

Appendix 4D

Resource Development Group Limited

ABN 33 149 028 142

FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

Results for announcement to the market

Extracts of the Resource Development Group Limited results for the half-year ended 31 December 2021

Revenues from continuing activities	Up	29.9%	to	\$25,536,979
Profit from ordinary activities after tax attributable to members	Up	14.7%	to	\$934,752
Comprehensive income for the period attributable to members	Up	14.7%	To	\$934,752
Dividends	Amount per share		Franked amount per share	
Interim dividend	Nil		Nil	
Final dividend	Nil		Nil	
Record date for determining entitlements to the dividend	<input type="text" value="N/A"/>			
Other information				
Net asset backing per ordinary share	\$0.031 per share (2020: \$0.027 per share)			
Net tangible asset backing per ordinary share	\$0.015 per share (2020: \$0.027 per share)			
Additional Appendix 4D disclosure requirements can be found in the Directors' Report and the 31 December 2021 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 2021**

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Resource Development Group Limited

ABN 33 149 028 142

Half-Year Financial Report

31 December 2021

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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 3, 14 Walters Drive
OSBORNE PARK WA 6017
Telephone: +61 8 9443 2928
Facsimile: +61 8 9443 2926

Principal place of business

Level 3, 14 Walters Drive
OSBORNE PARK WA 6017
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 2021. 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 and development of the Company's Lucky Bay Garnet Project.

Review of operations

RDG reported a net profit after tax from its continuing operations of \$0.9m (2020: \$0.1m), whilst its underlying Earnings before interest, depreciation, amortisation, and taxation (EBITDA) from its continuing operations for the period was \$2.3m (2020: \$2.6m).

The total profit and comprehensive income attributable to the shareholders of the Company was \$0.9m (31 December 2020: \$0.8m). The Group's operating cash flow was \$(0.8m) (31 December 2020: \$7.7m) resulting in cash at bank at 31 December of \$14.2m (30 June 2021: \$23.9m).

The Group's key focus over the past six months has been the development of its Lucky Bay Garnet project, which it is self-executing, and the continuation of several projects in Central Systems Pty Ltd (Centrals). The Company's wholly owned subsidiary, Centrals, also continued to complete various projects in the Northwest of Western Australia during the half-year.

In addition to the Group's hire purchase liabilities at 31 December 2021 of \$2.9m (30 June 2021: \$3.0m), the Group also initiated its loan facility with its parent entity, Mineral Resources Limited (MRL). This facility, described further at Note 13, had a balance of \$18.5m at 31 December 2021 and relates solely to the development of the Lucky Bay Garnet Project.

Significant Events

There were no significant events during the half-year ended 31 December 2021.

Operations

Headquartered in Perth, RDG provides diversified mining services to the resources, infrastructure, and energy sectors within Australia, as well as owning two mining projects. RDG has offices/facilities in Perth and Newman, as well as manganese and garnet mining tenements in the Northwest of Western Australia.

RDG had three wholly owned subsidiaries as at 31 December 2021 and an 80% equity interest in another subsidiary, Mineral Solutions Australia Pty Ltd (whose operations have been discontinued):

- Central Systems Pty Ltd (Centrals) provides multi-discipline construction and plant modification services to the resources, energy, and infrastructure sectors in Australia.
- Comcen Pty Ltd, is the holder of the Ant Hill and Sunday Hill manganese project; and
- Australian Garnet Pty Ltd (AGPL), is the holder of the Lucky Bay Garnet project.

Workforce Capacity and Capability

On 31 December 2021, the Company employed approximately 126 people (2020: 115 people). Staff numbers increased over the past year as the focus was on growing the Central Systems business that included delivering various significant projects for its clients. The Company's other subsidiary, Australian Garnet Pty Ltd, also continued to employ new staff during the period. Like most businesses, the Company is still finding labour market conditions very challenging which continues to place pressure on labour supply.

DIRECTORS' REPORT (continued)

Strategy and Outlook

Your directors remain focused on the following key areas of the RDG business:

- Continue to construct and develop its Lucky Bay Garnet Project, which is due to commence commissioning later in FY22;
- Continue to deliver construction projects for our long-term customers aligned with our traditional skills and market sectors that will generate acceptable profit margins. This will include performing our own projects such as the Lucky Bay Garnet project, in addition to projects for our other customers;
- Diversify our existing business, ensure overheads and operating costs are kept proportionate to revenue; and
- Identify other opportunities in the resources sector that are complementary to our existing business.

The Board is satisfied that it continues to actively manage the four key areas above and is confident that the long-term direction of the Company is now clearly defined for our shareholders.

Your directors are extremely pleased with the progress to date and have utmost confidence that the Company's outlook for the next 12-24 months remains extremely promising, particularly with the development and impending start-up of its Lucky Bay Garnet Project.

COVID-19

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not had a financially materially impact on the Group up to 31 December 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by Federal and State Governments, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

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 2021.

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 2022

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 2021, 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 2022

N G Neill
Partner

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HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

Consolidated

	Notes	31 December 2021 \$	31 December 2020 \$
Continuing operations			
Revenue	2(a)	25,536,979	19,653,161
Other income	2(b)	38,031	17,350
Profit/(Loss) on sale of assets		64,184	(17,066)
Cost of sales		(14,034,824)	(9,622,038)
Employee benefits expense		(8,161,822)	(8,121,417)
Depreciation and amortisation expense	2(c)	(654,390)	(449,766)
Finance costs		(156,960)	(47,557)
Share-based payments	2(c)	(265,000)	(160,000)
Other expenses		(899,892)	(1,092,159)
Profit before income tax		1,466,306	160,508
Income tax expense		(572,974)	(95,506)
Profit after income tax from continuing operations		893,332	65,002
Other comprehensive income for the period, net of income tax		-	-
Total comprehensive income for the period from continuing operations		893,332	65,002
Discontinued operations			
Profit after tax from discontinued operations		51,775	937,022
Net profit for the year		945,107	1,002,024
Total profit/(loss) for the year is attributable to:			
Non-controlling interests		10,355	187,405
Owners of Resource Development Group Ltd		934,752	814,619
		945,107	1,002,024
Total comprehensive income/(loss) for the year is attributable to:			
Non-controlling interests		10,355	187,405
Owners of Resource Development Group Ltd		934,752	814,619
		945,107	1,002,024
Earnings per share for the period attributable to the members of Resource Development Group Ltd			
Basic earnings per share (\$ per share) – continuing operations		0.0003	0.00003
Basic earnings per share (\$ per share) with discontinued operations		0.0003	0.0004
Diluted earnings per share (\$ per share) – continuing operations		0.0003	0.00003
Diluted earnings per share (\$ per share) with discontinued operations		0.0003	0.0004

The accompanying notes form part of these financial statements

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	Notes	Consolidated	
		31 December 2021 \$	30 June 2021 \$
Assets			
Current assets			
Cash and cash equivalents	3	14,205,150	23,897,426
Trade and other receivables	4	7,858,065	10,240,763
Current tax assets	5	572,871	-
Inventories	6	1,260,197	885,561
Total current assets		23,896,283	35,023,750
Non-current assets			
Property, plant and equipment	7	9,613,603	8,215,878
Deferred exploration and evaluation expenditure	9	26,808,586	49,924,827
Development expenditure	10	73,763,899	25,055,000
Deferred tax assets	5	1,624,347	1,752,457
Total non-current assets		111,810,435	84,948,162
Total assets		135,706,717	119,971,912
Liabilities			
Current liabilities			
Trade and other payables	11	22,205,315	27,378,372
Hire purchase liabilities	12	1,162,472	1,022,761
Current tax liabilities		-	19,404
Provisions		1,327,643	1,272,061
Total current liabilities		24,965,430	29,692,598
Non-current liabilities			
Hire purchase liabilities	12	1,772,860	1,990,719
Borrowings	13	18,480,042	-
Provisions		366,895	13,796
Deferred tax liabilities	5	3,488,853	2,582,269
Total non-current liabilities		24,108,650	4,586,784
Total liabilities		48,804,080	34,279,382
Net assets		86,902,637	85,692,530
Equity			
Contributed equity	14	74,990,375	74,990,375
Share-based payments reserve		585,000	320,000
Retained earnings		11,337,216	10,402,464
Equity attributable to owners of the parent		86,912,591	85,712,839
Non-controlling interests	20	(9,954)	(20,309)
Total equity		86,902,637	85,692,530

The accompanying notes form part of these financial statements

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

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 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
Balance as at 1 July 2021	74,990,375	10,402,464	320,000	85,712,839	(20,309)	85,692,530
Profit for the period	-	934,752	-	934,752	10,355	945,107
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	934,752	-	934,752	10,355	945,107
<i>Transactions with owners in their capacity as owners:</i>						
Share-based payments	-	-	265,000	265,000	-	265,000
Balance at 31 December 2021	74,990,375	11,337,216	585,000	86,912,591	(9,954)	86,902,637

The accompanying notes form part of these financial statements

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

	Note	Consolidated	
		31 December 2021	31 December 2020
		\$	\$
		Inflows/(Outflows)	
Cash flows from operating activities			
Receipts from customers		32,872,526	33,728,206
Payments to suppliers and employees		(31,480,167)	(24,783,288)
Interest received		31,467	168,399
Finance costs paid		(87,383)	(151,263)
Income tax refund/(paid)		442,419	(363,541)
GST paid		(2,562,186)	(938,082)
Net cash (outflow)/inflow from operating activities		(783,324)	7,660,431
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		199,436	5,948,282
Purchase of property, plant & equipment		(1,917,846)	(143,861)
Payment for development costs		(6,821,609)	-
Loan to external party repaid		-	1,500,000
Net cash inflow/(outflow) from investing activities		(8,540,109)	7,304,421
Cash flows from financing activities			
Reduction in finance lease and hire purchase liabilities		(369,933)	(4,301,160)
Lease liability repayments		-	(27,890)
Net cash (outflow) from financing activities		(368,933)	(4,329,050)
Net (decrease)/increase in cash held		(9,692,276)	10,635,802
Cash and cash equivalents at the beginning of the period		23,897,426	10,707,614
Cash and cash equivalents at the end of the period	3	14,205,150	21,343,416

The accompanying notes form part of these financial statements

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

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 2021 include the Company and its subsidiaries, including Central Systems Pty Limited ("Centrals"), Australian Garnet Pty Ltd, Comcen Pty Ltd 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 2021 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(b). 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 2021.

f) Adoption of new and revised Accounting Standards

Standards and Interpretations applicable to 31 December 2021

In the half-year ended 31 December 2021, 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 2021. 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 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Adoption of new and revised Accounting Standards (continued)

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 2021. 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. Details of the Group's segments are set out in Note 19.

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 2021	31 December 2020
	\$	\$
(a) Revenue		
Rendering of services – over time	25,536,979	19,653,161
(b) Other income		
Interest income	31,428	17,350
Other income	6,603	-
	38,031	17,350
(c) Expenses		
Depreciation and amortisation of non-current assets	(654,390)	(449,766)
Short term rental expense	(158,904)	(211,053)
Share based payments expense	(265,000)	(160,000)

NOTE 3: CASH AND CASH EQUIVALENTS

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Cash at bank and on hand	14,205,150	23,897,426

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

NOTE 4: CURRENT TRADE AND OTHER RECEIVABLES

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Trade receivables	4,159,970	8,767,372
Allowance for expected credit losses	-	-
	<u>4,159,970</u>	<u>8,767,372</u>
Other receivables	236,307	169,819
GST receivable	2,378,934	-
Accrued income	-	6,146
Prepayments	264,673	479,245
Funds held in trust ¹	818,181	818,181
	<u>7,858,065</u>	<u>10,240,763</u>

¹ As a result of the successful conclusion of a legal settlement between a former customer and MSA subsidiary, Aggregate Crushing Australia Pty Ltd, the Company currently holds these funds in trust, which will be used to satisfy income tax and GST liabilities associated with that settlement. Pursuant to the original Share Sale Agreement with the vendors of MSA in 2018, the net proceeds of the legal settlement were an excluded asset at the time of acquisition and will subsequently be distributed to the MSA vendors by way of dividend.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

NOTE 5: INCOME TAX

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Current tax liabilities comprise:		
Income tax refundable/(payable)	572,871	(19,404)
	572,871	(19,404)
Deferred tax assets comprise:		
Provisions – employee benefits	318,804	330,666
Accrued expenses	39,955	45,715
Doubtful debts provision	64,471	64,471
Tax losses	1,192,451	1,302,771
Blackhole expenditure and borrowing costs	8,666	8,835
	1,624,347	1,752,457
Deferred tax liabilities comprise:		
Prepayments	9,597	27,005
Inventories	6,234	5,157
Exploration expenditure	2,386,100	1,242,619
Depreciable property, plant and equipment	1,086,922	1,307,488
	3,488,853	2,582,269
Net	(1,864,506)	(829,812)

NOTE 6: INVENTORIES

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
At cost:		
Raw materials and stores	20,780	17,191
Work in progress (i)	1,239,417	868,370
	1,260,197	885,561
(i) Work in progress		
Contract costs incurred	64,788,008	79,418,665
Recognised profits	6,938,602	9,590,628
	71,726,610	89,009,293
Progress billings	(83,030,090)	(101,468,212)
Work in progress	(11,303,480)	(12,458,919)
Income in advance	12,542,897	13,327,289
	1,239,417	868,370

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

	Consolidated			
	Motor vehicles	Property, plant and equipment	Leasehold Improvements	Total
	\$	\$	\$	\$
Half-year ended 31 December 2021				
At 1 July 2021, net of accumulated depreciation and impairment	1,094,188	7,121,342	348	8,215,878
Additions	289,372	1,919,259	-	2,208,631
Disposals	(8,220)	(127,031)	-	(135,251)
Depreciation charge for the year	(118,149)	(557,437)	(69)	(675,655)
At 31 December 2021, net of accumulated depreciation and impairment	1,257,191	8,356,133	279	9,613,603
At 31 December 2021				
Cost or fair value				28,564,202
Accumulated depreciation and impairment				(18,950,599)
Net carrying amount				9,613,603

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

NOTE 7: PROPERTY, PLANT AND EQUIPMENT (continued)

	Consolidated			
	Motor vehicles	Property, plant and equipment	Leasehold Improvements	Total
	\$	\$	\$	\$
Year ended 30 June 2021				
At 1 July 2020, net of accumulated depreciation and impairment	758,210	9,466,143	580	10,224,933
Additions	581,524	3,869,620	-	4,451,144
Disposals	(29,976)	(4,843,250)	-	(4,873,226)
Depreciation charge for the year	(215,570)	(1,371,171)	(232)	(1,586,973)
At 30 June 2021, net of accumulated depreciation and impairment	1,094,188	7,121,342	348	8,215,878
At 30 June 2021				
Cost or fair value				28,473,624
Accumulated depreciation and impairment				(20,257,746)
Net carrying amount				8,215,878

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 8: ASSET ACQUISITION

Lucky Bay Garnet Project (formerly known as the Balline Garnet Project)

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, which was granted on 23 April 2021. Tranche 2 shares will be issued 12 months from the date of FIRB approval.

Lucky Bay Garnet Project

	30 June 2021
	\$
<i>Assets acquired</i>	
Deferred exploration	20,917,000
Property, Plant and Equipment	833,000
	<u>21,750,000</u>
<i>Consideration</i>	
Cash	4,000,000
280,000,000 ordinary shares	14,000,000
75,000,000 ordinary shares to be issued within 12 months on receipt of FIRB approval	3,750,000
	<u>21,750,000</u>

NOTE 9: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Exploration and evaluation costs	<u>26,808,586</u>	<u>49,924,827</u>
<i>Reconciliation</i>		
Opening balance	49,924,827	24,282,000
Acquisitions (Note 7)	-	20,917,000
Additions	-	1,110,827
Reclassification to Development Expenditure (Note 9)	(23,116,241)	-
Transaction costs accrual	-	3,615,000
Closing balance	<u>26,808,586</u>	<u>49,924,827</u>

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 2021

NOTE 9: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE (continued)

During the period, the Group made the decision to progress the Lucky Bay Garnet Project to development. The associated Exploration expenditure of \$23,116,241 has been reclassified to Development expenditure. The exploration expenditure was tested for impairment on reclassification using a value-in-use calculation based on a discounted cashflow projection discounted at 8% based on forecast cashflows of the project. No impairment was required.

NOTE 10: DEVELOPMENT EXPENDITURE

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Cost	73,763,899	25,055,000
Accumulated amortisation	-	-
	<u>73,763,899</u>	<u>25,055,000</u>
Reconciliation:		
Opening balance	25,055,000	25,055,000
Additions	25,592,658	-
Reclassification from Deferred Exploration and Evaluation Expenditure (Note 8)	23,116,241	-
Closing balance	<u>73,763,899</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 will be charged using the units-of-production method, with separate calculations being made for each area of interest. 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 11: TRADE AND OTHER PAYABLES

	31 December 2021	30 June 2021
	\$	\$
Current		
Trade payables	4,512,384	8,136,419
Other payables	1,535,034	2,299,664
Stamp duty costs accrued on acquisitions	3,615,000	3,615,000
Income received in advance	12,542,897	13,327,289
	<u>22,205,315</u>	<u>27,378,372</u>

Trade payables are non-interest bearing and are normally settled on 30-day terms from end of month.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

NOTE 12: HIRE PURCHASE LIABILITIES

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Current		
Hire purchase liabilities	1,162,472	1,022,761
Non-current		
Hire purchase liabilities	1,772,860	1,990,719
Total hire purchase liabilities	2,935,332	3,013,480
Secured		
Hire purchase liabilities	2,935,332	3,013,480

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

NOTE 13: BORROWINGS

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Current		
Loan – parent entity	-	-
Non-current		
Loan – parent entity	18,480,042	-
Total borrowings	18,480,042	-
Secured		
Loan – parent entity	18,480,042	-
Total secured borrowings	18,480,042	-

The Group entered into a secured loan of \$35 million with Mineral Resources Limited (MRL) on 17 June 2020. The loan had 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 Comcen Pty Ltd and Resource Development Group Limited as well as a mining mortgage over Comcen's mineral assets.

On 17 June 2021, the Company executed a variation to the secured loan described above. In this variation, MRL agreed to extend the advance to \$60 million and allocate the funds to the development of the Company's Lucky Bay Garnet project. All other terms of the loan agreement remain static.

At 31 December 2021, an amount of \$18,480,042 was drawn, which includes accrued interest of \$69,754. No amounts were drawn as at 30 June 2021.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

NOTE 14: CONTRIBUTED EQUITY

	31 December 2021		30 June 2021	
	Number of shares	\$	Number of shares	\$
(a) Paid up capital:	2,885,116,268	74,990,375	2,885,116,268	74,990,375
Movements in ordinary share capital:				
	31 December 2021		30 June 2021	
	Number of shares	\$	Number of shares	\$
Balance at beginning of financial period	2,810,116,268	74,990,375	2,530,116,628	57,240,375
Issue of shares in relation to acquisition of assets (Note 7)	-	-	280,000,000	14,000,000
Balance at end of financial period	2,810,116,268	74,990,375	2,810,116,268	71,240,375
Shares still to be issued in relation to acquisition of assets (Note 7) ¹	75,000,000	-	75,000,000	3,750,000
	2,885,116,628	74,990,375	2,885,116,628	74,990,375

¹ 75,000,000 RDG shares will be issued to the vendors of the Balline Garnet project following FIRB approval of the transaction, which was granted on 23 April 2021. Pursuant to the agreement, these shares will be issued 12 months from the date of FIRB approval (23 April 2022).

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 2021		30 June 2021	
	Number of options	\$	Number of options	\$
Director options	24,342,221	585,000	8,311,688	320,000
<i>Movement in options:</i>				
Balance at beginning of period	8,311,688	320,000	-	-
Issue of options to Directors and KMP	16,030,533	265,000	8,311,688	320,000
Balance at end of period	24,342,221	585,000	8,311,688	320,000

16,030,533 options were issued to the directors and two senior executives as remuneration during the half-year ended 31 December 2021. The options are exercisable at \$0.049 per option and expire on 18 February 2025. The options were valued at \$530,000 (\$265,000 for the half-year) using a Black-Scholes model using the following assumptions:

Spot price on grant date	\$0.06
Exercise price	\$0.049
Expiry date (length of time from issue)	3 years from date of issue
Risk free interest rate	0.26%
Volatility (discount)	77%

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

NOTE 15: CONTINGENT ASSETS AND LIABILITIES

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

NOTE 16: 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 17: EVENTS AFTER THE REPORTING PERIOD

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 18: COMMITMENTS

Capital commitments

No capital expenditure commitments have been made for items of plant and machinery as at 31 December 2021 (30 June 2021: \$Nil).

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 19: 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 2021 and 31 December 2020.

	Construction	Discontinued Operations (Contracting)	Mining	Other	Corporate	Consolidated
31 December 2021	\$	\$	\$	\$	\$	\$
Revenue and other income	25,557,007	72,204	-	-	-	25,647,211
Profit/(loss) before income tax	4,523,796	51,775	(668,836)	(720,120)	(1,668,534)	1,518,081
Income tax (expense)/benefit	-	-	-	-	(572,974)	(572,974)
Profit/(loss) after income tax	4,523,796	51,775	(668,836)	(720,120)	(2,241,508)	945,107
Interest revenue	31,388	40	-	-	-	31,428
Interest expense	32,337	178	2,714	52,156	69,754	157,139
Depreciation & amortisation	-	21,266	13,439	640,950	-	675,655
Segment assets	10,742,292	3,808,632	98,136,169	-	23,019,624	135,706,717
Segment liabilities	12,542,897	3,739,759	3,939,472	-	28,581,952	48,804,080

	Construction	Discontinued Operations (Contracting)	Mining	Other	Corporate	Consolidated
31 December 2020	\$	\$	\$	\$	\$	\$
Revenue and other income	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 (expense)/benefit	-	(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
Interest expense	-	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

Major Customers

The Group has two 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 96% (31 December 2020: three customers, 89%) of the Group's revenue for the period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 20: 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 2021 \$	30 June 2021 \$
Assets		
Current assets	1,045,136	970,067
Non-current assets	167,520	222,267
Total assets	1,212,656	1,192,334
Liabilities		
Current liabilities	1,128,079	1,157,594
Non-current liabilities	15,704	15,704
Total liabilities	1,143,783	1,173,298
Equity		
Issued capital	420	420
Reserves	285,975	285,975
Accumulated losses	(217,522)	(267,359)
Total equity	68,873	19,036
<i>Non-controlling interest movement schedule</i>		
Opening balance	(20,309)	(78,251)
Non-controlling interest share of profit	10,355	57,942
	(9,954)	(20,309)

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020****NOTE 21: RELATED PARTIES***Director options*

12,213,740 options were issued to the directors (3,053,435 to each director) and 3,816,793 options were issued to other KMP as remuneration. The options are exercisable at \$0.049 per option and expire on 18 February 2025. Refer to Note 14 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 2021:

- The Group invoiced project work to MRL in the sum of \$2,957,088
- MRL invoiced services and equipment in relation to the Group's Lucky Bay Garnet Project in the sum of \$18,410,289

The Group entered into a secured loan of \$35 million with Mineral Resources Limited (MRL) in June 2020. The loan has 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.

On 17 June 2021, the Company executed a variation to the Loan Agreement described above. In this variation, MRL agreed to extend the advance to \$60 million and allocate the funds to the development of the Company's Lucky Bay Garnet project. All other terms of the loan agreement remain static. At 31 December 2021, an amount of \$18,480,042 was drawn, which includes accrued interest of \$69,754. No amounts were drawn at 30 June 2021.


The Company occupies office space at a building located at 14 Walters Drive, Osborne Park. The building is leased by MRL, and the Company has no formal lease agreement in place.

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 2021 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 2022

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 2021, 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 consolidated entity 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 consolidated entity's financial position as at 31 December 2021 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 consolidated entity's financial position as at 31 December 2021 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 2022



N G Neill
Partner

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