconciliation of profit/(loss) after income tax to net cash from operating activities**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Profit/(loss) after income tax expense for the year	146,344	(7,481,071)
Adjustments for:		
Depreciation and amortisation	1,894,127	3,635,092
Impairment of non-current assets	2,457	3,858,725
Pre-steady state production sales revenue offset into development expenditure	-	927,450
Interest charged on convertible notes and borrowings	(4,065)	111,247
Change in operating assets and liabilities:		
Decrease in trade and other receivables	113,646	149,105
Increase in inventories	(81,274)	(377,106)
Decrease in prepayments	10,192	145,808
Increase/(decrease) in trade and other payables	(45,393)	769,357
Increase/(decrease) in employee benefits	40,202	(69,068)
Net cash from operating activities	<u>2,076,236</u>	<u>1,669,539</u>

**Financing Facilities**

The consolidated entity 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, (2013: \$491,000).

The consolidated entity has a commercial hire purchase arrangement for plant and equipment purchased for use in its mining activities. Held as security against the guarantee, is a term deposit of \$25,629, (2013:\$25,629)

**Note 33. Non-cash investing and financing activities**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Shares issued on conversion of loan	343,045	-
Loans from related parties	-	250,000
Trade payables	-	15,000
	<u>343,045</u>	<u>265,000</u>

During the year the consolidated entity issued 12 million fully paid ordinary shares at \$0.025 (2.5 cents) each after Asipac elected to convert the convertible notes held to equity.

In 2013 the consolidated issued 10 million fully paid ordinary shares at \$0.025 (2.5 cents) each to settle outstanding amounts owed to Alan Fraser.

Also in 2013, the consolidated entity issued 500,000 fully paid ordinary shares at \$0.03 (3 cents) each to Wise-Owl.com Pty Ltd to settle outstanding amounts owing.

Note 34. Earnings per share

	Consolidated	
	2014	2013
	\$	\$
Profit/(loss) after income tax attributable to the owners of Resource Base Limited	<u>146,344</u>	<u>(7,481,071)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>218,219,781</u>	<u>203,604,712</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>218,219,781</u>	<u>203,604,712</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	0.067	(3.674)
Diluted earnings per share	0.067	(3.674)

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 exercise price of the options is in excess of the share price on the open market.



**Resource Base Limited**  
**Directors' declaration**  
**30 June 2014**

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 2 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 2014 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)(a) of the Corporations Act 2001.

On behalf of the directors



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Alan Fraser  
Director

29 September 2014  
Melbourne

## **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 Ltd, which comprises the statements of financial position as at 30 June 2014, the statements of profit or loss and other 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 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 Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

### **Opinion**

In our opinion:

- a) the financial report of Resource Base Ltd is in accordance with the Corporations Act 2001, including:
  - 1. giving a true and fair view of the company's and consolidated entity's financial positions as at 30 June 2014 and of their performance for the year ended on that date; and
  - 2. 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 1.

### **Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 6 to 10 of the directors' report for the year ended 30 June 2014. 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 Ltd for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.



**LOREN DATT**  
Registered Company Auditor  
Registration: 339204

Dated: 29 September 2014

**Resource Base Limited**  
**Shareholder information**  
**30 June 2014**

As at 26/09/2014

**Distribution of equitable securities**

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

	Number of holders of ordinary shares
1 to 1,000	13
1,001 to 5,000	13
5,001 to 10,000	103
10,001 to 100,000	220
100,001 and over	127
	<hr/>
	476
	<hr/>
Holding less than a marketable parcel	300
	<hr/>

**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 % of total shares issued
Number held	
Asipac Group Pty Ltd	90,804,668 41.29
Alcardo Investments Limited	18,310,015 8.33
Mr Alan Fraser	10,999,998 5.00
Tronic Enterprise Development Pty Ltd	6,299,737 2.86
JE & MG O'Grady Nominees Pty Ltd	5,649,953 2.57
Egret Superannuation Pty Ltd	4,617,000 2.10
Mr Clarke Barnett Dudley	3,500,000 1.59
Mr Leslie Thomas King & Mrs Heather King	3,308,926 1.50
Mr Morry Blumenthal & Mr George Muchnicki	3,000,000 1.36
MMr David Lim & Mrs Arlene Ka-Yan Lim	2,827,874 1.29
Ms Mooi Fah Lee	2,800,000 1.27
Dr Leon Eugene Pretorius	2,500,000 1.14
Nuenergy Gas Limited	2,487,000 1.13
Martin Place Securities Staff Superannuation Fund Pty Ltd (MPSSF No. 2 A/c)	2,220,630 1.01
Consolidated Global Securities Ltd	2,000,000 0.91
Mrs Arlene Ka-Yan Lim	1,950,703 0.89
Martin Place Securities Staff Superannuation Fund Pty Ltd	1,944,444 0.88
Mr Glenn Thomas Connor and Mrs Annette Margaret Connor	1,782,333 0.81
Monk Nominees Pty Ltd	1,674,988 0.76
Nailbridge Pty Ltd	1,428,571 0.65
	<hr/>
	170,106,840 77.34
	<hr/>

*Unquoted equity securities*

There are no unquoted equity securities.

**Substantial holders**

Substantial holders in the company are set out below:

**Ordinary shares**

**Resource Base Limited**  
**Shareholder information**  
**30 June 2014**

	<b>Number held</b>	<b>% of total shares issued</b>
Asipac Group Pty Ltd	90,804,668	41.29
Mr Alan Robert Fraser	18,588,351	8.45
Alcardo Investments Limited	18,310,015	8.33

**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.

There are no other classes of equity securities.

**Resource Base Limited**  
**Tenement information**  
**30 June 2014**

The consolidated entity holds one tenement as follows: -

Tenement reference and location	Nature of interest	Interest at beginning of year	Interest at end of year
ML 1615 Bumbaldry, NSW	Held 100% by 100% held subsidiary	100%	100%