



ANNUAL FINANCIAL REPORT 2011



AND CONTROLLED ENTITIES

COMPANY INFORMATION

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

AND CONTROLLED ENTITIES

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 2011.

DIRECTORS

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

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

PARTICULARS OF DIRECTORS AND COMPANY SECRETARY

William Mackenzie **Chairman (Non-Executive)**

Qualification

Mr Mackenzie has a BE (Mining); MBA; M AusIMM

Experience

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

Interest in Shares and Options

20,000,000 unlisted options of Resource Mining Corporation Limited.

Special Responsibilities

Mr Mackenzie is a Non-Executive Chairman.

Directorship held in other listed entities

None.

Warwick Jeffrey Davies **Managing Director**

Qualification

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

Experience

Mr Davies has 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).

As an independent Marketing consultant since May 2001, Mr Davies 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.

DIRECTORS' REPORT (Continued)*Interest in Shares and Options*

8,775,000 ordinary shares and 1,560,000 listed options of Resource Mining Corporation Limited held directly. 4,218,750 ordinary shares, 750,000 listed options and 40,000,000 unlisted options of Resource Mining Corporation Limited held in an indirect capacity.

Special Responsibilities

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

Directorships held in other listed entities

Alchemy Resources Limited

Zhang Chi**Director (Non-Executive)***Qualification*

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

Experience

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

Interest in Shares and Options

20,000,000 unlisted options of Resource Mining Corporation Limited held directly. 319,685,787 ordinary shares and 23,698,379 listed options of Resource Mining Corporation held in his capacity as Director of Sinom (Hong Kong) Limited.

Special Responsibilities

Mr Zhang is a Non-Executive Director.

Directorship held in other listed entities

None.

Julie Hill**Company Secretary***Qualification*

Ms Hill is a Chartered Accountant with a Bachelor of Commerce.

Experience

Ms Hill operates her own corporate consulting business, specialising in the area of company secretarial and business management services. Ms Hill consults to a number of publicly listed companies and private company groups.

PRINCIPAL ACTIVITIES

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

DIRECTORS' REPORT (Continued)

OPERATING AND FINANCIAL REVIEW

Review of Operations

RMC's world class nickel laterite project at Wowo Gap in PNG remained the key focus for the year. Activities centred on the conduct of an exploration program of close spaced drilling to update the resource estimate supported by metallurgical testwork associated with organic acid leaching of the limonite and saprolite ores.

Wowo Gap

A planned +200 core hole drilling program was undertaken during the year. The exploration program was completed using the company's equipment and labour. The drill technique was adapted from equipment used in posthole drilling and proved particularly successful in achieving high levels of productivity at satisfactorily low operating costs.

Coupled with social and logistic initiatives instituted at local villages from where RMC sources most of the labour required for work on EL 1165, the benefits of training local personnel to undertake the exploration program has provided tangible benefits to local communities.

The Feasibility Study conducted in the previous year demonstrated that use of HPAL processing technology with sulphuric acid as a leaching agent, was viable but subject to acid costs. Investigations lead to an organic acid being trialled as a leach agent and very encouraging test results were obtained for this alternative means of leaching. Test work undertaken during the year demonstrates the organic leaching technology has significant promise as a means of extracting Nickel from both limonite and saprolite ores.

Other Projects

Field work was undertaken on a variety of the WA tenements held by RMC. This work included geochemical sampling, mapping and regional review of public data.

	2011
	\$
Operating Results	
Consolidated loss after income tax for the financial year	<u>(762,070)</u>

Financial Position

At 30 June 2011, the consolidated entity has cash reserves of \$1,044,811.

Dividends

No dividends were paid during the year and no recommendation is made as to dividends.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

MATTERS SUBSEQUENT TO THE END OF FINANCIAL YEAR

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

DIRECTORS' REPORT *(Continued)*

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2011, 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
Warwick Jeffrey Davies	8	8
William Mackenzie	8	8
Zhang Chi	8	8

AUDIT COMMITTEE

The Audit Committee is comprised of the three directors, being the full Board of the company. During the year ended 30 June 2011, Mr William Mackenzie chaired one meeting of the Audit Committee.

REMUNERATION REPORT *(Audited)*

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

Remuneration policy

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

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

DIRECTORS' REPORT (Continued)**Performance-based remuneration**

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

Details of remuneration for year ended 30 June 2011 for Key Management Personnel**Details of Key Management Personnel**

W Mackenzie	Chairman (Non-Executive)
W J Davies	Managing Director
Z Chi	Non-Executive Director
J Hill	Company Secretary & Chief Financial Officer

Directors' Remuneration

No salaries, commissions, bonuses or superannuation were paid or payable to directors during the year. Remuneration was by way of fees paid monthly in respect of invoices issued to the Company by the

Directors or Companies associated with the Directors in accordance with agreements between the Company and those entities.

The Directors' are entitled to reimbursement of out-of-pocket expenses incurred whilst on company business.

Executive Directors' and Senior Executives' Remuneration**Service Contracts**

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

W J Davies

Mr Davies is the Executive Director responsible for the day-to-day operations of the Company. The Company has an agreement with Fairstone Holdings Pty Ltd to provide the management services of Mr Davies to the Company in relation to its corporate activities on normal commercial terms and conditions. An annual fee of \$165,408 excluding GST was paid during the year. Mr Davies is a director and shareholder of Fairstone Holdings Pty Ltd. The Company may terminate the contract by giving three months' notice. Fairstone Holdings Pty Ltd may terminate by giving three months' notice.

J L Hill

Ms Hill is the Company Secretary and Chief Financial Officer of the Company. The Company has an agreement with DZB Pty Ltd to provide the services of Ms Hill to the Company in relation to its corporate activities on normal commercial terms and conditions. An annual fee of \$170,000 excluding GST was paid during the year. Ms Hill is a director and shareholder of DZB Pty Ltd. The Company may terminate the contract by giving three months' notice. DZB Pty Ltd may terminate by giving three months' notice.

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

AND CONTROLLED ENTITIES
DIRECTORS' REPORT (Continued)

Director	Associated Company	Fees	Options	Shares	Total
Year ended 30 June 2011					
W J Davies	Fairstone Holdings Pty Ltd	165,408	34,281	-	199,689
W Mackenzie		-	7,546	-	7,546
Z Chi		-	10,277	-	10,277
J L Hill	DZB Pty Ltd	170,000	27,095	-	197,095
		<u>335,408</u>	<u>79,199</u>	<u>-</u>	<u>414,607</u>

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

There were no performance related payments made during the year.

Director	Associated Company	Fees	Options	Shares	Total
Year ended 30 June 2010					
W J Davies	Fairstone Holdings Pty Ltd	161,459	111,058	-	272,517
W Mackenzie		-	55,054	-	55,054
Z Chi		-	65,749	-	65,749
J L Hill	DZB Pty Ltd	146,875	85,811	-	232,686
		<u>308,334</u>	<u>317,672</u>	<u>-</u>	<u>626,006</u>

A portion of the options listed as remuneration in the year ended 30 June 2010 were granted in the years ended 30 June 2010 and 30 June 2008 and are to be vested over 2 years and 3 years respectively.

There were no performance related payments made during the year.

Remuneration Options

During the year ended 30 June 2010 the following remuneration and incentive options were granted and vested:

	Vested	Granted	Grant Date	Value Per Option at Grant Date Cents	Exercise Price Cents	First Exercise Date	Last Exercise Date
W J Davies	20,000,000	40,000,000	23/12/09	0.00313	1.1	30/06/11	31/12/11
	1,000,000	-	12/02/08	0.0297	9.0	12/02/09	30/6/11
W Mackenzie	15,000,000	20,000,000	23/12/09	0.00313	1.1	31/12/11	31/01/12
Z Chi	15,000,000	20,000,000	23/12/09	0.00313	1.1	30/06/11	31/01/12
	666,667	-	12/02/08	0.0297	9.0	12/02/09	30/6/11
J L Hill	17,500,000	35,000,000	23/12/09	0.00313	1.1	30/06/11	31/12/11
	166,667	-	12/02/08	0.0297	9.0	12/02/09	30/6/11
	<u>69,333,334</u>	<u>115,000,000</u>					

DIRECTORS' REPORT (Continued)

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

	Vested	Granted	Grant Date	Value Per Option at Grant Date Cents	Exercise Price Cents	First Exercise Date	Last Exercise Date
W J Davies	20,000,000	-	23/12/09	0.00313	1.1	30/06/11	31/12/11
	1,000,000	-	12/02/08	0.0297	9.0	12/02/09	30/6/11
W Mackenzie	5,000,000	-	23/12/09	0.00313	1.1	31/12/11	31/01/12
Z Chi	5,000,000	-	23/12/09	0.00313	1.1	30/06/11	31/01/12
	666,667	-	12/02/08	0.0297	9.0	12/02/09	30/6/11
J L Hill	17,500,000	-	23/12/09	0.00313	1.1	30/06/11	31/12/11
	166,667	-	12/02/08	0.0297	9.0	12/02/09	30/6/11
	<u>49,333,334</u>	-					

Directors Interests in Shares and Options of the Company

	Balance 1 July 2009	Balance at date of appointment	Received as remuneration	Options exercised	Net change other	Balance 30 June 2010
Options Holdings						
W J Davies	3,866,250	-	40,000,000	-	1,443,750	45,310,000
W Mackenzie	-	-	20,000,000	-	-	20,000,000
Z Chi	23,511,070	-	20,000,000	-	32,187,309	75,698,379
	<u>27,377,320</u>	-	<u>80,000,000</u>	-	<u>33,631,059</u>	<u>141,008,379</u>

Shareholdings

W J Davies	8,662,500	-	-	-	4,331,250	12,993,750
W Mackenzie	-	-	-	-	-	-
Z Chi	193,123,858	-	-	-	96,561,929	289,685,787
	<u>201,786,358</u>	-	-	-	<u>100,893,179</u>	<u>302,679,537</u>

DIRECTORS' REPORT (Continued)

	Balance 1 July 2010	Balance at date of appointment	Received as remuneration	Options exercised	Lapse of Options	Balance 30 June 2011
Options and Rights Holdings						
W J Davies	45,310,000	-	-	-	-	45,310,000
W R Mackenzie	20,000,000	-	-	-	-	20,000,000
Z Chi	75,698,379	-	-	(30,000,000)	-	45,698,379
	<u>141,008,379</u>	<u>-</u>	<u>-</u>	<u>(30,000,000)</u>	<u>-</u>	<u>111,008,379</u>
Shareholdings						
W J Davies	12,993,750	-	-	-	-	12,993,750
W R Mackenzie	-	-	-	-	-	-
Z Chi	289,685,787	-	-	30,000,000	-	319,685,787
	<u>302,679,537</u>	<u>-</u>	<u>-</u>	<u>30,000,000</u>	<u>-</u>	<u>332,679,537</u>

SHARE OPTIONS
Unlisted Options

As at the date of this report, there were 180,000,000 unlisted options over unissued ordinary shares in the parent entity. 160,000,000 are exercisable at \$0.011 on or before 31 December 2011 and 20,000,000 are exercisable at \$0.011 on or before 31 January 2012. The 180,000,000 options have vested as at 30 June 2011.

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.

During the year ended 30 June 2011, the following options of Resource Mining Corporation Limited lapsed in accordance with the terms and conditions of their original issue:

Grant Date	Expiry Date	Exercise Price	Number of Lapsed Options
27/08/2007	31/08/2010	\$0.067	500,000
12/02/2008	30/06/2011	\$0.090	6,500,000

Listed Options

At 30 June 2011, there were 240,827,463 listed options over unissued ordinary shares in the parent entity. The listed options are exercisable at \$0.008 on or before 31 March 2012.

DIRECTORS' REPORT (Continued)**ENVIRONMENTAL ISSUES**

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

INDEMNIFICATION OF DIRECTORS

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

- The Company has paid premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings while acting in the capacity of Director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. In accordance with the confidentiality clause under the insurance policy, the amount of the premium paid to the insurers has not been disclosed. This is permitted under S300 (a) of the Corporation Act 2001.

AUDITOR

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

NON-AUDIT SERVICES

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

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2011:

Taxation services	\$12,665
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AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration has been received for the year ended 30 June 2011 and can be found within these financial statements.

PROCEEDINGS ON BEHALF OF COMPANY

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

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

Signed in accordance with a resolution of the directors'.



W J Davies
Managing Director

Dated at Perth this 27th day of September, 2011.

CORPORATE GOVERNANCE STATEMENT

Approach to Corporate Governance

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

Further information about the Company's corporate governance practices may be found on the Company's website at www.resmin.com.au, under the section marked "Investors - Corporate Governance".

The Company reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the 2010/2011 financial year (**Reporting Period**). The Principles & Recommendations were amended in 2010 and these amendments apply to the Company's first financial year commencing on or after 1 January 2011. Accordingly, disclosure against the Principles & Recommendations as amended in 2010 will be made in relation to the Company's financial year ending 30 June 2012. The report below is made against the Principles & Recommendations prior to their amendment in 2010.

However, the Company has made a partial early transition to the amended Principles & Recommendations by adopting a Diversity Policy in accordance with the new Recommendation 3.2. A copy of the Diversity Policy is available on the Company's website.

Board

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

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

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

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

The Company's Board Charter is available on the Company's website.

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

A profile of each Director setting out their skills, experience, expertise and period of office is set out in the Directors' Report.

CORPORATE GOVERNANCE STATEMENT

Director independence

(Recommendations: 2.1, 2.2, 2.3, 2.6)

The Board does not have a majority of directors who are independent. The Company has found that with its direction of operations and the financial climate, it has been difficult to attract and retain directors. During the Reporting Period, the Board continued to review its structure and composition including the balance of independence on the Board and continued to actively look for two more independent directors so that the Board can have a majority of independent directors.

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

The Board considers the independence of directors having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the Company's materiality thresholds. The Board has agreed on the following guidelines, as set out in the Company's Board Charter, for assessing the materiality of matters:

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

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

The current independent Chair of the Board is William Mackenzie. The Managing Director is Warwick Davies. Until the appointment of William Mackenzie as Chair on 24 September 2010, Warwick Davies had been acting as Chair. This resulted in the roles of Chair and Managing Director being carried out by the same person for part of the Reporting Period.

Independent professional advice

(Recommendation: 2.6)

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

CORPORATE GOVERNANCE STATEMENT

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

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

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

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

Board committees

Nomination Committee (Recommendations: 2.4, 2.6)

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

The full Board, in its capacity as the Nomination Committee, held one meeting during the Reporting Period. All Board members were in attendance at the Nomination Committee meeting.

To assist the Board to fulfil its function as the Nomination Committee, it has adopted a Nomination Committee Charter which describes the role, composition, functions and responsibilities of the Nomination Committee. A copy of the Nomination Committee Charter is available on the Company's website.

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

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

CORPORATE GOVERNANCE STATEMENT

interest that may occur when convening in the capacity of the Audit Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

The full Board, in its capacity as the Audit Committee, held one meeting during the Reporting Period. Details of the directors' attendance at Audit Committee meetings are set out in the Directors' Report. When the Board meets as the Audit Committee, William Mackenzie chairs the meeting. To assist the Board to fulfil its function as the Audit Committee, the Company has adopted an Audit Committee Charter which describes the role, composition, functions and responsibilities of the Audit Committee.

All of the directors consider themselves to be financially literate and possess relevant industry experience. Details of each of the director's qualifications are set out in the Directors' Report.

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

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

Remuneration Committee
(Recommendations: 8.1, 8.2, 8.3)

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

The full Board in its capacity as the Remuneration Committee held one meeting during the Reporting Period. All Board members were in attendance at the Remuneration Committee meeting. To assist the Board to fulfil its function as the Remuneration Committee, it has adopted a Remuneration Committee Charter which describes the role, composition, functions and responsibilities of the Remuneration Committee.

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

CORPORATE GOVERNANCE STATEMENT

Executive Pay and rewards consists of a base salary and performance incentives. Long term performance incentives may include options granted at the discretion of the Board and subject to obtaining the relevant approvals. The grant of options is designed to recognise and reward efforts as well as to provide additional incentive and may be subject to the successful completion of performance hurdles. Executives are offered a competitive level of base pay at market rates (for comparable companies) and are reviewed annually to ensure market competitiveness. Executives are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

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

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

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

Performance evaluation

Senior executives

(Recommendations: 1.2, 1.3)

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

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

Board, its committees and individual directors

(Recommendations: 2.5, 2.6)

The Chair is responsible for evaluating the performance of the Board and, when deemed appropriate, Board committees and individual directors. The Board is responsible for evaluating the Managing Director. The evaluations of the Board, and any applicable Board committees and individual directors are undertaken via informal discussions on an ongoing basis with the Chair.

The evaluation of the Managing Director is undertaken via an informal interview process which occurs annually or more frequently, at the Board's discretion.

During the Reporting Period an evaluation of the Board, took place in accordance with the process disclosed, with the assistance of a questionnaire which was completed by each Board member. However, a formal evaluation of individual directors' performance did not occur during the Reporting Period.

Ethical and responsible decision making

Code of Conduct

(Recommendations: 3.1, 3.3)

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

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

CORPORATE GOVERNANCE STATEMENT**Policy for Trading in Company Securities
(Recommendations: 3.2, 3.3)**

The Company has established a Policy for Trading in Company Securities by directors, officers and employees, and their connected persons (which include spouses and controlled entities).

A copy of the Company's Policy for Trading in Company Securities is available on the Company's website.

**Continuous Disclosure
(Recommendations: 5.1, 5.2)**

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

Summaries of the Company's Policy on Continuous Disclosure and of its Compliance Procedures are available on the Company's website.

**Shareholder Communication
(Recommendations: 6.1, 6.2)**

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

A copy of the Company's Shareholder Communication Policy is available on the Company's website.

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

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

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

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

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

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

The Company has also documented and formalised its system and procedures to manage its material business risks. The system includes a risk register prepared by management to identify the Company's material business risks and risk management strategies for these risks, and identifies the risk level, their likelihood and their consequences. In addition, the process of management of material business risks

CORPORATE GOVERNANCE STATEMENT

has been allocated to the Managing Director. The risk register is reviewed and updated by the Board annually.

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

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

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011



AND CONTROLLED ENTITIES

	Note	Consolidated Entity 2011	2010 \$
Revenue	2	93,771	283,697
Administration & Other Expenses		(521,417)	(446,043)
Depreciation		(9,606)	(9,333)
Consulting fees		(237,368)	(215,016)
Exploration expenditure written off		-	(37,724)
Share based payments		(129,615)	(477,418)
Fair value interest adjustment		-	(69,402)
LOSS BEFORE INCOME TAX		(804,235)	(971,239)
INCOME TAX	4	42,165	112,341
LOSS FOR THE YEAR	3	(762,070)	(858,898)
OTHER COMPREHENSIVE LOSS			
Exchange translation difference		(109,759)	(390,227)
Income tax relating to components of other comprehensive loss		-	-
OTHER COMPREHENSIVE LOSS		(109,759)	(390,227)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(871,829)	(1,249,125)
LOSS PER SHARE			
Basic loss per share (cents per share)	23	(0.05)	(0.07)
Diluted loss per share (cents per share)	23	(0.05)	(0.07)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As AT 30 JUNE 2011



AND CONTROLLED ENTITIES

	Note	Consolidated Entity	
		2011	2010
			\$
CURRENT ASSETS			
Cash and cash equivalents	5	1,044,811	2,135,878
Trade and other receivables	6	52,866	52,557
Other current assets	7	86,134	76,932
Total Current Assets		1,183,811	2,265,367
NON CURRENT ASSETS			
Trade and other receivables	6	6,403	6,519
Plant and equipment	8	90,375	85,181
Mineral exploration and evaluation	9	8,527,989	6,961,156
Other non current assets	10	49,570	-
Total Non Current Assets		8,674,337	7,052,856
TOTAL ASSETS		9,858,148	9,318,223
CURRENT LIABILITIES			
Trade and other payables	11	291,557	211,544
Total Current Liabilities		291,557	211,544
TOTAL LIABILITIES		291,557	211,544
NET ASSETS		9,566,591	9,106,679
EQUITY			
Issued capital	12	58,891,686	57,559,945
Accumulated losses		(49,732,285)	(48,970,215)
Parent entity interest		9,159,401	8,589,730
Reserves	13	407,190	516,949
TOTAL EQUITY		9,566,591	9,106,679

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
As AT 30 JUNE 2011



AND CONTROLLED ENTITIES

Consolidated Entity	Note	Issued Capital	Accumulated Losses	Foreign Currency Reserve	Convertible Notes Shares Reserve	Total
		\$	\$	\$	\$	\$
Year ended 30 June 2011						
Balance at 1 July 2010		57,559,945	(48,970,215)	339,062	177,887	9,106,679
Shares issued (net)	12	1,331,741	-	-	-	1,331,741
Loss for the year		-	(762,070)	-	-	(762,070)
Translation of foreign controlled entity		-	-	(109,759)	-	(109,759)
Total comprehensive loss for the year		-	(762,070)	(109,759)	-	(871,829)
Balance at 30 June 2011	13	58,891,686	(49,732,285)	229,303	177,887	9,566,591
Year ended 30 June 2010						
Balance at 1 July 2009		54,191,841	(48,111,317)	729,289	124,521	6,934,334
Shares issued (net)	12	3,368,104	-	-	-	3,368,104
Loss for the year		-	(858,898)	-	-	(858,898)
Translation of foreign controlled entity		-	-	(390,227)	-	(390,227)
Total comprehensive loss for the year		-	(858,898)	(390,227)	-	(1,249,125)
Convertible Notes paid back		-	-	-	53,366	53,366
Balance at 30 June 2010	13	57,559,945	(48,970,215)	339,062	177,887	9,106,679

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



AND CONTROLLED ENTITIES

	Note	Consolidated Entity	
		2011	2010
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payment to suppliers		(746,275)	(693,695)
Interest income received		45,063	25,870
Other income received		45,318	90,759
Research and development tax concession		42,165	112,341
Net Cash Outflow From Operating Activities	18	(613,729)	(464,725)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration expenditure		(1,588,218)	(785,782)
Proceeds from sale of investments		-	150,000
Payment for investments		(49,570)	-
Payment for other fixed assets		(27,568)	(47,274)
Transfer to funds held in trust		-	(36,907)
Net Cash Outflow From Investing Activities		(1,665,356)	(719,963)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		1,191,452	3,153,773
Share and option issue transaction costs		(4,325)	(263,086)
Repayment of borrowings		-	(1,282,012)
Net Cash Inflow From Financing Activities		1,187,127	1,608,675
Net increase/(decrease) in cash and cash equivalents		(1,091,958)	423,987
Effect of exchange rate changes on cash holdings		891	(132)
Cash and cash equivalents at beginning of the financial year		2,135,878	1,712,023
Cash and cash equivalents at the end of this financial year	5	1,044,811	2,135,878

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

AND CONTROLLED ENTITIES

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated statements and notes represent those of Resource Mining Corporation Limited and controlled entities (the “consolidated entity” or “group”). Resource Mining Corporation Limited is a listed public company, incorporated and domiciled in Australia.

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

The financial report was authorised for issue on 27 September 2011 by the Board of Directors.

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of Australian Accounting Standards Board and the Corporation Act 2001.

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

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

The financial report has also been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

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

Accounting Policies

(a) Principles of Consolidation

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

A list of controlled entities is contained in Note 16 to the financial statements.

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

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

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

(b) Income Tax

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

AND CONTROLLED ENTITIES

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES cont.

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

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

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

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

(c) Plant and Equipment

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

Plant and equipment

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

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

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

Depreciation

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

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

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

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

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

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

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES cont.**(d) Exploration, Evaluation and Development Expenditure**

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

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

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

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

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

(e) Impairment of Assets

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

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

(f) Leases

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

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

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

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

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

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES cont.**(g) Financial Instruments****Recognition and Initial Measurement**

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

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

Derecognition

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

Classification and Subsequent Measurement**(i) Financial assets at fair value through profit or loss**

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

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

(v) Financial Liabilities

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

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES cont.**(g) Financial Instruments (cont)****Fair value**

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

Impairment

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

(h) Foreign Currency Transaction and Balances**Functional and presentation currency**

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

Transaction and balances

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

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

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

Controlled entities

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

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

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

AND CONTROLLED ENTITIES

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES cont.

(i) Provisions

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

(j) Cash and Cash Equivalents

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

(k) Trade and other payables

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

(l) Revenue

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

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

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

All revenue is stated net of the amount of goods and service tax (GST).

(m) Share-based payments

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

(n) Goods and Services Tax (GST)

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

(o) 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.

AND CONTROLLED ENTITIES**NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES cont.****(p) Earnings per share****(i) Basic earnings per share**

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

(ii) Diluted earnings per share

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

(q) Comparative Figures

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

(r) Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the consolidated entity.

Key Estimates***Impairment of assets***

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

Recoverability of exploration expenditure

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

AND CONTROLLED ENTITIES

Consolidated Entity

2011	2010
	\$

NOTE 2 REVENUE

Sale of tenement	-	150,000
Interest received	48,454	42,939
Other income	45,317	90,758
Total revenue	93,771	283,697

NOTE 3 LOSS FOR THE YEAR Loss for the year is after the following expenses:

Salaries and benefits expenses	92,581	66,210
Fixed assets written off	1,165	-
Depreciation of non-current assets:		
Plant and equipment	7,514	8,290
Office furniture and equipment	927	1,043
Total depreciation of non-current assets	8,441	9,333

AND CONTROLLED ENTITIES

NOTE 4 Income Tax

No income tax payable by the consolidated entity as it incurred losses for income tax purposes for the year.

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

	2011 \$	Consolidated 2010 \$
The income tax as follows:		
Loss for the year	(804,235)	(971,239)
Prima facie tax payable on profit before income tax at 30% (2010: 30%)	(241,271)	(291,372)
<u>Add tax effect of:</u>		
Non-allowable expenditure	68,453	181,230
Research and development tax concession claim	42,165	112,341
<u>Less tax effect of:</u>		
Non-assessable income		
Tax amortization of capital raising costs	(51,990)	(61,500)
Unrecognised tax losses utilized	136	1,811
Tax effect on temporary differences and tax losses not recognised	224,672	169,831
Income tax benefit	42,165	112,341
i) Tax losses		
Unused revenue tax losses for which no deferred tax asset has been recognised	18,931,578	18,060,336
Potential tax benefit at 30%	5,679,473	5,418,101
Unused capital tax losses for which no deferred tax asset has been recognised	1,551,441	1,551,441
Potential tax benefit at 30%	465,432	465,432
Deductible temporary differences in respect of investments in subsidiaries for which no deferred tax asset has been recognised	20,311,167	20,311,167
Potential tax benefit at 30%	6,093,350	6,093,350

Other deductible temporary differences other than the above are immaterial.

AND CONTROLLED ENTITIES

Consolidated Entity
2011 2010
\$ \$

NOTE 5
CASH AND CASH EQUIVALENTS

Cash at bank and on hand	544,811	335,878
Deposits at call	500,000	1,800,000
	1,044,811	2,135,878

NOTE 6
TRADE AND OTHER RECEIVABLES

Current

Trade receivables	3,026	45,297
Sundry deposits	49,840	7,260
	52,866	52,557

Non Current

Mining bonds	6,403	6,519
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Trade receivables are considered to be of high credit quality and were received in the subsequent period.

NOTE 7
OTHER CURRENT ASSETS

GST refundable	17,584	13,595
Prepayments	32,306	26,430
Trust funds	36,244	36,907
	86,134	76,932

AND CONTROLLED ENTITIES

	Consolidated Entity	
	2011	2010
	\$	\$
NOTE 8		
PLANT AND EQUIPMENT		
Plant and equipment		
Cost	192,321	184,808
Accumulated depreciation	(101,946)	(99,627)
	<u>90,375</u>	<u>85,181</u>
Movement in carrying amounts		
Opening balance	85,181	50,769
Additions	27,568	47,274
Written off	(1,165)	-
Foreign exchange adjustment	(1,437)	(994)
Depreciation expense	(8,441)	(9,333)
Depreciation capitalised – exploration costs	(11,331)	(2,535)
Closing balance	<u>90,375</u>	<u>85,181</u>

NOTE 9 **MINERAL EXPLORATION AND EVALUATION**

At cost less impairment brought forward	6,961,156	6,586,388
Foreign exchange adjustment	(108,206)	(390,945)
Expenditure during the year	1,675,039	803,455
Exploration expenditure written off	-	(37,742)
At cost less impairment	<u>8,527,989</u>	<u>6,961,156</u>

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

AND CONTROLLED ENTITIES

NOTE 10 OTHER NON CURRENT ASSETS	Consolidated Entity	
	2011	2010
	\$	\$
Development expenditure during the year	49,750	-
At cost	49,570	-

The ultimate recoupment of development expenditure carried forward as an intangible asset is dependent upon successful commercialisation of the intellectual property.

AND CONTROLLED ENTITIES

NOTE 11 TRADE AND OTHER PAYABLES

Consolidated Entity

Trade creditors and accruals	275,827	195,443
Due to directors - remuneration	15,730	16,101
	<u>291,557</u>	<u>211,544</u>

Consolidated Entity	
2011	2010
\$	\$

NOTE 12 CONTRIBUTED EQUITY

(a) Issued capital:

1,703,532,671 ordinary shares fully paid (2010: 1,575,858,086 ordinary shares fully paid)	58,891,686	57,559,945
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(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 \$
01/07/2009	Opening balance	881,612,237		54,191,841
06/07/2009	Option conversion	31,386	0.8	251
14/07/2009	Rights Issue shortfall placement	165,255,009	0.3	497,461
	Less: Transaction costs arising on share issues			(36,245)
10/03/2010	Option conversion	3,555,370	0.8	28,443
24/03/2010	Option conversion	40,000	0.8	320
08/04/2010	Rights Issue	525,227,001	0.5	2,626,201
	Less: Transaction costs arising on share issues			(226,842)
29/04/2010	Option conversion	30,860	0.8	247
14/05/2010	Option conversion	106,223	0.8	850
30/06/2010	Share-based payment	-		477,418
30/06/2010	Closing Balance	<u>1,575,858,086</u>		<u>57,559,945</u>
05/07/2010	Option conversion	10,312	0.8	82
24/08/2010	Option conversion	33,333	0.8	267
09/09/2010	Option conversion	51,333	0.8	411
07/10/2010	Share based payment for the purchase of tenement by a subsidiary	2,500,000	0.6	15,000
18/11/2010	Option conversion	83,333	0.8	667
31/12/2010	Share based payment	-	-	129,615
31/03/2011	Option conversion	30,000,000	0.8	240,000
19/05/2011	Placement	94,996,274	1.0	949,963
	Less: Transaction costs arising on share issues			(4,264)
30/06/2011	Closing Balance	<u>1,703,532,671</u>		<u>58,891,686</u>

AND CONTROLLED ENTITIES

NOTE 12 CONTRIBUTED EQUITY cont.

- (a) Funds raised were for working capital and exploration purposes
- (b) Options as at 30 June 2011:
 - Unlisted
160,000,000 options remain on issue, exercisable at \$0.011 on or before 31 December 2011.
20,000,000 options remain on issue, exercisable at \$0.011 on or before 31 January 2012.
 - Listed
240,827,463 options remain on issue, exercisable at \$0.008 on or before 31 March 2012
- (c) 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.
- (d) Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(c) Capital Management

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

The group's debt and capital includes ordinary share capital, and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

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

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

NOTE 13 RESERVES

- (a) Foreign Currency Reserve
The foreign currency reserve records exchange differences arising on translation of a foreign controlled subsidiary.
- (b) Convertible Note Reserve
The convertible note reserve records the equity portion of convertible notes after tax.

AND CONTROLLED ENTITIES

NOTE 14 CONTINGENT LIABILITIES

Resource Mining Corporation Limited and its controlled entities have no known material contingent liabilities as at 30 June 2011.

NOTE 15 CAPITAL AND LEASING COMMITMENTS

(a) Mineral Tenement Commitments

In order to maintain current rights of tenure to mining tenements, the consolidated entity will be required to outlay in the years ending 30 June 2012 and 2013 approximately \$1.69m for each year (2011: \$35,000) in respect of minimum tenement expenditure requirements and lease rentals.

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

(b) Operating Lease Commitments

	Consolidated Entity	
	2011	2010
	\$	\$
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable – minimum lease commitments		
- Not later than 12 months	75,668	74,302
- between 12 months and 5 years	-	-
- greater than 5 years	-	-
	<u>75,668</u>	<u>74,302</u>

The Company has exercised the option on the office property lease to renew the lease for one year expiring on 31 May 2012. Contingent rental provisions within the lease agreement require that the minimum lease payments be paid one month in advance and shall be increased by CPI or current market rental on a per annum basis. The leases allow for subletting of all lease areas.

AND CONTROLLED ENTITIES

NOTE 16

INVESTMENT IN CONTROLLED ENTITIES

	Class of Shares	Percentage Owned	
		2011	2010
Resource Minerals Pty Ltd (c)	Ordinary	100%	Nil
Argyle Iron Ore Pty Ltd	Ordinary	100%	100%
Resource Exploration Limited and its controlled entities	Ordinary	100%	100%

- (a) All above controlled entities are incorporated in Australia.
(b) The carrying value of Resource Mining Corporation's investment in the ordinary shares of controlled entities, are at cost less provision for impairment which do not exceed the underlying net assets of each entity.
(c) Resource Minerals Pty Ltd was incorporated during the year.

NOTE 17

SEGMENT INFORMATION

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

	Exploration
For the year ended 30 June 2011:	
Revenue from external customers	
Australia	-
Papua New Guinea	-
Total revenue from external customers	-
Reportable segment loss before income tax	
Australia	(7,079)
Papua New Guinea	(98,560)
Total reportable segment loss before income tax	(105,639)
Reportable segment assets at 30 June 2011	
Australia	581,524
Papua New Guinea	8,119,156
Total reportable segment assets	8,700,680
Reportable segment liabilities at 30 June 2011	
Australia	5,000
Papua New Guinea	62,408
Total reportable segment liabilities	67,408

AND CONTROLLED ENTITIES

NOTE 17 SEGMENT INFORMATION (Continued)

For the year ended 30 June 2010:

Revenue from external customers	
Australia	152,821
Papua New Guinea	-
Total revenue from external customers	<u>152,821</u>

Reportable segment profit/(loss) before income tax	
Australia	108,032
Papua New Guinea	<u>(57,279)</u>
Total reportable segment profit before income tax	<u>50,753</u>

Reportable segment assets at 30 June 2010	
Australia	212,084
Papua New Guinea	<u>6,949,548</u>
Total reportable segment assets	<u>7,161,632</u>

Reportable segment liabilities at 30 June 2010	
Australia	4,500
Papua New Guinea	<u>16,846</u>
Total reportable segment liabilities	<u>21,346</u>

	Consolidated Entity	
	2011	2010
Reconciliation of reportable segment loss		
Total reportable segment profit/(loss) before income tax	(105,639)	50,753
Finance costs	-	(69,402)
Depreciation	(8,441)	(9,333)
Witten down of fixed assets	(1,165)	-
Share based payments	(129,615)	(477,418)
Corporate costs (net)	<u>(559,375)</u>	<u>(465,839)</u>
Loss before income tax	<u>(804,235)</u>	<u>(971,239)</u>

Reconciliation of reportable segment assets

Reportable segment assets	8,700,680	7,161,632
Unallocated assets	<u>1,157,468</u>	<u>2,156,591</u>
Total assets	<u>9,858,148</u>	<u>9,318,223</u>

Reconciliation of reportable segment liabilities

Reportable segment liabilities	67,408	21,346
Unallocated liabilities	<u>224,149</u>	<u>190,198</u>
Total liabilities	<u>291,557</u>	<u>211,544</u>

AND CONTROLLED ENTITIES

Consolidated Entity

2011	2010
\$	\$

NOTE 18

NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of loss after income tax to net operating cash flows

Loss from ordinary activities	(762,070)	(858,898)
Exploration expenditure written off	-	37,724
Depreciation	8,441	9,333
Share based payments	129,615	477,418
Write down of fixed assets	1,165	-
Sale of investment	-	(150,000)
Finance charge on convertible note	-	69,402
Movement in assets and liabilities		
Receivables	(3,391)	(21,314)
Payables	12,511	(14,650)
Other current assets	-	(13,740)
Net cash used in operating activities	(613,729)	(464,725)

Financing Agreements

No overdraft facilities have been formalised at 30 June 2011 and neither the company nor any of its controlled entities have lines of credit at 30 June 2011.

NOTE 19

KEY MANAGEMENT PERSONNEL

Remuneration of key management personnel

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

AND CONTROLLED ENTITIES

NOTE 20

SHARE BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2011:

During the year ended 30 June 2010 20,000,000 remuneration options were granted to non-executive directors and 160,000,000 incentive options were granted to directors, consultants and employees to take up ordinary shares.

The 20,000,000 remuneration options have an exercise price of 1.1 cents and are exercisable on or before 31 January 2012. The options don't hold voting or dividend rights.

The 160,000,000 incentive options have an exercise price of 1.1 cents and are exercisable on or before 31 December 2011.

The fair value of the 20,000,000 remuneration options granted was 3.21 cents. Share based payment expense for these options recognised in the Statement of Comprehensive Income for the year ended 30 June 2010 was \$64,216.

The price of the 20,000,000 remuneration options was calculated by using a Black Scholes option pricing model applying the following inputs:

Exercise price	\$0.011
Life of the option	25 months
Underlying share price	\$0.007
Expected share price volatility	120 %
Risk free rate of return	4.71%
Discount for lack of marketability	30 %

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future tender, which may not eventuate.

The fair value of the 160,000,000 incentive options granted was 3.13 cents. Share based payment expense for these options recognised in the Statement of Comprehensive Income for the year ended 30 June 2011 was \$129,165 (2010: \$378,441).

The price of the 160,000,000 incentive options was calculated by using a Black Scholes option pricing model applying the following inputs:

Exercise price	\$ 0.011
Life of the option	24 months
Underlying share price	\$ 0.007
Expected share price volatility	120%
Risk free rate of return	4.71%
Discount for lack of marketability	30%

NOTE 21

RELATED PARTY INFORMATION

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

- (a) Ultimate Parent Company
Resource Mining Corporation Ltd is the ultimate Australian parent company.

- (b) Controlled Entities
Interests in controlled entities are set out in Note 16.
During the year, funds have been advanced between entities within the consolidated entity for the purposes of working capital requirements only.

AND CONTROLLED ENTITIES

NOTE 22

REMUNERATION OF AUDITORS

	Consolidated Entity	
	2011	2010
	\$	\$
Amount received, or due and receivable, by the auditors for:		
Auditing and reviewing of the financial statement of Resource Mining Corporation Limited and of its controlled entities	46,500	45,000
Taxation services	12,665	17,658
Other	-	-

NOTE 23

LOSS PER SHARE

	Number of Shares	
	2011	2010
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	1,593,064,450	1,165,665,397
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted loss per share	1,593,064,450	1,165,665,397
Loss used in the calculation of basic and diluted loss per share	(762,070)	(858,898)

NOTE 24

FINANCIAL RISK MANAGEMENT

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

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

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

(a) Foreign exchange risk

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

AND CONTROLLED ENTITIES

NOTE 24 FINANCIAL RISK MANAGEMENT cont.

(b) Credit Risk

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

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

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

(c) Liquidity and Capital risk

The consolidated entity's total capital is defined as the shareholders' net equity plus net debt, and amounted to approximately \$9.3 million at 30 June 2011 (30 June 2010: \$8.9 million). The objectives when managing the consolidated entity's capital is to safeguard the business as a going concern, to maximise returns to shareholders and to maintain an optimal capital structure in order to reduce the cost of capital.

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

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

As at 30 June 2011, the group has sufficient cash and cash equivalent to settle its current liabilities when they fall due.

(d) Interest rate risk

The group's exposure to market risk for changes in interest rates relates primarily to interest on deposits with banking institutions. As at 30 June 2011, the group has no interest bearing borrowings or finance leases.

	Non Interest Bearing \$		Weighted Average Effective Interest Rate %		Floating Interest Rate \$		Fixed Interest Rate within one year \$	
	2011	2010	2011	2010	2011	2010	2011	2010
Financial Assets								
- Cash	34,599	280,484				-	-	-
- Deposit at call	-	-	4.75	4.5	510,212	55,394		-
- Term deposits	-	-	5.8	5.7	-	-	500,000	1,800,000
- Bank bonds/ guarantees	-	-	3.5	3.5	-	-	6,402	6,519
- Trade and other debtors	45,606	45,297	6.0	6.0	-	-	7,260	7,260
Total Financial Assets	80,205	325,781			510,212	55,394	513,662	1,813,779

AND CONTROLLED ENTITIES

NOTE 24 FINANCIAL RISK MANAGEMENT cont.

	Non Interest Bearing \$		Weighted Average Effective Interest Rate %		Floating Interest Rate \$		Fixed Interest Rate within one year \$	
	2011	2010	2011	2010	2011	2010	2011	2010
Financial Liabilities								
- Payable and accruals	266,361	189,257			-	-	-	-
- Amounts payable related parties	15,730	16,101			-	-	-	-
- Interest bearing liabilities	-	-	8.5	5.6	-	-	9,466	6,186
Total Financial Liabilities	282,091	205,358			-	-	9,466	6,186

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

	Carrying Amount	Interest Rate Risk			
		+1%		-1%	
Consolidated and parent	\$	Profit	Equity	Profit	Equity
30 June 2011					
Financial assets					
Deposit at call and term deposit	1,010,212	10,102	10,102	(10,102)	(10,102)

(e) 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 25 MATTERS SUBSEQUENT TO THE REPORTING PERIOD

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

AND CONTROLLED ENTITIES
**NOTE 26
PARENT ENTITY DISCLOSURES**
Financial Position

	2011	2010
	\$	\$
ASSETS		
Current assets	1,044,268	2,104,970
Non current assets	7,942,414	6,216,514
Total Assets	8,986,682	8,321,484
LIABILITIES		
Current liabilities	224,149	190,198
Non current liabilities	-	-
Total Liabilities	224,149	190,198
EQUITY		
Issued capital	58,891,686	57,559,945
Accumulated losses	(50,307,041)	(49,606,547)
Reserves	177,888	177,888
Total Equity	8,762,533	8,131,286

Financial Performance

Loss for the year	(700,494)	(1,045,494)
Total comprehensive loss for the year	(700,494)	(1,045,494)

Commitments of Resource Mining Corporation Limited are disclosed in Note 15.

AND CONTROLLED ENTITIES

NOTE 27 NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

At the date of this financial report the following standards and interpretations, which may impact the consolidated entity in the period of initial application, have been issued but are not yet effective:

Reference	Title	Summary	Application date (financial years beginning)	Expected Impact
AASB 9	<i>Financial Instruments</i>	Replaces the requirements of AASB 139 for the classification and measurement of financial assets. This is the result of the first part of Phase 1 of the IASB's project to replace IAS 39.	1 January 2013	No expected impact on the entity
AASB 124	<i>Related Party Disclosures</i>	Revised standard. The definition of a related party is simplified to clarify its intended meaning and eliminate inconsistencies from the application of the definition	1 January 2011	Disclosure only

The consolidated entity has decided against early adoption of these standards.

NOTE 28 COMPANY DETAILS

The registered office and principal place of business of the Company and its controlled entities is at:

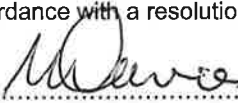
702 Murray Street
West Perth WA 6005

AND CONTROLLED ENTITIES**DIRECTORS' DECLARATION**

The directors of the company declare that:

1. the financial statements and notes are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position as at 30 June 2011 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 s 286 of the *Corporations Act 2001*;
 - b. the financial statements and notes for the financial year comply with Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view; and
3. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Director 

W J Davies

Dated this 27th day of September 2011

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

We have audited the accompanying financial report of Resource Mining Corporation Limited, which comprises the consolidated statement of financial position as at 30 June 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

RSM Bird Cameron Partners

Chartered Accountants

Independence

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

Opinion

In our opinion:

- (a) the financial report of Resource Mining Corporation Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report contained within the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Resource Mining Corporation Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants



D J WALL
Partner

Perth, WA

Dated: 28 September 2011

RSM Bird Cameron Partners
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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Resource Mining Corporation Limited for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners.

RSM BIRD CAMERON PARTNERS
Chartered Accountants

D J Wall.

Perth, WA
Dated: 28 September 2011

D J WALL
Partner

Ordinary Shares Listed

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 31 July 2011

ANALYSIS OF SHAREHOLDING

1 – 1,000	251
1,001 – 5,000	154
5,001 – 10,000	182
10,001 – 100,000	1,005
100,001 – or more	900
	2,492

Total on issue 1,703,558,483

Shareholders holding less than marketable parcel 1,505

Voting Rights

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

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

Substantial Shareholders

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

SINOM (Hong Kong) Limited	319,685,787	18.77%
Nefco Nominees Pty Ltd	137,027,500	8.04%

Directors' Shareholding

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

SHAREHOLDER DETAILS
FOR THE YEAR ENDED 30 JUNE 2011



AND CONTROLLED ENTITIES

		No. Shares	% of Shares
TWENTY LARGEST FULLY PAID SHAREHOLDERS			
1	Sinom (Hong Kong) Limited	319,685,787	18.77
2	Nefco Nominees Pty Ltd	137,027,500	8.04
3	JP Morgan Nominees Australia Limited	128,142,713	7.52
4	Thunder Luck International Ltd	78,531,711	4.61
5	Best Venture Development Limited	68,125,000	4.00
6	Berne No 132 Nominees Pty Ltd <508558 AC>	58,668,197	3.44
7	Classic Roofing Pty Limited	48,000,000	2.82
8	Mount Gibson Iron Limited	34,780,251	2.04
9	Mr Jian Chen	33,073,951	1.94
10	Proridge Pty Ltd	28,450,000	1.67
11	Warr Holdings Pty Ltd	21,250,000	1.25
12	Erceg Enterprises Pty Ltd	20,000,000	1.17
13	Dominant Holdings AG	18,000,000	1.06
14	Berne No 132 Nominees Pty Ltd <115180 AC>	16,772,598	0.98
15	Corporate Finance (Heidelberg) Pty Ltd	16,035,000	0.94
16	Mr Ian Davies	14,000,000	0.82
17	Ms Mooi Fah Lee	13,866,633	0.81
18	Mr Jonathan James Surbeck	12,450,000	0.73
19	McNeil Nominees Pty Limited	10,698,440	0.63
20	Mr George Batsakis	10,000,000	0.59

The largest shareholders listed above own 63.84% of the total issued fully paid ordinary shares.

AND CONTROLLED ENTITIES

INTEREST IN MINING TENEMENTS

PAPUA NEW GUINEA

Oro Province – Wowo Gap (Niugini Nickel – 100%)
EL 1165

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

WESTERN AUSTRALIA

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

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

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

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

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