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Appendix 4D
Resource Development Group Limited
ABN 33 149 028 142

FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

Results for announcement to the market

Extracts of the Resource Development Group Limited results for the half-year ended 31 December 2020

Revenues from continuing activities	Up	37%	to	\$19,653,161
Profit from ordinary activities after tax attributable to members	Down	47%	to	\$814,619
Comprehensive income for the period attributable to members	Down	47%	To	\$814,619
Dividends	Amount per share		Franked amount per share	
Interim dividend	Nil		Nil	
Final dividend	Nil		Nil	
Record date for determining entitlements to the dividend	N/A			
Other information				
Net asset backing per ordinary share	\$0.027 per share (2019: \$0.027 per share)			
Net tangible asset backing per ordinary share	\$0.027 per share (2019: \$0.028 per share)			
Additional Appendix 4D disclosure requirements can be found in the Directors' Report and the 31 December 2020 half-year financial statements.				

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Resource
Development
Group

Resource Development Group Limited

ABN 33 149 028 142

**Interim Financial Report
31 December 2020**

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Resource Development Group Limited

ABN 33 149 028 142

Half-Year Financial Report

31 December 2020

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CORPORATE INFORMATION

ABN 33 149 028 142

Directors

Mr. Mark Wilson, Chairman, Non-Executive Director
Mr. Andrew Ellison, Managing Director
Mr. Mike Grey, Non-Executive Director
Mr. Paul Brown, Non-Executive Director

Company secretary

Mr. Michael Kenyon

Registered office

Level 1, 46 Edward Street
OSBORNE PARK WA 6017
Telephone: +61 8 9443 2928
Facsimile: +61 8 9443 2926

Principal place of business

Level 1, 46 Edward Street
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Telephone: +61 8 9443 2928
Facsimile: +61 8 9443 2926
Website: www.resdevgroup.com.au

Share registry

Automic Group
Level 2
267 St George's Terrace
PERTH WA 6000
Telephone: 1300 288 664
Email: hello@automicgroup.com.au

Solicitors

Steinepreis Paganin Lawyers & Consultants
Level 4, The Read Building
16 Milligan Street
PERTH WA 6000

Bankers

ANZ Banking Group Limited
Level 10, 77 St Georges Terrace
PERTH WA 6000

Auditors

HLB Mann Judd (W.A. Partnership)
Level 4, 130 Stirling Street
PERTH WA 6000

Securities exchange listing

Resource Development Group Limited shares are listed on the Australian Securities Exchange (ASX: RDG)

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity (or "Group") consisting of Resource Development Group Limited ("Company" or "RDG") and the entities it controlled during the period for the half-year ended 31 December 2020. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors who held office throughout the period and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Mr Andrew Ellison	(Managing Director)
Mr Mark Wilson	(Chairman, Non-Executive Director)
Mr Mike Grey	(Non-Executive Director)
Mr Paul Brown	(Non-Executive Director)

Principal Activities

The principal activities of the entities within the consolidated entity during the half-year were the provision of contracting services to the mining sector within Australia.

Review of operations

The Group's after-tax profit from its continuing operations was \$65,002 (2019: \$179,944), whilst its underlying EBITDA from its continuing operations for the period was \$544,975 (2019: \$653,452). There has been significant management time spent and external expenditure in progressing the early works on the Ant Hill manganese project and securing the Balline Garnet project assets as well as restructuring the business to focus on the new company direction. Part of the restructure includes the Group's subsidiary, Mineral Solutions Australia Pty Ltd (MSA). As a result of the business underperforming and requirement for significant capital expenditure to be in a position to deliver the large crushing and screening projects being offered in the market, the Board have decided to significantly reduce the size of the business and sell off the majority of its crushing and screening equipment, which has resulted in a profit on sale of assets of approximately \$1.5m during the period.

Significant Events

The RDG board agreed to a non-binding agreement to purchase the Balline Garnet assets.

Operations

Headquartered in Perth, Western Australia, RDG through its wholly owned subsidiary Central Systems Pty Ltd (Centrals) provides diversified services to the resource, infrastructure, energy, government, utilities sectors within Australia. RDG has offices in Perth and Newman.

Centrals continued to undertake a significant non-process building project for Fortescue Metals Group Ltd subsidiary, FMG Solomon Pty Ltd. The residential housing development (6 homes) that commenced in March 2019 undertaken at South Beach, Western Australia (W.A.), has now been completed.

As mentioned above, the operations of the crushing business have now been significantly downsized, as a result of the significant capital required for larger crushing and screening plants. As a consequence of the change in direction, the Board have decided to conserve capital for the Ant Hill manganese and Balline Garnet projects.

Workforce Capacity and Capability

There were approximately 115 personnel employed in the company at the end of the reporting period. The Company has maintained a steady level of project work throughout the period and is also engaged to deliver other smaller projects across Western Australia. The safety result for the past twelve months has been excellent, with the LTIFR remaining at zero, where it has remained for over three years, however senior management are continually looking at ways to improve our safety performance.

Strategy and Outlook

The directors are excited about the future of the Company which is today remarkably different to what it looked like 12 months ago. In June 2020, the Company completed a transaction with Mineral Resources Ltd (MRL) to acquire its manganese tenements. This has recently been complemented by the acquisition of the Balline Garnet project in early February 2021. The Company is in the process of developing the Ant Hill and Balline projects.

DIRECTORS' REPORT (continued)

The directors have now determined the future direction of RDG which is for the Company to own and operate low capital cost operating mines producing commodities that are readily saleable in the world market, whilst maintaining its construction capability through Central Systems. This capability will enable the Company to self-execute the majority of the construction work required for the Company's future mines and continue to provide our services to existing clients, together with the ability to draw on experienced mining expertise from MRL.

During the past four years, the Board has sought to diversify its activities to ensure it is not completely reliant on the cyclical construction market in the resources sector, where at times it is over serviced and extremely competitive.

There has always been a commitment to provide our shareholders with value and return in the longer term. Your directors are focussed on the diversification strategy to provide long term sustained revenue, profitability and financial returns to its loyal shareholders.

The Board are excited by this strategy and are committed to the future long-term direction of your company, that will enable future growth and create value for RDG shareholders.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 5 and forms part of this directors' report for the half-year ended 31 December 2020.

Signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3)(a) of the Corporations Act 2001.



Mr Andrew Ellison
Managing Director
Perth, Western Australia
25 February 2021

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Resource Development Group Limited for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
25 February 2021



N G Neill
Partner

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

		Consolidated	
	Notes	31 December 2020 \$	Restated 31 December 2019 \$
Continuing operations			
Revenue	2(a)	19,653,161	10,075,076
Other income	2(b)	17,350	97,653
(Loss) on sale of assets		(17,066)	(3,636)
Cost of sales		(9,622,038)	(4,479,680)
Employee benefits expense		(8,121,417)	(4,179,442)
Depreciation and amortisation expense	2(c)	(449,766)	(462,771)
Finance costs		(47,557)	(38,691)
Share-based payments	2(c)	(160,000)	-
Other expenses		(1,092,159)	(758,866)
Profit before income tax		160,508	249,643
Income tax expense		(95,506)	(69,699)
Profit after income tax from continuing operations		65,002	179,944
Other comprehensive income for the period, net of income tax		-	-
Total comprehensive income for the period from continuing operations		65,002	179,944
Discontinued operations			
Profit after tax from discontinued operations	20	937,022	1,679,381
Net profit for the year		1,002,024	1,859,325
Total profit/(loss) for the year is attributable to:			
Non-controlling interests		187,405	335,876
Owners of Resource Development Group Ltd		814,619	1,523,449
		1,002,024	1,859,325
Total comprehensive income/(loss) for the year is attributable to:			
Non-controlling interests		187,405	335,876
Owners of Resource Development Group Ltd		814,619	1,523,449
		1,002,024	1,859,325
Earnings per share for the period attributable to the members of Resource Development Group Ltd			
Basic earnings per share (¢ per share) – continuing operations		0.003	0.03
Basic earnings per share (¢ per share) with discontinued operations		0.03	0.24
Diluted earnings per share (¢ per share) – continuing operations		0.003	0.03
Diluted earnings per share (¢ per share) with discontinued operations		0.03	0.24

The 31 December 2019 comparatives have been restated for the discontinued operation.

The accompanying notes form part of these financial statements

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

	Notes	Consolidated	
		31 December 2020 \$	30 June 2020 \$
Assets			
Current assets			
Cash and cash equivalents	3	21,343,416	10,707,614
Trade and other receivables	4	5,987,245	8,232,291
Inventories	5	417,739	50,197
Total current assets		27,748,400	18,990,102
Non-current assets			
Property, plant and equipment	6	7,315,602	10,224,933
Right-of-use asset	7	26,127	52,345
Deferred exploration and evaluation expenditure	8	26,782,000	24,282,000
Development expenditure	9	25,055,000	25,055,000
Deferred tax assets		444,835	468,775
Total non-current assets		59,623,564	60,083,053
Total assets		87,371,964	79,073,155
Liabilities			
Current liabilities			
Trade and other payables	10	15,287,948	6,359,632
Borrowings	11	814,179	2,486,667
Lease liability	12	28,594	56,484
Current tax liabilities		185,408	124,615
Provisions		814,238	712,417
Total current liabilities		17,130,367	9,739,815
Non-current liabilities			
Borrowings	11	1,738,601	2,163,038
Deferred tax liabilities		887,780	720,130
Provisions		11,932	8,912
Total non-current liabilities		2,638,313	2,892,080
Total liabilities		19,768,680	12,631,895
Net assets		67,603,284	66,441,260
Equity			
Issued capital	13	57,240,375	57,240,375
Share-based payments reserve		160,000	-
Retained earnings		10,093,755	9,279,136
Equity attributable to owners of the parent		67,494,130	66,519,511
Non-controlling interests	19	109,154	(78,251)
Total equity		67,603,284	66,441,260

The accompanying notes form part of these financial statements

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

Consolidated	Issued capital \$	Retained earnings \$	Share- based payments reserve \$	Attributable to the owners of the parent \$	Non- controlling Interest \$	Total equity \$
Balance as at 1 July 2019	7,836,308	7,740,292	134,135	15,710,735	(367,897)	15,342,838
Profit for the period	-	1,523,449	-	1,523,449	335,876	1,859,325
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	1,523,449	-	1,523,449	335,876	1,859,325
Balance at 31 December 2019	7,836,308	9,263,741	134,135	17,234,184	(32,021)	17,202,163
Balance as at 1 July 2020	57,240,375	9,279,136	-	66,519,511	(78,251)	66,441,260
Profit for the period	-	814,619	-	814,619	187,405	1,002,024
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the year	-	814,619	-	814,619	187,405	1,002,024
<i>Transactions with owners in their capacity as owners:</i>						
Share-based payments	-	-	160,000	160,000	-	160,000
Balance at 31 December 2020	57,240,375	10,093,755	160,000	67,494,130	109,154	67,603,284

The accompanying notes form part of these financial statements

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	Note	Consolidated	
		31 December 2020	31 December 2019
		\$	\$
		Inflows/(Outflows)	
Cash flows from operating activities			
Receipts from customers		33,728,206	15,141,698
Payments to suppliers and employees		(24,783,288)	(15,724,395)
Interest received		168,399	56,004
Finance costs paid		(151,263)	(206,855)
Income tax (paid)/refund		(363,541)	119,888
GST paid		(938,082)	(640,381)
Net cash (outflow)/inflow from operating activities		7,660,431	(1,254,041)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		5,948,282	3,187,085
Purchase of property, plant & equipment		(143,861)	(362,446)
Loan to external party repaid		1,500,000	-
Net cash inflow/(outflow) from investing activities		7,304,421	2,824,639
Cash flows from financing activities			
Reduction in finance lease and hire purchase liabilities		(4,301,160)	(2,182,889)
Lease liability repayments		(27,890)	-
Net cash (outflow) from financing activities		(4,329,050)	(2,182,889)
Net increase/(decrease) in cash held		10,635,802	(612,291)
Cash and cash equivalents at the beginning of the period		10,707,614	10,997,263
Cash and cash equivalents at the end of the period	3	21,343,416	10,384,972

The accompanying notes form part of these financial statements

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Reporting entity

Resource Development Group Limited ("RDG" or "Company") is a company domiciled in Australia. The consolidated balances of the Company for the half-year ended 31 December 2020 include the Company and its subsidiaries, including Central Systems Pty Limited ("Centrals") and Mineral Solutions Australia Pty Ltd ("MSA").

b) Statement of compliance

These half-year consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the consolidated financial statements of Resource Development Group Limited for the year ended 30 June 2020 and any public announcements made by Resource Development Group Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

c) Basis of preparation

This half-year report has been prepared as described in Note 1(a). Cost is based on the fair value of the consideration given in exchange for assets and all amounts are presented in Australian dollars, unless otherwise noted. For the purpose of preparing this report, the half-year has been treated as a discrete reporting period.

d) Accounting policies and methods of computation

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding half year. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

e) Significant accounting judgements and key estimates

The preparation of half-year financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2020.

f) Adoption of new and revised Accounting Standards

Standards and Interpretations applicable to 31 December 2020

In the half-year ended 31 December 2020, the Directors have reviewed any new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 July 2020. There are none that have a material impact on the Company.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Adoption of new and revised Accounting Standards

New Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the half-year ended 31 December 2020. As a result of this review, the Directors have determined that there is no material impact of the Standard and Interpretations in issue not yet adopted on the Company and, therefore, no change is necessary to its accounting policies.

No other new standards, amendments to standards or interpretations are expected to affect the Company's financial statements.

g) Segment reporting

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 Board of Resource Development Group Limited.

h) Going concern

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

NOTE 2: REVENUE AND EXPENSES

	Consolidated	
	31 December 2020	Restated 31 December 2019
	\$	\$
(a) Revenue		
Rendering of services – over time	19,653,161	10,075,076
(b) Other income		
Interest income	17,350	97,653
(c) Expenses		
Depreciation and amortisation of non-current assets	(449,766)	(462,771)
Short term rental expense	(211,053)	(201,817)
Share based payments expense	(160,000)	-

NOTE 3: CASH AND CASH EQUIVALENTS

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$
Cash at bank and on hand	21,343,416	10,707,614

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

NOTE 4: CURRENT TRADE AND OTHER RECEIVABLES

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$
Trade receivables	5,635,950	6,029,318
Allowance for expected credit losses	-	-
	<u>5,635,950</u>	<u>6,029,318</u>
Loan receivable (inclusive of accrued interest)	-	1,650,615
Other receivables	179,695	102,255
Accrued income	6,146	6,146
Prepayments	165,454	443,957
	<u>5,987,245</u>	<u>8,232,291</u>

NOTE 5: INVENTORIES

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$
At cost:		
Raw materials and stores	17,190	18,346
Work in progress (i)	400,549	31,851
	<u>417,739</u>	<u>50,197</u>
(i) Work in progress		
Contract costs incurred	80,731,138	62,532,154
Recognised profits	16,140,427	12,970,903
	<u>96,871,565</u>	<u>75,503,057</u>
Progress billings	(96,471,016)	(75,471,206)
	<u>400,549</u>	<u>31,851</u>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

NOTE 6: PROPERTY, PLANT AND EQUIPMENT

	Consolidated			
	Motor vehicles	Plant and equipment	Leasehold Improvements	Total
	\$	\$	\$	\$
Half-year ended 31 December 2020				
At 1 July 2020, net of accumulated depreciation and impairment	758,210	9,466,143	580	10,224,933
Transfer between asset class (net)	(69,783)	69,783	-	-
Additions	581,520	1,766,576	-	2,348,096
Disposals	-	(4,454,597)	-	(4,454,597)
Depreciation charge for the year	(68,805)	(733,910)	(115)	(802,830)
At 31 December 2020, net of accumulated depreciation and impairment	1,201,142	6,113,995	465	7,315,602
At 31 December 2020				
Cost or fair value				25,590,547
Accumulated depreciation and impairment				(18,274,945)
Net carrying amount				7,315,602

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

NOTE 6: PROPERTY, PLANT AND EQUIPMENT (continued)

	Consolidated			
	Motor vehicles	Plant and equipment	Leasehold Improvements	Total
	\$	\$	\$	\$
Year ended 30 June 2020				
At 1 July 2019, net of accumulated depreciation and impairment	901,599	11,878,670	38,042	12,818,311
Additions	-	1,770,109	-	1,770,109
Disposals	(93,287)	(1,367,810)	-	(1,461,097)
Depreciation charge for the year	(50,102)	(2,814,826)	(37,462)	(2,902,390)
At 30 June 2020, net of accumulated depreciation and impairment	758,210	9,466,143	580	10,224,933
At 30 June 2020				
Cost or fair value				28,895,706
Accumulated depreciation and impairment				(18,670,773)
Net carrying amount				10,224,933

The useful life of the assets was estimated as follows for 2020:

- Plant and equipment 2 to 20 years
- Motor vehicles 4 to 6 years
- Leasehold improvements 10 to 13 years

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 7: RIGHT-OF-USE ASSETS

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$
31 December 2020		
Cost	108,829	108,829
Accumulated amortisation	(82,612)	(56,484)
Carrying amount	26,217	52,345
	\$	\$
As at 30 June 2020	52,345	-
Recognised on adoption of AASB 16	-	108,841
Accumulated amortisation	(26,218)	(56,484)
Carrying amount	26,217	52,345

NOTE 8: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

Carrying value

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$
Exploration and evaluation costs	24,282,000	24,282,000
Reconciliation		
Opening balance	24,282,000	-
Acquisitions	-	24,282,000
Stamp duty payable on prior year acquisition	2,500,000	-
Closing balance	26,782,000	24,282,000

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 9: DEVELOPMENT EXPENDITURE

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$
Cost	25,055,000	25,055,000
Accumulated amortisation	-	-
	<u>25,055,000</u>	<u>25,055,000</u>
Reconciliation		
Opening balance	25,055,000	-
Acquisitions	-	25,055,000
Closing balance	<u>25,055,000</u>	<u>25,055,000</u>

Development expenditure incurred by or on behalf of the Group is accumulated separately for each of interest in which economically recoverable resources have been identified. Such expenditure comprises cost directly attributable to the construction of a mine and the related infrastructure.

Once a development decision has been taken, the carrying amount of the exploration and evaluation expenditure in respect of the area of interest is aggregated with the development expenditure and classified under non-current assets as development properties.

A development property is reclassified as a mining property at the end of the commissioning phase, when the mine is capable of operating in the manner intended by management.

Depreciation is charged using the units-of-production method, with separate calculations being made for each area of interest once the asset is ready for use. The units-of-production basis results in a depreciation charge proportional to the depletion of proved, probable and estimated reserves. Development properties are tested for impairment in accordance with the policy on impairment of assets.

NOTE 10: TRADE AND OTHER PAYABLES

	31 December 2020	30 June 2020
	\$	\$
Current		
Trade payables	1,274,425	2,399,787
Other payables	3,386,145	1,308,231
Income received in advance	10,627,378	2,651,614
	<u>15,287,948</u>	<u>6,359,632</u>

Trade payables are non-interest bearing and are normally settled on 30-day terms.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 11: BORROWINGS

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$
Current		
Hire purchase liabilities	814,179	2,486,667
	814,179	2,486,667
Non-current		
Hire purchase liabilities	1,738,601	2,163,038
	1,738,601	2,163,038
Total borrowings	2,552,780	4,649,705
Secured		
Hire purchase liabilities (1)	2,552,780	4,649,705
Total secured borrowings	2,552,780	4,649,705
Total borrowings	2,552,780	4,649,705

(1) Hire Purchase liabilities

Assets under hire purchase contracts are pledged as security for the related hire purchase liabilities.

(2) Other

The Group entered into a secured loan of \$35 million with Mineral Resources Limited (MRL). The loan will have a 5-year term with an interest rate of 8.125% per annum. The loan is secured by a general security agreement over the assets of the subsidiary, Comcen Pty Ltd and Resource Development Group Limited as well as a mining mortgage over Comcen's mineral assets. No amounts are drawn as at 31 December 2020.

NOTE 12: LEASE LIABILITIES

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$
Current liabilities	28,594	56,484
Non-current liabilities	-	-
	28,594	56,484
	\$	\$
Opening balance	56,484	-
Recognition of lease liability on adoption of AASB 16	-	108,829
Repayments	(27,890)	(52,345)
Closing balance	28,594	56,484

Total cash outflow relating to leases for the period ended 31 December 2020 was \$28,893, of which \$27,890 related to principal payments, \$1,003 related to interest.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 13: ISSUED CAPITAL

	31 December 2020		30 June 2020	
	Number of shares	\$	Number of shares	\$
(a) Paid up capital:	2,530,116,268	57,240,375	2,530,116,268	57,240,375
(b) Movements in ordinary share capital:	6 months to 31 December 2020		Year to 30 June 2020	
	Number of shares	\$	Number of shares	\$
Balance at beginning of financial period	2,530,116,268	57,240,375	632,029,067	7,836,308
Issue of shares in relation to acquisition of assets	-	-	1,897,587,201	49,337,000
Issue of shares to employees on vesting of incentives	-	-	500,000	67,067
Balance at end of financial period	2,530,116,268	57,240,375	2,530,116,268	57,240,375

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

A poll is conducted at every meeting, where each shareholder is entitled to one vote. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Options

	31 December 2020		30 June 2020	
	Number of options	\$	Number of options	\$
Director options	8,311,688	160,000	-	-
<i>Movement in options:</i>				
Balance at beginning of period	-	-	-	-
Issue of options to Directors	8,311,688	160,000	-	-
Balance at end of period	8,311,688	160,000	-	-

8,311,688 options were issued to the directors (2,077,922 to each director) as remuneration. The options are exercisable at \$0.072 per option and expire on 14 January 2024. The options were valued at \$320,000 using a Black-Scholes model using the following assumptions:

Valuation date	20 October 2020
Market price of shares	\$0.05
Exercise price	\$0.072
Expiry date (length of time from issue)	3 years from date of issue
Risk free interest rate	0.07%
Volatility (discount)	84.4%

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 13: ISSUED CAPITAL (continued)

Incentives

There were no incentives issued during the half-year ended 31 December 2020.

No incentives were forfeited (30 June 2020: No incentives forfeited) during the financial period as a result of termination of employment. There are no incentives on issue and the incentives all vested on 16 January 2019.

	Consolidated	
	Six months ended 31 December 2020 Number	Year ended 30 June 2020 Number
<i>Movement in employee incentives</i>		
Balance at beginning of financial period	-	500,000
Incentives vested and exercised	-	(500,000)
Incentives lapsed	-	-
Balance at end of financial period	-	-

NOTE 14: CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets or contingent liabilities at or after balance date.

NOTE 15: FINANCIAL INSTRUMENTS

The directors consider that the carrying value of financial assets and financial liabilities as recognised in the consolidated financial statements approximate their fair values.

NOTE 16: EVENTS AFTER THE REPORTING PERIOD

On 1 February 2021, the Company announced that it had executed an Asset Sale Agreement with Australian Garnet Pty Ltd (AGPL) to acquire a 100% interest in the Balline Garnet Project. The transaction was also completed simultaneously as all of the material conditions precedent were satisfied. The terms of the acquisition included the following:

- Payment of \$4m to AGPL to enable payments to creditors, bondholders and its principal financier, Nebari Natural Resources Credit Fund, in full satisfaction of a loan provided to AGPL; and
- Issue of 355,000,000 shares in RDG, to the vendor (or nominee(s)) to be issued in two tranches as follows:
 - Tranche 1: 280,000,000 RDG shares issued at completion; and
 - Tranche 2: 75,000,000 RDG shares following FIRB approval of the transaction. Should FIRB not approve the transaction, RDG will settle Tranche 2 by paying the vendor in cash based on a RDG share price equal to a 10% discount to the 30-day volume weighted average price calculated at that time. Tranche 2 will be subject to a voluntary escrow period for a period of 12 months from completion.

There are no other matters or circumstances that have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs in future financial years.

NOTE 17: COMMITMENTS

Capital commitments

No capital expenditure commitments have been made for items of plant and machinery as at 31 December 2020 (30 June 2020: \$Nil).

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

NOTE 18: SEGMENT REPORTING

AASB 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating decision maker in order to allocate resources to the segment and to assess its performance.

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies. The following tables are an analysis of the Group's revenue, results, assets and liabilities by reportable segment provided to the Board for the half years ended 31 December 2020 and 31 December 2019.

	Construction \$	Discontinued Operations (Contracting) \$	Mining \$	Other \$	Corporate \$	Consolidated \$
31 December 2020						
Revenue	19,653,161	2,640,145	-	-	17,350	22,310,656
Profit/(Loss) before income tax	3,301,956	1,457,440	-	(1,272,585)	(1,868,864)	1,617,947
Income tax benefit/(expense)	-	(520,418)	-	-	(95,505)	(615,923)
Profit/(loss) after income tax	3,301,956	937,022	-	(1,272,585)	(1,964,369)	1,002,024
Interest revenue	-	437	-	-	17,350	17,787
Finance costs	-	104,779	-	-	47,557	152,336
Depreciation & amortisation	-	379,288	-	-	449,766	829,054
Segment assets	4,997,096	1,901,506	51,837,000	-	28,636,362	87,371,964
Segment liabilities	10,627,378	816,810	2,500,000	-	5,824,492	19,768,680

	Construction \$	Discontinued Operations (Contracting) \$	Mining \$	Other \$	Corporate \$	Consolidated \$
31 December 2019						
Revenue and other income	10,054,451	4,328,629	-	-	-	14,383,080
Profit/(Loss) before income tax	2,544,240	1,723,237	-	(944,618)	(1,349,980)	1,972,879
Income tax benefit/(expense)	-	(43,855)	-	-	(69,699)	(113,554)
Profit/(loss) after income tax	2,544,240	1,679,382	-	(944,618)	(1,419,679)	1,859,325
Interest revenue	-	5,708	-	-	97,653	103,361
Interest expense	-	168,164	-	-	38,691	206,855
Depreciation & amortisation	-	849,803	-	-	462,771	1,312,574
Segment assets	3,135,887	6,950,029	-	-	17,426,603	27,512,519
Segment liabilities	2,316,660	4,486,932	-	-	3,506,764	10,310,356

Major Customers

The Group has three customers to whom it provides services where the revenue from each customer was in excess of 10% of the Group's revenue. These customers generated 89% (31 December 2019: four customers, 76%) of the Group's revenue for the period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 19: NON-CONTROLLING INTEREST

The non-controlling interest of 20% in Mineral Solutions Australia Pty Ltd (MSA) recognised at the acquisition date was measured by reference to the non-controlling interest's proportionate share of the acquiree's identifiable net assets and amounted to \$500,000.

Summary financial information for MSA is found below:

	31 December 2020 \$	30 June 2020 \$
Assets		
Current assets	1,206,308	2,998,779
Non-current assets	695,198	5,467,166
Total assets	1,901,506	8,465,945
Liabilities		
Current liabilities	1,149,292	6,849,509
Non-current liabilities	85,867	2,007,689
Total liabilities	1,235,159	8,857,198
Equity		
Issued capital	420	420
Reserves	285,975	285,975
Accumulated profits/(losses)	379,952	(677,648)
Total equity	666,347	391,253
<i>Non-controlling interest movement schedule</i>		
Opening balance as at 1 July 2020	(78,251)	(367,897)
Non-controlling interest share of profit	187,405	289,646
Non-controlling interest share of comprehensive income	-	-
	109,154	(78,251)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 20: DISCONTINUED OPERATIONS

The crushing and screening business within the Mineral Solutions Australia Pty Ltd group (MSA group), has been discontinued at the date of this report due to the inability to make an operating profit. The majority of MSA group's plant and equipment had been sold at the date of this report which resulted in a profit on sale of approximately \$1.5m.

The directors are continuing to wind down the MSA group and will collect all remaining receivables, pay any outstanding liabilities and finalise any outstanding obligations.

The financial performance of the MSA group for the period ended 31 December 2020 and 31 December 2019 is as follows:

Financial performance from discontinued operations

	31 December 2020 \$	31 December 2019 \$
Revenue	2,640,145	4,313,712
Profit on sale of assets	1,510,751	1,537,982
Expenses	(2,693,456)	(4,128,457)
Profit before tax	1,457,440	1,723,237
Income tax expense	(520,418)	(43,855)
Profit from discontinued operations	937,022	1,679,381

NOTE 21: RELATED PARTIES

Director options

8,311,688 options were issued to the directors (2,077,922 to each director) as remuneration. The options are exercisable at \$0.072 per option and expire on 14 January 2024. Refer to Note 13 for full details.

Transactions with parent entity (Mineral Resources Limited (MRL))

The Group had the following transactions with MRL during the period ended 31 December 2020:

- The Group hired assets from MRL for use on its projects in the sum of \$123,193
- The Group performed project work for MRL in the sum of \$1,492,458
- The Group sold some of its assets to MRL in the sum of \$5,703,000, at a valuation determined by an independent third party

The Group entered into a secured loan of \$35 million with Mineral Resources Limited (MRL) in June 2020. The loan will have a 5-year term with an interest rate of 8.125% per annum. The loan is secured by a general security agreement over the assets of the subsidiary, Comcen Pty Ltd and Resource Development Group Limited as well as a mining mortgage over Comcen's mineral assets. No amounts are drawn as at 31 December 2020.

The Group also utilised some of MRL's corporate services, which were not on-charged and recorded at nil value.

DIRECTORS' DECLARATION

In the opinion of the directors of Resource Development Group Limited (the 'Company'):

1. the attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a. giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year then ended; and
 - b. complying with Australian Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5)(a) of the Corporations Act 2001.



Andrew Ellison
Managing Director

Dated this 25th day of February 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Resource Development Group Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Resource Development Group Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2020, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the directors for the financial report

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

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Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
25 February 2021



N G Neill
Partner

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