

Resource Base Limited

ABN 57 113 385 425

Interim Report - 31 December 2014

Resource Base Limited
Corporate directory
31 December 2014

Directors

Alan Fraser (Managing Director and Chairman)
Peter Kelliher (Non-Executive Director)
Michael Kennedy (Non-Executive Director)
Angelo Siciliano (Non-Executive Director)

Company secretary

Adrien Wing

Registered office

Level 17
500 Collins Street
Melbourne VIC 3000

Principal place of business

Level 17
500 Collins Street
Melbourne VIC 3000

Share register

Link Market Services
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
31 December 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 half-year ended 31 December 2014.

Directors

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

Alan Fraser
Peter Kelliher
Angelo Siciliano
Michael Kennedy (appointed 23 October 2014)
Kevin Lynn (resigned 15 October 2014)

Principal activities

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

- development of gold production and mineral exploration

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$252,279 (31 December 2013: \$298,698).

The Company is actively assessing a number of third party precious metal opportunities for outright purchase. In addition, the Company has been approached by a number of third parties seeking to transport ore to the Broula King treatment plant and as a result limit the capital requirement and reduce start up time for their projects.

The Company 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 Company is 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.

BROULA KING MINE

The Broula King 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 500 meters from the main road.

Mining and treatment was completed late in the September quarter and the site moved to care and maintenance during the period.

The current tailings storage facility at Broula King would provide capacity for an additional 200,000 tonnes of capacity with a further lift of 3m. A second site has also been identified to potentially increase the tailings capacity significantly.

CORPORATE

The Company held its 2014 Annual General Meeting in November 2014. All resolutions were passed.

Significant changes in the state of affairs

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

Auditor's independence declaration

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

Resource Base Limited
Directors' report
31 December 2014

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

On behalf of the directors

A handwritten signature in blue ink, appearing to read 'A. R. Fraser', is written over a light blue rectangular background.

Alan Fraser

24 February 2015

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

To the Directors of Resource Base Limited:

I declare that to the best of my knowledge and belief, in relation to the Independent Half-year Auditor's Review for the half-year ending 31 December 2014, there have been:

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



LOREN DATT
Registered Company Auditor
Registration: 339204

Dated: 24 February 2015

Resource Base Limited
Contents
31 December 2014

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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, Victoria 3000

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 February 2015.

Resource Base Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2014

		Consolidated	
		31 December 2014	31 December 2013
	Note	\$	\$
Revenue	3	1,324,326	4,859,059
Expenses			
Mine and production expenses		(1,130,588)	(4,666,039)
Administration expenses		(172,346)	(117,125)
Corporate expenses		(181,013)	(231,569)
Occupancy		(68,956)	(80,067)
Other expenses		(18,555)	(1,071)
Finance costs		(5,147)	(61,886)
Loss before income tax expense		(252,279)	(298,698)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Resource Base Limited		(252,279)	(298,698)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Resource Base Limited		<u>(252,279)</u>	<u>(298,698)</u>
		Cents	Cents
Basic earnings per share		(0.11)	(0.14)
Diluted earnings per share		(0.11)	(0.14)

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 31 December 2014

		Consolidated	
		31 December	
	Note	2014	30 June 2014
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		657,519	1,693,509
Trade and other receivables		89,308	123,813
Inventories	4	-	458,380
Other financial assets	5	200,000	-
Total current assets		<u>946,827</u>	<u>2,275,702</u>
Non-current assets			
Property, plant and equipment		18,895	9,460
Mining		765,000	765,000
Other		541,628	516,628
Total non-current assets		<u>1,325,523</u>	<u>1,291,088</u>
Total assets		<u>2,272,350</u>	<u>3,566,790</u>
Liabilities			
Current liabilities			
Trade and other payables	6	599,789	1,512,399
Borrowings		90,012	150,908
Employee benefits		120,635	156,973
Total current liabilities		<u>810,436</u>	<u>1,820,280</u>
Non-current liabilities			
Borrowings		-	13,108
Employee benefits		-	19,209
Provisions		500,000	500,000
Total non-current liabilities		<u>500,000</u>	<u>532,317</u>
Total liabilities		<u>1,310,436</u>	<u>2,352,597</u>
Net assets		<u>961,914</u>	<u>1,214,193</u>
Equity			
Issued capital		13,876,321	13,876,321
Reserves	7	-	276,000
Accumulated losses		(12,914,407)	(12,938,128)
Total equity		<u>961,914</u>	<u>1,214,193</u>

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

Resource Base Limited
Statement of changes in equity
For the half-year ended 31 December 2014

Consolidated	Issued capital \$	Accumulated losses \$	Reserves \$	Total equity \$
Balance at 1 July 2013	13,533,276	(13,089,838)	294,502	737,940
Loss after income tax expense for the half-year	-	(298,698)	-	(298,698)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	(298,698)	-	(298,698)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	300,000	-	-	300,000
Conversion of convertible notes	43,043	-	(13,136)	29,907
Extension of convertible notes	-	-	5,527	5,527
Balance at 31 December 2013	<u>13,876,319</u>	<u>(13,388,536)</u>	<u>286,893</u>	<u>774,676</u>
Consolidated	Issued capital \$	Accumulated losses \$	Reserves \$	Total equity \$
Balance at 1 July 2014	13,876,321	(12,938,128)	276,000	1,214,193
Loss after income tax expense for the half-year	-	(252,279)	-	(252,279)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	(252,279)	-	(252,279)
<i>Transactions with owners in their capacity as owners:</i>				
Lapse of options	-	276,000	(276,000)	-
Balance at 31 December 2014	<u>13,876,321</u>	<u>(12,914,407)</u>	<u>-</u>	<u>961,914</u>

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

Resource Base Limited
Statement of cash flows
For the half-year ended 31 December 2014

	Consolidated	
	31 December 2014	31 December 2013
	\$	\$
Cash flows from operating activities		
Receipts from customers	1,281,840	5,121,046
Payments to suppliers and employees	(2,026,363)	(4,386,181)
	(744,523)	734,865
Interest received	23,674	10,788
Interest and other finance costs paid	(5,147)	-
Net cash from/(used in) operating activities	(725,996)	745,653
Cash flows from investing activities		
Payments for property, plant and equipment	(10,990)	-
Payment of deposits	(25,000)	-
Net cash used in investing activities	(35,990)	-
Cash flows from financing activities		
Payments into term deposits	(200,000)	-
Repayment of borrowings	(74,004)	(79,149)
Net cash used in financing activities	(274,004)	(79,149)
Net increase/(decrease) in cash and cash equivalents	(1,035,990)	666,504
Cash and cash equivalents at the beginning of the financial half-year	1,693,509	300,572
Cash and cash equivalents at the end of the financial half-year	<u>657,519</u>	<u>967,076</u>

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

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2014 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

New, revised or amending Accounting Standards and Interpretations adopted

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

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

Going concern

The consolidated financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

For the six months ended 31 December 2014, the consolidated entity incurred a loss of \$252,279 (2013 : \$298,698) and had negative cash flows from operations \$725,996 (2013 : positive cash flows \$745,653).

As at 31 December 2014 the consolidated entity had \$657,519 of available cash (30 June 2014, \$1,693,509). In addition, the consolidated entity had \$200,000 on term deposit at 31 December 2014 (30 June 2014, \$nil).

The decision to transition mining activities at Broula King to care and maintenance as previously advised, has resulted in the entire workforce being made redundant and costs associated with the cessation of mining activities being accounted for in the six months ended 31 December 2014.

The Board and management of the Company continue to evaluate new business opportunities that have potential to grow and diversify sources of production and increase shareholder wealth.

The Directors are satisfied with the consolidated entity's current financing position and are of the view that the continued application of the going concern basis of accounting is appropriate due to the following factors:

- The Board has reviewed the consolidated entity's cashflow requirements and is satisfied that adequate support is in place to meet the consolidated entity's planned activities for at least twelve months from the date of this report;
- In the event that the forecast cashflows are not achieved, the Company has the ability to raise additional funds;
- The ability of the consolidated entity to scale back certain activities if required; and
- The consolidated entity retains the ability, if required, to wholly or in part dispose of mining equipment.

In the event that the Company and consolidated entity are unsuccessful in the matters set out above, there is material uncertainty whether the Company and consolidated entity will continue as going concerns and therefore whether they will realise assets and discharge liabilities in the normal course of business and at the amounts shown in the financial report.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessarily incurred should the Company and consolidated entity not continue as going concerns.

Note 2. Operating segments

Identification of reportable operating segments

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

Note 3. Revenue

	Consolidated	
	31 December 2014	31 December 2013
	\$	\$
<i>Sales revenue</i>		
Sales of gold and silver	1,259,334	4,816,080
<i>Other revenue</i>		
Interest	23,399	10,374
Rent	41,593	32,605
	<u>64,992</u>	<u>42,979</u>
Revenue	<u><u>1,324,326</u></u>	<u><u>4,859,059</u></u>

The Broula King mine ceased production in September 2014, explaining the reduced revenue in the current period.

Note 4. Current assets - inventories

	Consolidated	
	31 December 2014	30 June 2014
	\$	\$
Consumables - at cost	-	103,142
Ore in process - at cost	-	189,140
Gold bars - at cost	-	166,098
	<u>-</u>	<u>458,380</u>

The Broula King mine ceased production in September 2014, and for this reason the consolidated entity held no inventory at 31 December 2014.

Note 5. Current assets - other financial assets

	Consolidated	
	31 December 2014	30 June 2014
	\$	\$
Term deposits with over three months to maturity	<u>200,000</u>	<u>-</u>

Note 6. Current liabilities - trade and other payables

	Consolidated	
	31 December	30 June 2014
	2014	2014
	\$	\$
Trade payables	176,634	449,457
Payable to directors	365,537	532,661
BAS payable	39,189	143,137
Other payables	18,429	387,144
	<u>599,789</u>	<u>1,512,399</u>

Note 7. Equity - reserves

	Consolidated	
	31 December	30 June 2014
	2014	2014
	\$	\$
Share-based payments reserve	-	276,000

Share-based payments reserve

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

Movements in reserves

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

	Share based payments	Total
	\$	\$
Consolidated		
Balance at 1 July 2014	276,000	276,000
Lapse of options	(276,000)	(276,000)
Balance at 31 December 2014	<u>-</u>	<u>-</u>

Note 8. Equity - dividends

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

Note 9. Contingent liabilities

The consolidated entity had no contingent liabilities at 31 December 2014 and 30 June 2014.

Note 10. Events after the reporting period

No matter or circumstance has arisen since 31 December 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.

Resource Base Limited
Directors' declaration
31 December 2014

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Alan Fraser

24 February 2015

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Resource Base Limited, which comprises the statement of financial position as at 31 December 2014, and the statement of comprehensive income, statement of changes in equity, cash flows statement for the half-year ended on that date, selected explanatory notes and the directors' declaration of the company and the entities it controlled at the end of the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matters that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Resource Base Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Resource Base Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the consolidated entity incurred a net loss of \$252,279 and negative cash flow from operations of \$725,996 during the six months ended 31 December 2014. These conditions, along with other matters set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt on the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise their assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.



LOREN DATT

Registered Company Auditor
Registration: 339204

Dated: 24 February 2015