

ASX Announcement

31 January 2019

Quarterly Activities Report – December 2018

On 19 November 2018, the ASX suspended the company from official ASX market quotation, on their stated basis that “operations are not adequate to warrant the continued quotation of its securities, and therefore is in breach of Listing Rule 12.1”. That suspension continues in effect.

The company continues to pursue various initiatives, already well underway at the time of suspension, in order to demonstrate to the ASX that it meets the operations/activities threshold to enable reinstatement of trading.

During the quarter, the company made significant progress in several of these business initiatives.

A Memorandum of Understanding re Gold Processing was entered with International Base Metals Ltd re opportunities to process gold-bearing material derived from the Adelong Challenger gold mine at the Broula King gold processing plant, entailing a trucking distance from mine to processing plant of approx. 200 km. (ref. ASX release dated 27 November 2018).

Subsequently, a series of technical reviews and site visits have been undertaken by the parties, to help define the technical, regulatory and financial aspects of a joint operation. Most recently, a draft Milling Agreement has been exchanged, as a basis for a formal agreement between the parties to govern the initial period of cooperation. At this time, no major impediments have been encountered, and it is hoped that discussions can proceed quickly to finalise the Milling Agreement and move promptly to initial implementation.

The current high gold prices, particularly with the A\$ price reaching near record levels over recent weeks (significantly in excess of A\$1800/Oz) supports the rationale for this cooperative venture. The fact that the Broula King mine is in a good state of care & maintenance, and can be quickly and economically re-activated, is a major factor

Also, progress was made towards procurement of an idled magnetite mine located only 12 km distant from the Broula King processing plant. The owner of the mine, Abterra Australia Pty Ltd, was placed into voluntary administration in August 2018, and negotiations are underway with the Administrator to secure title to the Mining Lease.

In October, 2018, a tender document, together with a security deposit, was lodged with the Administrator, detailing the terms & conditions under which RBX would acquire the mining lease and the freehold property upon which the mining lease is located. A series of discussions and site visits have been held with the Administrator, regulatory authorities, local municipalities and potentially affected land-owners, to detail and agree the requirements that would permit re-activation of the magnetite mine, and processing of the magnetite at the Broula King processing plant. The high-grade magnetite product would then be sold into the regional N.S.W coal washery plants that are currently reliant on imported product.

Again, the robust conditions enjoyed by the coal industry support this initiative. High quality coal continues to be in high demand, both for local consumption but particularly into the export market, and industry economics are robust. Coal producers are attentive to the need to supply clean coal to meet the increasingly stringent environmental requirements of their local and offshore customers. "Washed" coal is an important component of this quality regime. The magnetite concentrate utilised in these washery plants is an important strategic input and commands a premium price.

In addition to these continuing initiatives, the company continues to seek further opportunities to utilise the strategic benefit of having a permitted processing plant that can be reactivated quickly and has flexibility & capability to treat a range of potential mineral products. The existence and potential capability of the plant is well recognised. As well as our own initiatives, the company has received several approaches from owners of other "stranded" mineral assets within the region where economic trucking between mine and processing plant may enable a combined operation to be developed. These continue to be evaluated.

It is the determined objective of the company to bring at least one of these potential arrangements to fruition in the near future, and that will be the basis upon which the ASX will re-assess the operational status of the Company and return the securities of the company to official ASX listing.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

RESOURCE BASE LIMITED

ABN

57 113 385 425

Quarter ended ("current quarter")

DECEMBER 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	18	57
1.2 Payments for		
(a) exploration & evaluation		
(b) development		
(c) production		
(d) staff costs	(1)	(2)
(e) administration and corporate costs	(146)	(353)
1.3 Dividends received (see note 3)		
1.4 Interest received	7	7
1.5 Interest and other costs of finance paid	(5)	(5)
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(127)	(296)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(65)	(65)
(b) tenements (see item 10)		
(c) investments		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(d) other non-current assets		
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities	(65)	(65)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares		
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options		
3.5 Proceeds from borrowings	200	400
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities	200	400

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	62	31
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(127)	(296)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(65)	(65)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	200	400

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	70	70

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	70	62
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	70	62

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

0

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	1100	1100
Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

The consolidated entity has entered into a debt facility agreement with Asipac Group Pty Ltd, a major shareholder. On 24 October 2018, this facility was extended until 24 October 2019.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	
9.2 Development	
9.3 Production	
9.4 Staff costs	
9.5 Administration and corporate costs	150
9.6 Other (provide details if material)	
9.7 Total estimated cash outflows	150

The Company will rely on its existing cash resources and future capital raising (either debt and/or equity), including its ability to place securities under LR7.1 and LR7.1A to fund its current activities. In addition, the company has received a letter of comfort from major shareholder Asipac Group Pty Ltd, whereby it has confirmed that it will continue supporting the consolidated entity in respect of the financial support that may be necessary in the interim to enable the consolidated entity to meet its financial commitments. Until such time that the consolidated entity is able to raise alternative funding from a capital raising or alternate loan facility from elsewhere, Asipac undertakes that in the event of the consolidated entity not being able to repay all amounts due under the current Loan Facility at maturity that it will negotiate to restructure the terms of the Loan to accommodate the consolidated entity's financial requirements.

In light of the above factors, the Company believes that it will have sufficient cash to fund its existing activities. The Company expects to have negative cashflows from operations of approximately \$150,000 for the forthcoming quarter. The Company's Board and Management is focused on meeting its current objectives and confirm that it is in compliance with ASX Listing Rules, in particular, Listing Rule 3.1.

Mining exploration entity and oil and gas exploration entity quarterly report

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:
(Company Secretary)

Date: 31/01/19

Print name:Justyn Stedwell.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.