

# RUM JUNGLE RESOURCES LTD

## Annual Report 2013



## CORPORATE DIRECTORY

<b>Directors:</b>	Mr Robert Annells, Non-Executive Chairman Mr David Muller, Chief Executive Officer and Managing Director Mr Jeff Landels, Non-Executive Director Mr ChrisTziolis, Executive Director and Project Development Director
<b>Company Secretary:</b>	Mr Bruce Arnold, Chief Financial Officer
<b>Rum Jungle Resources Ltd ABN:</b>	<b>33 122 131 622</b>
<b>Notice of Annual General Meeting:</b>	Annual General Meeting of Rum Jungle Resources Ltd Held at: Level 14 500 Collins Street, Melbourne, Vic 3000 Time: 11.00 am Date: Thursday 28 November 2013
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<b>Stock Exchange Listing:</b>	ASX Limited Securities Code RUM: Shares
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## CHAIRMAN'S LETTER

Dear Shareholders,

On behalf of your Board of Directors, I am pleased to present Rum Jungle Resources 2013 Annual Report and reflect on the significant progress the Company has made over the last year and the exciting opportunities that lie ahead as the Company transitions from explorer to becoming a producer of fertiliser minerals. Rum Jungle Resources' strategic intent is to find, develop and operate phosphate and potash fertiliser minerals projects, located in proximity to existing transport infrastructure, with a geographical focus on the Northern Territory of Australia.

Over the last two years, the company has reported the discovery of phosphate mineralisation at the Ammaroo Phosphate project, specifically; the Barrow Creek 1 deposit located 200 km south east of Tennant Creek on the western side of the Georgina Basin. The Company has also reported subsequent results of the exploration program and the definition of a JORC compliant phosphate resource. Additionally, the company has reported the occurrence of plentiful, naturally occurring, potassium-rich brines at the Karinga Lakes south west of Alice Springs and has progressed exploration to define a JORC compliant sulfate of potash resource.

As a result, Rum Jungle Resources is the only company in Australia with both phosphate and potash resources, both of which are essential for efficient agriculture exposing the Company to one of the world's great trends, growth demand for food and food security. Demand for food, and resultant demand for fertilisers will likely be underpinned by continued global population growth, a large proportion of which will become defined as middle class, particularly in Asia. This growing middle class will demand higher protein and higher value diets and a decreasing supply of arable land will require increased crop yields to ensure food security is attained for many nation states, leading to an increase in demand for fertilisers. There is no substitute for phosphate and potassium (potash) in plant nutrition.

There are a number of other notable attributes of the Company's phosphate and potash projects. They are strategically located in the Northern Territory within close proximity to existing major roads and the Central Australian Railway which will enable product to be transported north to the port of Darwin or south to Australian markets. The port of Darwin offers a shipping advantage over traditional phosphate and potash suppliers for buyers in growing Asian markets. Furthermore, the potential development of the Company's phosphate and potash resources offers the opportunity for regional buyers to diversify away from traditional suppliers, which in the case of phosphate is Northern Africa and the Middle East, to a more stable supply country such as Australia.

The potential to create a significant fertiliser minerals business in the Northern Territory could enable regional economic development and employment opportunities for local indigenous communities and population centres such as Alice Springs and Tennant Creek.

The Company's management have demonstrated a track record of achieving exploration and project development milestones. Pleasingly, over 19,000 man hours of field work have been undertaken throughout the year with no lost time injuries or reportable environmental incidents. A number of key exploration and development milestones have also been achieved, over the last 12 months. These milestones include the completion of resource evaluation at the Barrow Creek 1 phosphate project and the definition of a significant JORC Measured Resource, the completion of a scoping study on the phosphate project that highlighted a number of potentially economic and technically viable development options, the definition of a JORC inferred resource at the Karinga Creek potash project and most pleasingly the acquisition of the ASX listed company Central Australian Phosphate Limited (CEN). Details of each of the projects and key activities can be found in the Operations Review section of this report.



An off-market takeover of CEN was announced in February 2013. The key strategic objective of the takeover was to gain control of Central's flagship Arganara phosphate exploration project which adjoins Barrow Creek 1 and is essentially the continuation of the same phosphate deposit. The Barrow Creek 1 and Arganara resources, have a combined JORC Measured, Indicated and Inferred resource of approximately 550 million tonnes at a approximately 15% P<sub>2</sub>O<sub>5</sub> and a cut-off of 10% P<sub>2</sub>O<sub>5</sub> and importantly, exploration potential that could lead to a total resource in excess of 1 billion tonnes. If this proves to be the case, the total phosphate resource would be globally significant and the ability to combine the projects into a single development could unlock significant value. At this current time, the Company has gained control of Central, with over 80% of the shares, and plans to assume management of Central. The continuation of exploration drilling at the Arganara deposit in order to increase the size of the resource is a key near term priority.

Looking forward, there are a number of key activities, in addition to the drilling of Arganara highlighted above, that the company will undertake over the proceeding year. Specifically, WorleyParsons has been engaged to lead the pre-feasibility study for the combined Barrow Creek/Arganara phosphate project, bringing significant global phosphate development expertise and experience to bear. The pre-feasibility study is expected to be completed during the first half of 2014 and will form the basis for a future decision to move the project forward into a bankable feasibility study. In parallel to the pre-feasibility study, market engagement with a view of securing off-takes and partnerships, will be pursued and environmental approvals and native title agreements to underpin the award of a minerals lease will be progressed. Exploration and tests and trials work will continue on the Karinga Lakes potash project and it is expected that a first stage development study may be commenced by the end of this year.

As highlighted last year, the Company has taken steps to strengthen its Board and management team. Mr Jeff Landels joined the Board in November 2012 as a non Executive director. Jeff brings a wealth of operational experience having previously served Western Mining Corporation as the General Manager of the Phosphate Hill operation in Queensland. Mr Chris Tziolis joined the company from Rio Tinto in October 2012. Chris is based in Darwin and has been instrumental in evolving the Company's strategy and overseeing the completion of the Barrow Creek 1 scoping study and subsequent commencement of a pre-feasibility study. He was appointed to the Board as an Executive Director in June 2013.

The progress made by the Company's small team of employees and contractors during 2012-2013 has been outstanding and, on behalf of all our stakeholders, I express our very sincere appreciation for their outstanding efforts led by David Muller, our Managing Director.

In closing, I would like to acknowledge the continued support of all of the Company's shareholders and in particular our institutional investor base.



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Robert J Annells  
Chairman

## ANNUAL REPORT – 30 JUNE 2013

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# RUM JUNGLE RESOURCES LTD

## OPERATIONS REVIEW

### Highlights and Achievements

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

- Over 19,000 hours of field work conducted throughout the year. There were no lost time injuries or reportable environmental incidents throughout the year
- Continued employment of local indigenous people within the exploration programs

#### ***Corporate***

- Successful placement of 31,399,000 shares at \$0.24 per share to institutional investors to raise \$7.536m
- Strengthened Board and Management team with the appointment of Jeff Landels as a Non-Executive Director and Chris Tziolis as an Executive Director
- Launched an off-market takeover of Central Australian Phosphate
- Joined the International Fertiliser Association (IFA) and attended annual IFA Conference in May 2013 to introduce the Rum Jungle Resources to the global fertiliser community

#### ***Phosphate***

- Completed resource evaluation of the Barrow Creek 1 phosphate deposit to define a JORC compliant Measured Resource of 136 million tonnes at an average grade of 15.7% at a cut-off of 10% P<sub>2</sub>O<sub>5</sub>
- Defined JORC compliant Measured, Indicated and Inferred resource at Barrow Creek 1 now stands at 238 million tonnes at an average grade of 14.6% and a cut-off of 10% P<sub>2</sub>O<sub>5</sub>
- Conducted a detailed programme of baseline metallurgical, mineralogical and beneficiation test work in order to identify viable processing routes for the production of internationally marketable phosphate rock products of > 30% P<sub>2</sub>O<sub>5</sub>
- Completed a scoping study on the Barrow Creek 1 deposit that identified three development options as potentially viable for economic development. The results warranted the commencement of a pre-feasibility study that was commenced in August 2013
- Initiated good faith negotiations with the Central Land Council ("CLC") aimed at reaching an agreement under the Native Title Act to facilitate the grant of a Minerals Lease and tenure for a transport corridor

#### ***Potash***

- Completed resource evaluation of the 2012 exploration program at the Karinga Lakes project to establish a JORC Inferred resource of between 2.4 and 5.5 million tonnes of sulfate of potash at an average thickness of 15 m. This equates to a schoenite (potassium magnesium sulfate) resource of between 5.6 and 13 million tonnes
- Conducted laboratory testing of Karinga Lakes brine samples to determine viable process routes to produce marketable potash salts with positive results
- Commenced further exploration, pumping and evaporation trials on the Karinga Lakes project
- Acquired the Lake Hopkins brine potash project in Western Australia
- A Joint Venture with Toro Energy has been agreed to explore for brine potash on the southern part of Lake Mackay

#### ***Other Projects***

- Rock chips up to 61.2 g/t gold and 9 g/t silver in the same sample were recorded from the Donkey Hill prospect under a new joint venture agreement with Uranex Ltd. Drilling to commence later in 2013

# RUM JUNGLE RESOURCES LTD

## OPERATIONS REVIEW

### Map of Operations

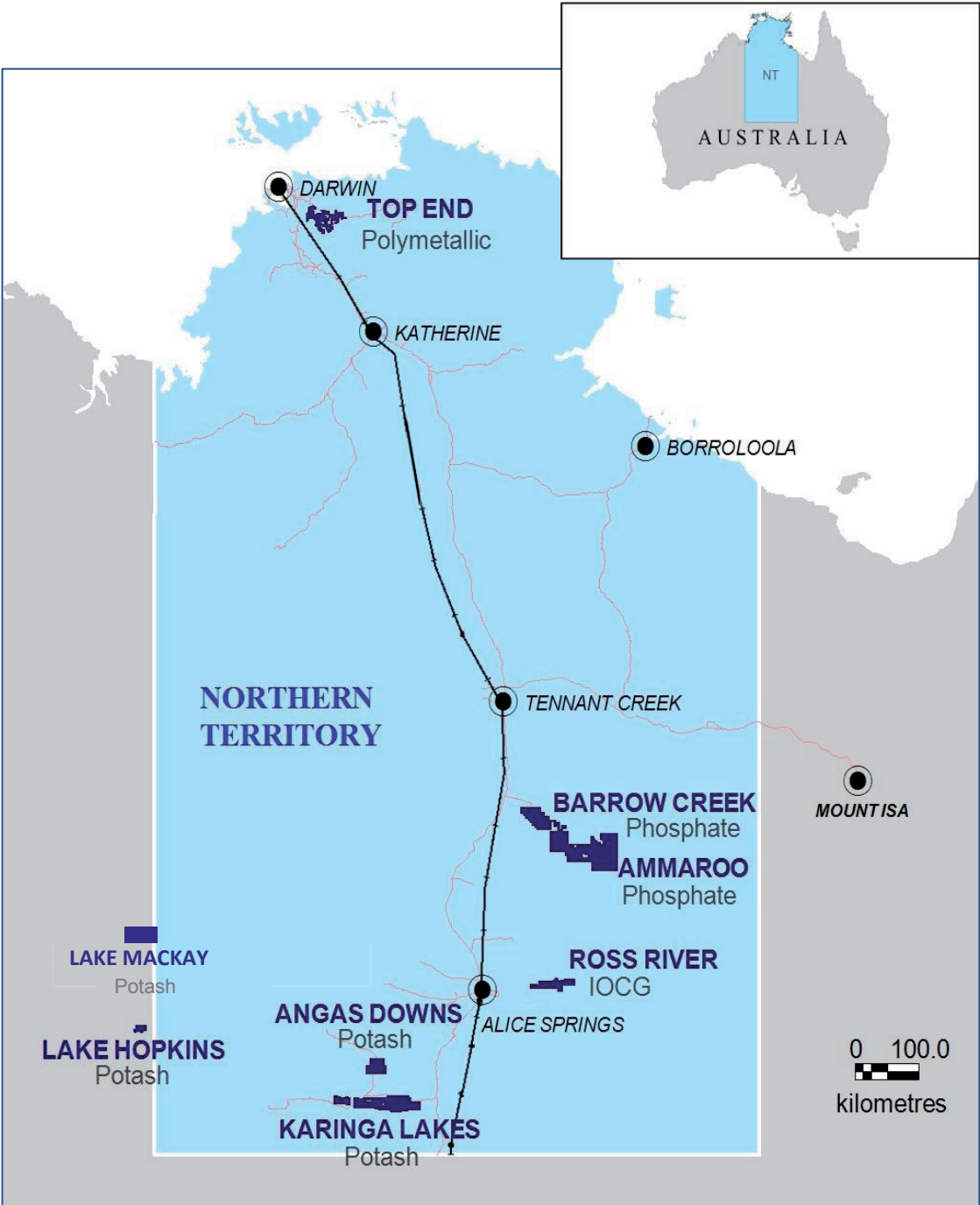


Figure 1. Location map of projects and their target commodities.

# RUM JUNGLE RESOURCES LTD

## OPERATIONS REVIEW

### HEALTH, SAFETY, ENVIRONMENT AND COMMUNITY

The person-hours worked in the field on each project are summarised below. There were no lost time injuries or environmental incidents during the reporting year.

Project	Field Hours Worked
Ammaroo	13,464
Karinga	3,454
Ross River	1,066
Top End	1,296
<b>Total</b>	<b>19,280</b>

**Table 1. Field hours worked in each project.**

## CORPORATE

### *Share Placements and Capital Raising*

On 06 December 2012, Rum Jungle Resources completed a placement of 31,399,000 shares at \$0.24 per share to institutional investors to raise \$7,235,000. This additional capital is to be used in progressing development studies of both the Ammaroo Phosphate and the Karinga Lakes Potash projects.

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

On 18 September 2012, Mr Chris Tziolis was appointed to a new role in the senior management team as Director of Project Development, based in the Darwin head-office. Mr Tziolis previously 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. Before that, he worked for McKinsey and Company primarily engaged on strategy development and performance improvement for global mining companies. Mr Tziolis is a member of the Australian Institute of Company Directors and has a MBA, MA in International Relations and a BSc in Chemistry. Mr Tziolis was subsequently appointed to the Board of Rum Jungle Resources as Executive Director on 06 June 2013.

On 18 October 2012, Mr Jeff Landels was appointed to the Board of Rum Jungle Resources as non-executive Director. Mr Landels has a BSc (Hons) in Chemistry. He brings extensive experience in the fertiliser industry, having been the General Manager of WMC's fertiliser operations at Phosphate Hill, Mount Isa and Townsville from 2002-2006. Prior to that, he had spent over 30 years as General Manager of several pulp and paper industry companies in both Australia and New Zealand.

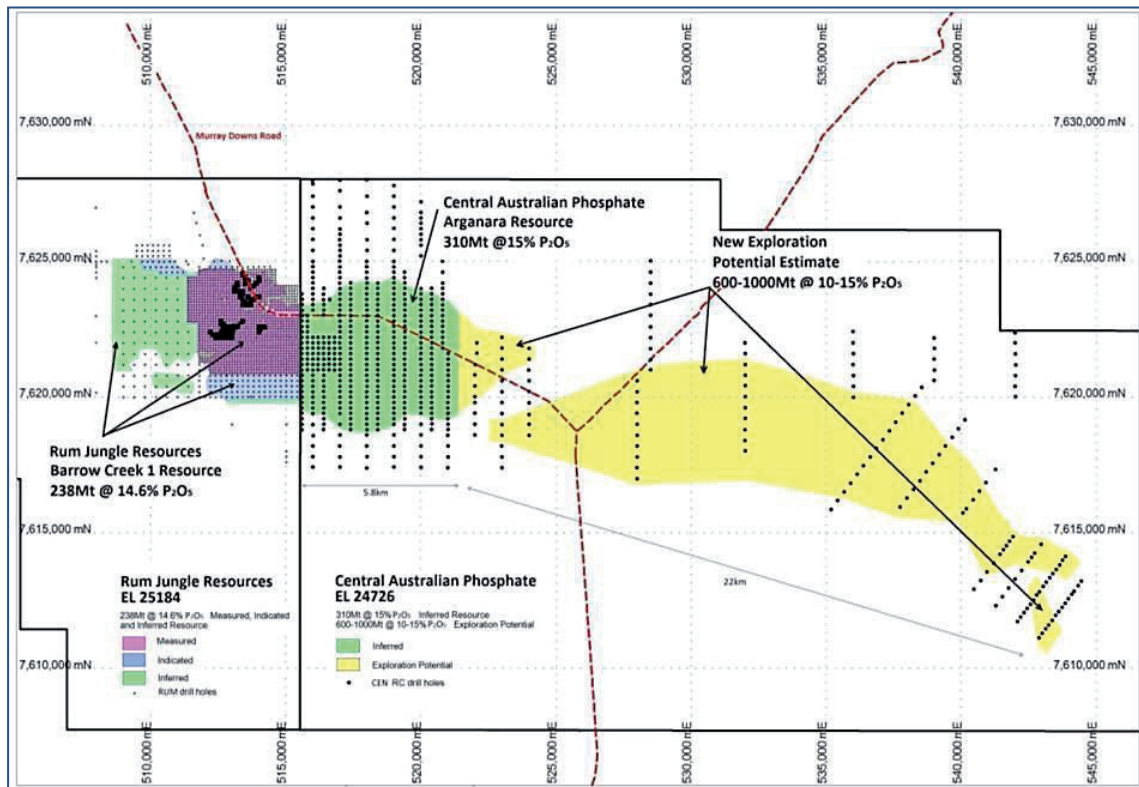
### *Off Market Takeover of Central Australian Phosphate*

An off-market takeover offer for Central Australian Phosphate (CEN, formerly NuPower) began on 13 February 2013 and the first Bidders Statement was released on 26 March 2013. Rum Jungle Resources' (RUM) objective was CEN's Arganara phosphate deposit which is contiguous with RUM's Barrow Creek 1. The figure below depicts the potential of the combined known resources and the exploration potential east southeast of Arganara (shown in yellow).



# RUM JUNGLE RESOURCES LTD

## OPERATIONS REVIEW



**Figure 2. The contiguous Barrow Creek 1 and Arganara phosphate deposits are a single geological entity and there is considerable exploration potential further to the east southeast.**

As of 30 June 2013, RUM had received acceptances for 26.5% of CEN's shares. The offer was conditional on achieving over a 50% interest and this was reached in mid-July. On 18 July the offer proceeded after acceptances of over 50% had been received. Consideration was applied by allotment of RUM shares and a payment of 1 cent for each CEN share. From this date CEN became a subsidiary of Rum Jungle Resources. This has subsequently increased to over 80% enabling RUM to take control of CEN. Rum Jungle Resources now has access to over 200 km of the highly prospective Arthur Creek Formation, including areas known to contain shallow phosphate. This has the potential to be a globally significant phosphate province, possibly containing in excess of 1 billion tonnes of phosphate rock.

Two Rum Jungle Resources' non-Executive Directors have been appointed to the Central Australian Phosphate Board. Mr Robert Annells has been appointed as the Non Executive Chairman and Mr Jeff Landels has been appointed as a Non-Executive Director.

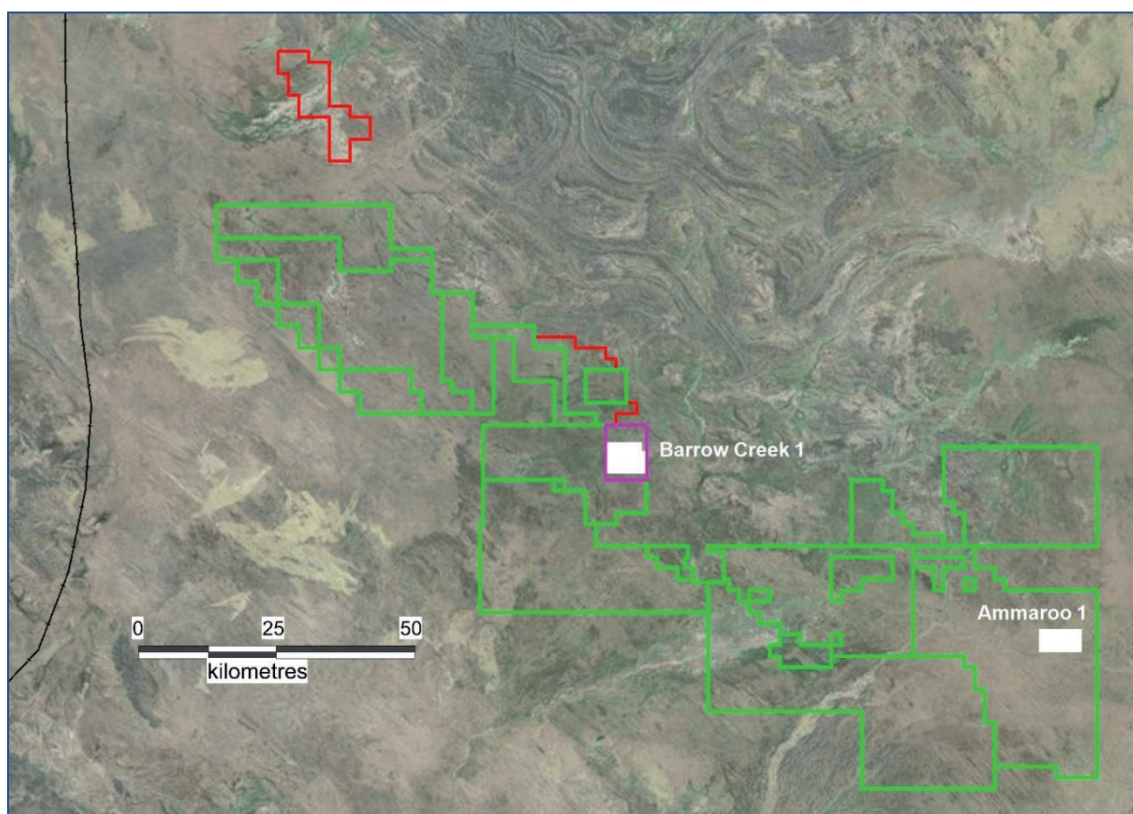
## AMMAROO PHOSPHATE PROJECT, NT (RUM and subsidiaries 100%)

### *Ammaroo Phosphate Project*

The Ammaroo Phosphate Project includes 13 granted exploration licences (EL) and two EL applications which cover over 5,000 km<sup>2</sup> of the highly prospective southern Georgina Basin. The project area contains the Barrow Creek 1 deposit (covered by a Mineral Lease application) and the Ammaroo 1 prospect (Figure3).

# RUM JUNGLE RESOURCES LTD

## OPERATIONS REVIEW



**Figure 3. Rum Jungle Resources' and subsidiaries' Ammaroo titles as of the 30 June 2013, showing:**

- Rum Jungle Resources' named phosphate deposits
- Mineral Lease application in pink over Barrow Creek 1 resource
- granted ELs in green
- EL applications in red
- Note proximity to the Central Australian Railway to the west (black line).

### Barrow Creek 1 Resource

Rum Jungle Resources discovered the Barrow Creek 1 phosphate deposit on EL 25184 in 2010. The previously announced Measured Resource is 136,000,000 tonnes at an average grade of 15.7% and a cut off of 10%  $P_2O_5$ . The total Measured, Indicated and Inferred Resource is 238,000,000 tonnes at an average grade of 14.6% and a cut off of 10%  $P_2O_5$ . These estimates were provided by an independent geologist and were reported in accordance with the 2004 JORC code.

Cut Off $P_2O_5$	Category	Mt	% $P_2O_5$	% $Al_2O_3$	% $CaO$	% $Fe_2O_3$	% $K_2O$	% $MgO$	% $MnO$	% $Na_2O$	% $SiO_2$	% $TiO_2$	$U_3O_8$ ppm
10	Measured	136	15.7	7.14	21.4	4.77	1.06	0.78	0.18	0.18	43.3	0.38	22.9
	Indicated	42	14.9	6.71	20.6	7.21	1.51	0.94	0.22	0.23	41.9	0.40	23.8
	Inferred	60	12	7.3	17	6.90	1.5	0.9	0.2	0.2	47	0.5	19
	Total	238	14.6	7.1	20.1	5.74	1.25	0.84	0.19	0.19	44.0	0.41	22.1
15	Measured	67	18.5	6.57	25.2	3.89	0.97	0.68	0.15	0.18	38.8	0.34	24.5
	Indicated	20	17.5	6.16	23.9	7.18	1.33	0.75	0.19	0.23	37.4	0.35	27.1
	Inferred	6	17	6.5	23	4.8	1.1	0.7	0.20	0.2	42	0.4	24
	Total	93	18.2	6.48	24.8	4.66	1.06	0.70	0.16	0.19	38.7	0.35	25.0
20	Indicated	17.4	23.9	5.23	32.1	2.58	0.73	0.53	0.12	0.15	30.3	0.26	27.8
	Inferred	0.2	22	5.7	30	3.1	0.9	0.5	0.1	0.2	32	0.3	31
	Total	17.6	23.9	5.24	32.1	2.59	0.73	0.53	0.12	0.15	30.3	0.26	27.8

**Table 2. Resource estimate at Barrow Creek 1 phosphate deposit.**



# RUM JUNGLE RESOURCES LTD

## OPERATIONS REVIEW

### Barrow Creek 1 Resource Definition Drilling and Phosphate Exploration Drilling

Further resource definition and exploration drilling has been undertaken during 2012-13 but sample assays are yet to be received. PQ diameter diamond drilling at Barrow Creek 1 (Figure 4) commenced on 04 June 2013 and at the end of the fiscal year, 18 holes had been completed for 491.1 m. Exploration and resource definition RC/air core drilling commenced on 19 June 2013 and 44 holes had been completed for 2,120 m at the end of the reporting year.

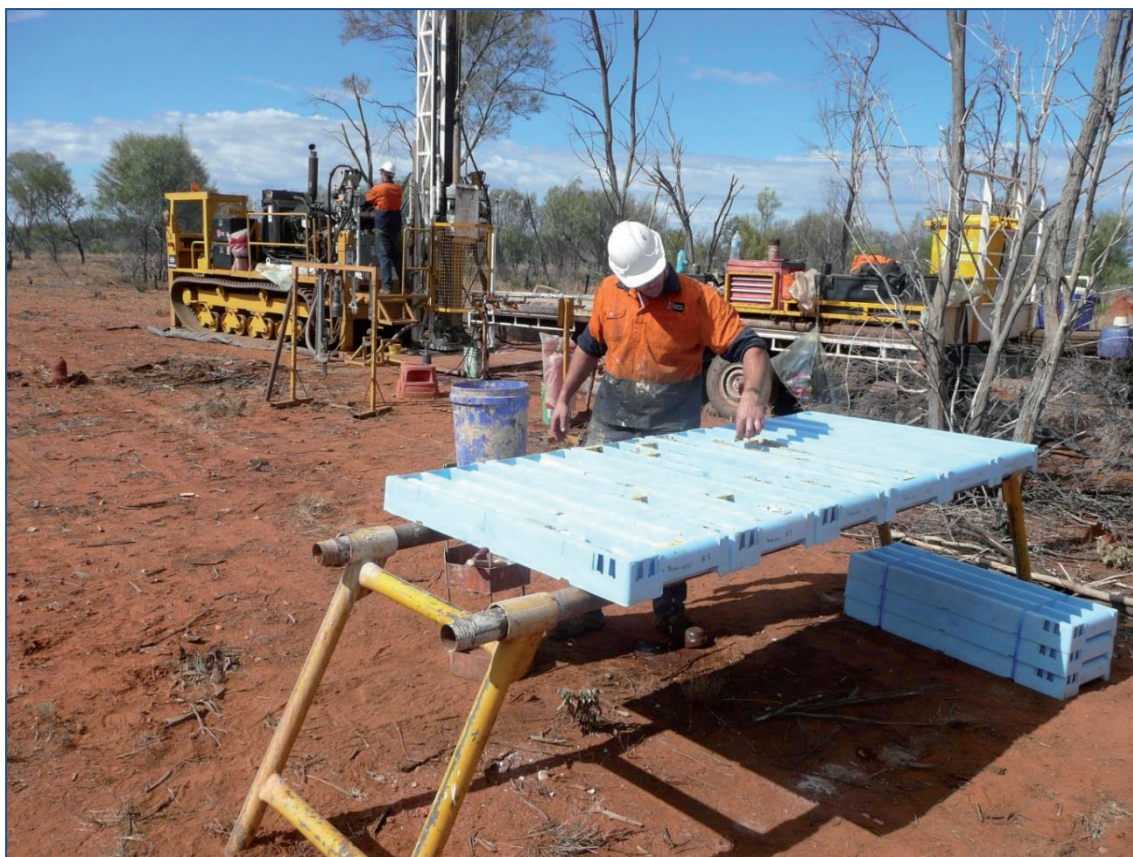


Figure 4. Diamond core drilling at Barrow Creek 1.

### Barrow Creek 1 Scoping Study

The primary aim of the scoping study was to initially identify, review and analyse potential development options which could be progressed into pre-feasibility. A preliminary economic evaluation was conducted to determine the relative economic viability of each development option. The scoping study presumed a capital and operating cost estimate to an accuracy level of  $\pm 35\%$ . The scoping study evaluated three options for phosphate production and associated transport to railhead. All three were found to be potentially economic and technically viable for the development of the Barrow Creek 1 Phosphate Project as a standalone operation with an operating life in excess of 25 years. The scoping study, findings are summarised in the following table, recommended the commencement of a pre-feasibility study to further define the optimum development path for Barrow Creek 1 and to form the basis of a future bankable feasibility study.

# RUM JUNGLE RESOURCES LTD

## OPERATIONS REVIEW

	Option 1	Option 2	Option 3
Project scale	A Direct Ship Ore (DSO) start-up (up to 4 years) ramping up to 1.8 million tonnes per annum product output As grade drops below DSO level, commence beneficiation through flotation to produce a 30%-32% P <sub>2</sub> O <sub>5</sub> rock, for the remainder of the operating life producing 1.8 million tonnes per annum product output	Beneficiation through flotation ramping up to 1.8 million tonnes per annum of 30%-32% P <sub>2</sub> O <sub>5</sub> rock from start-up	Production of 540,000 tonnes per annum Merchant Grade Phosphoric Acid through either a 'Wet Process' or a 'Thermal Process'
Transport to railhead	DSO transported 90 km to the railhead by road initially before the construction of a slurry pipeline to transport beneficiated rock to the rail head	Beneficiated rock transported 90 km by slurry pipeline to the rail head	Acid transported 90 km by pipeline to the rail head
Construction start-up	Q3 2014	Q3 2014	Q3 2014
Production commencement	Q1 2016 for DSO, Q4 2019 for beneficiated rock	Q1 2016	Q3 2016
CAPEX estimate	\$277M for DSO start-up and a further but delayed \$175M for beneficiation	\$432M	\$830M
Product specifications	Ramp-up to 1.8 million tonnes per annum DSO >27% P <sub>2</sub> O <sub>5</sub> 1.8 million tonnes per annum beneficiated rock 30%-32% P <sub>2</sub> O <sub>5</sub>	1.8 million tonnes per annum beneficiated rock 30%-32% P <sub>2</sub> O <sub>5</sub>	540,000 tonnes per annum merchant grade phosphoric acid
Indicative waste to ore strip ratio	<3 to 1	<3 to 1	<3 to 1
Indicative phosphate recovery and cut-off grade	DSO – 50% recovery, cut-off grade 24% Beneficiated Rock – 66% recovery, cut-off 12.5%	66% recovery, cut-off grade 12.5%	>75% recovery, cut-off grade 12.5%
Indicative average cash costs of production (not including Royalties) 25 year life, FOB Darwin*	Average \$86 per tonne of export product Year 2 - \$70 per tonne, Year 25 \$96	Average \$88 per tonne of export product Year 2 - \$78 per tonne, Year 25 \$96	Average \$510 per tonne of export product Year 2 - \$470 per tonne, Year 25 - \$523 per tonne
Average annual royalties**	\$12 per product tonne	\$12 per product tonne	\$12 per product tonne
Long run phosphate price assumptions, FOB*	DSO >27% - US\$120 per tonne >30% Rock US\$140 per tonne in 2016 increasing to US\$150 per tonne in 2018 and US\$160 in 2022	>30% Rock US\$140 per tonne in 2016 increasing to US\$150 per tonne in 2018 and US\$160 in 2022	US\$800 per tonne in 2016 increasing to US\$860 per tonne in 2018 and US\$920 per tonne in 2022
Weighted average cost of capital (post tax nominal)	8.5%	8.5%	8.5%
Inflation	2.5%	2.5%	2.5%
Currency exchange rates	AUD/USD \$1.00 long run	AUD/USD \$1.00 long run	AUD/USD \$1.00 long run
Project NPV (8.5% post tax nominal WACC)	\$340 million	\$320 million	\$450 million
Project IRR	18.7%	16.6%	14.0%

\* Real 2013 Australian dollars (US dollars where indicated)

\*\* Incorporates estimated NT Government royalties, estimated payments under a Native Title Agreement and an existing 40 cents per product tonne royalty

Key study assumptions included:

- The total Measured, Indicated and Inferred Resource is 238 Mt at an average grade of 14.6% at a cut off of 10% P<sub>2</sub>O<sub>5</sub>
- Market specifications for export beneficiated rock are 30%-33% P<sub>2</sub>O<sub>5</sub>
- Rail and port export capacity for rock products assumed to be 1,800,000 tonnes per annum which determines a target rock product output rate
- Target phosphoric acid output rate circa 540,000 tonnes per annum
- Mining and processing rates determined by product output rate to maximise utilisation of transport infrastructure
- Chemical composition of the phosphate ore indicates very low levels of uranium and cadmium but higher than normal levels of lead, which is common to the Georgina Basin phosphate occurrences, in comparison to the Moroccan benchmark standard for export phosphate rock
- Scoping study CAPEX and OPEX estimates are ±35%.

**Table 3. Key findings of the Barrow Creek 1 Scoping Study.**

# RUM JUNGLE RESOURCES LTD

## OPERATIONS REVIEW

### KARINGA LAKES POTASH PROJECT, NT (RUM 100%, RUM 85%, Reward 15%)

The Karinga Lakes Potash JV between Rum Jungle Resources Ltd and Reward Minerals Ltd includes six granted exploration licences and an application (held in various company and subsidiary names) on pastoral leases along the Lasseter Highway between Alice Springs and Uluru. The companies are proving-up resources of sulfate of potash (SOP, potassium sulfate) and potassium magnesium sulfate (schoenite) in sub-surface lake brine in up to 26 dry salt lakes. Rum Jungle Resources Ltd is the operator, providing sole risk funding and increasing equity. Reward Minerals is expected to further dilute its interest. In November 2012, the JV announced a JORC resource of a maximum contained 5,500,000 tonnes of potassium sulfate (potash) at an average aquifer thickness of 15 m and an average depth to the water table of 1 m. This equates to a maximum schoenite (potassium magnesium sulfate) resource of 13,000,000 tonnes.

	Modern Lake Sediments		Weathered & Fractured Basement		Total	
Range of Estimate	P(t)	Tonnes K <sub>2</sub> SO <sub>4</sub>	P(t)	Tonnes K <sub>2</sub> SO <sub>4</sub>	Tonnes K <sub>2</sub> SO <sub>4</sub>	Total Tonnes Schoenite
Upper	0.45	1,900,000	0.3	3,700,000	5,500,000	13,000,000
Middle	0.37	1,500,000	0.2	2,400,000	4,000,000	9,200,000
Lower	0.29	1,200,000	0.1	1,200,000	2,400,000	5,600,000

**Table 4. Inferred Brine Resource estimate, rounded to two significant figures, for Karinga Creek based on a range of porosities.**

**Notes:** P(t) is total porosity

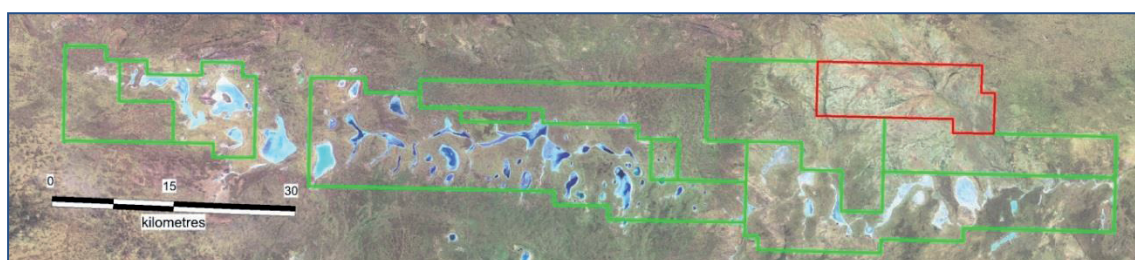
Values are industry accepted averages based on rock type

K<sub>2</sub>SO<sub>4</sub> is known as SOP (sulfate of potash)

Schoenite is potassium magnesium sulfate. Tonnage calculation is based on a conversion of potassium and is therefore not additional to the SOP resource

NB- the terms inferred and indicated are defined in the JORC code, to represent relative geological uncertainty, although the JORC code was not designed for use in connection with minerals which are dissolved in brines. It is generally accepted that geological uncertainties are greater when dealing with the estimation of brine resources.

The brines are part of the Central Australian Groundwater Discharge Zone and groundwater recharge into the regional aquifer is through natural fractures in bedrock. The brine will be extracted by pumping from trenches and/or bores and evaporated in two stages to produce the potash minerals. The Karinga Lakes Potash Project has logistical advantages of being located adjacent to the Lasseter Highway and the existing rail siding at Kulgera 120 km from the project. The Karinga Lakes project has a calendar 2013 exploration budget of close to \$2 million. There were some delays to the start of field work after unusually heavy rain flooded some of the lakes.



**Figure 5. Karinga Lakes tenements as of 30 June 2013 on SPOT5 imagery. Granted ELs in green, application in red.**

### Environmental Studies

Several environmental surveys have been completed over the project area. Although the high sulfate lake brines are acid neutral, the Department of Mines and Energy requested a complete study of the potential of the project to produce undesirable acid-generating material. This study was completed by independent consultants and a management strategy was developed. These were submitted to the Department of Mines and Energy on 20 February 2013. The Department subsequently approved trenching and pump testing.



# RUM JUNGLE RESOURCES LTD

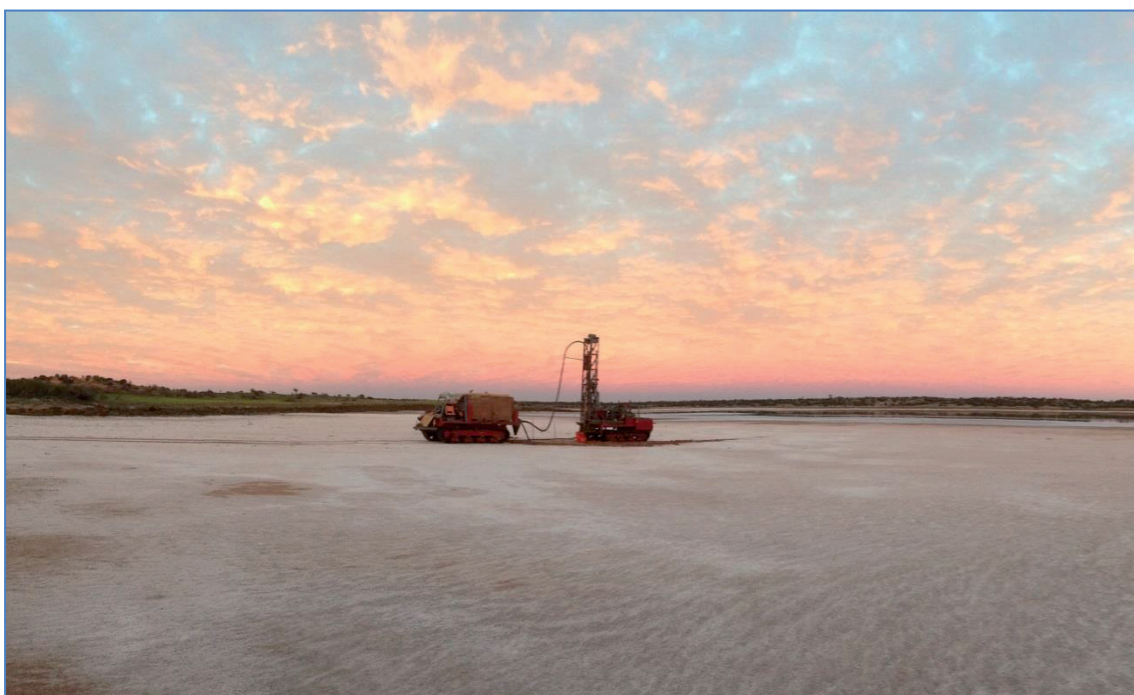
## OPERATIONS REVIEW

### **Trial EM Survey**

A trial moving loop ground EM survey was undertaken over four days in late February to test whether brine in fracture zones could be mapped beneath the Karinga salt lakes. The results of the trial were not convincing and it will not be pursued further.

### **Air Core Drilling**

During calendar 2012, the JV drilled 99 air core holes and turned 47 of them into 100 mm cased water bores with 30 piezometers installed. To 30 June 2013, an additional 32 holes had been completed for 472 m at an average depth of 15.2 m. These drill hole locations were restricted to the lake edges due to most lakes still being inundated with water, but brines intersected were of comparable quality to previous drilling. On completion of the 2013 field season, a revised JORC resource will be estimated by hydrogeological consultants. The resource estimate will be a key component of a scoping study for Karinga Lakes which will commence late 2013 or early 2014.



**Figure 6. Air core drilling in progress at Karinga.**

### **Bore Pump Testing**

Cased bores were test pumped to determine bore performance and aquifer properties at ten sites within the project area. The tests at each bore comprised a:

- bore performance test
- constant rate test – to determine aquifer properties of:
  - transmissivity
  - storage coefficient and specific yield
  - boundary conditions

The table below provides an overview of bore performance tests and potential well yields.

# RUM JUNGLE RESOURCES LTD

## OPERATIONS REVIEW

Hole_ID	Lake	Top of Screen (m)	Base of screen (m)	Standing water level (m)	Pump Depth <sup>1</sup> (m)	Available drawdown <sup>2</sup> (m)	Highest pumped rate <sup>3</sup> (L/s)	Drawdown at highest rate <sup>4</sup> (m)	Potential long term bore yield <sup>5</sup> (L/s)
KLAC029	Murphys	0.0	3.0	0.10	2	0.9	0.7	0.6	1.1
KLAC033	Miningere	0.5	15.0	0.30	12	10.7	3.2	2.2	5.6
KLAC048	Island 5	3.0	15.0	0.75	13	11.3	5.5	1.8	18
KLAC051	Island 4	1.2	13.2	0.71	11	9.3	4.5	4.4	5.8
KLAC060	Island 1	3.0	9.0	0.96	6 <sup>6</sup>	4.0	0.5	0.7	2.9
KLAC063	Curtin Boundary	3.0	14.0	0.55	9	7.5	1.4	1.8	1.7
KLAC068	Skinny	0.0	12.0	0.72	10	8.3	2.3	6.1	2.9
KLAC082	Miningere West	0.5	18.0	0.30	15	13.7	1.5	2.2	2.6
KLAC088	Curtin North	3.0	27.0	0.20	20	18.8	1.9	14.5	1.9
KLAC089	Mallee Well East	0.0	5.5	0.40	4.5	3.1	2.6	2.0	3.9
<b>Notes</b> 1) Pump inlet was placed immediately above the deepest water cut to ensure water flow past the motor for cooling 2) Available drawdown is the distance from standing water level to 1 m above the pump inlet. 3) Highest pumped rate is the highest rate pumped during bore performance tests. In some instances Highest pumped rate was constrained by pump capacity, or conservative rate selection by the operator. 4) Drawdown at highest rate is the water level reduction measured following pumping for 100 minutes at the highest rate 5) Potential bore yield was calculated using the well equation derived from the bore performance tests. 100 days continuous pumping is assumed. 6) At KLAC060 the pump would not go to planned depth. Pump inlet was set at 2.3 m.									

**Table 5. Summary of bore performance tests.**

### Trenching and Trench Pump Testing

Subsequent to the end of reporting year, trenches have been excavated on Pulcura Lake and Curtin Boundary Lake. Pump testing is underway.

# RUM JUNGLE RESOURCES LTD

## OPERATIONS REVIEW



**Figure 7. Completed trench on Curtin Boundary Lake.**

### **Laboratory Process Route Testing**

Process route testing was undertaken on a composite 100 litre brine sample from five selected Karinga Lakes. Two process routes, each using staged evaporation and flotation to extract potash salts from brines, were trialled in the laboratory with successful recovery of schoenite of industry-standard purity.

### **Field Evaporation Trial**

A 12,000 litre evaporation trial commenced on 30 May 2013 when 3,000 litres of brine were pumped from drillholes at four different salt lakes. Combined samples of 4,000 litres were placed into three on-site evaporation tanks for first stage evaporation. It should take 3-4 months for 80-90% NaCl (common salt) precipitation at which point, enriched brine will be pumped into smaller tanks for stage two evaporation resulting in around 1 tonne of mixed schoenite salts ready for flotation testing.



# RUM JUNGLE RESOURCES LTD

## OPERATIONS REVIEW



Figure 8. Evaporation tanks with 12,000 litres of brine at the start of the trial.

### ANGAS DOWNS POTASH PROJECT, NT (RUM 100%)

The two Angas Downs ELs total 635 km<sup>2</sup> and are targeting subsurface rock evaporites and potash brines in palaeo salt lakes. The tenements are located 50-70 km north of Karinga Lakes. The Department of Mines and Energy has approved a Mining Management Plan for drilling on EL 27933. An on-country meeting was held with the Central Land Council and Traditional Owners at Imanpa. The company has yet to receive a reply from the Land Council.

### LAKE HOPKINS, WA (RUM 100%)

The Lake Hopkins project is targeting potash brine similar to the Karinga Lakes Project. The core tenement E69/2814, which covers 153.5 km<sup>2</sup>, has been buffered by a new application made by Rum Jungle Resources. A meeting with Traditional Owners took place on April 19. At the meeting, a compensation and access agreement was verbally consummated and it was agreed that exploration could commence as soon as the Ngaanyatjarra Land Council members could document the agreement and pass it through the relevant authorities. The project is awaiting approval of an access permit from the Federal Minister to enter and work on Aboriginal Land and approval for exploration from the Western Australian Department of Mines and Petroleum. A brine sampling program and air core drill program are planned for later in 2013, with the aim of estimating an Inferred brine resource.

### LAKE MACKAY, WA (TORO JV)

A JV was negotiated (documentation to be finalised) with Toro Energy giving Rum Jungle Resources potash exploration rights to the southern part of Lake Mackay as held by Toro. The four Exploration Permits cover over 400 km<sup>2</sup> of lake surface. Previous shallow drilling by Toro to one metre depth has confirmed recovery of brine in the lake subsurface with contents of potassium, magnesium and sulfur similar to other potash-rich brine systems in the area and overseas. The brine has the potential to produce schoenite, epsomite and sulfate of potash, similar to the Karinga Lakes Project in the NT. Toro has previously had 112 drill holes at 2 km spacing cleared for drilling by Traditional Owners. This should allow Rum Jungle Resources to undertake the exploration drilling expeditiously.

# RUM JUNGLE RESOURCES LTD

## OPERATIONS REVIEW

### ROSS RIVER PROJECT, NT (RUM 100%)

An RC drilling program of 12 holes for 1,466 m was completed at three prospects. A copper-nickel-PGE target was tested at Cleary Dam without success. Four holes for 603 m at Tommys Gap copper prospect did not intersect economic mineralisation. At the Mulga Dam 1 uranium target, six holes for 695 m intersected only minor uranium and no other economic mineralisation.

Most future work planned in the Ross River Project will be targeting an iron oxide copper gold terrain in eastern EL 28156 where there are copper shows coincident with geophysical/structural targets. Desk-top studies continued during this reporting year but there was no field work apart from rehabilitation activities.

### TOP END PROJECT, NT (RUM 100%, JVs with Uranex and Primary Minerals)

The Top End Project is in an established polymetallic province within 20 km of the Toms Gully gold mine. In addition to three titles in its own name, Rum Jungle Resources is earning equity in EL 25165 in JV with Uranex NL. Immediately after becoming operator, Rum Jungle Resources completed a soil sampling grid and took rock chip samples over the whole Annaburroo Dome/Donkey Hill area with some spectacular results including:

- 61.2 g/t Au and 9 g/t Ag in rock chip at Donkey Hill
- 9.48 g/t Au in rock chip at Donkey Hill
- 0.27 g/t Au in rock chip 3.8 km north of Donkey Hill in quartz vein
- 21 anomalous soil samples between 10-20 ppb Au
- 7 highly anomalous soil samples between 20-52 ppb Au over Donkey Hill.

Whilst Rum Jungle Resources acknowledges that Donkey Hill is a historical prospect that was drilled and costeamed by Newmont, Rum Jungle Resources believes that drilling below the base of Donkey Hill may intersect deeper gold mineralisation than the shallow holes drilled into the top of the hill by Newmont which returned a best intercept of 2 m at 3.1 g/t Au from 28 m. Rum Jungle Resources has also identified other geophysical targets in the same general area. Eight RC holes have now been pegged at Donkey Hill gold prospect and nearby EM anomalies on the Uranex joint venture tenement. Drilling is to commence later in 2013.

Rum Jungle Resources has also been in JV with Crocodile Gold/Primary Minerals NL since 2007. Rum Jungle Resources has uranium rights to thirteen exploration tenements near Mount Bundey, surrounding the Toms Gully Gold Mine. Rum Jungle Resources drilled thirteen RC holes for 1,284 m during July 2012. No significant mineralisation was encountered.



DW Muller BSc, MSc, MBA, FAusIMM  
Managing Director

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

*Mr Muller is Managing Director 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 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".*

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



# RUM JUNGLE RESOURCES LTD

## OPERATIONS REVIEW

*This document may contain forward-looking statements. Certain material factors or assumptions were applied in drawing a conclusion or making a forecast or projection as reflected in the forward-looking information. Actual values, results or events may be materially different to those expressed or implied.*

**For further information:**

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# 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 2013 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 Robert Annells	Non-Executive Chairman	
Mr David Muller	Managing Director	
Mr Jeff Landels	Non-Executive Director	Appointed 18 October 2012
Mr John Roberts	Non-Executive Director	Resigned 29 November 2012
Mr Chris Tziolis	Executive Director	Appointed 6 June 2013

### COMPANY SECRETARY

Mr Christopher Moyle FCA was appointed Company Secretary in January, 2008 and retired on 31 July 2013.

Mr Bruce Arnold B Ag Ec, 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 fertilizer minerals (in particular phosphate and potash) and exploration for base metals and other minerals in the Northern Territory.

### 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 loss of the consolidated entity after tax was \$12,030,698 after impairment and write downs of \$9,120,603 in exploration costs (2012 loss \$1,280,752). The significant impairment reflects the assessment of future potential made in relation to areas of interest that have been deemed unprospective 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 \$3,506,885 (2012 \$1,348,429) increased during the year reflecting additional resources and staff for project development. In addition there are increased advisory costs supporting the takeover for Central Australian Phosphate Limited. Exploration and evaluation (including scoping study) expenditure for the year was \$6,134,798 (2012 \$5,130,230).

# RUM JUNGLE RESOURCES LTD

## DIRECTORS' REPORT

### Shareholder Performance

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

### Review of Financial Position

The Group's net assets decreased by 9.4% compared to the prior year. Equity raised of \$7,934,760 was offset by the loss from operations for the year. The cash balance was \$13,045,278 at 30 June 2013.

### 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. 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 off-market takeover of Central Australian Phosphate (Central) is currently in progress and the Company now has control of Central. This will enable the Company to combine the Barrow Creek 1 and Arganara phosphate deposit resources (together the Ammaroo Project) into a single development project which in combination could be a globally significant phosphate resource in terms of size and grade. The overarching objective is to progress both projects down the development path with a view of developing a phosphate and potash fertiliser mineral production businesses in due course.

### Business Risks

A key risk for an exploration company is the need to maintain access to capital markets in order to source equity from new and existing shareholders to fund exploration programmes and complete project studies.

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

During the year ended 30 June 2013 the Company raised equity of \$7,934,760 through a share placement and the exercise of options. As an exploration company the regular access to capital markets and ongoing support from shareholders is necessary to support exploration programmes.

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

On 18 July 2013 the Company had received acceptances from over 50% of the Central Australian Phosphate Ltd shareholders so the offer became unconditional. Rum Jungle Resources Ltd commenced allotment of shares and paying consideration on 18 July 2013. From that date Central Australian Phosphate became a subsidiary of Rum Jungle Resources Ltd.

On 17 September 2013 the Company provided the Central Australian Phosphate Limited (ACN 120 787 859) (CEN) with a letter stating that it intends to provide financial accommodation up to a maximum amount of \$1,000,000 to fund the ongoing operations of the company and to progress the exploration activities on the CEN's Arganara Phosphate tenement EL24726. The key terms of the arrangement provide for a commercial agreement including an arms length market rate of interest with funds advanced repayable on either the completion of a capital raising by the CEN or, upon demand from time to time by Rum Jungle Resources Ltd. The company may withdraw its ongoing support in writing at any time however such revocation will have no effect on any funds already advanced to CEN prior to the written revocation.

No other 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 Arganara resource and complete a pre-feasibility study on the combined Barrow Creek 1 and Arganara development. 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 are currently in place. Additionally, it is expected that on completion of current exploration and test work at the Karinga Lakes potash project, a first stage development scoping study will be commenced in early 2014. Further information in relation to likely project developments and the impact on the operations of the Group has not been included in this report as this is unknown until the studies are completed in due course.

### 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

**Robert Annells**

*Chairman – Non-Executive*

*Qualifications* CPA, F. Fin

#### *Experience and Expertise*

Appointed to Run Jungle Resources Ltd board in October 2006.

Appointed to Central Australian Limited board on 19 July 2013 as Non-Executive Chairman

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. During the past three 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.

# RUM JUNGLE RESOURCES LTD

## DIRECTORS' REPORT

### INFORMATION ON DIRECTORS (continued)

#### David Muller

**Managing Director – Chief Executive Officer**

**Qualifications** MSc, MBA, FAusIMM

#### *Experience and Expertise*

Mr Muller is a geologist with 45 years experience in the Australian mining and exploration industries. He graduated in 1965 with a B.Sc 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 his 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 now acts as Managing Director.

#### Mr Jeff Landels

**Non-Executive Director**

**Qualifications** BSc (Hons)

#### *Experience and Expertise*

Appointed to Run Jungle Resources Ltd board in October 2012.

Appointed to Central Australian Limited board on 19 July 2013 as Non-Executive Director

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

**Executive Director - Director of Development Projects**

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

#### *Experience and Expertise*

Appointed to Run Jungle Resources Ltd board in June 2013.

Mr Tziolis was appointed to Run Jungle Resources as Director of Development Projects in October 2012. 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
Robert Annells	11	11	2	2
Jeff Landels	8	8	1	1
John Roberts	4	4	1	1
David Muller	11	10	-	-
Chris Tziolis	1	1	-	-

### DIRECTORS' INTERESTS

The relevant interests of the directors in securities of the Company at the date of this report are as follows:

	Ordinary shares	Options over ordinary shares
Robert Annells	2,240,000	2,000,000
David Muller	8,180,046	5,000,000
Jeff Landels	-	2,000,000
Chris Tziolis	-	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
30/05/2008	30/05/2008	02/07/2013	A\$0.40	4,000,000
04/04/2011	04/04/2010	04/04/2014	A\$1.00	500,000
04/04/2011	04/04/2010	04/04/2015	A\$1.50	500,000
01/08/2011	01/08/2011	31/07/2013	A\$1.00	600,000
01/08/2011	01/08/2011	31/07/2014	A\$1.50	600,000
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
				<u>16,700,000</u>

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

1,700,000 ordinary shares of Rum Jungle Resources Ltd were issued on the exercise of options during the year ended 30 June 2013. Since year end no further shares have been 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
Robert Annells	10 October 2006		Chairman
David Muller	13 October 2006		Managing Director/Chief Executive Officer
Jeff Landels	18 October 2012		Non-executive Director
Chris Tziolis	15 October 2012		Executive Director – Development Projects
John Roberts	31 May 2007	29 November 2013	Past Chairman
Christopher Moyle	10 January 2008	31 July 2013	Company Secretary/Chief Financial Officer
Nigel Doyle	1 February 2008		Exploration Manager

Bruce Arnold was appointed Company Secretary on 31 July 2013.

#### (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.

2013					Proportion of remuneration performance based
	Short-term benefits	Post-employment	Share-based payments		
	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>275,999</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>

# RUM JUNGLE RESOURCES LTD

## DIRECTORS' REPORT

### REMUNERATION REPORT AUDITED (continued)

2012	Short-term benefits	Post-employment	Share-based payments	Proportion of remuneration performance based	
	Salary and fees	Superannuation	Options	Total	%
	\$	\$	\$	\$	%
<b>Non-executive directors</b>					
John Roberts Chairman	75,000	-	-	75,000	-
Robert Annells	50,000	-	-	50,000	-
<b>Total non-executive directors</b>	<b>125,000</b>	<b>-</b>	<b>-</b>	<b>125,000</b>	<b>-</b>
<b>Executive directors</b>					
David Muller	340,000	-	-	340,000	-
<b>Total executive directors</b>	<b>340,000</b>	<b>-</b>	<b>-</b>	<b>340,000</b>	<b>-</b>
<b>Other key management personnel</b>					
Christopher Moyle	172,460	15,522	23,600	211,582	11.2
Nigel Doyle	197,083	17,738	-	214,821	-
<b>Total other key management personnel</b>	<b>369,543</b>	<b>33,260</b>	<b>23,600</b>	<b>426,403</b>	<b>5.5</b>
<b>Total directors' and executive remuneration</b>	<b>834,543</b>	<b>33,260</b>	<b>23,600</b>	<b>891,403</b>	<b>2.6</b>

There were no bonus payments in 2013 or 2012.

#### (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 also recorded in service agreements. Major provisions of the agreements relating to remuneration are set out below.

##### David Muller, Chief Executive Officer

During the period ended 30 June 2012, the services of David Muller were provided pursuant to arrangements between the Company and Finching Pty Ltd. The arrangements with Finching Pty Ltd were terminated with effect from 1 July 2012. Mr Muller is employed directly by the Company as Chief Executive Officer under a Service Agreement. The Agreement provides for:

- No term of agreement.
- Fixed remuneration package of \$450,000 per annum.
- Termination by the Company with 12 months' notice and by the Executive with 1 months' notice or payment in lieu thereof.

##### Chris Tziolis, Executive Director – Development Projects

- Term of Agreement – open ended commencing 15 October 2012.
- Contract may be terminated by either party with 4 weeks' notice or payment in lieu thereof.

##### Christopher Moyle, Chief Financial Officer

- Term of Agreement – open ended commencing 17 December 2007.
- Contract may be terminated by either party with 1 months notice or payment in lieu thereof.

# RUM JUNGLE RESOURCES LTD

## DIRECTORS' REPORT

### REMUNERATION REPORT - AUDITED (continued)

#### Nigel Doyle, Exploration Manager

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

#### (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	2,000,000	4.4	49	19/12/15	19/12/12
Jeff Landels	19/12/12	2,000,000	2,000,000	4.4	49	19/12/15	19/12/12
David Muller	19/12/12	5,000,000	5,000,000	4.4	49	19/12/15	19/12/12
Chris Tziolis	19/12/12	1,500,00	-	3.8	43	15/10/15	15/10/13
Nigel Doyle	04/04/11	500,000	-	18.7	100.0	04/04/14	04/04/11
Nigel Doyle	04/04/11	500,000	-	17.3	150.0	04/04/15	04/04/11
Christopher Moyle	01/08/11	200,000	-	9.4	100.0	31/07/13	01/08/11
Christopher Moyle	01/08/11	200,000	-	8.7	150.0	31/07/14	01/08/11

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 10,500,000 options were issued under the Company's Employee Share Option Plan. 200,000 options were exercised at 12 cents and 600,000 options lapsed as the exercise price 60 cents was above the spot price. As at 30 June 2013 the Company's share price was 12.5 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	88,000	-	-	57.7
Jeff Landels	88,000	-	-	71.3
David Muller	220,000	-	-	32.8
Chris Tziolis	57,000	-	-	19.8
<b>Other key management personnel</b>				
Christopher Moyle	-	13,500	44,000	-
Nigel Doyle	-	13,500	44,000	-



# 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 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 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.

Further information on options granted during the year is discussed in note 18 of the financial report.

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 – 4 years. Because the options vest immediately upon grant, there is no minimum or maximum options yet to vest.

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

### 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 2013. 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 \$34,545 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	
	2013	2012
	\$	\$
<b>Other assurance services</b>		
<i>Advisory and acquisition services</i>	62,416	-
<b>Non-audit services</b>		
<i>Taxation services</i>	11,069	-
<b>Total remuneration for non-audit services</b>	<b>73,485</b>	<b>-</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 34.

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



Robert J Annells  
Chairman



David W Muller  
Managing Director

Melbourne, Victoria  
26 September 2013

# 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 guidelines of the corporate governance principles as set out by the ASX Corporate Governance Council 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 26 September 2013.

### 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 two non-executive directors and two executives. All directors' are expected to bring independent views and judgement to the Board's deliberations.

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

Mr Tziolis joined the Board recently 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 two non-executive directors, Mr R Annells, chairman of the Board, 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.

As Mr Tziolis was appointed to the board in June 2013 as an executive director 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 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 will 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 12 (14.2%)
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 to be chaired by an Independent chair that is not chair of the Board. Therefore the Group has not complied with recommendation 4.2 of the Corporate Governance Council.

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



**Chartered Accountants**

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Darwin NT 0800

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Australia

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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 2013 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  
26 September 2013

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# RUM JUNGLE RESOURCES LTD

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# RUM JUNGLE RESOURCES LTD

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 \$	2012 \$
<b>Income from continuing operations</b>			
Other income	4.	596,790	212,270
<b>Total income</b>		<b>596,790</b>	<b>212,270</b>
<b>Expenses from continuing operations</b>			
Audit fees	17.	(45,000)	(26,750)
Corporate advisory costs		(1,022,454)	(24,220)
Employee benefits expense	6.	(1,531,919)	(396,096)
Impairment of exploration and evaluation assets	11.	(9,120,603)	(144,602)
Insurance		(61,662)	(63,590)
Occupancy		(52,298)	(74,820)
Office service costs		(367,101)	(311,453)
Share registry fees		(109,012)	(55,204)
Stock exchange fees		(31,296)	(105,087)
Travel		(208,679)	(179,596)
Other		(26,903)	(78,551)
Depreciation	5.	(26,786)	(33,103)
Loss on sale of assets		(23,775)	-
<b>Total expenses</b>		<b>(12,627,488)</b>	<b>(1,493,022)</b>
<b>Loss before income tax</b>		<b>(12,030,698)</b>	<b>(1,280,752)</b>
Income tax expense		-	-
<b>Loss for the year</b>		<b>(12,030,698)</b>	<b>(1,280,752)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss attributable to members of the Company</b>		<b>(12,030,698)</b>	<b>(1,280,752)</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	21.	(5.34)	(0.75)

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

# RUM JUNGLE RESOURCES LTD

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION – AS AT 30 JUNE 2013

	Notes	2013 \$	2012 \$
<b>Current assets</b>			
Cash and cash equivalents	8.	13,045,278	13,381,744
Trade and other receivables	9.	178,650	228,454
<b>Total current assets</b>		<b>13,223,928</b>	<b>13,610,198</b>
<b>Non-current assets</b>			
Property, plant and equipment	10.	1,154,823	1,042,277
Security deposits		750,088	631,729
Exploration and evaluation assets	11.	21,258,610	24,244,415
<b>Total non-current assets</b>		<b>23,163,521</b>	<b>25,918,421</b>
<b>TOTAL ASSETS</b>		<b>36,387,449</b>	<b>39,528,619</b>
<b>Current liabilities</b>			
Trade and other payables	12.	1,177,820	672,892
Short-term provisions	13.	65,293	68,453
<b>Total current liabilities</b>		<b>1,243,113</b>	<b>741,345</b>
<b>TOTAL LIABILITIES</b>		<b>1,243,113</b>	<b>741,345</b>
<b>NET ASSETS</b>		<b>35,144,336</b>	<b>38,787,274</b>
<b>EQUITY</b>			
Contributed equity	14.	52,273,138	44,338,378
Reserves	15.	1,251,600	798,600
Accumulated losses	15.	(18,380,402)	(6,349,704)
<b>TOTAL EQUITY</b>		<b>35,144,336</b>	<b>38,787,274</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 2013

	Notes	Share capital \$	Share-based payments reserve \$	Accumulated losses \$	Total \$
<b>2013</b>					
<b>Balance at 30 June 2012</b>		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>
<b>2012</b>					
<b>Balance at 30 June 2011</b>		31,461,978	2,501,700	(5,608,952)	28,354,726
Loss for the year		-	-	(1,280,752)	(1,280,752)
Transfer from reserve		-	-	540,000	540,000
Shares issued during the year, net of transaction costs		12,876,400	-	-	12,876,400
Share based payment expense		-	269,100	-	269,100
Options exercised during the year:					
-Administration		-	(540,000)	-	(540,000)
-Exploration		-	(1,342,500)	-	(1,342,500)
Options exercised / expired during the year		-	(89,700)	-	(89,700)
<b>Balance at 30 June 2012</b>		<b>44,338,378</b>	<b>798,600</b>	<b>(6,349,704)</b>	<b>38,787,274</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 2013

	Notes	2013 \$	2012 \$
<b>Cash flows from operating activities</b>			
Interest received		486,097	267,620
Payments to suppliers and employees		(2,398,197)	(899,912)
<b>Net cash (used in) operating activities</b>	20 (a).	<b>(1,912,100)</b>	<b>(632,292)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(270,416)	(838,821)
Receipts for property, plant and equipment		-	50,000
Payments for exploration and evaluation assets		(5,971,351)	(5,810,205)
Payments for security deposits		(135,443)	(344,656)
Recovery of security deposits		18,084	2,000
<b>Net cash (used in) investing activities</b>		<b>(6,359,126)</b>	<b>(6,941,682)</b>
<b>Cash flows from financing activities</b>			
Share issue (net of costs)		7,934,760	12,276,000
<b>Net cash provided by financing activities</b>		<b>7,934,760</b>	<b>12,276,000</b>
Net (decrease) / increase in cash and cash equivalents		(336,466)	4,702,026
Cash and cash equivalents at the beginning of the year		13,381,744	8,679,718
<b>Cash and cash equivalents at the end of the year</b>		<b>13,045,278</b>	<b>13,381,744</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 2013

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# RUM JUNGLE RESOURCES LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 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 metals and minerals.

The consolidated financial statements were authorised by the Board of Directors on 26 September 2013.

#### Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, 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 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 \$12,030,698 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 plans for raising additional capital, 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 2013 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 2013

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

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

All acquisition costs are expensed in the period in which they occur. Prior to 2007 these costs were capitalised as part of the cost of the business combination.

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 2013

### 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.

Impairment testing will 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 bonds 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 2013

### 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 2013

### 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, annual leave and accumulating sick 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 2013

### 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) *Adoption of new and revised accounting standards and interpretations*

From 1 July 2012 amendments to AASB 101 outlined in AASB 2011-9 – Presentation of Items of Other Comprehensive Income applied. The change only relates to disclosure and did not impact the relevant disclosure for the Group as there were no items in comprehensive income that may be reclassified subsequently to profit or loss in future.

# RUM JUNGLE RESOURCES LTD

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

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

#### t) Accounting standards and interpretations for application in future periods

The Australian Accounting Standards Board has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The group has not early adopted these standards. The future requirements and the impact on the group for relevant standards are summarised below:

AASB reference	Title & Affected Standard(s)	Nature of Change	Application Date (Adoption Date)	Impact on Initial Application
AASB 9 (issued December 2010)  AASB 2010-7 AASB 2009-11	<i>Financial Instruments</i>	Amends the requirements for classification and measurement of financial assets.	Periods beginning on or after 1 January 2015 (June 2016 year-end)	The group has not yet assessed the impact of these amendments.
AASB 13  AASB 2011-8	<i>Fair Value Measurement</i>	Establishes a single source of guidance for determining fair value of assets and liabilities and expands disclosure requirements.	Periods beginning on or after 1 January 2013  (June 2014 year-end)	These changes may result in some additional disclosure requirements in the financial statements.
AASB 119 (issued Sept 2011)  AASB 2011-10	<i>Employee Benefits</i>	<ul style="list-style-type: none"> <li>Focused on but not limited to defined benefit plans.</li> <li>Changes the definition of short-term and long term employee benefits with liabilities calculated based on date of expected settlement rather than when settlement is due. May lead to liabilities being discounted where leave is not expected to be taken in the next 12 months</li> </ul>	Periods beginning on or after 1 January 2013  (June 2014 year-end)	Assessment has not yet been of the impact of these changes. Not expected to be material given the low number of employees.
AASB 2012-2  AASB 2011 -10	<i>Offsetting Financial Assets and Financial Liabilities</i>	Amends the disclosures about offset positions and the nature of the arrangements.	Periods beginning on or after 1 January 2013  (June 2014 year-end)	There may be some additional disclosure requirements in the financial statements.
AASB10	<i>Consolidated Financial Statements</i>	Introduces a new approach to determining which investees should be consolidated. This is determined on the basis of control over the investee.	Periods beginning on or after 1 January 2013  (June 2014 year-end)	This is not expected to have an impact on the Group.
AASB 11  AASB 128	<i>Joint Arrangements</i>	Joint arrangements will either be "joint operations" for assets and liabilities with partial consolidation or "joint ventures" for which they will use the equity method to account for interests.	Periods beginning on or after 1 January 2013  (June 2014 year-end)	No assessment has been made. Joint exploration is generally "joint operations" and the impact is not expected to be significant.
AASB 12	<i>Disclosure of Interests in Other Entities</i>	Disclosure requirements apply to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities.	Periods beginning on or after 1 January 2013  (June 2014 year-end)	There may be some additional disclosure requirements in the financial statements.
AASB 2011- 4	<i>Amendments to AASB Key Management Personnel (KMP) Disclosure</i>	Removes the requirements to include KMP disclosures in the notes to the financial statements. Still required to be disclosed in the remuneration report.	Periods beginning on or after 1 January 2013  (June 2014 year-end)	Eliminates duplication. Early adoption is not available.



# RUM JUNGLE RESOURCES LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 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	
	2013	2012
	\$	\$
<b>Financial Assets</b>		
Cash and cash equivalents *	13,045,278	13,381,744
Trade and other receivables *	178,650	228,454
	<u>13,223,928</u>	<u>13,610,198</u>
<b>Financial Liabilities</b>		
Trade and other payables **	1,177,820	672,892
	<u>1,177,820</u>	<u>672,892</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 2013		30 June 2012	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
	%	\$	%	\$
Cash and cash equivalents - floating	3.85	13,045,278	4.36	13,381,744
Total cash and cash equivalents		<u>13,045,278</u>		<u>13,381,744</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)	
	2013	2012	2013	2012
	\$	\$	\$	\$
<b>Consolidated</b>				
+1% (100 bp)	130,453	133,817	130,453	133,817
-1% (100 bp)	(130,453)	(133,817)	(130,453)	(133,817)

# RUM JUNGLE RESOURCES LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 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 2013</b>	\$	\$	\$
Trade and other payables	1,177,820	1,177,820	1,177,820
<b>Group – 30 June 2012</b>	\$	\$	\$
Trade and other payables	672,892	672,892	672,892

#### 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 2013

### 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 judgements 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 11)*

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, 2004 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 2013

	2013	2012
	\$	\$
<b>4. Other income</b>		
Interest income	486,097	210,014
Research & Development Subsidy	110,693	-
Profit on disposal of fixed assets	-	2,256
	<u>596,790</u>	<u>212,270</u>

## 5. Expenses

### *Depreciation of non-current assets*

Motor vehicles *	102,246	93,968
Scientific instruments *	22,135	31,080
Office equipment	12,166	14,715
Furniture & fittings	2,879	3,224
Leasehold improvements	11,741	15,164
Plant & equipment *	8,932	3,489
Site camp equipment *	30,134	18,247
	<u>190,233</u>	<u>179,887</u>

\*Depreciation of exploration assets capitalised to Exploration and evaluation assets

	(163,447)	(146,784)
	<u>26,786</u>	<u>33,103</u>

## 6. Employee benefits expense

Wages, salaries, directors' fees, and other remuneration expenses	1,812,493	1,263,812
Superannuation - Defined contribution plans	136,935	106,541
Share-based payments expense	453,000	59,800
Movement in annual leave provision	(3,161)	21,273
Capitalised to exploration and evaluation assets	(867,348)	(1,055,330)
	<u>1,531,919</u>	<u>396,096</u>

## 7. Income tax expense

### (a) Reconciliation of income tax expense to prima facie tax

Loss before income tax	(12,030,698)	(1,280,752)
Tax thereon at 30% (2012: 30%)	(3,609,209)	(384,226)
Tax effect of amounts that are not deductible/ (taxable) in calculating taxable income:		
Research and development tax credit	(33,208)	-
Share based expense	135,900	-
Non-deductible items	120,662	17,369
Sundry timing differences	84,910	-
	<u>(3,300,945)</u>	<u>(366,857)</u>
Deferred tax assets not recognised	3,300,945	366,857
Income tax expense	<u>-</u>	<u>-</u>

# RUM JUNGLE RESOURCES LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013  
\$

2012  
\$

### 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	6,291,995	2,991,049
Temporary differences	132,415	2,342,133
Temporary differences and tax losses	6,424,410	5,333,182

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	13,045,278	13,381,744
	13,045,278	13,381,744

Cash which is held mainly in at call bank accounts bears floating interest rates of an average 3.85% (2012: 4.36%). Term deposits during the year were held with Westpac Banking Corporation. They had an average maturity of 6 months from date of deposit and bear fixed interest of approximately 4.0%. No term deposits are held at 30 June 2013.

### 9. Trade and other receivables

#### Current

Other receivables	178,650	228,454
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Other receivables mainly represent entitlement to interest receivable on term deposits and recoverable GST. No receivables are past due or impaired.

### 10. Property, plant and equipment

Motor vehicles – at cost	691,775	659,289
Accumulated depreciation	(250,952)	(156,038)
	440,823	503,251
Scientific instruments – at cost	191,752	188,228
Accumulated depreciation	(144,297)	(123,102)
	47,455	65,126
Office equipment – at cost	104,461	99,436
Accumulated depreciation	(80,547)	(68,381)
	23,914	31,055
Furniture and fittings – at cost	42,762	41,668
Accumulated depreciation	(19,113)	(16,234)
	23,649	25,434
Leasehold improvements – at cost	75,821	75,821
Accumulated depreciation	(72,314)	(60,573)
	3,507	15,248
Plant and equipment – at cost	165,301	72,705
Accumulated depreciation	(16,114)	(7,182)
	149,187	65,523
Site camp equipment – at cost	514,702	354,920
Accumulated depreciation	(48,414)	(18,280)
	466,288	336,640
<b>Total property, plant and equipment</b>	<b>1,154,823</b>	<b>1,042,277</b>

# RUM JUNGLE RESOURCES LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$	2012 \$
<b>10. Property, plant and equipment (continued)</b>		
<b>Summary of individual asset groups</b>		
<b>Motor vehicles</b>		
Carrying amount at beginning of year	503,251	195,012
Additions	63,348	449,951
Disposals	-	(50,000)
Depreciation	(102,246)	(93,968)
Impairment loss/profit on disposal	(23,530)	2,256
<b>Carrying amount at end of year</b>	<b>440,823</b>	<b>503,251</b>
<b>Scientific instruments</b>		
Carrying amount at beginning of year	65,126	91,103
Additions	4,709	5,103
Disposals	-	-
Depreciation	(22,135)	(31,080)
Impairment loss	(245)	-
<b>Carrying amount at end of year</b>	<b>47,455</b>	<b>65,126</b>
<b>Office equipment</b>		
Carrying amount at beginning of year	31,055	37,451
Additions	5,025	8,319
Disposals	-	-
Depreciation	(12,166)	(14,715)
Impairment loss	-	-
<b>Carrying amount at end of year</b>	<b>23,914</b>	<b>31,055</b>
<b>Furniture and fittings</b>		
Carrying amount at beginning of year	25,434	28,658
Additions	1,094	-
Disposals	-	-
Depreciation	(2,879)	(3,224)
<b>Carrying amount at end of year</b>	<b>23,649</b>	<b>25,434</b>
<b>Leasehold improvements</b>		
Carrying amount at beginning of year	15,248	30,412
Additions	-	-
Disposals	-	-
Depreciation	(11,741)	(15,164)
<b>Carrying amount at end of year</b>	<b>3,507</b>	<b>15,248</b>
<b>Plant and equipment</b>		
Carrying amount at beginning of year	65,523	45,054
Additions	92,596	23,958
Disposals	-	-
Depreciation	(8,932)	(3,489)
<b>Carrying amount at end of year</b>	<b>149,187</b>	<b>65,523</b>



# RUM JUNGLE RESOURCES LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$	2012 \$
<b>10. Property, plant and equipment (continued)</b>		
<b>Site camp equipment</b>		
Carrying amount at beginning of year	336,640	10,694
Additions	156,782	344,193
Disposals	-	-
Depreciation	(30,134)	(18,247)
<b>Carrying amount at end of year</b>	<b>466,288</b>	<b>336,640</b>
<b>Group Summary</b>		
Carrying Amount at beginning of year	1,042,277	438,384
Additions	326,554	831,524
Disposals	-	(50,000)
Depreciation	(190,233)	(179,887)
Impairment (loss)/profit on disposal	(23,775)	2,256
<b>Carrying amount at end of year</b>	<b>1,154,823</b>	<b>1,042,277</b>

## 11. Exploration and evaluation assets

At cost	21,258,610	24,244,415
Carrying amount at beginning of year	24,244,415	19,049,487
Additions	6,134,798	5,130,230
Impairment of exploration and evaluation assets	(9,120,603)	(144,602)
Carrying amount at end of year	21,258,610	24,244,415

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 2013 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.

## 12. Trade and other payables

Trade creditors	815,819	652,892
Other creditors	215,001	-
Accrued expenses	147,000	20,000
<b>Total trade and other payables</b>	<b>1,177,820</b>	<b>672,892</b>

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

## 13. Short-term provisions

Employee entitlements	65,293	68,453
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# RUM JUNGLE RESOURCES LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 14. Contributed equity

	Company	
	2013	2012
	\$	\$
Ordinary shares – fully paid	52,273,138	44,338,378
<b>(a) Movements in contributed equity</b>		
	<b>No. of shares</b>	<b>\$</b>
Balance at 30 June 2012	207,828,102	44,338,378
Share issue on exercise of staff options – at \$0.12 per share	200,000	24,000
Share issue on exercise of other options – at \$0.25 per share	1,500,000	375,000
Share placement – at \$0.24 per share	31,399,000	7,535,760
Balance at 30 June 2013	240,927,102	52,273,138

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 2013, the following options for ordinary shares in Rum Jungle Resources Ltd were on issue:

	2013	2012
	Number	Number
Director Options	9,000,000	-
Employee options	3,700,000	3,500,000
Options issued for acquisitions	4,000,000	5,500,000
Options issued as incentive to consultant	-	500,000
	16,700,000	9,500,000

# RUM JUNGLE RESOURCES LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 15. Reserves and accumulated losses

	2013 \$	2012 \$
<b>(a) Reserves</b>		
Share-based payments reserve	1,251,600	798,600
<b>Movements:</b>		
<i>Share-based payments reserve</i>		
Balance at beginning of year	798,600	2,501,700
Share based payment expense	453,000	269,100
Options expired during year - Employees	-	-
Options exercised during year - Employees	-	(1,882,500)
Options forfeited by employee resignation	-	(89,700)
Balance at end of year	1,251,600	798,600

### (b) Accumulated losses

Movements in accumulated losses were as follows:

Balance at beginning of year	(6,349,704)	(5,608,952)
Net profit / (loss) for the year	(12,030,698)	(1,280,752)
Transfer from reserve	-	540,000
Balance at end of year	(18,380,402)	(6,349,704)

### (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.

### 16. 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.

### 17. 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>2013 \$</b>	<b>2012 \$</b>
KPMG	45,000	-
Other Auditor of the financial statements	-	26,750
<b>2. Other services</b>		
Other advisory, taxation and acquisition	73,485	-
	118,485	26,750

# RUM JUNGLE RESOURCES LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 18. Key management personnel disclosures

#### (a) Key management personnel compensation

	2013 \$	2012 \$
Short-term employee benefits	1,178,897	834,543
Post-employment benefits	80,360	33,260
Share-based payments	453,000	23,600
	<u>1,712,257</u>	<u>891,403</u>

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

#### (b) Equity instruments disclosures relating to key management personnel

##### (i) 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	-
<b>Other key management personnel of the Group</b>						
C J Moyle *	700,000	-	(100,000)	(200,000)	400,000	400,000
N J Doyle	1,600,000	-	(100,000)	(500,000)	1,000,000	1,000,000

\* Options forfeited (400,000) on termination for retirement 31 July 2013.

##### (ii) 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	8,280,046	-	-	8,280,046
<b>Other key management personnel of the Group</b>				
C J Moyle and related parties	927,000	100,00	-	1,027,000
N J Doyle and related parties	290,000	100,000	(61,701)	328,299

#### 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 2013

### 19. Business combinations

#### Acquisition of Subsidiary

In February 2013 Rum Jungle Resources Ltd (RUM) launched an off market bid for Central Australian Phosphate Limited (CEN) an exploration company that holds the Ammaroo phosphate deposit that adjoins RUM's Barrow Creek phosphate deposit. The offer was not initially supported by CEN directors and the offer was conditional on reaching over 50% acceptances from CEN shareholders. This condition had not been satisfied as at 30 June 2013.

On 18 July 2013 the offer proceeded after acceptances of over 50% had been received. Consideration was applied by allotment of RUM shares (1 RUM share for 13 CEN shares) and a payment of 1 cent for each CEN share. From this date CEN became a subsidiary of Rum Jungle Resources. The offer has remained open to the date of this report and as at 16 September 2013 RUM held over 80% of CEN

The consideration paid to the 31 August 2013 for a holding of 78.795% in CEN was as follows:

	\$
Cash	4,249,057
Equity instruments (34,116,911 ordinary shares)	5,970,459
	<hr/> 10,219,516 <hr/>

#### Equity instruments issued

The fair value of the ordinary shares issued was based on the RUM share price on 18 July 2013 of \$0.175 per share.

#### Identifiable assets acquired and liabilities assumed

At the date these financial statements were authorised for issue the initial accounting for the acquisition of CEN is incomplete as a service agreement to allow management transition was to be put in place and the detailed financial information has yet to be analysed. As a result details of the assets and liabilities acquired have not been listed. Any excess of consideration over net asset value is expected to be attributable to the Ammaroo Tenements.

#### Acquisition-related costs

The Group incurred acquisition costs of \$470,931 related to legal fees, due diligence and communication costs to shareholders. These have been expensed to corporate advisory costs in the Group's statement of profit or loss and other comprehensive income.

# RUM JUNGLE RESOURCES LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 20. Cash flow information

	Consolidated Group	
	2013	2012
	\$	\$
<b>(a) Reconciliation of loss after income tax to cash outflow from operating activities</b>		
Loss for the year	(12,030,698)	(1,280,752)
Non cash employee based expense – share-based payments	453,000	59,800
Depreciation	26,786	33,103
Loss on disposal of assets	23,775	-
Impairment of exploration and evaluation assets	9,120,603	144,602
(Decrease)/increase in provisions	(3,160)	21,273
Decrease in trade and other receivables	49,804	33,724
Increase in trade payables	447,790	355,958
Net outflow from operating activities	(1,912,100)	(632,292)
<b>(b) Non-cash investing and financing activities</b>		
Acquisition of subsidiaries by issue of shares and options	-	-
Acquisition of tenements and information by issue of shares and options	-	600,400

### 21. Earnings per share

	Company	
	2013	2012
	Cents	Cents
<b>(a) Basic and diluted earnings per share</b>		
Loss from operations attributable to the ordinary equity holders of the company	(5.34)	(0.75)
<b>(b) Weighted average number of ordinary shares used as the denominator.</b>		
	2013	2012
	Number	Number
Number used in calculating basic and diluted earnings per share	225,463,097	171,212,404
<b>(c) Information concerning earnings per share</b>		

Options granted are considered to be potential ordinary shares. Details relating to options are set out in notes 18 and 22.

In 2013 and 2012 the options are anti-dilutive and are therefore not included in the calculation of diluted earnings per share. The options could potentially dilute basic earnings per share in the future.



# RUM JUNGLE RESOURCES LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 22. Share-based payments

Options have been issued to key management personnel who have commenced with Rum Jungle Resources Ltd. 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 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 by either Rum Jungle Resources Ltd or the employee, 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	Granted during the year	Exercised during the year	Forfeited during the year	Balance at end of the year	Vested and exercisable at end of the year
			Number	Number	Number	Number	Number	Number
<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
Weighted average share price at exercise date					\$0.25			
<b>Group – 2012</b>								
19/11/2007	31/12/2012	\$0.30	16,000,000	-	16,000,000	-	-	-
20/10/2009	31/12/2012	\$0.12	400,000	-	200,000	-	200,000	200,000
04/04/2011	04/04/2013	\$0.60	500,000	-	-	-	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	-	900,000	-	300,000	600,000	600,000
01/08/2011	31/07/2013	\$1.00	-	900,000	-	300,000	600,000	600,000
01/08/2011	31/07/2014	\$1.50	-	900,000	-	300,000	600,000	600,000
			17,900,000	2,700,000	16,200,00	900,000	3,500,000	3,500,000
Weighted average exercise price			\$0.36	\$1.07	\$0.30	\$1.07	\$0.98	\$0.98

1,100,000 options expired during the reporting period, and 200,000 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.

In respect of the options issued to employees during the year, the model inputs were as follows:

	<b>Total Options Issued 10,500,000</b>	
	1,500,000	9,000,000
Consideration	-	-
Options Life	3 years	3 years
Exercise price	\$0.43	\$0.49
Share price at valuation date	21.5c	24.5c
Expected volatility	60%	60%
Expected dividend yield	-	-
Risk free interest rate	2.37%	2.73%

The weighted average fair value of options granted was \$0.043 (2011: \$0.10). The expected price volatility is based on the historical volatility of a number of similar entities (based on a period with a similar life of the options).

# RUM JUNGLE RESOURCES LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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

	2013 \$	2012 \$
<b>Expenses arising from share-based transactions</b>		
Options issued to directors and employees		
- Employee benefits expense	453,000	59,800
- Exploration and evaluation assets	-	119,600
	<u>453,000</u>	<u>179,400</u>

### 23. 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*	
			2013 %	2012 %
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

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

### 24. Related parties

#### a. Finching Pty Ltd

##### Consultancy agreement

During the year ended 30 June 2012 under a Consultancy Agreement between the Company and Finching Pty Ltd, (the Consultant), the Company paid the Consultant a fee of \$1,280 for each day spent in providing the Company with geological and managerial services. This agreement was terminated from 1 July 2012.

#### b. Key management personnel

Disclosures relating to key management personnel are set out in note 18.

#### c. 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 2013

### 25. Commitments

#### Operating Leases

	2013	2012
	\$	\$
Property and office equipment		
Not later than 1 year	40,524	37,320
Later than 1 year but not later than 5 years	11,481	-
Later than 5 years	-	-
	<u>52,005</u>	<u>37,320</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:

	2013	2012
	\$	\$
Within one year	3,240,106	2,064,290
Later than one year but not later than five years	<u>10,305,066</u>	<u>3,198,000</u>
	<u>13,545,172</u>	<u>5,262,290</u>

Included in these commitments are Joint Venture commitments of \$1,389,970.

### 26. Subsequent events

In February 2013 RUM announced a bid for Central Australian Phosphate (CEN) that was conditional on achieving a 50% interest. On 18 July acceptances of 50% had been received so the offer proceeded with the allotment of shares and cash payment and CEN became a subsidiary from that date.

On 17 September 2013 the Company provided the Central Australian Phosphate Limited (ACN 120 787 859) (CEN) with a letter stating that it intends to provide financial accommodation up to a maximum amount of \$1,000,000 to fund the ongoing operations of the company and to progress the exploration activities on the CEN's Arganara Phosphate tenement EL24726. The key terms of the arrangement provide for a commercial agreement including an arms length market rate of interest with funds advanced repayable on either the completion of a capital raising by the CEN or, upon demand from time to time by Rum Jungle Resources Ltd. The company may withdraw its ongoing support in writing at any time however such revocation will have no effect on any funds already advanced to CEN prior to the written revocation.

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

# RUM JUNGLE RESOURCES LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 27. Joint Operations - Exploration

JV Project	Parties	Tenements		Rum Jungle interest 30 June 2013
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
Karinga Lakes Potash	Reward Minerals Ltd	Listed in Tenement Schedule		Tenements 50/50 JV participation RUM 85%
Top End	Uranex Ltd	EL 25165		Potential to earn 70% interest in commodities other than uranium.

### 28. Parent Entity Information

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

	2013 \$	2012 \$
<b>Statement of Financial Position</b>		
Current assets	13,223,928	13,610,198
Non-current assets	23,163,521	25,918,421
Total assets	36,387,449	39,528,619
Current liabilities	1,243,113	741,345
Total Liabilities	1,243,113	741,345
Equity		
Contributed equity	52,273,138	44,338,378
Reserves	1,251,600	798,600
Accumulated losses	(18,380,402)	(6,349,704)
Total equity	35,144,336	38,787,274
<b>Statement of Profit or Loss and Other Comprehensive Income</b>		
Loss for the year	(12,030,698)	(1,280,752)
Total comprehensive loss for the year	(12,030,698)	(1,280,752)

The parent entity has not provided any financial guarantees in respect of subsidiaries, nor did it have any contingent liabilities as at 30 June 2013 or 30 June 2012.

Commitments of the parent entity are the same as those for the Group reflected in note 25.

# RUM JUNGLE RESOURCES LTD

## DIRECTORS' DECLARATION

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1. In the Directors' opinion
  - (a) the consolidated financial statements and notes set out on pages 36 to 63 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 2013 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.



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Robert J Annells  
Chairman



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David W Muller  
Managing Director

Melbourne, Victoria  
26 September 2013

# 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 2013, 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 28 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration set out on pages 41 to 64 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 Rum Jungle Resources Ltd 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 2013 and of their 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 23 to 27 of the directors' report for the year ended 30 June 2013. 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 2013, 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

26 September 2013

# RUM JUNGLE RESOURCES LTD

## TENEMENT SCHEDULE at 30 June 2013

Tenement	Registered Holder / Applicant	Ownership	Expiry Date	Area Blocks [sq.km]
<b>Ammaroo</b>				
EL 25183	Territory	100%	18 Apr 2013 *	137 [431]
EL 25184	Territory	100%	18 Apr 2013 *	112 [356]
EL 25185	Territory	100%	18 Apr 2013 *	243 [775]
EL 26196	RUM	100%	21 Jul 2013 *	165 [528]
EL 28116	RUM	100%	17 Jan 2017	185 [571]
EL 28117	RUM	100%	17 Jan 2017	250 [795]
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	12 [38]
MLA 29463	RUM	100%	-	6.375 Ha
ELA 29773	RUM	100%	-	36 [115]
ELA 29826	RUM	100%	-	28 [89]
<b>Potash</b>				
EL 24987	RUM	100%	9 Oct 2014	132 [410]
EL 25080	Tyson Resources Pty Ltd	100%	8 Oct 2014	225 [699]
EL 28205	RUM / Reward Minerals Ltd	50%	8 Mar 2017	39 [121]
EL 28272	RUM / Reward Minerals Ltd	50%	13 Apr 2017	74 [230]
EL 28273	RUM / Reward Minerals Ltd	50%	13 Apr 2017	56 [174]
EL 28872	RUM	100%	5 Mar 2018	79 [245]
ELA 29890	RUM	100%	-	53 [165]
<b>Angus Downs</b>				
EL 28885	RUM	100%	5 Mar 2018	126 [392]
EL 27933	RUM	100%	26 Oct 2016	78 [243]
<b>Top End</b>				
EL 23791	RUM	100%	20 Jan 2014	12 [39]
EL 25165	Uranex NL	100%	6 Nov 2014	42 [122]
EL 23921	RUM	100%	17 Dec 2013	16 [54]
EL 24468	RUM	100%	15 Dec 2013	9 [30]
<b>Ross River</b>				
EL 28156	RUM	100%	14 Feb 2017	89 [278]
EL 24917	RUM	100%	10 Jul 2014	91 [286]
<b>Lake Hopkins</b>				
EL 69/2814	RUM	100%	5 Jul 2016	49 [153]
ELA 69/3144	RUM	100%	-	82 [256]

\* EL renewed for 2 years from expiry date in August 2013

Key: EL - Exploration Licence      ELA - Exploration Licence Application      MLA – Mineral Lease Application  
RUM - Rum Jungle Resources Ltd      Territory – Territory Phosphate Pty Ltd

# RUM JUNGLE RESOURCES LTD

## ADDITIONAL SHAREHOLDER INFORMATION

Additional information required by the ASX Limited ("ASX") Listing Rules as at 30 September 2013 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	43,775,636	15.75%
Farjoy Pty Ltd	15,817,801	5.69%
Lion Selection Group Ltd	13,634,667	4.91%

### Distribution of Shareholders

The distribution of security holders is as follows:

Range of holding	Shareholders	Number of Ordinary Shares
100,001 and over	331	229,645,767
10,001 – 100,000	1,098	42,735,572
5,001 – 10,000	455	3,854,208
1,001 – 5,000	527	1,510,327
1 – 1,000	314	119,908
<b>Totals</b>	<b>2,725</b>	<b>277,865,782</b>

The number of shareholders holding less than a marketable parcel of ordinary shares is 705.

### 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	40,375,636	14.53
FARJOY PTY LTD	15,817,801	5.69
LION SELECTION GROUP LTD	13,634,667	4.91
J P MORGAN NOMINEES AUSTRALIA LIMITED	12,056,500	4.34
MR JOHN NEWTON + MRS GAYE NEWTON	7,153,780	2.57
FINCHING PTY LTD	6,000,000	2.16
TINTERN (VIC) PTY LTD	3,732,231	1.34
MIRRABOOKA INVESTMENTS LIMITED	3,406,805	1.23
WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED <Corporate A/c>	3,400,000	1.22
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,914,939	1.05
CITICORP NOMINEES PTY LIMITED >	2,605,808	0.94
KENSINGTON CAPITAL MANAGEMENT PTY LTD	2,575,000	0.93
SYDNEY RESOURCES DEVELOPMENT PTY LTD	2,403,846	0.87
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-Comnwlth Super Corp A/c>	2,192,666	0.79
TOPETE PTY LTD <SUPERANNUATION FUND A/C>	2,077,611	0.75
MR JOHN ALLAN NEWTON + MRS WANDA GAYE NEWTON	2,020,857	0.73
MR ROBERT JOHN ANNELLS	2,000,000	0.72
KENSINGTON CAPITAL MANAGEMENT PTY LTD	2,000,000	0.72
MR JOHN BARRY ROBERTS + MRS JUDITH ELIZABETH ROBERTS	2,000,000	0.72
CHAFCO PTY LTD	1,950,000	0.70
<b>Total</b>	<b>130,318,147</b>	<b>46.90</b>
<b>Balance of Register</b>	<b>147,547,635</b>	<b>53.10</b>
<b>Grand Total</b>	<b>277,865,782</b>	<b>100.00</b>



Front Cover Photograph: Core of phosphate rock from Barrow Creek 1, Ammaroo Project, Northern Territory.

Back Cover Photograph: Drilling at Karinga Lakes, Northern Territory.