

Resource Base Limited

ABN 57 113 385 425

Interim Report - 31 December 2016

Resource Base Limited
Corporate directory
31 December 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)

Resource Base Limited
Directors' report
31 December 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 half-year ended 31 December 2016.

Directors

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

Martin Janes
Peter Kelliher
Angelo Siciliano
Michael Kennedy

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity consisted of the assessment of exploration and commercial opportunities to leverage off Resource Base's existing assets.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$355,539 (31 December 2015: \$392,082).

BROULA KING

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

During the reporting period, the company received approval from the NSW Department of Industry, Division of Resources & Energy ("NSW DRE") to commence an exploration drilling program of a number of targets which have been identified during a review of the exploration potential within the Broula King Mining Lease ("BKML").

The exploration drilling program will focus on a number of targets which have been identified during a review of the exploration potential within the Broula King Mining Lease.

Mapping of the Broula King pit's walls identified that the mined orebody was limited by post mineralisation faults. The drilling program will target potential "blind" offsets of the Broula King mineralisation and new anomalies identified by the integration of the 3D geological and geophysical models.

The drilling will also target areas in the vicinity of historic Cowfell Copper Mine ("Cowfell"). Cowfell produced 270 tonnes at 7% copper, 1.6g/t gold and 60g/t silver in early the 1900's. The Cowfell workings are recorded as having been worked to a depth of 23 metres, with a strike length of 90 metres and up to a width 5 metres. A drill hole to the north of the main Cowfell shaft, and the only hole drilled into the Cowfell stratigraphy, intersected from 10 metres, 32 metres at 0.57% copper including from 21 metres, 9 metres at 1.04% copper.

The company has been advised by the drilling contractor that the drilling rig will commence drilling in early March 2017.

Also during the reporting period, the company was advised by the NSW DRE that it has accepted the company's application for a new exploration licence (EL 8509 (formerly ELA 5359)). The 140 square kilometre licence area is considered prospective for high sulphidation epithermal gold similar to Broula King and contact metasomatic (skarn) iron and copper mineralisation.

The new licence encompasses the balance of the Cowfell workings which straddle the BKML boundary with the identified coincident magnetic high and copper in soil anomaly extends from the BKML into EL 8509. The Boori Copper Mine which is located 1.5km to the south east of Cowfell is further evidence of the copper potential of EL 8509. The Boori Copper Mine is recorded as producing in the 1900's about 30 tonnes of copper ore of estimated grade of between 5% and 15% copper, and worked to a depth of 24 metres.

Resource Base Limited
Directors' report
31 December 2016

Historic copper workings also occur around Abterra Australia Pty Limited's ML 1616 Broula Mine (skarn iron deposit of 1.44 Mt @ 70-80% magnetite (Source: NSW DRE February 2015)) which is excluded from ELA 8509. None of these historic copper workings have been specifically drilled but in 1970 BHP undertook exploration drilling looking for extensions to the south of Broula Mine. Drillhole DD5 from 27.4 metres to 66.1 metres is described as having contained "variable (often considerable) magnetite, minor pyrite, traces of copper mineralisation" and drillhole DDH6 from 67.1m to 100.9m (end of hole), was described as having "some magnetite and pyrite, also minor chalcopyrite (copper sulphide), sphalerite (zinc sulphide), and galena (lead sulphide), below 84.9 metres". Neither of these drill holes were assayed for base metals or gold.

ML 1559 - Claypit, is a privately held clay mine which is also located on but not excluded from EL 8509. The extensive argillic (clay) alteration seen at Claypit may be an "acid sulphate cap", the upper level of an epithermal system. Acid sulphate caps inhibit vein formation and are known to obscure blind bonanza grade gold silver systems.

The company continues to be in discussions with third parties in regard to opportunities to treat third party ores or concentrates and the company is continuing to assess the potential acquisition of third parties orebodies.

The company issued 137,455,937 fully paid ordinary shares raising \$549,824 before costs.

The company held its 2016 Annual General Meeting in November 2016. All resolutions were passed.

Significant changes in the state of affairs

During the financial half-year the company issued 137,455,937 fully paid ordinary shares raising \$549,824 before costs.

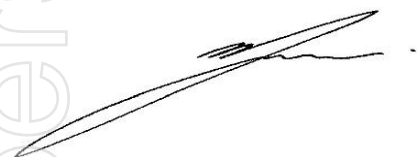
There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

Auditor's independence declaration

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

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

On behalf of the directors



Martin Janes
Director

9 March 2017

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Resource Base Limited for the half year ended 31 December 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

**RSM AUSTRALIA PARTNERS**

J S CROALL
Partner

9 March 2017
Melbourne, Victoria

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Resource Base Limited
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Resource Base Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2016

		Consolidated	
	Note	December 2016	December 2015
		\$	\$
Revenue	4	104,915	29,403
Expenses			
Administration expenses		(46,182)	(58,011)
Corporate expenses		(190,349)	(231,871)
Care and maintenance expenses		(105,219)	(43,549)
Occupancy		(87,540)	(85,715)
Other expenses		(31,164)	(2,255)
Finance costs		-	(84)
Loss before income tax expense		(355,539)	(392,082)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Resource Base Limited		(355,539)	(392,082)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Resource Base Limited		<u>(355,539)</u>	<u>(392,082)</u>
		Cents	Cents
Basic earnings per share		(0.09)	(0.18)
Diluted earnings per share		(0.09)	(0.18)

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

Resource Base Limited
Statement of financial position
As at 31 December 2016

		Consolidated	
	Note	December	June 2016
		2016	\$
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		132,996	129,007
Receivables		36,024	32,969
Total current assets		<u>169,020</u>	<u>161,976</u>
Non-current assets			
Plant and equipment		11,461	12,643
Mining		412,500	412,500
Other assets	5	<u>662,628</u>	<u>591,628</u>
Total non-current assets		<u>1,086,589</u>	<u>1,016,771</u>
Total assets		<u>1,255,609</u>	<u>1,178,747</u>
Liabilities			
Current liabilities			
Payables		415,618	390,708
Employee benefits		46,159	43,905
Total current liabilities		<u>461,777</u>	<u>434,613</u>
Non-current liabilities			
Payables	6	215,918	324,225
Provisions		500,000	500,000
Total non-current liabilities		<u>715,918</u>	<u>824,225</u>
Total liabilities		<u>1,177,695</u>	<u>1,258,838</u>
Net assets/(liabilities)		<u>77,914</u>	<u>(80,091)</u>
Equity			
Issued capital	7	14,602,953	14,089,409
Accumulated losses		<u>(14,525,039)</u>	<u>(14,169,500)</u>
Total equity/(deficiency)		<u>77,914</u>	<u>(80,091)</u>

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

Resource Base Limited
Statement of changes in equity
For the half-year ended 31 December 2016

Consolidated

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

Consolidated

	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2016	14,089,409	(14,169,500)	(80,091)
Loss after income tax expense for the half-year	-	(355,539)	(355,539)
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	(355,539)	(355,539)
<i>Transactions with owners in their capacity as owners:</i>			
Contributions of equity, net of transaction costs (note 7)	513,544	-	513,544
Balance at 31 December 2016	<u>14,602,953</u>	<u>(14,525,039)</u>	<u>77,914</u>

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

Resource Base Limited
Statement of cash flows
For the half-year ended 31 December 2016

		Consolidated	
	Note	December	December
		2016	2015
		\$	\$
Cash flows from operating activities			
Receipts from customers		94,465	64,124
Payments to suppliers and employees		(540,415)	(335,454)
		(445,950)	(271,330)
Interest received		7,395	8,347
Interest and other finance costs paid		-	(84)
		(438,555)	(263,067)
Net cash used in operating activities		(438,555)	(263,067)
Cash flows from investing activities			
Payments for security deposits		(21,000)	-
Payment of deposits for property plant and equipment		(50,000)	(50,000)
		(71,000)	(50,000)
Net cash used in investing activities		(71,000)	(50,000)
Cash flows from financing activities			
Proceeds from issue of shares	7	549,824	-
Share issue transaction costs		(36,280)	-
Repayment of borrowings		-	(13,107)
		513,544	(13,107)
Net cash from/(used in) financing activities		513,544	(13,107)
Net increase/(decrease) in cash and cash equivalents		3,989	(326,174)
Cash and cash equivalents at the beginning of the financial half-year		129,007	431,535
Cash and cash equivalents at the end of the financial half-year		<u>132,996</u>	<u>105,361</u>

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

Resource Base Limited
Notes to the financial statements
31 December 2016

Note 1. General information

The financial statements cover Resource Base Limited as a consolidated entity consisting of Resource Base Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Resource Base Limited's functional and presentation currency.

Resource Base Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 17
500 Collins Street
Melbourne, Victoria 3000

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 9 March 2017.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2016 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Australian Accounting Standards (AASs) and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these AASs result in no material impact on the interim financial report.

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

Going concern

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

For the six months ended 31 December 2016, the consolidated entity incurred a loss of \$355,539 (2015: loss of \$392,082) and had negative cash flows from operations \$438,555 (2015: negative cash flows \$263,067).

As at 31 December 2016 the consolidated entity had a working capital deficiency of \$292,757 (30 June 2016: \$272,637).

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

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

Note 2. Significant accounting policies (continued)

- On 24 February 2017, the company was provided a debt facility of \$200,000 to funding working capital and other activities by Asipac Group Pty Ltd;
- The board is of the opinion that the company will be able to access equity capital markets for additional working capital requirements;
- The non-executive directors have all agreed not to receive payment of their fees if it jeopardises the ability of the consolidated entity to pay its debts as and when they fall due; and
- The consolidated entity retains the ability, if required, to wholly or in part dispose of mining plant and equipment.

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

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

Note 3. Operating segments

Identification of reportable operating segments

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

Note 4. Revenue

	Consolidated December 2016 \$	December 2015 \$
Interest	7,421	7,279
Rent	97,494	16,851
Other revenue	-	5,273
Revenue	<u>104,915</u>	<u>29,403</u>

Note 5. Non-current assets - other assets

	Consolidated December 2016 \$	June 2016 \$
Security deposits	537,628	516,628
Deposits on land	125,000	75,000
	<u>662,628</u>	<u>591,628</u>

During the period the company paid a further \$50,000 deposit to secure the right to purchase land adjoining the current Broula King site. Under the contract the company can secure the land by paying a total of \$300,000 and a further \$175,000 is payable in instalments. All remaining payments can be made at the discretion of the company.

Note 6. Non-current liabilities - payables

	Consolidated	
	December 2016	June 2016
	\$	\$
Payable to former director	<u>215,918</u>	<u>324,225</u>

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

Note 7. Equity - issued capital

	December 2016	June 2016	Consolidated December 2016	June 2016
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>412,367,657</u>	<u>274,911,720</u>	<u>14,602,953</u>	<u>14,089,409</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2016	274,911,720		14,089,409
Rights issue	26 July 2016	137,455,937	\$0.004	549,824
Cost of capital raising		-	\$0.000	(36,280)
Balance	31 December 2016	<u>412,367,657</u>		<u>14,602,953</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.

Share buy-back

There is no current on-market share buy-back.

Note 8. Equity - dividends

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

Note 9. Events after the reporting period

On 24 February 2017, the company was provided a debt facility of \$200,000 to funding working capital and other activities by Asipac Group Pty Ltd.

No other matter or circumstance has arisen since 31 December 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.

Resource Base Limited
Directors' declaration
31 December 2016

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Martin Janes
Director

9 March 2017

RSM Australia Partners

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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF

RESOURCE BASE LIMITED

We have reviewed the accompanying half-year financial report of Resource Base Limited ("the consolidated entity") which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Resource Base Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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Independence

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

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year then ended; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 2 to the financial statements which indicates that as at 31 December 2016 the consolidated entity had a working capital deficiency of \$292,757 (30 June 2016: \$272,637), and that it incurred a loss of \$355,539 for the half year ended 31 December 2016 (31 December 2015: loss of \$392,082), and reported negative operating cash flows of \$438,555 (December 2015: negative operating cash flows of \$263,067). These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and, therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.



RSM AUSTRALIA PARTNERS



J S CROALL
Partner

9 March 2017
Melbourne, Victoria