

# RUM JUNGLE RESOURCES LTD

## Annual Report 2014



## CORPORATE DIRECTORY

<b>Directors:</b>	Mr David Muller	Chairman and Non-Executive Director
	Mr Robert Annells	Non-Executive Director
	Mr Jeff Landels	Non-Executive Director
	Mr Chris Tziolis	Managing Director

<b>Company Secretary:</b>	Mr Bruce Arnold	Chief Financial Officer
---------------------------	-----------------	-------------------------

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

**Notice of Annual General Meeting:** Annual General Meeting of Rum Jungle Resources Ltd

Held at:	Level 14 500 Collins Street, Melbourne, Vic 3000
Time:	11.00 am
Date:	Thursday 27 <sup>th</sup> November 2014

<b>Head Office:</b>	Unit 20	Post
	90 Frances Bay Drive	GPO Box 775
	Stuart Park, Northern Territory, 0820	Darwin NT 0801
	Telephone: + 61 8 8942 0385	
	Facsimile: + 61 8 8942 0318	

**Registered Office:** Unit 20  
90 Frances Bay Drive  
Stuart Park, Northern Territory, 0820

**Share Registry:** Computershare Investor Services Pty Limited  
Yarra Falls  
452 Johnston Street  
Abbotsford, Victoria 3067

Telephone:	1300 850 505	(within Australia)
	+61 3 9415 4000	(outside Australia)
Facsimile:	+ 61 3 9473 2570	

**Auditor:** KPMG  
Chartered Accountants  
18 Smith Street  
Darwin, Northern Territory, 0800

**Stock Exchange Listing:** ASX Limited  
Securities Code RUM: Shares

**E-mail:** [info@rumjungleresources.com.au](mailto:info@rumjungleresources.com.au)

**Website Address:** [www.rumjungleresources.com.au](http://www.rumjungleresources.com.au)

---

## MISSION STATEMENT

Rum Jungle Resources Ltd's (RUM) strategic intent is to find, develop and operate fertiliser mineral projects, located in close proximity to existing transport infrastructure, with a primary focus on the Northern Territory of Australia.

Rum Jungle Resources Ltd has significant resources of both phosphate and potash and these flagship projects are in prefeasibility and scoping study respectively. The company has sufficient cash reserves on deposit to undertake its current medium term strategic objectives in order to pursue shareholder value.

## ANNUAL REPORT – 30 JUNE 2014

### Contents

	Page
Operations Review	2
Resource Register	27
Directors' Report	29
Remuneration Report (forming part of directors' report)	34
Corporate Governance Statement	41
Auditor's Independence Declaration	46
Annual Financial Report – 30 June 2014	47
Tenement Schedule	79
Additional Shareholder Information	81

---

## CHAIRMAN'S LETTER

Dear Shareholders,

The year under review has been momentous for the Company.

Firstly, we have undertaken pre-feasibility study and a scoping study on our two main fertiliser projects.

After establishing a world class resource of phosphate at Ammaroo in the Northern Territory the Company then completed a successful takeover of Central Australian Phosphate more than doubling the resource into excess of one billion tonnes of phosphate rock. This was the trigger to engage WorleyParsons to undertake a Prefeasibility study which at time of writing has now been completed with a positive outcome.

The Company also successfully established potash resources at its Karinga Lakes project in the Northern Territory within the potassium rich brines feeding the lake system. Little experience in evaluating such resources existed in Australia which led to the consummation of an arrangement with technical input from Chinese State Owned Enterprises (C.I.C.C.C) where world class technology and knowhow is available. Consequently it was agreed with C.I.C.C.C that they would undertake a scoping study to map out the conceptual path to commercialising the project. This study is being finalised at time of writing.

Secondly, the shift in activities from pure exploration to corporate development, engineering and now marketing, has required some personnel changes, not least of which is myself resigning as Managing Director to become non-executive Chairman on 30<sup>th</sup> June last. After 18 months in the role of Director of Development Chris Tziolis was well qualified to take over my role. Chris is very motivated and standing up to the challenges which now face the company, in its path towards development. He is also well supported by our new CFO, Bruce Arnold.

Nigel Doyle, Exploration Manager, has continued to extend our resources often under very difficult and demanding conditions and remains a motivator for our loyal exploration staff for whom I have total gratitude. John Dunster, Chief Geologist, keeps finding reasons why we should have more ground to explore and hence we have added several new targets such as Lake Frome, Lake Torrens and Lake Amadeus to our Potash portfolio.

I would like to emphasise that the opportunities for the company are both challenging and exciting and above all exploration will continue, which is the life blood of the company.

Finally, I wish to thank my Fellow directors for their support and particularly Rob Annells in his role as Chairman over the last 12 months. Our gratitude also goes out to the Institutions that have stood by us as well as every shareholder, no matter how small, for having belief in the Company.



**David Muller**  
Chairman

## OPERATIONS REVIEW

### HIGHLIGHTS AND ACHIEVEMENTS

#### ***Health, Safety, Environment and Community***

- Over 23,068 hours of field work were conducted throughout the year. There was one Lost Time Injury (LTI) reported and no reportable environmental incidents throughout the year
- Continued employment of local indigenous people within the exploration and rehabilitation programs
- Participation in the Northern Territory Government's 'sentenced to a job program' assisting with the rehabilitation of people in the prison system by providing opportunities for on-the-job training

#### ***Corporate***

- Successfully took over Central Australian Phosphate enabling the Barrow Creek 1 and Arganara projects to be combined into a single global-scale phosphate project that has been renamed the Ammaroo phosphate project
- Uplifted the company's ownership of the Karinga Lakes project to 100%
- Raised \$9.38M by a placement of 70,549,882 shares to Australian institutions thereby increasing the total institutional backing of the company to over 35% of the issued capital. An additional \$3.27M was raised via a share purchase plan and the issue of 24,636,251 shares
- Attended a Northern Territory Government trade delegation to China and Japan in November 2013, the CRU Phosphate Conference during March 2014, the International Fertiliser Association Conference, that was held in Australia during May 2014, enabling the continuation of engagement with the global fertiliser community to ensure potential development and off-take partners remain engaged and informed of RUM's exploration and development study process and progress
- Completed a leadership transition with the appointment of Mr Chris Tziolis as Managing Director and the transition of Mr David Muller to the role of Non-executive Chairman

#### ***Phosphate***

- Engaged Worley Parsons to conduct a comprehensive pre-feasibility level study on a number of potential development options for the Ammaroo phosphate project. These development options include a small scale, high grade, minimum beneficiation rock export start-up operation, a full scale beneficiated rock concentrate export operation, a phosphoric acid export operation and a conceptual view of converting the phosphoric acid to phosphate fertilisers to supply Australian and Asian markets
- Completed significant test work to better understand the chemical properties of the Ammaroo rock and its behaviour in beneficiation processes required to produce global market standard phosphate rock concentrates and also the behaviour of that concentrate in phosphoric acid production and subsequent downstream fertiliser production. Significant lab scale work was also conducted on minimum beneficiation processes to utilise higher grade rock as phosphoric acid plant feedstock
- Announced an updated JORC 2012 Resource for the Ammaroo Phosphate Project which was released to the market on 24 March 2014 outlining a total resource of 1.08 billion tonnes  $P_2O_5$  at an average grade of 14%  $P_2O_5$  using a 10% cut-off or 338 million tonnes at 18%  $P_2O_5$  using a 15%  $P_2O_5$  cut-off
- Submitted a Notice of Intent to the Northern Territory Government in April 2014 to commence the formal environmental approvals process. The Company received notification from the Northern Territory Environmental Protection Authority that the Ammaroo Phosphate Project requires assessment at the level of an Environmental Impact Statement (EIS)
- Continued good faith negotiations with the Central Land Council and the Traditional owners regarding an agreement under the Native Title Act to facilitate the grant of a Mineral Lease and tenure for a transport corridor
- Secured exploration rights over three new phosphate project areas to the north of Tennant Creek, as part of the strategy to bolster the Company's portfolio of prospective ground and to underpin the potential of the western Georgina basin as a major phosphate province. All new projects are in close proximity to the railway line and all contain existing phosphate leads some with assays from water bore test work in excess of 10%  $P_2O_5$ .

## OPERATIONS REVIEW

### **Potash**

- Increased the Karinga Lakes potash JORC 2012 resource to a total of 8.4 million tonnes  $K_2SO_4$  including over 70% in the Measured and Indicated category
- Engaged the China International Chemical Consulting Corporation, a Chinese Government owned entity, to conduct a scoping study on the Karinga Lakes potash project. The objective is to gain an understanding of the potential process route for the production of sulfate of potash and the potential production yields from the resource to provide a baseline for the conduct of other studies
- Conducted a number of pumping and evaporation trials at site to provide product for lab scale processing test work
- Finalised the potash joint venture with Toro Energy for the Lake Mackay South Potash project
- Conducted initial exploration activities on Lake Mackay and Lake Hopkins
- Applied for additional tenements covering the vacant ground over Lake Amadeus in the Northern Territory, Lake Torrens and Lake Frome in South Australia as part of the strategic plan to establish a portfolio of potash projects that could provide long-life production potential. These new areas were identified in a recent Geosciences Australia study as having good potential for brines with high potassium grades

## OPERATIONS REVIEW

### WORK HEALTH, SAFETY, ENVIRONMENT AND COMMUNITY

The field hours worked on each project are summarised below. Three injuries were reported. These were one LTI, one Alt Duties (of three days duration each), and one MTI. A further reportable WH&S incident related to failure of equipment used by contractors. There was no risk of injury to personnel and no damage to equipment.

Project	Field Hours Worked
Ammaroo	11,686
Karinga Lakes	8,382
Lake Hopkins	1,180
Lake Mackay	1,240
Top End – Mount Bunday/Mount Goyder	580
<b>Total</b>	<b>23,068</b>

Table 1. Field hours worked in each project.

NT Worksafe visited the Karinga Lakes and Ammaroo Projects during the year.

There were no environmental issues reported in any project.

Local Indigenous workers from Ampilatwatja community and prison inmates in a Government work scheme were employed sporadically during the year.

## CORPORATE

### *Share Placements and Capital Raising*

The company raised \$9.88M by a placement to Australian institutions thereby increasing the total institutional backing of the company to over 35% of the issued capital. The placement was strongly supported and oversubscribed by RUM's existing institutional shareholders and new investors alike.

In addition to the share placement, RUM activated a share purchase plan whereby exiting shareholders could purchase up to \$15,000 in new shares at an issue price of \$0.14. The share purchase plan closed 15 January 2014 and raised \$3.27 million net of costs.

### *Rum Jungle Resources Board and Management Changes*

David Muller, the founding CEO of RUM, retired on 30 June as Managing Director and CEO and became Non-Executive Chairman of the company. Former Chairman, Rob Annells, stepped down to become a Non-Executive Director. Chris Tziolis, formerly an Executive Director of RUM and Director of Project Development with the company, became the new Managing Director and CEO, also effective from 1 July 2014.

### *Off Market Takeover of Central Australian Phosphate*

The off-market takeover offer for Central Australian Phosphate (CEN) was announced on 13 February 2013 and the compulsory acquisition process was completed on 6 January 2014.

### *Acquisition of 100% of the former Karinga JV*

In February 2014, the Karinga Lakes Project moved to 100% owned by Rum Jungle Resources Ltd after Reward Minerals Ltd agreed to sell their remaining 10% Joint Venture share to RUM in consideration for \$140,000 plus four million ordinary RUM shares.

### *Presentations, Delegations and Visits*

In addition to presentations at several industry forums, Rum Jungle Resources attended a Northern Territory trade delegation visit to Japan and China in October and November to introduce Rum Jungle Resources projects to Japanese Trading Houses and Chinese industry investors. A follow-up Chinese Investment Forum held in Darwin in December also included delegates from the Chinese Development Bank. Rum Jungle Resources was represented at the CRU global phosphate conference to enable the continued engagement with the global phosphate industry and potential customers/partners for the project.

### PHOSPHATE PROJECTS

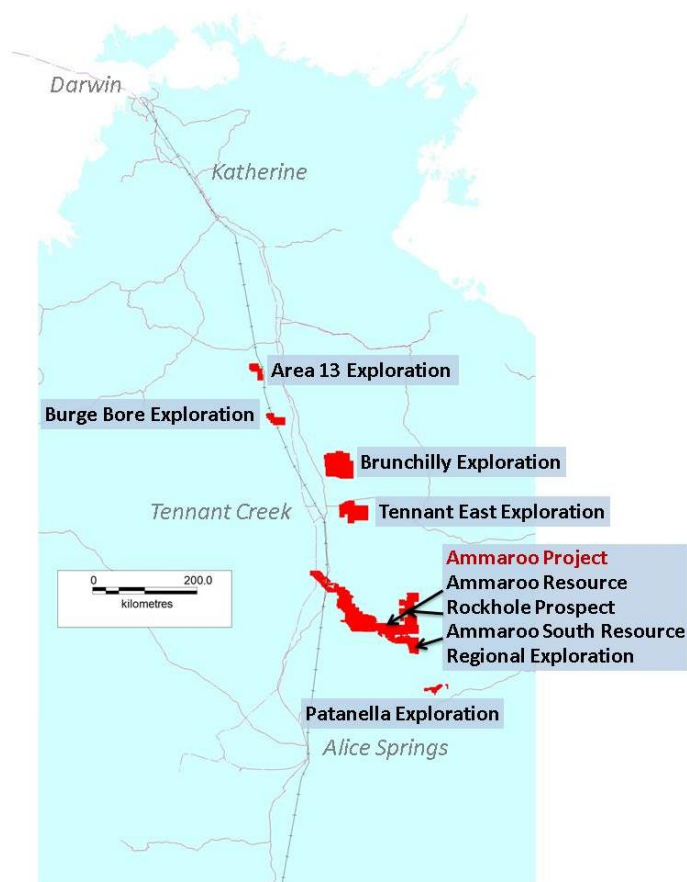


Figure 1. Rum Jungle Resources' and subsidiaries' phosphate projects and JV.

### AMMAROO PHOSPHATE PROJECT, NT

The Ammaroo Phosphate Project is located 200 km southeast of Tennant Creek. The project covers over 280 km strike of the northwestern neck of the highly prospective southern Georgina Basin. The project area contains the Ammaroo and Ammaroo South JORC Resources. The project also contains the untested Rockhole phosphate prospect and significant greenfields potential.

#### *Ammaroo Phosphate Titles*

A rationalisation of the combined RUM, Territory Phosphate and CEN holdings is planned so the tenements can be managed as one project.

Tenement	Area km <sup>2</sup>	Sub-Blocks	Grant	Expiry	Holder
EL 25183	431	137	19/04/2007	18/04/2015	Territory Phosphate
EL 25184	356	112	19/04/2007	18/04/2015	Territory Phosphate
EL 25185	775	243	19/04/2007	18/04/2015	Territory Phosphate
EL 28116	118	37	18/01/2011	17/01/2017	RUM
EL 28402	99	31	20/06/2011	19/06/2017	RUM
EL 28403	409	128	20/06/2011	19/06/2017	RUM
EL 28978	224	70	11/04/2012	10/04/2018	RUM



## OPERATIONS REVIEW

Tenement	Area km <sup>2</sup>	Sub-Blocks	Grant	Expiry	Holder
EL 28979	128	40	06/03/2012	05/03/2018	RUM
EL 28980	173	54	11/04/2012	10/04/2018	RUM
EL 29266	96	30	03/08/2012	02/08/2018	RUM
EL 29267	38	12	03/08/2012	02/08/2018	RUM
EL 26196	528	165	22/07/2008	21/07/2015	RUM
EL 29773	115	36	01/08/2013	31/07/2019	RUM
EL 29826	89	28	22/08/2013	21/08/2019	RUM
MLA 29463	6,375 hectares	na	application 30/03/2012	30 years from grant	RUM

Tenement	Area km <sup>2</sup>	Sub-Blocks	Grant	Expiry	Holder
EL 24726	939.57	294	01/04/2008	31/03/2014*	CEN
EL 25664	54.36	17	23/08/2007	22/08/2015	CEN
EL 27987	111.91	35	27/10/2010	26/10/2016	CEN
EL 28648	19.21	6	25/10/2011	24/10/2017	CEN
EL 29373	575.90	180	14/09/2012	13/09/2018	CEN
EL 29374	618.70	193	14/09/2012	13/09/2018	CEN
EL 26915	743.87	236	08/04/2009	07/04/2015	Fertoz
ELA 26225	444.40	161	ALRA veto ended 30/04/2013	-	CEN
EL 26226	203.80	66	19/02/2008	18/02/2014*	CEN
EL 26227	347.03	114	19/02/2008	18/02/2014*	CEN
EL 26228	971.38	316	19/02/2008	18/02/2014*	CEN
MLA 29854	9,074 hectares	na	application 14/02/2013	25 years from grant	CEN

Table 2. Ammaroo project phosphate titles and JV. \* all renewals and reductions still pending at DME

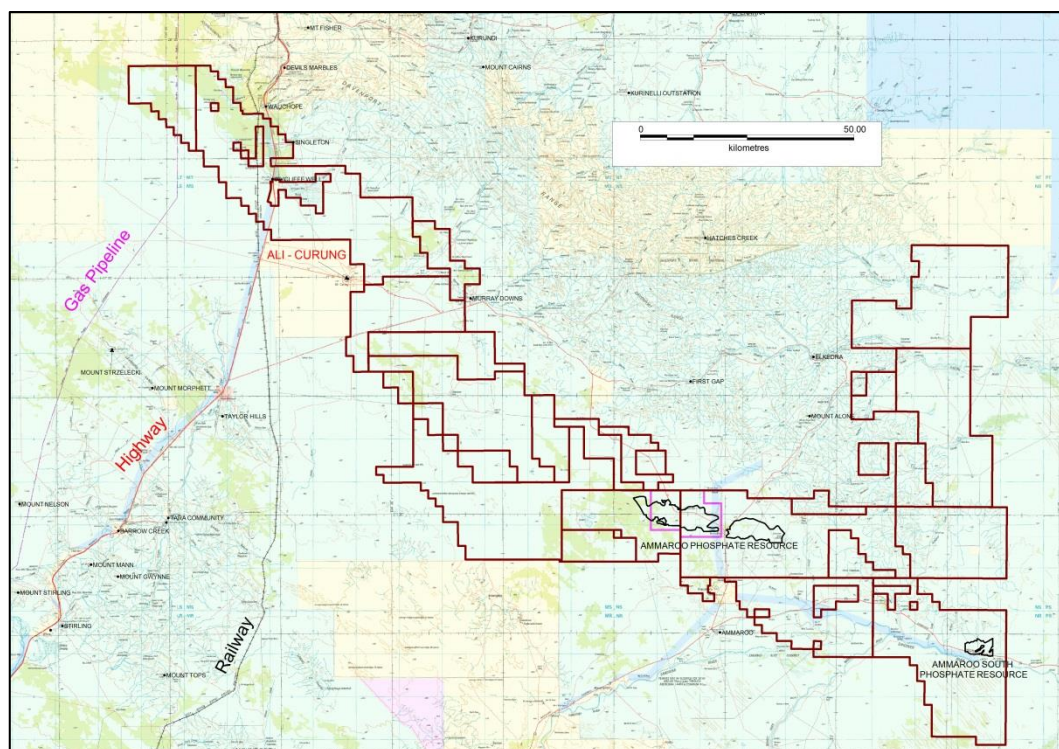


Figure 2. Ammaroo Project phosphate titles as of 1 July 2014. This includes RUM, CEN, Territory Phosphate and the Ferto JV. Ore resources are outlined in black. ML applications in pink. Minor reductions made during renewals are not showing in the DME system. EL application 26225, the yellow area around Ali Curung, is in moratorium and is not outlined.

## OPERATIONS REVIEW

### ***Phosphate Exploration Drilling***

Early in the reporting year, drilling was undertaken on EL 29266 and EL 29267 along the Murray Downs Road to the north and northeast of Ammaroo. As previously reported, twenty-eight holes were drilled for 1,266 m but no mineralisation was intersected. About 1-2 l/s water was evident in drill hole APRC0177 at 50 m depth about 4 km north of the existing camp. This may provide a future water source.

### ***Ammaroo Resource Definition Drilling***

Gridded infill and extensional RC/air core drilling was completed on July 24 and 214 holes were completed for 4,849 m. Diamond drilling was completed in mid August. An additional, 51 holes were completed for 1,600 m. The diamond drilling provides reliable samples for detailed metallurgical test work and is a quality check of the RC drilling.

### ***Surveying***

A licenced surveyor captured all the collars necessary for resource definition.

### ***Ammaroo Resource Update***

The former Barrow Creek 1 and Arganara phosphate resources were combined and significantly extended to create a single resource now called Ammaroo Phosphate. A resource update was announced on 24 March 2014 and has not changed since. **The total resource is now 1.08 billion tonnes  $P_2O_5$  at an average grade of 14%  $P_2O_5$  using a 10% cut-off or 338 million tonnes at 18%  $P_2O_5$  using a 15%  $P_2O_5$  cut-off.** The estimates were based on 3,246 RC holes and 88 diamond drill holes for a total of 104,500 m drilled. This resource estimation includes Measured, Indicated and Inferred resources as estimated by independent geological consultants MPR Geological Consultants Pty Ltd and is reported accordance with JORC 2012 guidelines.

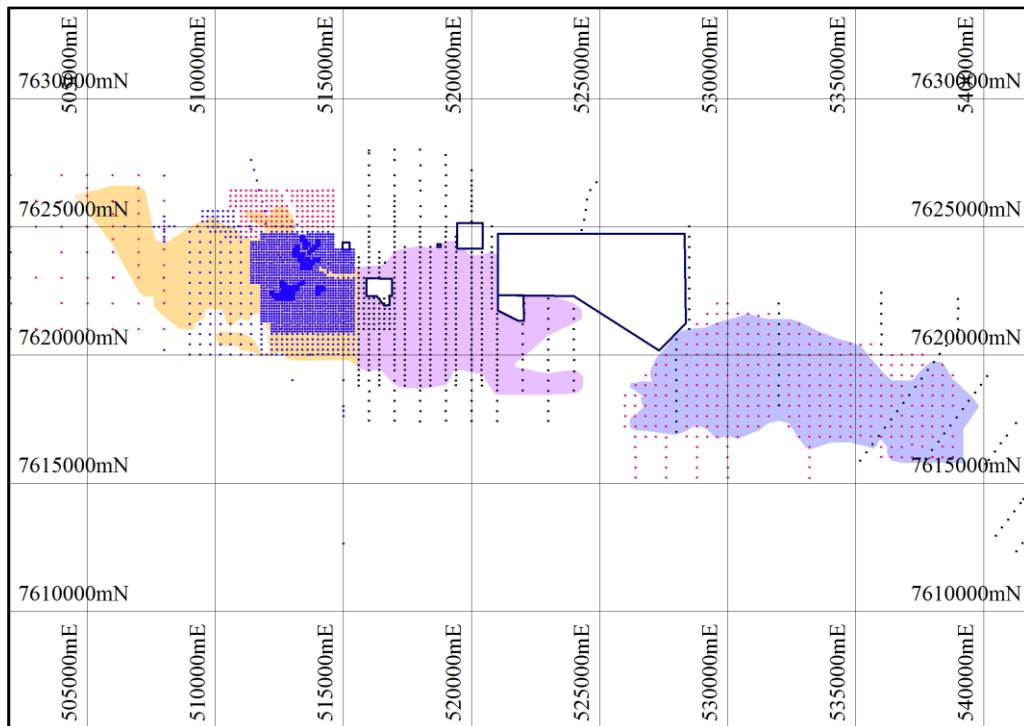


Figure 3. Ammaroo Phosphate Resource area showing drill holes and cultural exclusion zones as black polygons. Holes in drilled in 2013 in red, previous drilling by RUM as blue, and by CEN as black.

## OPERATIONS REVIEW

Estimates for mineralisation with consistent drill hole spacing of up to 100 by 100 m and 200 by 200 m are classified as Measured and Indicated respectively and estimates for more broadly sampled areas are classified as Inferred.

Cut off P <sub>2</sub> O <sub>5</sub> %	Category	Tonnes Mt	P <sub>2</sub> O <sub>5</sub> %	Al <sub>2</sub> O <sub>3</sub> %	CaO %	Fe <sub>2</sub> O <sub>3</sub> %	K <sub>2</sub> O %	MgO %	MnO %	Na <sub>2</sub> O %	SiO <sub>2</sub> %	TiO <sub>2</sub> %	U <sub>3</sub> O <sub>8</sub> ppm
10	Measured	134	15.4	7.32	21.0	4.76	1.09	0.78	0.17	0.19	43.8	0.39	22.9
	Indicated	80	15.3	6.92	20.9	6.53	1.41	0.83	0.21	0.21	42.0	0.39	20.0
	Inferred	870	14	7.00	19	6.5	1.4	0.7	0.2	0.2	47	0.4	26
	<b>Total</b>	<b>1,084</b>	<b>14</b>	<b>7.03</b>	<b>19</b>	<b>6.3</b>	<b>1.4</b>	<b>0.7</b>	<b>0.2</b>	<b>0.2</b>	<b>46</b>	<b>0.4</b>	<b>25</b>
15	Measured	60	18.4	6.69	25.0	4.00	1.01	0.68	0.15	0.19	38.9	0.35	24.5
	Indicated	38	18.2	6.15	24.7	6.48	1.25	0.71	0.21	0.21	36.8	0.34	21.3
	Inferred	240	18	6.50	24	5.8	1.2	0.6	0.2	0.2	39	0.3	30
	<b>Total</b>	<b>338</b>	<b>18</b>	<b>6.49</b>	<b>24</b>	<b>5.6</b>	<b>1.2</b>	<b>0.6</b>	<b>0.2</b>	<b>0.2</b>	<b>39</b>	<b>0.3</b>	<b>28</b>

Table 3. Total Phosphate Resource estimates for the Ammaroo Phosphate deposit (JORC 2012). Figures rounded.

## Ammaroo Groundwater Supply Testing

Production bore testing was successfully completed with three 100 minute steps tests at 20, 25 and 27 l/s. A 24 hour Constant Rate Test at 26 l/s was then completed with drawdown and recharge monitored. Only 3 m of drawdown was recorded over 24 hours with 2.2 million litres of water pumped.



Figure 4. Pilot Ammaroo production bore.

## Ammaroo South Resource

On 12 June 2014, a JORC 2012 Inferred phosphate resource, estimated at **70 Mt at 13% P<sub>2</sub>O<sub>5</sub> using a 10% cut-off**, was announced for Ammaroo South on EL 25185. This has not changed since.

Cut Off P <sub>2</sub> O <sub>5</sub> %	Mt	P <sub>2</sub> O <sub>5</sub> %	Al <sub>2</sub> O <sub>3</sub> %	CaO%	Fe <sub>2</sub> O <sub>3</sub> %	K <sub>2</sub> O%	MgO%	MnO <sub>2</sub> %	Na <sub>2</sub> O%	SiO <sub>2</sub> %	TiO <sub>2</sub> %	U <sub>3</sub> O <sub>8</sub> ppm
5	170	9.5	5.0	13	1.8	0.6	0.3	0.09	0.07	66	0.3	21
10	70	13	3.8	18	1.4	0.4	0.3	0.06	0.06	59	0.2	26
15	13	17	2.8	25	1.1	0.3	0.2	0.05	0.06	50	0.2	33

Table 4. Ammaroo South Inferred Resource.



## OPERATIONS REVIEW

In addition to the above, there are two areas of exploration potential, where broadly spaced drilling suggests the presence of **an Exploration Target of around 200 Mt to 400 Mt at 7% to 10%  $P_2O_5$  at a cut off grade of 5%  $P_2O_5$ , and 50 to 100 Mt at 12% to 15%  $P_2O_5$  at a cut off of 10%  $P_2O_5$ .** These estimates are based on broad spaced drilling completed by Rum Jungle Resources and Aragon Resources. The potential quantities and grades are conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain that future exploration will result in estimation of a Mineral Resource. The Exploration Target estimates are derived from portions of the Ordinary Kriged model (pink and blue in Figure 5) with approximately 1.5 km to 2 km by 1 km and broader spaced drilling with appropriate factoring and rounding to generate a range of tonnages and grades. The two areas are separated by a 3.1 km wide cultural exclusion zone which runs along the Sandover River. It was necessary to undertake resource estimation as a precursor to applying for more secure tenure over this area. At this stage, no further work is necessary at Ammaroo South.

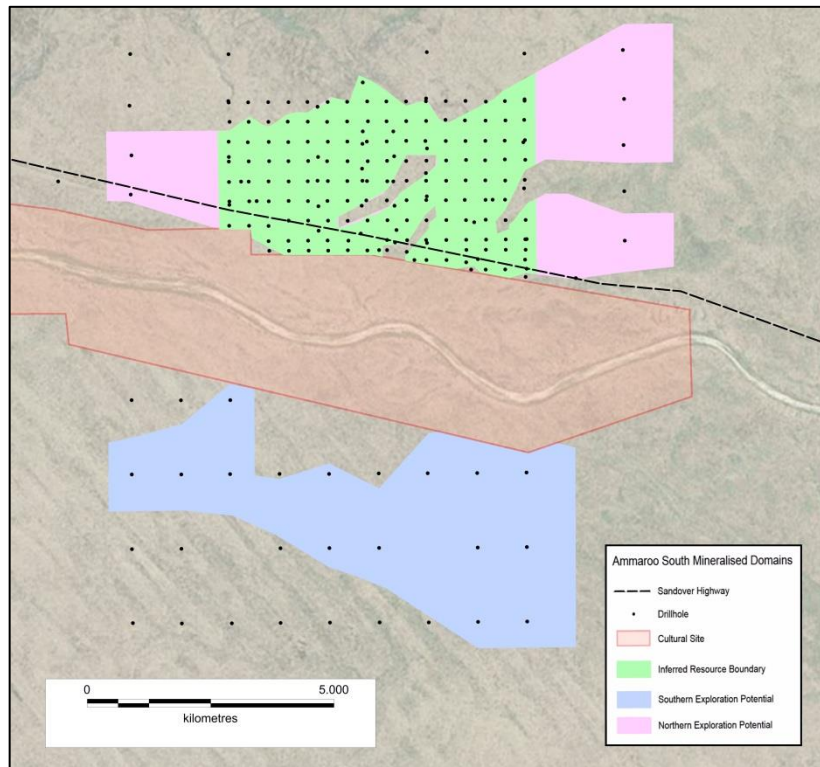


Figure 5. Ammaroo South showing the northern and southern areas bisected by a cultural exclusion zone along the Sandover River. The area shown in green is the Inferred Resource.

## Rehabilitation

Rehabilitation of RC bags from 2012 drilling on CEN tenement EL 24726 was undertaken during the reporting period. All of Rum Jungle Resources' 2013 drill samples at Ammaroo and Ammaroo South were also removed and drill sites rehabilitated.

## Ammaroo Project Pre-Feasibility and Supporting Activities

Worley Parsons was engaged as the study lead for the Ammaroo Phosphate project's pre-feasibility study. The second phase of the study has been completed. It focussed on:

- advancing the metallurgical test work and process flow sheet development program on the phosphate rock and the production of a bulk flotation concentrate sample using representative ore from across the resource
- understanding the chemical make-up and convertibility of the rock to phosphoric acid and downstream fertiliser products
- understanding the global phosphate market and the specification required for traded rock products and downstream phosphate products
- transport and logistics options and costs.

## OPERATIONS REVIEW

As explained below, this work included critical metallurgical and chemical test work processes. The preliminary results from this work have provided sufficient confidence that the Ammaroo phosphate ore can be converted into rock products that meet existing global market specifications and that the rock can be successfully converted to phosphoric acid which can then be converted to phosphate fertilisers such as mono-ammonium phosphate (MAP) and di-ammonium phosphate (DAP). These are the predominant phosphate fertiliser products that are used throughout the world.

A bulk sample of phosphate rock flotation concentrate was produced and despatched to Prayon in Belgium for a continuous phosphoric acid production test and MAP/DAP test-work. Prayon is a global leader in the design and construction of phosphoric acid and phosphate fertiliser production plants. The bulk sample was assessed to have met standard market specifications in terms of both  $P_2O_5$  content and in terms of other critical elements such as iron, aluminium and magnesium (part of the Minor Element Ratio - MER) which, if too high, can have detrimental effects on the production of downstream fertiliser products. Continuous phosphoric acid production testing and subsequent MAP and DAP testing has been completed and although the final chemical and qualitative analysis of the products and waste stream materials has not yet been formally received, preliminary results of the rock concentrate analysis and phosphoric acid production analysis have been received and are most encouraging. Specific comments received from Prayon in their preliminary analysis included:

- $P_2O_5$  content is in the usual range for sedimentary phosphate rock that trades on global markets
- there was no particular difficulty in producing phosphoric acid as temperature and other variables were easily controlled. The  $P_2O_5$  recovery was considered high and the unreacted  $P_2O_5$  losses were very low
- the ratio of  $CaO/P_2O_5$  is low for sedimentary rock indicating a low consumption of sulfuric acid
- the Minor Element Ratio is acceptable and should not impede acid viscosity in MAP/DAP production
- the silica content is relatively high but the majority is unreactive and reverts to the gypsum waste stream in phosphoric acid production. There is sufficient reactive silica and aluminium to combine with fluorine to limit corrosion
- almost all of the lead (Pb) that was present in the rock concentrate reverts to the gypsum waste stream therefore the product phosphoric acid has very low lead content. There don't appear to be any other heavy metal issues as problematic metals common in other phosphate ores around the world, such as uranium, cadmium and arsenic, are at very low levels.

The study is now in its completion phase, its third and final phase. Primary tasks to be completed during this phase include:

- mine planning, geotechnical management and the conversion of a Resource to a Reserve
- the final design of the project's mining, processing, waste stream management and supporting power, water, transport and mine site infrastructure
- development of organisational models
- articulation of capital and operating costs to a pre-feasibility standard (+/- 25%)
- incorporation of market and pricing studies to enable valuations of the project scenarios.

## OPERATIONS REVIEW



Figure 6. Di-Ammonium Phosphate fertiliser produced from Ammaroo phosphate rock at Prayon's laboratory.

Previous announcements have indicated a pre-feasibility study completion date of around the middle of 2014 dependent on the progress of the above mentioned test work program. Although the test work has taken longer than initially forecast, largely due to delays in the third party laboratories conducting the work, it was deemed prudent not to push ahead with the final phase of the study and commit scarce shareholders funds, until there was some confidence around the results of this critical test work and the convertibility of the rock into saleable downstream products that meet global specifications. Accordingly, it is expected that a draft pre-feasibility report will be completed by Worley Parsons by mid August 2014. Once the draft is available, it is intended that a period of internal and peer review and value engineering will be conducted with final results available in late September for consideration by the Rum Jungle Resources Board. It is expected that final results will be announced to the ASX prior to the end of September 2014.

Other key activities currently underway in support of the project include the following:

- environmental approvals - As a result of the Notice of Intent submitted in April 2014, as expected, notification has been received from the Northern Territory EPA that the project requires assessment at the level of an Environmental Impact Statement (EIS). It is expected that the EIS terms of reference will be received within the next two months which will enable the EIS to be progressed an appropriate time
- discussions regarding a Native Title Agreement, a precursor to the approval of a mineral lease continue and it is hoped to finalise this negotiation before year end
- commercial discussions with potential gas suppliers, the Darwin Ports Corporation and rail transport providers are continuing.



## OPERATIONS REVIEW

### PATANELLA PHOSPHATE PROJECT, NT

Patanella (formerly also called Lucy Creek) on EL 24716 is a rock phosphate deposit on the opposite side of the Georgina Basin from Rum Jungle Resources' flagship Ammaroo Resource. Patanella is 265 km northeast of Alice Springs, 155 km southwest of the Ammaroo Resource and 100 km south-southeast of Ammaroo South.

Tenement	Area km <sup>2</sup>	Sub-Blocks	Grant	Expiry	Holder
EL 24716	234.62	74	01/12/2005	30/11/2015	CEN
EL 24724	50.74	16	02/12/2005	01/12/2015	CEN

Table 5. CEN Patanella Project ELs.

### *Patanella Exploration Target Statement*

Based on previous drilling by others, MPR independently assessed an Exploration Target for the Patanella Phosphate Prospect of approximately 50 Mt and 100 Mt at 10% to 17% P<sub>2</sub>O<sub>5</sub> at a cut-off grade of 5% P<sub>2</sub>O<sub>5</sub> or approximately 20 Mt to 50 Mt at 15% to 20% P<sub>2</sub>O<sub>5</sub> at a cut-off grade of 10% P<sub>2</sub>O<sub>5</sub>. This was announced to the market on 24 June 2014 and has not changed since. This estimation was undertaken as a precursor to applying for more secure tenure over this area.

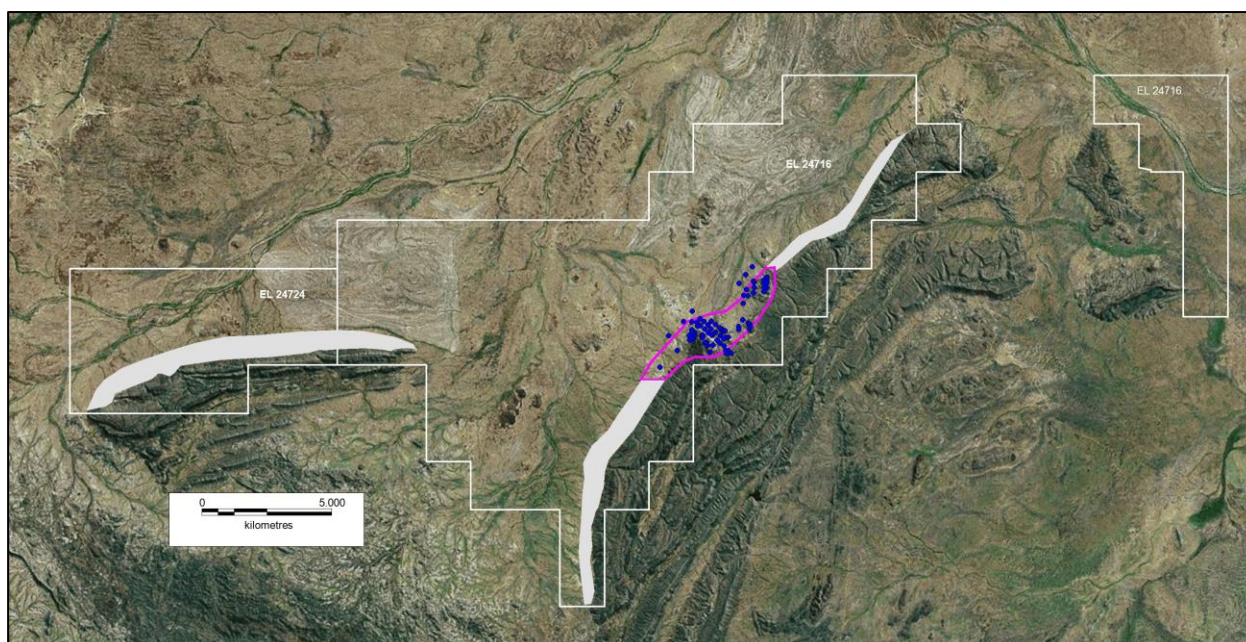


Figure 7. CEN Lucy Creek phosphate titles, showing Patanella Exploration Target outlined in pink. Drillholes shown as blue dots. The untested possible continuation of the prospective interval along strike is shown in grey. This extrapolation is based on encouraging rock chip and soil sampling conducted by CEN and previously announced by them.

### TENNANT EAST PHOSPHATE PROJECT, NT

Three contiguous phosphate EL applications cover 1,640 km<sup>2</sup> 40-100 km east of Tennant Creek and directly south of the Barkly Highway.

Tenement	Area km <sup>2</sup>	Sub-Blocks	Application Date	Holder
ELA 30209	777.77	250	11/12/2013	RUM
ELA 30210	140.41	49	11/12/2013	RUM
ELA 30211	721.86	225	11/12/2013	RUM

Table 6. Tennant East phosphate titles.

## OPERATIONS REVIEW

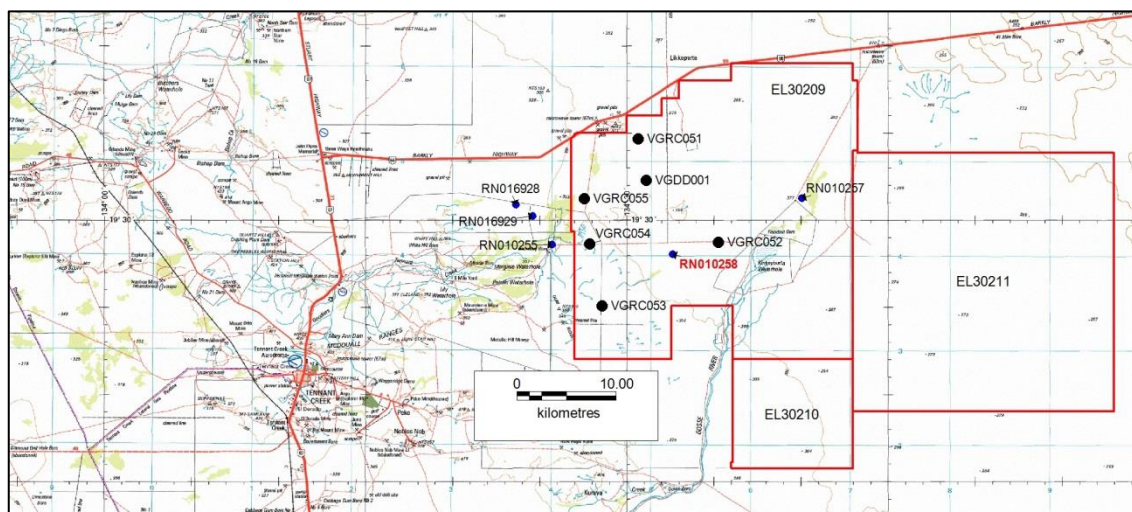


Figure 8. Tennant East phosphate project showing previous drilling by Vale (VG series) and waterbores (RN series) in a 2007 NTGS study. RN010258 reputedly intersected subeconomic phosphate. The area to the south and southeast remains untested.

## BRUNCHILLY PHOSPHATE PROJECT, NT

The Brunchilly Project consists of three contiguous phosphate applications of approximately 813 km<sup>2</sup> each, covering a total area of 2,439 km<sup>2</sup> east of Bootu Creek Manganese Mine near Tennant Creek. Previous soil sampling by others and waterbores indicate phosphate prospectivity.

Tenement	Area km <sup>2</sup>	Sub-Blocks	Application Date	Holder
ELA 30222	813.8	250	13/12/2013	RUM
ELA 30223	812.7	250	13/12/2013	RUM
ELA 30224	812.7	250	13/12/2013	RUM

Table 7. Brunchilly phosphate titles.

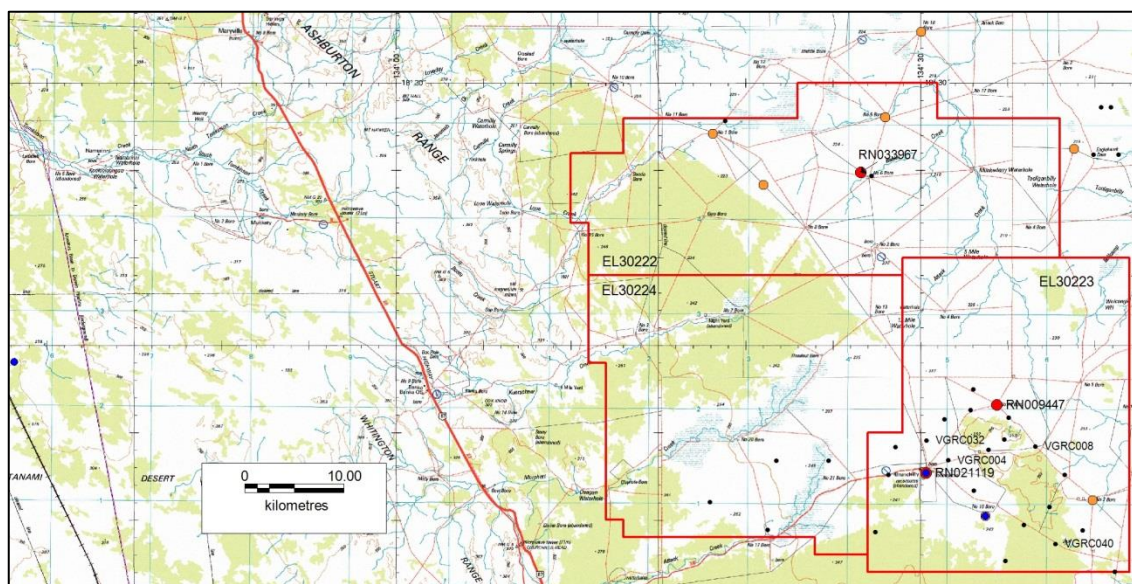


Figure 9. Brunchilly Project area showing waterbores highlighted as prospective for phosphate by NTGS (in blue) and as highly prospective by CSIRO/Vale (red) and moderately prospective (orange). Previous wide-spaced drilling by Vale is shown as black dots.



## OPERATIONS REVIEW

### BURGE BORE PHOSPHATE PROJECT, NT

This is a single EL application that straddles the Central Australian Railway. It covers two waterbores considered prospective. RN033265, right next to the railway, reportedly had significant P below 51 m and a major interval from 63 m to 78 m. Exploration will be directed to locating economic grades of phosphate at shallower depths.

Tenement	Area km <sup>2</sup>	Sub-Blocks	Application Date	Holder
ELA 30225	532.6	163	13/12/2013	RUM

Table 8. Burge Bore phosphate title.

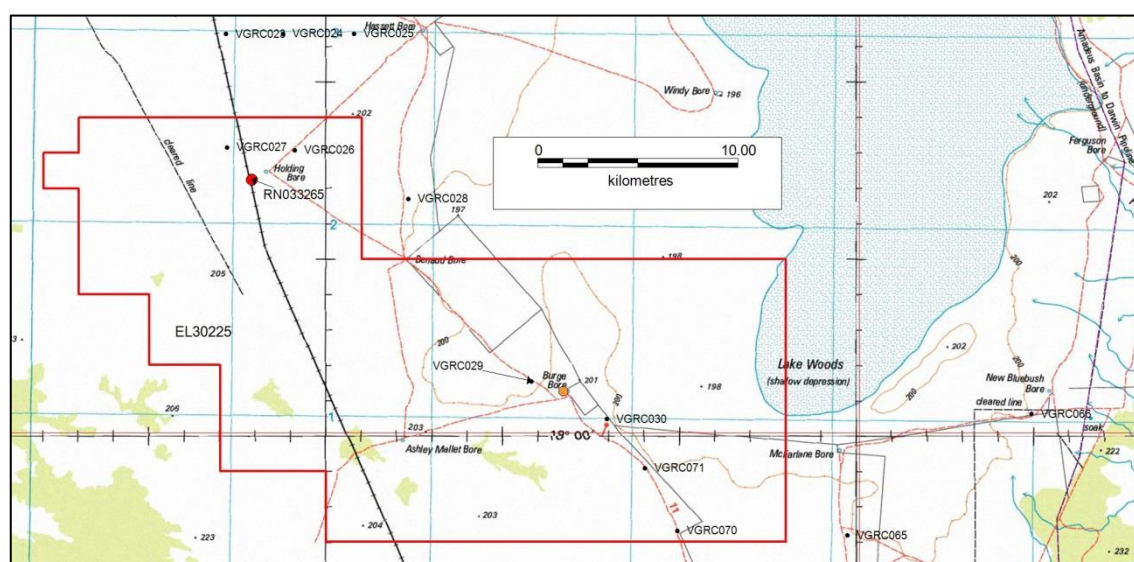


Figure 10. Burge Bore EL 30225 showing waterbores considered prospective as red and orange dots. The previous widely-spaced Vale holes are labelled. Note the proximity to the railway and gas pipeline (purple).

## OPERATIONS REVIEW

### AREA THIRTEEN PHOSPHATE, NT

This is a single application of 470 km<sup>2</sup> which straddles the Central Australian Railway and covers the northwestern edge of the Wiso Basin. It is midway between Tennant Creek and Katherine. The application covers two waterbores considered moderately prospective for phosphate as shown in orange below.

Tenement	Area km <sup>2</sup>	Sub-Blocks	Application Date	Holder
ELA 30221	470.1	150	13/12/2013	RUM

Table 9. Area Thirteen phosphate title.

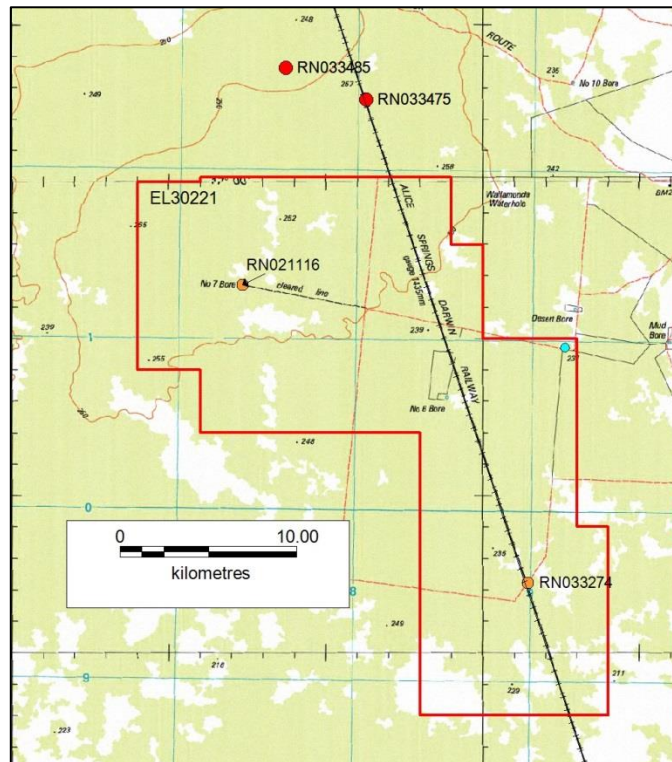


Figure 11. Area 13 ELA 30221 which straddles the railway showing the waterbores thought to be prospective in red and orange.

### POTASH PROJECTS

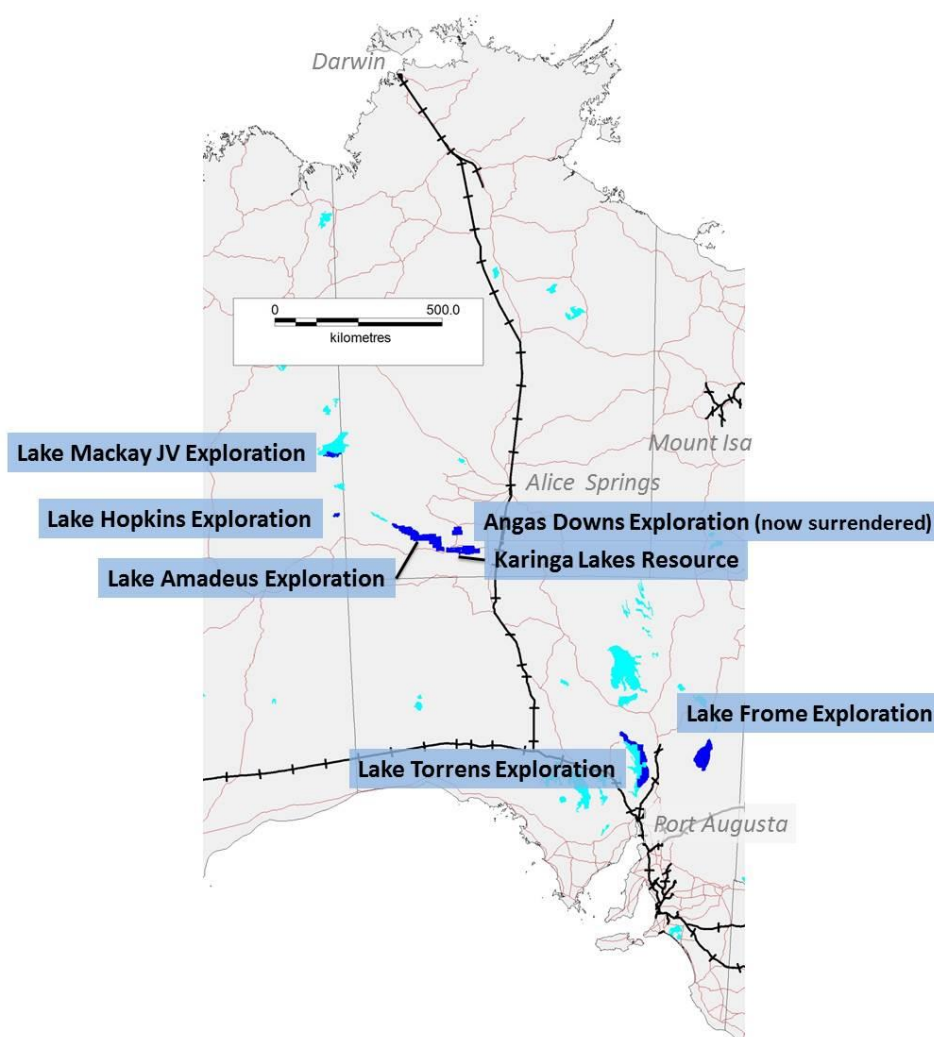


Figure 12. Rum Jungle Resources' potash projects and Lake Mackay JV.

### KARINGA LAKES POTASH PROJECT, NT

The Karinga Lakes Potash project is located along the Lasseter Highway between Alice Springs and Uluru. The project area contains a chain of dozens of dry salt lakes. The lake sediments and the underlying rocks contain brines, some of which are being fed from the Central Australian Groundwater Discharge Zone. The brines can be processed through solar evaporation and flotation to produce potash fertiliser minerals.

#### *Karinga Lakes Titles*

Two new applications have been added in the west, extending the total area in the Karinga Lakes Project to 2,860 km<sup>2</sup> and making this project contiguous with the Lake Amadeus Project. The new applications may contain palaeolakes and palaeochannels.

During the reporting period, Rum Jungle Resources acquired 100% control of the former Reward/Tyson JV titles in this project. Steps are underway to rationalise the holdings in this JV into a single company.

Table 10. Karinga Lakes potash titles.

- siltstone porosity – 34.70%
- sandstone porosity – 31.54%
- lake sediment porosity – 34.57%



## OPERATIONS REVIEW

### *Pump Flow Testing*

A series of four long-term trench and bore pumping tests were undertaken at the Karinga Lakes potash project. The aims of the tests were to assess brine flow rates, brine concentration, and water level recovery rates in response to pumping. Trench pumping tests were undertaken at three lakes; Pulcura, Curtin Boundary, and Miningere. At Island 5 Lake, a long term bore test was undertaken due to ground instability preventing excavation of a suitable trench. Flow rate at all trenches declined over time at a typical log-linear rate. This is indicative of radial groundwater flow to a well or trench. Total volumes pumped are summarised in Table 11. Miningere and Pulcura were relatively high-yielding (yield at Pulcura was limited by small drawdown due to the shallow trench). Curtin Boundary by comparison was relatively low yielding. Produced brine concentration remained stable for the duration of pumping at all sites which was one of the main aims of the test work program. Average potassium concentrations are summarised in Table 11.

The data from the tests was also used to construct and calibrate a groundwater flow model for each lake, to provide a tool to estimate long term production rates and to optimise trench layout. The results of trench pumping and previous hydrogeological investigations were used as the basis of a preliminary production plan for the project.

Lake	Water level drawdown (m)	Trench Length (m)	Duration pumping (days)	Total volume pumped (m <sup>3</sup> )	Average pumping rate (m <sup>3</sup> /day)	Average Potassium Concentration (mg/L)	Comments
Pulcura	0.6	100	25.9	5,685	220	3,880	Shallow trench
Curtin	1.2	100	25.8	4,518	175	4,420	Lower yield
Miningere	2.0	80	29.1	16,320	562	8,740	High yield, high K
Island 5	3.2	-	24.9	8,424	337	5,936	Trench excavation unstable. Long term bore test undertaken

Table 11. Test Summary

### *Evaporation Trials*

Two onsite evaporation trials were conducted at Karinga during the year.

The first trial contained a mixed brine from four lakes for a total of 12,000 litres of brine. Potassium concentration of the brine was 0.54% potassium at the start of the trial. The trial commenced on 30 May 2013 in winter conditions with water temperatures ranging from 14-20 degrees Celsius and air temperatures between 1 and 30 degrees Celsius. In mid-November, the first stage evaporation had been completed and the potassium concentration in brine had risen to over 3% potassium with sulfate rising from 4% to 15% during this period. Volume reduction from 12,000 litres to 3,000 litres had also occurred as common salt (halite) precipitated out of the brine.

Brine was then transferred to Stage 2 evaporation tanks and the trial continued. In early February 2014, after eight and a half months, the mixed potash salts were harvested along with approximately 250 litres of mother liquor (bittern brine). Approximately 590 kg of potash salts were collected with a final potassium concentration of brine ranging from 4.5-5.0%.

The mixed potash salts were sent to Bureau Veritas Minerals in Perth Global for flotation testing under the supervision of consultants MWH Global. After milling of the salts to +63-355 micron and flotation with selected reagents, the potassium content increased to 12-15% with 90% potassium recovery. Conversion to SOP using KCl and water was then undertaken to create SOP with a potassium level >40% K<sub>2</sub>O which approaches commercial quality SOP with K<sub>2</sub>O concentrations of 50-51%. In a commercial production scenario at Karinga Lakes, the SOP conversion process will probably involve fractional crystallisation using steam, however the use of KCl is another proven method to produce SOP from schoenite and is a suitable method for laboratory scale test work.

A second evaporation trial commenced over the summer period on November 25, 2013 with 3000 litres of brine from two individual lakes. This summer trial only took 4-5 months to complete due to the hotter and drier conditions. Again potassium concentrations in brine started at >0.5% and reached 3.0-4.5% potassium by the end of the trial. Potassium concentrations in the precipitated salts reached 7-8% K. These precipitated mixed potash salts have been stored and are awaiting flotation test work.

## OPERATIONS REVIEW

### *Karinga Lakes Resource Upgrade*

A JORC 2012 Resource upgrade was released to the market on 20 Feb 2014 and has not changed since

Resource Category	Potassium	K <sub>2</sub> SO <sub>4</sub>	Schoenite
Measured	2,600,000	5,800,000	13,000,000
Indicated	210,000	460,000	1,100,000
Inferred	950,000	2,100,000	4,900,000
<b>Total</b>	<b>3,800,000</b>	<b>8,400,000</b>	<b>19,000,000</b>

Table 12. Karinga Lakes Brine Resource (entries have been rounded).

The sulfate of potash tonnage represents the in-situ brine with no recovery factor applied. It will not be possible to extract all of the contained brine by pumping of trenches; the amount which can be extracted depends on many factors including the permeability of the sediments, the drainable porosity, and the recharge dynamics of the aquifers.

### *Rehabilitation*

The Pulcura Trench was rehabbed October 29-31. Rehabilitation was done using a 3 tonne excavator utilising supamats to prevent the excavator from becoming bogged. All fencing material, star pickets, bore casing and piezometers were also removed from the lake. All 2013 drill sites were also rehabilitated.

### *Karinga Lakes Scoping Study*

The largest and most influential Chinese government-owned chemical consulting corporation (CICCC) is working on the Karinga Lakes Scoping Study. This work continues to progress with a conceptual design of the project expected to be completed by the end of July. It is then intended to engage GHD Australia to review the design and define 'Australianised' capital and operating costs. The target completion date for the scoping study is late September 2014.

## ANGAS DOWNS POTASH PROJECT, NT

Rum Jungle Resources was unable to negotiate an acceptable access agreement with the Central Land Council and the Angas Downs Project was dropped subsequent to the reporting period.

Tenement	Area km <sup>2</sup>	Sub-Blocks	Grant	Expiry	Holder
EL 27933	243	78	27/10/2010	now surrendered	RUM
EL 28885	392	126	06/03/2012	now surrendered	RUM

Table 13. Angas Downs potash titles.

## LAKE HOPKINS POTASH, WA

### *Lake Hopkins Titles*

Tenement	Area km <sup>2</sup>	Sub-Blocks	Grant	Expiry	Holder
E69/2814	153	49	06/07/2011	05/07/2016	RUM
E69/3144	256.8	82	11/11/2013	10/11/2018	RUM

Table 14. Lake Hopkins potash titles.

### *Lake Hopkins Drilling*

Heli-air core drilling was completed at Lake Hopkins in June. Eighteen holes were drilled for 382 m to an average 21 m depth. Brine results reported to the market on 3 July 2014 reveal medium to high grade potassium sulfate with up to 10,371 mg/L K<sub>2</sub>SO<sub>4</sub>.

## OPERATIONS REVIEW

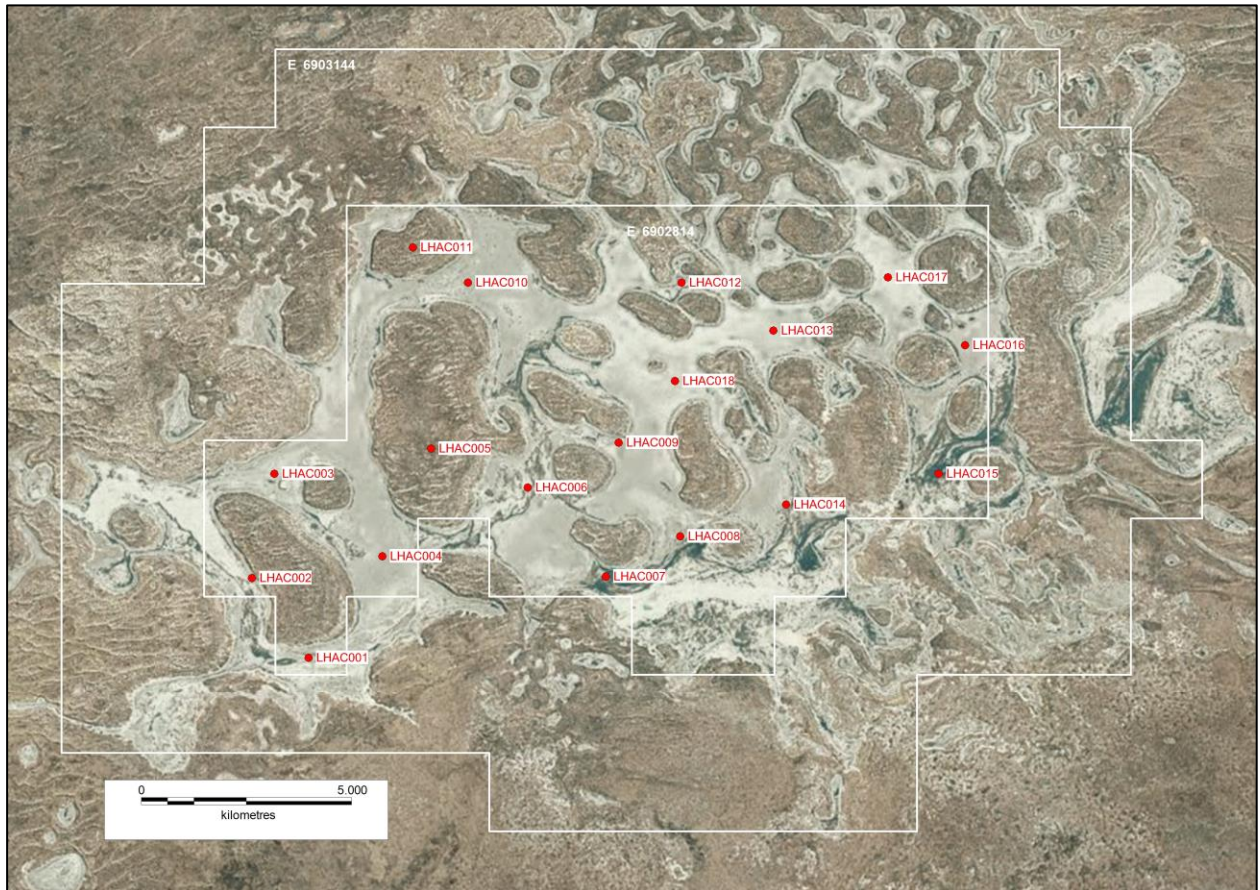


Figure 14. Location map for Lake Hopkins drillholes.



Figure 15. Load coming to site for Lake Hopkins heli-drilling.



## OPERATIONS REVIEW

### LAKE MACKAY POTASH, WA

The proposed Joint Venture with Toro gives Rum Jungle Resources' potash exploration rights to the southern part of Lake Mackay as held by Toro/Nova. The JV agreement is being finalised and is expected to be signed early in the next reporting period.

Tenement	Sub-Blocks in JV	Grant	Expiry	Operator
E80/3484	35	16/05/2008	15/05/2015	Toro Energy Ltd
E80/3485	17	16/05/2008	15/05/2015	Toro Energy Ltd
E80/3486	69	16/05/2008	15/05/2015	Toro Energy Ltd
E80/3519	12	16/05/2008	15/05/2015	Toro Energy Ltd

Table 15. Lake Mackay JV titles.

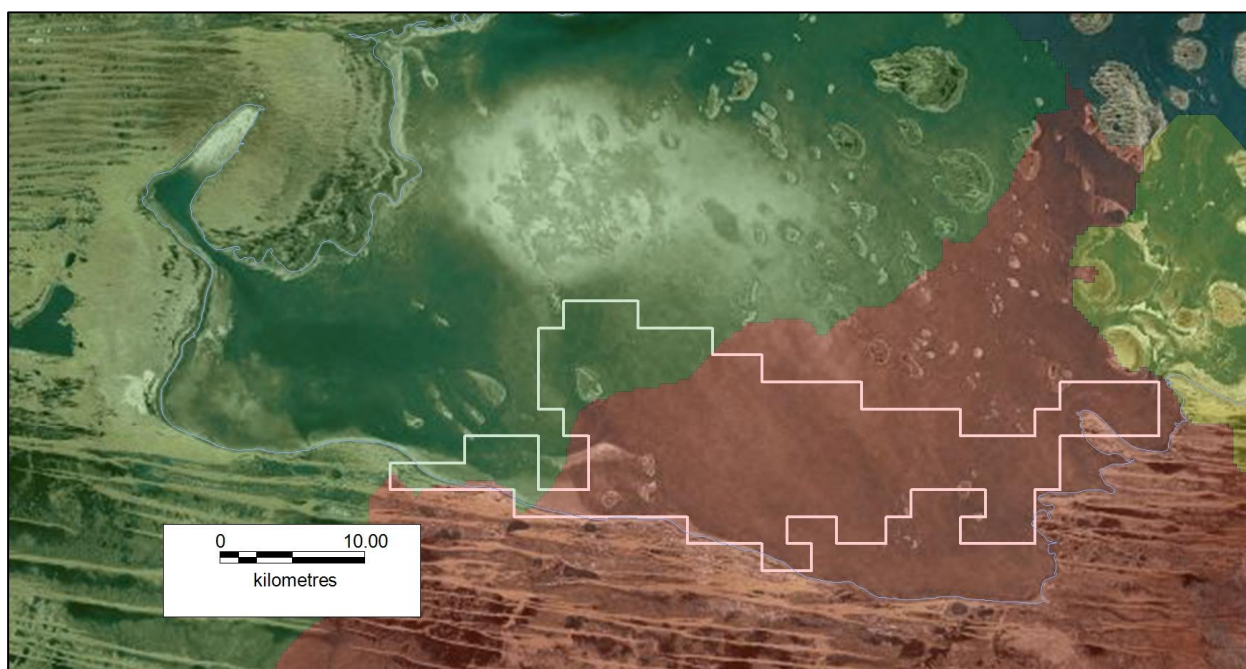


Figure 16. Lake Mackay JV area. The red catchments are rated as most prospective for potassium, with yellow and green indicating respectively lower prospectivity.

### LAKE AMADEUS POTASH PROJECT, NT

Three new applications were lodged to give six contiguous ELs applications which cover all of Lake Amadeus in the NT. The applications include 1,010 km<sup>2</sup> of lake area along a 130 km length. The eastern boundary is contiguous with the Karinga Lakes Project and corresponds to the ALRA/pastoral boundary. All the Lake Amadeus applications are on ALRA land.

Tenement	Area km <sup>2</sup>	Sub-Blocks	Application Date	Holder
ELA 30194	218.00	70	05/12/2013	RUM
ELA 30195	622.88	200	05/12/2013	RUM
ELA 30196	446.18	143	05/12/2013	RUM
ELA 30197	633.44	203	05/12/2013	RUM
ELA 30389	527.1	186	09/05/2014	RUM
ELA 25081	190.5	61	01/12/2005	Tyson

Table 16. Lake Amadeus potash titles.



## OPERATIONS REVIEW

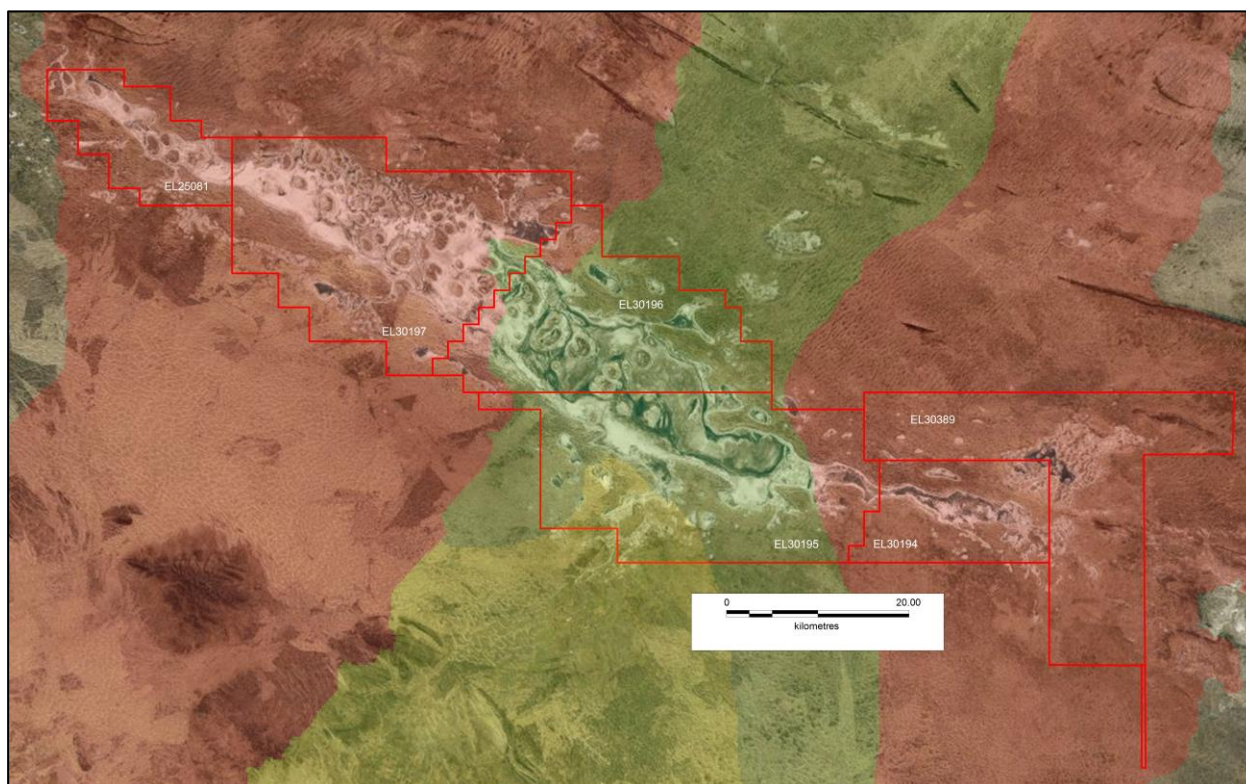


Figure 17. Six contiguous potash applications over Lake Amadeus. The red catchments are rated by GA as most prospective for potassium, followed by yellow and green.

## LAKE TORRENS POTASH, SA

Two new applications were made during the reporting period. Rum Jungle Resources now has four applications that cover a significant portion of Lake Torrens in South Australia. A watching brief is in effect to identify any other ground as it becomes available. There is a dearth of actual brine chemistry for the lake itself and it is not known to what extent, if any, groundwater discharge could contribute to the lake brine chemistry. However, the GA study cited a 1986 study by Bowler to say that, "Lake Torrens is dominantly fed by groundwaters with little surface water influence". This suggests a similar situation to the Karinga Lakes.

Tenement	Area km <sup>2</sup>	Application Date	Expiry	Holder
2013/00215	897	17/12/2013	-	RUM
2013/00216	505	17/12/2013	-	RUM
2014/00089	736	05/05/2014	-	RUM
2014/00090	617	05/05/2014	-	RUM

Table 17. Lake Torrens applications.

## OPERATIONS REVIEW

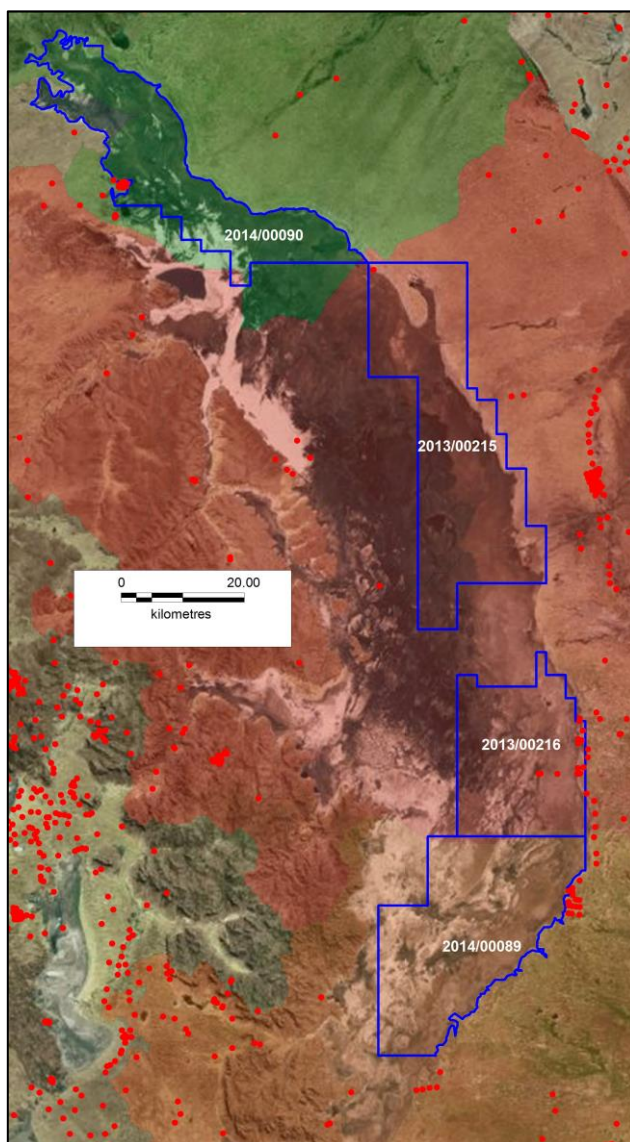


Figure 18. The catchments shown with a red tint are rated by GA as most prospective for potassium. Historic drillholes are shown as red dots. Note that there has been almost no drilling on the lake itself.

## LAKE FROME POTASH AND LITHIUM, SA

Contiguous applications were lodged over the entire of Lake Frome in SA. The applications cover 2,718 km<sup>2</sup>. The lake has previously been explored for alkali evaporites and a single hole was drilled targeting lithium. There is very little data on the potash prospectivity, but GA rated the southwest as the most prospective.

Tenement	Area km <sup>2</sup>	Application Date	Expiry	Holder
ELA 2014/0084	949	01/05/2014	-	RUM
ELA 2014/0085	995	01/05/2014	-	RUM
ELA 2014/0086	774	01/05/2014	-	RUM
ELA 2014/0090	617	01/05/2014	-	RUM

Table 18. Lake Frome applications.

## OPERATIONS REVIEW

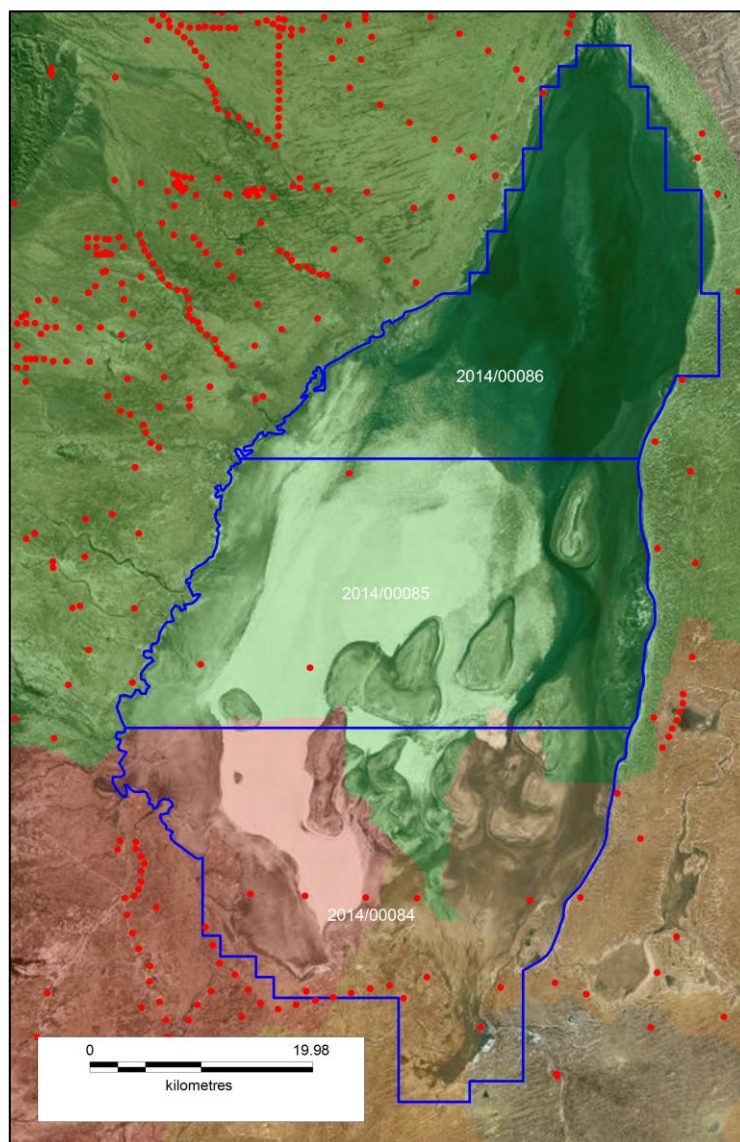


Figure 19. Lake Frome applications. The catchments shown with a red tint are rated by GA as most prospective for potassium. Historic drillholes are shown as red dots. All are very shallow. There has been very little deep drilling on the lake itself.

## OTHER TARGET COMMODITIES

### TOP END PROJECT – MT BUNDEY / MT GOYDER, NT

The Top End Project is in an established polymetallic province within 20 km of the Toms Gully gold mine. It consists of the Mount Goyder and Mount Bundey areas. At Mount Goyder, Rum Jungle Resources drill tested all targets in and near the Donkey Hill prospect and the Annaburro Dome. No significant mineralisation was intersected and Rum Jungle Resources' Mount Goyder titles were surrendered. Rum Jungle Resources also withdrew from the Uranex JV on EL 25165 at Mount Goyder. However, the company retains uranium rights in a joint venture with Crocodile Gold (now Primary Minerals) on fourteen exploration tenements surrounding the Tom's Gully Gold Mine (the Mount Bundey Project). There has been no exploration by Rum Jungle Resources in this JV during the reporting year.



## OPERATIONS REVIEW

Tenement	Area km <sup>2</sup>	Sub-Blocks	Grant	Expiry	Holder
EL 23174	57.21	21	19/09/2003	18/09/2014	Primary Minerals
EL 22232	10.79	4	03/09/2003	02/09/2014	Primary Minerals
EL 24151	19.04	8	02/08/2007	01/08/2015	Primary Minerals
EL 24150	40.07	16	25/01/2005	24/01/2015	Primary Minerals
EL 23178	149.84	45	08/03/2005	07/03/2015	Primary Minerals
EL 23172	121.15	42	06/05/2003	05/05/2014	Primary Minerals
EL 10382	123.62	49	23/10/2003	22/10/2014	Primary Minerals
EL 23173	15.76	6	04/03/2003	03/03/2015	Primary Minerals
EL 24682	47.77	15	02/02/2006	01/02/2015	Primary Minerals
EL 10368	13.38	4	17/06/2002	16/06/2014	Primary Minerals
EL 10367	16.74	5	23/10/2003	22/10/2014	Primary Minerals
EL 24288	46.68	14	04/04/2005	03/04/2014	Primary Minerals
(S)EL25348	75.69	24	22/02/2007	21/02/2015	Primary Minerals
EL 22206	6.7	2	23/10/2003	22/10/2014	Primary Minerals

Table 19. Crocodile Gold/Primary Minerals JV titles. Several titles are pending renewal

## ROSS RIVER / ALICE SPRINGS PROJECT, NT

These ELs are prospective for Cu-Ni-Cr-PGE and IOCG. In particular, EL 28156 is part of a newly recognised IOCG terrain and has anomalous surface Cu coincident with structural and magnetic targets. There was no on-ground exploration work during the year.

Tenement	Area km <sup>2</sup>	Sub-Blocks	Grant	Expiry	Holder
EL 24917	176.24	56	11/07/2006	10/07/2014*	RUM
EL 28156	278	89	15/02/2011	14/02/2017	RUM

Table 20. Ross River titles. \* reduction and renewal pending

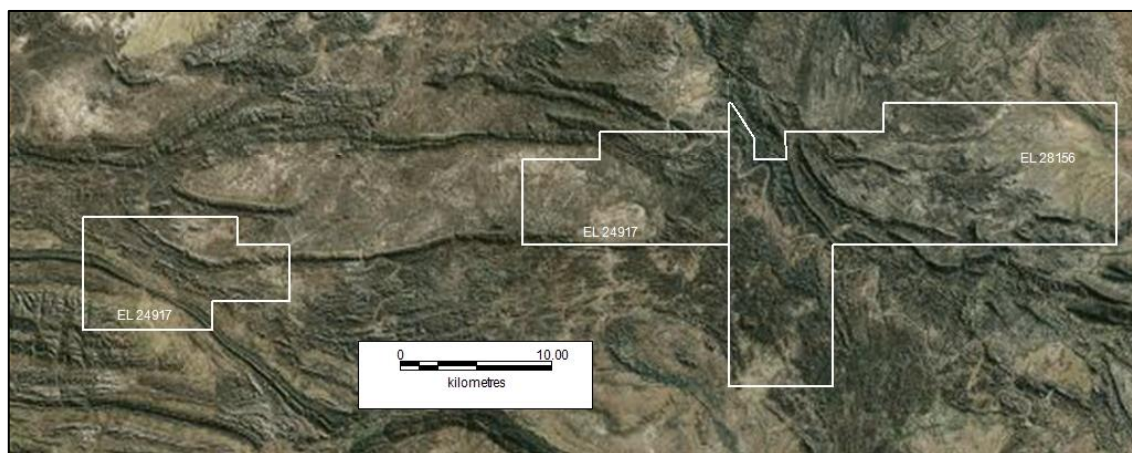


Figure 20. Ross River ELs. The eastern-most portion is the most prospective for IOCG.

## Rehabilitation

Drill pad and track rehabilitation was completed at Tommys Gap and Mulga Dam prospects on EL 24917 in early December. All outstanding rehabilitation for this project has now been completed.

## OPERATIONS REVIEW

### WESTMORELAND PROJECT, NT

This is a former CEN project targeting U/Au. It includes two MLNs and a JV over EL 23573 with Lagoon Creek Resources which is a subsidiary of Laramide. MLN 585 covers the historic Eva uranium mine which has JORC 2004 resources for uranium and gold. The old mine produced 25.8t U<sub>3</sub>O<sub>8</sub>. MLN 578 covers the historic Cobar II uranium mine which produced 0.33t U<sub>3</sub>O<sub>8</sub>. Only desktop studies and statutory reporting were conducted during the reporting period.

Tenement	Area km <sup>2</sup>	Sub-Blocks	Grant	Expiry	Holder
EL 23573	189.8	65	23/12/2003	22/12/2013*	CEN/Lagoon Ck
ML 585	12.14 hectares	na	01/01/2001	31/12/2021	CEN
ML 578	6.47 hectares	na	21/12/1955	31/12/2017	CEN

Table 21. CEN and JV titles in the Westmoreland Project. \*EL 23573 is being renewed

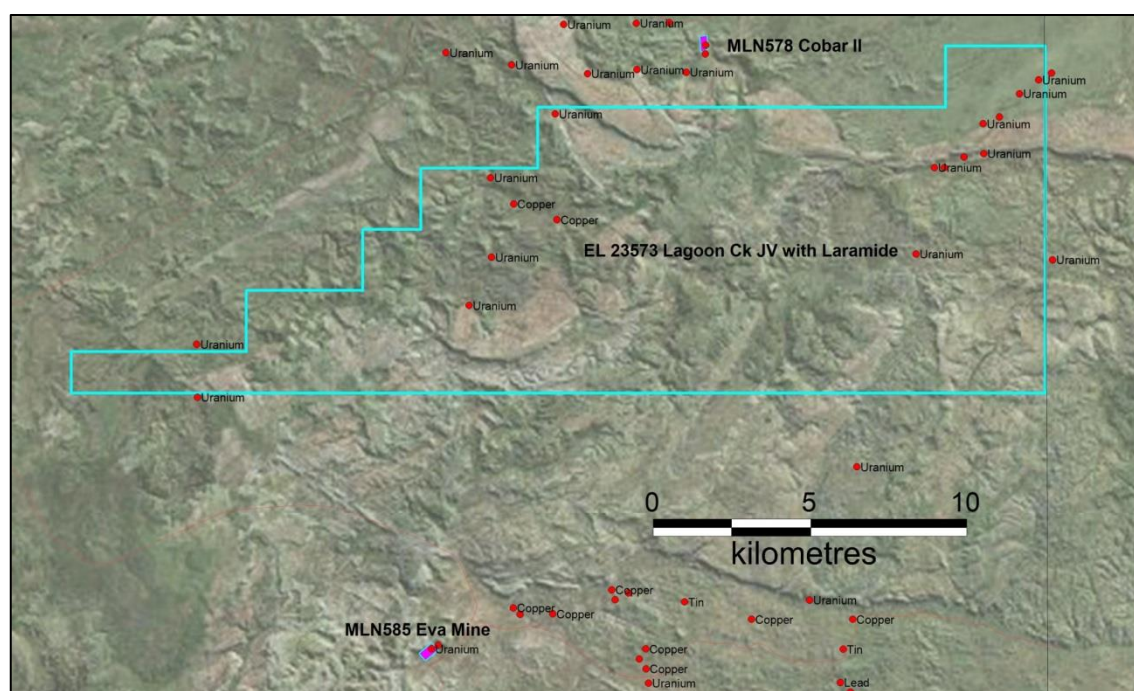


Figure 21. CEN Westmoreland Project adjacent to the Queensland border showing mineral occurrences and prospects.

# RUM JUNGLE RESOURCES LTD

## OPERATIONS REVIEW

### RESOURCE REGISTER as of 30 June 2014

Commodity	Project	Ownership	Resource Category	Mt P <sub>2</sub> O <sub>5</sub>	Grade P <sub>2</sub> O <sub>5</sub> %	Cut-Off P <sub>2</sub> O <sub>5</sub> %	JORC	Announced	Status
Phosphate	Ammaroo, NT	Territory Phosphate and Central Australian Phosphate	Measured	134	15.4	10	2012	Rum Jungle Resources 24 Mar 2014	Pre-feasibility study
			Indicated	80	15.3				
			Inferred	870	14				
			Total	1,084	14				
	Ammaroo South, NT	Territory Phosphate	Inferred	70	13	10	2012	Rum Jungle Resources 12 Jun 2014	Exploration

Commodity	Project	Ownership	Resource Category	Mt K <sub>2</sub> SO <sub>4</sub>	Grade mg/L	Cut-Off mg/L K	JORC	Announced	Status
Potash	Karinga Lakes, NT	Rum Jungle Resources, some titles being transferred from Reward Minerals/ Tyson Resources	Measured	5.8	-	3,000	2012	Rum Jungle Resources 20 Feb 2014	Scoping study
			Indicated	0.46	-				
			Inferred	2.1	-				
			Total	8.4	av 4,760				

Commodity	Project	Ownership	Resource Category	Tonnes	Grade Au g/t	Cut-Off g/t	Au Oz	JORC	Announced	Status
Gold	Eva*, NT	Central Australian Phosphate	Inferred	14,000	3.07	1.2	1,400	2004	NuPower (CEN) 4 Mar 2011	No activity since acquisition
			Indicated	87,600	3.88		10,900			
			Total	101,600	3.77		12,300			

Commodity	Project	Ownership	Resource Category	Tonnes	Grade U <sub>3</sub> O <sub>8</sub> %	Cut-Off U <sub>3</sub> O <sub>8</sub> %	U <sub>3</sub> O <sub>8</sub> Tonnes	JORC	Announced	Status
Uranium	Eva*, NT	Central Australian Phosphate	Inferred	105,300	0.05	0.02	60	2004	NuPower (CEN) 4 Mar 2011	No activity since acquisition
			Indicated	430,500	0.14		590			
			Total	535,800	0.12		650			

#### Notes

\*Rum Jungle Resources has not undertaken any work to independently verify the Eva project resources prepared by Mining Associates Pty Ltd and announced by NuPower. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. Further work and evaluation may be required to independently verify the JORC 2004 compliant resource and/or make it compliant with JORC 2012.

Territory Phosphate Pty Ltd and Central Australian Phosphate Pty Ltd (formerly NuPower Limited) are wholly-owned subsidiaries of Rum Jungle Resources Ltd.

## OPERATIONS REVIEW

### ATESTATION AND DISCLAIMER

*The information in this report that relates to exploration results and economic potential is based on information compiled by Mr David Muller, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Muller is Non-Executive Chairman of Rum Jungle Resources Ltd and an employee of 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 2012 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 their information in the form and context in which it appears.*



**DW Muller BSc, MSc, MBA, FAusIMM**  
Chairman

*This announcement contains forward looking statements. Forward looking statements are not based on historical facts, but are based on current expectations of future results or events. These forward looking statements are subject to risks, uncertainties and assumptions which could cause actual results or events to differ materially from the expectations described in such forward looking statements. Although Rum Jungle Resources believes that the expectations reflected in the forward looking statements in this presentation are reasonable, no assurance can be given (and Rum Jungle Resources does not give any assurance) that such expectations will prove to be correct. Undue reliance should not be placed on any forward looking statements in this announcement, particularly given that Rum Jungle Resources has not yet made a decision to proceed to develop the Ammaroo Phosphate Project, Karinga Lakes project or any other project, and Rum Jungle Resources does not yet know whether it will be able to finance either project.*



**Chris Tziolis**  
BSc, MA, MBA, MAICD  
Managing Director

### FURTHER TECHNICAL INFORMATION

For further information regarding any of Rum Jungle Resources' projects:

Website [www.rumjungleresources.com.au](http://www.rumjungleresources.com.au)

Phone 08 8942 0385, (Int.) +61 8 8942 0385

E-mail [info@rumjungleresources.com.au](mailto:info@rumjungleresources.com.au)

# RUM JUNGLE RESOURCES LTD

## DIRECTORS' REPORT

The directors present their report together with the consolidated financial statements of the Group comprising Rum Jungle Resources Ltd (the Company) and its subsidiaries for the year ended 30 June 2014 and the auditor's report thereon.

### DIRECTORS

The directors of the Company at any time during or since the end of the financial year and up to the date of this report:

Mr David Muller	Non-Executive Chairman
Mr Robert Annells	Non-Executive Director
Mr Jeff Landels	Non-Executive Director
Mr Chris Tziolis	Managing Director

### COMPANY SECRETARY

Mr Bruce Arnold BAgEc, CA was appointed Company Secretary on 31 July 2013 and has held the role of Company Secretary and Chief Financial Officer for a number of public companies.

### PRINCIPAL ACTIVITIES

The principal activities of the Group during the course of the financial year were the exploration and evaluation of fertiliser minerals (in particular phosphate and potash) and exploration for base metals and other minerals in the Northern Australia.

### DIVIDENDS

The Directors recommend that no dividend be paid or declared at this point in time. No amounts have been paid or declared by way of dividends during the year.

### OPERATING AND FINANCIAL REVIEW

#### Review of Operations

A detailed operations review and highlights discussion is included in front section of this annual report.

#### Operating Results

The consolidated entity recorded a loss after tax of \$7,317,965 after impairment and write downs of \$4,307,847 in exploration costs (2013 loss \$12,030,698). The impairment reflects the assessment of future potential made in relation to areas of interest that have been deemed non-prospective and where no further testing is anticipated. In this situation costs associated with the tenements are impaired and written off in the profit or loss and other comprehensive income statement. Corporate costs of \$4,295,503 (2013 \$3,506,885) increased during the year reflecting additional resources and staff for project development. In addition there were increased advisory costs supporting the takeover for Central Australian Phosphate Limited. Exploration and evaluation (including scoping studies) expenditure for the year was \$7,949,230 (2013 \$6,134,798).

#### Shareholder Performance

	2014	2013	2012	2011
Loss attributable to shareholders	7,317,965	12,030,698	1,280,752	\$1,859,943
Basic EPS (Loss) cents per share	(0.42)	(5.34)	(0.75)	(1.35)
Dividends	Nil	Nil	Nil	Nil
Closing Share price at 30 June	\$0.086	\$0.125	\$0.22	\$0.27



# RUM JUNGLE RESOURCES LTD

## DIRECTORS' REPORT

### Review of Financial Position

The Group's net assets increased by 39.1% compared to the prior year reflecting the acquisition Central Australian Phosphate for cash and share consideration of \$7,943,488. Equity raised of \$13,326,053 cash was offset by the loss from operations for the year. The cash balance was \$9,288,673 at 30 June 2014.

### Future Developments, Business Strategies and Prospects

The Group strategy is to actively continue its exploration and project development activities in Northern Australia. The principal focus in the short to medium term will be both the Ammaroo phosphate and Karinga Lakes potash projects in the form of completing a prefeasibility study and scoping study respectively. Other prospects considered to have potential will have work programmes developed in order to maintain the tenements and enable assessment of the areas of interest in the medium term.

The overarching objective is to progress both projects down the development path with a long term view of developing a phosphate and potash fertiliser mineral production businesses in due course.

### Business Risks

#### **Economic Factors**

Share market conditions may affect the value of the Company's quoted securities regardless of operating performance. Share market conditions are affected by many factors such as economic outlook; interest and inflation rates; currency exchange rates; investor sentiment; demand and supply of capital; terrorism or other hostilities and fiscal, monetary and regulatory policies.

#### **Market Conditions**

The market price of the shares in the Company can rise and fall and may be subject to unpredictable influences on the market and exploration stocks in particular. The future performance or return on investment cannot be warranted. A key risk for a minerals development company to manage is the need to maintain access to capital markets in order to source equity from new and existing shareholders to fund exploration evaluation in project studies and progress towards project development.

#### **Tenement Title**

Each tenement is for a specific term with annual expenditure and reporting commitments as well as conditions requiring compliance. Consequently the Company could lose tenements if conditions are not met or if insufficient funds are available to meet expenditure commitments as and when they arise. The inability to meet tenement conditions may affect the operations, financial position and /or performance of the Company.

#### **Native Title**

Areas of interest are potentially subject to native title claims and identification of sacred sites which may affect future operations or performance if relevant agreements cannot be established.

#### **Political, Commodity Price and Exchange Rate Risks**

The potential to establish the timing and investment in projects and operations will depend on, expected revenues that will be exposed to commodity price and exchange rate risk which are impacted by volatility in international markets and political factors including approvals to operate.

#### **Upgrading Resources to Reserves**

Resource and reserve estimates are judgments based on knowledge, experience and industry practice. By their nature resource estimates are imprecise and depend on interpretations which can lead to variations through an ore body.

## **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

During the year ended 30 June 2014 the Company raised equity of \$13,326,053 through a share placement and share purchase plan. As an exploration company the regular access to capital markets and ongoing support from shareholders is necessary to support exploration programmes.

From July 2013 to January 2014 Central Australian Phosphate Limited was taken over and became a wholly owned subsidiary after completing compulsory acquisition. Consideration was for cash of \$6,326,456 and shares issued for a value of \$7,943,488. This has allowed the combining of tenements to support the Ammaroo Phosphate project which has been subject to the Pre-feasibility study in progress over the course of the year.

Other than as noted above or otherwise disclosed in this report, there were no other significant changes in the nature of activities that occurred during the course of the financial year under review.

# RUM JUNGLE RESOURCES LTD

## DIRECTORS' REPORT

### EVENTS SUBSEQUENT TO REPORTING DATE

No matter or circumstance has arisen since the end of the financial year 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 subsequent financial years.

### LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Group proposes to continue its exploration programmes and project development activities. Specifically, the company aims to continue phosphate exploration and evaluation activities on the Ammaroo project and complete a pre-feasibility study. The pre-feasibility study will form the basis for potential future decisions to commence a bankable feasibility study and to actively pursue project financing activities. The implementation of off-take agreements and the attraction of development and financing partnerships will be critical in moving the project beyond the pre-feasibility stage. Neither of these is currently in place. For the Karinga Lakes potash project the first stage scoping study is in progress.

### ENVIRONMENTAL REGULATION

The Group has a policy of complying with its environmental performance obligations in accordance with regulations determined by statute and regional entities in the areas in which it undertakes its exploration activities. The directors of the Group are not aware of any breach of environmental legislation or any matter which requires disclosure with respect to any significant environmental regulation associated with its operating activities.

### INFORMATION ON DIRECTORS

**David Muller**

***Chairman – Non-Executive***

***Qualifications*** BSc, MSc, MBA, FAusIMM

#### ***Experience and Expertise***

Appointed to Rum Jungle Resources Ltd board in October 2006

Mr Muller is a geologist with 45 years' experience in the Australian mining and exploration industries. He graduated in 1965 with a BSc in geology from the University of Melbourne and commenced as a geologist with Electrolytic Zinc Co of A'asia Ltd. He was the project leader in the discovery of the Beltana Zinc deposit in South Australia from 1967 to 1969 and was awarded a Master of Science degree by the University of Melbourne for work on this project. During this period EZ was also involved with Geopeko in the discovery of the Ranger Uranium deposit in the Northern Territory. Mr Muller was a senior geologist with EZ in charge of the Western Australian operation when he left the company in 1972 to undertake the Master of Business Administration course at the University of Melbourne from 1972 to 1974. During this period he worked as a mining adviser to share brokers May and Mellor.

Whilst with May and Mellor he was involved in financing and mergers of listed junior mining companies. He worked closely with the Pancontinental Mining Ltd Board and assisted the company to restructure in the early days of the Jabiluka uranium discovery.

In 1975 Mr Muller returned to Perth and spent four years in private exploration and eventually listed his endeavours as Samantha Mines NL of which he was chairman. He then listed associated companies Samson Exploration NL and Cape Range Oil NL. These companies were involved in successful gold exploration and development of mining operations. Cape Range Oil was the original partner in the discovery of the Tubridgi Gas Field at Onslow, WA. He lost control of these companies in a take-over battle in 1985.

In 1985 Mr Muller once again set out on his own and created Julia Mines NL ("Julia") in the same year. Julia went on to develop wholly owned gold operations at Goongarrie, Menzies and Kambalda (Paris Gold Mine). He held the position of Executive Chairman and subsequently Managing Director. He was with Julia Mines for 18 years prior to retiring in 2003 when he embarked upon private exploration in the Northern Territory, where he established financial relations with six listed mining companies. Subsequent to that he selected and acquired all the areas that formed the basis of the Rum Jungle Resources Ltd Prospectus and acted as Managing Director until 30 June 2014.

# RUM JUNGLE RESOURCES LTD

## DIRECTORS' REPORT

### INFORMATION ON DIRECTORS (continued)

#### **Robert Annells**

***Non-Executive Director***

***Qualifications*** CPA, F Fin

#### ***Experience and Expertise***

Appointed to Rum Jungle Resources Ltd board in October 2006.

Mr. Annells is a former member of the Australian Stock Exchange with over forty years' experience in the securities industry and is a qualified accountant. His experience includes provision of corporate and investment advice to the business and resources industries. He has served on the Rum Jungle Resources Ltd Board since 2006. During the past four years Mr. Annells has also served on the Boards of ASX listed Minotaur Exploration Limited, Greenearth Energy Limited and Lakes Oil N.L and the London based company Xtract Energy PLC. Mr. Annells served as the Chairman of Minotaur Exploration Limited from its listing in February 2005 until his retirement from the Board in February 2010. He is currently Chairman of Lakes Oil N.L and was appointed Chairman of Greenearth Energy Limited in July 2010.

#### **Mr Jeff Landels**

***Non-Executive Director***

***Qualifications*** BSc (Hons)

#### ***Experience and Expertise***

Appointed to Rum Jungle Resources Ltd board in October 2012.

Mr Landels was the General Manager of (then) Western Mining Corporation's Fertilizer Operations at Phosphate Hill, Mt Isa and Townsville from 2002 to 2006. Prior to that he spent over 30 years in the pulp and paper industry in both Australia and New Zealand. He was the Group General Manager for PaperlinX at its Gippsland operations and General Manager at AMCOR's Maryvale operations.

#### **Mr Chris Tziolis**

***Managing Director***

***Qualifications*** BSc, MA, MBA, MAICD

#### ***Experience and Expertise***

Appointed to Rum Jungle Resources Ltd board in June 2013.

Mr Tziolis was appointed to Rum Jungle Resources as Director of Development Projects in October 2012. On 30 June 2014 he was appointed as Managing Director. Prior to this he held senior management roles at Rio Tinto, most recently as the Chief Development Officer of Energy Resources of Australia Ltd. He was also the Manager of Business Development and Manager of Rail and Port Infrastructure with Rio Tinto Coal Australia. Prior to Rio Tinto, he was a consultant with McKinsey and Company primarily engaged on strategy development and operational performance improvement for global mining companies. Mr Tziolis commenced his career as an operations officer in the Royal Australian Navy which included command of a patrol vessel. He is a Member of the Australian Institute of Company Directors and has an MBA, MA in International Relations and a BSc in Chemistry.

# RUM JUNGLE RESOURCES LTD

## DIRECTORS' REPORT

### MEETINGS OF DIRECTORS

The number of Board meetings held during the year for each director who held office during the financial year and the numbers of meetings attended by each director is as follows:

	Board Meetings of Directors		Audit Committee	
	Number eligible to attend	Meetings attended	Number eligible to attend	Meetings attended
David Muller	7	7	-	-
Robert Annells	7	7	2	2
Jeff Landels	7	7	2	2
Chris Tziolis	7	7	-	-

### DIRECTORS' INTERESTS

The relevant interests of the directors (and related parties) in securities of the Company at the date of this report are as follows:

	Ordinary shares	Options over ordinary shares
David Muller	8,400,522	5,000,000
Robert Annells	2,240,000	2,000,000
Jeff Landels	-	2,000,000
Chris Tziolis	300,000	1,500,000

### SHARES UNDER OPTIONS

Unissued ordinary shares of Rum Jungle Resources Ltd under option at the date of this report are as follows:

Grant date	Vesting date	Expiry date	Exercise price	Number of options
04/04/2011	04/04/2010	04/04/2015	\$1.50	500,000
19/12/2012	15/10/2013	15/10/15	\$0.43	1,500,000
19/12/2012	19/12/2012	19/12/15	\$0.49	9,000,000
				<hr/> 11,000,000 <hr/>

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

### Shares issued on the exercise of options

During the year ended 30 June and to the date of this report there were no shares have issued on the exercise of options.

# RUM JUNGLE RESOURCES LTD

## DIRECTORS' REPORT

### REMUNERATION REPORT – AUDITED

#### (a) Policy for determining the nature and amount of key management personnel remuneration

The Board of Rum Jungle Resources Ltd is responsible for determining and reviewing compensation arrangements for the directors, chief executive officer and the executive team. The Board's remuneration policy is to ensure that the remuneration package properly reflects the person's duties and responsibilities, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team. Such officers are given the opportunity to receive their base emolument in a variety of forms. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost to the Group.

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

##### *(i) Non-Executive Director Remuneration*

###### **Objective**

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

###### **Structure**

Remuneration of non-executive directors is determined by the Board, within the maximum amount approved by the shareholders from time to time (currently set at an aggregate of \$250,000 per annum). The Board intends to undertake an annual review of its performance and the performance of the Board committees against goals set at the start of the year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst the directors is reviewed annually. The Board may consider advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking its annual review.

Each director receives a fee for being a director of the Company. Directors who are called upon to perform extra services beyond the director's ordinary duties may be paid for those services on a rate commercial basis. Options may also be issued to directors with the approval of shareholders.

##### *(ii) Senior Executive Remuneration (including executive directors)*

###### **Objective**

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and to:

- Reward executives for company, business unit and individual performance against targets set by reference to appropriate benchmarks;
- Align the interest of executives with those of shareholders;
- Link reward with the strategic goals and performance of the Company; and
- Ensure total remuneration is competitive by market standards.

###### **Structure**

In determining the level and make-up of executive remuneration, the Board may obtain independent advice from external consultants on market levels of remuneration for comparable executive roles. It is the Board's policy that employment contracts are entered into with all senior executives.

##### *(iii) Variable remuneration – Short and Long Term Incentives (executives and executive directors)*

###### **Objective**

The objectives of incentives are to:

- Recognize the ability and efforts of the employees of the Company who have contributed to the success of the Company and to provide them with rewards where deemed appropriate;
- Provide an incentive to the employees to achieve the long term objectives of the Company and improve the performance of the Company; and
- Attract persons of experience and ability to employment with the Company and foster and promote loyalty between the Company and its employees.

# RUM JUNGLE RESOURCES LTD

## DIRECTORS' REPORT

### REMUNERATION REPORT – AUDITED (continued)

#### Structure

Long term incentives granted to senior executives are options issued in accordance with an Employee Share Option Plan, subject to shareholders' approval. At the commencement of each financial year, the Company and each senior executive will agree upon a set of financial and non-financial objectives related to the senior executive's job responsibilities and targeted to the business and financial performance. There is currently no short term incentive scheme and no bonuses are paid while the company in exploration phase.

#### (b) Remuneration, Company performance and shareholder wealth.

The development of remuneration policies and structure are considered in relation to the effect on Company performance and shareholder wealth. They are designed by the Board to align Director and executive behaviour with improving Company performance and, ultimately shareholder wealth.

The Board considers at this stage in the Company's development, that share price growth itself is an adequate measure of total shareholder return. Refer to the share price listed in the operating and financial review.

Executives are currently remunerated based on a base pay and options. The options granted are considered by the Board to provide an alignment between the employees' and shareholders' interests.

#### (c) Key management personnel

Unless otherwise stated, the following persons were key management personnel of Rum Jungle Resources Ltd during the financial year under review:

Name	Date appointed	Date resigned	Position held
David Muller	13 October 2006		Chairman (Retired as Managing Director 30 June 2014)
Robert Annells	10 October 2006		Non-executive Director (Chairman until 30 June 2014)
David Muller	13 October 2006	30 June 2014	Managing Director/Chief Executive Officer
Jeff Landels	18 October 2012		Non-executive Director
Chris Tziolis	15 October 2012		Managing Director (Appointed 1 July 2014)
Bruce Arnold	31 July 2013		Company Secretary/Chief Financial Officer
Nigel Doyle	1 February 2008		Exploration Manager

#### (d) Details of remuneration

Compensation paid, payable or provided by the Company to key management personnel is set out below. Key management personnel include all directors of the Company and executives who, in the opinion of the Board have authority and responsibility for planning, directing and controlling the Group directly or indirectly.

	Short-term benefits	Post- employment	Share-based payments		Proportion of remuneration performance based
2014	Salary and fees	Superannuation	Options	Total	%
	\$	\$	\$	\$	%
<b>Non-executive directors</b>					
Robert Annells	* 99,000	-	-	99,000	-
Jeff Landels	* 74,000	2,312	-	76,312	-
<b>Total non-executive directors</b>	<b>173,000</b>	<b>2,312</b>	<b>-</b>	<b>175,312</b>	<b>-</b>
<b>Executive directors</b>					
David Muller	425,000	25,000	-	450,000	-
Chris Tziolis	302,750	25,000	-	327,750	-
<b>Total executive directors</b>	<b>727,750</b>	<b>50,000</b>	<b>-</b>	<b>777,750</b>	<b>-</b>
<b>Other key management personnel</b>					
Chris Moyle	31,323	1,352	-	32,675	-
Bruce Arnold	187,948	17,385	-	205,333	-
Nigel Doyle	200,000	18,500	-	218,500	-
<b>Total other key management personnel</b>	<b>419,271</b>	<b>37,237</b>	<b>-</b>	<b>456,508</b>	<b>-</b>
<b>Total directors' and executive remuneration</b>	<b>1,320,021</b>	<b>89,549</b>	<b>-</b>	<b>1,409,570</b>	<b>-</b>

\* Consolidated director's fees. Includes \$24,000 paid by Central Australian Phosphate Limited for the period July 2013 to December 2013 prior to becoming a wholly owned subsidiary.

A termination payment of \$262,500 was paid to David Muller in July 2014 in recognition of services to the company on retirement as Chief Executive Officer. This amount was recorded as a liability as at 30 June 2014

# RUM JUNGLE RESOURCES LTD

## DIRECTORS' REPORT

### REMUNERATION REPORT AUDITED (continued)

2013	Short-term benefits	Post- employment	Share-based payments		Proportion of remuneration performance based
	Salary and fees	Superannuation	Options	Total	
	\$	\$	\$	\$	%
<b>Non-executive directors</b>					
Robert Annells Chairman	64,583	-	88,000	152,583	57.6
Jeff Landels	35,416	-	88,000	123,416	71.3
John Roberts	31,250	-	-	31,250	
<b>Total non-executive directors</b>	<b>131,249</b>	<b>-</b>	<b>176,000</b>	<b>307,249</b>	<b>63.7</b>
<b>Executive directors</b>					
David Muller	425,000	25,000	220,000	670,000	32.8
Chris Tziolis	212,500	17,799	57,000	287,299	19.8
<b>Total executive directors</b>	<b>637,500</b>	<b>42,799</b>	<b>277,000</b>	<b>957,299</b>	<b>28.9</b>
<b>Other key management personnel</b>					
Christopher Moyle	190,663	17,807	-	208,470	-
Nigel Doyle	219,485	19,754	-	239,239	-
<b>Total other key management personnel</b>	<b>410,148</b>	<b>37,561</b>	<b>-</b>	<b>447,709</b>	<b>-</b>
<b>Total directors' and executive remuneration</b>	<b>1,178,897</b>	<b>80,360</b>	<b>453,000</b>	<b>1,712,257</b>	<b>26.5</b>

There were no bonus payments in 2014 or 2013.

#### (e) Service agreements

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board's policies and terms, including compensation, relevant to the office of director.

Remuneration and other terms of employment for the Managing Director and other key management personnel are recorded in service agreements. Major provisions of the agreements relating to remuneration are set out below.

#### Chris Tziolis, Executive Director – Managing Director

- Term of Agreement – open ended commencing 15 October 2012.
- Base salary \$300,000 plus SGC superannuation.
- Contract may be terminated by either party with one month's notice or payment in lieu thereof.
- New MD contract will be finalised after the completion of the Ammaroo pre-feasibility study.

#### Bruce Arnold, Company Secretary & Chief Financial Officer

- Term of Agreement – open ended commencing 24 July 2013.
- Contract may be terminated by either party with one month's notice or payment in lieu thereof.

#### Nigel Doyle, Exploration Manager

- Term of Agreement – open ended commencing 1 February 2008.
- Contract may be terminated by either party with one month's notice or payment in lieu thereof.

# RUM JUNGLE RESOURCES LTD

## DIRECTORS' REPORT

### REMUNERATION REPORT - AUDITED (continued)

#### (f) Share-based compensation

Details of options over ordinary shares in the Company provided as remuneration to each director of Rum Jungle Resources Ltd and each of the key management personnel of the Group are set out below. When exercised, each option is convertible into one ordinary share of Rum Jungle Resources Ltd. Options are issued by the Board and the exercise price is double the average weighted share price at the date of being awarded. There are no other performance criteria.

	Grant Date	No. of options	No. of options vested during year	Fair value per option at grant date (cents)	Exercise price (cents)	Expiry date	Date exercisable
Robert Annells	19/12/12	2,000,000	-	4.4	49	19/12/15	19/12/12
Jeff Landels	19/12/12	2,000,000	-	4.4	49	19/12/15	19/12/12
David Muller	19/12/12	5,000,000	-	4.4	49	19/12/15	19/12/12
Chris Tziolis	19/12/12	1,500,000	1,500,000	3.8	43	15/10/15	15/10/13
Nigel Doyle	04/04/11	500,000	-	17.3	150.0	04/04/15	04/04/11

Options are granted to attract and retain key management personnel and the number set by the Board.

There are no performance hurdles attaching to the options granted other than service vesting conditions (that the employee must be employed to exercise the options. In the event of termination (specified circumstances) only vested options are entitled to be exercised up to 30 days after termination. Unvested options are forfeited.

During the year there were no alterations to the terms and conditions of options granted since their grant date.

#### Analysis of movements in options

During the year no options were issued under the Company's Employee Share Option Plan. 900,000 options lapsed or expired as the exercise price was above the spot share price at the time. As at 30 June 2014 the Company's share price was 8.6 cents.

	A Value of options granted \$	B Value of options exercised \$	C Value at expiry date \$	D Remuneration that consists of options %
<b>Directors of Rum Jungle Resources Ltd</b>				
Robert Annells	-	-	-	-
Jeff Landels	-	-	-	-
David Muller	-	-	-	-
Chris Tziolis	-	-	-	-
<b>Other key management personnel</b>				
Christopher Moyle	-	-	64,000	-
Nigel Doyle	-	-	62,500	-



# RUM JUNGLE RESOURCES LTD

## DIRECTORS' REPORT

### REMUNERATION REPORT - AUDITED (continued)

A = the value at grant date, calculated in accordance with AASB 2 – Share-based Payment, of options granted during the year as part of remuneration.

B = the value at exercise date of options that were granted as part of remuneration and were exercised during the year, being the intrinsic value (spot price less exercise price) of the options at that date.

C = the value at lapse or expiry date of options that were granted as part of remuneration and that lapsed during the year. The value is determined at the time of lapsing and usually out of the money at the expiry.

D = the percentage of the value of remuneration consisting of options, based on the value of options expensed during the current year.

As the options generally vest immediately the assessed fair value at grant date of options granted to the individuals is expensed in the reporting period in which the grant occurs and the amount is included in the remuneration tables appearing on the previous page. Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

For each grant of options, the percentage of the grant value that vested in the financial year, and the percentage that was forfeited because the person did not meet the service performance criteria, are set out below. The options usually expire after 3 to 4 years. Because the options vest immediately upon grant, there are no minimum or maximum options yet to vest.

	Year granted	Vested	Forfeited	Financial years in which the options vest
		%	%	
<b>Directors of Rum Jungle Resources Ltd</b>				
Robert Annells	2012	100	-	2012
Jeff Landels	2012	100	-	2012
David Muller	2012	100	-	2012
Chris Tziolis	2012	-	-	2013
<b>Other key management personnel</b>				
Nigel Doyle	2011	100	33.3	2011

### Option holdings

The numbers of options over ordinary shares in the company held during the financial year by each director of Rum Jungle Resources Ltd and other key management personnel of the Group, including their personally related parties, are set out below:

Name	Balance at start of year	Granted as Compensation	Exercised	Other Changes	Balance at end of year	Vested and exercisable
<b>Directors of Rum Jungle Resources Ltd</b>						
R J Annells	2,000,000	-	-	-	2,000,000	2,000,000
J Landels	2,000,000	-	-	-	2,000,000	2,000,000
D W Muller	5,000,000	-	-	-	5,000,000	5,000,000
C N Tziolis	1,500,000	-	-	-	1,500,000	1,500,000
<b>Other key management personnel of the Group</b>						
C J Moyle *	400,000	-	-	(400,000)	-	-
N J Doyle	1,000,000	-	-	(500,000)	500,000	500,000

\* Options forfeited on termination for retirement 31 July 2013.

# RUM JUNGLE RESOURCES LTD

## DIRECTORS' REPORT

### REMUNERATION REPORT - AUDITED (continued)

#### Share holdings

The number of shares in the company held during the financial year by each director of Rum Jungle Resources Ltd and other key management personnel of the Group, including their personally related parties are set out below. There were no shares granted during the reporting period as compensation.

Name	Balance at start of the year	Received during the year on exercise of options	Other changes during the year	Balance at end of the year
<b>Directors of Rum Jungle Resources Ltd</b>				
<b>Ordinary Shares</b>				
R J Annells and related parties	2,240,000	-	-	2,240,000
D W Muller and related parties	8,293,379	-	107,143	8,400,522
C N Tziolis and related parties	-	-	300,000	300,000
<b>Other key management personnel of the Group</b>				
N J Doyle and related parties	328,299	-	-	328,299

#### End of Remuneration Report – Audited

---

### INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During or since the end of the year, the Company has not given any indemnity to a current or former officers or auditor against a liability or made any agreement under which an officer or auditor may be given any indemnity of the kind covered by the Corporations Act 2001.

During the year, the Company paid premiums in respect of directors' and officers' indemnity insurance contracts for the period ended 30 June 2014. The insurance contracts offer continued indemnity to officers of the Company where the person is no longer an officer at the time the claim is made. The Company paid a premium of \$38,000 to insure the directors and secretaries of the Company during the financial year. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for them or someone else or to cause detriment to the Company.

# RUM JUNGLE RESOURCES LTD

## DIRECTORS' REPORT

### PROCEEDINGS ON BEHALF OF THE COMPANY

The Company is not aware that any person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings in which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

The Company was not a party to proceedings during the year or to the date of this report.

### NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group is appropriate.

The board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of non-audit services is compatible with and did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed to ensure that they do not impact the impartiality and objectivity of the auditor;
- the services provided do not undermine the general principles relating to Auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

Details of the amounts paid or payable to the auditors for audit services provided during the year are set out in note 17 in the financial report.

During the year the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated Group	
	2014	2013
	\$	\$
<b>Other assurance services</b>		
<i>Advisory and acquisition services</i>	-	62,416
<b>Non-audit services</b>		
<i>Taxation services</i>	-	11,069
<i>R&amp;D support</i>	73,000	-
<b>Total remuneration for non-audit services</b>	<b>73,000</b>	<b>73,485</b>

### 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 on page 46.

This report is made in accordance with a resolution of the directors.



David W Muller

Chairman



Chris N Tziolis

Managing Director

Melbourne, Victoria  
25 September 2014

# RUM JUNGLE RESOURCES LTD

## CORPORATE GOVERNANCE STATEMENT

### Introduction

The Board of directors is responsible for the corporate governance of Rum Jungle Resources Ltd (the Company) and its controlled entities (the Group). The Group acknowledges and adopts the best practice where reasonable, taking into account the size of the company, when establishing policy and procedures. The Group generally operates in accordance with the ASX Corporate Governance Principles and Recommendations (2<sup>nd</sup> Edition) guidelines and required under ASX listings rules.

The Company reports below on how it has followed or otherwise departed from each of the recommendations during the financial year. The information in this statement is current at 25 September 2014.

### Principle 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

#### Board Responsibilities

The Board is accountable to the Shareholders for the performance of the Group and has overall responsibility for its operations. Day to day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Managing Director and ultimately to senior executives.

The key responsibilities of the Board include:

- Approving the strategic direction and related objectives of the Group and monitoring management performance in the achievement of these objectives;
- Adopting budgets and monitoring the financial performance of the Group;
- Reviewing annually the performance of the Managing Director and Senior Executives against the objectives and performance indicators established by the Board;
- Overseeing the establishment and maintenance of adequate internal controls and effective monitoring systems;
- Overseeing the implementation and management of effective safety and environmental performance systems;
- Ensuring all major business risks are identified and effectively managed;
- Ensuring that the Group meets its legal and statutory obligations.

For the purpose of the proper performance of their duties, the Directors are entitled to seek independent professional advice at Rum Jungle Resources Ltd expense, unless the Board determines otherwise. The Board schedules meetings on a regular basis and other meetings as and when required.

The Board has not publicly disclosed a statement of matters reserved for the Board, or the Board charter and therefore the Group has not complied with recommendation 1.3 of the Corporate Governance Council. Given the size of the Group and Board, the Board has not considered disclosure of the Board charter necessary to date while the company has been in the exploration phase.

### Principle 2: STRUCTURE THE BOARD TO ADD VALUE

#### Size and composition of the Board

At the date of this statement the Board consists of three non-executive directors and one executive. All directors' are expected to bring independent views and judgement to the Board's deliberations.

- |                     |                        |
|---------------------|------------------------|
| • Mr David Muller   | Non-Executive Chairman |
| • Mr Robert Annells | Non-Executive Director |
| • Mr Jeff Landels   | Non-Executive Director |
| • Mr Chris Tziolis  | Managing Director      |

Mr Tziolis joined the Board in 2013 and the Board will monitor the size of the board relative to the expertise required as project studies progress in future periods. The names of directors including details of their qualifications and experience are set out in the Directors' Report of this Annual Report.

# RUM JUNGLE RESOURCES LTD

## CORPORATE GOVERNANCE STATEMENT

### Independence

The Board is aware of the need for independence and ensures that where a conflict of interest may arise, the relevant Director(s) leave the meeting to ensure a full and frank discussion of the matter(s) under consideration by the rest of the Board. Those directors who have interests in specific transactions or potential transactions do not receive Board papers related to those transactions or potential transactions, do not participate in any part of a Directors' meeting which considers those transactions or potential transactions, are not involved in the decision making process in respect of those transactions or potential transactions, and are asked not to discuss those transactions or potential transactions with other Directors.

At the date of this statement the Board consists of three non-executive directors, Mr D Muller Chairman, Mr R Annells and Mr J Landels. Mr Annells and Mr Landels have no other material relationship with the Group or its subsidiary other than their directorship and are both independent directors. Mr Muller was previously the Chief Executive Officer and therefore is not considered an independent director.

As Mr Tziolis was appointed to the board in June 2013 as an executive director and the Company has not complied with recommendation 2.1 since that date which promotes a majority of independent directors. The Board has an ongoing brief to assess performance and monitor the size of the board balanced with the opportunity to have expertise at board level to support project development as studies milestones are achieved. In due course the Company would expect to have a majority of independent directors with the appointment of additional directors as activities increase in the medium term.

### Nomination, retirement and appointment of Directors

The Board has not established a nomination committee and therefore the Group has not complied with recommendation 2.4 of the Corporate Governance Council. Given the size of the Group and composition of the Board, the Board believes that there would be no efficiencies gained from a separate Nomination Committee. Accordingly the Board performs the role of the Nomination Committee.

The composition/membership of the Board is subject to review in a number of ways, as outlined below:

- The Group's constitution provides that at every Annual General Meeting, one third of the directors shall retire from office but may stand for re-election.
- Board composition is also reviewed periodically to consider potential for the services of a new director, given the existing mix of skills and experience of the Board which should match the strategic demands of the Group. Once it has been agreed that a new director is to be appointed, a search would be undertaken, sometimes using the services of external consultants. Nominations are subsequently received and reviewed by the Board.

### Evaluation of Board performance

The Board continues to review performance and identify ways to improve performance. The Chairman is responsible for reviewing the Board performance on an annual basis.

### Board Committees

It is the role of the Board to oversee the management of the Group and it may establish appropriate committees to assist in this role. The composition of the committee shall be as follows:

- the majority of the members of each Committee of the Board will be non-executive directors;
- each committee should have a charter approved by the Board; and
- each committee will maintain minutes of each meeting of the committee, which will be circulated to all Directors.

The Board has established an audit, risk and compliance committee. At the present time, no other committees have been established because of the size of the Group and the involvement of the Board in the operations of the Group. The Board takes ultimate responsibility for the operations of the Group including remuneration of Directors and executives and nominations to the Board.

The Board has not publicly disclosed the process for evaluating the performance of the Board, its committee and individual directors. Therefore, the Group has not complied with recommendation 2.5 of the Corporate Governance Council. Given the size of the Group and the composition of the Board, the Board does not consider disclosure of the performance evaluation process necessary. The Board takes ultimate responsibility for these matters.



# RUM JUNGLE RESOURCES LTD

## CORPORATE GOVERNANCE STATEMENT

### Principle 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

#### Code of Conduct

The Board recognises the need for directors and employees to observe the highest standards of behaviour and business ethics when engaging in corporate activity. The Company is committed to its core governance values of integrity, respect, trust and openness among and between directors, management, employees, customers and suppliers. The Group's officers and employees are required to act in accordance with the law and with the highest ethical standards. The Board has adopted a formal code of conduct applying to the Board and all employees. However, the Group has not publicly disclosed the code of conduct and therefore the Group has not complied with recommendation 3.1 of the Corporate Governance Council. Given the size of the Group and of the Board, the Board does not consider disclosure of the code of conduct to be necessary. The Board takes ultimate responsibility for these matters.

#### Securities Trading Policy

The Group's constitution permits designated persons to acquire securities in the Group; however Group policy prohibits designated persons from dealing in the Groups' securities at any time whilst in possession of price sensitive information and for 24 hours after:

- Any major announcements;
- The release of the Group's quarterly, half yearly and annual financial results to the Australian Stock Exchange; and
- The Annual General Meeting.

Directors must advise the chairman of the Board before buying or selling securities in the Group. All such transactions are reported to the Board. In accordance with the provisions of the Corporations Act and the Listings Rules of the Australian Stock Exchange, the Group advises the Exchange of any transaction conducted by directors in securities in the Group.

On 24 December, 2010, the Group publicly disclosed a policy concerning trading in Group securities by directors, senior executives and employees.

#### Diversity

The Company is an equal opportunity employer and supports diversity (gender, age, ethnicity and cultural background) as a means of enhancing Company performance by recognising and utilising diverse skills and talent from directors, officers and employees.

Given the Company's stage of development in the exploration phase and the small number of employees the Board has not established a diversity policy making it difficult to establish meaningful measurable objectives for achieving gender diversity at this time. The Board will review this position as circumstances change.

As the Group does not have a policy on diversity and has not set measurable objectives the Company has not complied with recommendation 3.2, 3.3 and 3.5 for not posting a diversity policy and objectives on the website.

The proportion of women employees in the Group are as follows:

	Proportion of Women
Group (excluding Board non-executive directors, including contractors)	2 out of 11 (18.2%)
Senior executive	Nil out of 4 (0%)
Board	Nil out of 4 (0%)

# RUM JUNGLE RESOURCES LTD

## CORPORATE GOVERNANCE STATEMENT

### Principle 4: SAFEGUARD INTEGRITY IN FINANCIAL PLANNING

The Group aims to structure management to independently verify and safeguard the integrity of their financial reporting. The structure established by the Group includes;

- Review and consideration of the financial statements by the audit committee;
- A process to ensure the independence and competence of the Group's external auditors.

### Audit Committee

The audit, risk and compliance committee comprises of Mr Robert Annells, who is the non-executive chairman and independent and Mr Jeff Landels, a non-executive director and independent. The Chief Executive Officer and Chief Financial Officer are invited to attend meetings. The Board will annually confirm the membership of the committee.

The committee's primary responsibilities are to:

- oversee the existence and maintenance of internal controls and accounting systems;
- oversee the management of risk within the Group;
- oversee the financial reporting process;
- review the annual and half-year financial reports and recommend them for approval by the Board of Directors;
- nominate external auditors;
- review the performance of the external auditors and existing audit arrangements; and
- ensure compliance with laws, regulations and other statutory or professional requirements, and the Group's governance policies.

The audit committee has not been structured during the year to be chaired by an Independent chair. During the year Mr Annells was chairman of the Board and the Audit Committee. Therefore the Group has not complied with recommendation 4.2 of the Corporate Governance Council. Following the management transition with effect from 30 June 2014 Mr Muller became chairman and Mr Annells remained chairman of the audit committee. As at the date of this report the Group is in compliance of recommendation 4.2.

In addition, the Board has not documented a formal committee charter and therefore the Group has not complied with recommendation 4.3 and 4.4 of the Corporate Governance Council.

Given the size of the Group and composition of the Board, the Board does not consider that a different chairman and a committee charter to be efficient or necessary at this stage of the Company's development. The Board continues to monitor the composition of the committee and the roles and responsibilities of the members.

### Principle 5: MAKE TIMELY AND BALANCED DISCLOSURE

The Group has a policy that all shareholders and investors have consistent access to the Group's public information. The Board ensures that all price sensitive information is disclosed to the ASX in accordance with the continuous disclosure requirements of the Corporation's Act and ASX Listings Rules. The company secretary has primary responsibility for all communications with the ASX and is accountable to the Board through the chair for all governance matters.

The Group has not publicly disclosed a formal disclosure policy and therefore has not complied with recommendation 5.2 of the Corporate Governance Council. Given the size of the Group and Board, the Board does not consider a public disclosure policy to be appropriate. The Board takes ultimate responsibility for these matters.

# RUM JUNGLE RESOURCES LTD

## CORPORATE GOVERNANCE STATEMENT

### Principle 6: RESPECT THE RIGHTS OF SHAREHOLDERS

The Board has an objective to ensure that shareholders are provided with sufficient information to assess the performance of the Group and its directors and to make well-informed investment decisions.

Information is communicated to shareholders through:

- annual, half-yearly and quarterly financial reports;
- annual and other general meetings convened for shareholder review and approval of Board proposals;
- continuous disclosure of material changes to ASX for open access to the public; and
- the Group maintains a website where all ASX announcements, notices and financial reports are published as soon as possible after release to ASX.

All information disclosed to the ASX is posted on the Group's web site [www.rumjungleresources.com.au](http://www.rumjungleresources.com.au)

The auditor is invited to attend the annual general meeting of Shareholders. The Chairman will permit Shareholders to ask questions about the conduct of the audit and the preparation and content of the audit report.

The Group has not implemented or publicly disclosed a communications policy and therefore has not complied with recommendation 6.1 of the Corporate Governance Council. Given the size of the Group and Board, the Board does not consider a public disclosure policy to be appropriate. The Board takes ultimate responsibility for these matters.

### Principle 7: RECOGNISE AND MANAGE RISK

The Board has identified the significant areas of potential business and legal risk of Rum Jungle Resources Ltd. The identification, monitoring and, where appropriate, reduction of significant risk to Rum Jungle Resources Ltd is the responsibility of the Managing Director and of the Board. The Board has also established the audit, risk and compliance committee which addresses risk exposures to the Group.

The Board reviews and monitors the parameters under which such risks will be managed. Management accounts are prepared and reviewed with the Managing Director and directors at Board meetings. Budgets are prepared and compared against actual results.

Management has designed and implemented a risk management and internal control system to manage the Group's material business risks and to report to the Board as to its operating effectiveness.

### Declaration of Managing Director and Company Secretary to the Board of Directors

The Managing Director and the Chief Financial Officer are required to confirm in writing to the Board that the Group's financial reports present true and fair view, in all material respects, of the Group's financial condition and operational results are in accordance with relevant accounting standards. Included in this statement will be confirmation that the Group's risk management and internal controls are operating efficiently and effectively.

The Group has not established or publicly disclosed a policy for the oversight and management of material business risks and therefore has not complied with recommendation 7.1 of the Corporate Governance Council. Given the size of the Group and Board, the Board does not consider a public disclosure policy to be appropriate. The Board takes ultimate responsibility for these matters.

### Principle 8: REMUNERATE FAIRLY AND RESPONSIBLY

The Chairman and non-executive directors are entitled to draw directors' fees and receive reimbursement of reasonable expenses for attendance at meetings. The Group is required to disclose in its annual report details of remunerations to directors. The maximum aggregate annual remuneration which will be paid to non-executive directors is \$250,000. This amount cannot be increased without the approval of the Group's shareholders. Please refer to the remuneration report within this Directors' Report for details regarding the remuneration structure of the executive director and senior management.

The Board has not established a remunerations committee or disclosed a remuneration committee charter and therefore the Group has not complied with recommendation 8.1 and 8.3 respectively of the Corporate Governance Council. Due to the size and structure of the Board a separate Remuneration Committee is not to add efficiency to the process of determining remuneration of directors and executives. Accordingly the Board performs the role of a remuneration Committee. Given the size of the Group operations the Board does not consider a public disclosure policy to be appropriate. The Board takes ultimate responsibility for these matters.

# RUM JUNGLE RESOURCES LTD

## Auditor's Independence Declaration under Section 307C of the Corporations Act 2001



**Chartered Accountants**

18 Smith Street  
Darwin NT 0800

GPO Box 1616  
Darwin NT 0800  
Australia

ABN: 51 194 660 183  
Telephone: +61 8 8982 9000  
Facsimile: +61 8 8941 0238  
[www.kpmg.com.au](http://www.kpmg.com.au)

To: the directors of Rum Jungle Resources Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2014 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Clive Garland  
*Partner*

Darwin

25 September 2014

KPMG, an Australian partnership, and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

# RUM JUNGLE RESOURCES LTD

## Contents

### ANNUAL FINANCIAL REPORT – 30 JUNE 2014

	Page
Financial Report	
Consolidated Statement of Profit or Loss and Other Comprehensive Income	48
Consolidated Statement of Financial Position	49
Consolidated Statement of Changes in Equity	50
Consolidated Statement of Cash Flows	51
Notes to the Financial Statements	52
Directors' Declaration	76
Independent Auditor's Report	77



# RUM JUNGLE RESOURCES LTD

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 \$	2013 \$
<b>Income from continuing operations</b>			
Other income	4.	1,285,385	596,790
<b>Total income</b>		<b>1,285,385</b>	<b>596,790</b>
<b>Expenses from continuing operations</b>			
Audit fees	18.	(99,161)	(45,000)
Corporate advisory costs		(826,332)	(1,022,454)
Employee benefits expense	6.	(1,856,283)	(1,531,919)
Exploration and evaluation impairment	12.	(4,307,847)	(9,120,603)
Insurance		(61,279)	(61,662)
Occupancy		(156,033)	(52,298)
Office service costs		(543,479)	(367,101)
Share registry fees		(364,680)	(109,012)
Stock exchange fees		(34,815)	(31,296)
Travel		(290,027)	(208,679)
Other		(32,968)	(26,903)
Depreciation	5.	(21,023)	(26,786)
Loss on sale of assets		(9,423)	(23,775)
<b>Total expenses</b>		<b>(8,603,350)</b>	<b>(12,627,488)</b>
<b>Loss before income tax</b>		<b>(7,317,965)</b>	<b>(12,030,698)</b>
Income tax expense		-	-
<b>Loss for the year</b>		<b>(7,317,965)</b>	<b>(12,030,698)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss attributable to members of the Company</b>		<b>(7,317,965)</b>	<b>(12,030,698)</b>
<b>Earnings per share for loss attributable to ordinary equity holders of the company</b>			
		<b>Cents</b>	<b>Cents</b>
Basic and diluted (loss) per share	22.	(0.42)	(5.34)

*The accompanying notes form part of these financial statements.*

# RUM JUNGLE RESOURCES LTD

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION – AS AT 30 JUNE 2014

	Notes	2014 \$	2013 \$
<b>Current assets</b>			
Cash and cash equivalents	8.	9,228,673	13,045,278
Trade and other receivables	9.	264,389	171,053
Other	10.	966,597	7,597
<b>Total current assets</b>		<b>10,459,659</b>	<b>13,223,928</b>
<b>Non-current assets</b>			
Property, plant and equipment	11.	1,118,842	1,154,823
Security deposits		-	750,088
Exploration and evaluation assets	12.	39,012,300	21,258,610
<b>Total non-current assets</b>		<b>40,131,142</b>	<b>23,163,521</b>
<b>TOTAL ASSETS</b>		<b>50,590,801</b>	<b>36,387,449</b>
<b>Current liabilities</b>			
Trade and other payables	13.	1,610,404	1,177,820
Short-term provisions	14.	70,517	65,293
<b>Total current liabilities</b>		<b>1,680,921</b>	<b>1,243,113</b>
<b>TOTAL LIABILITIES</b>		<b>1,680,921</b>	<b>1,243,113</b>
<b>NET ASSETS</b>		<b>48,909,880</b>	<b>35,144,336</b>
<b>EQUITY</b>			
Contributed equity	15.	73,356,647	52,273,138
Reserves	16.	1,251,600	1,251,600
Accumulated losses	16.	(25,698,367)	(18,380,402)
<b>TOTAL EQUITY</b>		<b>48,909,880</b>	<b>35,144,336</b>

*The accompanying notes form part of these financial statements*

# RUM JUNGLE RESOURCES LTD

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – FOR THE YEAR ENDED 30 JUNE 2014

	Notes	Share capital \$	Share-based payments reserve \$	Accumulated losses \$	Total \$
<b>2014</b>					
Balance at 30 June 2013		52,273,138	1,251,600	(18,380,402)	35,144,336
Loss for the year		-	-	(7,317,965)	(7,317,965)
Transfer from reserve		-	-	-	-
Shares issued during the year, net of transaction costs		21,083,509	-	-	21,083,509
Share based payment expense		-	-	-	-
<b>Balance at 30 June 2014</b>		<b>73,356,647</b>	<b>1,251,600</b>	<b>(25,698,367)</b>	<b>48,909,880</b>
<b>2013</b>					
Balance at 30 June 2012		44,338,378	798,600	(6,349,704)	38,787,274
Loss for the year		-	-	(12,030,698)	(12,030,698)
Transfer from reserve		-	-	-	-
Shares issued during the year, net of transaction costs		7,934,760	-	-	7,934,760
Share based payment expense		-	453,000	-	453,000
<b>Balance at 30 June 2013</b>		<b>52,273,138</b>	<b>1,251,600</b>	<b>(18,380,402)</b>	<b>35,144,336</b>

*The accompanying notes form part of these financial statements.*

# RUM JUNGLE RESOURCES LTD

## CONSOLIDATED STATEMENT OF CASH FLOWS – FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 \$	2013 \$
<b>Cash flows from operating activities</b>			
Interest received		251,119	486,097
Subsidies received		949,016	-
Payments to suppliers and employees		(4,551,118)	(2,398,197)
<b>Net cash (used in) operating activities</b>	21 (a).	<b>(3,350,983)</b>	<b>(1,912,100)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(93,013)	(270,416)
Acquisition of subsidiary net of cash acquired		(5,426,583)	-
Receipts for property, plant and equipment		126,287	-
Payments for exploration and evaluation assets		(7,960,925)	(5,971,351)
Payments for security deposits		(84,578)	(135,443)
Payments for Term Deposits (secured)		(809,000)	-
Recovery of security deposits		1,122,170	18,084
<b>Net cash (used in) investing activities</b>		<b>(13,125,642)</b>	<b>(6,359,126)</b>
<b>Cash flows from financing activities</b>			
Share issue (net of costs)		12,660,020	7,934,760
<b>Net cash provided by financing activities</b>		<b>12,660,020</b>	<b>7,934,760</b>
Net (decrease) in cash and cash equivalents		(3,816,605)	(336,466)
Cash and cash equivalents at the beginning of the year		13,045,278	13,381,744
<b>Cash and cash equivalents at the end of the year</b>		<b>9,228,673</b>	<b>13,045,278</b>

*The accompanying notes form part of these financial statements.*

# RUM JUNGLE RESOURCES LTD

## NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 30 JUNE 2014

### Note

	Page
1. Summary of significant accounting policies	53
2. Financial risk management	59
3. Critical accounting estimates and judgments	61
4. Other Income	62
5. Expenses	62
6. Employee benefits expense	62
7. Income tax expense	62
8. Cash and cash equivalents	63
9. Trade and other receivables	63
10. Other	63
11. Property, plant and equipment	64
12. Exploration and evaluation assets	66
13. Trade and other payables	66
14. Short-term provisions	66
15. Contributed equity	67
16. Reserves and accumulated losses	68
17. Segment information	68
18. Remuneration of auditors	68
19. Key management personnel disclosures	69
20. Business combinations	70
21. Cash flow information	71
22. Earnings per share	71
23. Share-based payments	72
24. Subsidiaries	73
25. Related parties	73
26. Commitments	74
27. Subsequent events	74
28. Joint Operations - Exploration	75
29. Parent Entity Information	75



# RUM JUNGLE RESOURCES LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 1. Summary of significant accounting policies

The consolidated financial statements of the company comprise the company and its subsidiaries (together the Group). The Group is a for profit entity and primarily is involved in the exploration of minerals and other metals and is domiciled in Australia.

The consolidated financial statements were authorised by the Board of Directors on 25 September 2014.

#### **Basis of Preparation**

The consolidated financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (AASBs), other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the International accounting Standards Board (IASB). Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements are presented in Australian dollars, which is the Group's functional currency.

#### **Going Concern**

Notwithstanding the loss for the year of \$7,317,965 the financial statements have been prepared on a going concern basis, which contemplates continuity of normal activities and realisation of assets and settlement of liabilities in the normal course of business. As is generally the case for explorers, the ability of the company to continue its exploration and evaluation activities as a going concern including meeting its obligations is dependent upon accessing investors in the capital markets.

After taking into consideration the past history of capital raising and the board's intentions for raising additional capital when required, the directors are of the opinion that it is reasonable for the financial statements to be prepared on a going concern basis. If the company is not able to raise additional capital there is material uncertainty whether the company will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report.

#### **a) Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Rum Jungle Resources Limited ("company" or "parent entity") as at 30 June 2014 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group at the acquisition date.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost in the financial statements of Rum Jungle Resources Ltd.

# RUM JUNGLE RESOURCES LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 1. Summary of significant accounting policies (continued)

#### ***Business combinations***

All acquisition costs are expensed in the period in which they occur.

The contingent consideration associated with a business combination is included as part of the cost of the business combination. These are recognised at the fair value of expected payment. Any subsequent changes in the fair value or probability of settlement are recognised in the statement of comprehensive income, except to the extent that they relate to conditions that existed at the date of acquisition that are identified during any "measurement period". In this case, the cost of acquisition is adjusted.

At acquisition any excess consideration over the fair value of net identifiable assets acquired for exploration assets will be firstly measured for tenement value and any residual value if any recorded as goodwill.

#### ***b) Segment reporting***

A management approach is taken to the identification, measurement and disclosure of operating segments. Operating segments are identified on the basis of internal reports that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources and assessing performance.

#### ***c) Income tax***

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amounts and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

#### ***d) Revenue recognition***

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid.

#### ***Interest revenue***

Interest is recognised on a time proportion basis using the effective interest method.

# RUM JUNGLE RESOURCES LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 1. Summary of significant accounting policies (continued)

#### e) *Impairment of assets (other than exploration and evaluation)*

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequent if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the statement of comprehensive income for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of impairment at each reporting date.

#### f) *Cash and cash equivalents*

For cash-flow presentation purposes cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### g) *Exploration and evaluation expenditure*

Exploration and evaluation costs, including costs of acquiring licences, are capitalised as exploration and evaluation assets on an areas of interest basis. Costs incurred before the Group has obtained the legal rights to explore an area are recognised as an expense in the income statement.

Exploration and evaluation assets are only recognised if the rights to the area of interest are current and either:

- i. the expenditures are expected to be recouped through successful development and exploitation of the area of interest or by its sale; or
- ii. activities in the areas of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest is continuing.

Exploration and evaluation assets are assessed for impairment when sufficient data exists to determine technical feasibility and commercial viability and information suggests that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

An impairment will generally occur when the following circumstances exist:

- The tenement has expired or will expire in the near future and is not expected to be renewed;
- Further exploration and evaluation of mineral resources in the specific area are not budgeted or planned; and
- Exploration and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable resources and the decision has been made to discontinue such activities in the specified area.

Once the technical feasibility and commercial viability of an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are tested for impairment and then reclassified from exploration and evaluation expenditure to development assets.

Restoration costs that are incurred are capitalised into the cost of the exploration and evaluation phases that give rise to the need for restoration. Rehabilitation obligations are covered by lodgement of bank guarantees with the government.

#### h) *Trade and other receivables*

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade and other receivables are generally due for settlement within 30 days.

# RUM JUNGLE RESOURCES LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 1. Summary of significant accounting policies (continued)

#### *i) Investments and other financial assets*

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, available-for-sale, loans and receivables and held-to-maturity investments. The classification depends on the purpose for which the assets were acquired.

The Group has no financial assets at fair value through profit or loss, held-to-maturity investments or available-for-sale financial assets.

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

Subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest rate method. The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

#### *j) Trade and other payables*

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

#### *k) Contributed equity*

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

#### *l) Leases*

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of financial charges, are included in liabilities. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the estimated useful life of the asset. Where there is no reasonable certainty that the lessee will obtain ownership, the asset is depreciated over the shorter of the lease term and the asset's useful life.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

# RUM JUNGLE RESOURCES LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 1. Summary of significant accounting policies (continued)

#### m) *Property, plant and equipment*

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation of assets is generally calculated on the diminishing value (DV) method to allocate their cost, net of their residual values, over their estimated useful lives. The depreciation rates used for each class of depreciable asset are:

<i>Classification</i>	<i>Rate</i>	<i>Depreciation Basis</i>
Motor vehicles	18.75%	DV
Scientific instruments	33.33%	DV
Office equipment	15 – 50%	DV
Leasehold improvements	20%	Straight line
Furniture and fittings	11.25%	DV
Plant and equipment	7.5%	DV
Site camp equipment	7.5 – 20%	DV

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

#### n) *Employee benefits*

##### i. *Wages and salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employee's services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

##### ii. *Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wages and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity that match as closely as possible to the estimated future cash outflows.

##### iii. *Superannuation*

The Group makes contributions to defined contribution superannuation funds. Contributions are recognised as an expense as they become payable.



# RUM JUNGLE RESOURCES LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 1. Summary of significant accounting policies (continued)

#### iv. *Share-based payments*

Share-based compensation benefits are provided to employees via the Rum Jungle Resources Limited Employee Share Option Plan.

The fair value of options granted for services rendered is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised as an expense over the period during which the employee becomes unconditionally entitled to the options.

#### o) *Earnings per share*

##### i. *Basic earnings per share*

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

##### ii. *Diluted earnings per share*

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

#### p) *Goods and services tax (GST)*

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

#### q) *Dividends*

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

#### r) *Foreign currency translation*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

#### s) *New standards and interpretations not yet adopted*

A number of new standards, amendments to standards and interpretations, are effective for annual periods beginning on or after 1 July 2014, and have not been applied in preparing these financial statements. The consolidated entity has reviewed these standards and interpretations, and with the exception of AASB 9 Financial Instruments, determined none of these standards and interpretations materially impact the consolidated entity. AASB 9 Financial Instruments proposes a revised framework for the classification and measurement of financial instruments. The consolidated entity is currently assessing the impact of this standard.

# RUM JUNGLE RESOURCES LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 2. Financial risk management

The Group's principal financial instruments comprise cash and term deposits. The main purpose of these financial instruments is to manage the finances for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. It is, and has been throughout the period under review, the Group's policy that no trading in speculative financial instruments shall be undertaken. The main risks arising from the Group's financial instruments are liquidity and interest rate risk (during the financial period and up to the date of this report).

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 1 to the financial statements.

Primary responsibility for identification and control of financial risks rests with the Board of directors. However, the day-to-day management of these risks is under the control of the Managing Director and the Chief Financial Officer. The Board agrees with the strategy for managing future cash flow requirements and projections.

#### a) Financial instruments

The Group and the parent entity hold the following financial instruments:

	Consolidated Group	
	2014	2013
	\$	\$
<b>Financial Assets</b>		
Cash and cash equivalents	9,228,673	13,045,278
Other	966,597	7,597
Trade and other receivables *	264,389	171,053
	<u>10,459,659</u>	<u>13,223,928</u>
<b>Financial Liabilities</b>		
Trade and other payables **	1,610,404	1,177,820
	<u>1,610,404</u>	<u>1,177,820</u>

\* Loans and receivables category

\*\* Financial liabilities at amortised cost category

#### b) Market risk

##### i. Foreign exchange risk

The Group does not operate internationally and is not exposed to foreign exchange risk.

##### ii. Price risk

The Group is not exposed to any significant equity security or commodity price risk.

##### iii. Interest rate risk

The Group's exposure to interest rate risk arises predominately from cash and cash equivalents bearing variable interest rates. At balance date the Group maintained the following variable rate accounts:

	30 June 2014		30 June 2013	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
	%	\$	%	\$
Cash and cash equivalents - floating (including secured term deposits)	3.15	10,187,673	3.85	13,045,278
Total cash and cash equivalents		<u>10,187,673</u>		<u>13,045,278</u>

At balance date, if the interest rates had changed, as illustrated in the table below, with all other variables remaining constant, after-tax profit would have been affected as follows:

	After-tax profit higher / (lower)		Equity higher / (lower)	
	2014	2013	2014	2013
	\$	\$	\$	\$
<b>Consolidated</b>				
+1% (100 bp)	101,876	130,453	101,876	130,453
-1% (100 bp)	(101,876)	(130,453)	(101,876)	(130,453)

# RUM JUNGLE RESOURCES LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 2. Financial risk management (continued)

#### c) Credit risk

Credit risk primarily arises from cash and cash equivalents and term deposits deposited with banks. Cash and cash equivalents and term deposits are currently placed with Westpac Banking Corporation, which has an independently rated credit rating of AA. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised in the table above.

#### d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents in order to meet the Group's forecast requirements. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Surplus funds are generally only invested in bank deposits. At reporting date, the Group and parent entity did not have access to any undrawn borrowing facilities.

#### Maturity of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

	Less than 3 months	Total contractual cash flows	Carrying amount
<b>Group – 30 June 2014</b>	\$	\$	\$
Trade and other payables	1,610,404	1,610,404	1,610,404
	Less than 3 months	Total contractual cash flows	Carrying amount
<b>Group – 30 June 2013</b>	\$	\$	\$
Trade and other payables	1,177,820	1,177,820	1,177,820

#### e) Fair valuation estimation

The carrying amount of financial assets (net of any provision for impairment) and financial liabilities as disclosed in note 2 (a) above is assumed to approximate their fair values primarily due to their short maturities.

# RUM JUNGLE RESOURCES LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 3. Critical accounting estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition seldom equal the related actual results.

Set out below is information about:

- critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements; and
- assumptions and estimates that have risk of resulting in adjustments that may be material in subsequent financial years.

#### Critical judgements

##### *Going concern*

A key assumption underlying the preparation of the financial statements is that the entity will continue as a going concern. As a going concern the group is considered to be able to pay its debts as and when they are due and to continue in operation without any intention or necessity to liquidate or otherwise wind up operations. A significant amount of judgement has been required in assessing that the entity is a going concern.

##### *Deferred tax assets*

The Group has made a judgement not to recognise the deferred tax assets disclosed in note 7(b) as the directors remain uncertain as to their future opportunity for application against any future taxable income.

#### Estimates and assumptions

##### *Exploration and evaluation assets (note 12)*

Determining the recoverability of exploration and evaluation expenditure capitalised in accordance with the group's accounting policy (note 1 (g)) requires estimates and assumptions as to future events and circumstances, in particular, whether successful development and commercial exploitation or sale of the respective areas of interest will be achieved. Critical to this assessment is the estimates and assumptions as to Ore Resources, timing of the expected cash flows, exchange rates, commodity prices and future capital requirements. The Group determines and reports ore resources under the standards incorporated in the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves, 2012 edition (the JORC Code).

Changes in these estimates and assumptions as new information about the presence or recoverability of ore resources becomes available, may impact the assessment of the recoverable amount of exploration and evaluation assets. If, after having capitalised the expenditure a judgement is made that recovery of the expenditure is unlikely, an impairment loss is recorded in the statement of profit or loss and other comprehensive income.

Where exploration and evaluation activities in a particular area of interest have not reached a stage to allow a reasonable assessment to be made regarding the existence of economically recoverable reserves results will be reviewed as test work continues. Accordingly, exploration and evaluation assets may be subject to impairment in the future.

##### *Impairment of assets*

The recoverable amount of each non-financial asset or cash-generating unit (CGU) is determined as the higher of the potential value in use and fair value less costs to sell. Determination of the recoverable amount of an asset or CGU based on a discounted cash flow model requires the use of estimates and assumptions, including discount rate, timing of probable cash flows, the expected life of the resource, exchange rates, commodity prices, capital requirements and future operating performance. Changes in these estimates and could result in an adjustment to the carrying amount of an asset.

# RUM JUNGLE RESOURCES LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 \$	2013 \$
<b>4. Other income</b>		
Interest income	278,801	486,097
Research & Development Subsidy	999,484	110,693
Profit on disposal of fixed assets	7,100	-
	<b>1,285,385</b>	<b>596,790</b>
<b>5. Expenses</b>		
<i>Depreciation of non-current assets</i>		
Motor vehicles *	89,331	102,246
Scientific instruments *	15,537	22,135
Office equipment	17,056	12,166
Furniture & fittings	2,683	2,879
Leasehold improvements	1,284	11,741
Plant & equipment *	40,913	8,932
Site camp equipment *	40,568	30,134
	<b>207,372</b>	<b>190,233</b>
*Depreciation of exploration assets capitalised to Exploration and evaluation assets	(186,349)	(163,447)
	<b>21,023</b>	<b>26,786</b>
<b>6. Employee benefits expense</b>		
Wages, salaries, directors' fees, and other remuneration expenses	2,622,605	1,812,493
Superannuation	153,455	136,935
Share-based payments expense	-	453,000
Movement in annual leave provision	5,224	(3,161)
Capitalised to exploration and evaluation assets	(925,001)	(867,348)
	<b>1,856,283</b>	<b>1,531,919</b>
<b>7. Income tax expense</b>		
<b>(a) Reconciliation of income tax expense to prima facie tax</b>		
Loss before income tax	(7,317,965)	(12,030,698)
Tax thereon at 30% (2013: 30%)	(2,195,390)	(3,609,209)
Tax effect of amounts that are not deductible/ (taxable) in calculating taxable income:		
Research and development tax credit	(299,845)	(33,208)
Share based expense	-	135,900
Non-deductible items	216,770	120,662
Sundry timing differences	(1,308,534)	84,910
Overstated prior year	160,893	-
	<b>(3,426,104)</b>	<b>(3,300,945)</b>
Deferred tax assets not recognised	3,426,104	3,300,945
Income tax expense	-	-

# RUM JUNGLE RESOURCES LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

2014	2013
\$	\$

### 7. Income tax expense (continued)

#### (b) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

Tax losses	20,588,048	8,495,110
Temporary differences	(4,518,683)	(3,755,754)
Temporary differences and tax losses	<u>16,069,365</u>	<u>4,739,355</u>

The deferred tax assets have not been recognised in respect of these items because it is not probable that currently the Group can assume that future taxable profits will be available against which deductible temporary differences and tax losses be utilised.

### 8. Cash and cash equivalents

Cash at bank and on hand	3,152,873	13,045,278
Term Deposits	6,075,800	-
	<u>9,228,673</u>	<u>13,045,278</u>

Cash in at call bank accounts bear floating interest rates of an average 2.8% (2013: 3.85%). Term deposits during the year were held with Westpac Banking Corporation and ANZ. They had an average maturity of 3 months and earned interest of approximately 3.6%.

### 9. Trade and other receivables

#### Current

Other receivables	<u>264,389</u>	<u>171,053</u>
-------------------	----------------	----------------

Other receivables mainly represent entitlement to interest receivable on term deposits and recoverable GST. No receivables are past due or impaired.

### 10. Other

Prepayments	7,597	7,597
Term Deposits (secured against Bank Guarantees in lieu of Security Deposits)	959,000	-
	<u>966,597</u>	<u>7,597</u>



# RUM JUNGLE RESOURCES LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 \$	2013 \$
<b>11. Property, plant and equipment</b>		
Motor vehicles – at cost	691,317	691,775
Accumulated depreciation	(304,261)	(250,952)
	<u>387,056</u>	<u>440,823</u>
Scientific instruments – at cost	191,752	191,752
Accumulated depreciation	(159,834)	(144,297)
	<u>31,918</u>	<u>47,455</u>
Office equipment – at cost	132,011	104,461
Accumulated depreciation	(97,603)	(80,547)
	<u>34,408</u>	<u>23,914</u>
Furniture and fittings – at cost	43,034	42,762
Accumulated depreciation	(21,796)	(19,113)
	<u>21,238</u>	<u>23,649</u>
Leasehold improvements – at cost	75,821	75,821
Accumulated depreciation	(73,598)	(72,314)
	<u>2,223</u>	<u>3,507</u>
Plant and equipment – at cost	257,314	165,301
Accumulated depreciation	(57,027)	(16,114)
	<u>200,287</u>	<u>149,187</u>
Site camp equipment – at cost	530,694	514,702
Accumulated depreciation	(88,982)	(48,414)
	<u>441,712</u>	<u>466,288</u>
<b>Total property , plant and equipment</b>	<b>1,118,842</b>	<b>1,154,823</b>

### Summary of individual asset groups

#### Motor vehicles

Carrying amount at beginning of year	440,823	503,251
Acquisition through business combination	46,028	
Additions	1,414	63,348
Disposals	(11,878)	-
Depreciation	(89,331)	(102,246)
Impairment loss	-	(23,530)
<b>Carrying amount at end of year</b>	<b>387,056</b>	<b>440,823</b>

#### Scientific instruments

Carrying amount at beginning of year	47,455	65,126
Additions	-	4,709
Disposals	-	-
Depreciation	(15,537)	(22,135)
Impairment loss	-	(245)
<b>Carrying amount at end of year</b>	<b>31,918</b>	<b>47,455</b>

# RUM JUNGLE RESOURCES LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 \$	2013 \$
<b>11. Property, plant and equipment (continued)</b>		
<b>Office equipment</b>		
Carrying amount at beginning of year	23,914	31,055
Acquisition through business combination	15,332	-
Additions	12,218	5,025
Disposals	-	-
Depreciation	(17,056)	(12,166)
Impairment loss	-	-
<b>Carrying amount at end of year</b>	<b>34,408</b>	<b>23,914</b>
<b>Furniture and fittings</b>		
Carrying amount at beginning of year	23,649	25,434
Additions	272	1,094
Disposals	-	-
Depreciation	(2,683)	(2,879)
<b>Carrying amount at end of year</b>	<b>21,238</b>	<b>23,649</b>
<b>Leasehold improvements</b>		
Carrying amount at beginning of year	3,507	15,248
Additions	-	-
Disposals	-	-
Depreciation	(1,284)	(11,741)
<b>Carrying amount at end of year</b>	<b>2,223</b>	<b>3,507</b>
<b>Plant and equipment</b>		
Carrying amount at beginning of year	149,187	65,523
Acquisition through business combination	28,895	-
Additions	63,118	92,596
Disposals	-	-
Depreciation	(40,913)	(8,932)
<b>Carrying amount at end of year</b>	<b>200,287</b>	<b>149,187</b>
<b>Site camp equipment</b>		
Carrying amount at beginning of year	466,288	336,640
Additions	15,992	156,782
Disposals	-	-
Depreciation	(40,568)	(30,134)
<b>Carrying amount at end of year</b>	<b>441,712</b>	<b>466,288</b>
<b>Group Summary</b>		
Carrying Amount at beginning of year	1,154,823	1,042,277
Acquisition through business combination	90,255	-
Additions	93,014	326,554
Disposals	(11,878)	-
Depreciation	(207,372)	(190,233)
Impairment (loss)/profit on disposal	-	(23,775)
<b>Carrying amount at end of year</b>	<b>1,118,842</b>	<b>1,154,823</b>

# RUM JUNGLE RESOURCES LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 \$	2013 \$
<b>12. Exploration and evaluation assets</b>		
At cost	39,012,300	21,258,610
Carrying amount at beginning of year	21,258,610	24,244,415
Allocation through business combination	13,570,741	-
Expenditure	7,937,455	6,134,798
Impairment of exploration and evaluation assets	(4,307,847)	(9,120,603)
Acquisition of Tenements	662,937	-
Sale of Tenements	(109,596)	-
Carrying amount at end of year	<b>39,012,300</b>	<b>21,258,610</b>

The ultimate recoupment of these costs is dependent upon the successful development and commercial exploitation, or alternatively sale, of the respective areas of interest.

The exploration and evaluation targets are assessed regularly and when an area of interest has been adequately tested and deemed unprospective for target commodities the tenement costs are impaired where there is no further work anticipated. The impairment in 2014 reflects management assessment for tenements where evaluation has been assessed to be complete during the period and as the focus moves to new areas of interest which includes a majority focus currently on phosphate and potash.

## 13. Trade and other payables

Trade creditors	809,209	815,819
Other creditors	751,195	215,001
Accrued expenses	50,000	147,000
Total trade and other payables	<b>1,610,404</b>	<b>1,177,820</b>

Trade payables and accrued expenses are generally unsecured, non-interest bearing and due 30 days from the date of recognition.

## 14. Short-term provisions

Employee entitlements	<b>70,517</b>	<b>65,293</b>
-----------------------	---------------	---------------

# RUM JUNGLE RESOURCES LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 15. Contributed equity

	Company	
	2014	2013
	\$	\$
Ordinary shares – fully paid	73,356,647	52,273,138

#### (a) Movements in contributed equity

	No. of shares	\$
Balance at 30 June 2013	240,927,102	52,273,138
Shares issued for acquisition of Central Australian Phosphate Limited - at \$0.17.5 per share	45,391,362	7,943,489
Share placement – at \$0.14 per share	70,549,882	9,383,404
Share purchase plan – at \$0.14 per share	24,636,251	3,276,616
Shares issued for acquisition of tenements – at \$0.12	4,000,000	480,000
Balance at 30 June 2014	385,504,597	73,356,647

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 or in person or by proxy, is entitled to one vote, and upon a poll, each share is entitled to one vote.

#### (b) Capital risk management

When managing capital, management's objective is to ensure the entity continues as a going concern and to maintain a structure that ensures the lowest cost of capital available and to ensure adequate capital is available for exploration and evaluation of tenements.

In order to maintain or adjust the capital structure, the Group may seek to issue new shares.

Consistent with others in the industry, the Group and the parent entity monitor capital on the basis of forecast exploration and evaluation expenditure required to reach a stage which permits a reasonable assessment of the existence or otherwise of an economically recoverable reserve. Total capital is calculated as "equity" as shown in the balance sheets.

#### (c) Share options

At 30 June 2014, the following options for ordinary shares in Rum Jungle Resources Ltd were on issue:

	2014	2013
	Number	Number
Director Options	10,500,000	9,000,000
Employee options	900,000	3,700,000
Options issued for acquisitions	-	4,000,000
	11,400,000	16,700,000

# RUM JUNGLE RESOURCES LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 16. Reserves and accumulated losses

	2014 \$	2013 \$
<b>(a) Reserves</b>		
Share-based payments reserve	1,251,600	1,251,600
<b>Movements:</b>		
<i>Share-based payments reserve</i>		
Balance at beginning of year	1,251,600	798,600
Share based payment expense	-	453,000
Balance at end of year	<b>1,251,600</b>	<b>1,251,600</b>
<b>(b) Accumulated losses</b>		
Movements in accumulated losses were as follows:		
Balance at beginning of year	(18,380,402)	(6,349,704)
Net profit / (loss) for the year	(7,317,965)	(12,030,698)
Transfer from reserve	-	-
Balance at end of year	<b>(25,698,367)</b>	<b>(18,380,402)</b>

### (c) Nature and purpose of reserves

#### *Share-based payments reserve*

The share-based payments reserve is used to recognise the fair value of options granted over the vesting period.

### 17. Segment Information

Segment information is presented using a "management approach" i.e. segment information is provided on the same basis as information used for internal reporting purposes by the board including making strategic decisions. The Board has determined that there is only one operating segment because there is no other discrete information provided to them. The Board only receives consolidated financial information for the company. The company operates in one business segment being mineral exploration and evaluation and one geographic segment being Northern Australia.

The company is not selling products and as such no information has been provided on a product basis. The company has no sales revenue and no customers. As such no information is relevant for sales revenue on a geographic basis.

### 18. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity.

<b>1. Audit services</b>	<b>2014 \$</b>	<b>2013 \$</b>
KPMG	99,161	45,000
<b>2. Other services</b>		
Other advisory, taxation and acquisition	73,000	73,485
	<b>172,161</b>	<b>118,485</b>

# RUM JUNGLE RESOURCES LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 19. Key management personnel disclosures

#### Key management personnel compensation

	2014	2013
	\$	\$
Short-term employee benefits	1,320,021	1,178,897
Post-employment benefits	89,549	80,360
Share-based payments	-	453,000
Termination benefits – Liability at 30 June 2014	262,500	-
	<u>1,672,070</u>	<u>1,712,257</u>

Information regarding individual director and other key management compensation is included in the remuneration report in the Directors' report

#### Loans to key management personnel

There were no loans to key management personnel at any time during the financial year.

#### Other transactions with key management personnel

There were no other transactions with key management personnel other than reimbursement of expenses incurred by them in performing their respective duties.



# RUM JUNGLE RESOURCES LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 20. Business combinations

#### Acquisition of Subsidiary

During the period from 18 July 2013 to 6 January 2014 the Group acquired Central Australian Phosphate Limited, pursuant to an off market takeover bid that included compulsory acquisition once over 90%.

The acquisition of Central Australian Phosphate Limited facilitated the combination of both entities Phosphate exploration assets, particularly the contiguous Arganara and Barrow Creek1 projects in the Northern Territory into a single globally significant Phosphate resource now referred to as the Ammaroo project.

In the year to 30 June 2014, Central Australian Phosphate Limited contributed an operating loss of \$894,602 to the Group's results.

#### Consideration

	\$
Cash	6,326,456
Equity instruments 45,391,362 shares	7,943,488
	<u>14,269,944</u>

#### Equity instruments issued

The fair value of the ordinary shares issued was based on the listed share price of the Company on 18 July 2013 of 17.5 cents per share.

#### Identifiable assets acquired and liabilities assumed

	\$
Cash and cash equivalents	899,873
Trade and other receivables	119,766
Security Deposits	464,207
Property, plant and equipment	97,389
Fair value attributed to exploration and evaluation assets	13,570,741
Trade and other payables	(785,214)
Provisions	(96,818)
<b>Total identifiable net assets</b>	<u><b>14,269,944</b></u>

#### The following fair values have been determined:

Following the Acquisition of Central Australian Phosphate Limited, the consolidated entity re-assessed the historical exploration expenditure that had been expensed by the subsidiary, to reflect the change in accounting treatment of exploration expenditure consistent with the parent. The following table summarises the historical cost previously expensed by the subsidiary, and the fair value adjustment attributed to those tenements acquired that are now recorded at fair value in these group consolidated accounts.

<u>Historical Expenditure</u>	<u>Fair Value Adjustment</u>	<u>Fair Value on Acquisition</u>
\$	\$	\$
8,728,844	4,841,897	13,570,741

#### Acquisition-related costs

The Group incurred total acquisition-related costs of \$890,787 thousand relating to external legal and corporate fees and costs. These amounts have been recognised in the consolidated statement of profit or loss and other comprehensive income. (To June 2013 \$619,533; to June 2014 \$271,254)

# RUM JUNGLE RESOURCES LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 21. Cash flow information

	Consolidated Group	
	2014	2013
	\$	\$
<b>(a) Reconciliation of loss after income tax to cash outflow from operating activities</b>		
Loss for the year	(7,317,965)	(12,030,698)
Non cash employee based expense – share-based payments	-	453,000
Depreciation	21,023	26,786
Loss on disposal of assets	9,423	23,775
Profit on sale of assets	(7,100)	-
Impairment of exploration and evaluation assets	4,307,847	9,120,603
(Decrease) in provisions	(71,159)	(3,160)
Decrease in trade and other receivables	26,429	49,804
Increase in trade payables	(319,481)	447,790
Net outflow from operating activities	(3,350,983)	(1,912,100)
<b>(b) Non-cash investing and financing activities</b>		
Acquisition of subsidiaries by issue of shares and options	7,943,489	-
Acquisition of tenements and information by issue of shares and options	480,000	-

### 22. Earnings per share

	Company	
	2014	2013
	Cents	Cents
<b>(a) Basic and diluted earnings per share</b>		
Loss from operations attributable to the ordinary equity holders of the company	(0.42)	(5.34)
<b>(b) Weighted average number of ordinary shares used as the denominator</b>		
	2014	2013
	Number	Number
Number used in calculating basic and diluted earnings per share	330,992,103	225,463,097

#### (c) Information concerning earnings per share

Options granted are considered to be potential ordinary shares. Details relating to options are set out in the directors' report and note 23.

In 2014 and 2013 the options are anti-dilutive and are therefore not included in the calculation of diluted earnings per share. The options potentially could dilute basic earnings per share in the future.

# RUM JUNGLE RESOURCES LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 23. Share-based payments

Options have been issued to key management personnel. The number of options issued, the strike price of options issued and all other relevant terms have been set having regard to the person's position in the Company and level of experience. All employee options have a maximum life of three to four years. Such options vest according to the terms that are agreed at the time of grant between Rum Jungle Resources Ltd and the employee, however options normally vest either immediately upon grant or progressively over the life of the option. Upon termination by either Rum Jungle Resources Ltd or by the employee, vested options can be exercised up to 30 days after termination. Upon termination all unvested options normally lapse.

Set out below are the summaries of options granted for share-based payments for services provided to directors and employees.

Grant date	Expiry date	Exercise Price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
<b>Group – 2014</b>								
04/04/2011	04/04/2014	\$1.00	500,000	-	-	500,000	-	-
04/04/2011	04/04/2015	\$1.50	500,000	-	-	-	500,000	500,000
01/08/2011	31/07/2013	\$1.00	600,000	-	-	600,000	-	-
01/08/2011	31/07/2014	\$1.50	600,000	-	-	200,000	400,000	400,000
19/12/2012	15/10/2015	\$0.43	1,500,000	-	-	-	1,500,000	1,500,000
19/12/2012	15/10/2015	\$0.49	9,000,000	-	-	-	9,000,000	9,000,000
			12,700,000	-	-	1,300,000	11,400,000	11,400,000
Weighted average exercise price			\$0.61	-	-	\$1.08	\$0.56	\$0.64
Weighted average share price at exercise date								
<b>Group – 2013</b>								
20/10/2009	31/12/2012	\$0.12	200,000	-	200,000	-	-	-
04/04/2011	04/04/2013	\$0.60	500,000	-	-	500,000	-	-
04/04/2011	04/04/2014	\$1.00	500,000	-	-	-	500,000	500,000
04/04/2011	04/04/2015	\$1.50	500,000	-	-	-	500,000	500,000
01/08/2011	31/07/2012	\$0.60	600,000	-	-	600,000	-	-
01/08/2011	31/07/2013	\$1.00	600,000	-	-	-	600,000	600,000
01/08/2011	31/07/2014	\$1.50	600,000	-	-	-	600,000	600,000
19/12/2012	15/10/2015	\$0.43	-	1,500,000	-	-	1,500,000	-
19/12/2012	15/10/2015	\$0.49	-	9,000,000	-	-	9,000,000	9,000,000
			3,500,000	10,500,000	200,000	1,100,000	12,700,000	11,200,000
Weighted average exercise price			\$0.98	\$0.48	\$0.12	\$0.60	\$0.61	\$0.64

1,300,000 options expired or were forfeited during the reporting period and none were exercised.

The assessed fair value at grant date of options issued is determined using the Black Scholes option pricing model which takes into account the exercise price, the term of the option, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk free rate for the term of the option.

There were no options issued during the year.

# RUM JUNGLE RESOURCES LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 23. Share-based payments (continued)

	2014 \$	2013 \$
<b>Expenses arising from share-based transactions</b>		
Options issued to directors and employees		
- Employee benefits expense	-	453,000
	<u>-</u>	<u>453,000</u>

### 24. Subsidiaries

The consolidated financial statements of Rum Jungle Resources Ltd incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b).

Name of entity	Country of incorporation	Class of shares	Equity holding*	
			2014 %	2013 %
Territory Mining Pty Ltd	Australia	Ordinary	100	100
Waanyi Garawa Mining Pty Ltd	Australia	Ordinary	100	100
Territory Phosphate Pty Ltd	Australia	Ordinary	100	100
Central Australian Phosphate Pty Ltd	Australia	Ordinary	100	-

\*The proportion of ownership interest is equal to the proportion of voting power held.

### 25. Related parties

#### a. Key management personnel

Disclosures relating to key management personnel are set out in note 19.

#### b. Loans to/from related parties

The company has not entered into any loan agreements with related parties.

# RUM JUNGLE RESOURCES LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 26. Commitments

#### Operating Leases

	2014	2013
	\$	\$
Property and office equipment		
Not later than 1 year	62,127	40,524
Later than 1 year but not later than 5 years	10,326	11,481
Later than 5 years	-	-
	<u>72,453</u>	<u>52,005</u>

Property leases for some facilities are rolling monthly commitments. For the purpose of the ongoing business a minimum commitment of six months is reflected in the commitments for leases.

#### Exploration expenditure

In order to maintain an interest in the exploration tenements the Group is committed to meet the conditions under which the tenements were granted. The timing and amount of exploration expenditure and obligations of the Group are subject to the minimum expenditure requirements of the relevant regulatory bodies and may vary significantly from the forecast based on the results of the work performed, which will determine the prospectivity of the relevant areas of interest. The obligations are not provided for in the financial statements.

Commitments in relation to minimum statutory expenditures with respect to mining tenements:

	2014	2013
	\$	\$
Within one year	3,531,070	3,240,106
Later than one year but not later than five years	11,506,159	10,305,066
	<u>15,037,229</u>	<u>13,545,172</u>

Included in these commitments are Joint Venture commitments of \$354,531.

### 27. Subsequent events

No significant events have occurred since balance date that would impact materially upon the Group and that would warrant separate disclosure in this report.

# RUM JUNGLE RESOURCES LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 28. Joint Operations – Exploration

JV Project	Parties	Tenements		Rum Jungle interest 30 June 2014
Top End	Primary Minerals Ltd	EL 23174 EL 22232 EL 24151 EL 24150 EL 23178 EL 23172 EL 10382	EL 23173 EL 24682 EL 10368 EL 10367 EL 24288 (S)EL 25348 EL 22206	Uranium Exploration Agreement  100% Uranium No rights other minerals
Westmoreland	Central Australian Phosphate Pty Ltd Lagoon Creek Resources Pty Ltd	EL 23573		Tenements 50/50
Lake Mackay JV	Nova Energy Pty Ltd (Toro)	Refer Tenement Schedule		Earn in 50/50
Fertoz JV	Fertoz Limited	EL 26915		Potential to earn 50/50

### 29. Parent Entity Information

The financial statements for the parent entity show the following aggregate amounts:

	2014 \$	2013 \$
<b>Statement of Financial Position</b>		
Current assets	10,048,433	13,223,928
Non-current assets	41,379,971	23,163,521
Total assets	51,428,404	36,387,449
Current liabilities	1,623,922	1,243,113
Total Liabilities	1,623,922	1,243,113
Equity		
Contributed equity	73,356,647	52,273,138
Reserves	1,251,600	1,251,600
Accumulated losses	(24,803,765)	(18,380,402)
Total equity	49,804,482	35,144,336
<b>Statement of Profit or Loss and Other Comprehensive Income</b>		
Loss for the year	(6,423,363)	(12,030,698)
Total comprehensive loss for the year	(6,423,363)	(12,030,698)

The parent entity has not provided any financial guarantees in respect of subsidiaries, nor did it have any contingent liabilities as at 30 June 2014 or 30 June 2013.

Commitments of the parent entity are the same as those for the Group reflected in note 26.



# RUM JUNGLE RESOURCES LTD

## DIRECTORS' DECLARATION

---

1. In the Directors' opinion
  - (a) the consolidated financial statements and notes set out on pages 48 to 75 are in accordance with the Corporations Act 2001, including:
    - i. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
    - ii. giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date; and
  - (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.
  - (c) the audited remuneration disclosures set out in the remuneration report comply with Accounting Standard AASB 124 Related Party Disclosures.
2. The Directors have been given the declarations by the Chief Executive Officer and the Chief Financial Officer required by section 295A of the Corporations Act 2001.
3. The directors draw attention to Note 1(a) to the consolidated financial statements which includes a statement of compliance International Financial Reporting Standards.

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



---

David W Muller s

Chairman



---

Chris N Tziolis

Managing Director

Melbourne, Victoria

25 September 2014

# RUM JUNGLE RESOURCES LTD

## INDEPENDENT AUDITOR'S REPORT



### **Independent auditor's report to the members of Rum Jungle Resources Ltd**

#### **Report on the financial report**

We have audited the accompanying financial report of Rum Jungle Resources Ltd (the Group), which comprises the consolidated statement of financial position as at 30 June 2014, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 29 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

#### *Directors' responsibility for the financial report*

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

#### *Auditor's responsibility*

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

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

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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

# RUM JUNGLE RESOURCES LTD



## *Independence*

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

## *Auditor's opinion*

In our opinion:

- (a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:
  - i. giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
  - ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the financial report of the Group also complies with International Financial Reporting Standards as disclosed in note 1.

## **Report on the remuneration report**

We have audited the Remuneration Report included in pages 34 to 39 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

## *Auditor's opinion*

In our opinion, the remuneration report of Rum Jungle Resources Ltd for the year ended 30 June 2014, complies with Section 300A of the *Corporations Act 2001*.

A handwritten signature in black ink that reads 'KPMG'.

KPMG

A handwritten signature in black ink that appears to read 'Clive Garland'.

Clive Garland  
*Partner*

Darwin  
25 September 2014

# RUM JUNGLE RESOURCES LTD

## TENEMENT SCHEDULE at 30 June 2014

Commodity	Project & Tenements	Registered Holder / Applicant	Ownership	Expiry Date *renewal pending	Area Sub-blocks [sq.km]
<b>Phosphate</b>	<b>Ammaroo NT</b>				
	EL 25183	Territory	100%	18 Apr 2015 *	137 [431]
	EL 25184	Territory	100%	18 Apr 2015 *	112 [356]
	EL 25185	Territory	100%	18 Apr 2015 *	243 [775]
	EL 26196	RUM	100%	21 Jul 2015 *	165 [528]
	EL 28116	RUM	100%	17 Jan 2017	37 [118]
	EL 28402	RUM	100%	19 Jun 2017	31 [99]
	EL 28403	RUM	100%	19 Jun 2017	128 [409]
	EL 28978	RUM	100%	10 Apr 2018	70 [224]
	EL 28979	RUM	100%	5 Mar 2018	40 [128]
	EL 28980	RUM	100%	10 Apr 2018	54 [173]
	EL 29266	RUM	100%	2 Aug 2018	30 [96]
	EL 29267	RUM	100%	2 Aug 2018	6 [19]
	EL 29773	RUM	100%	31 Jul 2019	36 [115]
	EL 29826	RUM	100%	21 Aug 2019-	28 [89]
	EL 24726	CEN	100%	31 Mar 2014*	294 [939]
	EL 25664	CEN	100%	22 Sep 2015	17 [54]
	ELA 26225	CEN	100%	-	161 [444]
	EL 26226	CEN	100%	18 Feb 2014*	66 [204]
	EL 26227	CEN	100%	18 Feb 2014*	114 [347]
	EL 26228	CEN	100%	18 Feb 2014*	316 [971]
	EL 27987	CEN	100%	26 Oct 2016	35 [112]
	EL 28648	CEN	100%	24 Oct 2017	6 [19]
	EL 29373	CEN	100%	13 Sept 2018	180 [576]
	EL 29374	CEN	100%	13 Sept 2018	193 [619]
	MLA 29463	RUM	100%	-	6.375 Ha
	MLA 29854	CEN	100%	-	9.074 Ha
<b>Phosphate</b>	<b>Patanelia NT</b>				
	EL 24716	CEN	100%	30 Nov 2015	74 [235]
	EL 24724	CEN	100%	1 Dec 2014	16[51]
<b>Phosphate</b>	<b>Tennant East NT</b>				
	ELA 30209	RUM	100%	-	250 [778]
	ELA 30210	RUM	100%	-	49 [140]
	ELA 30211	RUM	100%	-	225 [721]
<b>Phosphate</b>	<b>Brunchilly NT</b>				
	ELA 30222	RUM	100%	-	250 [814]
	ELA 30223	RUM	100%	-	250 [813]
	ELA 30224	RUM	100%	-	250 [813]
<b>Phosphate</b>	<b>Burge Bore NT</b>				
	ELA 30225	RUM	100%	-	163 [533]
<b>Phosphate</b>	<b>Area 13 NT</b>				
	ELA 30221	RUM	100%		150 [470]

Key: EL - Exploration Licence      ELA - Exploration Licence Application      MLA – Mineral Lease Application

RUM - Rum Jungle Resources Ltd  
Territory – Territory Phosphate Pty Ltd  
CEN – Central Australian Phosphate Pty Ltd

# RUM JUNGLE RESOURCES LTD

Commodity	Project & Tenements	Registered Holder / Applicant	Ownership	Expiry Date *renewal pending	Area Sub-blocks [sq.km]
<b>Potash</b>	<b>Karinga Lakes NT</b>				
	EL 24987	RUM	100%	9 Oct 2014	132 [410]
	EL 25080	RUM	100%	8 Oct 2014	225 [699]
	EL 28205	RUM	100%	8 Mar 2017	39 [121]
	EL 28272	RUM	100%	13 Apr 2017	74 [230]
	EL 28273	RUM	100%	13 Apr 2017	56 [174]
	EL 28872	RUM	100%	5 Mar 2018	79 [245]
	EL 29890	RUM	100%	28 Nov 2019	53 [165]
	ELA 30300	RUM	100%	-	4 [12]
	ELA 30381	RUM	100%	-	154 [479]
	ELA 30382	RUM	100%	-	114 [325]
	AA 30119	RUM	100%	-	-
<b>Potash</b>	<b>Lake Amadeus NT</b>				
	ELA 30194	RUM	100%	-	70 [218]
	ELA 30195	RUM	100%	-	200 [623]
	ELA 30196	RUM	100%	-	143 [446]
	ELA 30197	RUM	100%	-	203 [633]
	ELA 30389	RUM	100%	-	186 [527]
	ELA 25081	Tyson Resources	100%	-	61 [190]
<b>Potash</b>	<b>Angas Downs NT</b>				
	EL 27933	RUM	100%	to be surrendered	78 [243]
	EL 28885	RUM	100%	to be surrendered	126 [392]
	<b>Lake Hopkins WA</b>				
	E69/2814	RUM	100%	-	49 [153]
	E69/3144	RUM	100%	-	82 [257]
<b>Potash</b>	<b>Lake Mackay JV WA</b>				
	E80/3484	Toro JV	100% Toro	15 May 2015	35
	E80/3485	Toro JV	100% Toro	15 May 2015	17
	E80/3486	Toro JV	100% Toro	15 May 2015	69
	E80/3519	Toro JV	100% Toro	15 May 2015	12
<b>Potash, Lithium</b>	<b>Lake MacDonald WA and NT</b>				
	WA E69/3920	RUM	100%	-	99 [312]
	WA E80/4896	RUM	100%	-	72 [227]
	NT ELA 30478	RUM	100%	-	39 [123]
<b>Potash</b>	<b>Lake Torrens SA</b>				
	2013/00215	RUM	100%	-	{897}
	2013/00216	RUM	100%	-	{505}
	2014/00089	RUM	100%	-	{736}
	2014/00090	RUM	100%	-	{617}
<b>Potash, Lithium</b>	<b>Lake Frome SA</b>				
	2014/0084	RUM	100%	-	{949}
	2014/0085	RUM	100%	-	{995}
	2014/0086	RUM	100%	-	{774}
	2014/0090	RUM	100%	-	{617}
<b>Polymetallic</b>	<b>Ross River</b>				
	EL 24917	RUM	100%	10 Jul 2014*	56 [176]
	EL 28156	RUM	100%	14 Feb 2017	89 [278]
	<b>Westmoreland</b>				
<b>Uranium</b>	EL 23573 JV	CEN/Lagoon Creek	50%/50%	22 Dec 2013*	65 [190]
<b>Uranium, gold</b>	MLN 585 Eva	CEN	100%	31 Dec 2021	12.14 Ha
<b>Uranium</b>	MLN 578 Cobar II	CEN	100%	31 Dec 2017	6.47 Ha

RUM - Rum Jungle Resources Ltd

CEN – Central Australian Phosphate Pty Ltd

# RUM JUNGLE RESOURCES LTD

## ADDITIONAL SHAREHOLDER INFORMATION

Additional information required by the ASX Limited ("ASX") Listing Rules as at 26 September 2014 and not disclosed elsewhere in the report is set out below.

### Substantial shareholders

The following shareholders have lodged substantial shareholder notices with ASX:

Substantial Shareholder	Number of RUM Shares held	Percentage of issued share capital
Washington H Soul Pattinson and Co Ltd	54,826,688	14.37%
Farjoy Pty Ltd	25,808,526	6.69%

### Distribution of Shareholders

The distribution of security holders is as follows:

Range of holding	Shareholders	Number of Ordinary Shares
100,001 and over	467	330,404,320
10,001 – 100,000	1,290	49,164,931
5,001 – 10,000	480	4,025,296
1,001 – 5,000	607	1,690,489
1 – 1,000	629	219,561
<b>Totals</b>	<b>3,473</b>	<b>385,504,597</b>

The number of shareholders holding less than a marketable parcel of ordinary shares is 1,281.

### Voting Rights (Ordinary Shares)

The voting rights attaching to Ordinary Shares are governed by the Constitution. On a show of hands every person present who is a member or representative of a member shall have one vote and on a poll, every member present in person or by proxy or by attorney or duly authorised representative shall have one vote each share held. Options have no voting rights.

### On-Market Buyback

There is no current on-market buyback.

### Listed Options

There are no listed options

### Securities exchange

The Company is listed on the Australian Securities Exchange. The Home exchange is Melbourne.

### Other information

Rum Jungle Resources Ltd incorporated and domiciled in Australia, is a publicly listed company limited by shares.



# RUM JUNGLE RESOURCES LTD

## ADDITIONAL SHAREHOLDER INFORMATION (continued)

Twenty Largest Shareholders

Name	Number of Shares	% Held of Issued Capital
WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	51,426,688	13.34
FARJOY PTY LTD	25,808,526	6.69
LION SELECTION GROUP LTD	17,920,381	4.65
BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE NO 1 A/C>	14,531,498	3.77
J P MORGAN NOMINEES AUSTRALIA LIMITED	9,397,461	2.44
CITICORP NOMINEES PTY LIMITED	8,194,483	2.13
CS FOURTH NOMINEES PTY LTD	7,500,000	1.95
MR JOHN NEWTON + MRS GAYE NEWTON < SUPER FUND A/C>	7,153,780	1.86
TINTERN (VIC) PTY LTD <A & P MILLER FAMILY A/C>	5,116,847	1.33
FINCHING PTY LTD	5,107,143	1.32
MR PAUL FREDERICK BENNETT	4,430,017	1.15
MASALI PTY LTD	4,000,000	1.04
REWARD MINERALS LIMITED	4,000,000	1.04
WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED <Corporate A/C>	3,400,000	0.88
KENSINGTON CAPITAL MANAGEMENT PTY LTD	3,060,714	0.79
FINCHING PTY LTD <D W MULLER SUPER FUND A/C>	3,000,000	0.78
MR IAN LAWTON BARDEN + MRS LESLEY CORRIE BARDEN <BARDEN SUPER FUND A/C>	2,700,000	0.70
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	2,473,470	0.64
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,301,838	0.60
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	2,298,143	0.60
<b>Total</b>	<b>183,820,989</b>	<b>47.68</b>
<b>Balance of Register</b>	<b>201,683,608</b>	<b>52.32</b>
<b>Grand Total</b>	<b>385,504,597</b>	<b>100.00</b>