

## Appendix 4E

**Preliminary final report**  
**Financial Year Ended 30 June 2018**  
**Previous corresponding reporting period 30 June 2017**

<b>RESOURCE DEVELOPMENT GROUP LIMITED</b>				
ABN: 33 149 028 142				
<b>Results for announcement to the market</b>				\$A
Revenues from ordinary activities	Up	73.6%	To	\$16,067,181
Loss from ordinary activities from continuing operations after tax attributable to the members of Resource Development Group Limited	Down	56.4%	To	\$508,446
Loss for the period attributable to the members of Resource Development Group Limited	Down	56.4%	To	\$508,446
Commentary on the above figures is included in the attached financial report for the year ended 30 June 2018 on page 3.				
		<b>30 June 2018</b>		<b>30 June 2017</b>
<b>Net tangible asset backing per security</b>		\$0.03		\$0.03
<b>Dividends</b>		<b>Amount per security</b>		<b>Franking %</b>
Final dividend declared		\$Nil		n/a
Previous corresponding period		\$Nil		n/a
Interim dividend declared		\$Nil		n/a
Previous corresponding period		\$Nil		n/a

**Statement of comprehensive income**

Refer attached financial report for the year ended 30 June 2018.

**Statement of financial position**

Refer attached financial report for the year ended 30 June 2018.

**Statement of cash flows**

Refer attached financial report for the year ended 30 June 2018.

**Dividend reinvestment plans**

Not applicable.

**Statement of changes in equity**

Refer attached financial report for the year ended 30 June 2018.

**Gain or loss of control over entities**

Refer attached financial report for the year ended 30 June 2018.

**Associates and joint ventures**

Refer attached financial report for the year ended 30 June 2018.

**Other significant information**

Not applicable.

**Foreign entities**

Refer attached financial report for the year ended 30 June 2018.

**Commentary on results for the period**

Commentary on the above figures is included in the attached financial report for the year ended 30 June 2018 on pages 4 to 6.

**Status of audit**

The financial report is in the process of being audited for the year ended 30 June 2018.

A handwritten signature in black ink, appearing to read 'M. Kenyon', is written over two parallel diagonal lines that serve as a signature line.

**Signed:** Michael Kenyon  
CFO & Company Secretary  
Resource Development Group Ltd

**Date:** 31 August 2018

## COMMENTARY ON RESULTS

Resource Development Group Ltd (“RDG” or “Company”) reported a net loss after tax of \$0.5 million on revenues of \$16.1 million for the year ended 30 June 2018. Earnings before interest, depreciation, amortisation and taxation (EBITDA) of \$0.4 million were up 163% from the prior year.

The Board is pleased to advise that there is an uplift in opportunities in the mining services sector, as evidenced by the award of several projects during FY18. This uplift was particularly apparent in the second half of FY18, with revenue for the second half surpassing the first half by 243%. Although the Company recorded an after tax loss, it was pleasing to record a positive EBITDA result of \$0.4 million for the year.

The Company's balance sheet remains in good shape, with over \$13.3 million of cash on hand and no debt; the 2018 financial year has seen no new debt facilities and/or hire purchase agreements entered into.

During the year ended 30 June 2018, the Company was awarded a significant project in its traditional space by Mineral Resources Ltd subsidiary, Crushing Services International Pty Ltd. This project has enabled the Company to mobilise resources (both plant and personnel) in order to deliver this project. Further projects were also forthcoming from BHP Billiton.

The Board has also been cognisant of keeping overheads to a minimum as well as maintaining its level of operating lease commitments.

The past 12 months has seen the Board also continue its focus on potential acquisitions. Your directors are pleased to advise that the Company was successful in completing the acquisition of 80% of the share capital of Mineral Solutions Australia Pty Ltd subsequent to year-end, a company (through its three wholly-owned subsidiaries) involved in the mobile crushing and screening and ore sorting industries throughout the Goldfields region. The Board continues to actively search for further opportunities to expand its existing service offering.

The Company's strategy that it had embarked on over the past two years remains unchanged, with the focus being as follows:

- Reduction of overheads and restructuring of the company for the period of reduced activity;
- Continue to actively pursue and deliver projects aligned with our traditional skills and market sector despite the reduced activity levels;
- Diversify our construction capability and explore opportunities in the areas of residential construction and property development; and
- Identify acquisition opportunities that will diversify RDG into new, yet synergistic market sectors with a pipeline of profitable work.

Although a small loss was reported for the financial year, the Board is satisfied that it has addressed the four key areas above. In addition, and even more significantly, it is clearly apparent that opportunities are starting to present more prominently in the Company's traditional market sector. We are therefore confident, with the recent award of projects that the Company is in good shape and together with a strong balance sheet, is set for a period of growth.

The energy and focus by the directors in the mergers and acquisitions space has finally borne some fruit with the acquisition of 80% of the share capital of Mineral Solutions Australia Pty Ltd (MSA) as announced to the market on 25 July 2018. This company, together with its three wholly-owned subsidiaries operates in the mobile crushing, screening and ore sorting industries within Australia and is domiciled in Kalgoorlie, Western Australia. There are clearly some synergies between MSA and Central Systems which are actively being explored by the respective management teams which will yield results down the track. The Directors continue to explore other merger and acquisition opportunities and will update Shareholders as and when the right opportunity presents.

The Company's outlook for the next 12-24 months looks much brighter than it did 12 months ago. The Directors are however always cautiously optimistic about what this next period will deliver. Whilst it is apparent that more project opportunities abound, competition and low pricing is still always the ever-present threat.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE  
INCOME  
FOR THE YEAR ENDED 30 JUNE 2018**

	Notes	Consolidated	
		2018 \$	2017 \$
<b>Continuing operations</b>			
Revenue	1(a)	16,067,181	9,256,201
Other income	1(b)	56,969	274,432
Cost of sales		(7,238,678)	(4,022,251)
Employee benefits expense		(6,854,491)	(3,629,593)
Depreciation and amortisation	1(c)	(1,163,295)	(1,606,040)
Finance costs		(28,531)	(9,249)
Impairment expense	1(d)	-	(263,402)
Profit/(loss) on sale of assets		(65,468)	153,685
Share based payments	1(c)	(36,415)	(6,915)
Other expenses	1(c)	(1,347,474)	(2,250,196)
<b>(Loss)/profit before income tax</b>		<b>(610,202)</b>	<b>(2,103,328)</b>
Income tax benefit/(expense)	2	101,756	936,273
<b>(Loss)/profit after income tax from continuing operations</b>		<b>(508,446)</b>	<b>(1,167,055)</b>
<b>Other comprehensive income for the period, net of income tax</b>			
		-	-
<b>Total comprehensive (loss)/income</b>		<b>(508,446)</b>	<b>(1,167,055)</b>
Basic (loss)/earnings per share (cents per share)	3	(0.08)	(0.18)
Diluted (loss)/earnings per share (cents per share)	3	(0.08)	(0.18)

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2018**

	Notes	Consolidated	
		2018 \$	2017 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	13,322,300	10,131,801
Trade and other receivables	5	5,258,040	1,187,233
Income tax refundable	2	14,907	8,287
Inventories	6	744,951	747,482
<b>Total current assets</b>		<b>19,340,198</b>	<b>12,074,803</b>
<b>Non-current assets</b>			
Property, plant and equipment	7	5,669,275	6,945,123
Deferred tax assets	2	710,779	892,709
<b>Total non-current assets</b>		<b>6,380,054</b>	<b>7,837,832</b>
<b>Total assets</b>		<b>25,720,252</b>	<b>19,912,635</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	8	6,910,220	603,415
Provisions	10	482,745	198,946
<b>Total current liabilities</b>		<b>7,392,965</b>	<b>802,361</b>
<b>Non-current liabilities</b>			
Provisions	10	16,553	45,014
Deferred tax liabilities	2	815,774	1,098,269
<b>Total non-current liabilities</b>		<b>832,327</b>	<b>1,143,283</b>
<b>Total liabilities</b>		<b>8,225,292</b>	<b>1,945,644</b>
<b>Net assets</b>		<b>17,494,960</b>	<b>17,966,991</b>
<b>Equity</b>			
Issued capital		7,836,308	7,836,308
Share-based payments reserve		121,689	186,295
Retained earnings		9,536,963	9,944,388
<b>Total equity</b>		<b>17,494,960</b>	<b>17,966,991</b>

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2018**

<b>Consolidated</b>	Issued capital	Retained earnings	Share- based payments reserve	Total
<b><u>30 June 2017</u></b>				
<b>Balance as at 1 July 2016</b>	7,836,308	11,111,443	179,380	19,127,131
Profit/loss for the year	-	(1,167,055)	-	(1,167,055)
Other comprehensive income	-	-	-	-
Total comprehensive (loss)/income for the year	-	(1,167,055)	-	(1,167,055)
Share-based payments	-	-	6,915	6,915
<b>Balance at 30 June 2017</b>	7,836,308	9,944,388	186,295	17,966,991
<b>Balance as at 1 July 2017</b>	7,836,308	9,944,388	186,295	17,966,991
Profit/loss for the year	-	(508,446)	-	(508,446)
Other comprehensive income	-	-	-	-
Total comprehensive (loss)/income for the year	-	(508,446)	-	(508,446)
Share-based payments	-	-	36,415	36,415
Transfer of lapsed options to retained earnings	-	101,021	(101,021)	-
<b>Balance at 30 June 2018</b>	7,836,308	9,536,963	121,689	17,494,960

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2018**

	Notes	Consolidated	
		2018 \$	2017 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		17,414,326	8,785,182
Payments to suppliers and employees		(13,862,394)	(13,146,060)
Interest received		125,467	201,392
Finance costs refunded/(paid)		-	11,155
Income tax (paid)/refunded		(5,432)	255,203
GST (paid)/received		(532,168)	200,403
<b>Net cash provided by/(used in) operating activities</b>	4(ii)	<b>3,139,799</b>	<b>(3,692,725)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(6,383)	(8,000)
Proceeds from sale of property, plant and equipment		3,754	903,499
Investment in joint venture		-	(149,377)
Loan advanced to related and other parties		-	(114,025)
Repayments of loans from related and other parties		53,329	-
<b>Net cash provided by investing activities</b>		<b>50,700</b>	<b>632,097</b>
<b>Cash flows from financing activities</b>			
<b>Net cash from financing activities</b>		<b>-</b>	<b>-</b>
Net decrease in cash and cash equivalents		3,190,499	(3,060,628)
Cash and cash equivalents at the beginning of the period		10,131,801	13,192,429
<b>Cash and cash equivalents at the end of the period</b>	4(i)	<b>13,322,300</b>	<b>10,131,801</b>

The accompanying notes form part of these financial statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 1: REVENUE AND EXPENSES

	Consolidated	
	2018 \$	2017 \$
<b>(a) Revenue</b>		
Rendering of services	15,939,479	9,066,232
Interest income	127,702	189,969
	<u>16,067,181</u>	<u>9,256,201</u>
<b>(b) Other income</b>		
GST refund	-	268,126
Miscellaneous	3,640	6,306
Recovery of previously impaired loan (refer to Note 13)	53,329	-
	<u>56,969</u>	<u>274,432</u>
<b>(c) Expenses</b>		
Depreciation of non-current assets	(1,163,295)	(1,606,040)
Operating lease rental expense	(405,101)	(616,695)
Share based payments expense	(36,415)	(6,915)
<b>(d) Impairment expense</b>		
Impairment of loan and investment in related party joint venture (refer to Note 13)	-	(263,402)

### NOTE 2: INCOME TAX

	Consolidated	
	2018 \$	2017 \$
<b>Income tax recognised in profit or loss:</b>		
The major components of tax expense are:		
Current tax (benefit)/expense	(1,191)	-
Deferred tax (income) relating to the origination and reversal of temporary differences	(167,030)	(936,273)
Change in tax rate	(17,130)	-
Under/(Over) provision of income tax in respect to prior years	83,595	-
Total tax (benefit)/expense	<u>(101,756)</u>	<u>(936,273)</u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 2: INCOME TAX (continued)

	Consolidated	
	2018	2017
	\$	\$
The prima facie income tax expense on pre-tax accounting profit/(loss) from operations reconciles to the income tax expense/(benefit) in the financial statements as follows:		
Accounting (loss)/profit from continuing operations before income tax	(610,202)	(2,103,328)
Income tax (benefit)/expense calculated at 27.5% (2017: 30%)	(167,806)	(630,998)
Add:		
Tax effect of:		
Entertainment	2,518	1,877
Fines and penalties	5	
Share based payments	10,014	2,074
Non-deductible legal fees	3,904	-
Under-provision of income tax in respect of prior years	83,595	-
Change in tax rate	(17,130)	
Other	(1,189)	
Less:		
Tax effect of:		
Capital losses utilised	(15,667)	-
Recognition of tax losses	-	(309,226)
Income tax expense reported in the statement of profit or loss and other comprehensive income	(101,756)	(936,273)

The tax rate used in the above reconciliation is the corporate tax rate of 27.5% payable by Australian corporate entities on taxable profits under Australian tax law. There has been a change in tax rate from 30% as the Group is a Base Rate Entity.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 2: INCOME TAX (continued)

	Consolidated	
	2018	2017
	\$	\$
<b>Current tax assets/ liabilities comprise:</b>		
Income tax refundable	14,907	8,287
	<u>14,907</u>	<u>8,287</u>
<b>Deferred tax assets comprise:</b>		
Superannuation payable	13,594	6,567
Provisions – employee benefits	129,900	73,188
Accrued expenses	22,570	15,900
Work in progress	-	5,219
Tax losses	451,280	624,867
Blackhole expenditure and borrowing costs	93,435	166,968
	<u>710,779</u>	<u>892,709</u>
<b>Deferred tax liabilities comprise:</b>		
Prepayments	10,241	6,418
Stock on hand	3,545	6,269
Other	3,484	-
Depreciable property, plant and equipment	798,504	1,085,582
	<u>815,774</u>	<u>1,098,269</u>
Net	<u>(104,995)</u>	<u>(205,560)</u>

The Group has capital losses of approximately \$11,562,407 arising in Australia (2017: \$11,335,974) that are available indefinitely for offset against future capital gains of the tax consolidated group, subject to satisfying the relevant company loss provisions. No deferred tax asset has been recognised for capital losses as it is not probable that capital gains will be available against which the carried forward capital losses can be utilised.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 2: INCOME TAX (continued)

#### Reconciliation of deferred tax assets/(liabilities):

2018	Consolidated				
	Opening balance \$	Change in tax rate \$	Charged to income \$	Charged to equity \$	Closing balance \$
Temporary differences	181,967	(15,164)	(54,474)	-	112,329
Property, plant and equipment	(1,085,582)	90,465	196,613	-	(798,504)
Provisions	73,188	(6,099)	62,811	-	129,900
Tax losses carried forward	624,867	(52,072)	(121,515)	-	451,280
	(205,560)	17,130	83,435	-	(104,995)

2017	Consolidated			
	Opening balance \$	Charged to income \$	Charged to equity \$	Closing balance \$
Temporary differences	454,561	(5,343)	(267,251)	181,967
Property, plant and equipment	(111,088)	253,740	(1,228,234)	(1,085,582)
Provisions	119,528	(46,340)	-	73,188
Tax losses carried forward	-	624,867	-	624,867
	463,001	826,924	(1,495,485)	(205,560)

#### Tax consolidation

Effective 1 July 2011, for the purposes of income taxation, Resource Development Group Ltd and its 100% owned Australian resident subsidiaries formed a tax consolidated group. Central Systems Pty Ltd and CS Civil Pty Ltd joined the tax consolidated group as subsidiary members on 3 October 2014. Prior to joining, Central Systems Pty Ltd and CS Civil Pty Ltd had formed a tax consolidated group, effective from 1 July 2013.

The members of the Group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly-owned subsidiaries on a pro-rata basis. The agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. The head entity of the tax consolidated group is Resources Development Group Ltd. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

#### Tax effect accounting by members of the tax consolidated group

The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 *Income Taxes*.

In addition to its own current and deferred tax amounts, the head entity also recognises current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 2: INCOME TAX (continued)

#### Franking credits

The Group has franking credits of \$4,068,883 as at 30 June 2018 (2017: \$4,064,349) to attach to future dividends declared by the Company. The franking credits of the subsidiaries are assumed by Resources Development Group Ltd as the head company of the tax consolidated group.

### NOTE 3: EARNINGS PER SHARE

	Consolidated	
	2018	2017
	Cents per share	Cents per share
Basic and diluted (loss)/earnings per share	(0.08)	(0.18)
<i>Basic and diluted (loss)/earnings per share</i>		
(Loss)/profit after income tax used to calculate basic (loss)/earnings per share	(508,446)	(1,167,055)
	Number	Number
Weighted average number of ordinary shares for the purposes of basic diluted (loss)/earnings per share	631,404,067	631,404,067

### NOTE 4: CASH AND CASH EQUIVALENTS

	Consolidated	
	2018	2017
	\$	\$
Cash at bank and on hand	13,322,300	10,131,801

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Security deposits are restricted cash used as collateral to obtain bank guarantee facilities. These deposits are interest bearing and the interest is compounded and added to operating cash reserves.

#### (i) Reconciliation to the Statement of Cash Flows:

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank and investments in money market instruments, net of outstanding bank overdrafts.

Cash and cash equivalents as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2018	2017
	\$	\$
Cash and cash equivalents	13,322,300	10,131,801

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 4: CASH AND CASH EQUIVALENTS (continued)

#### (ii) Reconciliation of net profit for the year to net cash flows from operating activities

Net (loss)/profit for the year	(508,446)	(1,167,055)
(Profit)/loss on sale or disposal of assets	65,468	(153,685)
Depreciation	1,163,295	1,606,040
Equity settled share based payment	36,415	6,915
Impairment expense	-	263,402
 (Increase)/decrease in operating assets:		
Trade and other receivables	(4,070,807)	2,730,416
Other assets	2,531	(673,241)
Deferred tax assets	(107,186)	(624,867)
 Increase/(decrease) in operating liabilities:		
Trade and other payables	6,071,771	(5,526,180)
Other liabilities	486,758	(154,470)
Net cash provided by/(used in) operating activities	3,139,799	(3,692,725)

#### (iii) Non-cash Financing and Investing Activities

During the year, the Group acquired plant and equipment with an aggregate value of \$Nil (2017: \$Nil) by means of hire purchase.

### NOTE 5: CURRENT TRADE AND OTHER RECEIVABLES

	Consolidated	
	2018	2017
	\$	\$
Trade receivables	1,824,047	962,863
Allowance for doubtful debts	-	-
	1,824,047	962,863
Other receivables	15,027	20,721
Accrued income	3,194,897	-
Prepayments	224,069	203,649
	5,258,040	1,187,233

(i) The average credit period on sales of goods and rendering of services is 38 days (2016: 40 days). Interest is not charged. No allowance is required to be made for estimated irrecoverable trade receivable amounts and related party loans arising from the past sale of goods and rendering of services, determined by reference to past default experience.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 5: CURRENT TRADE AND OTHER RECEIVABLES (continued)

	Consolidated	
	2017	2018
	\$	\$
30 – 60 days	1,404,218	433,761
60 – 90 days	419,829	-
90+ days	-	-
Total	1,824,047	433,761

Movement in the allowance for doubtful debts

	Consolidated	
	2018	2017
	\$	\$
Balance at the beginning of the year	-	-
Impairment gains/(losses) recognised on receivables	-	-
Balance at the end of the year	-	-

### NOTE 6: INVENTORIES

	Consolidated	
	2018	2017
	\$	\$
At cost:		
Raw materials and stores	12,891	20,892
Work in progress (i)	732,060	726,590
	744,951	747,482

(i) Work in progress

	Consolidated	
	2018	2017
	\$	\$
Contract costs incurred	27,728,653	107,049,436
Recognised profits	3,257,715	18,751,918
	30,986,368	125,801,354
Progress billings	(34,329,922)	(125,220,936)
Work in progress	(3,343,554)	580,418
Income in advance	4,075,614	146,172
	732,060	726,590

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 7: PROPERTY, PLANT AND EQUIPMENT

	Consolidated			
	Motor vehicles	Plant and equipment	Leasehold Improvements	Total
	\$	\$	\$	\$
Year ended 30 June 2018				
At 1 July 2017, net of accumulated depreciation and impairment	922,667	6,019,767	2,689	6,945,123
Additions	-	64,663	-	64,663
Disposals	-	(177,216)	-	(177,216)
Depreciation charge for the year	(157,190)	(1,005,029)	(1,076)	(1,163,295)
At 30 June 2018, net of accumulated depreciation and impairment	765,477	4,902,185	1,613	5,669,275
At 1 July 2017				
Cost or fair value	2,003,274	16,066,927	5,356	18,075,557
Accumulated depreciation and impairment	(1,080,607)	(10,047,160)	(2,667)	(11,130,434)
Net carrying amount	922,667	6,019,767	2,689	6,945,123
At 30 June 2018				
Cost or fair value	2,003,274	15,851,153	5,356	17,859,783
Accumulated depreciation and impairment	(1,237,797)	(10,948,968)	(3,743)	(12,190,508)
Net carrying amount	765,477	4,902,185	1,613	5,669,275

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 7: PROPERTY, PLANT AND EQUIPMENT (continued)

	Consolidated			
	Motor vehicles	Plant and equipment	Leasehold Improvements	Total
	\$	\$	\$	\$
Year ended 30 June 2017				
At 1 July 2016, net of accumulated depreciation and impairment	1,375,218	7,913,277	4,482	9,292,977
Additions	-	8,000	-	8,000
Disposals	(242,409)	(507,405)	-	(749,814)
Depreciation charge for the year	(210,142)	(1,394,105)	(1,793)	(1,606,040)
At 30 June 2017, net of accumulated depreciation and impairment	922,667	6,019,767	2,689	6,945,123
At 30 June 2016				
Cost or fair value	2,472,305	17,142,918	5,356	19,620,579
Accumulated depreciation and impairment	(1,097,087)	(9,229,641)	(874)	(10,327,602)
Net carrying amount	1,375,218	7,913,277	4,482	9,292,977
At 30 June 2017				
Cost or fair value	2,003,274	16,066,927	5,356	18,075,557
Accumulated depreciation and impairment	(1,080,607)	(10,047,160)	(2,667)	(11,130,434)
Net carrying amount	922,667	6,019,767	2,689	6,945,123

The useful life of the assets was estimated as follows for both 2018 and 2017:

- Plant and equipment 2 to 20 years
- Motor vehicles 4 to 6 years
- Leasehold improvements 10 to 13 years



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 8: TRADE AND OTHER PAYABLES

	Consolidated	
	2018	2017
	\$	\$
Current		
Trade payables	2,075,302	302,263
Other payables	759,305	154,980
Income received in advance	4,075,614	146,172
	<u>6,910,221</u>	<u>603,415</u>

Trade payables are non-interest bearing and are normally settled on 30-day terms.

### NOTE 9: BORROWINGS

The Company does not have any debt, hire purchase or lease facilities as at balance date, except for the facilities described below:

#### Bank facility

On 15 November 2016, following a review of the Company's banking facilities, the ANZ Bank provided a restated Letter of Offer to the Company which included the following continuing facilities that the Company has agreed to:

- Performance guarantee facility of \$2,500,000 (at 30 June 2018, amount used: \$80,887; amount unused \$2,419,113);
- Electronic Payaway Facility limit at 30 June 2018: \$250,000; and
- Commercial card facility limit at 30 June 2018: \$150,000.

The bank facilities are secured by way of a General Security Agreement over all of the assets of the Group. A Deed of Priority and Subordination between ANZ Bank and performance bond provider CGU Insurance Ltd is also in place.

#### Performance bond facility

The Company has these arrangements in place:

- Performance bond facility with CGU Insurance Ltd of \$10,000,000 (at 30 June 2018 amount used \$1,116,868 (30 June 2017: \$312,174); amount unused \$8,883,132 (30 June 2017: \$9,687,826).

The performance bond facility is secured by way of a General Security Agreement over all of the assets of the Group. A Deed of Priority and Subordination between ANZ Bank and CGU Insurance Ltd is in place.

### NOTE 10: PROVISIONS

#### Employee Entitlements:

	2018	2017
Consolidated	\$	\$
At 1 July 2017	243,960	398,427
Net movements	255,338	(154,467)
At 30 June 2018	<u>499,298</u>	<u>243,960</u>
	Employee benefits	Total
<b>2018</b>		
<b>Consolidated</b>	\$	\$
Current	482,745	198,946
Non-current	16,553	45,014
	<u>499,298</u>	<u>243,960</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 10: PROVISIONS (continued)

2017	Employee benefits	Total
Consolidated	\$	\$
Current	198,946	198,946
Non-current	45,014	45,014
	243,960	243,960

### NOTE 10: ISSUED CAPITAL

	30 June 2018		30 June 2017	
	Number of shares	\$	Number of shares	\$
(a) Paid up capital:	631,404,067	7,836,308	631,404,067	7,836,308
(b) Movements in ordinary share capital:	Year to 30 June 2018		Year to 30 June 2017	
	Number of shares	\$	Number of shares	\$
Balance at beginning of financial period	631,404,067	7,836,308	631,404,067	7,836,308
Balance at end of financial period	631,404,067	7,836,308	631,404,067	7,836,308

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

#### Options

On 3 October 2014 the Company issued 6,000,000 Options exercisable at 4 cents on or before 28 July 2017. The Options were issued to an adviser in relation to the Company's acquisition of 100% of the share capital in Central Systems Pty Ltd, and were issued under the Company's 15% placement capacity.

The options were not exercised on or before 28 July 2017 and therefore subsequently expired.

#### Incentives

There were no incentives issued during the year ended 30 June 2018.

Nil (2017: 500,000) incentives were forfeited on termination of employment during the year ended 30 June 2018. There are currently 2,250,000 (2017: 2,250,000) incentives on issue. The incentives vest on 16 January 2019.

	Consolidated	
	Year ended 30 June 2018 Number	Year ended 30 June 2017 Number
<i>Movement in employee incentives</i>		
Balance at beginning of financial period	2,250,000	2,750,000
Forfeited on termination of employment	-	(500,000)
Balance at end of financial period	2,250,000	2,250,000

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 11: SHARE BASED PAYMENTS AND RESERVE

	Consolidated	
	Share based payments reserve	Total
	\$	\$
<b>At 1 July 2017</b>	186,295	186,295
Recognition of share based payments	36,415	34,615
Transfer lapsed options to retained earnings	(101,021)	(101,021)
<b>At 30 June 2018</b>	121,689	121,689

#### Nature and purpose of reserves

##### *Share based payment reserve*

This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration.

### NOTE 12: EVENTS AFTER THE REPORTING PERIOD

On 25 July 2018, the Company announced that it had executed a Share Sale and Purchase Agreement with the vendors of Mineral Solutions Australia Pty Ltd (MSA) to acquire an 80% equity stake in that company, with an effective date of 2 July 2018. The Company is yet to finalise its initial accounting for the business acquisition, however details below various important aspects of the acquisition.

The Vendors of MSA are the respective personal entities of Mr. Michael Harrington and Mr. Blake Stanley, who are experienced and reputable operators and will continue to each hold a 10% equity stake in MSA and remain with MSA in executive capacities on long-term contracts of employment, with responsibility for managing the business.

Consideration for the acquisition is to be funded from existing cash balances of RDG and will be paid on a staged basis as follows:

1. \$2,000,000 to be paid on the Completion Date;
2. \$400,000 to be paid on the 6 month anniversary of the Completion Date; and
3. \$400,000 to be paid on the 12 month anniversary of the Completion Date.

There are no performance hurdles or milestones attached to the second and third payments.

The Board entered into this acquisition on the basis that it provides a complementary set of skills set to those currently in existence in the Company, particularly Central Systems Pty Ltd. MSA also operates in the mining services sector, such that various customers will be of a similar nature whereby there will be the potential to "cross-sell" each other's various business activities. Synergies are also expected to be realised in the back-office, with the likely centralisation and sharing of resources in finance, administration and marketing.

There are no other significant events to report after the end of the reporting period.

### NOTE 13: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

#### **Kazakhstan Joint Venture**

The Company formed a joint venture in Kazakhstan during the financial year and held a 45% share in it through its Singapore registered subsidiary, RDG Centrals Private Ltd. Although the directors identified several opportunities that were within the core work that the Company performs, the directors assessed that there were too many hurdles to overcome in order to be sustainable and ultimately deliver a positive outcome for the Company's shareholders. An initial investment of \$149,377 was made in the joint venture, together with a loan of \$114,025. The Directors chose to terminate this joint venture prior 30 June 2017 and expensed the investment and loan in the accounts in the sum of \$263,402. During the year ended 30 June 2018, the Group received \$53,329 in repayment of the previously impaired loan.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 14: DIVIDENDS**

There were no dividends declared or paid during the year ended 30 June 2018 (30 June 2017: \$Nil).

	Consolidated	
	2018	2017
	\$	\$
<i>Franking account balance</i>		
The amount of franking credits available for subsequent financial years are:		
Franking account balance as at the end of the financial year at 30% (2016: 30%)	4,068,883	4,064,349
Franking credits that will arise from the payment of income tax payable as at the end of the financial year	-	-
	<u>4,068,883</u>	<u>4,064,349</u>

The tax rate at which any dividends would have been franked is 30% (2017: 30%).

**Compliance statement**

This report has been prepared under accounting policies, which comply with accounting standards as defined in the Corporations Act or other standards acceptable to the ASX.

This report, and the accounts upon which the report is based (if separate), use the same accounting policies.

This report does give a true and fair view of the matters disclosed.

This report is based on accounts to which one of the following applies.

(Tick one)

- |                                     |   |                          |   |
|-------------------------------------|---|--------------------------|---|
| <input type="checkbox"/>            | The accounts have been audited  | <input type="checkbox"/> | The accounts have been subject to review                  |
| <input checked="" type="checkbox"/> | The accounts are in the process of being audited or subject to review | <input type="checkbox"/> | The accounts have <i>not</i> yet been audited or reviewed |



Sign here: .....

Date: 31 August 2018  
(Chairman)

Print name: Andrew Ellison