For personal use only

Appendix 4D

Resource Development Group Limited

ABN 33 149 028 142

FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

Results for announcement to the market

Extracts of the Resource Development Group Limited results for the half-year ended 31 December 2022

Revenues from continuing activities	Down	15%	to	$21,697,243
Profit from ordinary activities after tax attributable to members	Up	529%	to	$5,880,214
Comprehensive income for the period attributable to members	Up	529%	To	$5,880,214

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	$0.033 per share (2021: $0.031 per share)
Net tangible asset backing per ordinary share	$0.026 per share (2021: $0.015 per share)

Additional Appendix 4D disclosure requirements can be found in the Directors' Report and the 31 December 2022 half-year financial statements.

For personal use only

Resource Development Group Limited

ABN 33 149 028 142

Interim Financial Report
31 December 2022

For personal use only

Resource Development Group Limited

ABN 33 149 028 142

Half-Year Financial Report

31 December 2022

For personal use only

Contents

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

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 Share Registry
126 Phillip Street
SYDNEY NSW 2000
Telephone: 1300 288 664

Solicitors

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

Bankers

ANZ Banking Group Limited
Level 5, 240 St George's 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)

For personal use only

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 2022. 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) resigned 25 October 2022

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 mine.

Review of operations

RDG reported a net profit after tax from its continuing operations of $5.9m (2021: $0.9m). The profit included a one-off income adjustment of $3.1m in relation to the interest forgiveness on the Company's loan with its parent entity, Mineral Resources Limited (MinRes). Its underlying Earnings before interest, depreciation, amortisation, and taxation (EBITDA) from its continuing operations for the period, excluding the aforementioned interest forgiveness, was $6.3m (2021: $2.3m).

The Group's operating cash outflow was $3.9m (31 December 2021: $0.8m) resulting in cash at bank at 31 December of $7.9m (30 June 2022: $15.4m).

The Group continues to focus on the development of its Lucky Bay Garnet mine (Lucky Bay), which is now advancing toward commercial production. There has also been a continuation of several projects in Central Systems Pty Ltd (Centrals), with several other projects having already commenced during the second half of FY23.

In addition to the Group's hire purchase liabilities at 31 December 2022 of $4.3m (30 June 2022: $3.7m), the Group also increased its loan facility with its parent entity, MinRes. This facility, described further at Note 12, had a balance of $79.1m at 31 December 2022 (30 June 2022: $52.2m) and relates solely to the development of Lucky Bay and associated infrastructure, including a wind farm with a 4.2MW capacity.

Significant Events

There were no significant events during the half-year ended 31 December 2022.

Operations

Headquartered in Perth, RDG has two operating divisions: the mining services division provides diversified mining services to the resources, infrastructure, and energy sectors within Australia and the commodities division owns two mining projects and has a technology department. RDG's head office is located in Perth and it has a facility located in Newman. The Company's mining projects include manganese tenements located near Nullagine, Western Australia and garnet tenements located near Kalbarri, in the Midwest of Western Australia.

RDG had four wholly owned subsidiaries as at 31 December 2022 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;
- Australian Garnet Pty Ltd (AGPL), is the holder of the Lucky Bay Garnet mine; and
- RDG Technologies Pty Ltd (technology department), developing opportunities associated with critical battery minerals.

Workforce Capacity and Capability

On 31 December 2022, the Company employed approximately 144 people (2021: 126 people). The number of employees has increased largely as a result of the commencement of operations at Lucky Bay. Pleasingly, the Company has been able to source its employees for Lucky Bay from the regions surrounding the project in the Midwest of Western Australia. In the Central Systems business, labour market conditions are generally very tight which continues to place pressure on labour supply.

For personal use only

DIRECTORS' REPORT (continued)

Strategy and Outlook

The Company's strategic direction continues to focus on completing the commissioning of Lucky Bay and reaching name place capacity as well as completing the installation of seven (7) wind turbines the Company purchased overseas last year. Progressing approvals for the stage 2 development at Lucky Bay is also a priority as the future focus is to significantly increase garnet production. The Company is also progressing approvals on its Ant Hill/Sunday Hill manganese project and also performing tests in the laboratory to produce High Purity Manganese Sulphate Monohydrate (HPMSM), a critical battery mineral. In the short-term, the advance of Lucky Bay into commercial production is signalled as a major stepping-stone for the Company, as it seeks to diversify its revenue base. The Company also established RDG Technologies Pty Ltd during the year to develop opportunities directly related with critical battery minerals.

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

- Continue to actively pursue and deliver construction projects for our long-term customers in structural concrete placement, detailed earth works and non-process infrastructure works which is aligned with our traditional skills and market sectors that generate acceptable profit margins. This will include performing any of our own multi-disciplined projects, such as Lucky Bay and for our long-term customers, such as FMG;
- Complete building a pilot plant and operate for a period to prove the Peloton Resources Pty Ltd process of producing High Purity Alumina (HPA);
- Complete laboratory test work to prove production of High Purity Manganese Sulphate Monohydrate (HPMSM), using the Company's existing manganese ore; and
- Identify other opportunities that are complementary to our existing business, whilst ensuring that overheads and operating costs are kept proportionate to revenue.

The Board is satisfied with the progress to date and is excited by the immediate benefits that Lucky Bay is about to deliver and the Company's diversification into the critical battery minerals space.

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 2022.

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
28 February 2023

For personal use only

For personal use only

HLB MANN JUDD
ADVISORY AND ACCOUNTING

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 2022, 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
28 February 2023

N G Neill
Partner

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849
T: +61 (0)8 9227 7500 E: mailbox@hlbwa.com.au
Liability limited by a scheme approved under Professional Standards Legislation.

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

For personal use only

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Notes	Consolidated 31 December 2022 $	 31 December 2021 $
Continuing operations			
Revenue	2(a)	21,697,243	25,536,979
Other income	2(b)	3,198,389	38,031
Profit/(Loss) on sale of assets		60,328	64,184
Cost of sales		(6,768,195)	(14,034,824)
Employee benefits expense		(7,141,172)	(8,161,822)
Depreciation and amortisation expense	2(c)	(755,554)	(654,390)
Finance costs		(132,195)	(156,960)
Share-based payments	2(c)	(61,500)	(265,000)
Other expenses		(1,411,789)	(899,892)
Profit before income tax		8,685,555	1,466,306
Income tax expense		(2,767,769)	(572,974)
Profit after income tax from continuing operations		5,917,786	893,332
Other comprehensive income for the period, net of income tax		-	-
Total comprehensive income for the period from continuing operations		5,917,786	893,332
Discontinued operations			
(Loss)/Profit before tax from discontinued operations		(46,965)	51,775
Income tax benefit/(expense)		-	-
(Loss)/profit after tax from discontinued operations		(46,965)	51,775
Net profit for the year		**5,870,821**	**945,107**
Total profit/(loss) for the year is attributable to:			
Non-controlling interests		(9,393)	10,355
Owners of Resource Development Group Limited		5,880,214	934,752
		5,870,821	945,107
Total comprehensive income/(loss) for the year is attributable to:			
Non-controlling interests		(9,393)	10,355
Owners of Resource Development Group Limited		5,880,214	934,752
		5,870,821	945,107
Earnings per share for the period attributable to the members of Resource Development Group Ltd			
Basic earnings per share ($ per share) – continuing operations		0.21	0.0003
Basic earnings per share ($ per share) with discontinued operations		0.20	0.0003
Diluted earnings per share ($ per share) – continuing operations		0.20	0.0003
Diluted earnings per share ($ per share) with discontinued operations		0.20	0.0003

The accompanying notes form part of these financial statements

For personal use only

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

		Consolidated	
Assets	Notes	31 December 2022 $	30 June 2022 $
Current assets			
Cash and cash equivalents	3	7,886,920	15,369,705
Trade and other receivables	4	4,770,011	4,731,099
Inventories	6	3,684,530	938,701
Current tax assets		48,054	-
Total current assets		16,389,515	21,039,505
Non-current assets			
Property, plant and equipment	7	12,776,375	11,332,909
Deferred exploration and evaluation expenditure	8	28,054,038	27,768,244
Development expenditure	9	147,032,070	111,138,620
Deferred tax assets	5	2,480,697	2,502,288
Total non-current assets		190,343,180	152,742,061
Total assets		206,732,695	173,781,566
Liabilities			
Current liabilities			
Trade and other payables	10	14,120,101	19,761,807
Hire purchase liabilities	11	2,097,233	1,849,395
Borrowings	12	11,303,445	9,789,861
Current tax liabilities		-	257,315
Provisions	20	1,458,891	1,635,965
Total current liabilities		28,979,670	33,294,343
Non-current liabilities			
Hire purchase liabilities	11	2,218,534	1,852,818
Trade and other payables		400,000	600,000
Borrowings	12	67,827,667	42,422,729
Provisions	20	3,387,181	370,534
Deferred tax liabilities	5	8,140,462	5,394,282
Total non-current liabilities		81,973,844	50,640,363
Total liabilities		110,953,514	83,934,706
Net assets		**95,779,181**	**89,846,860**
Equity			
Contributed equity	13	74,990,375	74,990,375
Share-based payments reserve		911,500	850,000
Retained earnings		19,888,729	14,008,515
Equity attributable to owners of the parent		95,790,604	89,848,890
Non-controlling interests	19	(11,423)	(2,030)
Total equity		**95,779,181**	**89,846,860**

The accompanying notes form part of these financial statements

For personal use only

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

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 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 year	-	934,752	-	934,752	10,355	945,107
Transactions with owners in their capacity as owners:						
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
Balance as at 1 July 2022	74,990,375	14,008,515	850,000	89,848,890	(2,030)	89,846,860
Profit/(loss) for the period	-	5,880,214	-	5,880,214	(9,393)	5,870,821
Other comprehensive income/(loss) for the period	-	-	-	-	-	-
Total comprehensive income/(loss) for the period	-	5,880,214	-	5,880,214	(9,393)	5,870,821
Transactions with owners in their capacity as owners:						
Share-based payments	-	-	61,500	61,500	-	61,500
Balance at 31 December 2022	74,990,375	19,888,729	911,500	95,790,604	(11,423)	95,779,181

The accompanying notes form part of these financial statements

For personal use only

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Note	Consolidated 31 December 2022 $	Consolidated 31 December 2021 $
		Inflows/(Outflows)	
Cash flows from operating activities			
Receipts from customers		19,712,656	32,872,526
Payments to suppliers and employees		(24,378,575)	(31,480,167)
Interest received		92,603	31,467
Finance costs paid		(132,288)	(87,383)
Income tax (paid)/refunded		(305,367)	442,419
GST refunded/(paid)		1,093,108	(2,562,186)
Net cash (outflow) from operating activities		(3,917,863)	(783,324)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		60,328	199,436
Purchase of property, plant & equipment		(1,126,150)	(1,917,846)
Payment for exploration costs		(285,794)	-
Payment for development costs		(10,688,405)	(6,821,609)
Net cash (outflow) from investing activities		(12,040,021)	(8,540,019)
Cash flows from financing activities			
Proceeds from borrowings		8,934,415	-
Repayments of finance lease and hire purchase liabilities		(459,316)	(368,933)
Net cash inflow/(outflow) from financing activities		8,475,099	(368,933)
Net decrease in cash held		(7,482,785)	(9,692,276)
Cash and cash equivalents at the beginning of the period		15,369,705	23,897,426
Cash and cash equivalents at the end of the period	3	7,886,920	14,205,150

The accompanying notes form part of these financial statements

For personal use only

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

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 2022 include the Company and its subsidiaries, including Central Systems Pty Limited ("Centrals"), Australian Garnet Pty Ltd, Comcen Pty Ltd, Mineral Solutions Australia Pty Ltd ("MSA") and RDG Technologies Pty Ltd.

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 2022 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 2022.

Management have determined that the Lucky Bay Garnet project (Lucky Bay) will enter into commercial production when it achieves 80% of the plant's nameplate capacity over a continuous five-day period. The Company has not achieved commercial production at Lucky Bay during the period, and it still continues to be in a pre-production phase. Management expects that the project will enter the commercial production phase during the second half of financial year ended 30 June 2023.

f) Adoption of new and revised Accounting Standards

Standards and Interpretations applicable to 31 December 2022

In the half-year ended 31 December 2022, 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 2022. 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 2022

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 2022. 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 18.

h) Going concern

The financial statements are prepared on a going concern basis.

At balance date, the Group had a working capital deficit of $12.6m (30 June 2022: $12.3m) and cash balances of $7.9m (30 June 2022: $15.4m).

The Company's parent entity, Mineral Resources Limited (MinRes), has provided a loan facility to complete the construction and development of the Company's Lucky Bay Garnet project (Lucky Bay). The facility was drawn to $79.1m (30 June 2022: $52.2m) as at year-end and will continue to increase to a maximum amount of $95m. A variation to the first repayment date of the loan was agreed to in principle by MinRes and the Company in the previous period, which will extend the first repayment date out to September 2023. MinRes will not seek repayment of the loan facility until such time as the Lucky Bay transitions to commercial production and generates positive operating cashflow, which is expected to be around 30 September 2023. Further discussions may be held with MinRes to extend this date further in the unlikely event that Lucky Bay does not transition to commercial production by that date and positive operating cashflow is not achieved. A formal variation to the loan facility will be prepared and executed in due course whilst all other terms of the loan remain the same. Please refer to Note 12: Borrowings for further detail.

The Board considers that based on its assessment of operating cash flows it is appropriate in the Group's current circumstances to prepare its financial statements on a going concern basis.

For personal use only

For personal use only

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 2: REVENUE AND EXPENSES

	Consolidated	
	31 December 2022 $	31 December 2021 $
(a) Revenue		
Rendering of services – over time	20,052,869	25,536,979
Sale of goods – point in time	1,644,374	-
	21,697,243	25,536,979
(b) Other income		
Interest income	92,451	31,428
Interest loan forgiveness[1]	3,105,938	-
Other income	-	6,603
	3,198,389	38,031

[1] The Company's parent entity, Mineral Resources Ltd, forgave all interest accrued on the loan account with the Company, since inception of the loan (refer to Note 12).

(c) Expenses		
Depreciation and amortisation of non-current assets	(755,554)	(654,390)
Short term rental expense	(237,811)	(158,904)
Share based payments expense	(61,500)	(265,000)

NOTE 3: CASH AND CASH EQUIVALENTS

	Consolidated	
	31 December 2022 $	30 June 2022 $
Cash at bank and on hand	7,886,920	15,369,705

For personal use only

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 4: CURRENT TRADE AND OTHER RECEIVABLES

	Consolidated	
	31 December 2022	30 June 2022
	$	$
Trade receivables	2,754,128	2,681,615
Allowance for expected credit losses	-	-
	2,754,128	2,681,615
Other receivables	139,540	237,289
Prepayments	1,058,162	994,014
Funds held in trust[1]	818,181	818,181
	4,770,011	4,731,099

[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 held 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. Subsequent to balance date, the funds were received in full by the Company and distributions made to the MSA vendors by way of a franked dividend.

For personal use only

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 5: INCOME TAX

	Consolidated	
	31 December 2022	30 June 2022
	$	$
Current tax liabilities comprise:		
Income tax refundable/(payable)	48,054	(257,315)
	48,054	(257,315)
Deferred tax assets comprise:		
Provisions – employee benefits	329,606	528,401
Accrued expenses	61,118	-
Provisions – rehabilitation	1,075,514	-
Tax losses	1,001,361	1,787,160
Blackhole expenditure and borrowing costs	5,600	6,727
Finance costs payable	-	180,000
Other	7,498	-
	2,480,697	2,502,288
Deferred tax liabilities comprise:		
Prepayments	-	83,793
Inventories	-	10,059
Mining – other capitalise expenditure	5,903,834	-
Exploration expenditure	373,450	3,648,100
Depreciable property, plant and equipment	1,863,178	1,652,330
	8,140,462	5,394,282
Net liability	(5,659,765)	(2,891,994)

NOTE 6: INVENTORIES

	Consolidated	
	31 December 2022	30 June 2022
	$	$
At cost:		
Raw materials and stores	926,015	33,530
Finished goods	1,276,474	-
Work in progress (i)	1,482,041	905,171
	3,684,530	938,701
(i) Work in progress		
Contract costs incurred	102,294,432	88,159,669
Recognised profits	16,539,546	12,428,519
	118,833,978	100,588,188
Progress billings	(121,491,276)	(110,125,768)
Work in progress	(2,657,298)	(9,537,580)
Income in advance	4,139,339	10,442,751
	1,482,041	905,171

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

	Consolidated				
	Motor vehicles	Property, plant and equipment	Land and buildings	Leasehold Improvements	Total
	$	$	$	$	$
Half-year ended 31 December 2022					
At 1 July 2022, net of accumulated depreciation and impairment	1,354,116	7,096,215	2,882,370	208	11,332,909
Additions	525,536	1,782,703	-	-	2,308,239
Disposals	(7,058)	(7,545)	-	-	(14,603)
Depreciation charge for the year[1]	(146,547)	(671,653)	(31,928)	(42)	(850,170)
At 31 December 2022, net of accumulated depreciation and impairment	1,726,047	8,199,720	2,850,442	166	12,776,375
At 31 December 2022					
Cost or fair value					32,586,744
Accumulated depreciation and impairment					(19,810,369)
Net carrying amount					12,776,375

[1] $94,616 of the above depreciation charge was capitalised to Development Expenditure during the period

The written down value of assets under hire purchase contracts is $3,468,728 (30 June 2022: $3,610,100).

The Group acquired assets with a cost of $1,072,870 during the half-year period.

For personal use only

For personal use only

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 7: PROPERTY, PLANT AND EQUIPMENT (continued)

	Consolidated				
	Motor vehicles	Property, plant and equipment	Land and buildings	Leasehold Improvements	Total
	$	$	$	$	$
Year ended 30 June 2022					
At 1 July 2021, net of accumulated depreciation and impairment	1,094,188	7,121,342	-	348	8,215,878
Additions	498,699	1,954,139	2,925,797	-	5,378,635
Disposals	(16,927)	(749,063)	-	-	(765,990)
Depreciation charge for the year	(221,844)	(1,230,203)	(43,427)	(140)	(1,495,614)
At 30 June 2022, net of accumulated depreciation and impairment	1,354,116	7,096,215	2,882,370	208	11,332,909
At 30 June 2022					
Cost or fair value					30,366,414
Accumulated depreciation and impairment					(19,033,505)
Net carrying amount					11,332,909

For personal use only

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 8: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	31 December 2022	30 June 2022
	$	$
Exploration and evaluation costs	28,054,038	27,768,244
Reconciliation		
Opening balance	27,768,244	49,924,827
Reclassification to Development Expenditure	-	(23,116,241)
Additions	285,794	959,658
Closing balance	28,054,038	27,768,244

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.

NOTE 9: DEVELOPMENT EXPENDITURE

	Consolidated	
	31 December 2022	30 June 2022
	$	$
Cost	147,032,070	111,138,620
Accumulated amortisation	-	-
	147,032,070	111,138,620
Reconciliation:		
Opening balance	111,138,620	25,055,000
Reclassification from Exploration Expenditure	-	23,116,241
Additions	35,893,450	62,967,379
Closing balance	147,032,070	111,138,620

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 10: TRADE AND OTHER PAYABLES

Current	31 December 2022 $	30 June 2022 $
Trade payables	4,788,031	3,377,752
Other payables	1,760,480	2,326,304
Deferred land acquisition payments	200,000	-
Stamp duty costs accrued on acquisitions	3,232,251	3,615,000
Income received in advance	4,139,339	10,442,751
	14,120,101	19,761,807
Non-Current		
Deferred land acquisition payments	400,000	600,000
	400,000	600,000

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

NOTE 11: HIRE PURCHASE LIABILITIES

	Consolidated	
Current	31 December 2022 $	30 June 2022 $
Hire purchase liabilities	2,097,233	1,849,395
Non-current		
Hire purchase liabilities	2,218,534	1,852,818
Total hire purchase liabilities	4,315,767	3,702,213
Secured		
Hire purchase liabilities	4,315,767	3,702,213

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

For personal use only

For personal use only

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 12: BORROWINGS

	Consolidated	
	31 December 2022	30 June 2022
Current	$	$
Loan – parent entity	11,303,445	9,789,861
Non-current		
Loan – parent entity	67,827,667	42,422,729
Total borrowings	**79,131,112**	**52,212,590**
Secured		
Loan – parent entity	79,131,112	52,212,590
Total secured borrowings	**79,131,112**	**52,212,590**

The Group entered into a secured loan of $35 million with Mineral Resources Limited (MinRes) 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 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. The facility was drawn to $79.1m (30 June 2022: $52.2m) as at year-end and will continue to increase to a maximum amount of $95m. A variation to the first repayment date of the loan was agreed to by MinRes and the Company in the previous period, which will extend the first repayment date out to September 2023. MinRes will not seek repayment of the loan facility until such time as Lucky Bay transitions to commercial production and generates positive operating cashflow, which is expected to be around 30 September 2023. Further discussions may be held with MinRes to extend this date further in the unlikely event that Lucky Bay does not transition to commercial production by that date and positive operating cashflow is not achieved. A formal variation to the loan facility will be prepared and executed in due course whilst all other terms of the loan remain the same.

At 31 December 2022, MRL forgave the accrued interest since inception of the loan facility, in the sum of $3.1m. A further interest-free period will remain in place until 30 June 2023.

NOTE 13: CONTRIBUTED EQUITY

	31 December 2022		30 June 2022	
	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 2022		30 June 2022	
	Number of shares	$	Number of shares	$
Balance at beginning of financial period	2,885,116,268	74,990,375	2,810,116,268	71,240,375
Issue of shares in relation to acquisition of assets	-	-	75,000,000	3,750,000
Balance at end of financial period	2,885,116,268	74,990,375	2,885,116,268	74,990,375
	2,885,116,628	74,990,375	2,885,116,628	74,990,375

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.

For personal use only

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

Options

	31 December 2022		30 June 2022	
	Number of options	$	Number of options	$
Director options	25,525,428	785,310	20,525,428	723,810
KMP options	3,816,893	126,190	3,816,893	126,190
	29,342,321	911,500	24,342,321	850,000
Movement in options:				
Balance at beginning of period	24,342,221	850,000	8,311,688	320,000
Options issues	5,000,000	61,500	16,030,633	530,000
Balance at end of period	29,342,221	911,500	24,342,321	850,000

5,000,000 options were approved by the Company's shareholders for the non-executive directors (2,500,000 to each director) and issued subsequent to the half-year ended 31 December 2022. The options are exercisable at $0.06 per option and expire on 27 January 2026. The options were valued at $123,000 ($61,500 expensed for the half-year) using a Black-Scholes model using the following assumptions:

Spot price on grant date	$0.058
Exercise price	$0.06
Expiry date (length of time from issue)	3 years from date of issue
Risk fee interest rate	3.528%
Volatility (discount)	61%

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

There are no 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

Capital expenditure commitments of $2.3m have been made for items of plant and machinery as at 31 December 2022 (30 June 2022: $Nil).

For personal use only

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

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 2022 and 31 December 2021.

31 December 2022	Construction $	Discontinued Operations (Contracting) $	Mining $	Other $	Corporate $	Consolidated $
Revenue and other income	20,052,870	29,482	1,644,374	-	3,105,938	24,832,664
Profit/(loss) before income tax	6,400,340	(46,965)	477,744	-	1,807,471	8,638,590
Income tax (expense)/benefit	-	-	-	-	(2,767,769)	(2,767,769)
Profit/(loss) after income tax	6,400,340	(46,965)	477,744	-	(960,298)	5,870,821
Interest revenue	90,436	152	1,883		132	92,603
Interest expense	123,709	93	8,486	-	-	132,288
Depreciation & amortisation	700,112	-	55,442		-	755,554
Segment assets	11,001,096	898,743	183,660,418	752,135	10,420,303	206,732,695
Segment liabilities	12,665,940	837,214	89,565,656	-	7,884,704	110,953,514

31 December 2021	Construction $	Discontinued Operations (Contracting) $	Mining $	Other $	Corporate $	Consolidated $
Revenue and other income	25,575,007	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

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 86% (31 December 2021: two customers, 96%) of the Group's revenue for the period.

For personal use only

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

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 2022 $	30 June 2022 $
Assets		
Current assets	898,294	945,259
Non-current assets	449	449
Total assets	898,743	945,708
Liabilities		
Current liabilities	837,214	837,214
Non-current liabilities	-	-
Total liabilities	837,214	837,214
Equity		
Issued capital	420	420
Reserves	285,975	285,975
Accumulated losses	(224,866)	(177,901)
Total equity	61,529	108,494

Non-controlling interest movement schedule

Opening balance	(2,030)	(20,309)
Non-controlling interest share of profit	(9,393)	18,279
	(11,423)	(2,030)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 20: PROVISIONS

31 December 2022	Restoration and rehabilitation	Employee benefits	Total
Consolidated	$	$	$
Current	-	1,458,891	1,458,891
Non-current	3,360,000	27,181	3,387,181
	3,360,000	1,486,072	4,846,072

30 June 2022	Restoration and rehabilitation	Employee benefits	Total
Consolidated	$	$	$
Current	-	1,635,965	1,635,965
Non-current	360,000	10,534	370,534
	360,000	1,646,499	2,006,499

Employee entitlements	31 December 2022	30 June 2022
	$	$
Opening balance	1,646,499	1,285,857
Net movements	(160,427)	360,642
Closing balance	1,486,072	1,646,499

Restoration and rehabilitation	31 December 2022	30 June 2022
	$	$
Opening balance	360,000	-
Net movements	3,000,000	360,000
Closing balance	3,360,000	360,000

For personal use only

For personal use only

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 21: RELATED PARTIES

Director options

5,000,000 options were approved by the Company's shareholders for the non-executive directors (2,500,000 to each director) and issued subsequent to the half-year ended 31 December 2022. The options are exercisable at $0.06 per option and expire on 27 January 2026. 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 2022:

- The Group invoiced project work to MRL in the sum of $8.5m
- MRL invoiced services and equipment in relation to the Group's Lucky Bay Garnet Project in the sum of $19.4m

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. This loan amount was subsequently extended and at 31 December 2022 an amount of $79.1m was drawn.

At 31 December 2022, MRL chose to forgive the accrued interest since inception of the loan facility, in the sum of $3.1m. A further interest-free period will remain in place until 30 June 2023.

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 however pays rent on an arms-length basis.

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 2022 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 28th day of February 2023

For personal use only

For personal use only

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 2022, 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 2022 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.

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849
T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au
Liability limited by a scheme approved under Professional Standards Legislation.

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

For personal use only

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 2022 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

N G Neill
Partner

Perth, Western Australia
28 February 2023