Resource Mining Corporation Limited

ANNUAL FINANCIAL REPORT 2005

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COMPANY INFORMATION

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Bankers	Westpac Bank 116 James Street PERTH, WESTERN AUSTRALIA 6000
Stock Exchange Listing	Resource Mining Corporation Limited shares are listed on the Australian Stock Exchange (Home Exchange – Perth) ASX Code: Shares RMI Options RMIO
Website	www.resmin.com.au

REVIEW OF OPERATIONS

ARGYLE IRON ORE (RMC 75%)

Location

The Argyle Iron Ore Project is situated 120 kilometres south of the port of Wyndham in the eastern Kimberley of Western Australia.

The project comprises two iron deposits discovered in the 1960's. These deposits are contained within E80/2389 now controlled by RMC and are located approximately 8 kilometres to the east of the Great Northern Highway approximately 170 kilometres by road from Wyndham.

RMC is seeking to prove sufficient reserves with respect to tonnage and grade to sustain an annual production and shipping rate of 1.5 to 2.0 Mt per annum.

Geology

The iron deposits occur in the Mesoproterozoic Carr Boyd Group, a sedimentary sequence that overlies older metamorphosed sediments and igneous rocks of the Lamboo Complex.

These iron deposits occur near the base of the Carr Boyd Group in the Golden Gate Siltstone. The unit occurs as a northerly trending easterly dipping outcrop faulted into two unequal portions that host the Sam and Tony deposits and as a northwesterly trending outcrop that hosts the Matsu deposit. Only a minority of the Matsu deposit is within Exploration Licence 80/2389 and as this is the least prospective deposit it is not the subject of near term exploration plans.

The easterly dipping Golden Gate Siltstone occurs on a ridge top at elevations of around 600 metres part of which is a hematitic quartz sandstone and siltstone with subordinate shale horizons.

Weathering of the hematitic units of the Golden Gate Siltstone has resulted in the preferential leaching of the silica to leave a porous, but sometimes massive, enriched hematite rock that occurs along much of the 9 kilometre strike length.

Enrichment ranges in depth from 12 metres on the ridge top to a few metres and extends up to 200 metres down the dip slope. The average dip of the mineralisation, concordant with the formation dip, is in the range 10 to 15 degrees to the east.

High grade enrichment appears to have occurred after erosional stripping of the upper units of the Golden Gate Siltstone.

Previous Exploration

Exploration activities carried out during the 1960s and 1970s were concentrated on the Tony deposit and the southern part of the Sam deposit.

The exploration records from this early work are incomplete and poorly preserved and to the standards insufficient for current-day application.

Although the early data cannot be safely used for present economic study purposes, these data provide a good guide to the quality and quantity of material that could be present and will be a reference point for further exploration activity.

Previous work included mapping; trenching; surface sampling; wagon, percussion and core drilling; analysis of samples for iron and in few cases alumina, silica and phosphorus; and mineral processing testwork.

Resource estimates were prepared but are not JORC-compliant, consequently no resource estimates are stated here.

Planned Exploration Program

Preparation for evaluation drilling of the Tony and Sam deposits has been completed. The Project evaluation program has also been established with the Ground Disturbing Activity Approval (GDAA) being received in early December 2004. This GDAA, which covers the initial RC drilling program on the two deposits, was received too late to contemplate access preparation and drilling before the beginning of the 2004-5 wet season.

The drilling program currently underway will comprise four stages as outlined below:

- **Stage 1:** RC drilling at 200m x 40m across the area of known high grade resource.
- **Stage 2:** Infill drilling to 100m x 20m (RC) and Diamond Core drilling for metallurgical samples.
- **Stage 3:** Resource estimate (JORC) and mining studies with ore reserve estimates.
- **Stage 4:** RC resource extension drilling outside of current known high grade resource.
- **Stage 5:** Infill drilling as necessary for pre-production planning.

The Stage 1 drilling program currently underway was delayed due to the heavy rain associated with cyclone Ingrid in March and by difficulties with access. A fully equipped exploration camp has now been established. It is currently planned to complete Stage 3 by December 2005.

REVIEW OF OPERATIONS

ARGYLE IRON ORE (RMC 75%) *(Continued)*

Results for the first 19 completed drill hole results have returned encouraging grades of iron ore mineralisation in 17 of those holes.

The drilling results received to date appear to confirm the interpretation from earlier work undertaken in the period 1960 - 1970 which indicated that the hematite ore enrichment ranged in depth from up to 12 metres on the ridge top, thinning to a few metres down dip. The enrichment extends up to 200 metres down the east dipping sequence. Assays over enriched iron intersections are tabulated below.

Details of results:

	Assay intercepts based on 55% Fe Cut off ≥ 2m							
	From	**To**	**Intercept**	**Fe%**	**SiO2%**	**Al2O3%**	**P%**	**LOI%**
AI05RC031	0	4	4	60.20	7.48	3.45	0.02	2.56
AI05RC032	2	9	7	60.03	5.93	4.03	0.02	3.85
AI05RC035	0	5	5	57.55	12.41	2.63	0.02	2.35
	7	10	3	61.96	8.15	1.82	0.01	1.23
AI05RC037	4	11	7	59.41	9.69	3.31	0.01	1.70
AI05RC038	6	8	2	60.58	11.46	0.92	0.01	0.78
AI05RC039	0	5	5	61.53	5.22	3.10	0.05	3.19
AI05RC041	1	6	5	60.65	7.37	2.99	0.03	2.47
AI05RC046	2	7	5	60.80	10.06	1.28	0.02	1.32
AI05RC047	0	3	3	58.90	7.33	2.60	0.01	5.36
AI05RC053	5	11	6	57.49	11.43	2.40	0.04	3.42
AI05RC054	2	8	6	58.31	7.12	4.04	0.04	4.89
AI05RC060	5	9	4	57.59	10.91	3.99	0.02	2.38
AI05RC061	4	10	6	56.61	13.22	2.84	0.02	2.50
AI05RC062	0	2	2	57.58	11.96	3.32	0.01	1.94
AI05RC068	3	6	3	56.22	10.66	5.10	0.02	3.24
AI05RC075	0	8	8	58.18	9.35	3.71	0.03	3.17
AI05RC076	5	8	3	57.13	13.85	2.46	0.01	1.55

Hole Number	Northing (MGA 94)	Easting (MGA 94)	Depth (m)	Azimuth	Inclination
AI05RC031	8160926	420761	12	0	-90
AI05RC032	8160896	420788	21	0	-90
AI05RC035	8160995	420793	19	0	-90
AI05RC037	8161003	420844	27	0	-90
AI05RC038	8161000	420880	25	0	-90
AI05RC039	8161000	420920	29	0	-90
AI05RC041	8161196	420870	21	0	-90
AI05RC046	8161397	420902	21	0	-90
AI05RC047	8161396	420925	25	0	-90
AI05RC053	8161598	420916	25	0	-90
AI05RC054	8161599	420964	28	0	-90
AI05RC060	8161804	420965	19	0	-90
AI05RC061	8161805	421001	23	0	-90
AI05RC062	8161805	421041	25	0	-90
AI05RC063	8161807	421084	21	0	-90
AI05RC064	8161804	421121	10	0	-90
AI05RC068	8162001	421003	17	0	-90
AI05RC075	8162196	420999	15	0	-90
AI05RC076	8162196	421039	21	0	-90

Geophysical and Satellite Data

The acquisition of archived geophysical and satellite data occurred in preparation for the drilling program. Regional geology, topography and land tenure were also acquired and have been used in conjunction with the 25m-resolution Landsat 7 data to produce a full series of A0 mapping products for the Lissadell 1:250,000 map sheet.

New detailed satellite data imagery was acquired at 1m-resolution by the Ikonos satellite. Other data includes 90m-resolution SRTM DEM (Digital Elevation Model) data and military supplied 1:50,000 detailed topography mapping.

Aeromagnetic Survey

A low-level (30m flying height) aeromagnetic and radiometric survey, flown by UTS Geophysics, was successfully acquired and final contractor data processing completed during June. The entire survey was comprised of three areas, for a total of 2,171 line km flown at 50m and 200m line spacing over the tenement.

The 1355 line kilometres of high-resolution, 50m line spacing data, was acquired over the Sam and Tony deposits and extended to the northern boundary of the tenement to map the surface deposits. The geophysical data processing, imaging and interpretation are well underway, with the aeromagnetic data being integrated with historical geological maps and modern high resolution remotely sensed satellite data.

REVIEW OF OPERATIONS

ARGYLE IRON ORE (RMC 75%) *(Continued)*

Aerial Photography Survey

The Fugro Spatial Solutions detailed aerial photography survey data processing was successfully completed during the year. In preparation for drilling, detailed geological mapping, and resource calculations this survey data is being integrated with the existing GIS data.

Two surveys were designed and flown, with the first high resolution survey over the deposits at 1:10,000 scale, and the second survey over the entire tenement at 1:25,000 scale.

The 1:10,000 scale high resolution survey was accurately positioned on the ground by a surveyor, which provides a 15cm pixel resolution photography mosaic combined with a computed 2m pixel resolution digital elevation model. This sub-metre vertical accuracy elevation data will be used to provide a detailed surface level for JORC resource estimation work to be undertaken on the new drilling data.

The 1:25,000 regional data, at 40cm pixel resolution, has been used to design the access track to the deposits from the main highway. The aerial photography will also be used in the future for positioning of the mine infrastructure.

Mining

Mine Site conditions present an ore-body that has minimal overburden with an ore horizon that dips 10 to 15 degrees to the East. The Easterly dip will necessitate some benching with the likely removal of "in pit" waste. Waste to Ore ratio of < 0.5:1 is expected for the overall mining operation.

RMC plans to undertake contract mining with the ore body conditions being suitable for relatively small mining equipment including front end loaders and haul trucks of 45 to 50 ton capacity. Preliminary engineering studies suggest that a hydraulic excavator will be the most appropriate digging unit. Run of mine ore will be hauled down the escarpment to crushing facilities. This recent engineering review supports mining operations being carried out on a single shift basis, 6 days per week.

A 25 person accommodation village will be established at the mine site to cater for the mine site personnel.

Ore Handling

Crushing of ore is expected to also operate on a single shift basis. The design of the processing circuit is expected to feature a jaw crusher equipped with a rock-breaker followed by a two stage crushing and screening operation to produce both lump and fines. Sufficient stockpiles of ore will be maintained at the processing facilities to allow for uninterrupted trucking to port.

Cartage to Port

Road trains of approximately 100 tons capacity will carry the lump and fines product from the mine site 170km to Wyndham during a round-trip of approximately 4.5 hours. The road conditions are excellent, with a wide shouldered two lane sealed carriageway from within 7km of the mine site stockpiles to the port of Wyndham.

Discussions with potential cartage contractors have been initiated with indication being received that approximately 14 road train consists will be required to haul the expected 1.5 Mtpa of product to Wyndham port. A Workforce of up to 50 people based in Wyndham will be required to support the cartage operation.

Wyndham Port Assessment

Wyndham, the planned loading port for export of products from the Argyle Iron Ore Project, is located in a calm, well protected area. The existing port is under-utilised with significant development potential.

The existing facilities of wharf and shiploader are unsuitable for the export of Iron Ore. The wharf facilities are limited in the size of ship that can lay alongside, being rated for ships of a maximum size of 25,000 DWT. Suitable development areas for loading facilities are situated close to the current facilities.

Preliminary assessment of hydrographic (sea floor) data from Wyndham harbour has been completed. The combination of using historic and current sonar data and integration with aerial photography, cadastral and satellite information provides an excellent insight into the water depth and sediment movement.

Review of the hydrographic data to determine the best location for the shiploader and port handling facilities has indicated that the proposed location for the on-shore stockpile and loader, (just north of the current ship loading facilities), would be well suited for deep water loading and ideal for the loading facilities.

Ongoing assessment of this data will include the analysis of the 2005 sonar data when surveyed and processed in the September quarter.

Studies are currently being conducted to assess the most cost-effective shiploading operation for Wyndham. A variety of options are being considered from barge-loading to new purpose built ship loading and berthing facilities.

Wyndham Port is operated by the Ord River District Co-operative Limited under contract to the WA Government. RMC is in discussion with the Ord River District Co-operative Limited and the Kimberley Development Commission with respect to future port development and operation options.

REVIEW OF OPERATIONS

ARGYLE IRON ORE (RMC 75%) *(Continued)*

Licensing and Environmental Approvals

RMC has contracted aspects of the Ground Disturbance Application Approval process, (GDAA) to appropriate Consultants. Ecologia Environment has been engaged as RMC's Environmental Consultant responsible for review of flora, fauna, archaeological and ethnographic surveys in the area of the proposed drilling and access route.

Comprehensive wet and dry season flora and fauna surveys of the project area have been completed.

In addition, specialist consultants have completed comprehensive ethnographic and aboriginal heritage surveys of the area in compliance with the Aboriginal Heritage Act and in consultation with the relevant Aboriginal persons.

RMC continues to proactively communicate with all concerned parties regarding environmental and heritage matters.

Argyle Iron Ore Pty Ltd has made application for two mining leases covering the Sam and Tony deposits. These leases also cover the anticipated mining infrastructure. A miscellaneous licence application has been made to cover the proposed route of the access road.

Marketing

The current Iron Ore Market is extremely bullish with China predicted to continue as the growth market for Iron Ore. Crude steel production in China in 1992 was 81 Mt which increased to 272 Mt in 2004 (10.5% pa). Most industry forecasters predict continued growth in Chinese crude steel output to +400 Mtpa crude steel output by 2010. China is the logical market for Argyle Iron Ore and China will remain RMC's sales focus.

RMC has also been fortunate to conclude "In Principle" Iron Ore Sales Off-Take Agreements with parties associated with the share placements. These Off-Take Agreements, (for 80% of the anticipated annual output), are subject to the development of the Argyle Iron Ore Project and are clearly focused on the China market. The Off-Take Agreements will provide certainty for future product sales.

Whilst the final product grades are unknown at this stage, interpretation of old exploration data and recent sample results indicate that the potential lump and fines products from the Sam and Tony deposits may have the following characteristics:

- Iron (Fe) in the range 60 – 64% Fe;
- Silica (SiO_2) plus Alumina (Al_2O_3) in the range 4 – 7% SiO_2 + Al_2O_3
- Phosphorus (P), Titania (TiO2) and Alkalis (Na_2O and K_2O) – low to very low
- Lump ratio 50%

These quality parameters are very suitable for the Chinese market and will provide RMC with a competitive quality advantage over other small independent Iron Ore Producers.

The Iron Ore price for 2005/06 has been settled with an increase for both Lump and Fines of 71.5% being achieved for Australian Iron Ore to Asian steel mills. Based on this price RMC's ore will sell on an FOB basis for A$58 per tonne (assuming a 50/50 Lump/Fines split, a 75c A$/US$ and 63% Fe).

RAVENSTHORPE PROJECT (RMC *earning 51%*)

Resource Mining Corporation Limited and Traka Resources Limited announced on 24 May 2005 that agreement has been reached for the establishment of an iron ore joint venture to explore for iron ore on Traka's Ravensthorpe project in south western Western Australia.

The Ravensthorpe Iron Ore Project area lies within the layered Archaean greenstone succession of the Ravensthorpe Range north of Ravensthorpe in south-western Western Australia.

The Ravensthorpe Range greenstones comprise a sequence of mafic and felsic volcanics, ultramafic rocks and sediments (shale, siltstone, conglomerate and banded iron-formation). The greenstone succession is located within a faulted south-plunging and overturned syncline. The area is overlain by a thick lateritic profile.

Martite-goethite iron enrichment is observed in a number of localities within the banded iron-formation lithologies and is heavily goethitised in the lateritic profile. Recorded enrichment outcrop occurs in fourteen separate areas over the tenement area acquired by Resource Mining Corporation Limited and in areas adjacent. Individual areas of identified enrichment mineralisation are reported from prospecting of the area during the 1960's to vary in strike length between 100m and 2000m with widths varying from 20 to 180m.

The mineralisation exhibits textures consistent with iron enrichment in other areas of the Archean in Western Australia. In lateritised surface samples, goethite is the dominant mineralogy with subordinate hematite. It is inferred that the enrichment mineralisation below lateritic cover is a martite-goethite ore, typical of that seen in enrichment ores in the Yilgarn and Pilbara regions of WA.

Little exploration has been undertaken in the area other than costeaning and a number of shallow percussion drill holes, the latter appearing to be limited to the laterite profile.

REVIEW OF OPERATIONS

RAVENSTHORPE PROJECT (RMC earning 51%) *(Continued)*

Limited rock chip sampling by the vendor, Traka Resources, highlights the potential enrichment grades. These samples are repeated below in Table 1. All samples in this table were taken from material in the lateritised horizon.

Table 1 Selected samples from Traka Resources rock chip sampling.

Sample No.	Fe%	P%
100734	58.28	0.02
100737	59.41	0.03
100738	61.85	0.01
100739	61.11	0.03
100765	64.64	0.03
100766	60.68	0.05
100768	58.64	0.02

This area is viewed by RMC's Consulting Geologist Mr Chris Robinson of Hematite Consultants Pty Ltd as having considerable potential for small high grade iron enrichment deposits in view of the favourable structure and lithologies.

RMC has paid $200,000 and will expend a minimum of $500,000 in the first 12 months to earn an option to earn up to 51% equity in the joint venture by expenditure of $5 million over 5 years (inclusive of the $500,000 to earn the option).

Once RMC has earned its 51% interest, Traka can elect to contribute pro-rata or be Free Carried for a 30% interest to a Decision to Mine. In the event RMC earns a 70% equity Traka may contribute on a pro- rata basis or elect to covert its interest into a 2% Royalty interest.

Work Completed

Analysis of the Ravensthorpe region has begun using data supplied by JV partner Traka Resources. This includes aerial photography, drilling, detailed aeromagnetic surveys, geological mapping, and topographical data.

Additional detailed historical geological mapping has been purchased and is currently in the process of being analysed and integrated with the supplied datasets.

Work Planned

Further specific area mapping of areas of interest will be undertaken commencing late September 2005. RMC has engaged the services of a senior contract geologist to undertake this work. Once completed, the data gathered will be reviewed to plan the first stages of an exploration program for the area.

PAPUA NEW GUINEA WOWO GAP (RMC 100%)

The Wowo Gap Project is located about 200km east of Port Moresby, and 35km from the villages of Safia, near the Musa River and Wanigela, situated on Collingwood Bay.

The Wowo Gap nickel-cobalt laterite deposit is held under EL1165. The deposit is located at the eastern end of the Didana Range in a topographic saddle some 700m above sea level. The area is drained by the Musa River and its various tributaries, the largest of which is Bereruma Creek which flows north from the deposit.

Geology

Within the Wowo Gap area there are two dominant types of ultramafic. The western half is underlain by foliated ultramafic intruded by isolated plugs of gabbro. The eastern half contains Sivai Breccia, which consists of ultramafic fragments set in a rock flour and serpentine-garnierite-magnesite-silica matrix. The breccia appears to be tectonic in origin.

The laterite has developed over both rock types but appears to be better developed over the more permeable breccia.

Soil and young volcanic ash overlies the limonite- and saprolite-laterite profiles. The limonite profile, 0.5 to 10 metres thick, consists of clay with iron oxides. Commonly this material in the diamond core contains no boulders. At similar depths in the pits there are small weathered boulders, particularly at the bottom of the profile. It is probable that the diamond bit has pushed the small boulders away in the soft limonite-clay rich material. Only when the boulders are large enough to resist the downward thrust of the drill stem have they been penetrated.

The saprolite profile, 1 to 15 metres thick, consists of serpentine and garnierite with clay. This material also contains significant amounts of un-mineralised boulders. The boulders are interspersed within the saprolite material. This lower section of the profile has previously not been seen in the pits or wacker drilling, as this material was too hard to penetrate.

REVIEW OF OPERATIONS

PAPUA NEW GUINEA WOWO GAP (RMC 100%) *(Continued)*

Geochemistry

The ash is distinguished from the laterite by lower iron and higher aluminium content.

The limonite laterite is characterised by high iron and manganese contents. The nickel content is commonly 0.5 to 1.3%, with considerable sections averaging +1%. The lower section of the limonite profile contains significant cobalt scavenged by the manganese. These zones contain +0.1% cobalt. Individual samples assay up to 1.81% nickel and 0.68% cobalt.

The saprolite material is distinguished from the limonite material by lower iron and manganese and higher magnesium. This material contains significant nickel, but insignificant cobalt due to the reduction of manganese and its scavenging effect. Individual samples assay up to 2.85% nickel.

Resource and Resource Potential

Prior to the 2004 and 2005 drilling programs the previously reported "inferred resource" with a 0.8% nickel cut off from the pits, earlier diamond drilling and the wacker drilling stood as follows:

Central Zone	Limonite	30.9Mt	@	1.09% Ni and 0.11% Co
	Saprolite	17.9Mt	@	1.44% Ni and 0.04% Co
Northern Zone	Limonite	18.0Mt	@	1.02% Ni and 0.11% Co
Total		**66.8Mt**	**@**	**1.17%Ni and 0.09% Co**

The resource was open to the north, the south and at depth. The main focus of the recent drill programs has been to determine the depth and grade of the saprolite zone. The longer-term aim is to increase the resource with further drilling.

Previous testing of the saprolite ore had indicated grades of 0.8 to 2.7% nickel, but only to depths of 1-4 metres. The profile was previously tested with pits and wacker drilling which failed to penetrate the harder saprolite ore. The diamond drilling tested the complete saprolite zone with man-portable rigs capable of drilling 60 metres with HQ equipment or 100 metres with NQ equipment.

Comparison of the limonite profile in the 2004 diamond drill holes with that in the pits and wacker drilling indicate that the profile is approximately twice as thick. This potentially doubles the resource potential of the limonite zone in the area drilled.

A similar comparison of the saprolite profile indicates it is thicker in the diamond drill holes by a factor of 3, increasing the resource potential by a similar factor.

The limited drilling of the Central Zone indicates that with further drilling there is potential to conceptually increase the resource to 115 Mt of limonite and saprolite ore. The Northern Zone potential could also be increased significantly from 18 Mt as no saprolite ore has been factored into this resource.

Current Work Program

During the year the following satellite data were acquired:

- 25m resolution Landsat 5 imagery (used in attached map) and
- 25m resolution X-Sar DEM [Digital Elevation Model] data.

In addition, Maxwell Geoservices have been contracted to manage the RMC corporate drilling database for all projects. The current Wowo drilling database has been verified by Maxwell's against original drilling logs to maximise JORC compliance. During this review, original assay files were reloaded and coupled to validated collar and survey information.

Five wacker drill holes were completed in December 2004. The five completed holes include the following ore grade intersections:

Wacker	**Easting**	**Northing**	**RL**	**From**	**To**	**Thickness**	**Nickel**	**Cobalt**
Limonite	**m**	**m**	**m**	**m**	**m**	**m**	**%**	**%**
WGW 092	710007	8941708	706	4.00	6.00	**2.0**	**0.84**	**0.14**
WGW 093	710071	8942109	741	3.00	4.50	**1.5**	**0.89**	**0.07**
Saprolite								
WGW 092	710007	8941708	706	6.00	6.50	0.5	0.95	0.06

REVIEW OF OPERATIONS

PAPUA NEW GUINEA WOWO GAP (RMC 100%) *(Continued)*

The geology of the Wowo Gap Project has a laterite cap overlaying saprolite. Saprolite is an internationally traded Nickel ore with approximately 4 Mtpa being traded annually. Sources of saprolite include: New Caledonia, Philippines and Indonesia. Saprolite is used as a direct feed for the production of Ferronickel with Ferronickel accounting for approximately 38% of the world's primary nickel production.

Ferronickel smelters are located throughout the world with significant production centres situated in New Caledonia, Indonesia, and Japan. The latter relies 100% on imported material to satisfy demand, with the three smelters in Japan importing approximately 3.0 Mtpa of Saprolite averaging 2.35% Ni. RMC understands that +2.0% Ni grade Saprolite ore sells for +US$35.00/wmt.

RMC has initiated discussions with selected Japanese companies involved in the Saprolite trade to determine interest in Wowo Gap's role as a potential Saprolite ore source of the future.

PAPUA NEW GUINEA AWARIOBO (RMC 100%)

Seven shallow Wacker holes for 16.4m were drilled on the Ibau Plateau. These holes were drilled approximately 400m apart on a line extending to the south of the existing pits.

No significant nickel or cobalt values were obtained. The holes appear to have penetrated a thin volcanic ash and a laterite. The iron, manganese and chrome values along with the nickel do not suggest an ultramafic source. These values suggest an intermediate rock chemistry.

QUEENSLAND THREE RIVERS AND GREENVALE (RMC DILUTING TO 10%)

In 2004 the Company executed a Joint Venture Agreement with Straits Resources Limited (Straits) on its Three Rivers Nickel Project in Queensland.

Under the Agreement Straits during the year exercised the option and paid the $50,000 for the right to earn an initial 70% interest in the tenements by expending a further $1 million on exploration over a period of three years from the commencement date.

Following the initial farm-in period Straits may earn a further interest of an additional 20% with the expenditure of $700,000 over a further period of two years. Following the earning of a 90% interest in the tenements, both the Company and Straits may contribute to further exploration or either party may dilute in accordance with a standard dilution formula.

During the year Straits reported that they had completed a program of shallow RC holes to test a number of soil anomalies for scandium mineralisation. Weak Scandium mineralisation only was intersected.

QUEENSLAND MARLBOROUGH. (RMC 80%)

Resource Mining has entered into an option agreement for the sale of its subsidiary Candala Pty Ltd the holder of the Marlborough mining leases. Under the agreement Resource Mining will receive $2 for the sale of the shares and $218,000 as part repayment of its loan to Candala if the sale proceeds.

WESTERN AUSTRALIA MUSGRAVE

During the year Resource Mining surrendered the tenements that comprised the Blackstone and Michael Hills Projects.

Information in this report relating to ore reserves, mineral resources or mineralisation conforms with the reporting requirements of the "Australian Institute of Mining and Metallurgy's Code for reporting of Identified Mineral Resources and Ore Reserves" and is based on and accurately reflects information compiled by Graham L Rolfe of Resource Mining Corporation Ltd in relation to the Wowo Gap Project and Chris Robinson of Hematite Consultants Pty Ltd in relation to the Argyle Iron Ore Project who are competent Persons as defined by the code and are Corporate Member of the Aus IMM. Graham Rolfe and Chris Robinson have consented to the release of the information dealing with these matters in the form in which it is reported.

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 2005.

DIRECTORS AND COMPANY SECRETARY

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

Sarbir Singh Jholl	Chairman (non-executive)	
Edmond William Edwards	Managing Director	
Warwick Jeffrey Davies	Executive Director	(appointed 12 August 2004)
Graham Lindsay Rolfe	Executive Director	(resigned 27 November 2004)
Anthony Robert Hamilton	Executive Director	(resigned 18 August 2004)
Neville John Bassett	Company Secretary	
John Palermo	Company Secretary	(resigned 24 August 2004)

PRINCIPAL ACTIVITIES

The principal activity of the consolidated entity during the year was mineral exploration in Australia and overseas.

CONSOLIDATED RESULTS

Key performance indicators for the group are as follows:

Balance Sheet	As at June 2005	As at June 2004
Capitalised exploration expenditure less amounts written off	9,096,976	7,057,653
Cash on hand	2,234,942	124,263
Net Current Assets	1,456,897	(180,274)
Market Capitalisation	$34.69 million	$6.87 million
Profit and Loss	Year to June 2005	Year to June 2004
Operating Overheads	549,340	1,039,130
Capitalised exploration expenditure from previous years written off	5,203,510	-
Capital Raising		
Total capital raised	8,154,000	2,354,495
Cost of capital raisings	384,904	211,844
	4.7%	9.0%

REVIEW OF OPERATIONS

A review of operations of the Company and its controlled entities during the financial year is contained in the Review of Operations section of the annual report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant developments for the consolidated entity during the year ended 30 June 2005 were as follows:

a) On 5 October 2004 the parent entity sold 17,377,577 pre consolidation shares for $0.005 under the terms of the Small Shareholder Notice dated 20 August 2004. This resulted in a reduction in the number of shareholders of 1,934 (54%) which has resulted in significant administrative savings.

b) At the Annual General Meeting held on 30 November 2004 shareholders approved a resolution which proposed a consolidation of the number of ordinary shares on issue from 2,039,328,731 to approximately 203,932,873, with a 10:1 consolidation. The listed and unlisted options on issue were also consolidated pursuant to the ASX Listing Rules and in accordance with the terms of the options. Except where noted otherwise, all references in this annual report to shares or options are expressed as post consolidation numbers.

c) The parent entity made placements during the financial year issuing a total of 100,200,000 ordinary shares and raising a total of $6,154,000 (before expenses).

d) Following receipt of shareholder approval on 12 August 2004, RMC exercised its option to purchase the 75% interest in Argyle Iron Ore Pty Ltd (formerly Gauntlet Mining Corporation Pty Ltd) the owner of the Argyle Iron Ore Project.

Date	Cash Consideration	Shares Issued	Equity Consideration	Acquired	Cumulative
13/10/2004	1,750,000	5,000,000	250,000	40%	40%
08/02/2004		10,000,000	500,000	11%	51%
17/05/2004		25,000,000	1,250,000	24%	75%
	1,750,000	40,000,000	2,000,000		

DIRECTORS' REPORT *(continued)*

MATTERS SUBSEQUENT TO THE END OF FINANCIAL YEAR

Other than as disclosed in Note 26, there is at the date of this report no matter or circumstance which has arisen since 30 June 2005, that has significantly affected or may significantly affect:

(i) the operations, in financial years subsequent to 30 June, 2005 of the consolidated entity constituted by Resource Mining Corporation Limited and the entities it controls from time to time; or

(ii) the results of those operations; or

(iii) the state of affairs, in financial years subsequent to 30 June, 2005, of that consolidated entity.

DIVIDENDS PAID OR RECOMMENDED

No dividend is recommended nor has one been declared or paid since the formation of the Company.

SHARE OPTIONS

As at the date of this report there were 245,148,201 options over unissued ordinary shares in the parent entity. Refer to note 13(c) of the financial statements for further details of the options outstanding. Option holders do 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.

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 economic 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.

PARTICULARS OF DIRECTORS AND COMPANY SECRETARY

Sarbir Singh Jholl — Chairman (non-executive)

Qualification

Mr Jholl has a Bachelor of Business (Accounting), ASCPA.

Experience

Mr Jholl has been involved with the Hospitality Industry since 1988 and the Gaming Industry since 1992. He is presently involved in acquisition and management of establishments within the Hospitality Industry. He specialises in problem solving and developing management systems to improve profitability.

Interest in Shares and Options

1,000,000 ordinary shares of Resource Mining Corporation Limited and options to acquire a further 2,000,000 ordinary shares

Special Responsibilities

Mr Jholl is Chairman of the Audit Committee.

Directorship held in other listed entities

None

Edmond William Edwards — Managing Director

Qualifications

Mr Edwards is a Chartered Accountant with a Bachelor of Commerce from the University of Western Australia. He is a Fellow of The Australian Institute of Company Directors.

DIRECTORS' REPORT *(continued)*

PARTICULARS OF DIRECTORS AND COMPANY SECRETARY *(continued)*

Experience

Mr Edwards was a partner at Hendry Rae & Court (now Grant Thornton) until 1989 having joined that firm in 1975. He was the partner in charge of the Robe River Iron Ore Project audit for 8 years.

As the Finance Director of both Fox Resources Ltd and Aztec Resources Ltd he was responsible for the successful floats of those companies through to the successful re-commissioning of the Radio Hill Project for Fox and the strong position of Aztec to develop the Koolan Iron Ore Project. Mr Edwards was also previously a Director of Acclaim Exploration NL and Matlock Mining NL which with Eagle Mining developed the successful Nimary Gold Mine.

Interest in Shares and Options

6,690,000 ordinary shares of Resource Mining Corporation Limited and options to acquire a further 2,440,000 ordinary shares

Special Responsibilities

Mr Edwards is responsible for Treasury, Corporate and Finance.

Directorship held in other listed entities

Company Name	Appointed	Resigned
Aztec Resources Ltd	15/05/97	02/07/04
Fox Resources Ltd	26/04/02 (Listing)	02/07/04

Warwick Jeffrey Davies — Executive Director

Qualification

Mr Davies is a Bachelor of Arts (Economics) and has a Certificate of Chemistry

Experience

Mr Davies was a self employed Marketing Consultant with forty years experience in the Iron and Steel Industry including a variety of technical and commercial roles with BHP Steel (Newcastle and Whyalla), Hamersley Iron (Dampier) and Robe River Mining Co (Cape Lambert and Perth).

During the period 1986 to early 2000, Warwick was employed by the Robe River Joint Venture in a series of Management roles with the organisation culminating in a period of four years as General Manager Marketing. Warwick has a broad, in-depth knowledge of the world's Iron Ore and Steel Industries with emphasis on South and East Asia, particularly China. In additional to the technical and commercial aspect of the Iron Ore business, Warwick brings a solid background and understanding of the bulk freight market.

As an independent Marketing consultant since May 2000, Warwick has worked on a variety of assignments associated with the Iron Ore Industry with specific emphasis on China. He brings to the company, a wealth of practical experience, a clear understanding of Iron and Steel, and an extensive potential customer contact network

Interest in Shares and Options

1,400,000 ordinary shares of Resource Mining Corporation Limited and options to acquire a further 2,400,000 ordinary shares

Special Responsibilities

Mr Davies is responsible for Metallurgy, Marketing and Infrastructure.

Directorships held in other listed entities

None

Neville John Bassett — Company Secretary

Qualification

Mr Bassett is a Chartered Accountant with a Bachelor of Business from Curtin University.

Experience

Mr Bassett operates his own corporate consulting business, specialising in the area of corporate, financial and management advisory services. Mr Bassett consults to a number of publicly listed companies and private company groups in a diversity of industry sectors such as stockbroking, property and resources. He is a director or company secretary of a number of public and private companies and has been involved with numerous public company listings and capital raisings

DIRECTORS' REPORT *(continued)*

LIKELY DEVELOPMENTS AND RESULTS

The Company intends to continue its exploration activities with a view to the commencement of mining operations as soon as possible.

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 Company.

INDEMNIFICATION OF DIRECTORS

The Company has not, during or since the previous financial year, in respect of any person who is or has been an officer or auditor of the Company or a related body corporate:

- Indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2005, and the number of meetings attended by each Director. These meetings included matters relating to the Remuneration and Nomination Committees of the company.

	Number eligible to attend	**Number attended**
Sarbir Singh Jholl	4	4
Edmond William Edwards	4	4
Warwick Jeffrey Davies (appointed 12 August 2004)	4	4
Graham Lindsay Rolfe (resigned 27 November 2004)	2	1
Anthony Robert Hamilton (resigned 18 August 2004)	0	0

Mr Jholl chaired two meetings of the Audit Committee during the year.

AUDITOR

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

NON-AUDIT SERVICES

The external auditors were not engaged to provide non-audit services during the year. Were the external auditors to be so engaged, the board of directors would take advice from the Audit Committee to be satisfied that the provision of non-audit services would be compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration has been received for the year ended 30 June 2005 and can be found within these financial statements.

DIRECTORS' REPORT *(continued)*

REMUNERATION REPORT

REMUNERATION POLICY

The remuneration policy of RMC has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component together with incentive options. The board of RMC believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the economic entity, as well as create goal congruence between directors, executives and shareholders.

All remuneration paid to executives is valued at the cost to the company and expensed. Shares given to executives are valued as the difference between the market price of those shares and the amount paid by the executive. Options are valued using the Black-Scholes methodology.

There is no direct link between remuneration paid to any of the directors and corporate performance such as bonus payments for achievements of certain key performance indicators.

DETAILS OF REMUNERATION FOR YEAR ENDED 30 JUNE 2005

Details of the nature and amount of emolument paid for each Director's and Executive's of Resource Mining Corporation Limited are set out in the following table:

		Salary, Fees and Commissions	Other	Options	Total
Specified Directors					
S S Jholl		105,000	-	8,900	113,900
E W Edwards		190,500	-	8,900	199,400
W J Davies	(appointed 12 August 2004)	160,000	-	8,900	168,900
G L Rolfe	(resigned 27 November 2004)	-	21,905	-	21,905
A R Hamilton	(resigned 18 August 2004)	-	-	-	-
		455,500	21,905	26,700	504,105

		Salary, Fees and Commissions	Other	Options	Total
Specified Executives					
N Bassett			37,500	2,225	39,725
J Palermo	(resigned 24 August 2004)	-	-	-	-
TOTAL			37,500	2,225	39,725

Further details on the remuneration of Directors and key Executives are provided in Note 20 to the financial statements.

PROCEEDING ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceeding 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.

....
E W Edwards
Managing Director

Dated at Perth this 23rd day of September, 2005.

CORPORATE GOVERNANCE STATEMENT

CORPORATE GOVERNANCE

Unless disclosed below, all the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2005.

Principle Ref	Recommendation Ref	Notification of Departure	Explanation for Departure
2	2.1	For the last three quarters of the Reporting Period the Board comprised three directors, only one of whom, Mr S Jholl, was considered to be independent.	The Board acknowledges that a greater proportion of independent directors may be desirable over the longer term.
2	2.4	A separate Nomination Committee has not been formed.	The role of the Nomination Committee is carried out by the full Board. The Board considers that given its size, no efficiencies or other benefits would be gained by establishing a separate Nomination Committee.
4	4.3	The Audit Committee does not meet the requirements for composition in numbers or independent chairperson.	The Board will make any appropriate changes to the composition of the Audit Committee as the composition of the Board changes.

BOARD COMPOSITION

The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report and their term of office are detailed in the director's report.

The names of independent directors of the company are:

Sarbir Singh Jholl

When determining whether a non-executive director is independent the director must not fail any of the following materiality thresholds:
— less than 10% of company shares are held by the director and any entity or individual directly or indirectly associated with the director;
— no sales are made to or purchases made from any entity or individual directly or indirectly associated with the director; and
— none of the director's income or the income of an individual or entity directly or indirectly associated with the director is derived from a contract with any member of the economic entity other than income derived as a director of the entity.
Independent directors have the right to seek independent professional advice at the company's expense in the furtherance of their duties as directors. Written approval must be obtained from the chairman prior to incurring any expense on behalf of the company.

TRADING POLICY

The company's policy regarding directors and employees trading in its securities is set by the board. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the securities' prices.

AUDIT COMMITTEE

The names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee are included in the directors' report.

PERFORMANCE EVALUATION

During the Reporting Period an evaluation of the Board was informally carried out by the Chairman.

REMUNERATION POLICIES

Remuneration levels are competitively set to attract the most qualified and experienced directors and senior executive officers, in the context of prevailing market conditions.

The Managing Director and other executive directors receive a fixed consultancy fee for services they provide to the Company in an executive capacity. The Managing Director and the executive director have been allocated one-off issues of options which were subject to shareholder approval prior to issue. They do not receive a separate fee for their duties as directors. Remuneration of other key executives is reviewed with the assistance of remuneration surveys.

The non-executive director receives a fixed fee for his services as a director. He is entitled to receive, subject to shareholder approval prior to issue, a one-off issue of incentive options upon appointment to the Board.

There is no direct link between remuneration paid to any of the directors and corporate performance such as bonus payments for achievements of certain key performance indicators.

CORPORATE GOVERNANCE STATEMENT

REMUNERATION POLICIES *(continued)*

The amount of remuneration for all directors and executives, including all monetary and non-monetary components, are detailed in the Note 20 to the annual report. All remuneration paid to executives is valued at the cost to the company and expensed. Shares given to executives are valued as the difference between the market price of those shares and the amount paid by the executive. Options are valued using the Black-Scholes methodology.

The board expects that the remuneration structure implemented will result in the company being able to attract and retain the best executives to run the economic entity. It will also provide executives with the necessary incentives to work to grow long-term shareholder value. The policy complies with the four key principles of IFSA Guidance Note 02-16.

REMUNERATION COMMITTEE

The remuneration committee is made up of the full board of RMC.

OTHER INFORMATION

Further information relating to the company's corporate governance practices and policies has been made publicly available on the company's web site at www.resmin.com.au.

STATEMENT OF FINANCIAL PERFORMANCE
YEAR ENDED 30 JUNE 2005

	Note	Consolidated		Parent Entity	
		2005	2004	2005	2004
		$	$	$	$
Revenues from ordinary activities	2	44,111	17,870	43,873	16,898
Expenses from ordinary activities excluding borrowing costs	3	(5,794,563)	(1,044,099)	(4,221,744)	(984,060)
Borrowing costs expense	3	(2,398)	(12,901)	(2,398)	(12,901)
Loss from ordinary activities before income tax expense		(5,752,850)	(1,039,130)	(4,180,269)	(980,063)
Income tax expense relating to ordinary activities	4	-	-	-	-
Loss from ordinary activities after income tax expense	15	(5,752,850)	(1,039,130)	(4,180,269)	(980,063)
Total changes in equity other than those resulting from transactions with owners as owners		(5,752,850)	(1,039,130)	(4,180,269)	(980,063)
Basic loss per share (cents per share)	24	2.79	1.12		
Diluted loss per share (cents per share)	24	2.67	1.12		

The above statement of financial performance should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2005

	Note	Consolidated		Parent Entity	
		2005	2004	2005	2004
		$	$	$	$
CURRENT ASSETS					
Cash assets	5	2,234,942	124,263	2,229,070	116,318
Receivables	6	93,900	6,841	93,900	6,819
Other assets	7	75,080	58,163	36,451	45,160
Total Current Assets		2,403,922	189,267	2,359,421	168,297
NON CURRENT ASSETS					
Receivables	6	56,913	79,063	2,842,681	1,086,286
Other financial assets	8	-	303,333	6,309,832	6,210,874
Property, plant and equipment	9	169,955	34,469	169,955	5,242
Mineral exploration and evaluation	10	9,096,976	7,057,653	203,880	-
Total Non Current Assets		9,323,844	7,474,518	9,526,348	7,302,402
TOTAL ASSETS		11,727,766	7,663,785	11,885,769	7,470,699
CURRENT LIABILITIES					
Payables	11	932,354	369,541	930,283	138,962
Interest bearing liabilities	12	14,671	-	14,671	-
Total Current Liabilities		947,025	369,541	944,954	138,962
NON CURRENT LIABILITIES					
Interest bearing liabilities	12	20,011	-	20,011	-
Total Non Current Liabilities		20,011	-	20,011	-
TOTAL LIABILITIES		967,036	369,541	964,965	138,962
NET ASSETS		10,760,730	7,294,244	10,920,804	7,331,737
EQUITY					
Contributed equity	13	44,440,904	36,671,568	44,440,904	36,671,568
Reserves	14	-	1,208,623	-	1,208,623
Accumulated losses	15	(35,130,174)	(30,585,947)	(33,520,100)	(30,548,454)
Outside equity interest	27	1,450,000	-	-	-
TOTAL EQUITY		10,760,730	7,294,244	10,920,804	7,331,737

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

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2005

	Note	Consolidated 2005 $	Consolidated 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Cash Flows from Operating Activities					
Payments to suppliers		(596,750)	(963,113)	(576,463)	(952,906)
Interest income received		44,111	16,674	43,873	15,733
Interest and other finance costs paid		(2,398)	(18,343)	(2,398)	(18,343)
Net Cash Outflow from Operating Activities	23	(555,037)	(964,782)	(534,988)	(955,516)
Cash Flows from Investing Activities					
Payments for exploration expenditure		(3,030,620)	(748,434)	(200,062)	-
Payment for investments		-	(250,000)	(1,759,906)	(250,000)
Payment for other fixed assets		(192,294)	-	(192,294)	-
Refund / (payment) of bonds		22,150	(18,568)	-	-
Loans to related parties		-	-	(1,066,478)	(782,383)
Proceeds on disposal of share investment		52,500	-	52,500	-
Net Cash Outflow from Investing Activities		(3,148,264)	(1,017,002)	(3,166,240)	(1,032,383)
Cash Flows from Financing Activities					
Proceeds from issue of shares and options		6,154,240	2,128,964	6,154,240	2,128,964
Share and option issue transaction costs		(378,086)	(186,844)	(378,086)	(186,844)
Proceeds from borrowings		50,438	-	50,438	-
Repayment of borrowings		(12,612)	-	(12,612)	-
Net Cash Inflow from Financing Activities		5,813,980	1,942,120	5,813,980	1,942,120
Net increase / (decrease) in cash held		2,110,679	(39,664)	2,112,752	(45,779)
Cash at beginning of the financial year		124,263	165,978	116,318	162,110
Effect of exchange rate changes on cash holdings		-	(2,051)	-	(13)
Cash at the end of the financial year	5	2,234,942	124,263	2,229,070	116,318

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and Corporations Act 2001. The financial report has been prepared on an accruals basis and in accordance with the historical cost convention and does not take into account changing money values or, except where stated current valuations of non-current assets. Unless otherwise stated the accounting policies adopted are consistent with those of the previous year. Comparative information has been reclassified where appropriate to enhance comparability.

(a) Basis of Accounting

The financial report has been prepared on the basis of accounting principles applicable to a going concern, which assumes the commercial realisation of the future potential of the Company's and consolidated entity's assets and the discharge of their liabilities in the normal course of business.

The Board considers that the Company is a going concern and recognises that additional funding is required to ensure that the Company can continue to fund its and the consolidated entity's operations for the twelve month period from the date of this financial report. Such additional funding, as occurred during the year ended 30 June 2005 as disclosed in Note 13, can be derived from either one or a combination of the following:

- The placement of securities under ASX Listing Rule 7.1, the refreshment of which placement limit occurred subsequent to balance date, as disclosed in Note 26;
- An excluded offer pursuant to the Corporations Act 2001; or
- The sale of assets

Accordingly, the Directors believe that subject to prevailing equity market conditions, the Company will obtain sufficient funding to enable it and the consolidated entity to continue as going concerns and that it is appropriate to adopt that basis of accounting in the preparation of the financial report.

(b) Principles of Consolidation

The consolidated financial report incorporates the assets and liabilities of all entities controlled by Resource Mining Corporation Limited (parent entity) as at 30 June 2005 and the results of all controlled entities for the year then ended. The effects of all transactions between Resource Mining Corporation Limited and its controlled entities are eliminated in full.

Where control of an entity is obtained during a financial year, its results are included in the consolidated statement of financial performance from the date on which control commences. Where control of an entity ceases during a financial year, its results are included for the part of the year for which control exists.

(c) Mineral Interests

Exploration and evaluation expenditure incurred by or on behalf of the consolidated entity is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation.

Exploration expenditure for each area of interest, other than that acquired from the purchase of another mining company, is carried forward as an asset provided that one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
- exploration activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of recoverable mineral resources, and active and significant operations in relation to the area are continuing.

Exploration expenditure which fails to meet at least one of the conditions outlined above is written off.

Identifiable exploration assets acquired from another mining company are recognised as assets at their cost of acquisition, as determined by the requirements of AASB1015 *Accounting for the Acquisition of Assets*. Exploration assets acquired are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions outlined above is met.

Exploration expenditure for each area of interest/mineral resource is carried forward, but only to the extent to which its recoupment out of revenue to be derived from the relevant area of interest/mineral resource, or from sale of that area of interest, is reasonably assured.

When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off.

Expenditure is not carried forward in respect of any area of interest/mineral resource unless the Company's rights of tenure to that area of interest are current.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Income Tax

Income tax has been brought to account using the liability method of tax effect accounting. Future tax benefits relating to tax losses are not carried forward as an asset unless the benefit can be regarded as being virtually certain of realisation.

No provision for capital gains tax has been made which may arise in the event of the sale of revalued assets as no decision has been made to sell any of these assets.

(e) Investments

Investments are carried at cost or valuation. If, in the opinion of the Directors, there has been permanent diminution in the value of investments, provision for diminution is made.

Revenue from investments is brought to account by the Company when dividend/distributions are receivable.

(f) Cash

For the purpose of the statements of cash flows, cash includes deposits at call which are readily convertible to cash on hand and which are used in the cash management function on a day to day basis, net of outstanding bank overdrafts.

(g) Depreciation of Plant and Equipment

Plant and equipment are depreciated over their estimated useful lives using the diminishing value method. Profits and losses on disposal of plant and equipment are taken into account in determining the result for the year.

The depreciation rates used in each class of asset for the financial years ended 30 June 2005 and 30 June 2004 are:

Plant and equipment	10-40%

(h) Foreign Currency Transactions

Foreign currency transactions are initially translated into Australian currency at the rate of exchange on the date of the transaction. At balance date amounts payable and receivable in foreign currencies are translated to Australian currency at rates of exchange at that date. Resulting exchange differences are brought to account in determining the result for the year. Assets, liabilities, revenues and expenses of foreign controlled entities are translated into Australian currency at rates of exchange at balance date. Exchange differences arising on translation are brought to account in determining the result for the year.

(i) Acquisition of Assets

The cost method of accounting is used for all acquisitions of assets regardless of whether shares or other assets are acquired. Cost is determined as the fair value of the assets given up at the date of acquisition plus costs incidental to the acquisition.

Costs relating to the acquisition of new areas of interest are classified as exploration expenditure.

(j) Recoverable Amount of Non-Current Assets

The recoverable amount of an asset is the net amount expected to be recovered through the net cash inflows (undiscounted) arising from its continued use and subsequent disposal. Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is revalued to its recoverable amount. Where net cash inflows are derived from a group of assets working together, recoverable amount is determined on the basis of the relevant group of assets. To the extent that the revaluation decrement reverses a revaluation increment previously credited to, and still included in the balance of, the asset revaluation reserve, the decrement is debited directly to that reserve. Otherwise the decrement is recognised as an expense in the statement of financial performance.

(k) Earnings per Share

(i) *Basic Earnings per share*
Basic earnings per share is determined by dividing the operating profit/(loss) after income tax attributable to members of Resource Mining Corporation Limited by the weighted average number of ordinary shares outstanding during the financial year.

(ii) *Diluted Earnings per Share*
Diluted earnings per share adjusts the amounts used in the determination of basic earnings per share by taking into account unpaid amounts on ordinary shares and any reduction in earnings per share that will probably arise from the exercise of options outstanding during the financial year.

(l) Trade and Other Creditors

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) 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.

(n) Impact of adopting Australian equivalents to International Financial Reporting Standard.

For reporting periods beginning on or after 1 January 2005, Resource Mining Corporation Limited must comply with Australia equivalents to International Financial Reporting Standards (A-IFRS) as issued by the Australian Accounting Standard Board.

This financial report has been prepared in accordance with Australia accounting standards and other financial reporting requirements (Australian GAAP) applicable for reporting periods ended 30 June 2005. The A-IFRS will be first reflected in Resource Mining Corporation Limited's financial statement for the half year ended 31 December 2005 and the year ended 30 June 2006. On the first time application of the A-IFRS, Resource Mining Corporation Limited will be required to restate comparative financial statements to reflect the application of A-IFRS to that comparative period. Most adjustments to A-IFRS will be made retrospectively against opening retained earnings.

Although the adoption of A-IFRS will change the Companies reported results, this does not represent a change in the strength of the business.

Transition Management

The Board has established a project team to asses the impact of the transition to A-IFRS and to achieve compliance with A-IFRS reporting for the financial year commencing 1 July 2005. The project is achieving its schedule milestone and the consolidated entity is expected to be in a position to fully comply with the requirement of A-IFRS for the 30 June 2006 financial year.

Assessment and planning phase: The assessment and planning phase generated a high level overview of the impacts of conversion to A-IFRS on existing accounting and reporting policies and procedures, systems and processes, business structure and staff. The assessment and planning phase is substantially complete as at 30 June 2005.

Design Phase: The design phase formulated the changes required to existing accounting policies and procedures and systems and processes in order to transition to A-IFRS. The design phase is substantially complete as at 30 June 2005.

Implementation Phase: The implementation phase includes implementation of identified changes to accounting and business procedures, processes and systems and operational training for staff and enables the consolidated entity to generate the required reconciliations and disclosures of AASB 1 First Time Adoption of Australian Equivalents to International Financial Reporting Standards. This phase is substantially complete as at 30 June 2005.

Impact of transition to A-IFRS

The impact of transition to A-IFRS, including the transitional adjustments disclosed are based on A-IFRS standards that management expect to be in place, or where applicable, early adopted, when preparing the first complete A-IFRS financial report (being the half year ending 31 December 2005). Only a complete set of financial statements and notes together with comparative balances can provide a true and fair presentation of the Company's and consolidated entity's financial position, results of operations and cash flows in accordance with A-IFRS. This note provides only a summary and therefore further disclosure and explanations will be required in the first complete A-IFRS financial report for a true and fair view to be presented under A-IFRS.

There is a significant amount of judgment involved in the preparation of the reconciliation from current Australian GAAP to A-IFRS, consequently the final reconciliations presented in the first financial report prepared in accordance with A-IFRS may vary materially from any information provided in this Note.

Where the application or interpretation of an accounting standard is currently being debated, the accounting policy adopted reflects management's current assessment of the likely outcome of those deliberations. The uncertainty relating to the accounting guidance is disclosed in the relevant accounting policy note and where practicable, the expected impact of the alternative interpretation is also disclosed.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The rules for first time adoption of the A-IFRS are set out in AASB 1 First Time Adoption of Australian Equivalents to International Financial Reporting Standards. In general, A-IFRS accounting policies must be applied retrospectively to determine the opening A-IFRS balance sheet as at transition date, being 1 July 2004. The standard allows a number of exemptions to this general principle to assist in the transition to reporting under A-IFRS.

The significant changes in accounting policies expected to be adopted in preparing the A-IFRS reconciliations and the elections expected to be made under AASB 1 are set out below:

(a) Impairment of Non-Current Assets

Under current Australia GAAP the carrying amounts of non-current assets valued on a cost basis, other than exploration and evaluation expenditure carried forward, are reviewed at reporting date to determine whether they are in excess of their recoverable amount. If the carrying amount of a non-current asset exceeds it recoverable amount the asset is written down to the lower amount, with the write-down recognised in the income statement in the period in which it occurs. Where a group of assets working together supports the generation of cash inflows, recoverable amount is assessed in relation to that group of assets. In assessing recoverable amounts, the relevant cash flows have not been discounted to their present value.

IFRS identify a set of asset impairment indicators, whereby the existence of one or more of these indicators obligates the entity to calculate a non-current asset's recoverable amount. The IFRS test for the recoverable amount of non-current assets is more rigorous and prescriptive than the current Australia standard, and could lead to lower non-current asset values, with impairment write-downs potentially impacting profits in the future.

Transition Impact on Resource Mining Corporation Limited

Retained earning will be impacted to the extent that the carrying value of fixed assets exceeds their recoverable amounts on transition. Based on investigations to date, Resource Mining Corporation Limited does not envisage any adjustments.

Continuing Impact on Resource Mining Corporation Limited

Non-current assets will be assessed annually for impairment and where impairment indicators exist, recoverable amounts of these assets will be estimated based on discounted cash flows from their associated cash generating units over their respective lives. The statement of financial performance will recognise expenses arising from difference between the carrying values of non-current assets and the recoverable amounts of these assets.

(b) Income Tax

On transition to A-IFRS the balance sheet method of tax effect accounting will be adopted, rather than the income statement method applied currently under Australian GAAP. Under the balance sheet approach, income tax on the profit and loss for the year comprises current and deferred taxes, which may result in the recognition of additional deferred tax assets and liabilities.

Transition Impact on Resource Mining Corporation Limited

Deferred tax under the balance sheet liability method provides for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided will be based on the expected manner of realisation of the asset or settlement of the liability, using tax rates enacted or substantively enacted at reporting date.

This may result in greater deferred tax assets when compared to the existing criteria for recognising future income tax benefits when tax losses are virtually certain of being realised, and timing differences where realisation is assured beyond reasonable doubt.

Continuing Impact on Resource Mining Corporation Limited

Movements in deferred tax assets and liabilities will be recognised in the statement of financial performance.

(c) Mine Restoration and Rehabilitation provision

IFRS requires the full liability method to be applied in providing for mine restoration and rehabilitation costs. The provision for mine rehabilitation (and corresponding mine asset) must be made in the accounting period when the related disturbance occurs based on discounted estimated future costs. This is a change to the current accounting policy, under which mine rehabilitation provisions are provided for over the life of the mine, on an incremental and undiscounted basis. On an ongoing basis, the rehabilitation liability will be re-calculated at each reporting period in line with the changes in the time value of money (recognised as an expense in the statement of financial performance and an increase in the provision), and additional disturbances or changes in rehabilitation costs will be recognised as additions or changes to the corresponding asset and rehabilitation liability.

Transition Impact on Resource Mining Corporation Limited

Resource Mining Corporation Limited will be required to re-calculate the existing environmental rehabilitation provision to the present value of future expected expenditure and recognise a related rehabilitation asset. Retained earnings will be impacted to the extent that this net position differs from the existing rehabilitation provision. Base on investigations to date, Resource Mining Corporation Limited does not envisage any adjustments.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Continuing Impact on Resource Mining Corporation Limited

The statement of financial performance will recognise both an accretion expense and amortisation of the rehabilitation asset.

(d) Deferred Mineral Exploration and Evaluation expenditure

AASB 6 Exploration for and evaluation of Mineral Resources is the Australia equivalent of IFRS 6. These standards apply from 1 January 2005 and 1 January 2006 respectively, and allow entities to continue with their existing policy for exploration and evaluation expenditure as applied in their most recent financial statements, or change or develop from first principles, their accounting policy for such expenditure in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, if the change makes the financial statements more relevant and reliable..

Development expenditure is outside the scope of AASB 6 and is dealt with by AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets.

Transition Impact on Resource Mining Corporation Limited

The grandfathering provisions of AASB 6 allow Resource Mining Corporation Limited, at entity level, to continue its current accounting treatment for exploration and evaluation expenditure. Retained earnings will be impacted to the extent that there are existing exploration and evaluation assets that qualify for recognition under AASB 1022 which do not qualify for recognition under AASB 116. Based on investigation to date, Resource Mining Corporation Limited does not envisage any adjustment

Continuing Impact on Resource Mining Corporation Limited

Exploration and evaluation expenditure will generally be capitalised where a JORC (Joint Ore Reserve Committee) resource has been identified and probable future economic benefits are demonstrated. Exploration and evaluation assets will be assessed annually for impairment and where impairment indicators exist; recoverable amounts of these assets will be estimated based on discounted cash flows from their associated cash generating units. The statement of financial performance will recognise expenses arising from the excess of the carrying values of exploration and evaluation assets over the recoverable amounts of these assets.

(e) Employees benefits-Share based compensation benefits

Under A-IFRS, share-based compensation to directors and employees in the form of options or shares will be recognised as an expense in the period during which the services are received. This is a change to the current accounting policy, as no expense is presently recognised for share-based compensation.

Transition Impact on Resource Mining Corporation Limited

Resource Mining Corporation Limited will be required to recognise expenses for share-based payment transaction with directors and employees. These transactions are required to be measured at the fair value of the shares or options granted, taking into account market prices and vesting conditions. Resource Mining Corporation Limited will continue to use the Black-Scholes option valuation model to value its share-based payment transactions and the fair value estimated at grant date will not be subsequently revised. An adjustment to opening Retained Earnings at 1 July 2005 will be made of $41,385 in respect of options issued pursuant to the Share Options Plan approved at the general meeting of shareholders on 10 May 2005.

Continuing Impact on Resource Mining Corporation Limited

The statement of financial performance will recognise at grant date an expense for share-based payment transactions with directors and employees that occur under any Share Option Plans.

(f) Foreign currency

Functional currency is defined as the currency of the primary economic environment in which Resource Mining Corporation Limited operates while presentation currency is the currency in which it would present its financial statements. Under IFRS, the Company is required to determine it functional currency and record its underlying transactions affecting its financial performance and financial position using its functional currency, however is permitted to present its financial statements in any presentation currency it chooses. Exchange differences on translation from functional currency to presentation currency are taken to the foreign currency translation reserve. The functional currency is Australian Dollars.

Transition Impact on Resource Mining Corporation Limited

The statement for financial performance and statement of financial position will not record any transitional adjustments in respect of functional currency. Based on investigations to date, Resource Exploration Limited does not envisage any adjustments.

Continuing Impact on Resource Mining Corporation Limited

Foreign currency transactions will be recorded initially in the functional currency using the spot rate between the functional currency and the foreign currency at the date of the transaction. At reporting date, foreign currency monetary items will be translated at the closing rate and non monetary items measured at cost in a foreign currency will be translated at the exchange rate at the date of the transaction. Exchange differences on the settlement or translation of monetary items at rates different from those on original recognition will be recognised in the statement of financial performance in the period in which they arise, This is consistent with Resource Mining Corporation Limited's current accounting treatment under AASB 1012 Foreign Currency Translation. Resource Exploration Limited will present its financial statements in presentation currency as determined by its Board of Directors which is currently Australian Dollars.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

NOTE 2 REVENUE FROM ORDINARY ACTIVITIES	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
Revenue from non-operating activities				
Interest received	44,111	16,674	43,873	15,733
Recoveries	-	1,196	-	1,165
Total revenues from ordinary activities	44,111	17,870	43,873	16,898

NOTE 3 LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
(a) Expenses				
Borrowing costs expensed:				
Interest expense	2,398	12,901	2,398	12,901
Total borrowing costs expensed	2,398	12,901	2,398	12,901
Depreciation of non-current assets:				
Plant and equipment	10,636	1,396	10,636	1,396
Office furniture and equipment	2,270	1,002	2,270	1,002
Motor Vehicles	13,259	-	13,259	-
Computer software	3,619	-	3,619	-
Total depreciation of non-current assets	29,784	2,398	29,784	2,398
Write down in value of tenements and exploration expenditure written off	5,203,512	45,045	-	-
Provisions for Diminution in value of and write off of investments	-	37	3,948,542	(213)
Provision for Non-recovery of loans to controlled entities	-	-	(246,172)	2,861
(b) Losses/(Gains)				
Net foreign currency losses	1,999	2,051	-	13
Net loss on sale of non-current assets	27,023	2,939	-	2,781

(c) Significant Items

Loss from ordinary activities before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance:

Provision for diminution in value of and write off of investments	-	37	3,948,542	(213)
Write down in value of tenements and exploration expenditure written off	5,203,512	45,045	-	-
Reduction in provision for non-recovery of loans to controlled entities controlled entities	-	-	(246,172)	2,861

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

NOTE 4 INCOME TAX

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$

No income tax is payable by the Company or consolidated entity as each incurred a loss for tax purposes for the year and each has available recoupable income tax losses at balance date. The aggregate amount of income tax attributable to the financial year differs from the amount calculated on the operating loss. The differences are calculated as follows:

	Consolidated 2005 $	Consolidated 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Loss from ordinary activities	(5,752,850)	(1,039,130)	(4,180,269)	(980,063)
Income tax calculated at 30%	(1,725,855)	(311,739)	(1,254,081)	(294,019)
Tax effect of permanent differences:				
Non-allowable provisions and write-downs	1,561,053	-	1,110,711	-
Non-allowable expenditure	10,735	31,520	4,139	23,329
Tax amortisation of capital raising costs	(38,687)	-	(38,687)	-
Future Tax benefit not recognised	192,754	280,219	177,918	270,690
Income tax attributable to operating loss	-	-	-	-

The Directors estimate the future tax benefit attributable to tax losses and unrecouped exploration expenditure by the Company and its controlled entities at 30% are as follows:

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
Capital Losses				
Australia Capital Losses	313,772	250,772	313,772	250,772
Revenue Losses				
Australian Revenue Losses	3,647,065	3,060,328	2,277,564	2,035,049
Foreign Revenue Losses	327,139	310,577		
Timing Differences				
Exploration Expenditure	(837,371)	(429,976)	(61,164)	-
Other timing differences	2,455	5,605	2,455	5,888
	3,139,288	2,946,534	2,218,855	2,040,937

The potential future income tax benefits have not been brought to account in the financial report at 30 June 2005 as the Directors do not believe it is appropriate to regard the realisation of the future income tax benefits as virtually certain. These benefits will only be obtained if:

(a) The Company and its controlled entities derive future assessable income of an amount and type sufficient to enable the benefit from the deductions for the tax losses and the unrecouped exploration expenditure to be realised;
(b) The losses are transferred to an eligible entity in the consolidated entity;
(c) The Company and its controlled entities continue to comply with the conditions for deductibility imposed by tax legislation; and
(d) No changes in tax legislation adversely affect the Company and its controlled entities in realising the benefit from the deductions for the tax losses and unrecouped exploration expenditure.

Franking Credits

No franking credits are available at balance date for the subsequent financial year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

NOTE 5 CASH	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
Cash at bank and on hand	61,656	44,263	55,784	36,318
Deposits at call	2,173,286	80,000	2,173,286	80,000
	2,234,942	124,263	2,229,070	116,318

NOTE 6 RECEIVABLES	Note	Consolidated		Parent Entity	
		2005	2004	2005	2004
		$	$	$	$
Current					
Trade debtors		71,090	6,819	71,090	6,819
Sundry debtors		22,810	22	22,810	-
		93,900	6,841	93,900	6,819
Non Current					
Controlled entities					
Amounts due	(i)	-	-	10,450,018	10,501,555
Provision for non recovery		-	-	(7,607,337)	(9,415,269)
Total receivables - controlled		-	-	2,842,681	1,086,286
Mining bonds	(ii)	56,913	79,063	-	-
		56,913	79,063	2,842,681	1,086,286

(i) For further information on receivables from controlled entities, refer to Note 21.

(ii) The bonds represent payments for mining tenements held by Resource Mining Corporation, under the various state and Papua New Guinea Mining Acts, to ensure compliance with the conditions of the title or authority relating to rehabilitation and stabilisation of the land disturbed by mining, exploration or quarrying operations and the safety of the public.

NOTE 7 OTHER ASSETS	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
Current				
GST refundable	75,080	54,863	36,451	41,860
Prepayments	-	504	-	504
Accrued revenue	-	344	-	344
Provision for withholding tax	-	252	-	252
Share application monies held in trust	-	2,200	-	2,200
	75,080	58,163	36,451	45,160

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

NOTE 8 OTHER FINANCIAL ASSETS

	Consolidated 2005 $	Consolidated 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Shares in unlisted controlled entities				
Cost	-	-	14,827,455	10,477,455
Provision for diminution in value	-	-	(8,517,623)	(4,569,914)
Book value of investments (Note 18)	-	-	6,309,832	5,907,541
Shares in small proprietary corporations				
Cost	-	262,500	-	262,500
Provision for diminution in value	-	(209,167)	-	(209,167)
	-	53,333	-	53,333
Option fee in small proprietary corporations	-	250,000	-	250,000
Total	-	303,333	6,309,832	6,210,874

NOTE 9 PROPERTY, PLANT AND EQUIPMENT

	Consolidated 2005 $	Consolidated 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Plant and equipment				
Cost	229,233	74,432	229,233	17,190
Provision for depreciation	(59,278)	(39,963)	(59,278)	(11,948)
	169,955	34,469	169,955	5,242
Movements for the year				
Opening balance	34,469	41,285	5,242	10,421
Additions	192,294	-	192,294	-
Disposals	(27,023)	(2,939)	-	(2,781)
Transfers	-	-	2,204	-
Depreciation capitalised	-	(1,479)	-	-
Depreciation expensed	(29,785)	(2,398)	(29,785)	(2,398)
Closing balance	169,955	34,469	169,955	5,242

NOTE 10 MINERAL EXPLORATION AND EVALUATION

	Consolidated 2005 $	Consolidated 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Non Current				
Deferred mineral exploration expenditure in the exploration and evaluation phase:				
At directors' valuation brought forward	7,057,653	6,200,000	-	-
Expenditure during the year	1,447,833	902,698	203,880	-
Fair value of acquisition	5,800,000	-	-	-
Option fee received	(5,000)	(45,045)	-	-
Expenditure written off	(5,203,510)	-	-	-
At directors' valuation and cost	9,096,976	7,057,653	203,880	-

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

NOTE 11 PAYABLES	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
Current				
Trade creditors and accruals	833,198	285,688	831,127	83,551
Due to Directors and Executives - Note 21(d)	99,156	83,853	99,156	55,411
	932,354	369,541	930,283	138,962

NOTE 12 INTEREST BEARING LIABILITIES	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
Current				
Hire purchase liability	14,671	-	14,671	
Non Current				
Hire purchase liability	20,011	-	20,011	-

Terms and conditions

Hire purchase agreements are repayable by monthly instalments, the timing and amount of which are disclosed in Note 17 and at the weighted average interest rate disclosed in Note 25(a).

Financing Arrangements

No overdraft facilities have been formalised at 30 June 2005 and neither the Company nor any of its controlled entities have lines of credit at 30 June 2005.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

NOTE 13 CONTRIBUTED EQUITY

	Parent Entity 2005 $	Parent Entity 2004 $
(a) Issued capital:		
277,534,250 ordinary shares fully paid (2004: 1,373,328,731 ordinary shares fully paid – pre consolidation)	44,440,904	36,671,568

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

Date	Details	No. of Shares	Issue Price cents	Value $
30/06/03	Opening balance	376,835,490		34,528,917
27/08/03	Share placement and debt conversion (a & b)	188,463,356	0.20	376,921
10/10/03	Share placement (a)	70,000,000	0.25	175,000
27/11/03	Share placement (a)	350,000,000	0.25	875,000
02/03/04	Debt conversion (b)	85,000,000	0.20	170,000
29/03/04	Share placement (a)	150,000,000	0.25	375,000
29/03/04	Debt conversion (b)	10,000,000	0.25	25,000
20/05/04	Share placement (a)	123,029,885	0.25	307,574
31/05/04	Share placement (a)	20,000,000	0.25	50,000
	Less: Transaction costs arising on share issues	-		(211,844)
30/06/04	Closing balance	1,373,328,731		36,671,568
20/08/04	Share placement (a)	290,000,000	0.50	1,450,000
20/08/04	Share issue (c)	50,000,000	0.50	250,000
12/10/04	Share placement (a)	326,000,000	0.50	1,630,000
		2,039,328,731		40,001,568
30/11/05	10: 1 share consolidation	(1,835,395,681)		-
		203,933,050		40,001,568
16/12/04	Share placement (a)	10,000,000	5.00	500,000
07/02/05	Share issue (c)	10,000,000	5.00	500,000
21/02/05	Option conversion	1,050	2.00	210
21/02/05	Share placement (a)	11,000,000	9.00	990,000
17/05/05	Option conversion	150	2.00	30
17/05/05	Share issue (c)	25,000,000	5.00	1,250,000
21/06/05	Share placement (a)	17,600,000	9.00	1,584,000
	Less: Transaction costs arising on share issues	-		(384,904)
30/06/05	Closing balance	277,534,250		44,440,904

(a) Funds raised for working capital purposes
(b) Conversion of debt for equity in accordance with appropriate resolutions
(c) Acquisition of Argyle Iron Ore Project

(c) Options as at 30 June 2005:

(i) 235,848,201 options remain on issue, tradable and exercisable at $0.20 on or before 30 June 2006.
(ii) 9,300,000 options remain on issue, tradable and exercisable at $0.07 on or before 30 June 2009.

(d) Voting and dividend rights

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

NOTE 14 RESERVES

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
Options reserve				
Balance at beginning of year	1,208,623	1,208,623	1,208,623	1,208,623
Options expired	(1,208,623)	-	(1,208,623)	-
Balance at end of year	-	1,208,623	-	1,208,623

NOTE 15 ACCUMULATED LOSSES

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
Balance at beginning of year	(30,585,947)	(29,546,817)	(30,548,454)	(29,568,391)
Transfer from options reserve	1,208,623	-	1,208,623	-
Net loss attributable to members of Resource Mining Corporation Limited	(5,752,850)	(1,039,130)	(4,180,269)	(980,063)
Balance at end of year	(35,130,174)	(30,585,947)	(33,520,100)	(30,548,454)

NOTE 16 CONTINGENT LIABILITIES

Resource Mining Corporation Limited and its controlled entities have no known material contingent liabilities at 30 June 2004 or 30 June 2005.

NOTE 17 COMMITMENTS FOR EXPENDITURE

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$

(a) Mineral Tenement Leases

In order to maintain current rights of tenure to mining tenements, the consolidated entity will be required to outlay in the year ended 30 June 2006 amounts of $335,508 (2004: $439,700) in respect of minimum tenement expenditure requirements and lease rentals. The obligations are not provided for in the financial report and are payable as follows:

Not later than one year	335,508	439,700	234,026	-
Later than one year but not later than 2 years	335,508	439,700	234,026	-
Later than 2 years but not later than 5 years	1,006,524	1,319,100	702,078	-
	1,677,540	2,198,500	1,170,130	-

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.

The commitments referred to above represent the Companies' share of obligations under joint venture agreements without allowing for dilution.

(b) Hire purchase liabilities

Hire purchase agreements are payable				
- Within one year	16,816	-	16,816	-
- One year or later and no later than five years	21,010	-	21,010	-
	37,826	-	37,826	-
Less charges yet to mature	(3,144)	-	(3,144)	-
	34,682	-	34,682	-
Hire purchase liabilities provided for in the financial statements				
- Current	14,671	-	14,671	-
- Non-current	20,011	-	20,011	-
	34,682	-	34,682	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

NOTE 18 INVESTMENTS IN CONTROLLED ENTITIES

	Country of Incorporation	Class of Shares		Book value of Resource Mining's Investment 2005 $	2004 $
Resource Mining Corporation Limited – Parent entity	Australia	Ordinary	100%	-	-
Argyle Iron Ore Pty Ltd	Australia	Ordinary	75%	4,350,000	-
Resource Exploration Limited and its controlled entities	Australia	Ordinary	100%	1,959,832	5,907,541
Resource Mining International NL	Australia	Ordinary	100%	-	-
Candala Pty Ltd	Australia	Ordinary	100%	-	-
Musgrave Minerals Limited	Australia	Ordinary	100%	-	-
				6,309,832	5,907,541

(a) Resource Mining Corporation did not receive any dividends from its controlled entities during the years ended 30 June 2005 and 30 June 2004.

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

(c) Candala Pty. Ltd. is a small proprietary company which is not required to appoint an auditor.

(d) Resource Exploration Limited is a controlled entity and is audited by RSM Bird Cameron Partners.

(e) Argyle Iron Ore Pty Ltd is a small proprietary company which is not required to appoint an auditor

NOTE 19 SEGMENT INFORMATION

	Australia 2005 $	Australia 2004 $	PNG 2005 $	PNG 2004 $	Consolidated 2005 $	Consolidated 2004 $
Geographical segments:						
Operating loss	(1,257,070)	(1,031,520)	(4,495,780)	(7,610)	(5,752,850)	(1,039,130)
Assets	10,115,622	1,742,069	1,612,144	5,921,716	11,727,766	7,663,785

Industry segments:

The operations and assets of Resource Mining Corporation and its controlled entities are predominantly employed in exploration activities relating to minerals in Australia and Papua New Guinea.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

NOTE 20 DIRECTORS AND EXECUTIVES DISCLOSURE

(a) **Directors**

The names and positions of Directors and Executive in office at any time during the financial year are:

Specified Directors

Sarbir Singh Jholl	Chairman (non-executive)	
Edmond William Edwards	Managing Director	
Warwick Jeffrey Davies	Executive Director	(appointed 12 August 2004)
Graham Lindsay Rolfe	Executive Director	(resigned 27 November 2004)
Anthony Robert Hamilton	Executive Director	(resigned 18 August 2004)

Specified Executives

Neville John Bassett	Company Secretary	
John Palermo	Company Secretary	(resigned 24 August 2004)

(b) Directors' Remuneration

	Salary, fees and commissions	Superannuation Contribution	Cash Bonus	Other	Non-Cash Benefits	Options	Total
Year ending 30 June 2005:							
S S Jholl	105,000	-	-	-	-	8,900	113,900
E W Edwards	190,500	-	-	-	-	8,900	199,400
W J Davies	160,000	-	-	-	-	8,900	168,900
G L Rolfe	-	-	-	21,905	-	-	21,905
A R Hamilton	-	-	-	-	-	-	-
TOTAL	455,500	-	-	21,905	-	26,700	504,105
Year ending 30 June 2004:							
S S Jholl	-	-	-	-	-	-	-
E W Edwards	-	-	-	-	-	-	-
G L Rolfe	-	-	-	170,540	-	-	170,540
A G Hopkins	9,000	-	-	225,297	-	-	234,297
A R Hamilton	33,000	-	-	28,000	-	-	61,000
TOTAL	42,000	-	-	423,837	-	-	465,837

(i) Consultancy fee of $21,905 (2004: $170,540) was paid or payable to G L Rolfe and his personally-related entities for the provision of geological and consulting services.

(ii) Consultancy fee of $Nil (2004: $225,297) was paid or payable to A R Hamilton and his personally-related entities.

(iii) Consultancy fee of $Nil (2004: $28,000) was paid or payable to A G Hopkins and his personally-related entities.

The terms and conditions of the above transactions disclosed were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

NOTE 20 DIRECTORS AND EXECUTIVES DISCLOSURE *(continued)*

(c) Specified Executives' Remuneration

	Salary, Fees and Commissions	Superannuation Contribution	Cash Bonus	Other	Non-Cash Benefits	Options	Total
Year ending 30 June 2005							
N Bassett	-	-	-	37,500	-	2,225	39,725
J Palermo	-	-	-	-	-	-	-
TOTAL	-	-	-	37,500	-	2,225	39,725
Year ending 30 June 2004:							
N Bassett	-	-	-	-		-	-
J Palermo	-	-	-	365,537	-	-	365,537
TOTAL	-	-	-	365,537	-	-	365,537

(i) Fees of $Nil (2004: $365,537) were paid or payable to J Palermo and his related entities for the provision of administrative, accountancy, general consultancy, company secretarial, management services and rent.

(ii) Fees of $37,500 (2004: $Nil) were paid or payable to N Bassett and his related entities for the provision of company secretarial services.

(d) Aggregate amounts payable to Specified Directors and Executives and their personally related entities

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
Current				
Accounts payable	99,156	83,853	99,156	55,411

(e) Remuneration options

The options held by Specified Directors and Executives were issued as incentive options during the financial year. The options expiry date and exercise price is disclosed in (f) below. There is no requirement to be met prior to options being vested.

AND CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

NOTE 20 DIRECTORS AND EXECUTIVES DISCLOSURE *(continued)*

(f) Option and Rights Holdings

Number of options directly and indirectly held by Specified Directors and Executives:

20 cent options expiring June 30 2006	Balance 1 July 2004	Balance at date of appointment	Received as remuneration	Options exercised	Net change other *	Balance at date of resignation	Balance 30 June 2005
Specified Directors:							
S S Jholl	-	-	-	-	-	-	-
E W Edwards	400,000	-	-	-	40,000	-	440,000
W J Davies	-	400,000	-	-	-	-	400,000
G L Rolfe	259,407	-	-	-	-	259,407	-
A R Hamilton	200,000	-	-	-	-	200,000	-
	859,407	400,000	-	-	40,000	459,407	840,000
Specified Executives:							
N Bassett	2,760,000	-	-	-	(1,600,000)	-	1,160,000
J Palermo	10,698,522	-	-	-	(10,356,261)	342,261	-
	13,458,522	-	-	-	(11,956,261)	342,261	1,160,000

7 cent options expiring June 30 2009	Balance 1 July 2004	Balance at date of appointment	Received as remuneration	Options exercised	Net change other *	Balance at date of resignation	Balance 30 June 2005
Specified Directors:							
S S Jholl	-	-	2,000,000	-	-	-	2,000,000
E W Edwards	-	-	2,000,000	-	-	-	2,000,000
W J Davies	-	-	2,000,000	-	-	-	2,000,000
	-	-	6,000,000	-	-	-	6,000,000
Specified Executives:							
N Bassett	-	-	500,000	-	-	-	500,000
	-	-	500,000	-	-	-	500,000

* Net change other refers to options purchased or sold during the financial year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

NOTE 20 DIRECTORS AND EXECUTIVES DISCLOSURE *(continued)*

(h) Shareholdings

Number of shares directly and indirectly held by Specified Directors and Executives:

	Balance 1 July 2004	Balance at date of appointment	Received as remuneration	Options exercised	Net change other *	Balance at date of resignation	Balance 30 June 2005
Specified Directors:							
S S Jhoil	1,350,000	-	-	-	(350,000)	-	1,000,000
E W Edwards	440,000	-	-	-	5,750,000	-	6,190,000
W J Davies	-	400,000	-	-	1,000,000	-	1,400,000
G L Rolfe	2,080,031	-	-	-	-	2,080,031	-
A R Hamilton	-	-	-	-	-	-	-
	3,870,031	400,000	-	-	6,400,000	2,080,031	8,590,000
Specified Executives:							
N Bassett	1,760,000	-	-	-	(600,000)	-	1,160,000
J Palermo	6,360,034	-	-	-	(6,360,034)	-	-
	8,120,0342	-	-	-	(6,960,034)	-	1,160,000

* Net change other refers to shares purchased or sold during the financial year.

NOTE 21 RELATED PARTY INFORMATION

(a) Transactions with Wholly-owned Group

The wholly-owned group consists of Resource Mining Corporation Limited and its wholly-owned controlled entities, Resource Exploration Limited (and its wholly owned controlled entity – Niugini Nickel NL), Argyle Iron Ore Pty Ltd (formally Gauntlet Mining Pty Ltd) Candala Pty. Ltd., Resource Mining International N.L. and Musgrave Minerals Limited. Ownership interests in these controlled entities are set out in Note 18.

Transactions between Resource Mining Corporation Limited and related parties in the wholly-owned group during the years ended 30 June 2004 and 2003 consisted of:

(i) loans advanced by Resource Mining Corporation Limited
(ii) loans repaid to Resource Mining Corporation Limited

	Parent Entity 2005 $	Parent Entity 2004 $
Aggregate amounts receivable from related parties in the wholly owned group at balance date were as follows:		
Non-current receivable	10,450,018	10,501,555
less : Provision for non recovery	(7,607,337)	(9,415,269)
	2,842,681	1,086,286

All loans to related parties and controlled entities are interest free and repayable on demand.

	Parent Entity 2005 $	Parent Entity 2004 $
Aggregate amounts payable to related parties in the wholly-owned group at balance date were as follows:		
Non-current borrowing	-	4,696

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

NOTE 22 REMUNERATION OF AUDITORS

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
Amount received, or due and receivable, by the auditors for:				
Auditing and review of the financial statements of Resource Mining Corporation and of its controlled entities	11,048	23,000	11,048	23,000

NOTE 23 NOTES TO THE STATEMENT OF CASH FLOWS

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
(a) Reconciliation of loss after income tax to net operating cash flows				
Loss from ordinary activities	(5,752,850)	(1,039,130)	(4,180,269)	(980,063)
Loss on exchange rate	-	2,051	-	13
Exploration and evaluation expenditure written off	5,203,510	45,045	-	-
Provision/ (reversal) for diminution in value of investment	-	37	3,947,709	(213)
Provision / (reversal) for non-recovery of loans	-	-	(236,982)	2,861
Depreciation	29,785	2,398	29,785	2,398
Loss on sale of non-current assets	27,856	2,939	833	2,781
Non cash transfer to exploration expenditure	(131,411)	-	(131,411)	-
Movement in assets and liabilities				
Receivables	(77,507)	38	(93,898)	-
Tax asset	18,411	36,055	5,408	29,631
Other current assets	3,301	4,149	3,301	4,149
Payables	123,868	(18,364)	120,536	(17,073)
Net cash used in operating activities	(555,037)	(964,782)	(534,988)	(955,516)

(b) Purchase of controlled entity

During the year 75% of the controlled entity Argyle Iron Ore Pty Ltd was acquired. Details of this transaction are:

Consideration	
- Shares issued	2,000,000
- Cash paid	2,000,000
- Accrued transaction cost	350,000
	4,350,000
Fair value of net assets of entity acquired	
- Mineral exploration tenements	5,800,000
Outside equity interest at acquisition	(1,450,000)
	4,350,000

NOTE 24 LOSS PER SHARE

	Number of Shares	
	2005	2004
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share stated after 10:1 share consolidation	206,517,001	87,642,822

23,848,201 options on issue at 30 June 2005 are not considered to be potential ordinary shares as it is the Directors' view that based on conditions existing at the reporting date; it is unlikely that those options would have been exercised. These options have therefore not been included in the determination of diluted earnings per share. The options have also not been included on the determination of basic earnings per share. Details relating to options are set out in Note 13(c).

9,300,000 options have been included in the determination of diluted earnings per share.

NOTE 25 FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

The consolidated entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of change in the market, interest rate and the effective weighted average interest rate on these financial assets, is as follows:

		Non Interest Bearing $		Weighted Average Effective Interest Rate %		Floating Interest Rate $	
	Note	2005	2004	2005	2004	2005	2004
Financial Assets							
- Cash	5	61,656	44,263			-	-
- Deposits at call	5	-	-	4.05	5.24	2,173,286	80,000
- Bank bonds/guarantees	6	-	-	5.20	4.68	56,913	79,063
- Sundry debtors	6	-	22			-	-
- Trade debtors	6	71,090	6,819			-	-
- Other financial assets	8	-	303,333			-	-
Total Financial Assets		132,746	354,437			2,230,199	159,063
Financial Liabilities							
- Payables and accruals	11	833,198	285,688			-	-
- Amounts payable related parties	11	99,156	83,853			-	-
- Interest bearing liabilities	12	34,682	-			-	-
Total Financial Liabilities		967,036	369,541			-	-

The consolidated entity's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised in the statement of financial position are as follows:

Financial Assets

- Receivables – Related Parties/Entities
  Amounts (other than trade debts) receivable from related parties/entities are carried at nominal amounts due. Interest (when charged) is taken up as income on an accrual basis.

Financial Liabilities

- Bank Overdraft
  The bank overdrafts are carried at the principal amount. Interest is charged as an expense as it accrues.
- Trade Creditors and Accruals
  Liabilities are recognised for amounts to be paid in future for goods and services received, whether or not billed to the consolidated entity.
- Accounts Payable (Related Parties)
  Loans from related parties are carried at the principal amount. Interest (when charged by the lender) is taken up as an expense on an accrual basis.
- Other Loans
  Other loans are carried at the principal amount. Interest is charged as it accrued.

(b) Credit Risk

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 doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

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 credit risk exposure to any single debtor or group of debtors under financial instruments entered into by it.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

NOTE 25 FINANCIAL INSTRUMENTS *(continued)*

(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 statement of financial position and in the notes to and forming part of the financial statements.

NOTE 26 MATTERS SUBSEQUENT TO THE END OF FINANCIAL YEAR

Subsequent to the end of the financial year, the following events have occurred:

(a) At a General Meeting of shareholders of the company held on 20 September 2005, the following ordinary resolutions were passed:

- The placement on 23 June 2005 of 17,600,000 fully paid ordinary shares in the capital of the Company at an issue price of $0.09, together with the grant of one free option for every share subscribed for and issued was ratified and approved; and
- For the purposes of ASX Listing Rule 7.1, the issue and allotment within three months of the date of the meeting of up to 20,000,000 fully paid ordinary shares ranking equally in all respects with the existing ordinary shares on issue at a subscription price no less than 80% of the average market price calculated in accordance with ASX Listing Rules, together with the grant of one free option for every share subscribed for and issued, was approved

(b) On 15 September 2005, the Company announced to the ASX, the results of the first nineteen completed drill hole results at the Argyle Iron Ore Project.

NOTE 27 OUTSIDE EQUITY INTEREST

	Consolidated	
	2005	2004
	$	$
Reconciliation of outside equity interest in controlled entity		
Equity arising from acquisition during the year (Note 23(b))	1,450,000	-
Closing balance	1,450,000	-

NOTE 28 COMPANY DETAILS

Resource Mining Corporation Limited is a company limited by shares that is incorporated and domiciled in Australia. Its registered office is located 702 Murray Street, West Perth, Western Australia.

Resource Mining Corporation Limited has prepared this consolidated financial report incorporating the entities that it controlled during the financial year as follows :

Resource Mining Corporation Limited – Parent Entity
Argyle Iron Ore Pty Ltd. (formerly Gauntlet Mining Corporation Pty Ltd)
Resource Exploration Limited (and its wholly owned controller entity – Niugini Nickel NL)
Candala Pty Ltd
Resource Mining International NL
Musgrave Minerals Limited

Ownership interests in these controlled entities are set out in Note 18

DIRECTORS' DECLARATION

The directors of the company declare that:

1) the financial statements and notes, as set out on pages 9 to 38 are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standards and the Corporations Regulations 2001; and
   (b) give a true and fair view of the financial position as at 30 June 2005 and of the performance for the year ended on that date of the company and consolidated entity;

2) the Chief Executive Officer and Chief Finance Officer 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 the Accounting Standards; and
   (c) the financial statements and notes for the financial year give a true and fair view.

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.

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

____
E W EDWARDS
Managing Director

Dated at Perth this 23rd day of September, 2005.

RSM! Bird Cameron Partners
Chartered Accountants

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF RESOURCE MINING CORPORATION LIMITED

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements and the directors' declaration for Resource Mining Corporation Limited (the Company) and the consolidated entity, for the year ended 30 June 2005. The consolidated entity comprises both the Company and the entities it controlled during that year.

The directors of the Company are responsible for preparing a financial report that gives a true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's and the consolidated entity's financial position and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:-

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the Company.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit Opinion

In our opinion, the financial report of Resource Mining Corporation Limited is in accordance with:

(a) the Corporations Act 2001, including:

  (i) giving a true and fair view of the financial position of Resource Mining Corporation Limited and the consolidated entity at 30 June 2005 and of their performance for the year ended on that date; and

  (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

S Cubitt

Perth, WA
Dated: 23 September 2005

S C CUBITT
Partner

RSM Bird Cameron Partners
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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF
RESOURCE MINING CORPORATION LIMITED**

In relation to our audit of the financial statements of Resource Mining Corporation Limited for the year ended 30 June 2005, to the best of our knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

S C CUBITT
Partner

Perth, WA
Dated: 23 September 2005

SHAREHOLDER DETAILS REGISTERED AS AT 23 SEPTEMBER 2005

ANALYSIS OF SHAREHOLDING	Ordinary Shares Listed	Options Fully Paid
1 – 1,000	260	231
1,001 – 5,000	212	136
5,001 – 10,000	250	53
10,001 – 100,000	805	161
100,001 – or more	246	218
	1,773	799
Total on issue	277,534,250	230,848,201
Shareholders holding less than marketable parcel	433	497

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 up on the share over the nominal value of the shares.

Substantial Shareholders

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

Mount Gibson Iron Limited	36,618,410	13.19%
Anchorage Holdings Limited	14,250,000	5.13%
Sinom (Hong Kong) Limited	14,250,000	5.13%
Stemcor Australia Pty Ltd	14,250,000	5.13%

Directors' Shareholding

Interest of each director in the share capital of the Company is detailed at Note 20.

TWENTY LARGEST FULLY PAID SHAREHOLDERS	No. of shares	% of shares
1. Mount Gibson Iron Limited	36,618,410	13.19
2. Mr Matthew Stephen Lewis	25,000,000	9.01
3. Anchorage Holdings Limited	14,250,000	5.13
4. Sinom (Hong Kong) Limited	14,250,000	5.13
5. Stemcor Australia Pty Ltd	14,250,000	5.13
6. ANZ Nominees Limited	10,944,844	3.94
7. Societe General	8,000,000	2.88
8. Zero Nominees Pty Ltd	5,750,000	2.07
9. Tied Nominees Pty Ltd	5,000,000	1.80
10. UOB Kay Hian (Hong Kong) Limited	4,710,081	1.70
11. Yellowrock Pty Ltd	4,664,568	1.68
12. Surpion Pty Ltd	2,850,000	1.03
13. Dahele Pty Ltd	2,730,599	0.98
14. Haydos Investments Pty Ltd	2,700,000	0.97
15. Thunder Luck International Limited	2,500,000	0.90
16. Kimbriki Nominees Pty Ltd	2,000,000	0.72
17. Suvale Nominees Pty Ltd	2,000,000	0.72
18. Rock-Ex Enterprises Pty Ltd	1,991,550	0.72
19. Gee Vee Pty Ltd	1,750,000	0.63
20. Mr Peter Sharp	1,537,000	0.55
	163,497,052	58.88

The twenty largest shareholders listed above own 58.88% of the total issued fully paid ordinary shares.

SHAREHOLDER DETAILS REGISTERED AS AT 23 SEPTEMBER 2005

TWENTY LARGEST HOLDERS OF OPTIONS EXERCISABLE AT $0.20 ON OR BEFORE 30 JUNE 2007	No. of options	% of options
1. Mr Matthew Stephen Lewis	20,000,000	8.66
2. Mount Gibson Iron Limited	14,250,000	6.17
3. Sinom (Hong Kong) Limited	14,250,000	6.17
4. Stemcor Australia Pty Ltd	14,250,000	6.17
5. Anchorage Holdings Limited	14,250,000	6.17
6. ANZ Nominees Limited	12,268,013	5.31
7. Societe General	8,000,000	3.47
8. Dahele Pty Ltd	5,000,000	2.17
9. Zero Nominees Pty Ltd	4,800,000	2.08
10. Turner Family Trustees Ltd	4,025,000	1.74
11. Empave Pty Ltd	4,000,000	1.73
12. Kelanco Pty Ltd	2,600,000	1.13
13. CLA Pty Ltd	2,523,860	1.09
14. Mr Paul Neville Griffin	2,500,000	1.08
15. Mr Norman John Pearce	2,500,000	1.08
16. Yellowrock Pty Ltd	2,300,000	1.00
17. Rimfire Finance Pty Ltd	2,248,800	0.97
18. Roan Industries Pty Ltd	2,000,000	0.87
19. Thunder Luck International Ltd	2,000,000	0.87
20. Direct Mining Services Pty Ltd	1,945,000	0.84
	135,710,673	59.00

The twenty largest option holders listed above own xx.xx% of the total issued options exercisable at $0.20 before June 2007.

INTEREST IN MINING TENEMENTS

PAPUA NEW GIUNEA
Oro Province – Wowo Gap (Niugini Nickel – 100%)
EL1165
EL1243

QUEENSLAND
Marlborough – (Candala Pty Ltd - 100%)
ML5772
ML5780
ML7577
ML80004

Three Rivers – (Resource Exploration Limited – 100% diluting to 10%)
EPM11223
EPM100680
EPM10866

WESTERN AUSTRALIA
Argyle – (Argyle Iron Ore Pty Ltd – 75%)
EL80/2389

Ravensthorpe (RMC option to earn 51% interested on iron ore)

EL74/144	EL74/335	P74/211
EL74/152	EL74/336	P74/212
EL74/176	M74/83	P74/218
EL74/291	P74/206	P74/254
EL74/332		