

Resource Base Limited

ABN 57 113 385 425

Interim Report - 31 December 2017

Resource Base Limited
Corporate directory
31 December 2017

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 2017

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 2017.

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:

- 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 \$382,131 (31 December 2016: \$355,539).

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.

The Company's focus remains on identifying and pursuing potential assets which have synergistic operational with the Broula King Project. The Directors are also actively considering various other transactions for the Company and its assets. At the end of the reporting period and at the date of this report, the company remains in active discussions with a number of parties.

Accordingly, whilst these discussions continue, exploration activities on the Broula King mining lease and adjacent exploration licence has been suspended until the outcome of these discussions are determined.

There remains significant exploration potential within the Broula King mining lease and the surrounding exploration licence (EL8509) which was granted to the Company in 2017. A targeted exploration program in 2017 highlighted high grade gold in the pit ramp and the copper potential around the historical Cowfell mine.

Significant changes in the state of affairs

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

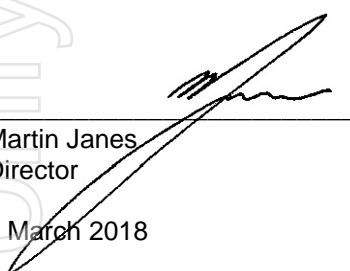
Auditor's independence declaration

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

Resource Base Limited
Directors' report
31 December 2017

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 2018

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 2017, 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

Dated: 9 March 2018
Melbourne, Victoria

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 2017

		Consolidated	
		31 December 2017	31 December 2016
	Note	\$	\$
Revenue	4	54,620	104,915
Expenses			
Administration expenses		(55,772)	(46,182)
Corporate expenses		(169,172)	(190,349)
Care and maintenance expenses		(62,362)	(105,219)
Occupancy		(84,311)	(87,540)
Other expenses		(2,564)	(7,618)
Finance costs		(62,570)	(23,546)
Loss before income tax expense		(382,131)	(355,539)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Resource Base Limited		(382,131)	(355,539)
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>(382,131)</u>	<u>(355,539)</u>
		Cents	Cents
Basic earnings per share		(1.39)	(1.36)
Diluted earnings per share		(1.39)	(1.36)

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 2017

	Consolidated	
	31 December	
Note	2017	30 June 2017
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	19,455	18,140
Receivables	56,730	35,659
Other	6,763	-
Total current assets	82,948	53,799
Non-current assets		
Plant and equipment	11,198	11,576
Mining	412,500	412,500
Other assets	677,628	662,628
Total non-current assets	1,101,326	1,086,704
Total assets	1,184,274	1,140,503
Liabilities		
Current liabilities		
Payables	606,470	505,822
Borrowings	760,340	318,181
Employee benefits	49,677	50,072
Total current liabilities	1,416,487	874,075
Non-current liabilities		
Payables	119,389	235,899
Provisions	500,000	500,000
Total non-current liabilities	619,389	735,899
Total liabilities	2,035,876	1,609,974
Net liabilities	(851,602)	(469,471)
Equity		
Issued capital	14,602,953	14,602,953
Accumulated losses	(15,454,555)	(15,072,424)
Total deficiency in equity	(851,602)	(469,471)

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 2017

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	513,544	-	513,544
Balance at 31 December 2016	<u>14,602,953</u>	<u>(14,525,039)</u>	<u>77,914</u>

Consolidated

	Issued capital \$	Accumulated losses \$	Total deficiency in equity \$
Balance at 1 July 2017	14,602,953	(15,072,424)	(469,471)
Loss after income tax expense for the half-year	-	(382,131)	(382,131)
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	(382,131)	(382,131)
Balance at 31 December 2017	<u>14,602,953</u>	<u>(15,454,555)</u>	<u>(851,602)</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 2017

	Consolidated	
	31 December	31 December
	2017	2016
	\$	\$
Cash flows from operating activities		
Receipts from customers	32,188	94,465
Payments to suppliers and employees	(399,456)	(540,415)
	(367,268)	(445,950)
Interest received	6,180	7,395
Interest and other finance costs paid	(20,411)	-
	(381,499)	(438,555)
Net cash used in operating activities		
Cash flows from investing activities		
Payments for plant and equipment	(2,186)	-
Payments for security deposits	-	(21,000)
Payment of deposits for property plant and equipment	(15,000)	(50,000)
	(17,186)	(71,000)
Net cash used in investing activities		
Cash flows from financing activities		
Proceeds from issue of shares	-	549,824
Proceeds from borrowings	400,000	-
Share issue transaction costs	-	(36,280)
	400,000	513,544
Net cash from financing activities		
	1,315	3,989
Net increase in cash and cash equivalents	18,140	129,007
Cash and cash equivalents at the beginning of the financial half-year		
	19,455	132,996
Cash and cash equivalents at the end of the financial half-year		

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 2017

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 2018.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2017 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 2017, the consolidated entity incurred a loss of \$382,131 (2016 : loss of \$355,539) and had negative cash flows from operations \$381,499 (2016 : negative cash flows \$438,555).

As at 31 December 2017 the consolidated entity had a working capital deficiency of \$1,333,539 (June 2017 : \$820,276).

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

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

Note 2. Significant accounting policies (continued)

- The company has received a letter of comfort from its major shareholder, Asipac Group Pty Ltd, indicating that Asipac will provide financial support sufficient for the Company to meet its financial commitments;
- The Board is of the opinion that the company will be able to access equity capital markets for any additional working capital requirements;
- The consolidated entity retains the ability, if required, to wholly or in part dispose of mining plant and equipment; and
- The ability of the consolidated entity to scale back certain activities if required.

There is material uncertainty whether the consolidated entity will continue as a going concern and therefore whether it 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 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	
	31 December 2017	31 December 2016
	\$	\$
Interest	6,432	7,421
Rent	48,188	97,494
Revenue	<u>54,620</u>	<u>104,915</u>

Note 5. Current liabilities - borrowings

	Consolidated	
	31 December 2017	30 June 2017
	\$	\$
Unsecured loan from major shareholder	<u>760,340</u>	<u>318,181</u>

A total of \$700,000 has been drawn down against this facility with an additional amount of \$60,340 having been accrued in relation to interest and facility fees.

Note 6. Non-current liabilities - payables

	Consolidated	
	31 December	30 June 2017
	2017	2017
	\$	\$
Payable to former director	111,836	223,816
Other payables	7,553	12,083
	<u>119,389</u>	<u>235,899</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 installments, with the first payment having been made in July 2016.

Note 7. Equity - dividends

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

Note 8. Events after the reporting period

No matter or circumstance has arisen since 31 December 2017 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 2017

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 2017 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 2018

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 2017, 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 2017 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.

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 2017 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*.

Material Uncertainty Related to Going Concern

Without modifying our conclusion, we draw attention to Note 2 to the financial statements which indicates that as at 31 December 2017 the consolidated entity had a working capital deficiency of \$1,333,539 (30 June 2017: \$820,276), and that it incurred a loss of \$382,131 for the half year ended 31 December 2017 (31 December 2016: loss of \$355,539), and reported negative operating cash flows of \$381,499 (31 December 2016: negative operating cash flows of \$438,555). 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

Dated: 9 March 2018
Melbourne, Victoria