



**RUM JUNGLE RESOURCES LTD**  
**ABN 33 122 131 622**  
**REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

This half-year financial report is to be read in  
conjunction with the financial report for the year ended  
30 June, 2011



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## DIRECTORS' REPORT

Your Directors submit their report, together with the financial report of Rum Jungle Resources Limited, for the half-year ended 31 December, 2011 and the independent auditor's review report thereon. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

### Directors

The names of the Directors in office at any time during or since the end of the period and until the date of this report are as below.

Name:	Status	Period of Directorship
John Roberts	Chairman	Director since 31 May, 2007
David W Muller	Managing Director	Director since 13 October, 2006
Robert J Annells	Non-Executive Director	Director since 10 October, 2006

### Review of Operations

During the six months to 31 December 2011, Rum Jungle Resources Ltd continued its strategic work of minerals exploration, resource definition and evaluation, and project acquisition. The Company incurred a net loss after tax of \$584,376 during the period, compared with a net loss after tax of \$155,192 during the same period in the preceding year.

## HIGHLIGHTS

### Phosphate

- The 2011 campaigns of resource definition and extensional RC drilling and diamond core drilling were completed at Barrow Creek 1 phosphate deposit
- Infill drilling confirmed thick zones of high grade mineralisation in excess of 20% P<sub>2</sub>O<sub>5</sub>
- The Barrow Creek 1 total resource (JORC Inferred and Indicated) was increased to 253 million tonnes at an average grade of 15% P<sub>2</sub>O<sub>5</sub> using a 10% P<sub>2</sub>O<sub>5</sub> cut-off
- Five new Exploration Licences were applied for to the northwest of Barrow Creek 1; this adds to a strategic holding of the most prospective phosphate ground closest to the railway
- Reconnaissance phosphate exploration was undertaken on four ELs
- Additional regional phosphate exploration and further intensive resource definition drilling is being planned for Barrow Creek 1 and Ammaroo 1 deposits

### Potash

- Eight vibracore drill holes and four sonic core drill holes were completed at Karinga Creek potash project during the reporting period
- The highest potassium, magnesium and sulfate values yet recorded in Karinga lakes brine were measured during pump testing
- Work is in progress to determine a JORC resource for potassium sulfate in the Karinga Creek potash project

## AMMAROO PHOSPHATE PROJECT

The Ammaroo Phosphate Project includes 12 granted exploration licenses and applications which cover a 175 km strike of the highly prospective Georgina Basin palaeoshoreline where it connects to the Wiso Basin. Phosphate occurs in siltstone of the Cambrian marine Arthur Creek Formation. The Ammaroo Phosphate Project contains the Barrow Creek 1 deposit and the Ammaroo 1 prospect.

## Barrow Creek 1 Deposit

Rum Jungle Resources Ltd discovered the Barrow Creek 1 phosphate deposit on EL 25184 in 2010. The deposit is attractive in comparison to other Georgina Basin deposits because it is only 80 km from the Darwin-Alice Springs railway; and it is high grade and relatively shallow.

### Resource Definition

The 2011 campaign of resource-definition RC drilling at Barrow Creek 1 phosphate was completed with a total of 470 holes drilled for 14,778 m during the reporting period. The 2011 campaign of diamond core drilling was completed on the Barrow Creek 1 phosphate deposit on EL 25184. PQ diameter coring twinned previous RC holes to check geochemistry and to collect samples for density measurements.

An updated resource estimate for Barrow Creek 1 was released to the market on December 5. At a 10% P<sub>2</sub>O<sub>5</sub> cut-off, the total resource (Inferred and Indicated) is 253 million tonnes at an average grade of 15% P<sub>2</sub>O<sub>5</sub>. At a 15% P<sub>2</sub>O<sub>5</sub> cut-off, the total resource (Inferred and Indicated) is 97 million tonnes at an average grade of 18% P<sub>2</sub>O<sub>5</sub>. This upgraded resource was estimated by MPR Geological Consultants Pty Ltd in accordance with the Joint Ore Reserves Committee Code using data from 843 RC drill holes and 32 diamond drill holes for a total of 25,428 m. Indicated resources include areas drilled at 100 m spacing or closer. Inferred resources are drilled at 200 m and 400 m spacing. The estimates cover an area of 6.8 km east-west by 5.1 km north-south. The average thickness of the deposit is 5.9 m. The average depth to the top of mineralisation is 24 m, but some areas are as shallow as 3 m. The shallow portion currently in the Indicated category will provide easy access for an early start to mining. The density of the deposit has been estimated at 1.7 t/bcm based on immersion density measurements from costean samples and diamond core samples.

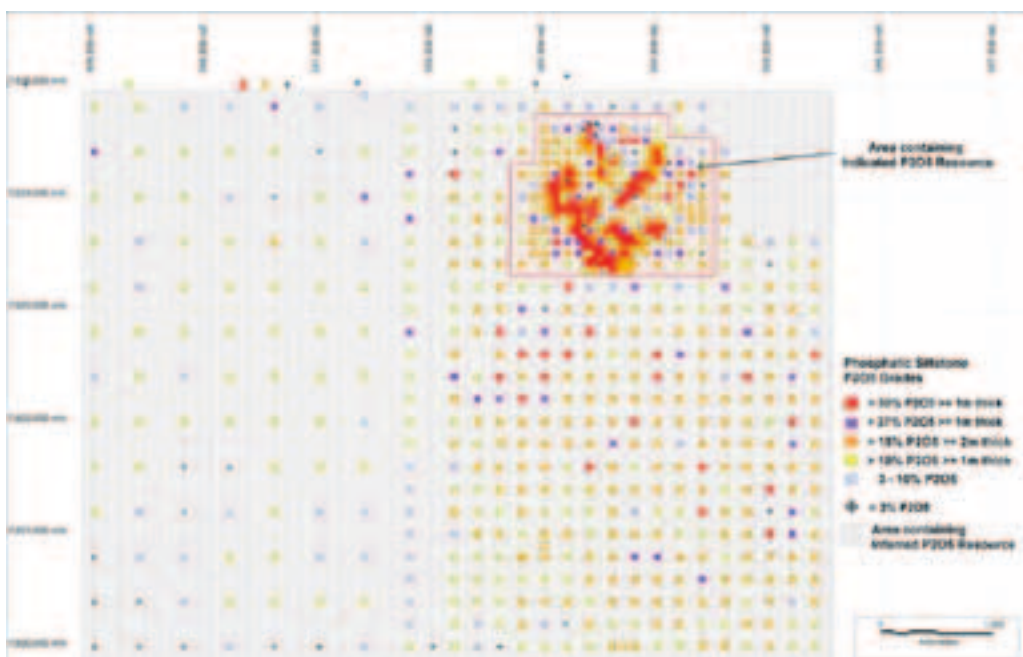


Figure 1 Resource definition drilling at Barrow Creek 1

Some 30,000 m of drilling planned for 2012 is designed to close off the deposit and to infill part of the existing Barrow Creek 1 grid to increase the resource in the Indicated category. This includes more close-spaced drilling of the shallower, higher-grade parts of the overall deposit. Planning is also underway to undertake trial mining.

### *Geochemical Quality Control*

A total of 425 diamond core samples was analysed using the standard IC4 geochemical suite. These data were statistically cross-checked against the IC4 RC drilling at the same locations as a measure of quality assurance. Diamond core duplicates were also analysed by XRF methods to double check the best assay method (IC4 vs XRF) and to provide a better statistical correlation between the two techniques. Duplicate samples from RC resource drilling were analysed by both IC4 and XRF methods.

### *Mineralogy*

Bulk samples from costeans were split into various size fractions for analysis using QEM-scan to determine mineralogy, grain size distributions and mineral liberation characteristics. This work is critical to beneficiation testing, especially with respect to the liberation of sub-millimetre scale inclusions of gangue minerals in the ore. The results are being incorporated in the overall beneficiation flowchart.

### *Bulk Density and Rock Property Testing*

A total of 58 PQ core samples was sent for bulk density (specific gravity, SG) determination. The core samples provided the definitive SG data for the conversion of volume to tonnes for the upgrade of the JORC compliant resource. They were also compared to the more than 70 determinations from three bulk samples of more-weathered ore from shallow costeans. All density samples were analysed for various compounds including  $P_2O_5$  and  $SiO_2$ . It appears that there is no relationship between density and phosphate grade or between density and the content of deleterious compounds.

A bulk sample from BCRC138 was sent for rock property testing to give some indication as to the applicability of various mining techniques and the suitability of different types of equipment. A large mining equipment company in Western Australia and rock specialists from the USA conducted point load tests. It was estimated that using a laser-guided downward-cutting continuous-surface-excavating machine (like a Vermeer TL1255), each machine could mine between 300 and 600 tonnes per hour at very competitive costs and without the need to drill and blast. Other rock property testing is underway at AMDEL- Bureau Veritas and samples from the core drilling are being tested for JK drop point.

### *Beneficiation Testing*

Beneficiation testing of Barrow Creek 1 phosphate bulk samples continued during the reporting period. A bulk sample of typical material (from BCRC138) was tested using various size fractions. Each size fraction was further subsetting by assay for beneficiation testing. Core samples  $>13\% P_2O_5$  were similarly tested. AMDEL - Bureau Veritas continued comminution testing using standard industry practice and parameters for rod and ball mill testing followed by basic flotation. Desliming by hydrocyclone was also tested on several of the size fractions from the BCRC138 5 - 7m sample. Work is continuing and will be collated and interpreted by expert consultants.

### *Barrow Creek 1 Camp*

A second-hand containerised 20-person camp was purchased. It consists of six 40 foot custom-made units. The camp was set up on geologically-sterile ground 3 km north of the old exploration camp site and is now fully functional.

### **Ammaroo 1 Prospect**

The Ammaroo 1 phosphate prospect (Figure 2) was discovered in 2009 and currently has been tested with 19 exploration drill holes. The previous drilling was carried out over a six kilometre east-west rectangular grid and remains open in various directions with  $>10\%$  phosphate intervals in excess of 10 m thickness sporadic over several kilometres. There was no on-ground work during the reporting period. However, it is planned to drill this prospect at 400 m x 400 m spacing during 2012 with the intention of establishing a maiden Inferred Resource. Larger tonnages are likely to be defined by step out drilling.



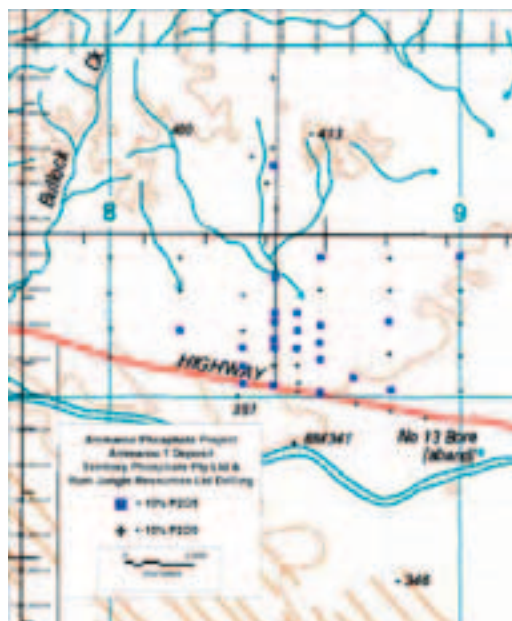


Figure 2: Widespread distribution of phosphate at Ammaroo 1. Scale bar equals two kilometres

### Regional Phosphate Exploration

During the reporting period, reconnaissance exploration RAB drilling for phosphate in the overall Ammaroo Project amounted to 2446 m in 55 holes along existing fence-lines and station tracks on ELs 25183, EL 25184, EL 28116 and EL 28117. No significant phosphate was intersected, probably because the prospective interval had been eroded and/or these areas are too far from the edge of the basin. Further extensive greenfields phosphate exploration drilling is being planned for 2012.



Figure 3: Reconnaissance exploration drilling for phosphate completed during the quarter. Holes are marked by stars

## **Site Visit by Korean Delegation and Interest from Other Parties**

A Korean delegation including representatives from KORES, Dongbu Metal, Dongbu Hanong, and Daewoo visited the Rum Jungle Resources' office and the Ammaroo Phosphate Project between November 22 and 25. Other interested parties from Canada, Japan and China were given presentations during the reporting period. Authority was also given to agents on behalf of the Company to make presentations to prospective Indian customers.

## **Phosphate EL Applications**

Five new EL applications were made to acquire ground to the northwest of Barrow Creek 1 and facilitate testing the Cambrian shoreline corridor to the railway.

## **KARINGA CREEK POTASH (RUM 71%, RWD 29%)**

### **RUM and Reward Minerals Ltd JV. RUM is operator, sole risk funding and increasing equity**

The Rum Jungle Resources and Reward JV is investigating the subsurface potassium- and magnesium-rich brines in a chain of dozens of dry playa lakes in the southern Northern Territory. These brines could be used for the production of various fertiliser minerals. The water-soluble potassium-bearing fertiliser mineral salts, loosely called "potash", include potassium sulfate (SOP) which is usually a manufactured product, and potassium magnesium sulfate (schoenite or leonite) which may be produced by staged solar evaporation. These are premium-quality fertilisers ideally suited to Australian soils and currently entirely imported from overseas.

The 2011 drilling campaign was completed in the Karinga Creek Lakes Potash Project during the reporting period. Sonic drilling now totals 55 holes for 174.25 m, with an average depth of 3.2 m. This is in addition to eight earlier experimental vibracore holes. Drilling has confirmed that brine is hosted in the Cenozoic lake sediments, the underlying fractured/weathered Devonian siltstone, or both one atop the other. Lyndavale West Lake contains the thickest Cenozoic lake sediments, which are about 3.5 m. thick. The fractured siltstone aquifer below the clay layer was found to be widespread and was intersected under many of the lakes (eg Eridunda Boundary, Pulcura, Corkwood North, Miningere, Curtin Boundary, Skinny, and Curtin Island). A dozen piezometers were installed to enable pump testing and sampling of brines from both aquifers. Brine assays were very encouraging with 22,000 mg/l magnesium and 79,000 mg/l sulfate being the highest recorded in the project to date. Samples submitted to test the potential risk of acid sulfate formation indicated that organic rich muds and gypsum sands in some lake sediments do have the potential to produce acid sulfate. However, this is limited to only four of the lakes tested so far and so it appears that any problems which might be associated with acid sulfate generation can be managed.

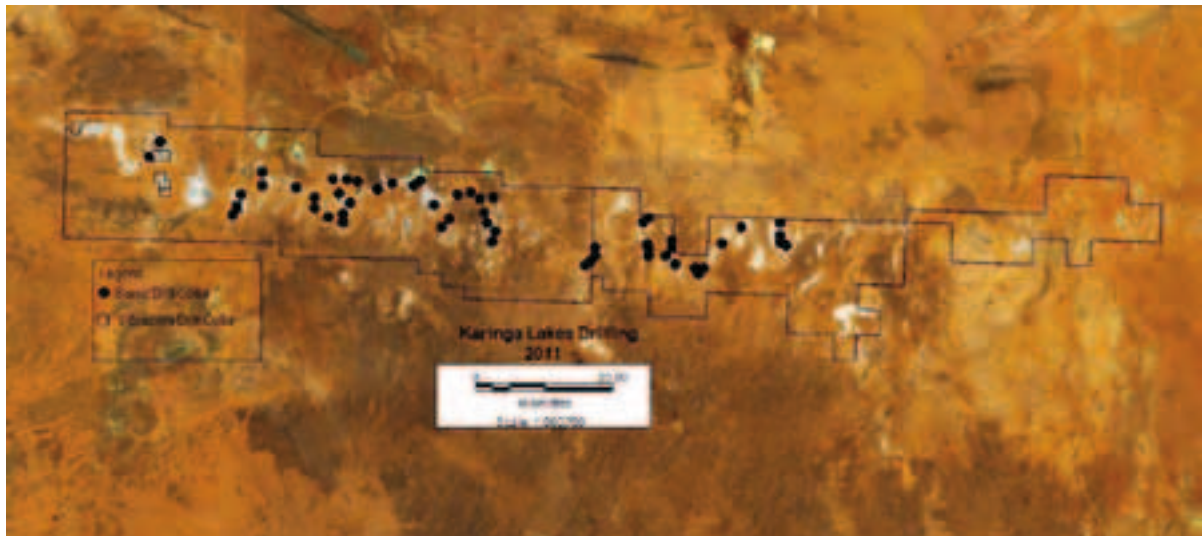


Figure 4: All vibracore and sonic core drill holes to date in the Karinga Creek Project



Figure 5. Vibracore drilling at Karinga Creek





Figure 6. Sonic drilling and piezometer installation at Karinga Creek

Drill core logging, sample processing and laboratory testing of brines and sediments were conducted during the reporting period. Independent consultants Geos Mining from Sydney have been contracted to do the resource estimation for a maiden inferred resource estimation which should be announced in the first quarter of 2012.

### **ROSS RIVER / ALICE SPRINGS PROJECT (RUM 100%)**

This project area has defined targets for copper, nickel-PGE, iron and uranium mineralisation and untested magnetic anomalies under cover. No field work was conducted during the reporting period but a work program was prepared and sent to both the Department of Resources and the Central Land Council. Approvals should allow a comprehensive drill program during 2012.

### **PHILLIP CREEK / TENNANT CREEK PROJECT (RUM & Uranium West)**

Three angled RC holes for 204 m were drilled at Phillip Creek / Tennant Creek Project to follow up previous Rum Jungle Resources' drilling which intersected anomalous base metal and silver in a breccia and dolerite. Laboratory results from the last round of drilling were not sufficiently encouraging to justify further work and this last remaining exploration licence in the Tennant Creek Project was handed back to Uranium West Pty Ltd.

### DALY RIVER / TOP END PROJECT (RUM 100%)

Previous rock chip sampling had suggested the presence of anomalous copper in the Berinka Volcanics adjacent to the Giants Reef Fault in EL 27586. A helicopter was used to access the rugged western portions of the EL. Foot traverses were made from each landing site to prospect and collect further samples. A box-work gossan was located but otherwise there were relatively few visible indications of mineralisation. Twenty-three reconnaissance samples were submitted for assay. The best results in separate samples were 29 ppm Cu, 220 ppb Au, 95 ppm Ni, 365 ppm Zn, 15 ppm Pb and 0.3 ppm Ag.

### MOUNT BUNDEY / TOP END PROJECT (RUM 100% & earning 70% in EL 25165)

Twelve rock chips taken in the Donkey Hill area in northeastern-most EL 24468 were encouraging with a peak gold result of 9.4 g/t. A Notice of Intent was signed with Uranex Ltd over a tenement adjoining the historic Donkey Hill gold prospect to the northeast of Rum Jungle Resources' title. This gives Rum Jungle Resources Ltd access to the entire Annaburroo Dome. A systematic soil sampling survey and has been planned for 2012. This will be followed by drilling, subject to approvals.

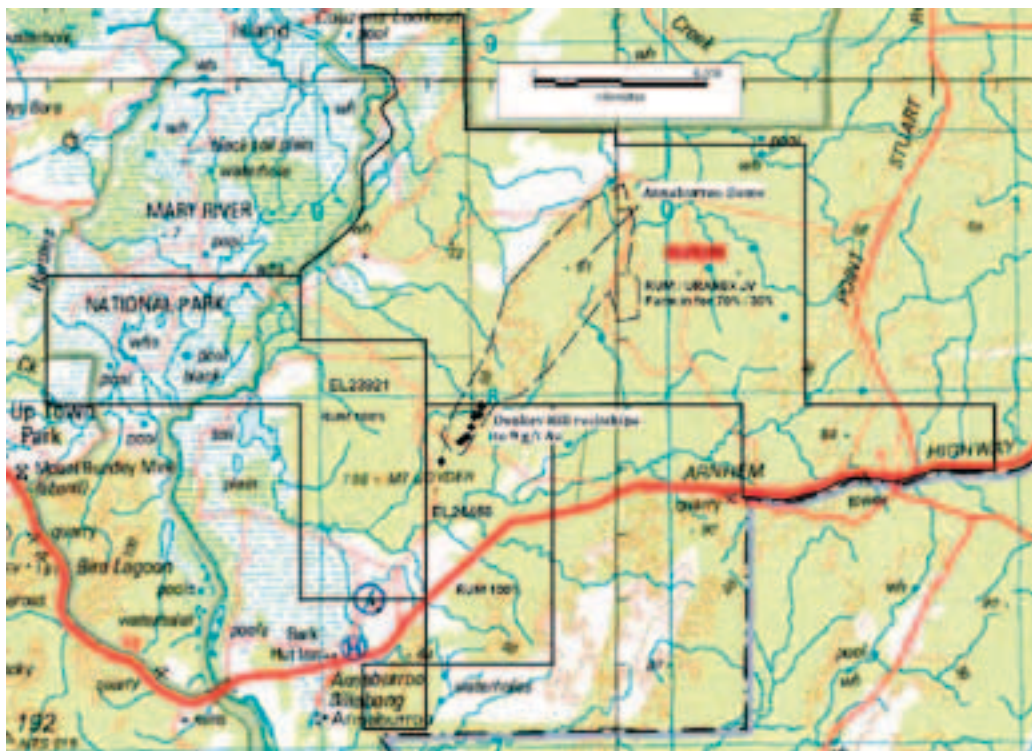


Figure 7: Annaburroo Dome (dashed) in relation to the existing RUM EL 24468 which contains RUM's Donkey Hill rockchips and the area to the north covered by the RUM / Uranex JV farm-in

### DAJARRA, QUEENSLAND (RUM 100%)

This project, centred about 75 km southwest of Mount Isa, is targeting albitite-hosted uranium similar to Skal, Valhalla and Sulieman Creek; copper-cobalt and other base metals in the Western Succession of the Mount Isa Inlier. One EPM may have also some phosphate potential. The five Dajarra EPMs 18560-18564 (Figure 8) were granted during the reporting period. Landholders were formally notified and an Ancillary Agreement for Exploration was signed with Traditional Owners. All of the Dajarra EPMs fall within the Georgina and Diamantina Basins Wild River Declaration Proposal, but only the western-most EPM 18560 is directly affected. It contains both a “nominated” waterway and a proposed “high protection area” which could potentially limit the types of activities allowed over a portion of the waterways and surrounds. During the reporting period, desktop target generation was undertaken based on a high-resolution airborne magnetic/radiometric survey acquired at 100 m spacing and a nominal 50 m height (Figure 9). Several strong radiometric and magnetic anomalies were defined by the airborne survey and these will be further investigated during 2012.



Figure 8: Location of Dajarra EPMs



Figure 9: High resolution magnetic data superimposed on regional geology - Dajarra Queensland.

### **Auditor's Independence**

Section 307C of the Corporations Act 2001 requires our auditors to provide the Directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 23 and forms part of this Directors' Report for the period ended 31 December 2011.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to Section 306 (3) of the *Corporations Act 2001*.



**D W Muller MSc, MBA, FAusIMM**  
**Managing Director**

*The information in this report that relates to exploration results, mineral resources or ore reserves is based on information compiled by Mr David Muller, who is a Fellow of the Australasian Institute of Mining and Metallurgy.*

*Mr Muller is Managing Director and a consultant to the Company. Mr Muller has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".*

*Mr Muller consents to the inclusion in this report on the matters based on his information in the form and context in which it appears.*

*This release may contain forward-looking statements. These forward-looking statements are not historical facts. Rather, these forward-looking statements are based on the current beliefs, interpretations, assumptions, expectations, estimates, and projections. Actual results could differ materially from a conclusion, forecast or projection in the forward-looking information.*

**Further Information call Rum Jungle Resources Ltd Office Darwin: 08 89420385**



## RUM JUNGLE RESOURCES LTD

ABN 33 122 131 622

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Note	Consolidated	
		Half-Year Ended 31/12/2011 \$'000	Half-Year Ended 31/12/2010 \$'000
Revenue		62	357
Depreciation		(16)	(15)
Other expenses		(630)	(497)
Loss before income tax expense		(584)	(155)
Income tax expense		-	-
<b>Net loss after income tax expense</b>		<b>(584)</b>	<b>(155)</b>
<b>Earnings per share:</b>		<i>Cents</i>	<i>Cents</i>
Basic earnings per share		(0.36)	(0.12)
Diluted earnings per share		(0.36)	(0.12)

The consolidated statement of comprehensive income is to be read in conjunction with the notes to the consolidated interim financial report.

**RUM JUNGLE RESOURCES LTD**  
**ABN 33 122 131 622**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2011**

	Note	Consolidated	
		Half-Year Ended 31/12/2011 \$'000	Year Ended 30/06/2011 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	2	4,552	8,680
Trade and other receivables		212	262
<b>Total Current Assets</b>		<b>4,764</b>	<b>8,942</b>
<b>Non-Current Assets</b>			
Deferred exploration expenditure	3	21,710	19,049
Security deposits		519	289
Property, plant and equipment		958	439
<b>Total Non-Current Assets</b>		<b>23,187</b>	<b>19,777</b>
<b>TOTAL ASSETS</b>		<b>27,951</b>	<b>28,719</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		79	317
Short-term provisions		77	47
<b>Total Current Liabilities</b>		<b>156</b>	<b>364</b>
<b>TOTAL LIABILITIES</b>		<b>156</b>	<b>364</b>
<b>NET ASSETS</b>		<b>27,795</b>	<b>28,355</b>
<b>EQUITY</b>			
Contributed equity	4	31,486	31,462
Share-based payments reserve		2,502	2,502
Accumulated losses		(6,193)	(5,609)
<b>TOTAL EQUITY</b>		<b>27,795</b>	<b>28,355</b>

The consolidated statement of financial position is to be read in conjunction with the notes to the consolidated interim financial report.

## RUM JUNGLE RESOURCES LTD

ABN 33 122 131 622

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Consolidated			
	Issued Capital \$'000	Share-based Payments Reserve \$'000	Accumulated Losses \$'000	Total Equity \$'000
Shares issued at 1 July, 2011	31,462	2,502	(5,609)	28,355
Employee share options exercised	24	-	-	24
Loss after tax for the period	-	-	(584)	(584)
<b>Balance at 31 December 2011</b>	<b>31,486</b>	<b>2,502</b>	<b>(6,193)</b>	<b>27,795</b>
	\$'000	\$'000	\$'000	\$'000
Shares issued at 1 July, 2010	16,544	2,332	(2,369)	16,507
Share issue – 20 October, 2010	250	-	-	250
Employee share options expired	-	(115)	-	(115)
Loss after tax for the period	-	-	(155)	(155)
<b>Balance at 31 December 2010</b>	<b>16,794</b>	<b>2,217</b>	<b>(2,524)</b>	<b>16,487</b>

The statement of changes in equity is to be read in conjunction with the notes to the consolidated interim financial report.

**RUM JUNGLE RESOURCES LTD**  
**ABN 33 122 131 622**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

	Consolidated	
	Half-Year Ended 31/12/2011 \$'000	Half-Year Ended 31/12/2010 \$'000
<b>Cash flow from operating activities</b>		
Interest and subsidies received	93	478
Payments to suppliers, employees and others	(518)	(430)
<b>Net cash flows from operating activities</b>	<b>(425)</b>	<b>48</b>
<b>Cash flows from investing activities</b>		
Purchase of non-current assets	(659)	(6)
Proceeds from sale of non-current assets	50	
Payments for exploration expenditure	(2,889)	(1,044)
Payment of security bond	(231)	(114)
Recovery of security bonds	2	0
<b>Net cash flows from investing activities</b>	<b>(3,727)</b>	<b>(1164)</b>
<b>Cash flows from financing activities</b>		
Payments of share issue costs	24	0
<b>Net cash flows from financing activities</b>	<b>24</b>	<b>0</b>
<b>Net increase/(decrease) in cash held</b>	<b>(4,128)</b>	<b>(1,116)</b>
Cash and cash equivalents at the beginning of the half year	8,680	4,738
<b>Cash and cash equivalents at end of the half year</b>	<b>4,552</b>	<b>3,622</b>

The consolidated statement of cash flows is to be read in conjunction with the notes to the consolidated interim financial report.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

**NOTE 1: BASIS OF PREPARATION**

These general purpose financial statements for the half-year reporting period ended 31 December, 2011 have been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Rum Jungle Resources Ltd and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements for the year ended 30 June, 2011, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for the adoption of the following new and revised Accounting Standards.

**Rounding amounts**

The company is of a kind referred to in ASIC Class Order CO98/100 and in accordance with that Class Order, amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

**Accounting Standards not previously applied**

The Group has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current interim period. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

***Presentation of Financial Statements***

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:-

- the replacement of Income Statement with Statement of Comprehensive Income. Items of income and expense not recognised in profit and loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the Statement of Changes in Equity;
- the adoption of the single statement approach to the presentation of the Statement of Comprehensive Income;
- other financial statements are renamed in accordance with the Standard; and
- presentation of a third Statement of Financial position as at the beginning of a comparative financial year where relevant amounts have been affected by a retrospective change in accounting policy of material reclassification of items.



### ***Operating Segments***

From 1 July 2009, operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group's chief operating decision maker which, for the Group, is the Board of Directors. In this regard, such information is provided using different measures to those used in preparing the Statement of Comprehensive Income and Statement of Financial Position. Reconciliations of such management information to the statutory information contained in the interim financial report have been included.

As a result of the adoption of the revised AASB 8, certain cash generating units have been redefined having regard to the requirements of AASB 136: Impairment of Assets.

### ***Business Combinations and Consolidation Procedures***

Revised AASB 3 is applicable prospectively from 1 July 2008. Changes introduced by this Standard, or as a consequence of amendments to other Standards relating to business combinations which are expected to affect the Group, include the following:

- All business combinations, including those involving entities under common control, are accounted for by applying the acquisition method which prohibits the recognition of contingent liabilities of the acquiree at acquisition date that do not meet the definition of a liability. Costs incurred that relate to the business combination are expensed instead of comprising part of the goodwill acquired on consolidation. Changes in the fair value of contingent consideration payable are not regarded as measurement period adjustments and are recognised through profit or loss unless the change relates to circumstances which existed at acquisition date.
- Unrecognised deferred tax assets of the acquiree may be subsequently realised within 12 months of acquisition date on the basis of facts and circumstances existing at acquisition date with a consequential reduction in goodwill. All other deferred tax assets subsequently recognised are accounted for through profit or loss.
- The proportionate interest in losses attributable to non-controlling interests is assigned to non-controlling interests irrespective of whether this results in a deficit balance. Previously, losses causing a deficit to non-controlling interests were allocated to the parent entity.
- Where control of a subsidiary is lost, the balance of the remaining investment account shall be remeasured to fair value at the date that control is lost.

### ***Revenue Recognition***

Dividends received from a subsidiary, joint venture or associate shall be recognised as dividend revenue in the profit and loss irrespective of whether such dividend may have been paid out of pre-acquisition profits. Previously, such dividends were treated as a return of capital invested. Such dividends may be an indicator of impairment where the carrying amount of the investment exceeds the consolidated net assets relating to that investment or where the dividend exceeds the total comprehensive income of the respective investee in the period the dividend is declared.

<b>Consolidated</b>	
<b>Half-Year Ended 31 Dec 2011 \$'000</b>	<b>Year Ended 30 June 2011 \$'000</b>

**NOTE 2: CASH AND CASH EQUIVALENTS**

Cash at bank and on hand	552	117
Term deposits	4,000	8,563
<b>Total cash and cash equivalents</b>	<b>4,552</b>	<b>8,680</b>

**NOTE 3: DEFERRED EXPLORATION EXPENDITURE**

Costs carried forward in respect of areas of interest in the following phases:

**Exploration and evaluation phase – at cost**

Balance at beginning of period	19,049	11,354
Expenditure incurred:	2,758	10,662
	<b>21,807</b>	<b>22,016</b>
Impairment of exploration and evaluation assets	(97)	(1,499)
Write-off capital investments due to relinquishment of tenements	0	(1,380)
Options expired during the period	0	(88)
<b>Total deferred exploration expenditure</b>	<b>21,710</b>	<b>19,049</b>

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases are dependent on the successful development and commercial exploitation or sale of the respective areas.

**NOTE 4: ISSUED CAPITAL**

	<u>No.</u>	<u>\$</u>
Balance at 01/07/2011	164,251,852	31,461,978
Staff options exercised during the period	200,000	24,000
<b>At 31 December 2011</b>	<b>164,451,852</b>	<b>31,485,978</b>

**NOTE 5: SEGMENT REPORTING**

**Business segments**

The entity operates in one geographic segment for secondary reporting, being Australia and in one business segment being mineral exploration.

**NOTE 6: CONTINGENT LIABILITIES**

There has been no change in contingent liabilities since the last annual reporting date.

**NOTE 7: EVENTS SUBSEQUENT TO REPORTING DATE**

There has not arisen in the period between the end of the half-year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity, in future years.

**DIRECTORS' DECLARATION**

**For the half-year ended 31 December 2011**

In the opinion of the directors:

- (a) The financial statements and notes set out on pages 14 to 21 are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the financial position of the consolidated entity as at 31 December, 2011 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
  - (ii) complying with Accounting Standards AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001 and other mandatory professional reporting requirements.
- (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



**D W Muller MSc, MBA, FAusIMM**  
**Managing Director**

Dated: 14 March, 2012

The Directors  
Rum Jungle Resources Limited  
Unit 20  
90 Frances Bay Drive  
Stuart Park NT 0820

Dear Sirs,

**Auditor's Independence Declaration**

In accordance with section 370C of the *Corporations Act 2001*, I am please to provide the following Declaration of Independence to the directors of Rum Jungle Resources Ltd.

As the lead auditor for the review of the financial report of Rum Jungle Resources Ltd for the half-year ended 31 December 2011, I declare that, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

Yours sincerely

**LOWRYS Accountants**



**Colin James**  
Registered Company Auditor

12 March 2012



**Rum Jungle Resources Ltd**  
**ABN 33 122 131 622**

**Independent Auditor's Review Report**  
**To the Members of Rum Jungle Resources Ltd**

SWJR Nominees Pty Ltd  
ABN 49 078 887 171  
Cnr Coonawarra & Hook Roads  
PO Box 36394, Winnellie NT 0821  
Tel: 08 8947 2200  
Fax: 08 8947 1146  
lowrys.accountants@lowrys.com.au

### **Report on the Half-year Financial Report**

We have reviewed the accompanying half-year financial report of Rum Jungle Resources Ltd, which comprises the consolidated statement of financial position as at 31 December 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes to the financial statements, other selected explanatory notes and the directors' declaration.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of Rum Jungle Resources Ltd (the company) are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half year financial report that is free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

#### *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 an Interim 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 financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the entity's financial position as at 31 December 2011 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 the company, 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.

**Rum Jungle Resources Ltd**  
**ABN 33 122 131 622**

**Independent Auditor's Review Report**  
**To the Members of Rum Jungle Resources Ltd (continued)**

*Matters Relating to the Electronic Presentation of the Audited Financial Report*

This review report relates to the financial report of the company for the half-year ended 31 December 2011 included on the website of Rum Jungle Resources Ltd. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the half-year financial report identified above and it does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on the company's website.

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of the company on 15 March 2012, would be in the same terms if provided to the directors as at the date of this auditor's review report.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Rum Jungle Resources Ltd is not in accordance with the *Corporations Act 2001* including:

- i. giving a true and fair view of the company's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- ii. complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Regulations 2001.

**Lowrys Accountants**



**Colin James**  
*Registered Company Auditor*

Date: 12 March 2012