

# **Resource Base Limited**

**ABN 57 113 385 425**

**Annual Report - 30 June 2016**

**Resource Base Limited**  
**Corporate directory**  
**30 June 2016**

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)

Corporate Governance Statement

Refer to the company's Corporate Governance Statement at [www.resourcebase.com.au](http://www.resourcebase.com.au)

**Resource Base Limited**  
**Directors' report**  
**30 June 2016**

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 2016.

**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:

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

**Principal activities**

During the financial year the principal continuing activities of the consolidated entity consisted of assessing precious metal and other projects.

**Dividends**

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

**Review of operations**

The loss for the consolidated entity after providing for income tax amounted to \$991,176 (30 June 2015: \$516,196).

The Company is continuing to seek opportunities to leverage off its ownership of the Broula King Project. The Broula King project is situated about 230 km due west of Sydney near Bumbaldry which is mid-way between the towns of Grenfell and Cowra. The modern 125,000 tpa CIL plant is fully permitted with existing tailings dam capacity with potential to increase that capacity. The plant successfully treated 183,863 tonnes of gold ore between 2012 and 2014.

The Company has been in various discussions with third parties in regard to opportunities to treat third party gold ores or gold concentrate and the Company continues to assess the potential acquisition of third party orebodies. In addition to the above, the Company has commenced preparations and currently seeking government approval for an exploration program to drill a number of the targets that have been identified during an extensive review of the exploration potential within the Broula King Mining Lease ("BKML"). The use of modern geophysical techniques on an Induced Polarization ("IP") survey undertaken by Western Mining Corporation in 1976 has identified a number of targets for gold mineralisation as outlined in the Company's announcement on 1st April 2016. These targets have similar geophysical signatures to the mined Broula King gold mineralisation. These exploration targets are within the BKML and neighbours the existing Broula King CIL plant and tailings dam facility.

In May 2016, the Company placed 54.9 million fully paid ordinary shares at an issue price of \$0.004 per share, raising \$219,000 before costs and in June 2016, the Company undertook a capital raising via a non-renounceable rights issue to existing shareholders of 1 fully paid ordinary share for every 2 Shares held at an issue price of \$0.004 to raise up to approximately \$550,000 before costs of the Offer. The Rights Issue closed on 21 July 2016. The Offer was oversubscribed with applications received for 183,759,450 New Shares (totaling \$735,037.80) including applications under the Top-Up Offer.

**Significant changes in the state of affairs**

During the year, the company issued 54,982,350 shares, raising \$219,929 before associated costs.

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 26 July 2016, the company announced that its non-renounceable rights issued had closed. Under the rights issue the company issued 137,455,906 shares raising \$549,824 before costs.

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No other matter or circumstance has arisen since 30 June 2016 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**

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

**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 2016.

**Information on directors**

Name:	Martin Janes
Title:	Non Executive Director (appointed 1 January 2016)
Experience and expertise:	Martin has a strong finance background with a specialty covering equity, debt and related project financing tools and commodity off-take negotiation. He is currently Chief Executive Officer of Terramin Australia Limited (ASX : TZN). While employed by Newmont Australia (previously Normandy Mining) his major responsibilities included corporate and project finance, treasury management, asset sales and product contract management.
Other current directorships:	Uranium SA Limited (ASX : USA)
Former directorships (last 3 years):	Nil
Special responsibilities:	Nil
Interests in shares:	Nil
Interests in options:	Nil
Name:	Peter Kelliher
Title:	Non-Executive Director
Qualifications:	B.Sc (Hons), Grad Dip GeoSc, MAusIMM, MSME
Experience and expertise:	Mr Kelliher has 32 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 fully paid ordinary shares
Interests in options:	Nil

**Resource Base Limited  
Directors' report  
30 June 2016**

Name: Angelo Siciliano  
 Title: Non-Executive Director  
 Experience and expertise: Angelo Siciliano is a Fellow of the Institute of Public Accountants. He has had 21 years' experience in the field of Accounting and over this period has focused predominantly on property development and investment. For the last 17 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: Nil  
 Interests in options: Nil

Name: Michael Kennedy  
 Title: Non-Executive Director  
 Experience and expertise: Michael Kennedy has enjoyed a 41 year career in the non-ferrous mining and smelting industry, and has held a number of senior marketing and logistics roles with the CRA/RTZ Group, managing raw material sales from the Bougainville, Broken Hill, Cobar and Woodlawn mines, managed raw material purchases and supply into the Port Pirie lead smelter, Budel zinc smelter (Netherlands), and the Avonmouth (UK) and Cockle Creek (Newcastle) zinc-lead smelters. He was the resident Director of the Korea Zinc group of companies in Australia from 1991 until 2005, which encompassed the construction and commissioning of the Sun Metals zinc refinery in Townsville.  
 Other current directorships: Terramin Australia Limited (ASX: TZN)  
 Former directorships (last 3 years): Nil  
 Special responsibilities: Nil  
 Interests in shares: Nil  
 Interests in options: Nil

Name: Alan Fraser  
 Title: Managing Director and Chairman (resigned 30 November 2015)  
 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: N/A  
 Interests in options: N/A

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of 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 2016**

**Meetings of directors**

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2016, and the number of meetings attended by each director were:

	Full Board Attended	Held
Martin Janes	5	5
Peter Kelliher	8	8
Angelo Siciliano	8	8
Michael Kennedy	8	8
Alan Fraser	3	3

Held: represents the number of meetings held during the time the director held office.

**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
- 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 a remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity and company.

The reward framework is designed to align rewards to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- 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 directors on key non-financial drivers of value; and
- attracts and retains high calibre executives.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is 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**  
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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.

*Use of remuneration consultants*

The company has not made use of remuneration consultants during the current or prior financial years.

*Voting and comments made at the company's 30th November 2015 Annual General Meeting ('AGM')*

At the 30th November 2015 AGM, 99.83% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2015. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

**Details of remuneration**

*Amounts of remuneration*

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

	Short-term benefits			Post-employment benefits		Share-based payments	
	Cash salary and fees	Bonus	Non-monetary	Super-annuation	Termination	Equity-settled	Total
2016	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Angelo Siciliano	19,710	-	-	-	-	-	19,710
Peter Kelliher	19,710	-	-	-	-	-	19,710
Michael Kennedy	19,710	-	-	-	-	-	19,710
Martin Janes	47,907	-	-	-	-	-	47,907
<i>Executive Directors:</i>							
Alan Fraser	41,667	-	-	3,958	107,400	-	153,025
<i>Other Key Management Personnel:</i>							
Adrien Wing	66,000	-	-	522	-	-	66,522
	214,704	-	-	4,480	107,400	-	326,584

\* Held the position of Executive Director until November 2015.

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	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
2015	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Angelo Siciliano	19,710	-	-	-	-	-	19,710
Peter Kelliher *	13,140	-	-	-	-	-	13,140
Michael Kennedy	13,140	-	-	-	-	-	13,140
<i>Executive Directors:</i>							
Alan Fraser	100,000	-	-	9,500	1,596	-	111,096
Peter Kelliher *	66,666	-	-	6,333	-	-	72,999
<i>Other Key Management Personnel:</i>							
Adrien Wing **	66,000	-	-	3,135	-	-	69,135
	278,656	-	-	18,968	1,596	-	299,220

\* Held the position of Executive Director until October 2014 when he became a non-executive director.

\*\* Fees were paid to Northern Star Nominees Pty Ltd, an entity associated with Adrien Wing until 31 December 2014, after that Adrien was paid an employee.

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

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2016	2015	2016	2015	2016	2015
<i>Non-Executive Directors:</i>						
Angelo Siciliano	100%	100%	-	-	-	-
Peter Kelliher *	100%	100%	-	-	-	-
Michael Kennedy	100%	100%	-	-	-	-
Martin Janes	100%	-	-	-	-	-
<i>Executive Directors:</i>						
Alan Fraser **	100%	100%	-	-	-	-
Peter Kelliher *	100%	100%	-	-	-	-
<i>Other Key Management Personnel:</i>						
Adrien Wing	100%	100%	-	-	-	-

\* Held the position of Executive Director until October 2014 when he became a non-executive director.

\*\* Held the position of Executive Director until November 2015.

### **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 2016.



**Resource Base Limited**  
**Directors' report**  
**30 June 2016**

*Options*

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 2016.

**Additional information**

The earnings of the consolidated entity for the five years to 30 June 2016 are summarised below:

	2012 \$	2013 \$	2014 \$	2015 \$	2016 \$
Profit / (loss) before income tax	(881,790)	(7,481,071)	146,344	(516,196)	(991,176)
Profit/(loss) after income tax	(881,790)	(7,481,071)	146,344	(516,196)	(991,176)

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

	2012	2013	2014	2015	2016
Share price at financial year end (\$)	0.020	0.012	0.007	0.003	0.005
Basic earnings per share (cents per share)	(0.480)	(3.670)	0.067	(0.235)	(0.433)

**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>					
Alan Fraser *	18,588,351	-	-	(18,588,351)	-
Peter Kelliher	190,475	-	-	-	190,475
Adrien Wing	3,034,298	-	-	-	3,034,298
	<u>21,813,124</u>	<u>-</u>	<u>-</u>	<u>(18,588,351)</u>	<u>3,224,773</u>

\* resigned on 30 November 2015.

*Option holding*

All options expired unexercised during the period.

***This concludes the remuneration report, which has been audited.***

**Shares under option**

There were no unissued ordinary shares of Resource Base Limited under option outstanding at the date of this report.

**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 2016 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.

**Resource Base Limited**  
**Directors' report**  
**30 June 2016**

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 the liability and the amount of the premium.

**Indemnity and insurance of auditor**

The company has not, during or since the end of 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 partners of RSM Australia Partners**

There are no officers of the company who are former partners of RSM Australia Partners.

**Auditor's independence declaration**

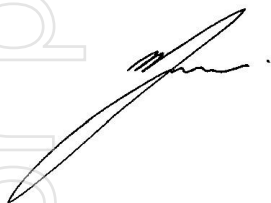
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

**Auditor**

RSM Australia Partners 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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Martin Janes  
Director

9 September 2016

**RSM Australia Partners**

Level 21, 55 Collins Street Melbourne VIC 3000  
PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000

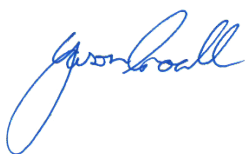
F +61 (0) 3 9286 8199

[www.rsm.com.au](http://www.rsm.com.au)

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Resource Base Limited for the financial year ended 30 June 2016 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

**RSM AUSTRALIA PARTNERS**

**J S CROALL**  
Partner

9 September 2016  
Melbourne, Victoria

**THE POWER OF BEING UNDERSTOOD**  
**AUDIT | TAX | CONSULTING**

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

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## Resource Base Limited

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### 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 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 9 September 2016.

**Resource Base Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2016**

	<b>Note</b>	<b>Consolidated 2016 \$</b>	<b>2015 \$</b>
<b>Revenue</b>	4	148,759	1,390,523
<b>Expenses</b>			
Impairment of mine equipment	5	(352,500)	-
Mine and production expenses		-	(1,151,332)
Administration expenses		(107,381)	(262,055)
Corporate expenses		(430,317)	(338,276)
Care and maintenance expenses		(64,918)	-
Occupancy		(169,655)	(131,628)
Other expenses		(6,804)	(16,036)
Finance costs	5	(8,360)	(7,392)
<b>Loss before income tax expense</b>		(991,176)	(516,196)
Income tax expense	6	-	-
<b>Loss after income tax expense for the year attributable to the owners of Resource Base Limited</b>		(991,176)	(516,196)
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>(991,176)</u>	<u>(516,196)</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	29	(0.433)	(0.235)
Diluted earnings per share	29	(0.433)	(0.235)

*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 2016**

	Note	Consolidated 2016 \$	2015 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	129,007	431,535
Trade and other receivables	8	32,969	67,974
Total current assets		<u>161,976</u>	<u>499,509</u>
<b>Non-current assets</b>			
Property, plant and equipment	9	12,643	17,136
Mining	10	412,500	765,000
Other	11	591,628	541,628
Total non-current assets		<u>1,016,771</u>	<u>1,323,764</u>
<b>Total assets</b>		<u>1,178,747</u>	<u>1,823,273</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	12	390,708	488,070
Borrowings	13	-	13,107
Employee benefits	14	43,905	124,099
Total current liabilities		<u>434,613</u>	<u>625,276</u>
<b>Non-current liabilities</b>			
Payables	15	324,225	-
Provisions	16	500,000	500,000
Total non-current liabilities		<u>824,225</u>	<u>500,000</u>
<b>Total liabilities</b>		<u>1,258,838</u>	<u>1,125,276</u>
<b>Net assets/(liabilities)</b>		<u>(80,091)</u>	<u>697,997</u>
<b>Equity</b>			
Issued capital	17	14,089,409	13,876,321
Accumulated losses		<u>(14,169,500)</u>	<u>(13,178,324)</u>
<b>Total equity/(deficiency)</b>		<u>(80,091)</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 year ended 30 June 2016**

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Accumulated losses \$</b>	<b>Reserves \$</b>	<b>Total equity \$</b>
Balance at 1 July 2014	13,876,321	(12,938,128)	276,000	1,214,193
Loss after income tax expense for the year	-	(516,196)	-	(516,196)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	(516,196)	-	(516,196)
<i>Transactions with owners in their capacity as owners:</i>				
Conversion of convertible notes	-	276,000	(276,000)	-
Balance at 30 June 2015	<u>13,876,321</u>	<u>(13,178,324)</u>	<u>-</u>	<u>697,997</u>
<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Accumulated losses \$</b>	<b>Reserves \$</b>	<b>Total deficiency in equity \$</b>
Balance at 1 July 2015	13,876,321	(13,178,324)	-	697,997
Loss after income tax expense for the year	-	(991,176)	-	(991,176)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	(991,176)	-	(991,176)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 17)	213,088	-	-	213,088
Balance at 30 June 2016	<u>14,089,409</u>	<u>(14,169,500)</u>	<u>-</u>	<u>(80,091)</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 2016**

	<b>Note</b>	<b>Consolidated 2016 \$</b>	<b>2015 \$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		179,101	1,383,572
Payments to suppliers and employees (inclusive of GST)		(647,075)	(2,513,349)
		(467,974)	(1,129,777)
Interest received		15,549	62,880
Interest and other finance costs paid		(84)	(7,392)
Net cash used in operating activities	28	(452,509)	(1,074,289)
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		-	(11,776)
Payment of deposits		(50,000)	(25,000)
Net cash used in investing activities		(50,000)	(36,776)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	17	219,929	-
Share issue transaction costs		(6,841)	-
Repayment of hire purchase liabilities		(13,107)	(150,909)
Net cash from/(used in) financing activities		199,981	(150,909)
Net decrease in cash and cash equivalents		(302,528)	(1,261,974)
Cash and cash equivalents at the beginning of the financial year		431,535	1,693,509
Cash and cash equivalents at the end of the financial year	7	<u>129,007</u>	<u>431,535</u>

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



## **Note 1. 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, and determined that there was no material impact on its financial statements in the current reporting year.

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 year ended 30 June 2016, the consolidated entity incurred in a loss of \$991,176 (2015: loss of \$516,196). The consolidated entity had negative cash flows from operations amounting to \$452,509 (2015: negative cash flows from operations amounting to \$1,074,289).

The consolidated entity and parent entity financial position as at 30 June 2016 was as follows:-

- \$129,007 of available cash (30 June 2015: \$431,535);
- Working capital deficiency of \$272,637 (2015: \$125,767 ); and
- Negative asset position of \$80,091 (2015: positive asset position of \$697,997)

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 have assessed the company and 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:

- On 26 July 2016, the company announced that its non-renounceable rights issued had closed. Under the rights issue the company issued 137,455,906 shares raising \$549,824 before costs. The company also has the proven ability to raise additional funds when needed;
- The ability of the consolidated entity to scale back certain activities if required;
- The consolidated entity retains the ability, if required, to wholly or in part dispose of mining equipment;
- The board is of the opinion that the the company will be able to access equity capital markets for any additional working capital requirements; and
- With effect from 1 August 2016, the entire board and company secretary have agreed to forgo payment of half of their fees until such time as the consolidated entity can pay them without jeopardising its ability to pay its external unrelated third party debts.

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.

### **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').

**Note 1. Significant accounting policies (continued)**

*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 2.

**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 25.

**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 2016 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'.

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.

**Note 1. Significant accounting policies (continued)**

*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 the 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 be applied 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.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at 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 classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's 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 classified as current when: it is either expected to be settled in the consolidated entity's 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.

**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.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables.

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

**Note 1. Significant accounting policies (continued)**

**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.

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 the 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.

The mining assets were written down to their estimated residual value at 30 June 2014. A review of the estimated residual value is performed at each reporting period.

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

**Note 1. Significant accounting policies (continued)**

**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.

**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**

*Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

*Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be wholly settled within 12 months of the reporting date are 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.

**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.

**Note 1. Significant accounting policies (continued)**

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 2016. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

***AASB 9 Financial Instruments***

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 January 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

***AASB 15 Revenue from Contracts with Customers***

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 January 2018 but the impact of its adoption is not expected to be material.

**Note 1. Significant accounting policies (continued)**

*AASB 16 Leases*

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 July 2019 but the impact of its adoption is not expected to be material.

**Note 2. 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.

*Carrying value of mine equipment*

During the current financial year the board engaged an independent valuer to value the mine equipment. The valuation was performed on a fair value less costs to sell, with costs to sell being assessed as 15% of the fair value. As a result of this process an impairment of \$352,500 has been recognised during the current year. This impairment has come about due to a deterioration in the market for equipment of this type, and is in no way due to a decline in the condition of the equipment.

*Provision for restoration*

As part of updating the Mine Operation Plan, the board performed a detailed review of the carrying value of this provision. After this review the board still believe that \$500,000 is a reasonable estimate of the costs of remediation worked currently required at the Broula King site.

*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. As at 30 June 2016 deferred tax assets have not been recognised because their realisation, is not deemed probable.

### 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

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<i>Sales revenue</i>		
Sales of gold and silver	-	1,259,334
<i>Other revenue</i>		
Interest	14,476	42,339
Rent	84,991	88,850
Other revenue	49,292	-
	<u>148,759</u>	<u>131,189</u>
Revenue	<u>148,759</u>	<u>1,390,523</u>

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



**Resource Base Limited**  
**Notes to the financial statements**  
**30 June 2016**

**Note 5. Expenses**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	4,493	4,100
<i>Impairment</i>		
Mine equipment	352,500	-
<i>Inventory recognised in profit or loss</i>		
Changes in inventories recognised in profit or loss	-	458,380
<i>Finance costs</i>		
Hire purchase	84	7,392
Interest on amounts payable to former directors	8,276	-
Finance costs expensed	8,360	7,392
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	165,543	127,377
<i>Superannuation expense</i>		
Defined contribution superannuation expense	11,560	46,682
<i>Employee benefits expense excluding superannuation</i>		
Employee benefits expense excluding superannuation	181,618	506,124

**Note 6. Income tax expense**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(991,176)	(516,196)
Tax at the statutory tax rate of 30%	(297,353)	(154,859)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Impairment of assets	105,750	-
Current year tax losses not recognised	159,192	161,734
Prior year tax losses not recognised now recouped	-	(75,535)
Current year temporary differences not recognised	32,411	68,660
Income tax expense	-	-

**Note 6. Income tax expense (continued)**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	8,194,938	7,415,045
Potential tax benefit @ 30%	2,458,481	2,224,514

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 7. Current assets - cash and cash equivalents**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	129,007	179,704
Cash on deposit	-	251,831
	<u>129,007</u>	<u>431,535</u>

**Note 8. Current assets - trade and other receivables**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	7,120	37,109
Other receivables	10,886	23,552
Interest receivable	2,959	4,032
BAS receivable	12,004	3,281
	<u>32,969</u>	<u>67,974</u>

*Impairment of receivables*

The consolidated entity has recognised a loss of \$nil (2015: \$nil ) in profit or loss in respect of impairment of receivables.

**Note 9. Non-current assets - property, plant and equipment**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Plant and equipment - at cost	32,077	32,077
Less: Accumulated depreciation	(19,628)	(15,911)
	<u>12,449</u>	<u>16,166</u>
Computer equipment - at cost	1,940	1,940
Less: Accumulated depreciation	(1,746)	(970)
	<u>194</u>	<u>970</u>
	<u><u>12,643</u></u>	<u><u>17,136</u></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>	Plant & equipment \$	Computer equipment \$	Total \$
Balance at 1 July 2014	7,714	1,746	9,460
Additions	11,776	-	11,776
Depreciation expense	(3,324)	(776)	(4,100)
Balance at 30 June 2015	16,166	970	17,136
Depreciation expense	(3,717)	(776)	(4,493)
Balance at 30 June 2016	<u><u>12,449</u></u>	<u><u>194</u></u>	<u><u>12,643</u></u>

**Note 10. Non-current assets - mining**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Developed mine - at cost	8,638,263	8,638,263
Less: Accumulated amortisation	(4,777,081)	(4,777,081)
Less: Impairment	(3,861,182)	(3,861,182)
	<u>-</u>	<u>-</u>
Mine equipment - at cost	2,030,602	2,030,602
Less: Accumulated amortisation	(1,265,602)	(1,265,602)
Less: Impairment	(352,500)	-
	<u>412,500</u>	<u>765,000</u>
	<u><u>412,500</u></u>	<u><u>765,000</u></u>

**Note 10. Non-current assets - mining (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>	Mine equipment \$	Total \$
Balance at 1 July 2014	765,000	765,000
Balance at 30 June 2015	765,000	765,000
Write off of assets	(352,500)	(352,500)
Balance at 30 June 2016	<u>412,500</u>	<u>412,500</u>

During the current financial year the board engaged an independent valuer to value the mine equipment. As a result of this process an impairment of \$352,500 has been recognised during the current year. This impairment has come about due to a deterioration in the market for equipment of this type, and is in no way due to a decline in the condition of the equipment.

**Note 11. Non-current assets - other**

	<b>Consolidated</b> <b>2016</b> \$	<b>2015</b> \$
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 \$50,000 (2015 : \$25,000) 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. All remaining payments can be made at the discretion of the company. The company also paid a further \$50,000 on 30 August 2016, with the final payment due in August 2017.

**Note 12. Current liabilities - trade and other payables**

	<b>Consolidated</b> <b>2016</b> \$	<b>2015</b> \$
Trade payables	71,900	20,907
Payable to directors	133,045	325,073
Payable to former director	126,201	-
BAS payable	-	40,630
Other payables	59,562	101,460
	<u>390,708</u>	<u>488,070</u>

Refer to note 19 for further information on financial instruments.

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 13. Current liabilities - borrowings**

	Consolidated 2016 \$	2015 \$
Hire purchase	-	13,107

Refer to note 19 for further information on financial instruments.

**Note 14. Current liabilities - employee benefits**

	Consolidated 2016 \$	2015 \$
Employee benefits	43,905	124,099

**Note 15. Non-current liabilities - payables**

	Consolidated 2016 \$	2015 \$
Payable to former director	324,225	-

Refer to note 19 for further information on financial instruments.

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.

**Note 16. Non-current liabilities - provisions**

	Consolidated 2016 \$	2015 \$
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 the 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.

As part of updating the Mine Operation Plan, the board performed a detailed review of the carrying value of this provision. After this review the board still believe that \$500,000 is a reasonable estimated costs of remediation worked currently required at the Broula King site.

**Note 17. Equity - issued capital**

	<b>2016</b>	<b>Consolidated</b>	<b>2016</b>	<b>2015</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	<u>274,911,720</u>	<u>219,929,370</u>	<u>14,089,409</u>	<u>13,876,321</u>

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>\$</b>
Balance	1 July 2014	<u>219,929,370</u>		<u>13,876,321</u>
Balance	30 June 2015	219,929,370		13,876,321
Issue of shares	2 May 2016	54,982,350	\$0.004	219,929
Capital raising costs		-	\$0.000	(6,841)
Balance	30 June 2016	<u>274,911,720</u>		<u>14,089,409</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 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 2015 Annual Report.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

**Note 18. Equity - dividends**

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

**Note 19. 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 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.

*Price risk*

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

*Interest rate risk*

The consolidated entity is not subject to significant levels of interest rate in relation to its financial instruments.

**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 \$667,718 (2015 : \$966,137) . Of this, \$645,935 (2015 : 948,163) 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.

**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.

*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 - 2016</b>						
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	71,900	-	-	-	71,900
Other payables	-	59,562	-	-	-	59,562
Other loans	-	133,045	-	-	-	133,045
Payable to former directors	2.83%	126,201	135,120	259,683	-	521,004
Total non-derivatives		390,708	135,120	259,683	-	785,511

**Note 19. Financial instruments (continued)**

<b>Consolidated - 2015</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	-	20,907	-	-	-	20,907
BAS payable	-	40,630	-	-	-	40,630
Other payables	-	101,460	-	-	-	101,460
Other loans	-	325,073	-	-	-	325,073
<i>Interest-bearing - fixed rate</i>						
Hire purchase	7.72%	13,107	-	-	-	13,107
<b>Total non-derivatives</b>		<b>501,177</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>501,177</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 20. Key management personnel disclosures**

*Directors*

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

Martin Janes  
Peter Kelliher  
Angelo Siciliano  
Michael Kennedy  
Alan Fraser

*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:

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>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	214,704	278,656
Post-employment benefits	111,880	18,968
Long-term benefits	-	1,596
	<b>326,584</b>	<b>299,220</b>



**Resource Base Limited**  
**Notes to the financial statements**  
**30 June 2016**

**Note 21. Remuneration of auditors**

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the company:

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<i>Audit services - RSM Australia Partners (2015: Loren Datt Audit Pty Ltd)</i>		
Audit or review of the financial statements	28,000	30,000

**Note 22. Contingent liabilities**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Bank guarantees	516,628	516,628

The consolidated entity had no other contingent liabilities at 30 June 2016 and 30 June 2015.

**Note 23. Commitments**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	130,690	125,663
One to five years	277,271	407,961
	407,961	533,624
<i>Mining leases</i>		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	52,500	52,500
One to five years	210,000	210,000
Total commitment	262,500	262,500
Less: Future finance charges	-	-
Net commitment recognised as liabilities	262,500	262,500
<i>Hire purchase commitments</i>		
Within one year	-	13,107

**Note 23. Commitments (continued)**

The operating lease commitments relate to the company's Melbourne office. 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.

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.

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 the mining operation is now completed, 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 24. Related party transactions**

*Parent entity*

Resource Base Limited is the parent entity.

*Subsidiaries*

Interests in subsidiaries are set out in note 26.

*Key management personnel*

Disclosures relating to key management personnel are set out in note 20 and the remuneration report included in the directors' report.

*Transactions with related parties*

The following transactions occurred with related parties:

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</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)	-	19,500
Payment for other expenses:		
Payroll expense paid to employees that are related to key management personnel (including superannuation)	-	8,465

**Note 24. Related party transactions (continued)**

*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>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Current payables:		
Director fees payable to Alan Fraser (resigned during the current year)	-	311,933
Fees payable to Gippsland Resource Development Pty Ltd, an entity related to Peter Kelliher	21,682	13,140
Director fees payable to Aria Accounting Pty Ltd (an entity related to Angelo Siciliano)	16,261	5,420
Fees payable to Northern Star Nominees Pty Ltd, an entity related to Adrien Wing	56,685	56,685
Directors fees payable to Hurstbridge Plants & Proteas Pty Ltd (an entity related to Michael Kennedy)	-	14,454

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

*Loans to/from related parties*

There were no loans to or from related parties at the current and previous reporting date.

*Terms and conditions*

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

**Note 25. 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>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax	(391,620)	(81,606)
Total comprehensive income	(391,620)	(81,606)

*Statement of financial position*

	<b>Parent</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Total current assets	129,581	168,438
Total assets	726,394	717,389
Total current liabilities	433,889	570,576
Total liabilities	758,114	570,576
Equity		
Issued capital	14,089,408	13,876,321
Accumulated losses	(14,121,128)	(13,729,508)
Total equity/(deficiency)	(31,720)	146,813

**Note 25. 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 2016 and 30 June 2015. Bank guarantees disclosed in Note 22 are provided by the parent entity.

*Contingent liabilities*

The parent entity had no contingent liabilities as at 30 June 2016 and 30 June 2015, other than those disclosed in Note 22.

*Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment at as 30 June 2016 and 30 June 2015.

*Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

**Note 26. 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 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2016 %	2015 %
Broula King Joint Venture Pty Ltd	Australia	100.00%	100.00%

**Note 27. Events after the reporting period**

On 26 July 2016, the company announced that its non-renounceable rights issued had closed. Under the rights issue the company issued 137,455,906 shares raising \$549,824 before costs.

No other matter or circumstance has arisen since 30 June 2016 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 28. Reconciliation of loss after income tax to net cash used in operating activities**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax expense for the year	(991,176)	(516,196)
Adjustments for:		
Depreciation and amortisation	4,493	4,100
Impairment of non-current assets	352,500	-
Accrued interest	8,276	-
Change in operating assets and liabilities:		
Decrease in trade and other receivables	35,005	55,839
Decrease in inventories	-	458,380
Increase/(decrease) in trade and other payables	218,587	(1,024,329)
Decrease in employee benefits	(80,194)	(52,083)
Net cash used in operating activities	<u>(452,509)</u>	<u>(1,074,289)</u>

**Note 29. Earnings per share**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax attributable to the owners of Resource Base Limited	<u>(991,176)</u>	<u>(516,196)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>228,792,645</u>	<u>219,929,370</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>228,792,645</u>	<u>219,929,370</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(0.433)	(0.235)
Diluted earnings per share	(0.433)	(0.235)

**Resource Base Limited**  
**Directors' declaration**  
**30 June 2016**

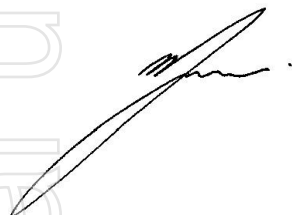
In the directors' opinion:

- the attached financial statements and notes 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 comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2016 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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Martin Janes  
Director

9 September 2016

# RSM Australia Partners

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## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF RESOURCE BASE LIMITED

We have audited the accompanying financial report of Resource Base Limited ("the consolidated entity"), which comprises the consolidated statement of financial position as at 30 June 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration of 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. These Auditing 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 opinions.

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### *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 Limited, 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 Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year then ended; and
  - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2(a)(i).

### *Emphasis of Matter*

Without qualifying our conclusion, we draw attention to Note 1 to the financial statements which indicates that the consolidated entity incurred a loss of \$991,176 for the financial year ended 30 June 2016 (2015: loss of \$516,196), and reported negative operating cash flows of \$452,509 for the financial year ended 30 June 2016 (2015: negative operating cash flows of \$1,074,289). As at 30 June 2016, the consolidated entity's current liabilities exceeded their current assets by \$272,637 (30 June 2015: \$125,767). 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.

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

We have audited the Remuneration Report included in pages 5 to 8 of the directors' report for the financial year ended 30 June 2016. 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.

### *Auditor's Opinion*

In our opinion the Remuneration Report of Resource Base Limited for the financial year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.



**RSM AUSTRALIA PARTNERS**



**J S CROALL**  
Partner

9 September 2016  
Melbourne, Victoria



**Resource Base Limited**  
**Shareholder information**  
**30 June 2016**

The shareholder information set out below was applicable as at 29th August 2016.

**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	92
10,001 to 100,000	223
100,001 and over	167
	<hr/>
	508
	<hr/>
Holding less than a marketable parcel	249
	<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	181,180,527 43.94
Mayburys Pty Ltd	31,404,224 7.62
Er Xu	25,000,000 6.06
Alcardo Investments Ltd	18,310,015 4.44
Mr Alan Robert Fraser	16,499,998 4.00
Mr Clarke Barnett Dudley	12,800,000 3.10
Northern Star Nominees Pty Ltd	10,400,000 2.52
Egret Superannuation Pty Ltd	6,925,500 1.68
Tronic Enterprise Development Ltd	6,299,737 1.53
LMPACB Pty Ltd	6,088,411 1.48
Vision Tech Nominees Pty Ltd	4,481,750 1.09
Mr Leslie Thomas King & Mrs Heather King	4,000,000 0.97
Dr Leon Eugene Pretorius	2,500,000 0.61
Nuenergy Gas Ltd	2,487,000 0.60
Martin Place Securities Staff Superannuation Fund Pty Ltd - No 2 Account	2,220,630 0.54
Nailbridge Pty Ltd	2,142,859 0.52
Consolidated Global Securities Ltd	2,000,000 0.49
Martin Place Securities Staff Superannuation Fund Pty Ltd	1,944,444 0.47
Mr John Harvey Bishop	1,792,500 0.43
Mr Glenn Thomas Connor & Mrs Annette Margaret Connor	1,782,333 0.43
	<hr/>
	340,259,928 82.52
	<hr/>

*Unquoted equity securities*

There are no unquoted equity securities.

**Resource Base Limited**  
**Shareholder information**  
**30 June 2016**

**Substantial holders**

Substantial holders in the company are set out below:

	Ordinary shares	
		% of total
	Number held	shares issued
Asipac Group Pty Ltd	181,180,527	43.94
Mayburys Pty Ltd	31,404,224	7.62
Er Xu	25,000,000	6.06

**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.