

# **Rand Mining Limited**

**ABN 41 004 669 658**

## **Interim Report - 31 December 2018**

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The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Rand Mining Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2018.

### **Directors**

The following persons were directors of Rand Mining Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Otakar Demis - Chairman  
Anthony Billis  
Gordon Sklenka

### **Principal activities**

The principal activities of the Group during the financial half-year were exploration, development and production activities at the Group's East Kundana Joint Venture tenements.

### **Review of operations**

The profit for the Group after providing for income tax amounted to \$77,622,750 (31 December 2017: \$10,329,507).

The Group has recognised a gain of \$20,816,664 on the derecognition of the investment in associate, Tribune Resources Limited ('Tribune') and a net fair value loss of \$10,807,661 on the shares in Tribune classified as financial assets at fair value through profit or loss. See 'Significant changes in the state of affairs' section below for further details.

### **East Kundana Joint Venture (Rand's Interest 12.25%)**

#### *Raleigh - Rand's entitlement is 12.50%*

Production at the Raleigh Underground Mine, which commenced in December 2004, continues.

Capital development for the half-year totalled 911 metres, all of which is secondary development. The depth of the decline is approximately 727 metres below the surface and the bottom of the Sadler Decline is approximately 396 metres below the surface.

Operating development for the half-year totalled 1,058 metres: 143 metres in waste, 698 metres in ore and 217 metres through paste fill.

Mine production during the half-year totalled 127,635 tonnes grading 7.04 g/t containing 28,893 oz of gold, based on grade control estimates (31 December 2017: 123,119 tonnes grading 7.23 g/t containing 28,603 oz of gold were estimated to be mined).

#### *Rubicon - Rand's entitlement is 12.25%*

Production at the Rubicon Underground Mine, which commenced in August 2011, continues.

#### Rubicon and Hornet Ore Bodies

Capital development for the half-year totalled 1,386 metres: 117 metres for decline development and 1,269 metres for secondary development. At the reporting date, the bottom of the Rubicon Decline was 585 metres below the surface, the bottom of the Hornet Decline was 632 metres below the surface and the bottom of the Hornet Exploration Decline was 682 metres below the surface.

Operating development for the half-year totalled 754 metres: 486 metres in ore and 268 metres through paste fill.

Mine production during the half-year totalled 267,687 tonnes grading 5.66 g/t containing 48,712 oz of gold, based on grade control estimates (31 December 2017: 235,936 t grading 5.37 g/t containing 40,951 oz of gold were estimated to be mined).

#### Pegasus Ore Body

The Access Decline to the Pegasus ore body from the Rubicon Decline commenced in April 2014 and was completed in early November 2014 when the Pegasus Incline and Decline commenced. In February 2015, the first stope at Pegasus was fired.

Capital development for the half-year totalled 2,233 metres: 211 metres for decline development and 2,022 metres for secondary development. At the reporting date, the bottom of the Pegasus Decline was 585 metres below the surface.

Operating development for the half-year totalled 1,656 metres: 11 metres in waste, 1,459 metres in ore and 186 metres through paste fill.

Mine production during the half-year totalled 245,115 tonnes grading 5.82 g/t containing 45,865 oz of gold, based on grade control estimates (31 December 2017: 214,467 t grading 7.54 g/t containing 51,970 oz of gold were estimated to be mined).

#### *Processing*

Treatment campaigns at the Kanowna Belle Plant processed 461,978 tonnes of EKJV ore from the Raleigh and Rubicon mines during the half-year. Treatment campaigns at the Greenfields Mill processed 106,318 tonnes of EKJV ore from the Rubicon mine during the half-year.

A total of 51,240 oz of gold and 8,671 oz of silver were credited to the Rand and Tribune Bullion Accounts. Rand's share of gold bullion was 12,810 oz.

#### *Exploration*

Currently, the main drilling programmes are underground resource drilling at the Rubicon-Hornet- Pegasus complex and the Raleigh South structure and surface exploration drilling at Raleigh South and Drake.

Details of all EKJV exploration activities are contained in the September and December Quarterly EKJV Exploration Reports released to the Australian Securities Exchange ('ASX') on 7 November 2018 and 30 January 2019 respectively.

The 30 June 2018 EKJV Summary Resource and Reserve Report was released to the ASX on 6 September 2018. Resource and Reserve upgrades for Raleigh, Rubicon, Hornet and Pegasus are in progress and will be released to ASX when received.

#### *Other projects*

##### *Seven Mile Hill (Rand's Interest 50%)*

The aircore drilling programme, testing additional structural and geochemical targets at Seven Mile Hill, is continuing. A review of all drilling results is in progress.

#### **Significant changes in the state of affairs**

##### *Investment in Tribune Resources Limited*

The Company was the holder of a 26.32% shareholding interest in Tribune which was the subject of a Takeovers Panel hearing.

The Panel announced on 17 September 2018 that it considered that the market was not informed in relation to persons who had a relevant interest in certain Tribune shares, that certain tracing notice responses in relation to Tribune contained material that was false, and that there had been numerous contraventions of the substantial shareholding provisions in relation to the Tribune shares held. The Panel also announced that there may have been contraventions of the takeovers provisions in relation to Tribune but did not reach any conclusions.

On 26 November 2018, under divestment orders by the Takeovers Panel made on 21 November 2018, 12,025,519 shares in Tribune held by the Company were vested in ASIC to sell and be held on trust for the Company pending such sale. The Company is no longer the registered holder of these shares and has no relevant interest under section 608(1) of the Corporations Act 2001, other than the entitlement of the nets proceeds on eventual disposal by ASIC.

The Company continues to hold 1,135,000 shares in Tribune, representing a 2.26% interest as they were acquired in January 2014, prior to the date of the most recent substantial shareholder notice and were not subject to the divestment orders.

The effect of the above divestment orders resulted in the Group no longer having a significant interest in Tribune and therefore the Group derecognised the investment in associate and instead recognised the fair value of the shares in Tribune as a financial asset at fair value through profit or loss, notwithstanding the shares are held on trust by ASIC until such time as they are disposed of.

*Iron Resources Limited option*

On 24 September 2018, the Company's option and access agreement relating to its option to acquire Iron Resources Limited from Resources Capital Limited expired and is no longer in effect.

*Other matters*

During the half-year, the Group has sold the majority of the gold inventory that the Group held with the proceeds used to cover working capital and the dividends that have been paid and declared to shareholders.

There were no other significant changes in the state of affairs of the Group during the financial half-year.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



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Anthony Billis  
Director

14 March 2019  
Perth

## Auditor's Independence Declaration

### To the Directors of Rand Mining Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Rand Mining Limited for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



P W Warr  
Partner – Audit & Assurance

Perth, 14 March 2019

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**Rand Mining Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2018**



|  |             | <b>Consolidated</b> |                    |
|--|-------------|---------------------|--------------------|
|  | <b>Note</b> | <b>31 Dec 2018</b>  | <b>31 Dec 2017</b> |
|  |             | <b>\$</b>           | <b>\$</b>          |
| <b>Revenue from contracts with customers</b>   | 4           | 79,424,150          | 24,283,300         |
| Share of profits of associates accounted for using the equity method                                       | 5           | 43,197,595          | 5,442,598          |
| Other income   |             | 48,485              | 14,822             |
| Interest revenue calculated using the effective interest method  |             | 8,321               | 9,547              |
| Net gain on loss of significant influence over associate   | 7           | 20,816,664          | -                  |
| <b>Expenses</b>  |             |                     |                    |
| Changes in inventories   |             | (26,692,482)        | (2,023,088)        |
| Employee benefits expense  |             | (318,202)           | (336,007)          |
| Management fees  |             | (241,308)           | (249,239)          |
| Depreciation and amortisation expense  | 6           | (2,270,478)         | (1,460,700)        |
| Recovery of impairment of assets   |             | -                   | 55,866             |
| Impairment of exploration and evaluation   |             | (377,690)           | (625,883)          |
| Net fair value loss on financial assets  |             | (10,807,661)        | -                  |
| Mining expenses  |             | (7,864,366)         | (8,053,921)        |
| Processing expenses  |             | (2,846,778)         | (2,100,504)        |
| Royalty expenses   |             | (541,963)           | (477,327)          |
| Foreign currency losses  |             | (5,347)             | (9,985)            |
| Other expenses   |             | (1,075,930)         | (650,530)          |
| Finance costs  | 6           | (40,844)            | (28,150)           |
| <b>Profit before income tax expense</b>  |             | 90,412,166          | 13,790,799         |
| Income tax expense   |             | (12,789,416)        | (3,461,292)        |
| <b>Profit after income tax expense for the half-year attributable to the owners of Rand Mining Limited</b> |             | 77,622,750          | 10,329,507         |
| <b>Other comprehensive income</b>  |             |                     |                    |
| <i>Items that may be reclassified subsequently to profit or loss</i>                                       |             |                     |                    |
| Share of other comprehensive income from associate   |             | (829,449)           | (179,080)          |
| Tax on revaluation adjustment in associate   |             | 248,835             | 53,724             |
| Other comprehensive income for the half-year, net of tax   |             | (580,614)           | (125,356)          |
| <b>Total comprehensive income for the half-year attributable to the owners of Rand Mining Limited</b>      |             | 77,042,136          | 10,204,151         |
|  |             | <b>Cents</b>        | <b>Cents</b>       |
| Basic earnings per share   |             | 129.05              | 17.17              |
| Diluted earnings per share   |             | 129.05              | 17.17              |

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Rand Mining Limited**  
**Statement of financial position**  
**As at 31 December 2018**



|   |             | <b>Consolidated</b> |                    |
|---|-------------|---------------------|--------------------|
|   | <b>Note</b> | <b>31 Dec 2018</b>  | <b>30 Jun 2018</b> |
|   |             | <b>\$</b>           | <b>\$</b>          |
| <b>Assets</b>   |             |                     |                    |
| <b>Current assets</b>                                 |             |                     |                    |
| Cash and cash equivalents                             |             | 26,200,435          | 2,364,146          |
| Trade and other receivables                           |             | 584,871             | 494,423            |
| Inventories   |             | 18,139,253          | 44,757,518         |
| Financial assets at fair value through profit or loss | 7           | 52,905,287          | -                  |
| Income tax refund due                                 |             | -                   | 595,877            |
| Prepayments   |             | 7,660               | 6,586              |
| <b>Total current assets</b>                           |             | <u>97,837,506</u>   | <u>48,218,550</u>  |
| <b>Non-current assets</b>                             |             |                     |                    |
| Investments accounted for using the equity method     | 8           | -                   | 48,416,390         |
| Financial assets at fair value through profit or loss | 9           | 240,472             | 1,046,139          |
| Property, plant and equipment                         |             | 12,354,348          | 10,634,254         |
| Exploration and evaluation                            |             | 1,077,300           | 1,041,874          |
| Mine development                                      |             | 11,406,368          | 9,442,475          |
| Deferred tax  |             | 1,570,496           | 2,010,551          |
| <b>Total non-current assets</b>                       |             | <u>26,648,984</u>   | <u>72,591,683</u>  |
| <b>Total assets</b>                                   |             | <u>124,486,490</u>  | <u>120,810,233</u> |
| <b>Liabilities</b>                                    |             |                     |                    |
| <b>Current liabilities</b>                            |             |                     |                    |
| Trade and other payables                              |             | 4,644,357           | 5,106,161          |
| Borrowings  |             | 994,411             | 748,948            |
| Income tax  |             | 6,183,991           | -                  |
| Provisions  |             | 20,660              | 4,198              |
| <b>Total current liabilities</b>                      |             | <u>11,843,419</u>   | <u>5,859,307</u>   |
| <b>Non-current liabilities</b>                        |             |                     |                    |
| Borrowings  |             | 901,081             | 822,854            |
| Deferred tax  |             | 15,323,519          | 13,554,505         |
| Provisions  |             | 247,313             | 244,103            |
| <b>Total non-current liabilities</b>                  |             | <u>16,471,913</u>   | <u>14,621,462</u>  |
| <b>Total liabilities</b>                              |             | <u>28,315,332</u>   | <u>20,480,769</u>  |
| <b>Net assets</b>                                     |             | <u>96,171,158</u>   | <u>100,329,464</u> |
| <b>Equity</b>   |             |                     |                    |
| Issued capital  |             | 16,694,186          | 16,694,186         |
| Reserves  |             | -                   | 580,614            |
| Retained profits                                      |             | 79,476,972          | 83,054,664         |
| <b>Total equity</b>                                   |             | <u>96,171,158</u>   | <u>100,329,464</u> |

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



**Rand Mining Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2018**



| <b>Consolidated</b>  | <b>Issued<br/>capital<br/>\$</b> | <b>Reserves<br/>\$</b> | <b>Retained<br/>profits<br/>\$</b> | <b>Total equity<br/>\$</b> |
|--|----------------------------------|------------------------|------------------------------------|----------------------------|
| Balance at 1 July 2017                                       | 16,694,186                       | 1,126,405              | 60,827,797                         | 78,648,388                 |
| Profit after income tax expense for the half-year            | -                                | -                      | 10,329,507                         | 10,329,507                 |
| Other comprehensive income for the half-year, net of tax     | -                                | (125,356)              | -                                  | (125,356)                  |
| Total comprehensive income for the half-year                 | -                                | (125,356)              | 10,329,507                         | 10,204,151                 |
| <i>Transactions with owners in their capacity as owners:</i> |                                  |                        |                                    |                            |
| Transfers to retained earnings on early adoption of AASB 9   | -                                | (123,632)              | 123,632                            | -                          |
| Balance at 31 December 2017                                  | 16,694,186                       | 877,417                | 71,280,936                         | 88,852,539                 |
| <b>Consolidated</b>  | <b>Issued<br/>capital<br/>\$</b> | <b>Reserves<br/>\$</b> | <b>Retained<br/>profits<br/>\$</b> | <b>Total equity<br/>\$</b> |
| Balance at 1 July 2018                                       | 16,694,186                       | 580,614                | 83,054,664                         | 100,329,464                |
| Profit after income tax expense for the half-year            | -                                | -                      | 77,622,750                         | 77,622,750                 |
| Other comprehensive income for the half-year, net of tax     | -                                | (580,614)              | -                                  | (580,614)                  |
| Total comprehensive income for the half-year                 | -                                | (580,614)              | 77,622,750                         | 77,042,136                 |
| <i>Transactions with owners in their capacity as owners:</i> |                                  |                        |                                    |                            |
| Dividends paid (note 10)                                     | -                                | -                      | (81,200,442)                       | (81,200,442)               |
| Balance at 31 December 2018                                  | 16,694,186                       | -                      | 79,476,972                         | 96,171,158                 |

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**Rand Mining Limited**  
**Statement of cash flows**  
**For the half-year ended 31 December 2018**



|   | <b>Consolidated</b> |                    |
|---|---------------------|--------------------|
| <b>Note</b>   | <b>31 Dec 2018</b>  | <b>31 Dec 2017</b> |
|   | <b>\$</b>           | <b>\$</b>          |
| <b>Cash flows from operating activities</b>                           |                     |                    |
| Receipts from customers (inclusive of GST)                            | 79,505,205          | 24,283,300         |
| Payments to suppliers and employees (inclusive of GST)                | (13,402,242)        | (12,736,740)       |
| Dividends received  | 48,693,919          | 2,632,104          |
| Interest received   | 8,321               | 9,547              |
| Interest and other finance costs paid                                 | (40,844)            | (28,150)           |
| Income taxes paid   | (3,551,639)         | (4,053,033)        |
| Net cash from operating activities                                    | <u>111,212,720</u>  | <u>10,107,028</u>  |
| <b>Cash flows from investing activities</b>                           |                     |                    |
| Payments for property, plant and equipment                            | (1,932,325)         | (1,920,194)        |
| Payments for exploration and evaluation                               | (512,229)           | (673,634)          |
| Payments for mine development   | (3,259,251)         | (2,705,003)        |
| Proceeds from disposal of property, plant and equipment               | 36,318              | 14,822             |
| Net cash used in investing activities                                 | <u>(5,667,487)</u>  | <u>(5,284,009)</u> |
| <b>Cash flows from financing activities</b>                           |                     |                    |
| Repayment of borrowings   | (508,502)           | (288,866)          |
| Dividends paid  | 10 (81,200,442)     | (6,014,848)        |
| Cash advances to Tribune Resources Ltd                                | (1,000,000)         | (830,000)          |
| Cash advances from Tribune Resources Ltd                              | 1,000,000           | 830,000            |
| Net cash used in financing activities                                 | <u>(81,708,944)</u> | <u>(6,303,714)</u> |
| Net increase/(decrease) in cash and cash equivalents                  | 23,836,289          | (1,480,695)        |
| Cash and cash equivalents at the beginning of the financial half-year | <u>2,364,146</u>    | <u>3,984,339</u>   |
| Cash and cash equivalents at the end of the financial half-year       | <u>26,200,435</u>   | <u>2,503,644</u>   |

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

## **Note 1. General information**

The financial statements cover Rand Mining Limited as a Group consisting of Rand Mining Limited ('Company', 'parent entity' or 'Rand') and the entities it controlled at the end of, or during, the half-year (referred to in these financial statements as the 'Group'). The financial statements are presented in Australian dollars, which is Rand Mining Limited's functional and presentation currency.

Rand Mining Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite G1, 49 Melville Parade  
South Perth WA 6151

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 14 March 2019. The directors have the power to amend and reissue the financial statements.

## **Note 2. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for "for-profit" oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

### **New or amended Accounting Standards and Interpretations adopted**

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standard was most relevant to the Group:

#### ***AASB 15 Revenue from Contracts with Customers***

The Group has adopted AASB 15 from 1 July 2018 using the full retrospective approach on transition. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The Group adopted this standard from 1 July 2018 and there was no material impact on the transaction date, 1 July 2017, and balances recognised in the financial statements as a result of this adoption.

### Note 3. Operating segments

#### *Identification of reportable operating segments*

The Group has no operating segments as the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources are the Group as a whole.

#### *Geographical information*

The Group's revenue and non-current assets are all derived in Australia and, therefore, this information is detailed throughout the financial statements.

### Note 4. Revenue from contracts with customers

|               | <b>Consolidated</b> |                    |
|---------------|---------------------|--------------------|
|               | <b>31 Dec 2018</b>  | <b>31 Dec 2017</b> |
|               | \$                  | \$                 |
| Sales of gold | <u>79,424,150</u>   | <u>24,283,300</u>  |

#### *Disaggregation of revenue*

The disaggregation of revenue from contracts with customers is as follows:

|                                      | <b>Consolidated</b> |                    |
|--------------------------------------|---------------------|--------------------|
|                                      | <b>31 Dec 2018</b>  | <b>31 Dec 2017</b> |
|                                      | \$                  | \$                 |
| <i>Major product lines</i>           |                     |                    |
| Gold                                 | <u>79,424,150</u>   | <u>24,283,300</u>  |
| <i>Geographical regions</i>          |                     |                    |
| Australia                            | <u>79,424,150</u>   | <u>24,283,300</u>  |
| <i>Timing of revenue recognition</i> |                     |                    |
| Goods transferred at a point in time | <u>79,424,150</u>   | <u>24,283,300</u>  |

### Note 5. Share of profits of associates accounted for using the equity method

|                              | <b>Consolidated</b> |                    |
|------------------------------|---------------------|--------------------|
|                              | <b>31 Dec 2018</b>  | <b>31 Dec 2017</b> |
|                              | \$                  | \$                 |
| Share of profit - associates | <u>43,197,595</u>   | <u>5,442,598</u>   |

Share of profit - associates relates to the Company's investment in Tribune Resources Limited ('Tribune') from 1 July 2018 to 25 November 2018. From 26 November 2018 the Company did not have significant interest in Tribune. Refer to note 7.

A gain of \$20,816,664 was recognised in profit or loss, representing the difference between the fair value of the Tribune shares recognised as a financial asset at fair value through profit or loss and the carrying value on ceasing equity accounting for the investment in associate.

## Note 6. Expenses

|  | Consolidated<br>31 Dec 2018<br>\$ | 31 Dec 2017<br>\$ |
|--|-----------------------------------|-------------------|
| Profit before income tax includes the following specific expenses: |                                   |                   |
| <i>Depreciation</i>  |                                   |                   |
| Mining plant and equipment   | 975,121                           | 695,679           |
| <i>Amortisation</i>  |                                   |                   |
| Mine development   | 1,295,357                         | 765,021           |
| Total depreciation and amortisation                                | 2,270,478                         | 1,460,700         |
| <i>Finance costs</i>   |                                   |                   |
| Interest and finance charges paid/payable                          | 40,844                            | 28,150            |
| <i>Rental expense relating to operating leases</i>                 |                                   |                   |
| Minimum lease payments   | 31,240                            | 51,278            |
| <i>Superannuation expense</i>                                      |                                   |                   |
| Defined contribution superannuation expense                        | 15,124                            | 16,314            |

## Note 7. Current assets - financial assets at fair value through profit or loss

|   | Consolidated<br>31 Dec 2018<br>\$ | 30 Jun 2018<br>\$ |
|---|-----------------------------------|-------------------|
| Ordinary shares - held for trading  | 52,905,287                        | -                 |
| <i>Reconciliation</i>   |                                   |                   |
| Reconciliation of the fair values at the beginning and end of the current and previous financial half-year are set out below: |                                   |                   |
| Opening fair value  | -                                 | -                 |
| Transfer from investments accounted for using the equity method (note 8)  | 42,920,066                        | -                 |
| Gain on loss of significant influence over associate  | 20,816,665                        | -                 |
| Other comprehensive income  | (580,614)                         | -                 |
| Deferred tax liability  | (248,836)                         | -                 |
| Fair value of financial assets held of trading  | 62,907,281                        | -                 |
| Change in fair value of financial assets charged to profit or loss  | (10,001,994)                      | -                 |
| Fair value of financial assets held of trading as at 31 December 2018   | 52,905,287                        | -                 |

Refer to note 11 for further information on fair value measurement.

On 26 November 2018, under divestment orders by the Takeovers Panel made on 21 November 2018, 12,025,519 shares held by the Group in Tribune were vested in ASIC to sell and be held on trust for the Group pending such sale. The Group is no longer the registered holder of these shares and has no relevant interest under section 608(1) of the Corporations Act 2001. Notwithstanding the shares are held in trust by ASIC, they have been recognised as an asset at fair value through profit or loss. Since period end, 11,061,695 shares have been sold. Refer to Note 13 for details.

#### Note 7. Current assets - financial assets at fair value through profit or loss (continued)

The Group currently holds 1,135,000 shares in Tribune (representing a 2.26% interest in Tribune) that were acquired by the Group in January 2014 and are not part of the divestment orders made by the Takeovers Panel in November 2018. These shares were deemed 'void shares' in accordance with section 259C of the Corporations Act 2001, as the Company was a subsidiary of Tribune at the time the shares were purchased. The Company are currently seeking a court order to clarify the position of the void shares to enable the shares to be sold and the proceeds of sale to be distributed to the Company. The directors have reflected the void shares as current assets in the financial statements.

As at 31 December 2018, the fair value of the void shares was recognised at \$4,562,700. As at the date of this report, the court has yet to decide on this matter and accordingly uncertainty exists in relation to the ability of the Company to enable these shares to be sold and the proceeds of the sale be distributed to the Company.

#### Note 8. Non-current assets - investments accounted for using the equity method

|  | <b>Consolidated</b> |                    |
|--|---------------------|--------------------|
|  | <b>31 Dec 2018</b>  | <b>30 Jun 2018</b> |
|  | <b>\$</b>           | <b>\$</b>          |
| Investment in associate - Tribune Resources Limited  | -                   | 48,416,390         |
| <i>Reconciliation</i>  |                     |                    |
| Reconciliation of the carrying amounts at the beginning and end of the current and previous financial half-year are set out below: |                     |                    |
| Opening carrying amount  | 48,416,390          | 39,956,735         |
| Profit after income tax  | 43,197,595          | 11,568,700         |
| Other comprehensive income   | -                   | (476,941)          |
| Dividend received  | (48,693,919)        | (2,632,104)        |
| Closing carrying value as at the date significant influence was lost   | 42,920,066          | -                  |
| Transferred to financial assets at fair value through profit or loss (note 7)  | (42,920,066)        | -                  |
| Closing carrying amount  | -                   | 48,416,390         |

Refer to note 7 for the divestment order made by the Takeovers Panel and note 5 for the gain on derecognition of the investment in associate.

#### Interests in associates

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the Group are set out below:

| <b>Name</b>               | <b>Principal place of business /<br/>Country of incorporation</b> | <b>Ownership interest</b> |                    |
|---------------------------|---|---------------------------|--------------------|
|                           |   | <b>31 Dec 2018</b>        | <b>30 Jun 2018</b> |
|                           |   | <b>%</b>                  | <b>%</b>           |
| Tribune Resources Limited | Australia   | -                         | 26.32%             |

## Note 9. Non-current assets - financial assets at fair value through profit or loss

|  | Consolidated<br>31 Dec 2018<br>\$ | 30 Jun 2018<br>\$ |
|--|-----------------------------------|-------------------|
| Listed securities - at fair value through profit or loss   | 240,472                           | 1,046,139         |
| <i>Reconciliation</i>  |                                   |                   |
| Reconciliation of the carrying amounts at the beginning and end of the current and previous financial half-year are set out below: |                                   |                   |
| Opening carrying amount  | 1,046,139                         | -                 |
| Transfer from available-for-sale financial assets on early adoption of AASB 9  | -                                 | 267,188           |
| Additions  | -                                 | 550,000           |
| (Loss)/gain on revaluation to profit or loss   | (805,667)                         | 228,951           |
| Closing carrying amount  | 240,472                           | 1,046,139         |

## Note 10. Equity - dividends

Dividends paid during the financial half-year were as follows:

|   | Consolidated<br>31 Dec 2018<br>\$ | 31 Dec 2017<br>\$ |
|---|-----------------------------------|-------------------|
| A dividend of 10 cents per ordinary share declared for the year ended 30 June 2018 and paid to shareholders on 14 September 2018.     | 6,014,848                         | -                 |
| A special dividend of \$1.25 per ordinary share declared for the year ended 30 June 2018 and paid to shareholders on 12 October 2018. | 75,185,594                        | -                 |
| Maiden dividend of 10 cents per ordinary share declared for the year ended 30 June 2017 and paid to shareholders on 31 July 2017      | -                                 | 6,014,848         |
|   | 81,200,442                        | 6,014,848         |

Other than the above, there were no dividends recommended or declared during the current financial half-year.

## Note 11. Fair value measurement

### Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

|                                   | Level 1<br>\$ | Level 2<br>\$ | Level 3<br>\$ | Total<br>\$ |
|-----------------------------------|---------------|---------------|---------------|-------------|
| <b>Consolidated - 31 Dec 2018</b> |               |               |               |             |
| <i>Assets</i>                     |               |               |               |             |
| Listed securities - Tribune       | 52,905,287    | -             | -             | 52,905,287  |
| Listed securities - other equity  | 240,472       | -             | -             | 240,472     |
| Total assets                      | 53,145,759    | -             | -             | 53,145,759  |

**Note 11. Fair value measurement (continued)**

| <b>Consolidated - 30 Jun 2018</b> | <b>Level 1<br/>\$</b> | <b>Level 2<br/>\$</b> | <b>Level 3<br/>\$</b> | <b>Total<br/>\$</b> |
|-----------------------------------|-----------------------|-----------------------|-----------------------|---------------------|
| <i>Assets</i>                     |                       |                       |                       |                     |
| Listed securities - other equity  | 1,046,139             | -                     | -                     | 1,046,139           |
| Total assets                      | 1,046,139             | -                     | -                     | 1,046,139           |

There were no transfers between levels during the financial half-year.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

**Note 12. Commitments**

|   | <b>Consolidated<br/>31 Dec 2018<br/>\$</b> | <b>30 Jun 2018<br/>\$</b> |
|---|--|---------------------------|
| <i>Capital commitments</i>  |  |                           |
| Committed at the reporting date but not recognised as liabilities, payable: |  |                           |
| Property, plant and equipment   | 919,753                                    | 845,403                   |
| <i>Lease commitments - operating</i>  |  |                           |
| Committed at the reporting date but not recognised as liabilities, payable: |  |                           |
| Within one year   | 401,224                                    | 401,178                   |
| One to five years   | 1,515,555                                  | 1,515,417                 |
|   | <u>1,916,779</u>                           | <u>1,916,595</u>          |
| <i>Lease commitments - finance</i>  |  |                           |
| Committed at the reporting date and recognised as liabilities, payable:     |  |                           |
| Within one year   | 1,053,072                                  | 802,440                   |
| One to five years   | 923,888                                    | 876,147                   |
| Total commitment  | 1,976,960                                  | 1,678,587                 |
| Less: Future finance charges  | (81,468)                                   | (106,785)                 |
| Net commitment recognised as liabilities                                    | <u>1,895,492</u>                           | <u>1,571,802</u>          |
| Representing:   |  |                           |
| Lease liability - current   | 994,411                                    | 748,948                   |
| Lease liability - non-current   | 901,081                                    | 822,854                   |
|   | <u>1,895,492</u>                           | <u>1,571,802</u>          |



**Note 13. Events after the reporting period**

In relation to the divestment shares, as notified on the Australian Securities Exchange ('ASX'), the following have occurred since the end of the reporting period:

- 11,045,101 shares in Tribune Resources Limited were sold on 22 February 2019 for a value of \$41,253,452;
- 10,000 shares in Tribune Resources Limited were sold on 28 February 2019 for a value of \$40,975;
- 1,000 shares in Tribune Resources Limited were sold on 1 March 2019 for a value of \$4,100;
- 2,018 shares in Tribune Resources Limited were sold on 5 March 2019 for a value of \$8,274;
- 1,500 shares in Tribune Resources Limited were sold on 7 March 2019 for a value of \$6,161; and
- 2,076 shares in Tribune Resources Limited were sold on 8 March 2019 for a value of \$8,470.

In total 11,061,695 shares were sold for a total of \$41,321,432. The fair value of these shares at the reporting date was \$44,468,014. A fair value loss of \$3,146,582 will be recognised in the next reporting period.

As at the date of signing this report, there are 963,824 Tribune shares that remain to be sold in accordance with the Panel's orders.

No other matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



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Anthony Billis  
Director

14 March 2019  
Perth

# Independent Auditor's Review Report

## To the Members of Rand Mining Limited

### Report on the review of the half year financial report

#### Conclusion

We have reviewed the accompanying half year financial report of Rand Mining Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Rand Mining Limited does not give a true and fair view of the financial position of the Group as at 31 December 2018, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

#### Emphasis of Matter - Financial Assets at Fair Value Through Profit or Loss

We draw attention to Note 7 of the financial report, which refers to the Company holding 1,135,000 shares with a value of \$4,562,700 in Tribune Resources Ltd. These shares are not part of the divestment orders made by the Takeovers Panel in November 2018. The Company is currently seeking a court order to clarify the position of these shares to enable the shares to be sold and the proceeds of sale to be distributed to the Company.

As at the date of this report, the court has yet to decide on this matter and accordingly uncertainty exists in relation to the ability of the Company to enable these shares to be sold and the proceeds of the sale be distributed to the Company. Our conclusion is not modified in respect of this matter.

### Directors' responsibility for the half year financial report

The Directors of the Company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Rand Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



P W Warr  
Partner – Audit & Assurance

Perth, 14 March 2019