

Resource Base Limited

ABN 57 113 385 425

Interim Report - 31 December 2015

Resource Base Limited
Corporate directory
31 December 2015

Directors

Martin Janes (Non-Executive Director)
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

RSM Australia Partners
Level 21 55 Collins Street
Melbourne VIC 3000

Stock exchange listing

Resource Base Limited shares are listed on the Australian Securities Exchange (ASX code: RBX)

Resource Base Limited
Directors' report
31 December 2015

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 2015.

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:

Martin Janes (appointed 1 January 2016)
Peter Kelliher
Angelo Siciliano
Michael Kennedy
Alan Fraser (resigned 30 November 2015)

Principal activities

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

- assessing precious metal and other projects

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$392,082 (31 December 2014: \$252,279).

During the year, the Company has continued to assess various opportunities to lever off its ownership of the Broula King Project (Project). The Broula King mine and treatment plant in the central west slopes region of NSW was placed under care and maintenance in late 2014 and is fully permitted for the cyanidation of gold ores. The Company is in the process of investigating the following opportunities:

1. The potential sale of the Project to third parties who wish to treat gold ore at its facilities.
2. Toll treatment of third party gold ores.
3. Sale of the Broula King plant to third parties which wish to relocate the plant.
4. The acquisition of third party gold orebodies.

The Company is also investigating the potential for the extraction of additional gold ores from the existing mining lease given the recent increase in the Australian gold price. A new geological assessment of the mining lease is underway.

BROULA KING PROJECT

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.

The modern 125,000 tpa CIC plant is fully permitted with existing tailings dam capacity with potential to increase that capacity. The plant successfully treated 184,000 tonnes of gold ore between 2012 and 2014.

CORPORATE

The Company held its 2015 Annual General Meeting in November 2015. 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.

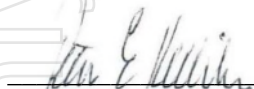
Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

Resource Base Limited
Directors' report
31 December 2015

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



Peter Kelliher

18 February 2016

RSM Australia Partners

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F +61 (0) 3 9286 8199

www.rsm.com.au**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of Resource Base Limited Limited for the half year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

**RSM AUSTRALIA PARTNERS**

J S CROALL
Partner

18 February 2016
Melbourne, Victoria

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Resource Base Limited
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31 December 2015

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Resource Base Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2015

	Note	Consolidated Dec 15 \$	Dec 14 \$
Revenue	4	29,403	1,324,326
Expenses			
Mine and production expenses		-	(1,130,588)
Administration expenses		(58,011)	(172,346)
Corporate expenses		(231,871)	(181,013)
Care and maintenance expenses		(43,549)	-
Occupancy		(85,715)	(68,956)
Other expenses		(2,255)	(18,555)
Finance costs		(84)	(5,147)
Loss before income tax expense		(392,082)	(252,279)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Resource Base Limited		(392,082)	(252,279)
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>(392,082)</u>	<u>(252,279)</u>
		Cents	Cents
Basic earnings per share		(0.18)	(0.11)
Diluted earnings per share		(0.18)	(0.11)

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 2015

		Consolidated	
	Note	Dec 15	Jun 15
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		105,361	431,535
Receivables	5	24,906	67,974
Total current assets		<u>130,267</u>	<u>499,509</u>
Non-current assets			
Plant and equipment	6	14,889	17,136
Mining		765,000	765,000
Other financial assets	7	591,628	541,628
Total non-current assets		<u>1,371,517</u>	<u>1,323,764</u>
Total assets		<u>1,501,784</u>	<u>1,823,273</u>
Liabilities			
Current liabilities			
Payables	8	325,405	488,070
Borrowings		-	13,107
Employee benefits		43,371	124,099
Total current liabilities		<u>368,776</u>	<u>625,276</u>
Non-current liabilities			
Payables	9	327,093	-
Provisions		500,000	500,000
Total non-current liabilities		<u>827,093</u>	<u>500,000</u>
Total liabilities		<u>1,195,869</u>	<u>1,125,276</u>
Net assets		<u>305,915</u>	<u>697,997</u>
Equity			
Issued capital		13,876,321	13,876,321
Accumulated losses		<u>(13,570,406)</u>	<u>(13,178,324)</u>
Total equity		<u>305,915</u>	<u>697,997</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 2015

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>				
Conversion of convertible notes	-	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>
Consolidated	Issued capital \$	Accumulated losses \$	Total equity \$	
Balance at 1 July 2015	13,876,321	(13,178,324)	697,997	
Loss after income tax expense for the half-year	-	(392,082)	(392,082)	
Other comprehensive income for the half-year, net of tax	-	-	-	
Total comprehensive income for the half-year	-	(392,082)	(392,082)	
Balance at 31 December 2015	<u>13,876,321</u>	<u>(13,570,406)</u>	<u>305,915</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 2015

	Consolidated	
	Dec 15	Dec 14
	\$	\$
Cash flows from operating activities		
Receipts from customers	64,124	1,281,840
Payments to suppliers and employees	(335,454)	(2,026,363)
	(271,330)	(744,523)
Interest received	8,347	23,674
Interest and other finance costs paid	(84)	(5,147)
	(263,067)	(725,996)
Net cash used in operating activities		
Cash flows from investing activities		
Payments for plant and equipment	-	(10,990)
Payment of deposits	(50,000)	(25,000)
	(50,000)	(35,990)
Net cash used in investing activities		
Cash flows from financing activities		
Payments into term deposits	-	(200,000)
Repayment of borrowings	(13,107)	(74,004)
	(13,107)	(274,004)
Net cash used in financing activities		
Net decrease in cash and cash equivalents	(326,174)	(1,035,990)
Cash and cash equivalents at the beginning of the financial half-year	431,535	1,693,509
Cash and cash equivalents at the end of the financial half-year	<u>105,361</u>	<u>657,519</u>

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

Resource Base Limited
Notes to the financial statements
31 December 2015

Note 1. General information

The financial statements cover Resource Base Limited as a consolidated entity consisting of Resource Base Limited and the entities it controlled at the end of, or during, the half-year. 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 17 February 2016.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2015 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 2015 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 Australian Accounting Standards (AASs) and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these AASs result in no material impact on the interim financial report.

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 2015, the consolidated entity incurred a loss of \$392,082 (2014 : loss of \$252,279) and had negative cash flows from operations \$263,067 (2014 : negative cash flows \$725,996).

As at 31 December 2015 the consolidated entity had a working capital deficiency of \$238,509 (30 June 2015 : \$125,767).

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:

Note 2. Significant accounting policies (continued)

- The board is of the opinion that, the company will be able to access equity capital markets for additional working capital requirements;
- The directors and company secretary have all agreed not to receive payment of their fees if it jeopardises the ability of the consolidated entity to pay its debts as and when they fall due; and
- The consolidated entity retains the ability, if required, to wholly or in part dispose of mining plant and equipment.

In the event that the consolidated entity is unsuccessful in the matters set out above, there is material uncertainty whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and discharge its 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 consolidated entity not continue as a going concern.

Note 3. 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 4. Revenue

	Consolidated	
	Dec 15	Dec 14
	\$	\$
<i>Sales revenue</i>		
Sales of gold and silver	-	1,259,334
<i>Other revenue</i>		
Interest	7,279	23,399
Rent	16,851	41,593
Other revenue	5,273	-
	<u>29,403</u>	<u>64,992</u>
Revenue	<u>29,403</u>	<u>1,324,326</u>

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

Note 5. Current assets - receivables

	Consolidated	
	Dec 15	Jun 15
	\$	\$
Trade receivables	8,493	37,109
Other receivables	6,698	23,552
Interest receivable	2,964	4,032
BAS receivable	6,751	3,281
	<u>24,906</u>	<u>67,974</u>

Note 6. Non-current assets - plant and equipment

	Consolidated Dec 15 \$	Jun 15 \$
Plant and equipment - at cost	32,077	32,077
Less: Accumulated depreciation	(17,770)	(15,911)
	<u>14,307</u>	<u>16,166</u>
Computer equipment - at cost	1,940	1,940
Less: Accumulated depreciation	(1,358)	(970)
	<u>582</u>	<u>970</u>
	<u><u>14,889</u></u>	<u><u>17,136</u></u>

Note 7. Non-current assets - other financial assets

	Consolidated Dec 15 \$	Jun 15 \$
Security deposits	516,628	516,628
Deposits on land	75,000	25,000
	<u>591,628</u>	<u>541,628</u>

During the year the company paid a further \$50,000 deposit to secure the right to purchase land adjoining the current Broula King site. Under the contract the company can secure the land by paying a total of \$300,000 in instalments over four years. The next payments is due for payment in August 2016. All remaining payments can be made at the discretion of the company.

Note 8. Current liabilities - payables

	Consolidated Dec 15 \$	Jun 15 \$
Trade payables	40,649	20,907
Payable to directors	47,210	325,073
Payable to former director	130,262	-
BAS payable	42,244	40,630
Other payables	65,040	101,460
	<u><u>325,405</u></u>	<u><u>488,070</u></u>

In November 2015, Alan Fraser resigned as a director of the company. Under an agreement between him and the company all amounts payable to him are payable in four annual instalments, with the first due for payment in July 2016.

Note 9. Non-current liabilities - payables

	Consolidated	
	Dec 15	Jun 15
	\$	\$
Payable to former director	327,093	-

In November 2015, Alan Fraser resigned as a director of the company. Under an agreement between him and the company all amounts owing to him are payable in four annual instalments, with the first due for payment in July 2016

Note 10. Equity - dividends

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

Note 11. Commitments

	Consolidated	
	Dec 15	Jun 15
	\$	\$
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	123,246	76,923
One to five years	329,438	-
	452,684	76,923

The company sublets its office to a number of tenants. Under his termination agreement, former director Alan Fraser, has guaranteed total sublease of 75% of the total lease costs. He is liable for any shortfall, which will be offset against the amounts payable to him, which are already recognised as liabilities.

Note 12. Events after the reporting period

On 1 January, the company appointed Martin Janes as a non-executive director.

No other matter or circumstance has arisen since 31 December 2015 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.

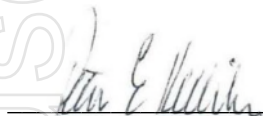
Resource Base Limited
Directors' declaration
31 December 2015

In the directors' opinion:

- the attached financial statements and notes 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 give a true and fair view of the consolidated entity's financial position as at 31 December 2015 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



Peter Kelliher

18 February 2016

RSM Australia Partners

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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF

RESOURCE BASE LIMITED

We have reviewed the accompanying half-year financial report of Resource Base Limited ("the consolidated entity") which comprises the consolidated interim statement of financial position as at 31 December 2015, the consolidated interim statement of profit or loss and other comprehensive income, consolidated interim statement of changes in equity and the consolidated interim statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the consolidated entity 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 a 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 matter 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 consolidated entity's financial position as at 31 December 2015 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.

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Independence

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 review report.

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year then ended; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 1 to the financial statements which indicates that as at 31 December 2015 the consolidated entity had a working capital deficiency of \$238,509 (30 June 2015: \$125,767), as well that it incurred a loss of \$392,082 for the half year ended 31 December 2015 (31 December 2014: loss of \$252,279), and reported negative operating cash flows of \$263,067 for the half year ended 31 December 2015 (December 2014: negative operating cash flows of \$725,996). These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and, therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.



RSM AUSTRALIA PARTNERS



J S CROALL
Partner

18 February 2016
Melbourne, Victoria