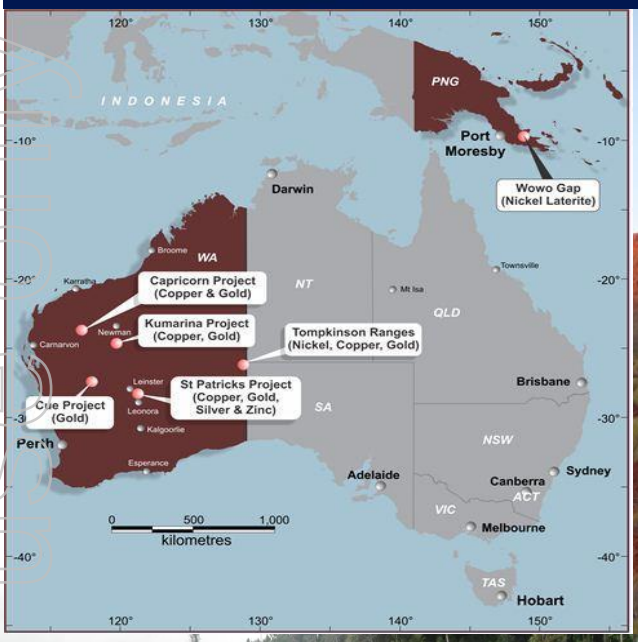
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RMC

Resource Mining Corporation Limited













2012 ANNUAL REPORT

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COMPANY INFORMATION

ABN	97 008 045 083
Directors	William (Bill) Mackenzie (Non-Executive Chairman) Warwick Davies (Managing Director) Zhang Chi (Andy) (Non-Executive Director)
Company Secretary	Ann Hadden
Registered Office	702 Murray Street WEST PERTH, WESTERN AUSTRALIA 6005
Principal Place of Business	702 Murray Street WEST PERTH, WESTERN AUSTRALIA 6005 Telephone: +61 8 9213 9400 Facsimile: +61 8 9213 9444 Website: www.resmin.com.au
Share Registry	Computershare Investor Services Pty Ltd Level 2, Reserve Bank Building 45 St Georges Terrace PERTH, WESTERN AUSTRALIA 6000 Telephone: +61 8 9323 2000 Facsimile: +61 8 9323 2033
Auditor	RSM Bird Cameron Partners 8 St Georges Terrace PERTH, WESTERN AUSTRALIA 6000 Telephone: +61 8 9261 9100 Facsimile: +61 8 9261 9111
Bankers	Westpac Bank 116 James Street NORTHBRIDGE, WESTERN AUSTRALIA 6000
Securities Exchange Listing	Resource Mining Corporation Limited shares are listed on the Australian Securities Exchange (Home Exchange – Perth) ASX Code: Shares RMI

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CHAIRMAN'S LETTER

Dear Shareholder,

On behalf of the Board of Directors, it is with pleasure that I present Resource Mining Corporation Limited's ("RMC") Annual Report for the year ended 30 June 2012.

The past year has been one of admirable achievement for RMC in difficult world economic circumstances. The Management Team has continued to enthusiastically embrace and execute the Board's business strategy, which is focused on innovation, cost control and continuous improvement.

Their accomplishments at your company's 100% owned and controlled nickel and cobalt deposit at Wowo Gap in south east Papua New Guinea (PNG) are a clear illustration of what this focus can achieve – a substantial increase in the tonnage, grade and confidence level of the nickel laterite deposit, proof of concept testing of the innovative organic acid nickel recovery process and the creation of tangible economic, health and community benefits for the host community at Wowo Gap.

In Australia, we also continued to evaluate other business development opportunities. Exploration on RMC's Western Australian tenements concentrated on a combination of soil and vegetation sampling to develop baseline information on these projects.

RMC's exploration team is progressively enhancing its knowledge of all tenements and is in the process of developing targets in areas of specific interest.

During the year, approximately $2.5 million was raised by a pro-rata renounceable rights issue. The application of the monies raised was used for exploration expenditure, including expenditure at Wowo Gap, further development of the organic leaching technology and working capital. A further $250,000 grant was obtained under the Federal Government's Commercialisation Australia grants scheme to assist with the commercialisation of this technology.

As I write this, the LME nickel price is approximately 20% lower than at this time last year and is approaching levels not seen since the GFC. When the nickel market turns as it inevitably will, I look forward to your company capitalising on the hard work done by your management team in carefully and prudently nurturing and maintaining 100% ownership of the Wowo Gap development opportunity though these difficult times.

All years are difficult years for junior explorers and RMC is no different a position than some of its peers. However, the commitment and dedication of our small management team supported by our directors has produced some enviable results.

Our strategic focus on innovation, cost control and continuous improvement in the way we operate is a hallmark of our operations.

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

Yours sincerely



W. Mackenzie

Chairman

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REVIEW OF STRATEGIC INTENT

Resource Mining Corporation Limited (ASX: RMI) is an innovative, Perth-based, mineral exploration company with a significant mineral deposit in Papua New Guinea (PNG) and exploration assets in Australia (Figure 1).

The development of the Wowo Gap Nickel Laterite Project in south east PNG is the major strategic goal of the Company. Secondary goals include exploration of the company's Western Australian tenement portfolio and strategic tenement and project acquisitions within Australia and PNG.

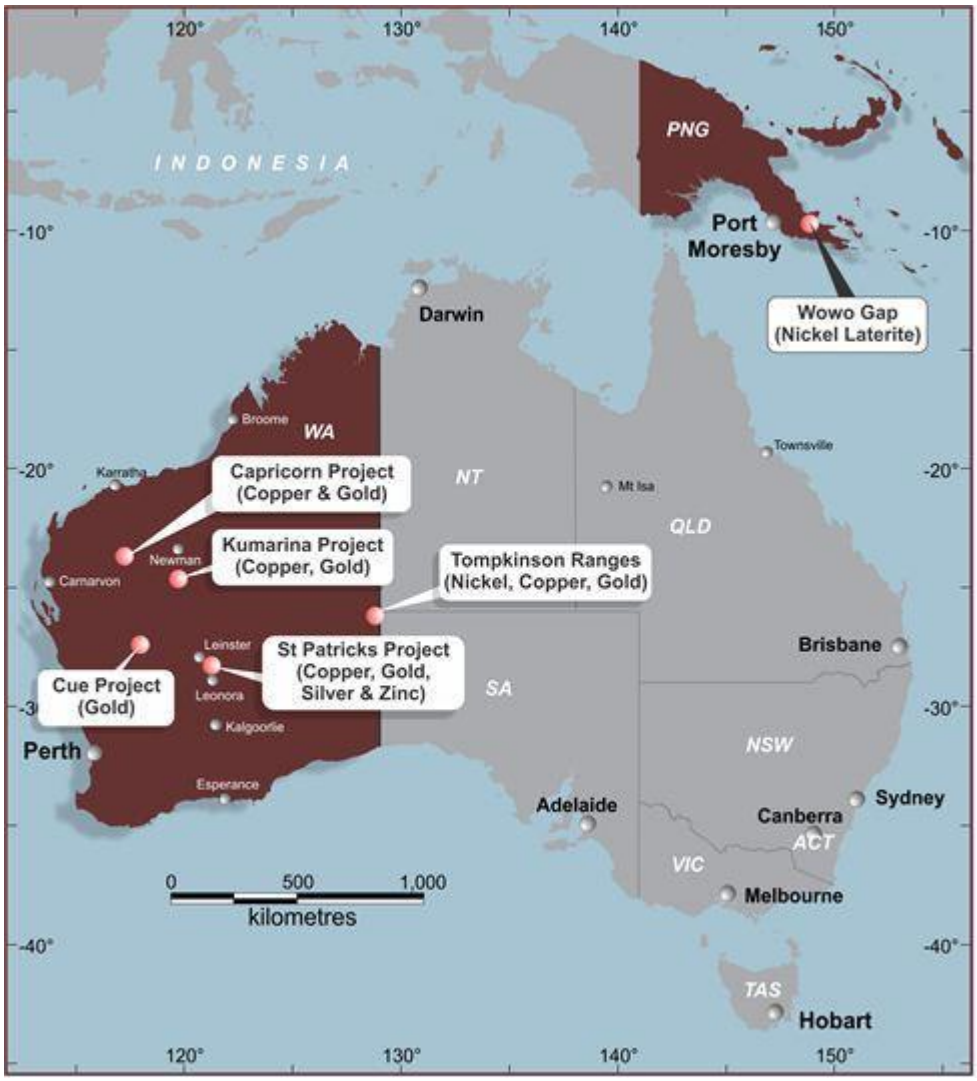


Figure 1: Project Locations

1. WOWO GAP NICKEL LATERITE PROJECT: EL1165 (RMC 100 per cent interest)

PROJECT OVERVIEW

The project is located 200 kilometres east of the PNG capital Port Moresby and hosts significant Nickel-Cobalt mineralisation within the laterite profile overlying an ultramafic plateau.

Niugini Nickel Limited, a 100 per cent subsidiary of Resource Mining Corporation Limited, is the sole owner of Exploration License EL1165, which covers an area of 95 square kilometres.

Drilling to date has outlined mineralisation along the 10 kilometre strike length resulting in a total Indicated and Inferred Mineral Resource estimate of 125 million tonnes at 1.06 per cent Nickel (Ni), 0.07 per cent Cobalt (Co). (see Table 1)

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Tenement Renewal

Exploration tenements in PNG have a life of just 2 years. EL1165 tenement expired on the 29th February 2012 and information on the renewal is awaited. Advice has been received from the MRA, (Mineral Resources Authority), that all activity regarding tenement renewals will be suspended until after the National Parliamentary Elections. It is not unusual that the renewal process is lengthy. A previous tenement renewal took over 18 months to complete.

Importantly though, EL1165 remains in good standing through the renewal process, as all the necessary conditions for the tenement, including expenditure commitments have been met.

Geology

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

The Papuan Peninsular consists of a core of Cretaceous Owen Stanley Metamorphics and the Mt Suckling Dome onto which have been thrust Jurassic-Cretaceous ultramafics and basaltic lavas and pillow lavas. The younger volcanics and sediments are associated with thrust structures, particularly to the east. Relatively recent basaltic and andesitic volcanism has occurred in the Didana Range and Group Mountains.

The ultramafics crop out at the eastern end of the Didana Range adjacent to and within the western section of the Wowo Gap Project. The Sivia Breccia, co-host of the Wowo Gap mineralisation, flanks the ultramafic at the eastern end of the Didana Range adjacent the Bereruma Fault. The ultramafic breccia also occurs along the south side of the Didana Range on the Ansuna and Boge Plateaux.

The project area lies within an erosional regime of an east dipping lateritic profile developed over the underlying ultramafics. The project area is the physiographic expression of the northeast trending Bereruma Fault (**Figure 2**).



Figure 2: Regional Geology of the Wowo Gap Project

A complete lateritic profile is preserved, with partial truncation associated with recent drainage systems. The depth of weathering varies according to rock type and the degree of brecciation. The lateritic profile is typically 10 to 15 metres thick, occasionally more than 30 metres above the Sivia Breccia.

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Resource Definition Diamond Drilling

The Mineral Resource Estimate comes on the back of a comprehensive drilling program which commenced in August 2010 with RMC's purpose built man portable drilling rigs. The light weight drill rigs were designed to penetrate the clay profile of the laterite without the requirement of water to assist in the drilling, as is the case for conventional diamond drilling. A total of 295 holes were completed along the 12 kilometre strike length of the resource at a nominal drill hole spacing of 200 metres in August 2011 (**Figure 3**).

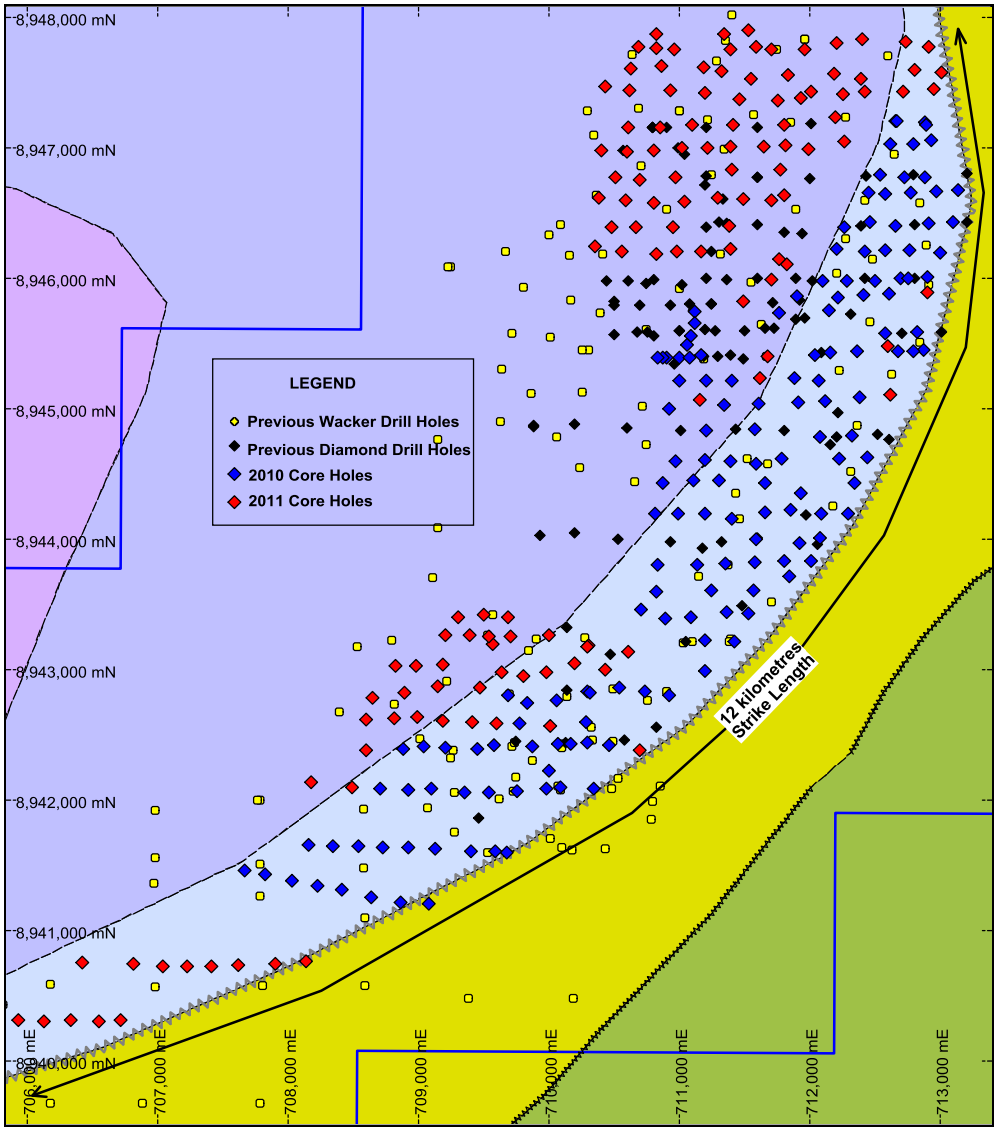


Figure 3: Core hole locations.

The Mineral Resource Estimate was undertaken by Ravensgate Minerals Industry Consultants in Perth which included data from the 295 core holes drilled in 2010 and 2011 to supplement historical data obtained from 98 diamond holes, 155 wacker holes and Ground Penetrating Radar (GPR) derived lithological profiles.

The estimation work was performed in Minesight software with base clay profile and base of the rocky saprolite profile models created from the GPR profiles and lithological contacts in the drill holes. These surfaces were used to tag the ore block model by material type. The grade interpolation process was done using Ordinary Kriging technique.

The Mineral Resource was estimated and reported in accordance with the JORC Code (2004) guidelines covering the "Estimation and Reporting of Mineral Resources" and is based on all drill hole, GPR and dry bulk density data as of 26th October 2011. Classification of the estimate was based on drill hole density and geological confidence criteria.

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The updated Mineral Resource Estimate has substantially increased the tonnage, grade and confidence level of the Wowo Gap Nickel Laterite deposit as summarised in **Table 1** below.

Table 1: Mineral Resource Estimate

2011 Mineral Resource Estimate	Mt	Nickel (%)	Cobalt (%)
Indicated	72	1.03	0.07
Inferred	53	1.09	0.06
Total	125	1.06	0.07
Contained Metal (kt)		1,325	83

2009 Mineral Resource Estimate	Mt	Nickel (%)	Cobalt (%)
Indicated	39	1.00	0.05
Inferred	43	1.01	0.06
Total	82	1.01	0.06
Contained Metal (kt)		828	47

Percentage Increase over 2009 Estimate	Mt	Nickel (%)	Cobalt (%)
Indicated	85%	3%	23%
Inferred	23%	8%	5%
Total	52%	5%	16%
Contained Metal (kt)		60%	76%

PREPARATION FOR DEVELOPMENT

Under the terms of the Mines Act, the holder of an Exploration Licence is required to undertake a variety of activities prior to conversion of the Exploration Licence to Mining Lease and prior to any development taking place.

Included in these activities are: Social Mapping Social Engagement and Logistics

Social Mapping

A small contract team is on site completing the field work and reviewing/compiling data from previously undertaken work, including a census of all local residents.

The Social Mapping is well advanced with the Stage #1 Report having been received. Additional work is scheduled for October 2012 with December 2012 currently as the planned completion date.

Social Mapping is required for a variety of reasons:

- Land ownership for future development;
- Compensation claims;
- Determination and agreement of land boundaries; and
- Migration patterns.

Within the Wowo Gap area, there are two main tribes and within the two tribes are a number of clans and sub-clan groups.

Each of these groups has direct links to the land including ownership.

An important pre-development step is to establish and agree on customary land ownership, document this and register the agreed ownership structure, including agreed land boundaries.

Health Initiatives

At Wowo Gap, Niugini Nickel operates in the spirit of mutual co-operation, support and co-existence. The Company's objective is to work for the benefit of all within the area of Wowo Gap. The local villages have very limited access to education and health facilities.

As Niugini Nickel is the sole employer in the area, Niugini Nickel requires a pool of fit and healthy workers. For future development, it is increasingly important that this pool of fit and healthy labour is as broad as possible. The Niugini Nickel health initiatives are designed to achieve this outcome in co-operation with the Provincial Government of PNG.

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Village Health Worker

Niugini Nickel has recently employed a permanent employee in the role of Health Worker to provide on-site medical support and education to Niugini Nickel employees as well as routine support to local villagers. The Oro Provincial Government has provided a wide range of medicines to the local villages.

The general level of health amongst the villagers is poor and the nearest formal medical facilities are located in Popondetta, a full day's canoe ride away.

The overall objective is to improve the general health of the local villagers and workforce by treatment and education.

Airstrips

With very limited infrastructure in the area, future development will be initially reliant on fixed wing aircraft to deliver personnel and supplies. Niugini Nickel has been actively encouraging the two main villages of Obea and Embessa to lengthen their air strips to 1km. This would assist Niugini Nickel in providing increased options for air charter, but also allows for:

- Higher payloads;
- Potential regular services;
- Diversity of carriers re helicopters and fixed wing aircraft;
- Emergency airstrip; and
- Enhanced options for Niugini Nickel in future project development.

Village Produce

A key platform is the way Niugini Nickel conducts its business in PNG, which is focussed on adding value at the village level to retain and enhance support for the Company's exploration activities.

Niugini Nickel has been assisting the villages of Embessa and Obea to develop their local gardens. The local soil is particularly fertile, rainfall predictable with high yields for the national varieties grown.

This is beneficial to both parties as it:

- Provides a balanced diet for our workers;
- Promotes working relationships with local villages; and
- Provides an income stream and development opportunity for local villages.

Niugini Nickel has an on-going program with local villages to further develop their gardens to provide consistent quality produce that can be back-boarded to Port Moresby on the Niugini Nickel fixed wing charter aircraft.

This market produce system is being developed in conjunction with wholesalers in Port Moresby, to provide bulk garden produce to the Port Moresby market.

Increasing amounts of fresh food is being imported into PNG and an opportunity exists for locally grown produce. The overall objective is for the villages of Embessa and Obea to operate independently of Niugini Nickel. This process is being encouraged/facilitated.

Cassava Plantation

Niugini Nickel is working with the villages of Obea and Embessa with regards to the cultivation of Cassava.

Cassava is a part of the staple diet for the people in PNG and it also has the ability to produce carbohydrates very efficiently. Through the metallurgical test program, RMC is also investigating the use of cassava as a raw material for the potential production of organic acids for the leaching of Nickel Laterite ore.

Current investigations are associated with developing an understanding of:

- Crop yield;
- Soil conditions;
- Farm support (labour);
- Harvesting;
- Future mechanisation;
- Cassava quality; and
- Handling and logistics.

These investigations form an integral part of Niugini Nickel's Social Engagement Policy.

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METALLURGICAL TESTWORK

RMC is continuing to develop its organic acid leaching process to extract nickel and cobalt mineralisation from both the limonite and saprolite horizons within the laterite profile.

During the year, the Company received advice from AusIndustry of success in being awarded a $250,000 Commercialisation Australia grant from the Federal Government to provide proof of concept for the organic acid nickel recovery process.

The Commercialisation Australia grant is being used to fund work including commercial laboratory testing to refine the process to proof of concept, including the hydrometallurgical process of acid regeneration.

Contracting of CSIRO

As more testing is undertaken on the organic acid leaching process to bring the process to commercialisation, the Company identified a need for specialist advice.

CSIRO have been engaged, under a Consulting Services Agreement, to provide this specialist advice.

Under the terms of the consulting service agreement, CSIRO is assisting with matters associated with:

- Scoping and mass balancing of the leach tests under a variety of conditions;
- Test optimisation;
- Acid purification and recovery techniques, etc.

These activities are necessary for the future process development.

The initial contract with CSIRO is for a six month period and expires 31 December 2012.

Confirmation of leach results

Bulk leach tests confirmed that the leaching of nickel from the limonite was approximately 80% Ni leached within 90 minutes of digestion. This result is consistent with results achieved for limonite to date.

2. CAPE VOGEL, PNG: EL1749 (RMC 100 per cent interest)

Project Overview

This Niugini Nickel owned tenement is located on the eastern end of the Cape Vogel Peninsula, approximately 100 kilometres east of the Wowo Gap Project. The tenement is prospective for limestone deposits which will be required as a neutralising material for the organic acid in the newly developed organic leach process for Wowo Gap. The tenement has numerous occurrences of limestone noted from 1:250,000 geological mapping which will be sampled and mapped once tenement access has been negotiated with local land owners.

Activity

This has been limited to initial contact with the local landowners to determine the correct contact people and process to follow.

The relatively isolated location of the tenement presents access and logistic challenges which are being resolved with local villagers with the plan for a preliminary site visit in the near future.

3. CUE GOLD PROJECT, WA: P20/2138 – P20/2151 (RMC 100 per cent interest)

Project Overview

The project is located approximately three kilometres east of the historical Cue gold mining centre in the Murchison region of Western Australia. Previous production in Cue totalled approximately 250,000 ounces at grades averaging 24 grams per tonne of gold. The Cue goldfields has more than 50 historic workings in a 20 kilometre long outcropping of quartz reef in granite with individual larger workings having produced up to 50,000 ounces of gold.

The tenement area consists of a three to four kilometre wide greenstone sequence which strikes east – west along the NE continuation of the mineralised corridor. This area hosts the historic Day Dawn gold deposits which have produced around 1.5 million ounces of gold located approximately five kilometres South-west of Cue.

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3. CUE GOLD PROJECT, WA: P20/2138 – P20/2151 (RMC 100 per cent interest) (continued)

Activity

Work completed during the year has primarily been the compilation of historical data in order to identify any potential targets for further exploration. Previous exploration work in the area includes RAB and RC drilling, vacuum drilling and soil geochemistry as well as magnetics and mapping.

4. KUMARINA PROJECT, WA: E52/2539 (RMC 100 per cent interest)

Project Overview

Geochemistry results from soil and vegetation samples have confirmed a copper and gold anomaly in this under explored region of Western Australia.

The tenement lies approximately 200 kilometres North East of Meekatharra along the Great Northern Highway, approximately 10 kilometres east of the historical Kumarina copper mine within the Proterozoic Collier Basin. Historical exploration has located elevated copper and gold values in surface soils that have not been followed up by further exploration.

Activity

A reconnaissance soil and vegetation sampling program in June 2011 highlighted a number of geochemical anomalies that required follow up work. A second sampling program in October 2011 has highlighted a 6km long multi element geochemical anomaly with coincident silica-sericite alteration of the siltstones, a similar alteration to the host rocks at the historical Kumarina Copper Mine.

The multi-element MMI geochemical association suite of the primary target suggests that the geochemistry maybe associated with hydrothermal alteration derived from an intermediate granitiod. An outcropping altered diorite was mapped immediately north of the geochemical anomaly and several rocks found within the area of geochemical anomalism show pervasive silica – sericite alteration and maybe directly associated with the mineralisation.

A detailed surface geochemical sampling program is planned to be undertaken within the next few months.

5. ST PATRICK VMS PROJECT, WA: E37/1064, E37/1078, E37/1084, E37/1091, E37/1092, E371110, E37/1018 (RMC 100 per cent interest)

Project Overview

The project is located approximately 50 kilometres north of Leonora and 10 kilometres east of the Teutonic Bore and Jaguar polymetallic copper-zinc-silver (Cu-Zn-Ag) Projects. It is situated along a strike to the south east of numerous gold mines with more than 300,000 ounces of gold in resources.

The project is almost entirely buried under surficial alluvial cover material over barren granitic rocks. It overlies a sequence of buried felsic volcanic, mafic and ultramafic bedrock lithologies along the 50 kilometre strike length of the project. The bedrock lithologies and structures in this area are prospective for volcanogenic copper-zinc-silver-gold (Cu-Zn-Ag-Au) and lode gold mineralisation.

Activity

Field reconnaissance during the year has located greenstone rocks at the base of a number of old wells across the project area. The estimated depth of the granite – greenstone contact from the wells was 20 to 25 metres.

CSIRO conducted hydrogeochemical sampling of the wells and bores within the area as part of the MERIWA project M402 – “Hydrogeochemical Mapping of the Northeast Yilgarn Craton”, with the results released to the public in 2009. A number of the wells within the project area have elevated mineral chemistry within the water table following analysis of this data. This chemistry supports the potential of the buried greenstone rocks within the project area to host gold and polymetallic mineralisation.

Subsequent reconnaissance geochemical sampling has confirmed the presence of buried gold and polymetallic mineralisation within the greenstone rocks beneath a blanket of granitic rocks at a number of localities across the project area.

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7. BLACKSTONE RANGE PROJECT, WA (Joint Venture with Redstone Resources Limited (ASX:RDS). Redstone earned 90 per cent interest, RMC has a 10 per cent non-contributing free carried interest)

Project Overview

The Blackstone Range Project covers an area of 338 square kilometres approximately 25 kilometres east of the BHP-Billiton Babel and Nebo nickel-copper-platinum (Ni-Cu-PGE) discoveries High-resolution aeromagnetic surveys identified the 12 kilometre diameter elliptical ring complex named the Saturn Complex, interpreted to be a mafic cone-shaped feeder of Giles Intrusive Complex.

This intrusion and associated mafic complex cuts through the large layered mafic intrusions of the Blackstone and Cavanaugh Ranges and it is along these intrusive boundaries that the Halleys and Halleys NW Ni-Cu-PGE trend occurs. These magmatic boundaries are proving to be highly complex, containing multiple intrusions including fractionated magnetite-bearing layered intrusions rich in PGE mineralization, and pipe-like bodies such as the Halleys Cu-PGE-Ni body.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mark Hill, who is a Member of the Australian Institute of Geologists. Mark Hill is a director of Exman Consultancy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mark Hill consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

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DIRECTORS' REPORT

Your Directors submit their report on the Consolidated Entity consisting of Resource Mining Corporation Limited and its controlled entities ("RMC") for the financial year ended 30 June 2012.

DIRECTORS

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

		In Office From:	In Office To:
William Mackenzie	Chairman (Non-Executive)	19 December 2008	Current
Warwick Davies	Managing Director	1 July 2005	Current
Zhang Chi	Director (Non-Executive)	11 April 2006	Current

PARTICULARS OF DIRECTORS AND COMPANY SECRETARY

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

Qualification
Bachelor of Engineering (Mining); MBA; M AusIMM; MAICD

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

Interest in Shares and Options in Resource Mining Corporation Limited
Nil

Special Responsibilities
Mr Mackenzie is a Non-Executive Chairman, and chairman of the Audit Committee

Directorships held in other listed entities
None.

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

Qualification
Mr Zhang has an economics degree from Renmin University in China (1990).

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

Interest in Shares and Options in Resource Mining Corporation Limited
1,171,026,986 ordinary shares and 206,910,706 listed options held by Sinom (Hong Kong) Limited of which Mr Zhang is a director and controlling shareholder.

Special Responsibilities
Mr Zhang is a Non-Executive Director.

Directorships held in other listed entities
None.

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Warwick Davies — **Managing Director (Executive Director)**

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

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

As an independent mining industry consultant since 2001, Mr Davies has worked on a wide variety of assignments particularly in the Iron Ore Industry with specific emphasis on China. He brings to the company, a wealth of practical experience, a strong technical background and an extensive potential customer contact network.

Interest in Shares and Options in Resource Mining Corporation Limited
15,502,500 ordinary shares and 1,291,875 listed options held directly 7,453,125 ordinary shares, and 621,094 listed options held in indirectly in the name of his wife.

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

Directorships held in other listed entities

Current	*Former*
Nil	Alchemy Resources Limited (ceased November 2011)

Ann Hadden — **Company Secretary**

Qualification
BA, GradDip Sec St, Dip Law, GradDip ACG

Experience
Ms Hadden was appointed as company secretary on 18 October 2011 and is a qualified lawyer and company secretary with more than 20 years corporate experience. She has acted as company secretary, corporate lawyer and compliance manager for public listed and unlisted private companies and entities predominantly within the financial services sector.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

MATTERS SUBSEQUENT TO THE END OF FINANCIAL YEAR

Since the end of the financial year under review and the date of this report, there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to significantly affect the operations of the Consolidated Entity, in subsequent financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Consolidated Entity intends to continue its exploration activities with a view to the commencement of mining operations as soon as practical.

Further information on likely developments in the operations of the Consolidated Entity and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Consolidated Entity.

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PRINCIPAL ACTIVITIES

The principal activity of the Consolidated Entity during the year was mineral exploration in Papua New Guinea and Australia.

OPERATING AND FINANCIAL REVIEW

Review of Operations

RMC's world class nickel laterite project at Wowo Gap in PNG remained the key focus for the year. Activities included the updating of the Resource Estimate based on the previous year's core drilling program, pre-development work including environment and social mapping studies and continuation of the metallurgical testwork associated with organic acid leaching of the limonite and saprolite ores.

Wowo Gap
Following completion of the core drilling program in 2010/11, assay results were used to provide an update to the resource statement for the project. The resource increased from 85Mt at 1.0 per cent nickel in 2009 to 125 Mt at 1.06 per cent nickel and 0,06 per cent cobalt, containing a total of 1.32Mt of nickel in 2012.

The core drilling program also identified that the laterite profile extends along 12 kilometres of strike length remaining open to both the north and south of the resource estimate area.

Preparation for future development was undertaken during the year. This work included environmental and social mapping studies, both mandatory requirements prior to any development. Both studies were conducted in conjunction with local villagers with the study consultants providing training to locally sourced labour. Additional work remains to be undertaken with this scheduled for completion during 2012.

The social and logistic initiatives instituted during the prior year are now at an advanced stage where tangible benefits regarding health, training and logistics supports being realised in efficiencies, morale and cost control.

The organic acid leaching testwork continued during the year supported by a grant of $250,000.00 from Commercialisation Australia. RMC is required to match this expenditure on dollar for dollar basis. To assist in understanding the complex chemistry involved and to provide a strong scientific support, RMC has engaged CSIRO as a contract partner in this project. Having re-confirmed the leaching results and optimised the leaching conditions, work is now focussed on understanding the chemistry, extracting the Nickel and cobalt from the leach solution and the regeneration of the organic acid.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2012, and the number of meetings attended by each Director. .

	Number eligible to attend	Number attended
Warwick Jeffrey Davies	8	8
William Mackenzie	8	8
Zhang Chi	8	2

AUDIT COMMITTEE

The Audit Committee is comprised of the three directors, being the full Board of the Company. During the year ended 30 June 2012, Mr Mackenzie chaired two meetings of the Audit Committee.

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REMUNERATION REPORT (Audited)

This report outlines the remuneration arrangements in place for Directors and Key Management Personnel of Resource Mining Corporation Limited, in accordance with the requirements of the *Corporations Act 2001* and its Regulations. The information provided in the remuneration report includes remuneration disclosures that are required under Australian Accounting Standards AASB 124 "Related Party Disclosures". For the purposes of this report Key Management Personnel of the Company, are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Consolidated Entity, directly or indirectly, including any directors of the Company.

Remuneration policy

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

The Company's aim is to remunerate at a level that will attract and retain high-calibre directors, officers and employees. The Company's officers and directors are remunerated to a level consistent with the size of the Company and the industry within which it operates. All remuneration paid to directors and executives is valued at the cost to the Company and expensed.

Performance-based remuneration

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

Details of remuneration for year ended 30 June 2012 for Key Management Personnel

Details of Key Management Personnel

William (Bill) Mackenzie	Chairman (Non-Executive Director)	
Warwick Davies	Managing Director (Executive Director)	
Zheng Chi (Andy)	Director (Non-Executive Director)	
Julie Hill	Company Secretary	(resigned October 2011)

Non-Executive Directors' Remuneration

No fees, salaries, commissions, bonuses or superannuation were paid or payable to non-executive directors during the year. The Directors are entitled to reimbursement of out-of-pocket expenses incurred whilst on company business.

Remuneration

Service Contracts

At the date of this report, the Company had entered into service contracts with the following Key Management Personnel:

Warwick Davies

Mr Davies is an Executive Director and as Managing Director, is responsible for the day-to-day operations of the Company. The Company has an agreement with Fairstone Holdings Pty Ltd to provide the management services of Mr Davies to the Company in relation to its corporate activities on normal commercial terms and conditions. An annual fee of $174,650 excluding GST was paid during the year. Mr Davies is a director and shareholder of Fairstone Holdings Pty Ltd. The Company may terminate the contract by giving three months' notice. Fairstone Holdings Pty Ltd may terminate by giving three months' notice.

Julie Hill

Ms Hill was the Company Secretary and Chief Financial Officer of the Company until October 2011. The Company had an agreement with DZB Pty Ltd to provide the services of Ms Hill to the Company in relation to its corporate activities, on normal commercial terms and conditions. A fee of $28,750 excluding GST was paid during the year.

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

2012	Short-term Benefit			Post-employment Benefits	Share-based payments		% of Remuneration to Total	
Name	Salary & Fees	Cash Bonus	Non-Monetary Benefit	Super-annuation	Options	Total	Options	Bonus
	$	$	$	$	$	$	%	%
W Davies (a)	174,650	-	-	-	-	174,650	-	-
W Mackenzie	-	-	-	-	-	-	-	-
Zhang C	-	-	-	-	-	-	-	-
J Hill (b)	28,750	-	-	-	-	28,750	-	-
Totals	203,400	-	-	-	-	203,400		

(a) Mr Davies' services as Managing Director were provided by Fairstone Holdings Pty Ltd for which the Company was charged $174,650 (ex GST).
(b) Ms Hill's services as Company Secretary and Chief Financial Officer were provided by DZB Pty Ltd for which the Company was charged $28,750 (ex GST).

2011	Short-term Benefit			Post-employment Benefits	Share-based payments		% of Remuneration to Total	
Name	Salary & Fees	Cash Bonus	Non-Monetary Benefit	Super-annuation	Options	Total	Options	Bonus
	$	$	$	$	$	$	%	%
W Davies (a)	165,408	-	-	-	34,281	199,689	17.2	-
W Mackenzie	-	-	-	-	7,546	7,546	100.0	-
Zhang C	-	-	-	-	10,277	10,277	100.0	-
J Hill (b)	170,000	-	-	-	27,095	197,095	13.8	-
Totals	335,408	-	-	-	79,199	414,607		

(a) Mr Davies' services as Managing Director were provided by Fairstone Holdings Pty Ltd for which the Company was charged $165,408 (ex GST).
(b) Ms Hill's services as Company Secretary and Chief Financial Officer were provided by DZB Pty Ltd for which the Company was charged $170,000 (ex GST).

The options listed as remuneration in the year ended 30 June 2011 were granted in the years ended 30 June 2010 and 30 June 2008 and all options had vested as at 30 June 2011.

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Remuneration Options

During the year ended 30 June 2012, no remuneration options or incentive options were granted, but options that were issued in previous years lapsed.

2012								
Name	**Vested during the year**	**Options Granted during the year**	**Grant Date**	**Value Per Option at Grant Date**	**Exercise Price**	**Vesting Date**	**Last Exercise Date**	**Lapsed during the year**
	Number	**Number**		**Dollars**	**Dollars**			**Number**
W Davies *	-	-	23/12/09	0.0031	0.011	23/12/09	31/12/11	20,000,000
	-	-	23/12/09	0.0031	0.011	23/12/10	31/12/11	20,000,000
W Mackenzie	-	-	23/12/09	0.0031	0.011	23/12/09	31/01/12	10,000,000
	-	-	23/12/09	0.0031	0.011	23/12/09	31/12/11	5,000,000
	-	-	23/12/09	0.0031	0.011	23/12/10	31/12/11	5,000,000
Zhang C *	-	-	23/12/09	0.0031	0.011	23/12/09	31/01/12	10,000,000
	-	-	23/12/09	0.0031	0.011	23/12/09	31/12/11	5,000,000
	-	-	23/12/09	0.0031	0.011	23/12/10	31/12/11	5,000,000
J Hill	-	-	23/12/09	0.0031	0.011	23/12/09	31/12/11	17,500,000
	-	-	23/12/09	0.0031	0.011	23/12/10	31/12/11	17,500,000

* *(Indirect ownership)*

During the year ended 30 June 2011, no remuneration options or incentive options were granted, but options that were issued in previous years vested in accordance with the terms and conditions of the option agreement or lapsed.

2011								
Name	**Vested during the year**	**Options Granted during the year**	**Grant Date**	**Value Per Option at Grant Date**	**Exercise Price**	**Vesting Date**	**Last Exercise Date**	**Lapsed during the year**
	Number	**Number**		**Dollars**	**Dollars**			**Number**
W Davies *	20,000,000	-	23/12/09	0.0031	0.011	23/12/10	31/12/11	-
W Davies	1,000,000	-	12/02/08	0.0297	0.090	12/02/11	30/06/11	1,000,000
		-	12/02/08	0.0297	0.090	12/02/10	30/06/11	1,000,000
		-	12/02/08	0.0297	0.090	12/02/09	30/06/11	1,000,000
W Mackenzie	5,000,000	-	23/12/09	0.0031	0.011	31/12/11	31/01/12	-
Zhang C *	5,000,000	-	23/12/09	0.0031	0.011	30/06/11	31/01/12	-
	666,667	-	12/02/08	0.0297	0.090	12/02/11	30/06/11	666,666
		-	12/02/08	0.0297	0.090	12/02/10	30/06/11	666,667
		-	12/02/08	0.0297	0.090	12/02/09	30/06/11	666,667
J Hill	17,500,000	-	23/12/09	0.0031	0.011	30/06/11	31/12/11	-
	166,667	-	12/02/08	0.0297	0.090	12/02/11	30/06/11	166,666
		-	12/02/08	0.0297	0.090	12/02/10	30/06/11	166,667
		-	12/02/08	0.0297	0.090	12/02/09	30/06/11	166,667

* *(Indirect ownership)*

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DIRECTORS' REPORT (Continued)

Directors' Interests in Shares and Options of the Company

2012 Options Holding	Balance 1 July 2011	Balance at date of appointment	Received as remuneration	Options exercised	Net change other	Balance 30 June 2012
	$	$	$	$	$	$
Directors						
W Davies	1,560,000	-	-	(1,560,000)	1,291,875	1,291,875
W Davies *	40,750,000	-	-	(750,000)	(39,378,906)	621,094
W Mackenzie	20,000,000	-	-	-	(20,000,000)	-
Zhang C *	43,698,379	-	-	(23,698,379)	186,910,706	206,910,706
Totals	106,008,379	-	-	(26,008,379)	128,823,675	208,823,675

** (Indirect ownership)*

2012 Shareholding	Balance 1 July 2011	Balance at date of appointment	Received as remuneration	Options exercised	Net change other	Balance 30 June 2012
	$	$	$	$	$	$
Directors						
W Davies	8,775,000	-	-	1,560,000	5,167,500	15,502,500
W Davies *	4,218,750	-	-	750,000	2,484,375	7,453,125
W Mackenzie	-	-	-	-	-	-
Zhang C *	319,685,787	-	-	23,698,379	827,642,820	1,171,026,986
Totals	332,679,537	-	-	26,008,379	835,294,695	1,193,982,611

** (Indirect ownership)*

2011 Options Holding	Balance 1 July 2010	Balance at date of appointment	Received as remuneration	Options exercised	Net change other	Balance 30 June 2011
	$	$	$	$	$	$
Directors						
W Davies	4,560,000	-	-	-	(3,000,000)	1,560,000
W Davies *	40,750,000	-	-	-	-	,40750,000
W Mackenzie	20,000,000	-	-	-	-	20,000,000
Zhang C *	75,698,379	-	-	(30,000,000)	(2,000,000)	43,698,379
Totals	141,008,379	-	-	(30,000,000)	(5,000,000)	106,008,379

** (Indirect ownership)*

2011 Shareholding	Balance 1 July 2010	Balance at date of appointment	Received as remuneration	Options exercised	Net change other	Balance 30 June 2011
	$	$	$	$	$	$
Directors						
W Davies	8,775,000	-	-	-	-	8,775,000
W Davies *	4,218,750	-	-	-	-	4,218,750
W Mackenzie	-	-	-	-	-	-
Zhang C *	289,685,787	-	-	30,000,000	-	319,685,787
Totals	302,679,537	-	-	30,000,000	-	332,679,537

** (Indirect ownership)*

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SHARE OPTIONS

Unlisted Options

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

During the year ended 30 June 2012, the following options of Resource Mining Corporation Limited lapsed in accordance with the terms and conditions of their original issue:

Grant Date	Expiry Date	Exercise Price	Number of lapsed Options
23/12/2009	31/12/2011	$0.011	160,000,000
23/12/2009	31/01/2012	$0.011	20,000,000

Option holders did not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate or in the interest issue of any other registered scheme.

Listed Options

At 30 June 2012, there were 226,177,905 listed options over unissued ordinary shares in the parent Resource Mining Corporation Limited. The listed options are exercisable at $0.006 on or before 31 January 2015.

During the year ended 30 June 2012, the following listed options of Resource Mining Corporation Limited lapsed in accordance with the terms and conditions of their original issue:

Last Grant Date	Expiry Date	Exercise Price	Number of lapsed Options
23/03/2010	31/03/2012	$0.006	214,776,488

ENVIRONMENTAL ISSUES

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

INDEMNIFICATION OF DIRECTORS AND OFFICERS

During the financial year, the Company has given an indemnity or entered into an agreement to indemnity or paid or agreed to pay insurance premiums as follows:

- The Company has paid premiums to insure each of the Directors and Officers against liabilities for costs and expenses incurred by them in defending any legal proceedings while acting in the capacity of Director or Officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company. In accordance with the confidentially clause under the insurance policy, the amount of the premium paid to the insurers and the limit of indemnity has not been disclosed. This is permitted under section 300 (a) of the Corporation Act 2001.

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DIRECTORS' REPORT (Continued)

AUDITOR

RSM Bird Cameron Partners continues in office in accordance with section 327 of the Corporations Act 2001.

NON-AUDIT SERVICES

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

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2012:

Taxation compliance services	$15,853

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration has been received for the year ended 30 June 2012 and can be found on page 53.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the directors' and on behalf of the directors



W. Davies
Managing Director

Dated at Perth this 14th day of September, 2012.

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CORPORATE GOVERNANCE STATEMENT

Approach to Corporate Governance

Resource Mining Corporation Limited (**Company**) has adopted systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 2nd edition (**Principles & Recommendations**), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and an explanation for the adoption of its own practice.

The following governance-related documents can be found on the Company's website at www.resmin.com.au, under the section marked “Investors”, "Corporate Governance":

Charters
Board
Audit Committee
Nomination Committee
Remuneration Committee

Policies and Procedures
Policy and Procedure for Selection and (Re) Appointment of Directors
Process for Performance Evaluations
Policy on Assessing the Independence of Directors
Policy for Trading in Company Securities
Code of Conduct (summary)
Policy on Continuous Disclosure (summary)
Compliance Procedures (summary)
Procedure for the Selection, Appointment and Rotation of External Auditor
Shareholder Communication Policy
Risk Management Policy (summary)
Whistle-blower Policy (summary)
Diversity Policy

The Company reports below on how it has followed (or otherwise departed from) each of the recommendations during the 2011/2012 financial year (**Reporting Period**). The information in this statement is current at 11 September 2012

Board

Roles and responsibilities of the Board and Senior Executives
(Recommendations: 1.1, 1.3)

The Company has established the functions reserved to the Board, and those delegated to senior executives and has set out these functions in its Board Charter.

The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives, and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

Senior executives are responsible for supporting the Managing Director and assisting the Managing Director in implementing the running of the general operations and financial business of the Company in accordance with the delegated authority of the Board. Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Managing Director or, if the matter concerns the Managing Director, directly to the Chair.

The Company’s Board Charter is disclosed on the Company’s website.

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CORPORATE GOVERNANCE STATEMENT (continued)

Skills, experience, expertise and period of office of each Director (Recommendation: 2.6)

A profile of each Director setting out their skills, experience, expertise and period of office is set out in the Directors' Report. The mix of skills and diversity for which the Board is looking to achieve in membership of the Board is a majority of independent directors, with resources industry and in particular operational processing and management experience in foreign jurisdictions, general corporate and commercial and investor relations experience, and a level of expertise and experience in industrial, regulatory and governmental relations both domestically and in Papua New Guinea. The qualifications and experience the Board considers to be particularly relevant to the Company are in the areas of legal, finance, mining exploration and operation, investor relations and marketing.

Director independence (Recommendations: 2.1, 2.2, 2.3, 2.6)

The Board does not have a majority of directors who are independent. The Company has found that with its direction of operations and the financial climate, it has been difficult to attract directors. During the Reporting Period, the Board continued to review its structure and composition, including the balance of independence on the Board. The Board remains committed to appointing two more independent directors to its Board, when the opportunity to do so arises.

The sole independent director of the Company is William Mackenzie, who is deemed to be independent by the Board. Mr Mackenzie is an employee and director of an associate of a substantial shareholder of the Company. Therefore, Mr Mackenzie does not satisfy paragraph one of the independence criteria set out in the Board's Policy on Assessing the Independence of Directors. Mr Mackenzie satisfies all other aspects of the independence criteria set out in the Board's Policy on Assessing the Independence of Directors. The Board considers he is capable of and demonstrates that he consistently makes decisions and takes actions which are in the best interests of the Company. Further, the Board believes that Mr Mackenzie is able to bring independent judgement to his decision making and is aware of his statutory responsibilities and obligations in relation to conflicts of interests and acts accordingly. Therefore, the Board considers Mr Mackenzie to be independent.

The Board considers the independence of directors having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the Company's materiality thresholds.

The Board has agreed on the following guidelines, as set out in the Company's Board Charter for assessing the materiality of matters:

- Balance sheet items are material if they have a value of more than 10% of pro-forma net asset.
- Profit and loss items are material if they will have an impact on the current year operating result of 10% or more.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, could affect the Company's rights to its assets, if accumulated would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 10% or more on balance sheet or profit and loss items, or will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.
- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost which triggers any of the quantitative tests, contain or trigger change of control provisions, are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

The non-independent directors of the Company are Warwick Davies and Zhang Chi.

The independent Chair of the Board is William Mackenzie.

The Managing Director is Warwick Davies who is not Chair of the Board.

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CORPORATE GOVERNANCE STATEMENT (continued)

Independent professional advice
(Recommendation: 2.6)

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval from the Chair for incurring such expense, the Company will pay the reasonable expenses associated with obtaining such advice.

Selection and (Re) Appointment of Directors
(Recommendation: 2.6)

In determining candidates for the Board, the Nomination Committee (or equivalent) follows a prescribed process whereby it evaluates the mix of skills, experience and expertise of the existing Board. In particular, the Nomination Committee (or equivalent) is to identify the particular skills that will best increase the Board's effectiveness. Consideration is also given to the balance of independent directors. Potential candidates are identified and, if relevant, the Nomination Committee (or equivalent) recommends an appropriate candidate for appointment to the Board. Any appointment made by the Board is subject to ratification by shareholders at the next general meeting.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. Each director other than the Managing Director, must not hold office (without re-election) past the third annual general meeting of the Company following the director's appointment or three years following that director's last election or appointment (whichever is the longer). However, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company. At each annual general meeting a minimum of one director or one third of the total number of directors must resign. A director who retires at an annual general meeting is eligible for re-election at that meeting. Re-appointment of directors is not automatic.

The Company's Policy and Procedure for the Selection and (Re) Appointment of Directors is disclosed on the Company's website.

Board committees

Nomination Committee
(Recommendations: 2.4, 2.6)

The Board has not established a separate Nomination Committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Nomination Committee. Accordingly, the Board performs the role of the Nomination Committee. Items that are usually required to be discussed by a Nomination Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Nomination Committee it carries out those functions which are delegated to it in the Company's Nomination Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Nomination Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

As noted above, the full Board carries out the role of the Nomination Committee. The full Board did not officially convene as a Nomination Committee during the Reporting Period however, nomination-related discussions occurred from time to time during the year as required.

The Company has adopted a Nomination Committee Charter which describes the role, composition, functions and responsibilities of the Nomination Committee.

The Company's Nomination Committee Charter is disclosed on the Company's website.

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CORPORATE GOVERNANCE STATEMENT (continued)

Audit Committee
(Recommendations: 4.1, 4.2, 4.3, 4.4)

The Board has not established a separate Audit Committee, and accordingly it is not structured in accordance with Recommendation 4.2. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Audit Committee. Accordingly, the Board performs the role of Audit Committee. Items that are usually required to be discussed by an Audit Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Audit Committee it carries out those functions which are delegated to it in the Company's Audit Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Audit Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

The full Board, in its capacity as the Audit Committee, held two meetings during the Reporting Period. Details of the directors' attendance at Audit Committee meetings are set out in the following table:

Name	No. of meetings attended
Warwick Davies (non-independent executive)	2
William Mackenzie (independent non-executive)	2
Zhang Chi (non-independent non-executive)	0

When the Board meets as the Audit Committee, William Mackenzie Chairs' the meeting. To assist the Board to fulfil its function as the Audit Committee, the Company has adopted an Audit Committee Charter which describes the role, composition, functions and responsibilities of the Audit Committee.

Details of each of the director's qualifications are set out in the Directors' Report. All of the directors consider themselves to be financially literate and have relevant industry experience. Mr Chi has a degree in Economics and has worked in accounting and finance.

The Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.

The Company's Audit Committee Charter and Procedure for the Selection, Appointment and Rotation of External Auditor are disclosed on the Company's website.

Remuneration Committee
(Recommendations: 8.1, 8.2, 8.3, 8.4)

The Board has not established a separate Remuneration Committee and accordingly, it is not structured in accordance with Recommendation 8.2. Given the current size and composition of the Company, the Board believes that there would be no efficiencies gained by establishing a separate Remuneration Committee. Accordingly, the Board performs the role of Remuneration Committee. Items that are usually required to be discussed by a Remuneration Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Remuneration Committee it carries out those functions which are delegated to it in the Company's Remuneration Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Remuneration Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

As noted above, the full Board carries out the role of the Remuneration Committee. The full Board did not officially convene as a Remuneration Committee during the Reporting Period however, remuneration-related discussions occurred from time to time during the year as required.

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CORPORATE GOVERNANCE STATEMENT (continued)

Remuneration Committee (continued)

To assist the Board to fulfil its function as the Remuneration Committee, the Board has adopted a Remuneration Committee Charter which describes the role, composition, functions and responsibilities of the Remuneration Committee.

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms of part of the Directors' Report. Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms of part of the Directors' Report. The remuneration of non-executive directors is set by reference to payments made by other companies of similar size and industry, and by reference to the director's skills and experience and for the Reporting Period, included a consideration of the financial restrictions placed on the Company. The Company may consider it appropriate to issue unlisted options to non-executive directors, subject to obtaining the relevant approvals. The Remuneration Policy is subject to annual review. All of the directors' option holdings are fully disclosed. The maximum aggregate amount of fees (including superannuation payments) that can be paid to non-executive directors is subject to approval by shareholders at general meeting.

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

There are no termination or retirement benefits for non-executive directors (other than for superannuation).

The Company's Remuneration Committee Charter includes a statement of the Company's policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes.

The Company's Remuneration Committee Charter is disclosed on the Company's website.

Performance evaluation

Senior executives
(Recommendations: 1.2, 1.3)

The Managing Director is responsible for evaluating the performance of senior executives. The evaluation of senior executives comprises an informal interview process which occurs annually or more frequently, as required and otherwise takes place as part of the annual salary review under the senior executives' employment contracts.

The Board is responsible for evaluating the Managing Director. The evaluation of the Managing Director comprises an informal interview process with the Chair which occurs annually or more frequently at the Board's discretion. The Managing Director's performance is reviewed against his role description and responsibilities as set out in his contract with the Company.

During the Reporting Period an evaluation of the Managing Director and senior executives took place in accordance with the process disclosed.

Board, its committees and individual directors
(Recommendations: 2.5, 2.6)

The Chair is responsible for evaluation of the Board and, when deemed appropriate, individual directors. The evaluation of the Board and individual directors comprise informal discussions on an ongoing basis with the Chair.

During the Reporting Period an evaluation of the Board and individual directors took place in accordance with the process disclosed.

The Company's Process for Performance Evaluation is disclosed on the Company's website.

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CORPORATE GOVERNANCE STATEMENT (continued)

Ethical and responsible decision making

Code of Conduct
(Recommendations: 3.1, 3.5)

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account its legal obligations and the reasonable expectations of its stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

A summary of the Company's Code of Conduct is disclosed on the Company's website.

Diversity
(Recommendations: 3.2, 3.3, 3.4, 3.5)

The Company has established a Diversity Policy, which includes requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress towards achieving them.

The Board has not set measurable objectives for achieving gender diversity. The Board is committed to actively supporting and managing diversity as a means of enhancing the Company's performance by recognising and utilising the contribution of diverse skills and talent from its directors, officers, employees and consultants. However, at this stage of the Company's operations and the Company's small number of employees, the Board has determined that no specific measurable objectives will be established. The Board will review this position as the Company's circumstances change.

The proportion of women employees in the whole organisation, women in senior executive positions and women on the Board are set out in the following table. The numbers include contracted services:

	Proportion of women
Whole organisation	1 out of 2 (50%)
Senior executive positions	2 out of 3 (66.6%)
Board*	0 out of 3 (0%)

* The Managing Director has been included in the Board category, not the senior executive category.

The Company's Diversity Policy is disclosed on the Company's website.

Continuous Disclosure
(Recommendations: 5.1, 5.2)

The Company has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability at a senior executive level for that compliance.

A summary of the Company's Policy on Continuous Disclosure and Compliance Procedures are disclosed on the Company's website.

Shareholder Communication
(Recommendations: 6.1, 6.2)

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

The Company's Shareholder Communication Policy is disclosed on the Company's website.

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CORPORATE GOVERNANCE STATEMENT (continued)

Risk Management
(Recommendations: 7.1, 7.2, 7.3, 7.4)

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the Board delegates day-to-day management of risk to the Managing Director**,** who is responsible for identifying, assessing, monitoring and managing risks. The Managing Director is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

In fulfilling the duties of risk management, the Managing Director may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established authority limits for management, which, if proposed to be exceeded, requires prior Board approval; the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.

The Company has also documented and formalised its system and procedures to manage its material business risks. The system includes a risk register prepared by management to identify the Company's material business risks and risk management strategies for these risks, and identifies the risk level, their likelihood and their consequences. In addition, the process of management of material business risks has been allocated to the Managing Director. The risk register is reviewed and updated by the Board annually as required.

During the Reporting Period, management reported to the Board on the following categories of risks affecting the Company as part of the Company's systems and processes for managing material business risks: operational, financial reporting, sovereignty and market-related risks.

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. The Board has received a report from management as to the effectiveness of the Company's management of its material business risks for the Reporting Period.

The Managing Director and the Financial Controller have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

A summary of the Company's Risk Management Policy is disclosed on the Company's website.

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	Note	Consolidated Entity 2012 $	2011 $
Revenue	2	55,939	93,771
Administration & other expenses		(586,465)	(521,417)
Depreciation and impairment		(11,518)	(9,606)
Consulting fees		(228,425)	(237,368)
Share based payments		-	(129,615)
Exploration expenditure and project costs		(234,915)	-
Research & development expenditure		(272,751)	-
LOSS BEFORE INCOME TAX		**(1,278,135)**	**(804,235)**
INCOME TAX	4	62,590	42,165
LOSS FOR THE YEAR	3	**(1,215,545)**	**(762,070)**
OTHER COMPREHENSIVE PROFIT/(LOSS)			
Exchange translation difference		1,519,522	(109,759)
Income tax relating to components of other comprehensive loss		-	-
OTHER COMPREHENSIVE PROFIT/(LOSS)		**1,519,522**	**(109,759)**
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR		**303,977**	**(871,829)**
LOSS PER SHARE			
Basic loss per share (cents per share)	23	(0.06)	(0.05)
Diluted loss per share (cents per share)	23	(0.06)	(0.05)

The consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As AT 30 JUNE 2012

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	Note	Consolidated Entity 2012 $	2011 $
CURRENT ASSETS			
Cash and cash equivalents	5	2,000,049	1,044,811
Trade and other current assets	6	134,686	139,000
Total Current Assets		**2,134,735**	**1,183,811**
NON CURRENT ASSETS			
Trade and other receivables	6	-	6,403
Other non-current assets	7	-	49,570
Plant and equipment	8	74,989	90,375
Mineral exploration and evaluation	9	10,926,053	8,527,989
Total Non-Current Assets		**11,001,042**	**8,674,337**
TOTAL ASSETS		**13,135,777**	**9,858,148**
CURRENT LIABILITIES			
Trade and other payables	10	183,985	278,768
Provisions	11	10,571	3,324
Interest bearing liabilities	12	13,449	9,465
Total Current Liabilities		**208,005**	**291,557**
Provisions	11	6,643	-
Total Non-Current Liabilities		**6,643**	**291,557**
TOTAL LIABILITIES		**214,648**	**291,557**
NET ASSETS		**12,921,129**	**9,566,591**
EQUITY			
Issued capital	13	61,942,247	58,891,686
Accumulated losses		(50,947,830)	(49,732,285)
Parent entity interest		10,994,417	9,159,401
Reserves	13	1,926,712	407,190
TOTAL EQUITY		**12,921,129**	**9,566,591**

The consolidated statement of financial position should be read in conjunction with the accompanying notes.

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Consolidated Entity	Note	Issued Capital	Accumulated Losses	Foreign Currency Reserve	Convertible Notes Share Reserve	Total
		$	$	$	$	$
Year ended 30 June 2012						
Balance at 1 July 2011		58,891,686	(49,732,285)	229,303	177,887	9,566,591
Loss for the year		-	(1,215,545)	-	-	(1,215,545)
Other comprehensive loss for the year		-	-	1,519,522	-	1,519,522
Total comprehensive profit/(loss) for the year		**-**	**(1,215,545)**	**1,519,522**	**-**	**303,977**
Transactions with owners in their capacity as owners						
Contribution of equity net of transaction costs	13	3,050,561	-	-	-	3,050,561
Balance at 30 June 2012		**61,942,247**	**(50,947,830)**	**1,748,825**	**177,887**	**12,921,129**

Consolidated Entity	Note	Issued Capital	Accumulated Losses	Foreign Currency Reserve	Convertible Notes Share Reserve	Total
		$	$	$	$	$
Year ended 30 June 2011						
Balance at 1 July 2010		57,559,945	(48,970,215)	339,062	177,887	9,106,679
Loss for the year		-	(762,070)	-	-	(762,070)
Other comprehensive loss for the year		-	-	(109,759)	-	(109,759)
Total comprehensive profit/(loss) for the year		**-**	**(762,070)**	**(109,759)**	**-**	**(871,829)**
Transactions with owners in their capacity as owners						
Contribution of equity net of transaction costs	13	1,331,741	-	-	-	1,331,741
Balance at 30 June 2011		**58,891,686**	**(49,732,285)**	**229,303**	**177,887**	**9,566,591**

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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	Note	Consolidated Entity	
		2012	**2011**
		$	**$**
CASH FLOWS FROM OPERATING ACTIVITIES			
Payment to suppliers		(1,211,962)	(746,275)
Interest income received		49,353	45,063
Other income received		-	45,318
Interest expense paid		(3,680)	-
Government grant received		126,612	-
Research and development tax Concession		-	42,165
Net Cash Outflow From Operating Activities	21	**(1,039,677)**	**(613,729)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration expenditure		(1,051,678)	(1,588,218)
Payment for non-current assets		-	(49,570)
Payment for other fixed assets		(4,351)	(27,568)
Net Cash Outflow From Investing Activities		**(1,056,029)**	**(1,665,356)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		2,933,398	949,963
Proceeds from conversion of options to shares		208,518	241,489
Share and option issue transaction costs		(91,356)	(4,325)
Net Cash Inflow From Financing Activities		**3,050,560**	**1,187,127**
Net increase/(decrease) in cash and cash equivalents		954,854	(1,091,958)
Effect of exchange rate changes on cash holdings		384	891
Cash and cash equivalents at beginning of the financial year		1,044,811	2,135,878
Cash and cash equivalents at the end of this financial year	**5**	**2,000,049**	**1,044,811**

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated statements and notes represent those of Resource Mining Corporation Limited and controlled entities (the "Consolidated Entity" or "Group"). Resource Mining Corporation Limited is a listed public company, incorporated and domiciled in Australia.

The separate financial statements of the parent entity, Resource Mining Corporation Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial report was authorised for issue on 11 September 2012 by the Board of Directors.

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The Consolidated Entity is a for profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

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

Except for cash flow information, the financial statements have been prepared on an accruals basis, and based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The following is a summary of the material accounting policies adopted by the Consolidated Entity in the preparation of the financial report.

Accounting Policies

(a) Principles of Consolidation

A controlled entity is any entity over which Resource Mining Corporation Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 17 to the financial statements.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered/(left) the Consolidated Entity during the year, their operating results have been included/(excluded) from the date control was obtained/(ceased) as is appropriate.

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

Minority interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the Consolidated Entity, are shown separately within the Equity section of the Consolidated Statement of Financial Position and in the Consolidated Statement of Comprehensive Income.

(b) Income Tax

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

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NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax (continued).

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

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

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

(c) Plant and Equipment

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

Plant and equipment
Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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

Depreciation
The depreciable amount of all fixed assets including capitalised lease assets, but excluding computers, is depreciated on a reducing balance commencing from the time the asset is held ready for use. Computers are depreciated on a straight line basis over their useful lives to the Consolidated Entity commencing from the time the asset is held ready for use.

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

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	15 – 50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date.

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

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NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Plant and Equipment (continued)

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Consolidated Statement of Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(d) Exploration, Evaluation and Development Expenditure

Exploration, evaluation and development expenditure incurred is either written off as incurred or accumulated in respect of each identifiable area of interest. Tenement acquisition costs are initially capitalised. Costs are only carried forward to the extent that they are expected to be recouped through the successful development of the areas, sale of the respective areas of interest or where activities in the area have not yet reached a stage, which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the areas is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

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

(e) Impairment of Assets

At each reporting date, the directors review the carrying values of the Company's tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the assets, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over it recoverable amount is expensed to the Statement of Comprehensive Income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the Consolidated Entity, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

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NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

(i) Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Consolidated Entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(v) Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

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NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial Instruments (continued)

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Consolidated Entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the Statement of Comprehensive Income.

(h) Foreign Currency Transaction and Balances

Functional and presentation currency

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

Transaction and balances

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

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

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

Controlled entities

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

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

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

(i) Contributed Equity

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

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NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Provisions

Provisions are recognised where there is a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(k) Cash and Cash Equivalents

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

(l) Trade and other payables

These amounts represent liabilities for goods and services provided to the economic entity prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(m) Revenue

Revenue is measured at the fair value of the consideration received.

Revenue from the sale of a tenement is recognised at the point of transfer of significant risks and rewards of ownership.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of Goods and Service Tax (GST).

(n) Share-based payments

The Consolidated Entity operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(o) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

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NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Critical Accounting Estimates and Judgements

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

Key Estimates

Impairment of assets
The Managing Director assesses impairment at each reporting date by evaluating conditions specific to the Consolidated Entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Recoverability of exploration expenditure
The Consolidated Entity tests annually whether the exploration and evaluation expenditure incurred in identifiable areas of interest is expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of reserves and further work is expected to be performed. All expenditure that does not meet these criteria is expensed to the Statement of Comprehensive Income.

(q) 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 Managing Director.

(r) Intangible Assets

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved process) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Following initial recognition of development expenditure, the cost model is applied requiring the asset to be carried at cost, less any accumulated amortization and accumulated impairment losses. Any development expenditure recognized is amortised over the period of expected benefit from the project.

(s) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expenses. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

(t) Comparative Figures

When required by the Australian Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

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NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Employee Benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(v) Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

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	2012 $	2011 $
NOTE 2 REVENUE		
Interest received	50,541	48,454
Other Income	5,398	45,317
	55,939	93,771

NOTE 3 LOSS FOR THE YEAR

Loss for the year is after the following expenses:

Depreciation and impairment		
Depreciation – plant & equipment	8,392	7,514
Depreciation – office furniture & equipment	758	927
Impairment of fixed assets	2,368	1,165
	11,518	9,606
Finance costs		
Bank fees	2,479	1,283
Credit charges	1,185	2,046
	3,664	3,329
Employee expenses		
Wages & salaries	173,379	70,370
Other employee costs	47,985	22,367
	221,364	92,737
Research & development expenditure		
Transfer from statement of financial position - impairment	49,570	-
Grant funds received	(126,612)	-
Research & development expenditure	349,613	-
	272,571	-

Commercialisation Australia Proof of Concept Grant of $126,612 was recognized during the year. For the period July 2012 to October 2012, Resource Mining Corporation Ltd is required to expend $109,210 in accordance with the agreement with Commonwealth of Australia represented by its Department of Innovation, Industry, Science and Research.

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NOTE 4 INCOME TAX

No income tax payable by the Consolidated Entity as it incurred losses for income tax purposes for the year.

The tax benefit for the year consists of research and development tax concession received during the year.

	Consolidated 2012 $	2011 $
The income tax as follows:		
Loss for the year	1,153,784	804,235
Prima facie tax benefit on loss before income tax at 30% (2011: 30%)	346,135	241,271
Deduct tax effect of:		
Non-allowable expenditure	(61,174)	(68,453)
Research and development tax concession claim	(63,297)	-
Add tax effect of:		
Non-assessable income	62,590	42,615
Tax amortisation of capital raising costs	42,814	51,990
Unrecognised tax losses utilised	-	(136)
Tax effect of temporary differences and tax losses not recognised	(264,478)	(224,672)
Income tax benefit	62,590	42,165
i) Tax losses		
Unused revenue tax losses for which no deferred tax asset has been recognised	20,017,663	18,931,578
Potential tax benefit at 30%	6,051,499	5,679,473
Unused capital tax losses for which no deferred tax asset has been recognised	1,551,441	1,551,441
Potential tax benefit at 30%	465,432	465,432
Deductible temporary differences in respect of investments in subsidiaries for which no deferred tax asset has been recognised	20,311,167	20,311,167
Potential tax benefit at 30%	6,093,350	6,093,350

Other deductible temporary differences not recognised other than the above are immaterial.

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	Consolidated Entity	
	2012	2011
	$	$

NOTE 5 CASH AND CASH EQUIVALENTS

Cash at bank and on hand	345,934	544,811
Deposits at call	1,654,115	500,000
	2,000,049	1,044,811

Cash not available for use
There is a lien over deposit at call of $4,811 ($8,135 Kina) to secure Bank Guarantee of $2,529 ($5,000 Kina) to the Department of Minerals (now Mineral Resources Authority (MRA)) in Papua New Guinea.

NOTE 6 TRADE AND OTHER CURRENT ASSETS

Current		
Trade receivables	21,280	3,026
Other receivables	69,796	49,840
GST receivables	6,397	17,584
Prepayments	37,213	32,306
Other current assets	-	36,244
	134,686	139,000
Non-current		
Mining Bond	-	6,403
	-	6,403

Trade receivables are considered to be of high credit quality and were received in the subsequent period.

NOTE 7 OTHER NON-CURRENT ASSETS

Development expenditure – organic acid nickel recovery process		
Opening balance at 1 July	49,570	-
Additions	-	49,570
Transfer to statement of comprehensive income - impairment	(49,570)	-
Closing balance 30 June	-	49,570

The organic acid nickel recovery process is not yet available for use and remains under development at balance date.

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	Consolidated Entity	
	2012	2011
	$	$
NOTE 8 PLANT AND EQUIPMENT		
Cost	160,764	192,321
Accumulated depreciation	(85,775)	(101,946)
	74,989	90,375
Movement in carrying amounts		
Opening balance	90,375	85,181
Additions	4,920	27,568
Disposal	(569)	-
Written off	(2,368)	(1,165)
Written off capitalised – exploration	(5,761)	-
Foreign exchange adjustment	9,127	(1,437)
Depreciation expense	(9,150)	(8,441)
Depreciation expense capitalised – exploration costs	(11,585)	(11,331)
Closing balance	74,989	90,375
NOTE 9 MINERAL EXPLORATION AND EVALUATION		
At cost less impairment brought forward	8,527,989	6,961,156
Foreign exchange adjustment	1,510,488	(108,206)
Expenditure during the year	1,085,362	1,675,039
Exploration expenditure written off	(197,786)	-
At cost less impairment carried forward	10,926,053	8,527,989

The ultimate recoupment of exploration expenditure carried forward is dependent upon successful development and commercial exploration, or sale of the respective areas

WOWO Gap Project – EL1165 Renewal
EL1165, the exploration licence for the tenement with a carry value of $10,173,996 (2011: $7,947,934), expired on the 29th February 2012. An application for its renewal for a period of two years has been lodged by the Group with the Government of Papua New Guinea. Tenure of the tenement remains in good standing during the renewal process. It is not unusual that the renewal process is lengthy, with a past renewal taking over 18 months to complete.

NOTE 10 TRADE AND OTHER PAYABLES		
Trade payables and accruals	164,719	263,038
Due to director: remuneration	19,266	15,730
	183,985	278,768
NOTE 11 Provisions		
Current		
Employee benefits	10,571	3,324
	10,571	3,324
Non-Current		
Employee benefits	6,643	-
	6,643	-

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	Consolidated Entity	
	2012	2011
	$	$
NOTE 12 INTEREST BEARING LIABILITIES		
Current		
Insurance funding	13,449	9,465
	13,449	9,465
NOTE 13 CONTRIBUTED EQUITY		
(a) Issued capital		
2,714,387,147 ordinary shares fully paid (2011: 1,703,532,671 ordinary share fully paid)	61,942,247	58,891,686
	61,942,247	58,891,686

(b) Movement in ordinary share capital of the Company during the past two years were as follows:

Date	Details	Number of Shares	Issue Price	Value
	$	No	Cents	$
01/07/2010	Closing Balance	1,575,858,086		57,559,945
05/07/2010	Option conversion	10,312	0.8	82
24/08/2010	Option conversion	33,333	0.8	267
09/09/2010	Option conversion	51,333	0.8	411
07/10/2010	Share based payment for the purchase of tenement by a subsidiary	2,500,000	0.6	15,000
18/11/2010	Option conversion	83,333	0.8	667
31/12/2010	Share based payment	-	-	129,615
31/03/2011	Option conversion	30,000,000	0.8	240,000
19/05/2011	Placement	94,996,274	1.0	949,963
	Less: Transaction costs arising on share issues			(4,264)
30/06/2011	**Closing Balance**	**1,703,532,671**		**58,891,686**
27/07/ 2011	Option conversion	25,812	0.8	207
05/10/2011	Option conversion	23,698,379	0.8	189,587
11/10/2011	Option conversion	2,310,000	0.8	18,480
04/11/2011	Placement	80,000,000	0.5	400,000
March 2012	Option conversion	16,784	0.8	134
15/03/2012	Rights Issue	904,785,087	0.28	2,533,398
	Less: Transaction costs arising on share issues			(91,356)
April 2012	Option conversion	18,414	0.6	111
30/06/2012		**2,714,387,147**		**61,942,247**

(a) Funds raised were for working capital and exploration purposes.

(b) Options as at 30 June 2012:
226,177,905 listed options remain on issue, exercisable at $0.006 on or before 31 January 2015.

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

(d) Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

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NOTE 13 CONTRIBUTED EQUITY (continued)

(c) Capital Management

Management controls the capital of the Consolidated Entity in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Consolidated Entity can fund its operations and continue as a going concern.

The Consolidated Entity's debt and capital includes ordinary share capital, and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

Management effectively manages the Consolidated Entity's capital by assessing the Consolidated Entity's financial risks on a monthly basis and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Consolidated Entity since the prior year. The Consolidated Entity's gearing ratio is kept at a minimum. Ongoing operations will be funded via equity or joint ventures with other companies.

NOTE 14 RESERVES

(a) Foreign Currency Reserve

The foreign currency reserve records exchange differences arising on translation of a foreign controlled subsidiary.

(b) Convertible Note Reserve

The convertible note reserve records the equity portion of convertible notes after tax.

NOTE 15 CONTINGENT ASSET AND CONTINGENT LIABILITY

(a) Contingent Asset

Resource Mining Corporation Limited and its controlled entities have a contingent asset at 30 June 2012, relating to the sale during 2009, of the Argyle Project by a controlled entity. The controlled entity agreed to a deferred contingent consideration of $1,350,000, to be paid after shipping of the first 2 million tonnes of hematite iron ore from the Argyle Project, provided a certain iron ore price average was achieved. The Company announced this contingent consideration when the asset was sold and expects the payment to crystallise, during the year ending 30 June 2013.

(b) Contingent Liability

Resource Mining Corporation Limited and its controlled entities do not have a known material contingent liability, as at 30 June 2012.

NOTE 16 RELATED PARTY INFORMATION

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

(a) Ultimate Parent Company

Resource Mining Corporation Limited is the ultimate Australian parent company.

(b) Controlled Entities

Interests in controlled entities are set out in Note 17.

During the year, funds have been advanced between entities within the Consolidated Entity for the purposes of working capital requirements only.

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NOTE 17 INVESTMENT IN CONTROLLED ENTITIES

	Class of Shares	Percentage Owned	
		2012	2011
Resource Minerals Pty Ltd	Ordinary	100%	100%
Argyle Iron Ore Pty Ltd	Ordinary	100%	100%
Resource Exploration Limited and its controlled entity (c)	Ordinary	100%	100%

(a) All of the above controlled entities are incorporated in Australia.

(b) The carrying value of Resource Mining Corporation's investment in the ordinary shares of controlled entities, are at cost less provision for impairment which do not exceed the underlying net assets of each entity.

(c) Niugini Nickel Limited is a wholly owned subsidiary of Resource Exploration Limited.

NOTE 18 CAPITAL AND LEASING COMMITMENTS

(a) Mineral Tenement Commitments

In order to maintain current rights of tenure to mining tenements, the Consolidated Entity will be required to outlay in the year ending 30 June 2013 approximately $0.62m (2011: $0.60m), in respect of minimum tenement expenditure requirements and lease rentals.

The Company has a number of avenues available to continue the funding of its current exploration program and as and when decisions are made, the Company will disclose this information to shareholders.

In the comparative year, the mineral tenement commitments were recorded in error as being $1.6M and have been restated as disclosed above.

(b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

	Consolidated Entity	
	2012	2011
	$	$
Payable – minimum lease commitments:		
Within 1 Year	84,918	75,686
Later than 1 year but not later than five years	171,032	-
Later than 5 years	-	-
	255,950	75,686

Contingent rental provisions within the lease agreement require that the minimum lease payments be paid one month in advance and shall be increased by CPI or current market rental on a per annum basis. The lease allows for subletting.

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NOTE 19 SEGMENT INFORMATION

For management purposes, the Consolidated Entity has one segment which is exploration activities relating to minerals and the exploration in 2 countries; Papua New Guinea and Australia.

For the year ended 30 June 2012:

	Exploration		Unallocated	Total
	Papua New Guinea	Australia		
	$	$	$	$
Segment revenue from external customers	-	-		-
Revenue from external customers			55,939	55,939
Total revenue from external customers	**-**	**-**	**55,939**	**55,939**
Reportable segment loss before income tax	(77,108)	(190,813)		(267,921)
Corporate costs (net)			(1,066,153)	(1,066,153)
Loss before income tax	**(77,108)**	**(190,813)**	**(1,010,214)**	**(1,278,135)**
Segment assets	10,337,353	752,407		11,089,760
Cash and cash equivalents			1,949,625	1,949,625
Other assets			96,392	158,153
Total Assets	10,337,353	752,407	2,046,017	13,135,777
Segment liabilities	52,510	5,685		58,195
Other liabilities			156,453	156,453
Total liabilities	52,510	5,685	156,453	214,648

For the year ended 30 June 2011:

	Exploration		Unallocated	Total
	Papua New Guinea	Australia		
	$	$	$	$
Segment revenue from external customers	-	-		-
Revenue from external customers			93,771	93,771
Total revenue from external customers	**-**	**-**	93,771	93,771
Reportable segment loss before income tax	(98,560)	(7,079)		(105,639)
Corporate costs (net)			(662,752)	(662,752)
Share based payment			(129,615)	(129,615)
Loss before income tax	**(98,560)**	**(7,079)**	**(698,596)**	**(804,235)**
Segment assets	8,119,156	581,524		8,700,680
Cash and cash equivalents			960,972	960,972
Other assets			196,496	196,496
Total Assets	8,119,156	581,524	1,157,468	9,858,148
Segment liabilities	62,408	5,000		67,408
Other liabilities			224,149	224,149
Total liabilities	62,408	5,000	224,149	291,557

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NOTE 20 FINANCIAL RISK MANAGEMENT

The Consolidated Entity's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risks. The Consolidated Entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the business. To date, the Consolidated Entity has not used derivative financial instruments. The Consolidated Entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and ageing analysis for credit risk.

Risk management is carried out by the finance function under policies approved by the Board of Consolidated Entity's Directors. The finance function identifies and evaluates the financial risks in close co-operation with the Consolidated Entity's operating units. The Board provides principles for overall risk management and the finance function provides policies with regard to financial risk management that are clearly defined and consistently applied.

The Consolidated Entity's and Parent's financial assets are all within the loans and receivables category. The Consolidated Entity's and Parent's financial liabilities are all within the financial liabilities recorded at amortised cost category.

(a) Credit Risk

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

In the case of cash deposited, credit risk is minimised by depositing with recognised financial intermediaries such as banks, subject to Australian Prudential Regulation Authority Supervision.

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

(b) Liquidity and Capital risk

The Consolidated Entity's total capital is defined as the shareholders' net equity plus net debt, and amounted to approximately $12.8 million at 30 June 2012 (30 June 2011: $9.3 million). The objectives when managing the Consolidated Entity's capital is to safeguard the business as a going concern, to maximise returns to shareholders and to maintain an optimal capital structure in order to reduce the cost of capital.

The Consolidated Entity does not have a target debt /equity ratio, but has a policy of maintaining a flexible financing structure so as to be able to take advantage of investment opportunities when they arise.

The Consolidated Entity has appropriate procedures in place to manage cash flows including continuous monitoring of forecast and actual cash flows to ensure funds are available to meet commitments.

As at 30 June 2012, the Consolidated Entity has sufficient cash and cash equivalent to settle its current liabilities when they fall due.

(c) Net Fair Values

For financial assets and liabilities, the net fair value approximates their carrying value. The Consolidated Entity has no financial assets or liabilities that are readily traded on organised markets at balance date and has no financial assets where the carrying amount exceeds net fair values at balance date.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Consolidated Statement of Financial Position and in the notes to and forming part of the financial statements.

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NOTE 21 FINANCIAL RISK MANAGEMENT (continued)

(d) Interest rate risk

The Consolidated Entity's exposure to market risk for changes in interest rates relates primarily to interest on deposits with banking institutions. As at 30 June 2012, the Consolidated Entity has no interest bearing borrowings or finance leases.

2012		Fixed interest rate maturing in				
	Floating interest rate	1 Year of less	Over 1 to 5 years	More than 5 years	Non-interest bearing	Total
	$	$		$	$	$
Financial Assets						
Cash	280,799	1,654,115	-	-	65,135	2,000,049
Trade Receivables	-	-	-	-	91,076	91,076
	280,799	1,654,115	-	-	156,211	2,091,125
Weighted average interest rate	4.36%	5.55%				
Financial Liabilities						
Trade Creditors and accruals	-	-	-	-	164,719	164,719
Amounts payable related parties	-	-	-	-	19,266	19,266
Interest bearing liabilities	-	13,449	-	-	-	13,449
	-	13,449	-	-	183,985	197,434
Weighted average interest rate	-	8.98%				

2011		Fixed interest rate maturing in				
	Floating interest rate	1 Year of less	Over 1 to 5 years	More than 5 years	Non-interest bearing	Total
	$	$		$	$	$
Financial Assets						
Cash	510,212	500,000	-	-	34,599	1,044,811
Trade Receivables	-	13,662	-	-	45,606	59,268
	510,212	513,662	-	-	80,205	1,104,079
Weighted average interest rate	4.75%	5.77%				
Financial Liabilities						
Trade Creditors and accruals	-	-	-	-	266,361	266,361
Amounts payable related parties	-	-	-	-	15,730	15,730
Interest bearing liabilities	-	9,466	-	-	-	9,466
	-	9,466	-	-	282,091	291,557
Weighted average interest rate	-	8.5%				

The following table summarises the sensitivity of the Consolidated Entity's and Company's financial assets to movements in interest rates of 100 percentage basis points.

		Interest rate risk			
Consolidated & Parent		Increase 1%		Decrease 1%	
30 June 2012	$	Profit	Equity	Profit	Equity
Financial assets					
Deposits at call and term deposits	1,934,914	19,349	19,349	(19,349)	(19,349)

(e) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the Consolidated Entity's functional currency. The Consolidated Entity exposure to foreign exchange risk is the operation of its subsidiary in Papua New Guinea. The Consolidated Entity's exposure to foreign currency risk is not expected to be material.

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	Consolidated Entity	
	2012	2011
	$	$

NOTE 21 NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of loss after tax to net operating cash flows

Loss from ordinary activities	(1,215,545)	(762,070)
Depreciation	9,150	8,441
Share based payments	-	129,615
Write down of exploration costs	161,655	-
Write down of fixed assets	3,744	1,165
Write-off of bad debt	12,576	-
Write down of non-current assets	49,570	
Movement in assets and liabilities		
Receivables	(54,069)	(3,391)
Payables	(6,758)	12,511
Net cash used in operating activities	**(1,039,677)**	**(613,729)**

Financing Agreements
No overdraft facilities have been formalised at 30 June 2012 and neither the Company nor any of its Controlled Entities have lines of credit at 30 June 2012.

NOTE 22 KEY MANAGEMENT PERSONNEL

Remuneration of Key Management Personnel

The Company has taken advantage of the relief provided by AASB 2008-4 Amendments to Australian Accounting Standard – Key Management Personnel Disclosures by Disclosing Entities, and has transferred the detailed remuneration disclosures to the directors' report. The relevant information can be found on in the directors' report under the heading, of Remuneration Report.

NOTE 23 MATTERS SUBSEQUENT TO THE REPORTNG PERIOD

There has not arisen, in the interval between the end of the financial year and the date of this report, any matter or circumstance likely, in the opinion of the directors, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in current and subsequent financial years.

	Consolidated Entity	
	2012	2011
	$	$

NOTE 24 REMUNERATION OF AUDITORS

Amount received, or due and receivable, by the auditors for:		
Auditing and reviewing of the financial statement of Resource Mining Corporation Limited and its controlled entities	50,000	46,500
Taxation compliance services	15,853	12,665

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	Consolidated Entity	
	2012	2011
	$	$
NOTE 25 PARENT ENTITY DISCLOSURES		
Financial Position		
ASSETS		
Current assets	2,017,787	1,044,268
Non current assets	8,856,411	7,942,414
Total Assets	10,874,198	8,986,682
LIABILITIES		
Current liabilities	149,810	224,149
Non current liabilities	6,643	-
Total Liabilities	156,453	224,149
EQUITY		
Issued capital	61,942,247	58,891,686
Accumulated losses	(51,402,390)	(50,307,041)
Reserves	177,888	177,888
Total Equity	10,717,745	8,762,533
Financial Performance		
Loss for the year	(1,095,349)	(700,494)
Total comprehensive loss for the year	(1,095,349)	(700,494)

Commitments of Resource Mining Corporation Limited are disclosed in Note 18.

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NOTE 26 NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

At the date of this financial report, the following standards and interpretations have been issued but are not yet effective:

Reference	Title	Summary	Application date (financial years beginning)
AASB 9	*Financial Instruments*	Replaces the requirements of AASB 139 for the classification and measurement of financial assets. This is the result of the first part of Phase 1 of the IASB's project to replace IAS 39.	1 January 2013 (likely to be extended to 2015 by ED 215)
AASB 10	*Consolidated Financial Statements*	Replaces the requirements of AASB 127 and Interpretation 112 pertaining to the principles to be applied in the preparation and presentation of consolidated financial statements.	1 January 2013
AASB 11	*Joint Arrangements*	Replaces the requirements of AASB 131 pertaining to the principles to be applied for financial reporting by entities that have in interest in arrangements that are jointly controlled.	1 January 2013
AASB 12	*Disclosure of Interests in Other Entities*	Replaces the disclosure requirements of AASB 127 and AASB 131 pertaining to interests in other entities.	1 January 2013
AASB 127	*Separate Financial Statements*	Prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.	1 January 2013
AASB 128	*Investments in Associates and Joint Ventures*	Prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	1 January 2013
AASB 13	*Fair Value Measurement*	Provides a clear definition of fair value, a framework for measuring fair value and requires enhanced disclosures about fair value measurement.	1 January 2013
AASB 119	*Employee Benefits*	Prescribes the accounting and disclosure for employee benefits. This Standard prescribes the recognition criteria when in exchange for employee benefits.	1 January 2013
IFRIC Interpret-ation 20	*Stripping Costs in the Production Phase of a Surface Mine*	This Interpretation clarifies the requirements for accounting for stripping costs in the production phase of a surface mine, such as when such costs can be recognised as an asset and how that asset should be measured, both initially and subsequently.	1 January 2013

The Entity has decided against early adoption of these standards and interpretations. Furthermore, these changes in standards and interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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DIRECTORS' DECLARATION

The directors of the Company declare that:

1. the financial statements and notes are in accordance with the *Corporations Act 2001* and:
   a. comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
   b. give a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date of the company and Consolidated Entity;
2. the Managing Director and Financial Controller have each declared that:
   a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
   b. the financial statements and notes for the financial year comply with Accounting Standards; and
   c. the financial statements and notes for the financial year give a true and fair view; and
3. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors and on behalf of the directors.



W. Davies

Dated this 14th day of September 2012

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RESOURCE MINING CORPORATION LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Resource Mining Corporation Limited, which comprises the consolidated statement of financial position as at 30 June 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Resource Mining Corporation Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Resource Mining Corporation Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report contained within the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Resource Mining Corporation Limited for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

RSM BIRD CAMERON PARTNERS

Perth, WA
Dated: 14 September 2012

S C CUBITT
Partner

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Resource Mining Corporation Limited for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM BIRD CAMERON PARTNERS

S C CUBITT
Partner

Perth, WA
Dated: 14 September 2012

Liability limited by a scheme approved under Professional Standards Legislation

Major Offices in: Perth, Sydney, Melbourne, Adelaide and Canberra
ABN 36 965 185 036

RSM Bird Cameron Partners is a member of the RSM network. Each member of the RSM network is an independent accounting and advisory firm which practises in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

Certified System Quality ISO 9001

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Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 31 August 2012

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ANALYSIS OF SHAREHOLDING

	Ordinary Shares Listed
1 – 1,000	246
1,001 – 5,000	148
5,001 – 10,000	169
10,001 – 100,000	949
100,001 – or more	915
	2,427
Total on issue	2,714,387,147
Shareholders holding less than marketable parcel	2,070

Voting Rights

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

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

Substantial Shareholders

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

SINOM (Hong Kong) Limited	1,171,026,986	43.14%

Directors' Shareholding

Interest of each director in the share capital of the Company is detailed in the directors' report.

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TWENTY LARGEST FULLY PAID SHAREHOLDERS

		No. Shares	% of Shares
1	Sinom (Hong Kong) Limited	1,171,026,986	43.14
2	Bell Potter Nominees Ltd <BB Nominees A/C>	135,101,142	4.98
3	Century Three X Seven Resources Fund Inc	104,687,500	3.86
4	Super Raya International Limited	80,000,000	2.95
5	Thunder Luck International Ltd	78,531,711	2.89
6	Best Venture Development Limited	68,125,000	2.51
7	Berne No 132 Nominees Pty Ltd <508558 AC>	58,668,197	2.16
8	Classic Roofing Pty Limited	48,000,000	1.77
9	Mount Gibson Iron Limited	34,780,251	1.28
10	Mr Jian Chen	33,073,951	1.22
11	Nefco Nominees Pty Ltd	32,340,000	1.19
12	Proridge Pty Ltd	28,450,000	1.05
13	Erceg Enterprises Pty Ltd	20,000,000	0.74
14	Dominant Holdings AG	18,000,000	0.66
15	Berne No 132 Nominees Pty Ltd <115180 AC>	16,772,598	0.62
16	Mr T Thomson, Mrs B H Thomson & Mr C S Thomson <Thomson Family SMSF S/F A/C>	16,635,100	0.61
17	Corporate Finance (Heidelberg) Pty Ltd	16,035,000	0.59
18	Mr Warwick J Davies	15,502,500	0.57
19	Mr Ian Davies	14,000,000	0.52
20	Ms Mooi Fah Lee	13,866,633	0.51

The largest shareholders listed above own 73.82% of the total issued fully paid ordinary shares.

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INTEREST IN MINING TENEMENTS

PAPUA NEW GUINEA

Oro Province – Wowo Gap (Niugini Nickel – 100%)
EL1165

Cape Vogel (Niugini Nickel Ltd – 100%)
EL 1749

WESTERN AUSTRALIA

Kumarina (Resource Exploration Limited – 100%)
E52/2539

St Patricks (Resource Exploration Limited – 100%)
E37/1064
E37/1078
E37/1084
E37/1091
E37/1092
E37/1110
E37/1118

Cue Project (Resource Exploration Limited – 100%)
P20/2138 – P20/2151

Capricorn Project (Resource Exploration Limited – 50%)
E08/2102
E08/2103

Blackstone Range – Resource Mining Corporation Limited – (10% non-contributing free carried interest)
E69/2108
E69/2109