



RMIC

Resource Mining Corporation Limited

ANNUAL REPORT 2020

**RESOURCE MINING
CORPORATION LIMITED**

ABN 97 008 045 083

TABLE OF CONTENTS



Company Information 1

Chairman’s Letter 2

Review of Strategic Intent..... 3

Directors’ Report..... 7

Financial Statements 15

Notes to the Consolidated Financial Statements 19

Directors’ Declaration 35

Independent Auditor’s Report to the Members..... 36

Independent Auditor’s Independence Declaration 39

Additional Information..... 40

COMPANY INFORMATION



ABN	97 008 045 083
Directors	William (Bill) Mackenzie (Non-Executive Chairman) Warwick Davies (Managing Director) Zhang Chi (Andy) (Non-Executive Director)
Company Secretaries	Amanda Sparks
Registered Office	Suite 14, Level 2 210 Bagot Road SUBIACO, WESTERN AUSTRALIA 6008
Principal Place of Business	Suite 14, Level 2 210 Bagot Road SUBIACO, WESTERN AUSTRALIA 6008 Telephone: +61 8 6494 0025 Website: www.resmin.com.au
Share Registry	Computershare Investor Services Pty Ltd Level 11, 172 St Georges Terrace PERTH, WESTERN AUSTRALIA 6000 Telephone Within Australia: 1300 850 505 Outside Australia: +61 3 9415 4000 www.investorcentre.com/contact
Auditor	BDO Audit (WA) Pty Ltd 38 Station Street SUBIACO, WESTERN AUSTRALIA 6008 Telephone: +61 8 6382 4600 Facsimile: +61 8 6382 6401
Bankers	Westpac Bank 116 James Street NORTHBRIDGE, WESTERN AUSTRALIA 6000
Securities Exchange Listing	Resource Mining Corporation Limited shares are listed on the Australian Securities Exchange (Home Exchange – Perth) ASX Code: Shares RMI

Dear Shareholder

On behalf of the Board of Directors, it is with pleasure that I present Resource Mining Corporation Limited's (RMC's) Annual Report for the year ended 30 June 2020.

Despite the turbulent year, your Company continues to maintain its 100% interest in the Wowo Gap project pending a sustained improvement in market conditions. The Exploration Licence for EL1165 expired on 28 February 2020 with a renewal application being submitted and accepted on 24th February 2020. The first stage of the licence renewal process, the conduct of a Warden's Court Hearing, has been deferred indefinitely because of the effects of COVID-19 in PNG. Under PNG law, EL1165 remains in force until the renewal process is concluded.

Like Australia, the challenges of COVID-19 continue to be experienced in PNG. I am pleased to report, that the management team took early action regarding the establishment of a local COVID-19 policy and works protocol consistent with WHO and Australian Government guidelines. This action was taken immediately prior to the PNG Government's declaration of a State of Emergency on 24th March 2020, the Company was an early adopter of the WHO recommended social distancing and hygiene activities which were reinforced in the Company's site policies.

Operating in a remote environment with severely limited communications facilities presented challenges to achieve the swift and effective implementation of the COVID-19 policy requirements. The policy for social distancing and hygiene was initially implemented in the main exploration camp together with a total ban on personnel movement until the on-site staff were familiar with the changes in operations. Once this was achieved, the staff members became 'ambassadors' for delivery of the COVID-19 message to their local villages. This approach, together with the Company's regular COVID-19 update bulletins, assisted in passing the message to residents.

The National PNG Government implemented a COVID-19 awareness campaign which was rolled out across the country and when delivered to the villages by the EL 1165 exploration area, served to reinforce the messages provided by Company staff and casual employees. No evidence of the COVID-19 virus infection has been identified in the broad area surrounding EL 1165.

The Company continued to provide support for local schools, community groups as well as clan groups on a cooperative basis. Logistical and financial reasons together with social engagement drives the local purchase of labour and fresh food for the satisfaction and mutual benefit of the Company and communities.

Project activity on EL 1165 was in keeping with the commitments for the EL 1165 license, site-based activities including maintaining the project area and exploration equipment in a 'ready state' for future exploration and potential development. Routine environmental activity including water sampling was undertaken during the year. The well-established training and upskilling of casual labourers continued as the policies of local villages of providing employment opportunities for as many local residents as possible, means frequent staff turnover, with regular training programs undertaken with benefits of improved performance providing flexibility for key tasks on site being experienced.

Off-site activity was spent understanding the battery minerals business and the roles nickel and cobalt play in the various lithium ion battery types. An understanding of end-user's product requirements continues as a management focus.

Nickel prices remained volatile with initial rises at the beginning of the financial year based on bullish expectations arising from the Indonesian Government's decision to bring forward the nickel ore export ban by two years, to a downward price trend driven by COVID-19 effects. The economic effects of COVID-19 are well established with the nickel market being no exception. World demand for nickel metal has been subdued since March 2020 reflected in the price movement. However, some stabilisation and then modest upward movement was recorded at year end as production was affected by COVID-19 outbreaks in Indonesia and Russia.

On behalf of the Board, I thank the RMC team for their commitment during the year and my fellow directors for their support. Most importantly, I thank you, the Shareholders, for your continued support.

Yours sincerely

A handwritten signature in black ink, appearing to read 'W. Mackenzie', written in a cursive style.

William Mackenzie
Chairman

Resource Mining Corporation Limited (ASX: RMI) (**Resource Mining, RMC** or the **Company**) is an innovative, Perth-based, mineral exploration company with a significant mineral deposit in Papua New Guinea (**PNG**).

The development of the Wowo Gap Nickel/Cobalt Project in south east PNG remains the key strategic goal of the Resource Mining Group. Recent developments in the world's nickel industry have focussed attention on the nickel laterite projects in the South Pacific.

PAPUA NEW GUINEA - WOWO GAP NICKEL/COBALT/ LATERITE PROJECT (the Project): EL 1165 (RMC 100% interest)

PROJECT OVERVIEW

The Project is located 200 kilometres east of the PNG capital Port Moresby and approximately 35 kilometres inland from the coastal town of Wanigela, situated on Collingwood Bay. The Project hosts significant nickel-cobalt mineralisation within the laterite profile overlying an ultramafic plateau.

Tenement Status EL 1165

Niugini Nickel Pty Ltd (**Niugini Nickel**), a 100% owned subsidiary of Resource Mining, is the sole owner of Exploration Licence 1165. The Exploration Licence consists of 28 sub-blocks with an area of 94.40 square kilometres.

The Exploration Licence for EL1165 expired on 28 February 2020 with a renewal application being submitted and accepted on 24th February 2020. The first stage of the licence renewal process, the conduct of a Warden's Court Hearing has been deferred indefinitely because of COVID-19 in PNG.

The Company received advice on 9th March 2020 that the warden's Court Hearing was scheduled to be conducted on 13th May 2020 in the villages of Obea and Embessa. This hearing date was cancelled by the MRA due to COVID-19 lockdown in PNG. On 10th June 2020, an alternative date of 5th August 2020 was nominated. However, the influence of COVID-19 again interfered with the company receiving advice from the MRA on 28th July 2020 that "the hearing has been adjourned and deferred indefinitely". No further advice has been received. During the period from renewal application on, the tenement remains in force with the company meeting its obligations under the terms and conditions of the Mining Act.

Geology

Wowo Gap is located at the south-eastern end of the Papuan Ultramafic Belt, a complex of peridotite, pyroxenite and gabbro which form the prominent east-west trending Didana Range.

The most prominent rock types are of the Papuan Ultramafic Belt, which occur as an east trending block through the Didana Range and are bounded to the east and southeast by the Bereruma Fault. The Bereruma Creek is controlled by this fault and is positioned in Wowo Gap between the Didana Range to the west and the Goropu Mountains to the east. In the Didana Range the ultramafic rocks consist of tectonite ultramafics, cumulate ultramafics and gabbro and granular gabbro.

The tectonite ultramafics crop out at the eastern end of the Didana Range adjacent to and within the western section of the Wowo Gap Nickel Laterite Project. The Sivai Breccia, co-host of the Wowo Gap mineralisation, flanks the tectonite ultramafic at the eastern end of the Didana Range adjacent to the Bereruma Fault.

The ultramafic rocks are flanked by younger clastic sediments and basaltic volcanics of the Pliocene Domara River Conglomerate, the Musa Volcanics and the Silimidi Conglomerate. In the northern foothills of the Didana Range the Bonua Porphyry is associated with the Musa Volcanics.

The Project area lies within an erosional regime of an east dipping lateritic profile developed over the underlying ultramafics. The Project area is the physiographic expression of the northeast trending Bereruma Fault.

A complete lateritic profile is preserved, with partial truncation associated with recent drainage systems. The depth of weathering varies according to rock type and the degree of brecciation. The lateritic profile is typically 10 to 15 metres thick, occasionally more than 20 metres proximal to the Sivai Breccia.

Mineral Resources

Exploration has outlined mineralisation along the 12-kilometre strike length with a total Indicated and Inferred Mineral Resource Estimate of 125 million tonnes at 1.06 per cent Nickel (Ni), 0.07 per cent Cobalt (Co). See Table 1 below for further details.

Mineral Resource Classification (JORC 2004)	Mt	Nickel (%)	Cobalt (%)
Indicated	72	1.03	0.07
Inferred	53	1.09	0.06
Total	125	1.06	0.07
Contained Metal		1,325,000 t	83,000 t

Table 1 – Mineral Resource Estimate¹

Nickel and cobalt markets

The two metals of economic interest at Wowo Gap, nickel and cobalt, have, in the past, been utilised predominantly in specialty metal alloy applications, with lesser, but nevertheless important uses in various industrial chemical applications.

Figure 1 and Figure 2 below show the 2019-2020 LME price of nickel and cobalt respectively



Figure 1 – LME Nickel price 2019-2020

¹ Refer to ASX announcement 14 December 2011, RMC confirms that it is not aware of any new information or data that affects the information included in that market announcement and that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. RMC’s policy for Mineral Resources estimates is to have the estimates prepared by a suitably qualified and experienced external consultant and have these estimates reviewed internally by the Board periodically.

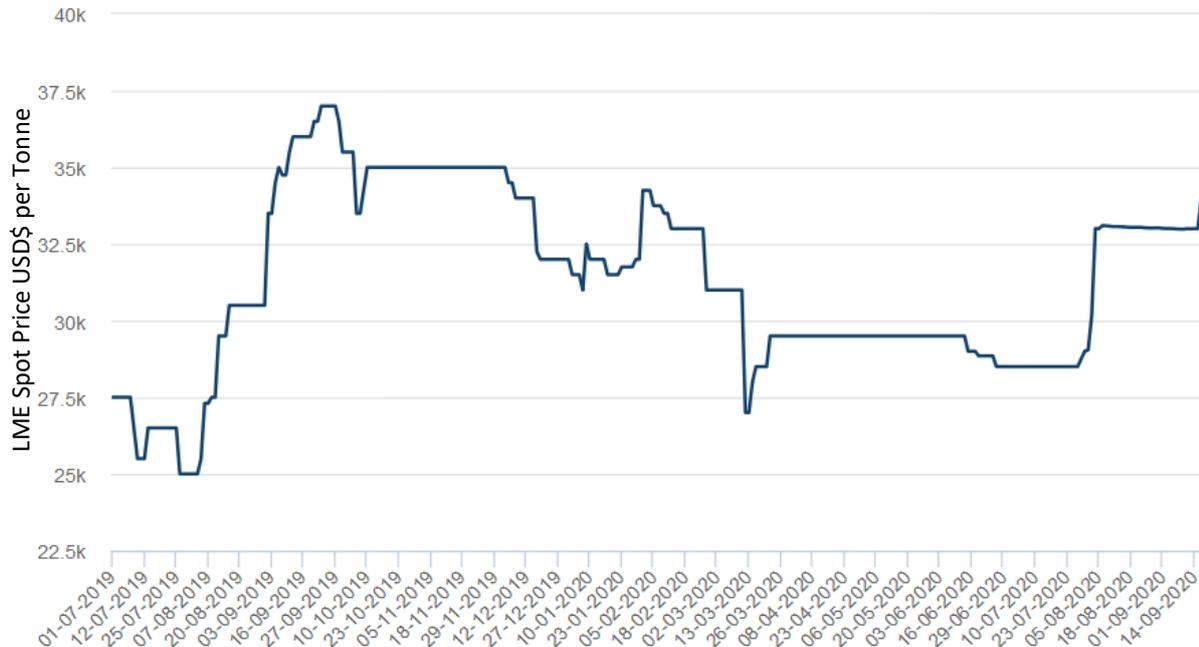


Figure 2 – LME Cobalt price 2019-2020

Whilst demand from speciality alloy markets is expected to continue, significant new demand for both metals is expected from rechargeable battery markets.

“Nickel first–use is dominated by the stainless steel sector. It comprises more than two–thirds of primary demand today. Nevertheless, with a rapid and prolonged drive towards the electrification of transport in prospect, we contend that there are plausible long run paths where batteries and stainless steel will become equally important consumers of nickel, in a much bigger global market.”

SOURCE : BHP’s economic and commodity outlook;18 August 2020

“Well, I’d just like to reemphasize, any mining companies out there, please mine more nickel, OK? Wherever you are in the world, please mine more nickel, and don’t wait for nickel to go back to some long -- some high point that you experienced some five years ago or whatever. Go for efficiency, as environmentally friendly, nickel mining at high volume. Tesla will give you a giant contract for a long period of time if you mine nickel efficiently and in an environmentally sensitive way. So hopefully, this message goes out to all mining companies. Please get nickel.”

SOURCE : Elon Musk, TESLA Q2 2020 Earnings Call Transcript; 23 July 2020

As a potential future source of both nickel and cobalt, the Wowo Gap project is well placed to take advantage of these emerging market trends.

Site Activities

Exploration camp facilities have been maintained and local personnel rotated through regular training programs. The impact of COVID-19 has been significant in terms of numbers of people on site, social distancing, and general arrangements with porters. Considering social distancing, work programs have been arranged to tasks involving 2 or 3 people with limited supervision, operators being trained and encouraged to be ‘self-reliant’.

The COVID-19 situation has affected the arrangements casual labour is provided from local villages. With Company support, a program of offering employment opportunities to as many people as possible on a rotation basis has meant regular “first-timers” arriving on site. This has been a positive providing opportunities to reinforce the COVID-19 message and provide a platform for continuous improvement in the site training regime.

The extensive campaign of updating all policies and procedures and training manuals completed last year has provided its worth in the current changed circumstances.

Environmental

Environmental activities continued as normal until the changes forced by COVID-19. New techniques have been adopted to ensure social distancing with the result that activities take longer with reduced levels of available manpower. Subtle operational changes have allowed sampling to be carried out when personnel work in or out of the site allowing the COVID-19 techniques to be closely followed.

2019/2020 has been a wet year but no serious flood conditions were experienced. Local food is readily available and the well-established water supply to the exploration camps, received regular and routine maintenance demonstrating its reliability of a predictable water source.

Whilst infrequent, storms occur in the tenement area contributing to natural destruction of the sections of the forest when large old trees fall. Continual attention is required to ensure walking trails and exploration tracks are kept open. This is particularly relevant to EL 1165 where all food, fuel and small equipment is carried in providing local residents with employment opportunities. Track maintenance provides opportunities for forest and vegetation monitoring. Routine and regular maintenance is undertaken to the standard and emergency helicopter landing pads which are kept in a 'use ready' condition at all times.

Social

The maintenance of an active social engagement policy continued during the year. As the year progressed, requests for assistance for a wide range of services increased reflecting the continued 'fall-off' of service delivery by local, provincial and national governments. Sadly, RMC's subsidiary company Niugini Nickel Pty Ltd is seen by many individuals and communities associated with the Wowo Gap Nickel Project, as the obvious candidate to provide basic services relating to health and education.

The COVID-19 situation impacted all the country including the remote area adjacent to EL1165. A State of Emergency was declared by the PNG Government on 24th March 2020 and subsequently extended eventually lifted on 1st June 2020. Travel restrictions within the country were enforced and later relaxed to near normal conditions.

During the SOE, access to Popondetta, was totally restricted. During the SOE, the COVID-19 domestic travel restrictions caused some minor site manning issues as Company personnel were 'caught' in Popondetta unable to travel home due to quarantine and general travel restrictions. Local villagers sought assistance from the Company to facilitate communications with family members and officials during what was a difficult communications period.

The Company's emergency communications protocols were tested during these conditions with mixed success. Lessons have been learnt and modifications to the protocols instituted and successfully tested in practice and a real-life situation. Site personnel have appreciated the revised contact protocols as they look to adapt their lives to new normal.

Social distancing and personal hygiene remain the key focus for site operations. Personnel movement with strict controls of numbers of people on site and walking together have gradually been accepted and implemented. Information regarding the recent growth in positive cases of COVID-19 in Port Moresby has made company employees, porters, contractors, and villagers very aware of the need to adhere to company directives when working and traveling to and from site.

Reinforcement of the Company's COVID-19 operations and awareness campaigns together with updated information regarding COVID-19, is a regular activity. Experience from information sourced from World Health Organisation, Australian and PNG Government sources, together with regular news information is regularly being shared with employees and the residents of the villages serving the EL 1165 exploration facilities.

The site-based supervisors together with the Village Liaison Officers, have maintained effective control over the numbers of people travelling to site. Experience has demonstrated that quite strict controls over the frequency of portage and numbers of porters has to be a focus for the supervisory personnel.

With satellite internet on site, the Company provides regular updates to local communities regarding Government and PNG newspaper information to ensure these communities have relevant information that assists in their understanding of actions being undertaken by the Company.

The National PNG Government implemented a COVID-19 awareness campaign which was rolled out across the country and when delivered to the villages by the EL 1165 exploration area, served to reinforce the messages provided by company staff and casual employees. No evidence of the COVID-19 virus infection has been identified in the broad area surrounding EL 1165.

The Company continued to provide support for local schools, community groups as well as clan groups on a cooperative basis. Logistical and financial reasons together with social engagement drives the local purchase of labour and fresh food for the satisfaction and mutual benefit of the company and communities.

DIRECTORS' REPORT



Your Directors present their report for the financial year ended 30 June 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Group during the year was mineral exploration in Papua New Guinea.

DIRECTORS

The following persons were Directors of Resource Mining Corporation Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

William Mackenzie	Chairman (Non-Executive)
Warwick Davies	Managing Director (Executive Director)
Zhang Chi	Director (Non-Executive)

PARTICULARS OF DIRECTORS AND COMPANY SECRETARY

William (Bill) Mackenzie **Chairman (Non-Executive)**

Qualifications: Bachelor of Engineering (Mining); MBA; M AusIMM; MAICD

Term: Chairman and Director since December 2008

Experience: Mr Mackenzie is a mining engineer with over 30 years of experience in the resources sector with involvement in the assessment, development and operation of mineral projects both within Australia and overseas. Mr Mackenzie's experience has included direct operating, senior project management and executive roles with responsibility for business development, project and business unit management of various Australian and offshore ventures and from 2001 was Principal of a consulting group that provided specialised, independent technical and commercial advice to boards, banks and investors involved in the development of resources, energy and infrastructure projects worldwide. He served as a non-executive Director of ASX listed OM Holdings Limited from 2005 till 2007 and as Managing Director of a privately owned diversified Australian resource development company from 2007 till 2013. Since 2015, he has been a director of the Australian subsidiary of a privately owned international investment group.

Interest in Shares and Options in Resource Mining Corporation Limited: 2,092,847 ordinary shares

Special Responsibilities: Mr Mackenzie is a Non-Executive Chairman.

Directorships held in other listed entities current or last 3 years: None.

Zhang Chi (Andy) **Director (Non-Executive)**

Qualifications: Mr Zhang has an economics degree from Renmin University in China.

Term: Director since April 2006

Experience: Mr Zhang is Managing Director of Sinom (Hong Kong) Limited and has very extensive experience in the Iron and Steel Industry in China. Prior to becoming involved in Sinom (Hong Kong) Limited, Mr Zhang held several positions with the BaoSteel Group, (China's largest steel maker).

Interest in Shares and Options in Resource Mining Corporation Limited: 136,793,768 ordinary shares held by Sinom (Hong Kong) Limited of which Mr Zhang is a Director and controlling shareholder.

Special Responsibilities: Mr Zhang is a Non-Executive Director.

Directorships held in other listed entities current or last 3 years: None.

DIRECTORS' REPORT (continued)



Warwick Davies **Managing Director**

Qualifications: Bachelor of Arts (Economics) and has a Certificate of Chemistry.

Term: Director since August 2004

Experience: Mr Davies has over fifty years' industry experience in the mining, exploration and manufacturing industries. He has held a variety of leadership roles in both technical and commercial positions during his extensive career with BHP, Hamersley Iron, Robe River Mining Co and RMC.

As an independent mining industry consultant since 2001, Mr Davies has worked on a wide variety of assignments initially in the Iron Ore Industry and more recently in the Non-Ferrous industry with specific emphasis on China. He brings to the Company, considerable practical and international experience, a strong technical background and an extensive potential customer contact network. Over the past 10 years, Mr Davies has developed detailed knowledge of the conduct of business in Papua New Guinea as well as the Nickel and emerging Battery Minerals industry.

Interest in Shares and Options in Resource Mining Corporation Limited: 1,679,437 ordinary shares held directly and 2,655,945 ordinary shares held by related parties.

Special Responsibilities: Mr Davies is responsible for the day-to-day operations of the Group and in particular Metallurgy, Marketing and Infrastructure.

Directorships held in other listed entities current or last 3 years: None.

Amanda Sparks **Company Secretary**

Qualifications: B.Bus, CA, F.Fin

Term: Company Secretary since August 2016

Experience: Ms Amanda Sparks is a Chartered Accountant with over 30 years of resources related financial experience, both with explorers and producers. Ms Sparks has extensive experience in financial management, corporate governance and compliance for listed companies.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2020, and the number of meetings attended by each Director.

	Board Meetings	
	Number eligible to attend	Number attended
Warwick Davies	3	3
William Mackenzie	3	3
Zhang Chi	3	-

During the year, the Chairman and Managing Director held various discussions via phone calls and informal meetings, rather than formal Board meetings. In addition, circular resolutions were used to resolve important matters.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group intends to continue its exploration activities with a view to the commencement of mining operations when practical.

For further details refer to Review of Strategic Intent immediately preceding this Directors' Report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the Group that occurred during the financial year under review not otherwise disclosed in this report or in the consolidated accounts.

DIVIDENDS

No dividends were paid or declared during the year. The Directors do not recommend payment of a dividend.

ENVIRONMENTAL REGULATIONS

The Group has conducted exploration activities on its mineral tenement. The right to conduct these activities is granted subject to environmental conditions and requirements. The Group aims to ensure a high standard of environmental care is achieved and, as a minimum, to comply with relevant environmental regulations. There have been no known breaches of any of the environmental conditions.

OPERATING AND FINANCIAL REVIEW

Review of Operations

The major focus of the Company remains on the development of its wholly owned Wowo Gap Nickel/Cobalt/Laterite Project located 200 kilometres from the PNG capital of Port Moresby.

Nickel prices continued to be volatile during the year with initial rises at the beginning of the financial year based on bullish expectations arising from the Indonesian Government's decision to bring forward the nickel ore export ban by two years, to a downward price trend driven by COVID-19 effects. The economic effects of COVID-19 are well established with the nickel market being no exception. World demand for nickel metal has been subdued since March 2020 reflected in the price movement. However, some stabilisation and then modest upward movement was recorded at years end as production was affected by COVID-19 outbreaks in Indonesia and Russia.

Indonesia is now the world's most significant nickel and stainless-steel producer. The country is expected to produce over 500,000 tons of nickel equivalents in 2020 taking the world from a deficit of 30,000 tons in CY 2019 to a forecast surplus of 100,000 tons in CY 2020. (The ongoing effects of COVID-19 will certainly impact on this forecast surplus). An unexpected side effect of the Indonesian Government's nickel ore export ban has been the collapse in the domestic selling price for ore containing 1.85% Nickel or less. Domestic smelters will accept ore with a minimum of 1.9% Ni forcing domestic miners with lower grades to shut down.

Cobalt and cobalt compounds used in batteries for electric vehicles fluctuated during the year with COVID-19 having a very significant impact on both supply and demand. As Chinese authorities stabilised COVID-19 infection rates within China, prices for EV cobalt compounds rose whilst internationally traded cobalt metal prices fell slightly. The future remains unclear as several major cobalt producers remain closed at year's end due to the COVID-19 effects.

Work activity at Wowo Gap was consistent with the previous year but included major local operational settings changes due to the introduction of COVID-19 safe working procedures. The PNG Government announced a State of Emergency on 24 March 2020 for an initial 2-week period with a subsequent extension to 1st June.

Prior to the SOE being announced, the Company had undertaken steps to adjust the general care and maintenance activities on site to meet the social distancing requirements adopted in Australia. Having personnel on site at all times is essential for many reasons including: safety, communications and to continue basic work as outlined in the application for tenement renewal.

The physical constraints of the exploration camp buildings including office, messing and sleeping quarters for employees, (casual and staff) and for porters who regularly deliver fresh food and equipment, in the new Covid-19 operating environment have meant significant changes to the site based operations. Restrictions on the numbers of personnel on site have been introduced to ensure social distancing can be maintained. Further restrictions on the number and frequency of porters travelling to site have been introduced.

The main exploration site is well suited to the practice of social distancing as there are a surplus of accommodation and office facilities enabling local staff to operate in accordance with changed circumstances.

After minor teething problems, the new arrangements have been well accepted. The company undertook a detailed awareness campaign with information regarding Covid-19 sourced from WHO Australian and PNG Government sources, being shared with the residents of the villages serving the EL 1165 exploration facilities.

With satellite internet on site, the company provides regular updates to local communities regarding Government and PNG newspaper information to ensure these communities have relevant information that assists in their understanding of actions being undertaken by the Company.

These updates have become a routine part of the village liaison officer's monthly responsibilities. There has been excellent acceptance in the changes of work activities including social distancing and local hygiene which is reinforced daily. Despite the restrictions imposed from COVID-19 safe working requirements, site activities included:

- Maintaining basic exploration and environmental monitoring activity;
- Maintenance of exploration camp facilities;

DIRECTORS' REPORT (continued)



- Intensive training of local based work force;
- Maintain focus on social engagement activities particularly with populations of local villages adjacent to the Wowo Gap exploration tenement;
- Maximisation of local food fresh food purchase as an integral component of the company's social engagement process; and
- Other work to ensure the integrity of the tenement to ensure all facilities and personnel are in an "operationally ready" condition.

A cost effective and an active social engagement policy remains at the core of Niugini Nickel's activities.

For further details refer to Review of Strategic Intent immediately preceding this Directors' Report.

Summary of Financial Position, Asset Transactions and Corporate Activities

A summary of key financial indicators for the Group, with prior period comparison, is set out in the following table:

	Year 30 June 2020	Year 30 June 2019
	\$	\$
Cash and cash equivalents held at year end	43,962	49,962
Net loss for the year after tax	(425,278)	(448,913)
Included in loss for the year:		
Exploration costs	(202,436)	(193,526)
Borrowing costs	(1,562)	(1,567)
Basic loss per share (cents) from continuing operations	(0.14)	(0.15)
Net cash (used in) operating activities	(257,400)	(298,821)
Net cash (used in) investing activities	-	-
Net cash from financing activities	252,633	290,807

During the year:

- The Company continues to be supported by additional funding from RMC's largest shareholder, Sinom (Hong Kong) Limited. During the year, Sinom loaned an additional \$238,500 to the Company. This funding is interest free and unsecured.
- In April 2020, Sinom assigned \$1.71 million of loans payable by RMC to Regency Mines plc. Regency have confirmed that it will not request repayment of these loans for a period of 12 months from the date RMC directors sign this director's report for the 30 June 2020 year-end financial statements

SHARE OPTIONS

As at the date of this report, there are no listed or unlisted options over unissued ordinary shares in the Resource Mining Corporation Limited.

REMUNERATION REPORT (Audited)

The Directors present the 2020 Remuneration Report, outlining key aspects of Resource Mining Corporation's remuneration policy and framework, together with remuneration awarded this year.

The report is structured as follows:

- A. Key management personnel (KMP) covered in this report
- B. Remuneration policy, link to performance and elements of remuneration
- C. Contractual arrangements of KMP remuneration
- D. Remuneration of key management personnel
- E. Equity holdings and movements during the year
- F. Other transactions with key management personnel
- G. Use of remuneration consultants
- H. Voting of shareholders at last year's annual general meeting

A. KEY MANAGEMENT PERSONNEL (KMP) COVERED IN THIS REPORT

For the purposes of this report key management personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether Executive or otherwise).

Key Management Personnel during the Year

Non-Executive Directors

- William Mackenzie – Non-executive Chairman (from December 2008)
- Zhang Chi – Non-Executive Director (from April 2006)

Executive Directors

- Warwick Davies – Managing Director (from August 2004)

B. REMUNERATION POLICY, LINK TO PERFORMANCE AND ELEMENTS OF REMUNERATION

The Board's policy is to remunerate Directors, officers and employees at market rates for companies of similar size and industry, for time, commitment and responsibilities. The Board determines payment to the Directors and reviews their remuneration as required, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of Directors' fees that can be paid is subject to approval by shareholders in general meeting, from time to time. Fees for Non-Executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholders' interests, the Directors are encouraged to hold securities in the Company.

The remuneration of Non-Executive Directors is set by reference to payments made by other companies of similar size and industry, and by reference to the Director's skills and experience, and for the Reporting Period included a consideration of the financial restrictions in place on the Company.

Remuneration policy and framework

The Company's policy on remuneration clearly distinguishes the structure of Non-Executive Directors' remuneration from that of executive Directors and senior executives. The remuneration of Non-Executive Directors is set by reference to payments made by other companies of similar size and industry, and by reference to the Director's skills and experience, and for the Reporting Period included a consideration of the financial restrictions in place on the Company. Given the financial restrictions placed on it, the Company may consider it appropriate to issue unlisted options to Non-Executive Directors, subject to obtaining the relevant approvals. The Remuneration Policy is subject to annual review.

The maximum aggregate amount of fees (including superannuation payments) that can be paid to Non-Executive Directors is subject to approval by shareholders at general meeting. The maximum aggregate Directors' fees payable to non-executive Directors is \$250,000 per annum as approved by the shareholders at the 2014 AGM on 26 November 2014.

Executive pay and rewards may consist of a base salary and performance incentives. Long term performance incentives may include options granted at the discretion of the Board and subject to obtaining the relevant approvals. The grant of options, when made, are designed to recognise and reward efforts as well as to provide additional incentive and may be subject to the successful completion of performance hurdles. Executives are offered a competitive level of base pay at market rates (for comparable companies) and are reviewed to ensure market competitiveness.

There are no termination or retirement benefits for Non-Executive Directors (other than superannuation).

Relationship between remuneration and the Group's performance

The Company does not pay any performance-based component of salaries.

Non-Executive Directors' Remuneration

Non-Executive Directors' remuneration consists of base fees (inclusive of superannuation) and is currently set at \$50,000 per annum for the Chairman. The Directors are entitled to reimbursement of out-of-pocket expenses incurred whilst on Company business.

C. CONTRACTUAL ARRANGEMENTS OF KMP REMUNERATION

On appointment to the board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the board policies and terms, including compensation, relevant to the office of director. Remuneration and other terms of employment for the executive directors and the other key management personnel are formalised in service agreements.

DIRECTORS' REPORT (continued)



Executive Directors

Mr Warwick Davies, Managing Director, is responsible for the day-to-day operations of the Group. The Group has an agreement with Fairstone Holdings Pty Ltd* to provide the services of Mr Davies to the Company in relation to its activities on normal commercial terms and conditions, which are detailed as follows:

Terms of Agreement	Remuneration excluding GST	Termination benefit
Agreement commenced 31 August 2011 for 3 years, extended to 31 March 2016. Services continue to be provided under this agreement since 31 March 2016.	\$14,400 per calendar month based on a minimum of 216 business days per annum plus \$100 per hour there-after. However, to assist in reducing costs, Mr Davies has not invoiced the minimum monthly amount, and instead charged his time at \$100/hour, which has resulted in a significantly lower monthly amount.	3 months notice

*Mr Davies is a Director and shareholder of Fairstone Holdings Pty Ltd.

D. REMUNERATION OF KEY MANAGEMENT PERSONNEL

The total remuneration paid to Key Management Personnel is summarised below:

2020	Short-term benefit			Post-employment Benefits	Share-based payments	Total
	Salary and Fees	Cash Bonus	Non-Monetary Benefit	Super-annuation	Shares	
Name	\$	\$	\$	\$	\$	\$
W Mackenzie ¹	50,000	-	-	-	-	50,000
W Davies ²	89,127	-	-	-	-	89,127
Zhang C ³	-	-	-	-	-	-
Totals	139,127	-	-	-	-	139,127

2019	Short-term benefit			Post-employment Benefits	Share-based payments	Total
	Salary and Fees	Cash Bonus	Non-Monetary Benefit	Super-annuation	Shares	
Name	\$	\$	\$	\$	\$	\$
W Mackenzie ¹	50,000	-	-	-	-	50,000
W Davies ²	81,993	-	-	-	-	81,993
Zhang C ³	-	-	-	-	-	-
Totals	131,993	-	-	-	-	131,993

1. Mr Mackenzie's fees for the period July 2016 to June 2020 are unpaid as at 30 June 2020 (total \$250,000).
2. Mr Davies' fees for the period May 2015 to June 2020 are unpaid as at 30 June 2020 (total \$515,443 excluding GST).
3. Mr Zhang Chi elected not to receive any Director's fees effective 1 July 2014.

Long term benefits and termination benefits paid for the year were nil (2019: nil).

During the year, no share-based payments were made (2019: none).

E. EQUITY HOLDINGS AND MOVEMENTS DURING THE YEAR

Share holdings of key management personnel (Includes shares held directly, indirectly and beneficially)

30 June 2020	Balance At the beginning of the Year	Granted as Remuneration	On-market Sale	Balance 30 June 2020
Directors				
W Davies	4,335,382	-	-	4,335,382
W Mackenzie	2,092,847	-	-	2,092,847
Zhang C	137,793,768	-	(1,000,000)	136,793,768
Totals	144,221,997	-	(1,000,000)	143,221,997

DIRECTORS' REPORT (continued)



There are no options on issue as at year end.

F. OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Office Usage

Warwick Davies, Director, is also shareholder and Director of Fairstone Holdings Pty Ltd (Fairstone). During the year, Fairstone provided office usage to the Company amounting to \$4,080 (for the year ended June 2020).

Advances from Directors

During the 2016 year, the Managing Director advanced a total of \$54,000 to the Company as short term funding. These advances are interest free and unsecured. During the 2019/2020 year, the Managing Director advanced a total of \$30,190 (interest free) and \$16,057 was repaid by the Company during the year (2019: advances made to the Company \$36,500, and \$28,293 repaid). The total advance owing to Mr Davies as at year end is \$76,340. Mr Davies has agreed not to call for the outstanding payable balances prior to 30 September 2021 unless Resource Mining Corporation Limited is in a position to repay the amounts.

Unsecured loans and advances – from Sinom

On 4 June 2015, the Company announced entering into a Funding Agreement (“Agreement”) with its major shareholder Sinom (Hong Kong) Limited (“Sinom”). Under the terms of the Agreement and its subsequent amendments, Sinom has agreed to provide the Company up to \$1,210,000 for general working capital purposes as an unsecured loan on the following conditions:

- no interest or fees are payable on the Facility;
- the Facility is unsecured; and
- Principal repayable in full on or before 31 March 2021.

This facility had been fully drawn down. In April 2020, Sinom assigned this loan to Regency Mines plc, an unrelated entity.

On 30 June 2016, the Company announced entering into an additional Funding Agreement (“Additional Agreement”) with its major shareholder Sinom (Hong Kong) Limited (“Sinom”). Under the terms of the Additional Agreement and its subsequent amendments, Sinom has agreed to provide the Company up to \$500,000 for general working capital purposes as an unsecured loan on the following conditions:

- no interest or fees are payable on the Facility;
- the Facility is unsecured; and
- Principal repayable in full on or before 31 March 2021.

This facility had been fully drawn down. In April 2020, Sinom assigned this loan to Regency Mines plc, an unrelated entity.

Regency have confirmed that it will not request repayment of these loans (totalling \$1,710,000) for a period of 12 months from the date Resource Mining Corporation Limited (RMC) directors sign the director’s report for the 30 June 2020 year-end financial statements (refer to Note 12 of the Financial Statements).

Sinom continues to provide additional interest free advances to the Company. These advances are unsecured with no set repayment date. Amount owing from these advances as at year end is \$1,126,087 (2019: \$887,587).

Convertible notes

On 14 October 2014 the Company announced entering into a Facility and Note Deed with its major shareholder Sinom. Pursuant to the Deed, Sinom agreed to provide a loan facility to the Company, and subscribed for two Convertible Notes with an issue price of \$1 million each.

The key terms of the Convertible Notes are:

- a conversion into 5,000,000 shares for each note;
- the Convertible Note is interest free and unsecured; and
- a maturity date of 2 years after the date of the Deed i.e. 14 October 2016.

As approved by Shareholders on 14 November 2019, the Company has up to 51 months from the maturity date to convert the notes into shares (ie by 14 January 2021).

Other transactions

There were no other transactions with key management personnel during the year.

G. USE OF REMUNERATION CONSULTANTS

No remuneration consultants were engaged by the Company during the year.

H. VOTING OF SHAREHOLDERS AT LAST YEAR'S ANNUAL GENERAL MEETING

The Company received 100% of 'yes' votes for its remuneration report for the 2019 financial year and did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

This is the end of audited remuneration report.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has paid a premium to insure the Directors and Officers of the Company and its controlled entities. Details of the premium are subject to a confidentiality clause under the contract of insurance.

The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Company.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Resource Mining Corporation Limited support and adhere to the principles of corporate governance. Please refer to the Company's website for details of corporate governance policies: <http://resmin.com.au/corporate/corporate-governance/>.

AUDITOR

BDO Audit (WA) Pty Ltd was appointed auditors in November 2012 in accordance with section 327 of the *Corporations Act 2001*.

NON-AUDIT SERVICES

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

There were no fees for non-audit services paid/payable to the external auditors during the year ended 30 June 2020.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration is included after the Auditor's Report in this annual report.

MATTERS SUBSEQUENT TO THE END OF FINANCIAL YEAR

Subsequent to year end, the following occurred:

- The Company has received an additional \$70,000 of funding from Sinom (Hong Kong) Limited; and
- The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential future impact after the reporting date. The situation is rapidly developing and is dependent on measures imposed by governments, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

There are no other matters or circumstances that have arisen since 30 June 2020 that have or may significantly affect the operations, results, or state of affairs of the Group in future financial years.

Signed in accordance with a resolution of the Directors



Warwick Davies
Managing Director

Dated at Perth 30th day of September 2020

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
for the year ended 30 June 2020**



	Note	Consolidated	
		2020	2019
		\$	\$
Revenue		103	104
Expenses			
Administration and corporate expenses	3(a)	(221,383)	(253,924)
Exploration expenditure and project costs	3(b)	(202,436)	(193,526)
Borrowing costs	3(c)	(1,562)	(1,567)
Total expenses		(425,381)	(449,017)
LOSS BEFORE INCOME TAX		(425,278)	(448,913)
INCOME TAX BENEFIT / (EXPENSE)	5	-	-
LOSS AFTER INCOME TAX FOR THE YEAR		(425,278)	(448,913)
OTHER COMPREHENSIVE PROFIT/(LOSS) <i>Items that maybe re-classified to profit or loss</i>			
Exchange translation difference		(808)	(3,016)
OTHER COMPREHENSIVE PROFIT/(LOSS)		(808)	(3,016)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(426,086)	(451,929)
LOSS PER SHARE FOR THE YEAR ATTRIBUTABLE TO THE MEMBERS OF RESOURCE MINING CORPORATION LIMITED			
Basic and diluted loss per share (cents per share)	4	(0.14)	(0.15)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2020**



	Note	Consolidated	
		30 June 2020 \$	30 June 2019 \$
CURRENT ASSETS			
Cash and cash equivalents	6	43,962	49,962
Trade and other current assets	8	19,200	14,251
Total Current Assets		63,162	64,213
NON CURRENT ASSETS			
Plant and equipment	9	95,531	109,521
Total Non-Current Assets		95,531	109,521
TOTAL ASSETS		158,693	173,734
CURRENT LIABILITIES			
Trade and other payables	10	898,708	740,443
Interest bearing liabilities	11	5,956	5,712
Non-interest bearing liabilities	12	4,912,427	4,659,794
Provisions	13	38,149	38,246
Total Current Liabilities		5,855,240	5,444,195
TOTAL LIABILITIES		5,855,240	5,444,195
NET ASSETS / (NET ASSET DEFICIENCY)		(5,696,547)	(5,270,461)
EQUITY			
Issued capital	14	63,294,571	63,294,571
Reserves	15	585,555	586,363
Accumulated losses		(69,576,673)	(69,151,395)
TOTAL EQUITY / (DEFICIENCY IN EQUITY)		(5,696,547)	(5,270,461)

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2020



Group	Issued Capital	Accumulated Losses	Foreign Currency Reserve	Convertible Notes Reserve	Total
	\$	\$	\$	\$	\$
Year ended 30 June 2020					
Balance at 1 July 2019	63,294,571	(69,151,395)	190,868	395,495	(5,270,461)
Loss for the year	-	(425,278)	-	-	(425,278)
Other comprehensive loss for the year	-	-	(808)	-	(808)
Total comprehensive profit/(loss) for the year	-	(425,278)	(808)	-	(426,086)
Transactions with owners in their capacity as owners					
Shares issued	-	-	-	-	-
Balance at 30 June 2020	63,294,571	(69,576,673)	190,060	395,495	(5,696,547)
Year ended 30 June 2019					
Balance at 1 July 2018	63,294,571	(68,702,482)	193,884	395,495	(4,818,532)
Loss for the year	-	(448,913)	-	-	(448,913)
Other comprehensive loss for the year	-	-	(3,016)	-	(3,016)
Total comprehensive profit/(loss) for the year	-	(448,913)	(3,016)	-	(451,929)
Transactions with owners in their capacity as owners					
Shares issued	-	-	-	-	-
Balance at 30 June 2019	63,294,571	(69,151,395)	190,868	395,495	(5,270,461)

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 30 June 2020



	Note	Consolidated	
		2020	2019
		\$	\$
CASH FLOWS FROM OPERATION ACTIVITIES			
Payments to suppliers and employees		(279,479)	(354,036)
Interest income received		103	104
Other income received, including GST refunds		23,883	55,111
Interest expense/finance costs paid		(1,907)	-
Net Cash Utilised In Operating Activities	7(a)	(257,400)	(298,821)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of other fixed assets		-	-
Net Cash Utilised In Investing Activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings and advances	7(b)	268,690	319,100
Repayment of borrowings and advances	7(b)	(16,057)	(28,293)
Net Cash From Financing Activities		252,633	290,807
Net increase/(decrease) in cash and cash equivalents		(4,767)	(8,014)
Cash and cash equivalents at beginning of the year		49,962	57,254
Effect of exchange rate changes on cash and cash equivalents		(1,233)	722
Cash and cash equivalents at the end of the year	6	43,962	49,962

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated statements and notes represent those of Resource Mining Corporation Limited (“**Company**”) and controlled entities (the “**Group**”). Resource Mining Corporation Limited is a listed public company, incorporated and domiciled in Australia.

The financial report was authorised for issue on 30 September 2020 by the Board of Directors.

(a) Basis of Preparation and Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards. The financial report has also been prepared on a historical cost basis.

Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied to all years presented, unless otherwise stated.

The consolidated financial statements are presented in Australian dollars. The functional currency of Resource Mining Corporation Limited and its subsidiaries is Australian dollars, except for Niugini Nickel Pty Ltd whose functional currency is Papua New Guinean Kina.

(b) Statement of Compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board.

(c) Going Concern

The 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.

The Group has incurred a net loss after tax of \$425,278 (2019: \$448,913), experienced net cash outflows from operations of \$257,400 (2019 outflow: \$298,821) for the year ended 30 June 2020 and had a working capital deficiency of \$5,792,079 at balance date, of which \$2,000,000 relates to the convertible notes which are convertible to shares on or before 14 January 2021. As such the ability of the Group to continue as a going concern, pay its debts as and when they fall due and to meet the expenditure commitments of its tenement lease held, is dependent upon the future successful raising of funding through equity or other available forms of funding and continued support from its creditors and financiers. These conditions indicate a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern and therefore whether it will be able to realise its assets and extinguish its liabilities in the normal course of business.

The Directors are satisfied that the going concern basis of preparation is appropriate. Given the combination of the Sinom (Hong Kong) Limited confirming that it will continue to provide financial support to the Group to meet its liabilities as and when they fall due and keep their assets in good standing during the next twelve months period and letters of support obtained from significant creditors value (including Regency Mines plc) to defer amounts payable at 30 June 2020 until the Group has sufficient funds to repay the debts, the Directors are confident of the Group’s ability to pay its debts as and when they fall due and to meet the expenditure commitments of tenement leases held.

Should the company not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that may be necessary should the Group be unable to continue as a going concern.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES - continued

(d) New and Amended Accounting Standards and Interpretations

Early adoption of accounting standards

The Group has not elected to apply any pronouncements before their operative date in the annual reporting year beginning 1 July 2019.

New and amended standards adopted by the Company

A number of new or amended standards became applicable for the current reporting period for which the Group has adopted. The only significant standard was:

- AASB 16 Leases.

There was no impact on the Company for the year ended 30 June 2020. AASB 16 requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months. The Group's current leases for storage and modem rental are covered by the exception for short-term and low-value leases under AASB 16.

New and amended standards not yet adopted by the Group

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2020. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the Group has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the Group may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the Group's financial statements.

There are no other material new or amended standards not yet adopted by the Group.

(e) Significant Accounting Estimates and Judgements

Estimates and judgements incorporated into the financial report are continually evaluated and are based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Commitments - Exploration

The Group has certain minimum exploration commitments to maintain its right of tenure to its' exploration permit. These commitments require estimates of the cost to perform exploration work required under this permit.

Coronavirus (COVID-19) Pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. Currently there is no significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

(f) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Resource Mining Corporation Limited ("Company" or "Parent Entity") as at 30 June each year and the results of all subsidiaries for the year then ended. Resource Mining Corporation Limited and its subsidiaries together are referred to in these financial statements as the "Group".

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company 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 Group. They are deconsolidated from the date that control ceases.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES - continued

All inter-group balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity and Statement of Financial Position respectively.

(g) Foreign Currency Transaction and Balances

Functional and presentation currency

The functional currency of each of the entities in the Group is measured using the currency of the primary economic environment in which the entity operates. The Group's financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate.

Exchange differences arising on the transaction of monetary items are recognised in the Statement of Profit or Loss and Other Comprehensive Income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange differences are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Controlled entities

The financial results and position of foreign operations whose functional currency is different from the presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the foreign currency translation reserve in the Statement of Financial Position. These differences are recognised in the Statement of Profit or Loss and Other Comprehensive Income in the period in which the operation is disposed of.

2. REVENUE

	Consolidated	
	2020	2019
	\$	\$
Interest received	103	104
Other income	-	-
	103	104

3. EXPENSES

Exploration and Evaluation Expenditure

Exploration expenditure is expensed to the profit or loss statement as and when it is incurred and included as part of cash flows from operating activities.

Restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are expensed as incurred and treated as exploration and evaluation expenditure.

The Group has one exploration licence EL 1165.

**NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
for the year ended 30 June 2020**



3. EXPENSES - continued

Borrowing Costs

Refer to the accounting policy notes under Interest Bearing Liabilities and Non-Interest Bearing Liabilities.

	Consolidated	
	2020	2019
	\$	\$
(a) Administration and Corporate Expenses		
Compliance and regulatory expenses	79,337	83,046
Consultants	52,440	50,882
Non-Executive directors' fees	50,000	50,000
Occupancy	23,012	27,394
Insurance	14,369	14,445
Legal fees	56	24,508
Other expenses	2,169	3,649
	221,383	253,924
(b) Exploration Expenditure and Project Costs		
Depreciation – exploration equipment	14,243	15,436
Other exploration and project costs	188,193	178,090
	202,436	193,526
(c) Borrowing costs		
Finance charges on insurance funding	1,562	1,567
	1,562	1,567

4. LOSS PER SHARE

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company, 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 year.

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 additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

	2020	2019
Basic and diluted loss per share (cents per share)	(0.14)	(0.15)
Loss used in the calculation of weighted average basic and diluted loss per share	(425,278)	(448,913)
	Number of shares	Number of shares
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic and diluted loss per share	296,267,347	296,267,347

**NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
for the year ended 30 June 2020**



5. INCOME TAX

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowable items. It is calculated using tax rates that have been enacted or are substantively enacted by the reporting date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of Profit or Loss and Other Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary difference can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

	Consolidated	
	2020	2019
	\$	\$
(a) Income Tax Expense		
A reconciliation of income tax (benefit) / expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate is as follows:		
Loss before tax	(425,278)	(448,913)
Prima facie income tax (benefit) @ 30%	(127,583)	(134,674)
Add:		
Non deductible expenses	2,775	1,404
Temporary differences and losses not recognised	164,314	171,713
Tax differential	(39,506)	(38,443)
Income tax (benefit) / expense attributable to operating loss	-	-

Tax Consolidation

The Company and its 100% owned subsidiaries have formed a tax consolidated group. Under the tax consolidation regime, all members of a tax consolidated group are jointly and severally liable for the tax consolidated group's income tax liabilities. The head entity of the tax consolidated group is Resource Mining Corporation Limited.

(b) Net Deferred Tax Assets Not Recognised Relate to the Following:

	Consolidated	
	2020	2019
	\$	\$
Unrecognised deferred tax assets / (liabilities):		
Deferred Tax Assets/(Liabilities) – Other Timing Differences, net	5,610	6,600
Deferred Tax Assets - Capital losses	465,432	465,432
Deferred Tax Assets - Tax losses – Australia *	6,285,940	6,224,800
Deferred Tax Assets – Exploration tax losses - PNG**	6,958,290	6,858,173
	13,715,272	13,555,005

* The tax losses do not expire under current legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits.

** Includes all carry forward Exploration Expenditure for PNG. These losses expire 20 years after being incurred.

**NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
for the year ended 30 June 2020**



6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and less bank overdraft, if any.

	Note	Consolidated	
		2020	2019
		\$	\$
Cash at bank and on hand		43,962	49,962

7. NOTES TO THE STATEMENT OF CASH FLOWS

(a) *Reconciliation from net loss after tax to the net cash flow from operating activities*

Loss after income tax		(425,278)	(448,913)
Non-Cash Items:			
Depreciation		14,243	15,436
Loss on sale and write-off of plant and equipment		-	1,593
<i>Movement in assets and liabilities</i>			
Decrease in trade and other receivables		(4,875)	(1,858)
Increase in trade and other payables		158,266	134,654
Decrease in interest bearing liabilities		244	267
Net cash used in operating activities		(257,400)	(298,821)

No non-cash financing and investing activities were undertaken during the year (2019: none).

(b) *Reconciliation of Net Borrowings and Advances*

Net borrowings and advances at 1 July	12	4,659,794	4,368,987
Cash flows:			
Proceeds from borrowings and advances		268,690	319,100
Repayment of borrowings and advances		(16,057)	(28,293)
Net borrowings and advances as at 30 June	12	4,912,427	4,659,794

8. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Current receivables for GST are due for settlement within 30 days and other current receivables within 12 months. Cash on deposit is not due for settlement until rights of tenure are forfeited or performance obligations are met.

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office in Australia and the Internal Revenue Commission in Papua New Guinea. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expenses.

Receivables and payables are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables.

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 taxation authority, are presented as operating cash flows.

**NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
for the year ended 30 June 2020**



8. TRADE RECEIVABLES AND OTHER CURRENT ASSETS - continued

	Consolidated	
	2020	2019
	\$	\$
Current		
Secured cash	4,021	3,947
Prepayments	4,830	4,469
GST receivables	10,349	5,835
	19,200	14,251

Secured Cash:

There is a lien over deposit at call of \$4,021 (9,357 Kina) to secure a Bank Guarantee of 5,000 Kina to the Mineral Resources Authority (MRA) in Papua New Guinea.

Fair Value and Risk Exposures:

- (i) Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.
- (ii) The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security.
- (iii) Other receivables generally have repayments between 30 and 90 days.

Receivables do not contain past due or impaired assets as at year end (2019: none).

9. PLANT AND EQUIPMENT

Each class of plant and equipment is carried at cost, less where applicable, any accumulated depreciation and impairment losses.

Plant and equipment:

Plant and equipment are measured on historical cost basis less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future consolidated benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit or Loss and Other Comprehensive Income during the financial period in which they are incurred.

Depreciation:

The depreciable amount of all fixed assets is depreciated on a reducing balance commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

<u>Class of Fixed Asset</u>	<u>Depreciation Rate</u>
Plant and Equipment	15 – 50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

**NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
for the year ended 30 June 2020**



9. PLANT AND EQUIPMENT - continued

	Consolidated	
	2020	2019
	\$	\$
Cost	249,024	249,610
Accumulated depreciation	(153,493)	(140,089)
	95,531	109,521
Movement in carrying amounts:		
Opening balance	109,521	123,473
Disposals	-	(1,615)
Depreciation expense	(14,243)	(15,436)
Currency translation differences	253	3,099
Closing balance	95,531	109,521

10. TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

	Consolidated	
	2020	2019
	\$	\$
Trade payables	614,701	504,586
Other payables and accruals	284,007	235,857
	898,708	740,443

Fair Value and Risk Exposures

- (i) Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.
- (ii) Trade and other payables are unsecured, non-interest bearing and usually paid within 60 days of recognition, except for payables to Directors and their related entities for remuneration.

11. INTEREST BEARING LIABILITIES

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised costs. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan, capitalised as a prepayment and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

	Consolidated	
	2020	2019
	\$	\$
Current		
Insurance premium funding	5,956	5,712

12. NON INTEREST BEARING LIABILITIES

Convertible Notes

Compound financial instruments issued by the Group comprise convertible notes that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed. The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition. Interest related to the financial liability is recognised in the statement of profit or loss and other comprehensive income. On conversion the financial liability is reclassified to equity and no gain or loss is recognised.

	Consolidated	
	2020	2019
	\$	\$
Current		
Advances from Managing Director	76,340	62,207
Unsecured loans and advances - Sinom	1,126,087	2,597,587
Unsecured loans and advances - Regency	1,710,000	-
Convertible notes	2,000,000	2,000,000
	4,912,427	4,659,794

Advances from Managing Director

These advances are interest free and unsecured. Mr Davies has agreed not to call for the outstanding payable balances prior to 30 September 2021 unless Resource Mining Corporation Limited is in a position to repay the amounts.

During the 2019/2020 year, the Managing Director advanced a total of \$30,190 (interest free) and \$16,057 was repaid by the Company during the year (2019: advances made to the Company \$36,500, and \$28,293 repaid).

Unsecured loans and advances

On 4 June 2015, the Company announced entering into a Funding Agreement ("Agreement") with its major shareholder Sinom (Hong Kong) Limited ("Sinom"). Under the terms of the Agreement and its subsequent amendments, Sinom has agreed to provide the Company up to \$1,210,000 for general working capital purposes as an unsecured loan on the following conditions:

- no interest or fees are payable on the Facility;
- the Facility is unsecured; and
- Principal repayable in full on or before 31 March 2021.

This facility had been fully drawn down. In April 2020, Sinom assigned this loan to Regency Mines plc.

On 30 June 2016, the Company announced entering into an additional Funding Agreement ("Additional Agreement") with its major shareholder Sinom (Hong Kong) Limited ("Sinom"). Under the terms of the Additional Agreement and its subsequent amendments, Sinom has agreed to provide the Company up to \$500,000 for general working capital purposes as an unsecured loan on the following conditions:

- no interest or fees are payable on the Facility;
- the Facility is unsecured; and
- Principal repayable in full on or before 31 March 2021.

This facility had been fully drawn down. In April 2020, Sinom assigned this loan to Regency Mines plc.

12. NON INTEREST BEARING LIABILITIES - continued

Regency have confirmed that it will not request repayment of these loans (totalling \$1,710,000) for a period of 12 months from the date Resource Mining Corporation Limited (RMC) directors sign the director's report for the 30 June 2020 year-end financial statements unless one of the following conditions is met:

- (i) RMC appoints an administrator, administrative receiver, receiver, trustee or liquidator over the whole or any substantial part of RMC's undertaking, property or assets or a petition is presented/order is made or a resolution is passed for the winding-up of RMC; and/or
- (ii) RMC declares or pays a dividend or distribution; and/or
- (iii) RMC takes any additional debt which is not pari passu with, or not structurally subordinated to, the Regency facilities. For the avoidance of doubt unsecured debt from short-term advances from RMC directors and unsecured debt from Sinom (Hong Kong) Limited for funding operations of RMC are accepted as long as they are pari passu or structurally subordinated to the Regency facilities.

Sinom continues to provide additional interest free advances to the Company. These advances are unsecured with no set repayment date. Amount owing from these advances as at year end is \$1,126,087 (2019: \$887,587). Sinom has agreed not to call for the outstanding amount prior to 30 September 2021 unless Resource Mining Corporation Limited is in a position to repay the amounts.

Convertible notes

On 14 October 2014 the Company announced entering into a Facility and Note Deed with its major shareholder Sinom. Pursuant to the Deed, Sinom agreed to provide a loan facility to the Company, and subscribed for two Convertible Notes with an issue price of \$1 million each.

The key terms of the Convertible Notes are:

- a conversion into 5,000,000 shares for each note (at a deemed conversion price of 20 cents per share);
- the Convertible Note is interest free and unsecured; and
- a maturity date of 2 years after the date of the Deed i.e. 14 October 2016.

As approved by Shareholders on 14 November 2019, the Company has up to 51 months from the maturity date to convert the notes into shares (ie by 14 January 2021).

13. PROVISIONS

Compensation Provision

Obligations associated with compensation are recognised when the Group has an obligation which is probable, and the provision can be measured reliably. The provision is measured at the estimated value of the future expenditure. The determination of the provision requires judgement in terms of the best estimate of the costs of the compensation required.

	Consolidated	
	2020	2019
	\$	\$
Current		
Provision for compensation	38,149	38,246

The movement during the year was due to currency translations.

**NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
for the year ended 30 June 2020**



14. CONTRIBUTED EQUITY

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

	2020 Number	2019 Number	2020 \$	2019 \$
Issued and fully paid	296,267,347	296,267,347	63,294,571	63,294,571

Movement in ordinary share capital of the Company:

There were no movements during the year ended 30 June 2020 (2019: none).

Options as at 30 June 2020

There are no options on issue as at 30 June 2020 (2019: nil).

Voting and dividend rights

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as maintains optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management may in the future adjust the capital structure to take advantage of favourable costs of capital and issue further shares in the market. There are no plans to distribute dividends in the next year.

Dividends

The Group did not pay nor declare dividends in the last financial year (2019: nil).

		Consolidated	
		2020 \$	2019 \$
15. RESERVES			
Foreign currency reserve	(a)	190,060	190,868
Convertible notes reserve	(b)	395,495	395,495
		585,555	586,363
(a) Foreign currency reserve			
Balance at the beginning of the year		190,868	193,884
Currency translation differences arising during the period		(808)	(3,016)
Balance at the end of the year		190,060	190,868

The foreign currency translation reserve is used to record exchange differences arising on translation of the Group entities that do not have a functional currency of Australian dollars and have been translated into Australian dollars for presentation purposes.

(b) Convertible Notes reserve

The Convertible Note reserve records the equity portion of the Convertible Notes as described in note 12.

16. RELATED PARTY TRANSACTIONS

Subsidiaries

The consolidated financial statements included the financial statements of Resource Mining Corporation Limited and the subsidiaries listed in the following table:

Name	Class of shares	Country of incorporation	% Equity Interest	
			2020	2019
Resource Exploration Pty Ltd and its controlled entity (a)	Ordinary	Australia	100%	100%

(a) Niugini Nickel Pty Ltd is a wholly owned subsidiary of Resource Exploration Pty Ltd. Niugini Nickel Pty Ltd's place of business is Papua New Guinea, and its principal activity is exploration.

Ultimate Parent

Resource Mining Corporation Limited is the ultimate Australian parent entity and the ultimate parent of the Group.

Compensation of Key Management Personnel

	Consolidated	
	2020	2019
	\$	\$
Short term benefits	139,127	131,993
Post-employment benefits	-	-
	139,127	131,993

Transactions with Related Parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The following transactions occurred with related parties:

a) Warwick Davies, Director, is also shareholder and Director of Fairstone Holdings Pty Ltd (Fairstone). During the year, Fairstone provided office usage to the Company amounting to \$4,080 (2019: \$8,500 for the period June 2017 to June 2019).

b) Outstanding balances arising from services

	Consolidated	
	2020	2019
	\$	\$
Current payables (included in trade creditors and accruals)		
Key management personnel	830,826	678,298

Outstanding balances relate to remuneration services during 2015 to 2020 (inclusive of GST where applicable).

c) Loans and Advances from related parties

Advances (unsecured and interest free) from related parties

Warwick Davies

Balance at the beginning of the year	62,207	54,000
Loans/Advances advanced	30,190	36,500
Repaid	(16,057)	(28,293)
Balance at the end of the year – refer note 12	76,340	62,207

Loans (unsecured and interest free) from related parties

Sinom (Hong Kong) Limited ⁽ⁱ⁾

Balance at the beginning of the year	2,597,587	2,314,987
Loans advanced	238,500	282,600
Assignment of loan to Regency Mines – refer note 12	(1,710,000)	-
Balance at the end of the year – refer note 12	1,126,087	2,597,587

16. RELATED PARTY TRANSACTIONS - continued

(i) Non-Executive Director Mr Zhang Chi is the Managing Director of Sinom (Hong Kong) Limited.

Sinom (Hong Kong) Limited also holds two Convertible Notes with a face value of \$2,000,000. Refer to note 12 for further details on the loan and Convertible Notes.

17. PARENT ENTITY DISCLOSURES

	Parent Entity	
	2020	2019
	\$	\$
Current assets	11,259	15,417
Non-current assets	-	-
Total assets	11,259	15,417
Current liabilities	5,787,508	5,398,395
Total liabilities	5,787,508	5,398,395
Net liabilities	(5,776,249)	(5,382,978)
Issued capital	63,294,571	63,294,571
Reserves	395,495	395,495
Accumulated losses	(69,466,315)	(69,073,044)
Total deficiency in equity	(5,776,249)	(5,382,978)
Loss for the year	(393,271)	(466,852)
Total comprehensive loss for the year	(393,271)	(466,852)

- i) Guarantees: No guarantees have been entered into by the parent entity on behalf of the subsidiaries.
ii) Contingent liabilities: No contingent liabilities exist.

18. CONTINGENCIES

Resource Mining Corporation Limited and its controlled entities do not have any known material contingent assets or liabilities as at 30 June 2020.

19. COMMITMENTS

Mineral Tenement Commitments

In order to maintain current rights of tenure to mining tenements, the Group has exploration and evaluation expenditure obligations up until the expiry of those licences. The following stated obligations are not provided for in the financial statements and represent a commitment of the Group (EL 1165 is renewed for a 2 year period to 28/2/2020). As at 30 June 2020, the renewal of EL1165 is pending and the commitments below assume the renewal is approved for 2 years to 28/2/2022:

	Consolidated	
	2020	2019
	\$	\$
Within 1 Year	24,060	16,088
Later than 1 year but not later than five years	16,040	-
	40,100	16,088

	Consolidated	
	2020	2019
	\$	\$
20. REMUNERATION OF AUDITORS		
Amount received, or due and receivable, by the auditors for:		
Auditing and reviewing of financial reports	37,718	38,017

21. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks, including market risk (including currency risk), credit risk and liquidity risks. The Group'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 business. To date, the Group has not used derivative financial instruments. The Group uses different methods to measure different types of risk to which it is exposed.

Risk Management

Risk management is carried out by the Managing Director under policies approved by the Board of Group's Directors and includes evaluation of financial risks. The Board provides principles for overall risk management and the finance function provides policies with regard to financial risk management that are defined and consistently applied.

(a) Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or contract, leading to a financial loss. The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date, is the carrying amount net of any provisions for impairment of debts, as disclosed in the Statement of Financial Position and notes to the financial statement.

In the case of material cash deposited, credit risk is minimised by depositing with recognised financial intermediaries such as banks, subject to Australian Prudential Regulation Authority Supervision. For banks and financial institutions, only independently rated parties with a minimum rating of AA are accepted.

The Group does not have any material risk exposure to any single debtor or Group of debtors under financial instruments entered into by it.

(b) Liquidity and Capital Risk

The Group has appropriate procedures in place to manage cash flows including continuous monitoring of forecast and actual cash flows to ensure funds are available to meet commitments. The objectives when managing the Group's capital is to safeguard the business as a going concern, to maximise returns to shareholders and to maintain an optimal capital structure in order to reduce the cost of capital.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date.

Financial liabilities	Less than 6 months	6 to 12 months	1 to 5 years	Over 5 years	Total
2020					
Trade and other payables	898,708	-	-	-	898,708
Interest bearing liabilities	5,956	-	-	-	5,956
Non-interest bearing liabilities	3,202,427	1,710,000	-	-	4,912,427
	4,107,091	1,710,000	-	-	5,817,091
2019					
Trade and other payables	740,443	-	-	-	740,443
Interest bearing liabilities	5,712	-	-	-	5,712
Non-interest bearing liabilities	2,949,794	1,710,000	-	-	4,659,794
	3,695,949	1,710,000	-	-	5,405,949

21. FINANCIAL RISK MANAGEMENT - continued

(c) Interest Rate Risk

The Group's exposure to market risk for changes in interest rates relates primarily to interest on deposits with banking institutions. The sensitivities of a movement in interest rates has no material impact on the Group due to the small balances that are interest bearing.

(d) Foreign Exchange Risk

As a result of operations in Papua New Guinea being denominated primarily in Papua New Guinean Kina, the Group's Statement of Financial Position can be affected by movements in the Kina/A\$ exchange rate. The Group does not hedge this exposure.

The Group manages its foreign exchange risk by constantly reviewing its exposure to commitments payable in foreign currency and ensuring appropriate cash balances are maintained in Kina, to meet current operational commitments.

The Group's exposure to foreign exchange risk for changes in exchange rates relates has no material impact on the Group due to the small balances of cash, receivables and payables.

Management believes the balance date risk exposures are representative of the risk exposure inherent in financial instruments.

(e) Net Fair Values

Disclosure of fair value measurements by level are as follows:

- Level 1 – the fair value is calculated using quoted prices in active markets
- Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data

Fair values of other financial instruments

The carrying value of assets and liabilities, due to their short term nature, are assumed to approximate their fair value, except for the convertible notes.

The fair value of the convertible notes has been determined by discounting the cash-flows over the term of the facility, being the principal repayable on maturity, using a market interest rate for a similar instrument that does not have the conversion feature. As at 30 June 2020 and 30 June 2019, the fair value of the convertible notes was \$2,000,000 (carrying value \$2,000,000).

22. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director.

Management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions. The Group does not have any material operating segments with discrete financial information. The Group does not have any customers and all its' assets and liabilities are primarily related to the mining industry and its operations are located within Papua New Guinea. The Board of Directors review internal management reports on a regular basis that is consistent with the information provided in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows. As a result, no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

24. MATTERS SUBSEQUENT TO THE REPORTING PERIOD

Subsequent to year end, the following occurred:

- The Company has received an additional \$70,000 of funding from Sinom (Hong Kong) Limited; and
- The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential future impact after the reporting date. The situation is rapidly developing and is dependent on measures imposed by governments, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

There are no other matters or circumstances that have arisen since 30 June 2020 that have or may significantly affect the operations, results, or state of affairs of the Group in future financial years.

**DIRECTOR'S DECLARATION
for the year ended 30 June 2020**



1. In the opinion of the directors:
 - a) The financial statements and notes are in accordance with the Corporations Act 2001, including:
 - i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year then ended; and
 - ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - iii) complying with International Financial Reporting Standards (IFRS) as stated in note 1 of the financial statements; and
 - b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2020.

This declaration is signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'W. Davies', is written over a light blue horizontal line.

Warwick Davies
Managing Director

Dated this 30th day of September 2020

INDEPENDENT AUDITOR'S REPORT

To the members of Resource Mining Corporation Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Resource Mining Corporation Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the Corporations Act 2001, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Report section of our report. We are independent of the Group in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 (c) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Except for the matter described in the Material uncertainty related to going concern section, we have determined there are no key audit matters to be communicated in our report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 14 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Resource Mining Corporation Limited, for the year ended 30 June 2020, complies with section 300A of the Corporations Act 2001.

Responsibilities

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.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Dean Just', written over the printed name.

Dean Just

Director

Perth, 30 September 2020

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF RESOURCE MINING CORPORATION LIMITED

As lead auditor of Resource Mining Corporation Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Resource Mining Corporation Limited and the entities it controlled during the period.



Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 30 September 2020

ADDITIONAL SHAREHOLDER INFORMATION



Additional information required by the Australian Securities Exchange Listing Rules and not disclosed elsewhere in this report is set out below. The information is current as at 21 September 2020.

ANALYSIS OF SHAREHOLDING - Ordinary Shares

Size of Holding	Number of Holders	Number of Shares
1 – 1,000	494	179,053
1,001 – 5,000	551	1,518,521
5,001 – 10,000	235	1,834,575
10,001 – 100,000	510	18,133,800
100,001 – or more	144	274,601,398
TOTAL	1,934	296,267,347

Shareholders holding less than a marketable parcel 1,601

SUBSTANTIAL SHAREHOLDERS

The following substantial shareholders have notified the Company in accordance with the *Corporations Act 2001*.

Sinom (Hong Kong) Limited – as per notice given 137,793,768 46.51%

TOP 20 SHAREHOLDERS

The top 20 largest shareholders are listed below:

Name	Number of Shares	% of Shares
1 SINOM (HONG KONG) LIMITED	136,793,768	46.17
2 CENTURY THREE X SEVEN RESOURCE FUND INC	10,656,250	3.60
3 MS NADA SAADE	10,622,146	3.59
4 KEEN MERIT LIMITED	10,192,024	3.44
5 THUNDER LUCK INTERNATIONAL LTD	8,503,171	2.87
6 BEST VENTURE DEVELOPMENT LIMITED	8,469,895	2.86
7 ERCEG ENTERPRISES PTY LTD	8,300,000	2.80
8 TIERRA DE SUENOS SA	5,866,819	1.98
9 CLASSIC ROOFING PTY LIMITED <SUPERANNUATION FUND ACCOUNT>	5,510,000	1.86
10 BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE A/C>	4,100,000	1.38
11 COMSEC NOMINEES PTY LIMITED	3,741,848	1.26
12 MOUNT GIBSON IRON LIMITED	3,478,025	1.17
13 INTUICION INC	3,360,271	1.13
14 CENTURY THREE X SEVEN RESOURCE FUND INC	3,170,000	1.07
15 MR DIMITRIOS GRAIKOS <THE GRAIKOS FAMILY A/C>	3,100,000	1.05
16 NICAMA INVESTMENTS PTY LTD	3,000,000	1.01
17 MR WILLIAM ROSS MACKENZIE	2,092,847	0.71
18 FAIRSTONE HOLDINGS PTY LIMITED	1,910,633	0.64
19 CORPORATE FINANCE (HEIDELBERG) PTY LTD <MILLER CORP STAFF S/F A/C>	1,780,000	0.60
20 MR WARWICK JEFFREY DAVIES	1,679,437	0.57
TOTAL TOP 20 HOLDERS	236,327,134	79.76%
TOTAL REMAINING HOLDERS BALANCE	59,940,213	20.24%
TOTAL	296,267,347	100.00%

VOTING RIGHTS

Article 15 of the Constitution specifies that on a show of hands every member present in person, by attorney or by proxy shall have:

- a) for every fully paid share held by him one vote
- b) for every share which is not fully paid a fraction of the vote equal to the amount paid on the share over the nominal value of the shares.

INTEREST IN MINING TENEMENTS

Tenement	Tenement No.	RMC Interest	Country in which Licence is held
Wowo Gap	EL1165	100%	Papua New Guinea