

RUM JUNGLE RESOURCES LTD



2016

ANNUAL REPORT



RUM JUNGLE RESOURCES LTD

CORPORATE DIRECTORY

Directors:	Mr David Muller	Chairman and Non-Executive Director
	Mr Robert Cooper	Non-Executive Director
	Mr Jeff Landels	Non-Executive Director
	Mr Chris Tziolis	Managing Director

Company Secretary:	Mr Bruce Arnold	Chief Financial Officer
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Rum Jungle Resources Ltd ABN: **33 122 131 622**

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

Ashurst Lawyers
Held at: Level 26
181 William Street,
Melbourne, Vic 3000

Time: 11.00 am
Date: Thursday 24th November 2016

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

Stock Exchange Listing: ASX Limited
Securities Code RUM: Shares

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RUM JUNGLE RESOURCES LTD

MISSION STATEMENT

Rum Jungle Resources Ltd's (RUM) strategic intent is to create shareholder value through the discovery, development and operation of fertiliser and industrial mineral projects, located in close proximity to existing transport infrastructure, with a primary focus on the Northern Territory of Australia.

Rum Jungle Resources Ltd's portfolio of projects includes the global scale Ammaroo Phosphate Project, a portfolio of sulphate of potash projects and the Dingo Hill Silica Project.

ANNUAL REPORT – 30 JUNE 2016

Contents

	Page
Operations Review	3
Resource Register	29
Directors' Report	31
Remuneration Report (forming part of directors' report)	36
Corporate Governance	43
Auditor's Independence Declaration	44
Annual Financial Report – 30 June 2016	45
Tenement Schedule	76
Additional Shareholder Information	77

CHAIRMAN'S LETTER

The company's primary objective over the last period has been the marketing of its projects to global and regional fertilizer industry participants and financial investors who have demonstrated an interest in agriculture and in particular the farm inputs space. During this period we have introduced the potential of the Company's portfolio of mineral fertilizer projects to a number of parties and in some cases, a certain level of due diligence was conducted. However, in so doing the need to present a bankable feasibility study to potential partners became obvious.

Therefore, with the support of our major shareholder Washington H Soul Pattinson (WHSP) and many of our existing shareholders, we completed a rights issue in June 2016 raising \$11.5m. This capital will be primarily utilised to take the Ammaroo Phosphate project to a bankable level of feasibility and to complete the environmental approvals and native title process over the next 12 to 15 months. It is our belief; based on the many discussions we have had with potential investors and potential joint venture partners over the last period, that the completion of this work will significantly enhance the prospects of attracting the investment necessary to develop this world class phosphate resource.

We will also continue to prudently evolve the sulphate of potash projects focusing primarily on the Central Australian Ground Water discharge zone which incorporates the Karinga Lakes system.

Both phosphate and potash are essential for efficient agriculture, exposing the Company to one of the world's great trends, growth in 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.

The growing use of fertilisers translates into an outlook for strong continued growth in demand into the foreseeable future. We will continue to market our project into an international field, which will look favorably upon Australia now that the Australian dollar has weakened and industry costs are moderating.

The potential to create a significant fertiliser minerals business in the Northern Territory is at the forefront of our vision. The Northern Territory is one of the few jurisdictions in the world that have the key inputs for an integrated fertiliser industry; N-Nitrogen (feedstock is gas), P-phosphate and K-Potassium (NPK) all with close proximity. It is our intent to ensure that this is recognised by the global fertiliser industry.

The Company will also continue to evolve as it transitions from explorer to developer. We welcome Robert Cooper to the Board as WHSP's nominee. Robert is an ex BHP Billiton executive and brings significant experience to bear in developing projects and running mineral operations.

With respect to myself, after 10 years at the helm as CEO and Chairman, I believe it is time for me to step aside and leave the challenges outlined above, to more experienced and younger people with the strengths and experience required to achieve our goals. Accordingly, James Whiteside, former Chief Operating Officer of Incitec Pivot, has also agreed to join the Board and I will resign after the AGM this year.

We will continue to create the opportunity for shareholder value by achieving our development and approval milestones and work within our budgets as determined by the capital you have provided us.



David Muller
Chairman

OPERATIONS REVIEW

HIGHLIGHTS AND ACHIEVEMENTS

Health, Safety, Environment and Community

- 1,780 hours of field work were conducted throughout the year. There were no Lost Time Injuries (LTIs) reported and no reportable environmental incidents

Project	Field Hours Worked
Ammaroo	490
Karinga Lakes	1,130
Dingo Hole	90
Eva	40
Lake Amadeus	30
Total	1,780

Table 1. Field hours worked in each project.

- A number of community consultations were conducted with the Traditional Owners of the land associated with the Ammaroo Phosphate Project, the Lake Amadeus Project, the Lake Frome Project and the Lake MacDonald Project

Corporate

- A process of engagement with the international and regional fertiliser industry and financial investment communities was conducted facilitated by Flagstaff Partners with an objective to secure cornerstone investment for the development of RUM's projects
- Investor and company presentations were made at the Mining the Territory Conference, the Resources Rising Stars Conference and International Mining and Resources Investment Conference (IMARC) in Melbourne
- Rum Jungle Resources was a featured company at the Australian Federal Government's Northern Australian Investment Forum held in Darwin in November 2015
- Participation in an AUSTRADE-hosted roadshow to the Middle East highlighting prospective northern Australian projects
- An internal reorganisation of the Group's assets has begun such that the wholly-owned subsidiary Territory Phosphate holds all the phosphate projects and a wholly-owned subsidiary Territory Potash will hold potash projects. This is to more readily facilitate future investment opportunities at the specific asset or project level
- The Company's land position was reviewed and a number of tenements have been surrendered or voluntarily reduced in size to focus on core projects and to reduce government rents and land council payments
- Completed a fully underwritten rights issue on 22 June 2016 raised A\$11.56M (before costs) through the issue of 578,256,895 new shares. The Company's major shareholder, Washington H Soul Pattinson now holds 38.28% of the company's shares on issue
- Mr Robert Cooper was appointed to the Board on 1 July 2016 following nomination by the major shareholder Washington H Soul Pattinson
- The cash balance at the year end was \$12.1 million

OPERATIONS REVIEW

Phosphate

- A competitive tender process was commenced after the capital raising to appoint engineers and consultants to conduct the Ammaroo phosphate bankable feasibility study and environmental approvals process
- Revised mine management plans were submitted for infill drilling to further upgrade the JORC categories, to support bankable feasibility level mine planning and to enable a number of test pits to be constructed to supply material for pilot scale metallurgical testwork and construction materials. This work commenced in August 2016
- Approvals to drill the Rock Hole phosphate prospect, located in the Ammaroo province, are being arranged. The untested Rockhole prospect with high grade phosphate at the surface has the potential to become a source of high grade material to supplement future development at Ammaroo
- An application for major project status for Ammaroo has been submitted to the NT Government

Sulphate of Potash

- Eleven deeper RC holes were drilled at Karinga Lakes demonstrating the presence of deeper SOP bearing brines in rocks under the modern lake system. These results were released to the ASX on 19 January 2016
- GHD and a US Company, Norwest, were engaged to conduct a review of the Karinga Scoping Study that was completed by CCCCC of China in late 2014. The objective of the review was to consolidate information and understand knowledge gaps as a precursor to a preliminary feasibility study which is the next step in developing the Karinga Lakes project. A decision to progress Karinga Lakes to PFS has not yet been made
- A number of community consultations were undertaken with the Traditional Owners of Lake Amadeus which is located on Aboriginal Land as defined by the Aboriginal Land Rights Act. This provides Traditional Owners with an explicit right of veto of minerals developments. Unfortunately, the Traditional Owners came to a decision that at this time there was to be no exploration on Lake Amadeus and accordingly the applications are now under moratorium for the next 5 years. RUM remains the applicant over that period at zero cost
- Initial discussions and subsequent negotiations of an exploration agreement with the Adnyamanthanha Traditional Lands Association (ATLA) regarding Lake Frome in South Australia commenced and continue

Silica (High Purity Quartz)

- A phase of testwork to determine if silica can be processed to a High Purity Quartz standard was conducted by Dorfner Anzaplan, based in Germany. As announced to the ASX on 23 October 2015, these results were inconclusive and more work was required to determine the silica's suitability to be processed into High Purity Quartz
- A further sample was collected and is currently undergoing proprietary test work overseas

PHOSPHATE PROJECTS

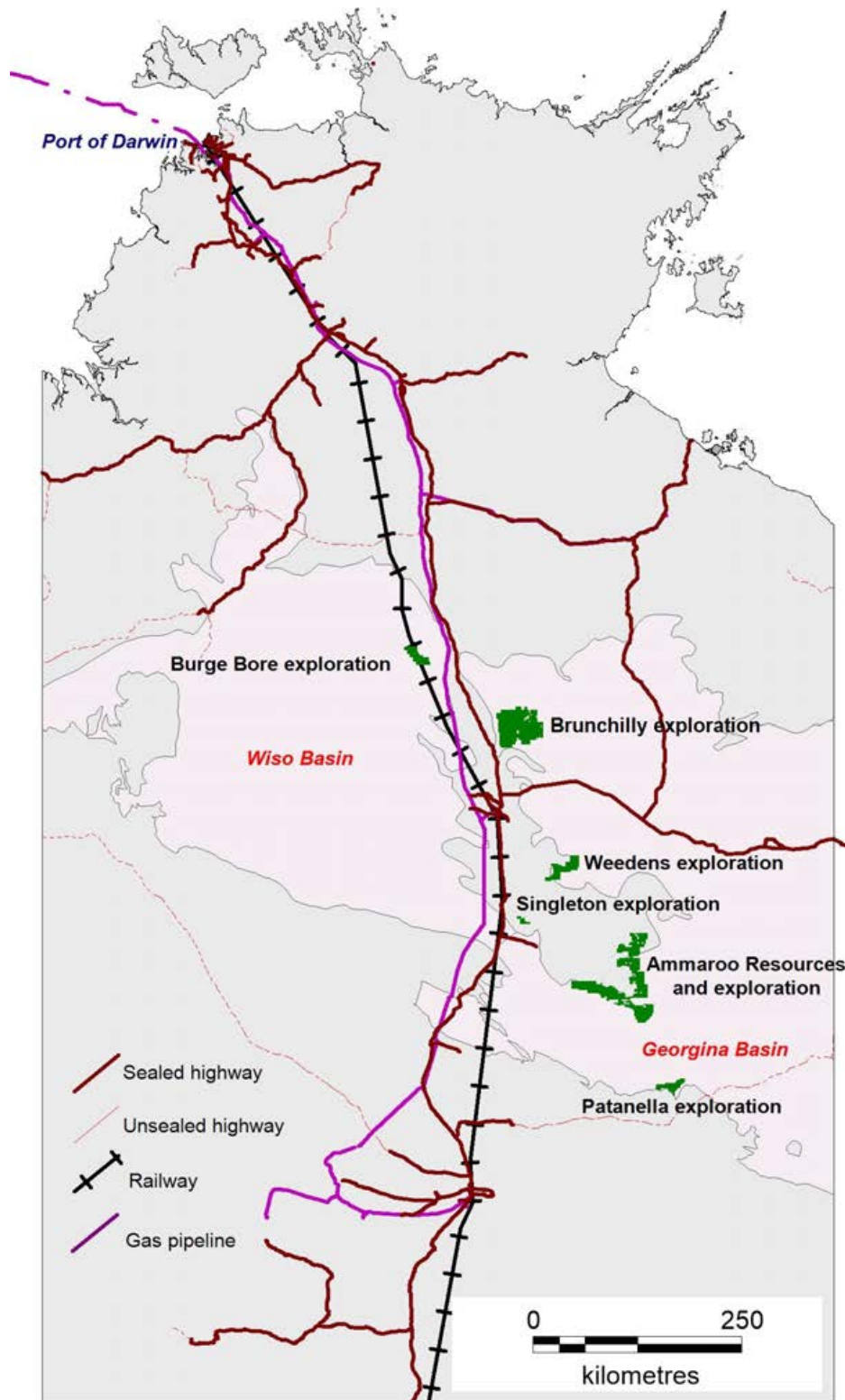


Figure 1. Phosphate projects in the Georgina and Wiso Basins (shown in pink) in relation to transport infrastructure and gas pipelines (pink lines).

RUM JUNGLE RESOURCES LTD

OPERATIONS REVIEW

AMMAROO PHOSPHATE PROJECT, NT

The Ammaroo Phosphate Project is located 200 km southeast of Tennant Creek. The project area contains the billion tonne 40 km long Ammaroo Phosphate JORC Resource, the satellite Ammaroo South JORC Resource, the untested Rockhole phosphate prospect with high-grade phosphate at surface, and significant greenfields potential in the northeast. The updated Ammaroo prefeasibility study was completed and the findings announced to the ASX 9 September 2015.

Ammaroo Phosphate Titles

The tenement situation for the end of June 2016 is listed in the following table. Voluntary partial reductions were made to most of the ELs as shown in green below to reduce rent holding cost. ELs 25183-5 were renewed during the reporting year and ELs 24726 and 30520 just afterwards.

Tenement	Area km ²	Blocks	Grant	Expiry	Holder
EL 24726	501.54	157	1/04/2008	31/03/2018*	Territory Phosphate
EL 25183	76.58	24	19/04/2007	18/04/2017	Territory Phosphate
EL 25184	137.40	43	19/04/2007	18/04/2017	Territory Phosphate
EL 25185	408.25	128	19/04/2007	18/04/2017	Territory Phosphate
EL 27987	28.77	9	27/10/2010	26/10/2016	Territory Phosphate
EL 28402	70.27	22	20/06/2011	19/06/2017	Territory Phosphate
EL 28403	214.02	67	20/06/2011	19/06/2017	Territory Phosphate
EL 28648	12.81	4	25/10/2011	24/10/2017	Territory Phosphate
EL 29373	483.13	151	14/09/2012	13/09/2018	Territory Phosphate
EL 29374	400.68	125	14/09/2012	13/09/2018	Territory Phosphate
EL 30520	86.42	27	01/04/2008	31/03/2018*	Territory Phosphate
EL 30663	105.25	33	31/07/2015	30/07/2021	Territory Phosphate
MLA 29463	6,375 hectares	na	application 30/03/2012	30 years from grant	Territory Phosphate
MLA 29854	9,074 hectares	na	application 14/02/2013	25 years from grant	Territory Phosphate

Table 2. Ammaroo phosphate titles. Areas reduced and other changes during the reporting period shown in green. *renewed after reporting period

OPERATIONS REVIEW

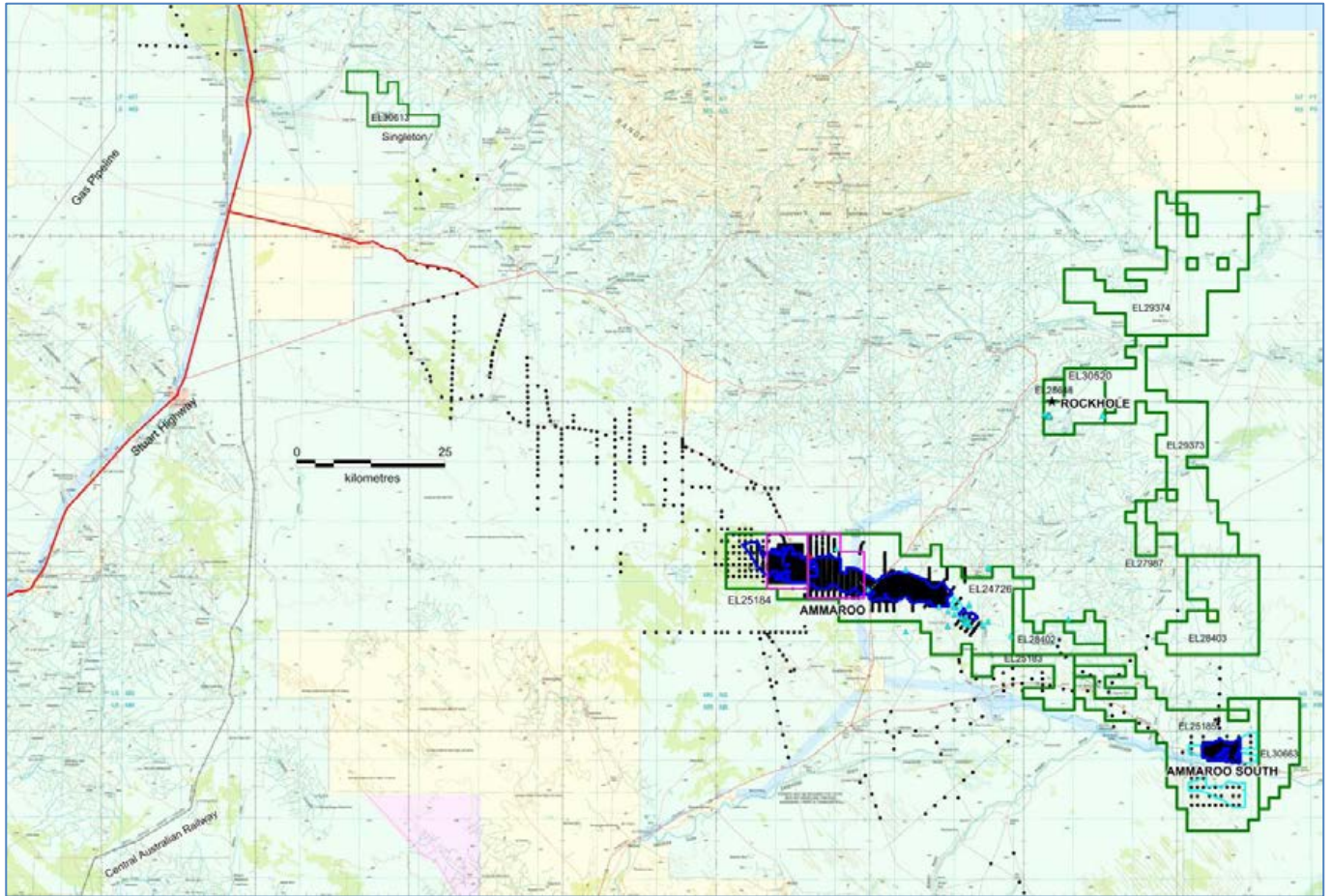


Figure 2. Tenement status as of 30 June 2016, showing granted ELs in green and ML applications in pink and all drilling including in areas now relinquished. Rockchip samples are blue triangles. The various categories of JORC resources are outlined in dark blue. Independently estimated "exploration potential" outlined in light blue. Pastoral lease shown in green and Aboriginal land in yellow.

RUM JUNGLE RESOURCES LTD

OPERATIONS REVIEW

Main Ammaroo Resource

As a result of reconciliation of cultural exclusion zones, a revised resource estimate for the main Ammaroo phosphate deposit was announced to the ASX on 09 December 2014. This estimate of 1.145 billion tonnes P₂O₅ at an average grade of 14% P₂O₅ using a 10% cut-off or 348 Mt at 18% using a 15% cut off has not changed since.

5% P ₂ O ₅ cut off												
	Mt	P ₂ O ₅ %	Al ₂ O ₃ %	CaO %	Fe ₂ O ₃ %	K ₂ O% 	MgO %	MnO %	Na ₂ O %	SiO ₂ %	TiO ₂ %	U ₃ O ₈ ppm
Meas.	203	12.7	7.66	17.6	5.28	1.12	0.98	0.21	0.18	48.2	0.41	21.2
Ind.	141	12.1	7.42	17.0	6.70	1.49	1.26	0.23	0.19	47.1	0.41	18.4
Inf.	2,300	10	7.3	13	6.8	1.6	1.0	0.3	0.1	54	0.4	21
Total	2,644	10	7.3	14	6.7	1.6	1.0	0.3	0.1	53	0.4	21
10% P ₂ O ₅ cut off												
	Mt	P ₂ O ₅ %	Al ₂ O ₃ %	CaO %	Fe ₂ O ₃ %	K ₂ O% 	MgO %	MnO %	Na ₂ O %	SiO ₂ %	TiO ₂ %	U ₃ O ₈ ppm
Meas.	135	15.4	7.18	21.1	4.94	1.08	0.78	0.18	0.19	43.6	0.39	22.8
Ind.	80	15.3	6.81	21.0	6.75	1.40	0.85	0.22	0.21	41.8	0.38	19.9
Inf.	930	14	6.9	19	6.6	1.4	0.7	0.2	0.2	47	0.4	25
Total	1,145	14	6.9	19	6.4	1.4	0.7	0.2	0.2	46	0.4	24
15% P ₂ O ₅ cut off												
	Mt	P ₂ O ₅ %	Al ₂ O ₃ %	CaO %	Fe ₂ O ₃ %	K ₂ O% 	MgO %	MnO %	Na ₂ O %	SiO ₂ %	TiO ₂ %	U ₃ O ₈ ppm
Meas.	60	18.4	6.58	25.1	4.11	1.00	0.68	0.16	0.19	38.9	0.35	24.4
Ind.	38	18.1	6.06	24.7	6.68	1.26	0.72	0.22	0.21	36.7	0.33	21.2
Inf.	250	18	6.30	24	6.0	1.2	0.6	0.2	0.2	39	0.3	29
Total	348	18	6.32	24	5.7	1.2	0.6	0.2	0.2	39	0.3	27
20% P ₂ O ₅ cut off												
	Mt	P ₂ O ₅ %	Al ₂ O ₃ %	CaO %	Fe ₂ O ₃ %	K ₂ O% 	MgO %	MnO %	Na ₂ O %	SiO ₂ %	TiO ₂ %	U ₃ O ₈ ppm
Ind.	21	24.3	5.07	32.8	2.93	0.80	0.53	0.14	0.15	28.9	0.25	25.2
Inf.	34	22	5.4	30	4.4	1.0	0.5	0.2	0.1	31	0.3	29
Total	55	23	5.3	31	3.8	0.9	0.5	0.2	0.1	30	0.3	28
23% P ₂ O ₅ cut off												
	Mt	P ₂ O ₅ %	Al ₂ O ₃ %	CaO %	Fe ₂ O ₃ %	K ₂ O% 	MgO %	MnO %	Na ₂ O %	SiO ₂ %	TiO ₂ %	U ₃ O ₈ ppm
Ind.	3.6	27.0	4.11	36.2	2.38	0.57	0.45	0.15	0.12	25.0	0.20	29.7
Inf.	8.1	26	4.8	35	2.5	0.7	0.5	0.1	0.1	26	0.2	24
Total	11.7	26	4.6	35	2.5	0.7	0.5	0.1	0.1	26	0.2	26

Table 3. December 2014 Resource estimates for the Ammaroo Phosphate deposit, trimmed to exclusion zones. Figures are rounded and totals include rounding errors.

OPERATIONS REVIEW

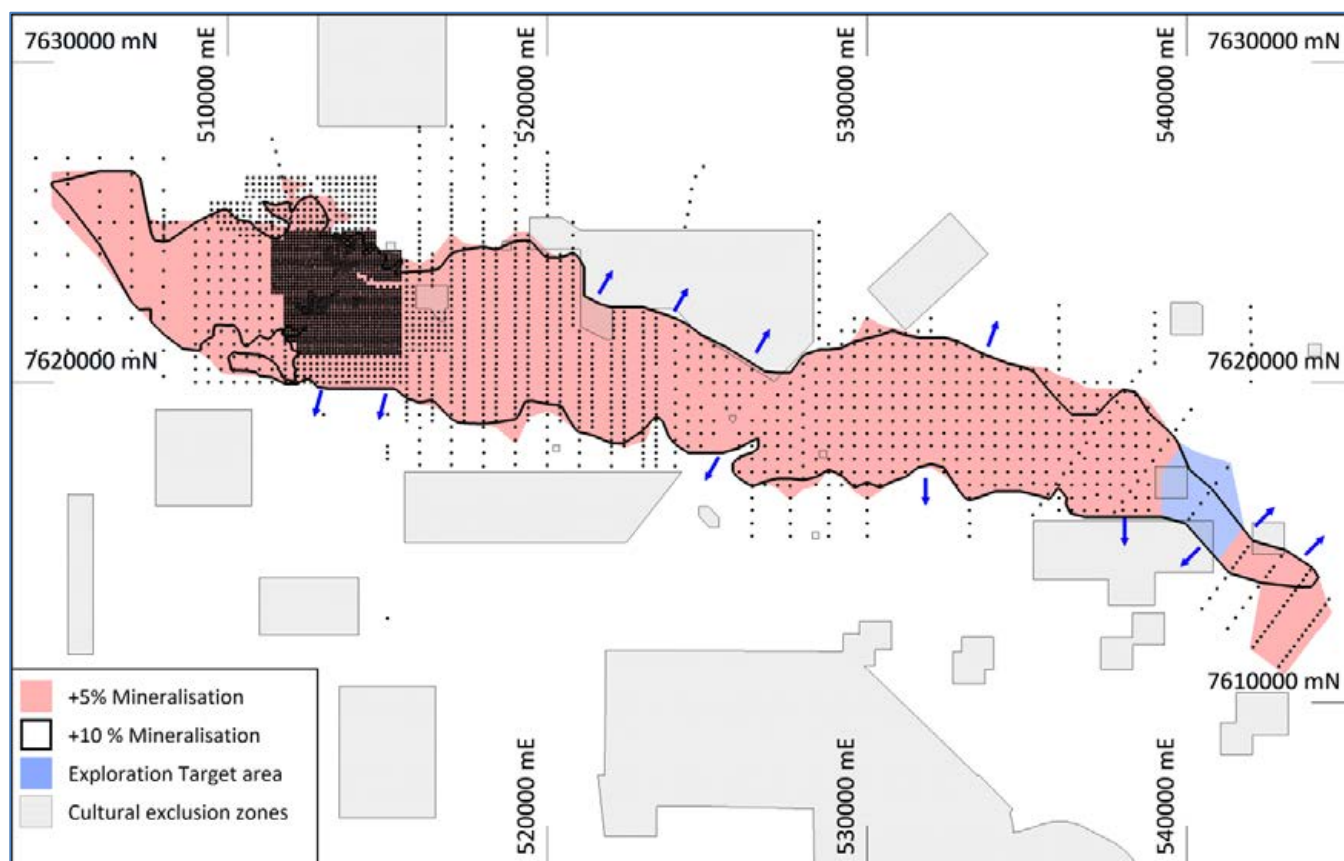


Figure 3. Mineralised domains, drill holes and cultural exclusion zones. The blue arrows indicate where mineralisation is open laterally at 10%. The resources quoted have been trimmed to exclude the cultural exclusion zones shown above.

The Limestone Bore area includes approximately 4 km of potential mineralised strike tested by a single traverse of 200 m to 400 m spaced RC holes as shown in blue in Figure 3. This area has insufficient drilling for estimation of Mineral Resources. Broadly spaced drilling in this area suggests the presence of an Exploration Target of around **50 Mt to 100 Mt at 8% to 10% P_2O_5 at a cut off grade of 5% P_2O_5 , and 10 to 20 Mt at 12% to 15% P_2O_5 at a cut off of 10% P_2O_5** . These estimates are based on broad spaced drilling. The potential quantities and grades are conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain that future exploration will result in estimation of a Mineral Resource.

Ammaroo South Resource

On 12 June 2014, a JORC 2012 Inferred phosphate resource, estimated at **70 Mt at 13% P_2O_5 using a 10% cut-off**, was announced for Ammaroo South on EL 25185. This has not changed since.

Cut Off	Mt	$P_2O_5\%$	$Al_2O_3\%$	$CaO\%$	$Fe_2O_3\%$	$K_2O\%$	$MgO\%$	$MnO_2\%$	$Na_2O\%$	$SiO_2\%$	$TiO_2\%$	U_3O_8 ppm
5	170	9.5	5.0	13	1.8	0.6	0.3	0.09	0.07	66	0.3	21
10	70	13	3.8	18	1.4	0.4	0.3	0.06	0.06	59	0.2	26
15	13	17	2.8	25	1.1	0.3	0.2	0.05	0.06	50	0.2	33

Table 4. Ammaroo South Inferred Resource.

In addition to the above, there are two areas of exploration potential adjacent to Ammaroo South, where broadly spaced drilling suggests the presence of an **Exploration Target of around 200 Mt to 400 Mt at 7% to 10% P_2O_5 at a cut off grade of 5% P_2O_5 , and 50 to 100 Mt at 12% to 15% P_2O_5 at a cut off of 10% P_2O_5** . This was reported to the market previously and in the previous annual report. The estimate has not changed since.

OPERATIONS REVIEW

Updated Ammaroo Prefeasibility Study

The initial Ammaroo Prefeasibility Study was completed and announced in September 2014. Completion of the preliminary feasibility study supported the economic and technical potential of the project to be developed as a phosphate rock concentrate export operation or for the production of phosphoric acid or the production of downstream ammonium phosphate fertilisers using proven technologies.

A reassessment and update of the Ammaroo preliminary feasibility study baseline economic evaluation was announced on 9 September 2015. The base case economic evaluations were reassessed to take into account long term forecasts of the Australian dollar's value that are considerably lower than previous forecasts, potential labour and other cost reductions in the Australian capital project and resource industry environment, reductions to forecast costs of diesel and gas associated with significant reductions in global prices for oil going forward and a reassessment of phosphate commodity pricing assumptions based on recent price evolution.

This revaluation has led to a significant uplift in the potential value of the Ammaroo Phosphate Project.

		Case A – 2 Million tonnes per annum Phosphate Rock concentrate	Case B – 500,000 tonnes per annum Phosphoric Acid (100% P ₂ O ₅)	Case C – 1,020,000 tonnes per annum Ammonium Phosphate Fertilisers
Indicative 50% Geared Post Tax NPV @ 8%	A\$M	790	1,280	2,250
Geared Post Tax IRR	%	31	26	27

Indicative NPVs are after tax project NPVs and do not include corporate overheads

A\$M: Millions of nominal Australian dollars

Table 5. August 2015 project valuation summary for Ammaroo Phosphate Project.

The Ammaroo phosphate project remains a global-scale, very long life resource, positioned in proximity to existing transport and gas infrastructure and located in a stable OECD country. Currently the majority of the world's seaborne traded phosphate originates from the Middle East and Northern Africa whereby the long term security of supply remains uncertain under a number of realistic scenarios. Australia currently imports approximately 80% of its phosphate requirements from countries such as Morocco, China, Saudi Arabia and the USA. The Ammaroo projects proximity to the Central Australian railway provides access to markets in Asia through Darwin and to southern Australian agricultural users that are located in proximity to the southern railway terminus.

SINGLETON PHOSPHATE PROJECT, NT

EL 30613, close to the railway as shown in Figure 2 previously, covers potentially prospective rocks which were intersected in waterbores. Rum Jungle Resources undertook a detailed study of all available information on 14 waterbores and gamma logs in and near Singleton EL 30613. This led to the relinquishment of the 35 least-prospective blocks.

Tenement	Area km ²	Blocks	Grant	Expiry	Holder
EL 30613	67.42	21	15/06/2015	14/06/2021	Territory Phosphate

Table 6. Singleton EL.

OPERATIONS REVIEW

PATANELLA PHOSPHATE PROJECT, NT

The Patanella project, formerly called Lucy Creek, is 265 km northeast of Alice Springs, 155 km southwest of the Ammaroo Resource and 100 km south-southeast of Ammaroo South on the southern margin of the Georgina Basin. The project contains the Patanella Prospect of approximately **50 Mt and 100 Mt at 10% to 17% P_2O_5 at a cut-off grade of 5% P_2O_5 or approximately 20 Mt to 50 Mt at 15% to 20% P_2O_5 at a cut-off grade of 10% P_2O_5** . This was announced to the market on 24 June 2014 and has not changed since. There was no on-ground work this year; both titles were reduced as shown in green below.

Tenement	Area km ²	Blocks	Grant	Expiry	Holder
EL 24716	187.11	59	01/12/2005	30/11/2015	Territory Phosphate
EL 24724	47.57	15	02/12/2005	01/12/2015	Territory Phosphate

Table 7. Patanella Project ELs.

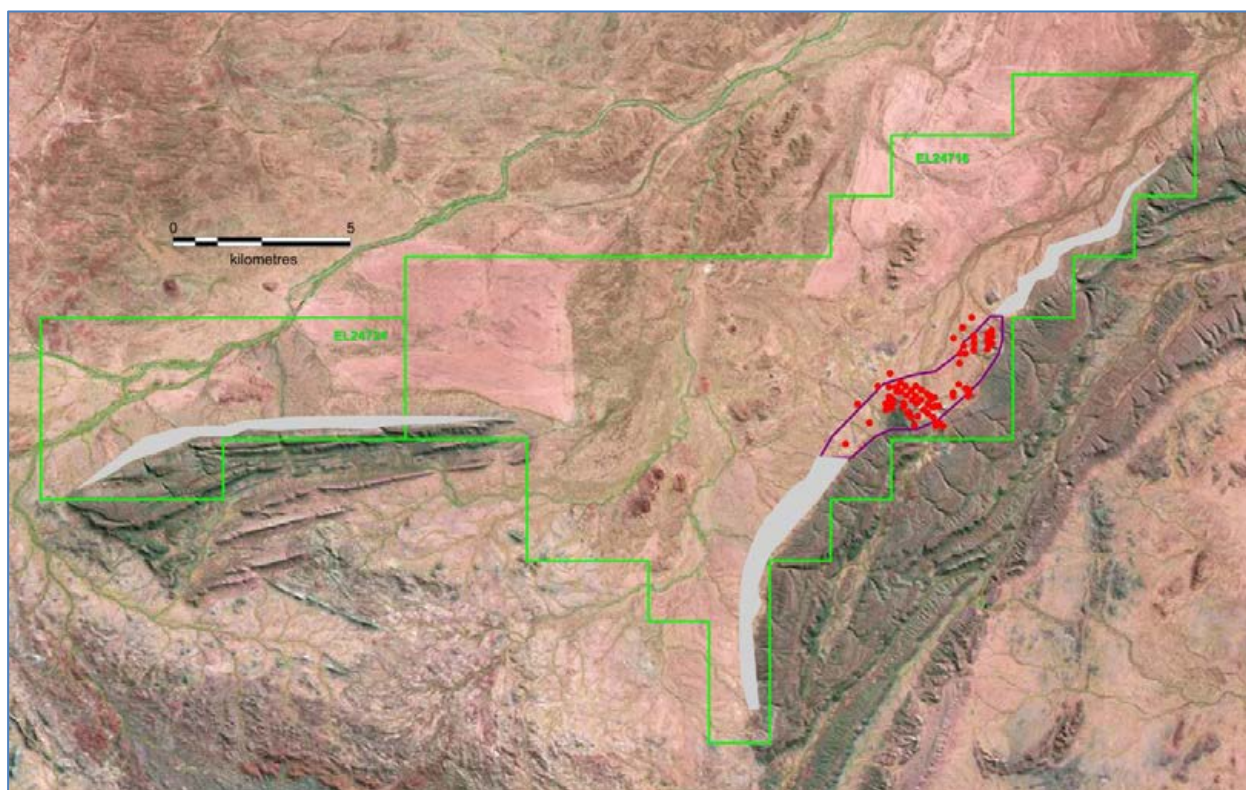


Figure 4. Patanella Prospect Exploration Target outlined in purple, existing drillholes as red dots and the prospective interval in grey. This extrapolation is based on encouraging rock chip and soil sampling conducted by Central Australian Phosphate and previously announced by them.

OPERATIONS REVIEW

BRUNCHILLY PHOSPHATE PROJECT, NT

The Brunchilly Project consists of three contiguous phosphate ELs near Tennant Creek. Depth to basement geophysical modelling, waterbores, soil sampling, and previous phosphate drilling all indicate prospectivity. There has only been wide-spaced drilling by Vale over part of the area. Group reporting has been approved and a proposed budget for a drilling program of 50 holes has been prepared. There was no on-ground work during this reporting year, but two titles were voluntarily reduced as shown in green in the table below.

Tenement	Area km ²	Blocks	Grant Date	Expiry	Holder
EL 30222	768.25	236	15/10/2014	14/10/2020	Territory Phosphate
EL 30223	507.24	156	15/10/2014	14/10/2020	Territory Phosphate
EL 30224	718.44	221	15/10/2014	14/10/2020	Territory Phosphate

Table 8. Brunchilly phosphate titles.

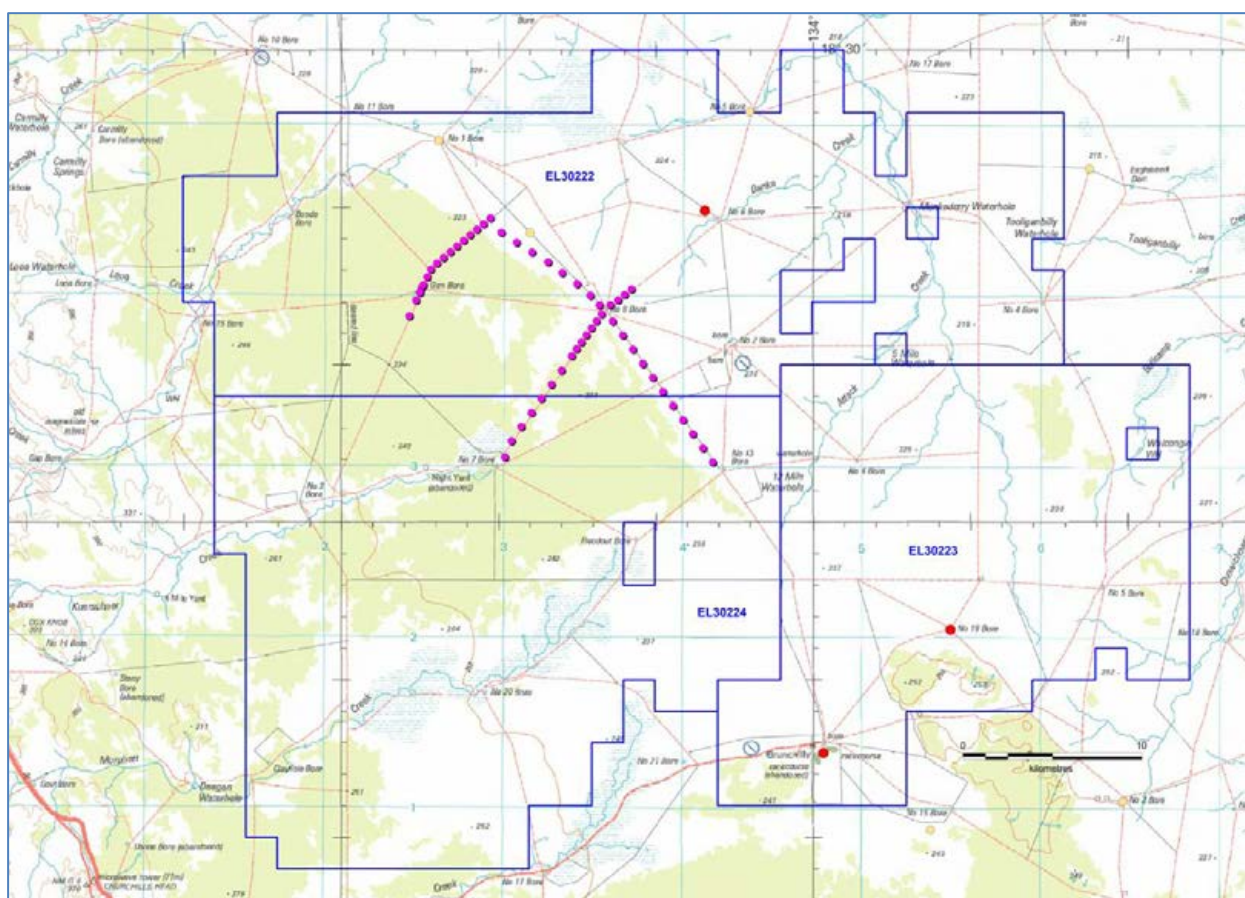


Figure 5. Brunchilly Project area showing waterbores rated as highly prospective for phosphate by CSIRO/Vale (red) and moderately prospective (yellow). Minemakers' soil sampling, which also gave some encouraging results, is shown in pink.

OPERATIONS REVIEW

BURGE BORE PHOSPHATE PROJECT, NT

This is a single EL that straddles the Central Australian Railway. Waterbore intercepts of phosphate indicate prospectivity. Geophysical data and the MIRA depth to basement modelling indicate a favourable setting straddling an eroded basement ridge. The grant of Rum Jungle Resources' application was delayed for over 12 months while NT Department of Mines and Energy sought advice from the Department of Land Resources Management regarding the Lake Woods Conservation Covenant which makes Lake Woods and the surrounds a Site of Conservation Significance. This only impinges on the east of the EL. After an in-house study, 55 blocks of the least prospective ground and those environmentally-sensitive blocks which are inundated when the lake floods were partially relinquished. This was actioned by the Department of Mines and Energy during April.

Tenement	Area km ²	Blocks	Grant Date	Expiry	Holder
EL 30225	352.87	108	15/05/2015	14/05/2021	Territory Phosphate

Table 9. Burge Bore phosphate title.

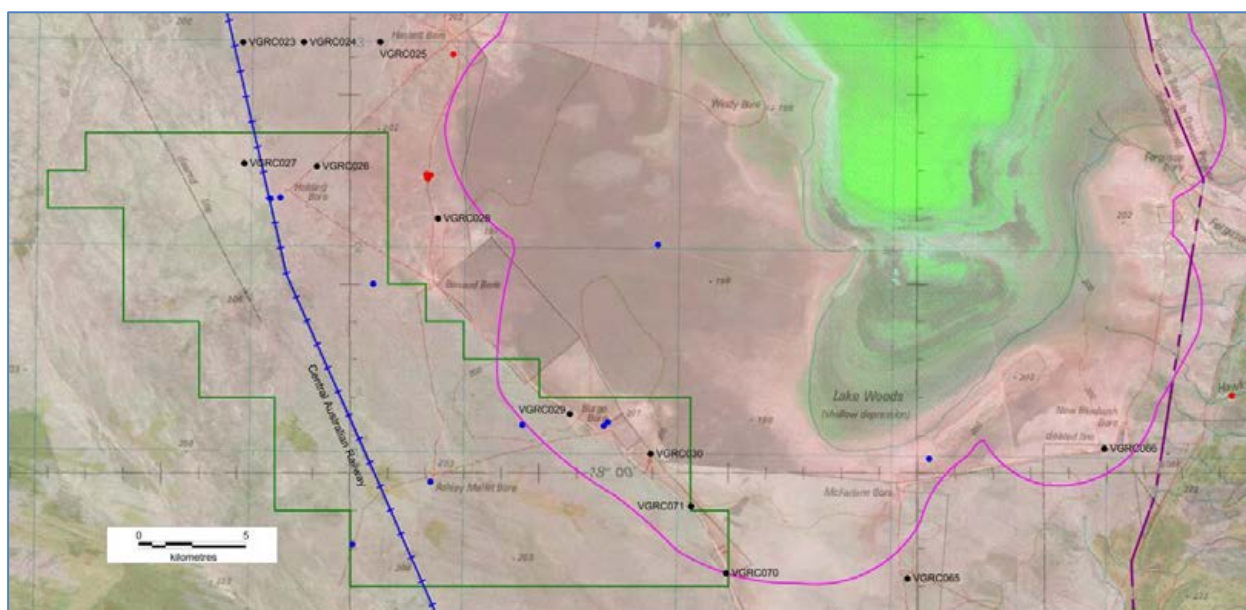


Figure 6. The Burge Bore Project area. The pink polygon is the Lake Woods Site of Conservation Significance. This satellite image shows the minimum Dry Season extent of Lake Woods. Wet Season inundation fills the pink polygon. The waterbores (blue dots), Vale exploration holes (labelled black dots) and other drillholes (red dots) used in the in-house study are shown.

OPERATIONS REVIEW

WEEDENS PHOSPHATE, NT

EL 30672 is held based on previous exploration in the mid 1990s for under-cover Tennant Creek IOCG deposits which showed that the Cambrian section is at least 60 m thick. The ground has only been held once previously for phosphate exploration, by Vale from 2010 to 2012. They drilled only three holes to 59 m max, 5 km apart, all of which were south of EL 30672. Vale was side-tracked by iron in the south of their former tenement package and suddenly withdrew NT-wide without testing the area now applied for. Territory Phosphate/Rum Jungle Resources compiled and studied the waterbore data from the area during the reporting year. This supported the geological rationale. There was no on-ground work.

Tenement	Area km ²	Blocks	Grant Date	Expiry	Holder
EL 30672	447.96	139	15/05/2015	14/05/2021	Territory Phosphate

Table 10. Weedens phosphate title.

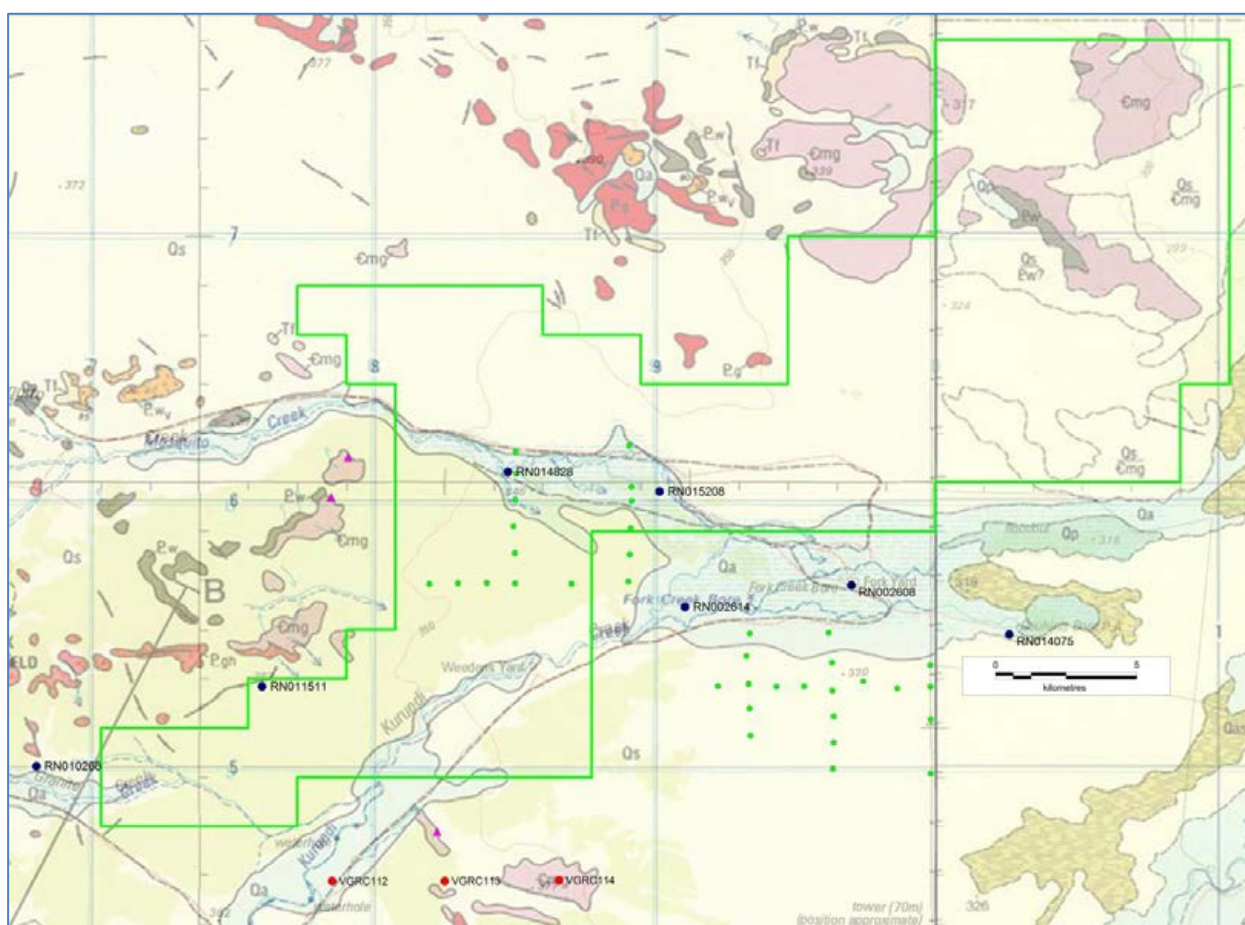


Figure 7. Previous work in the area. Green dots are percussion holes targeted on basement IOCG. Most in EL 30672 intersected prospective Cambrian stratigraphy but were not tested for phosphate. Red dots are Vale holes, 5 km apart, south of the EL. Pink triangles are Vale rock chip samples. Waterbores used in the in-house study are shown as labelled dark blue dots. The pink outcrops labelled Cmg are the few outcrops of target formation, which is otherwise under shallow surficial cover, superimposed on the topographic map. Pg is unprospective granite.

SULPHATE OF POTASH PROJECTS

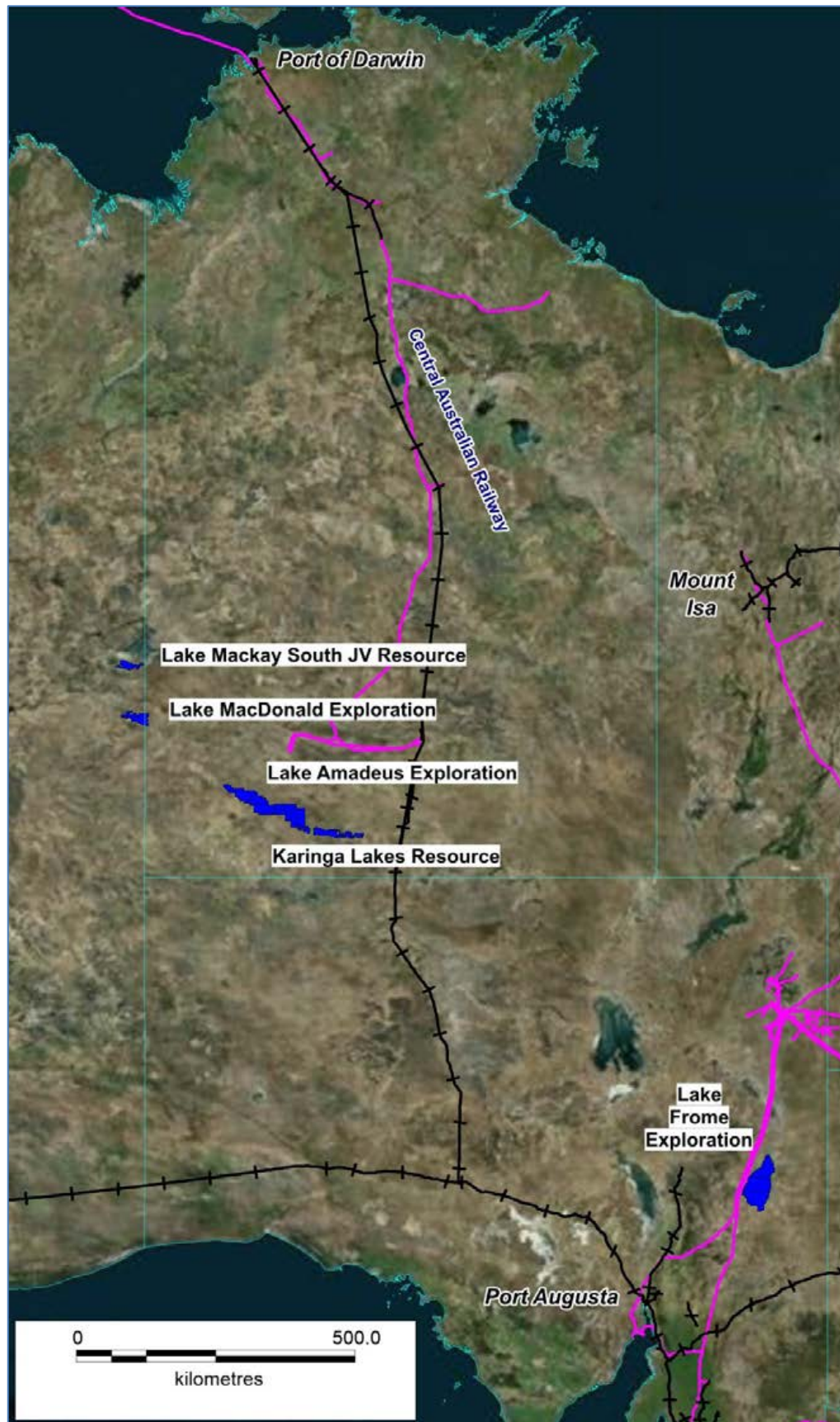


Figure 8. Rum Jungle Resources' potash projects and Lake Mackay JV. Not all tenements are granted yet.

OPERATIONS REVIEW

KARINGA LAKES POTASH PROJECT, NT

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

Karinga Lakes Titles

The current tenement situation is shown below with partial reductions in green.

Tenement	Area km ²	Blocks	Grant	Expiry	Holder
EL 24987	220.37	71	10/10/2006	09/10/2016	RUM
EL 25080	633.58	204	09/10/2006	08/10/2016	RUM
EL 28205	59.04	19	09/03/2011	08/03/2017	RUM
EL 28272	59.03	19	14/04/2011	13/04/2017	RUM
EL 28872	34.15	11	06/03/2012	05/03/2018	RUM
EL 30381	479.18	154	16/03/2015	15/03/2021	RUM
EL 30382	330.14	114	16/03/2015	15/03/2021	RUM

Table 11. Karinga Lakes potash titles.

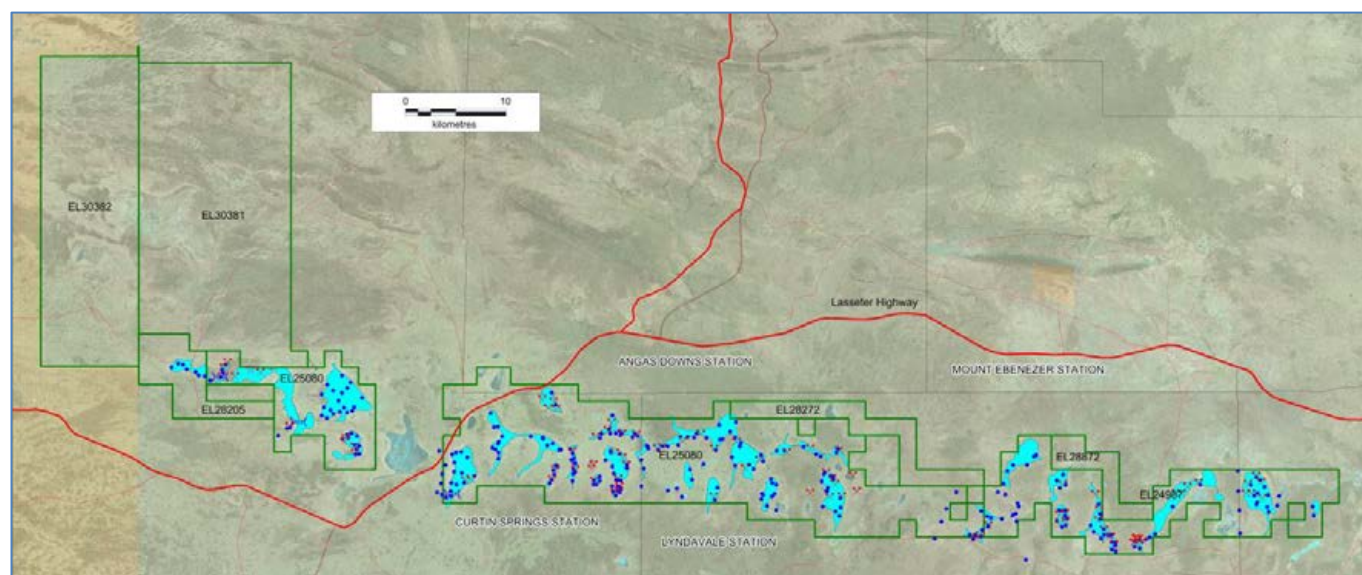


Figure 9. Karinga titles as of 30 June 2016 showing all sampling to date, including in areas now relinquished. Drilling (blue dots), shovel sampling (red crosses) and trenches (blue symbols, not to scale). JORC resource shown in pale blue. Pastoral lease in green and Aboriginal land in yellow. The Karinga Lakes titles abut Lake Amadeus in the west.

Karinga Lakes Resource

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

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

Table 12. Karinga Lakes Brine Resource (entries have been rounded). A cut-off of 3,000 mg/l K was used.

The sulphate of potash (K₂SO₄) tonnage represents the in-situ brine with no recovery factor applied. It will not be possible to extract all of the contained brine by pumping of trenches; the amount which can be extracted depends on many factors including the permeability of the sediments, the drainable porosity, and the recharge dynamics of the aquifers.

OPERATIONS REVIEW

Deep Drilling

Eleven deeper RC holes were drilled on the edges of selected salt lakes in the central Karinga SOP project area and the results were reported to the ASX on 19 January 2016. Previous drilling had targeted only the top 12-30 metres. Five of the deeper holes successfully flowed brines from depths greater than 30 metres with four of the five holes flowing brines with potassium levels typical of the existing SOP resource. A number of SOP grades exceeded 12,000 mg/l (equates to more than 12 kg/m³ SOP). This confirms that potash brine is being sourced from beneath the lakes as well as from evaporative concentration in the lake sediments themselves.

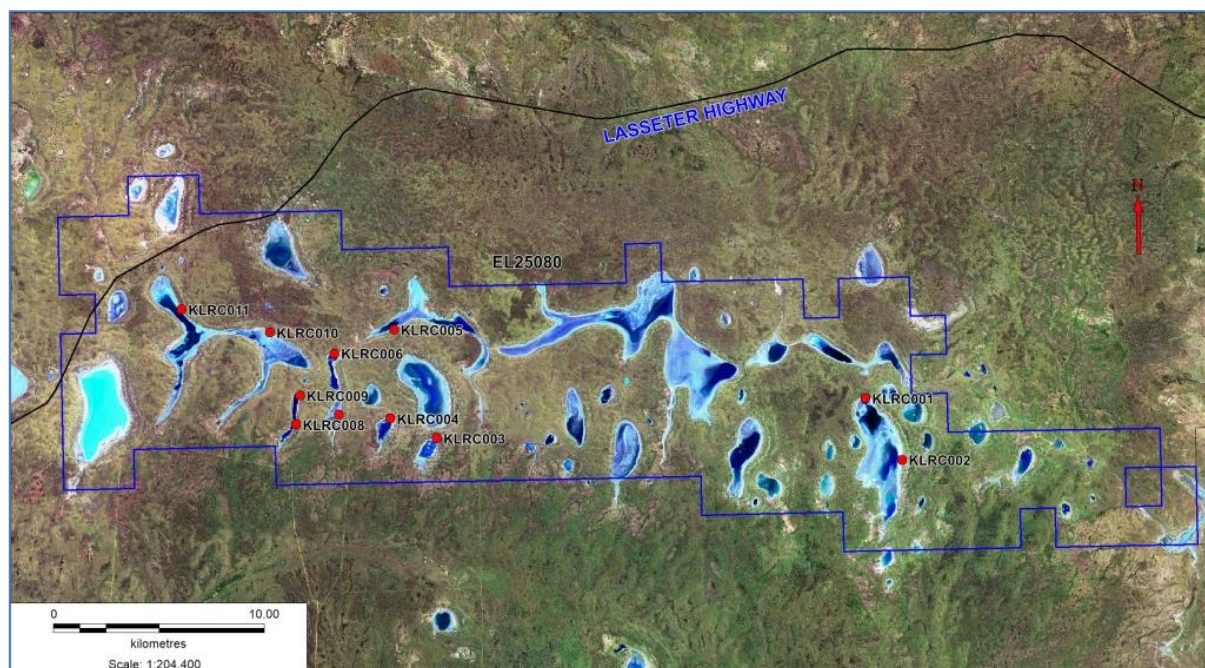


Figure 10. RC Drilling hole locations in EL 25080 at the Karinga Lake Project.

LAKE AMADEUS POTASH PROJECT, NT

Six contiguous ELs applications cover all of Lake Amadeus in the NT. The applications include 1,010 km² of lake area along a 130 km length. The eastern boundary is contiguous with the Karinga Lakes Project and corresponds to the ALRA/pastoral boundary. The Lake Amadeus sediments are known to be much thicker than at Karinga. The best historical potassium assay is a BMR sample from a spring just off the southern edge of Lake Amadeus itself. This sample had 6,100 (mg/l = ppm) potassium (over twice the cut-off concentration used in the Karinga Lakes Resource). Newmont gave a brine assay of 3,950 ppm potassium at an unspecified location “from a soakage near the surface of the lake”. Newmont also drilled twinned holes into the Bitter Springs Formation “basement” under Lake Amadeus (plotted in the following Figure). The Bitter Springs aquifer at 80-110 m depth did not contain significant potassium at that location.

A third meeting with the Traditional Owners of southeastern Lake Amadeus and the Central Land Council was held at Yulara in late June. Unfortunately after the reporting period, the Traditional Owners came to a decision that there was to be no exploration on Lake Amadeus at this time and accordingly the applications are now under moratorium for the next 5 years. RUM remains the applicant over that period at zero cost.

Tenement	Area km ²	Blocks	Application Date	Holder
ELA 30194	218.00	70	05/12/2013-	RUM
ELA 30195	622.88	200	05/12/2013	RUM
ELA 30196	446.18	143	05/12/2013	RUM
ELA 30197	633.44	203	05/12/2013	RUM
ELA 30389	527.56	186	09/05/2014	RUM
ELA 30650	190.51	61	04/11/2014	RUM

Table 13. Lake Amadeus potash titles.

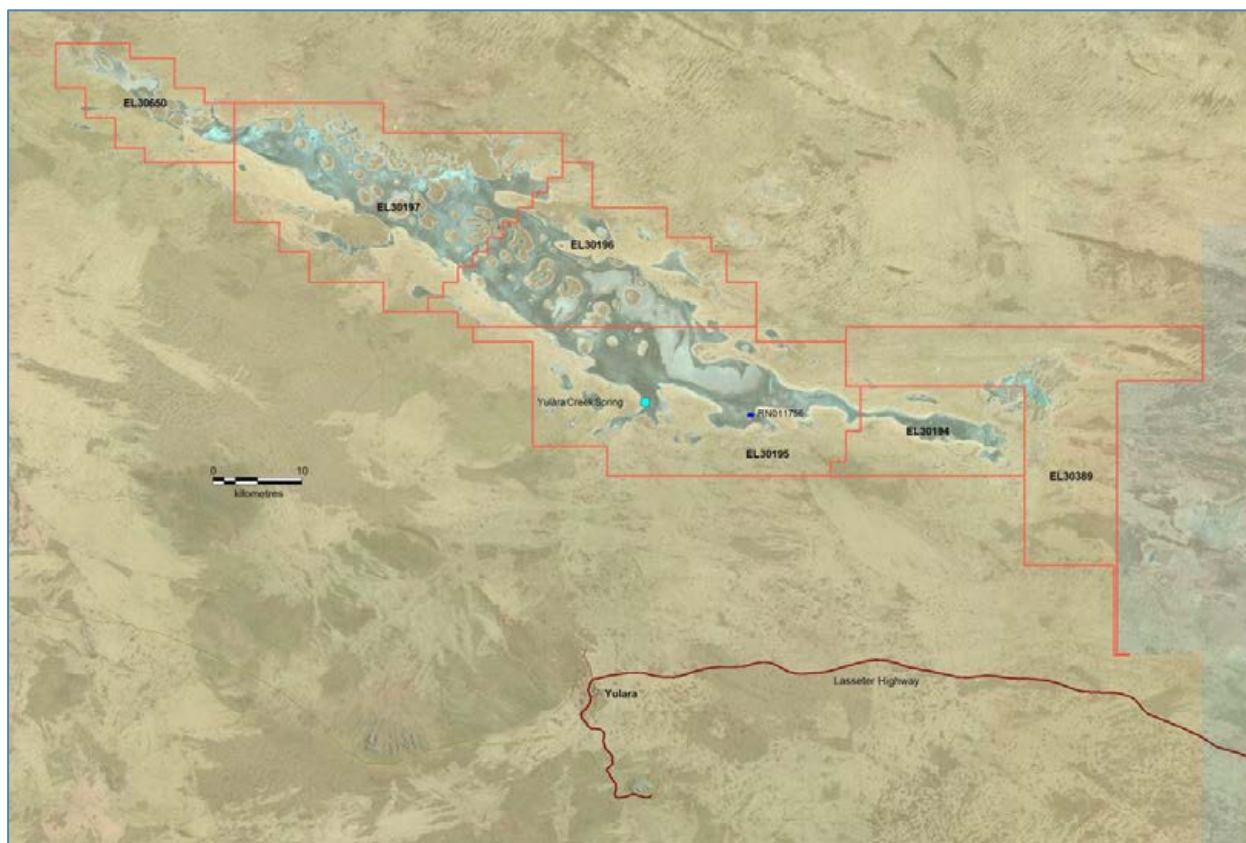


Figure 11. Six contiguous potash applications over Lake Amadeus. Yulara Creek Spring (BMR Sample 90201) and the collars of Newmont's twinned drillholes, one recorded as a waterbore RN011755, plotted on the Lake Amadeus applications. Aboriginal land in yellow. These Lake Amadeus applications abut Karinga Lakes to the east.

LAKE HOPKINS POTASH, WA

This project consisted of three contiguous granted titles which covered all of Lake Hopkins. The titles were surrendered during the reporting period and the JORC brine resource was removed from the Resource Register. This surrender was driven by high holding costs and a broader decision to reduce the size of the Company's salt lake portfolio so it could focus on its more advanced projects that have particular advantages such as proximity to transport, energy and infrastructure and better access to markets.

LAKE MACKAY SOUTH POTASH JV, WA

The JV gives Rum Jungle Resources potash exploration rights to the southern part of Lake Mackay as held by a Toro Energy subsidiary. This includes all of E80/3486 and parts of E80/3484, 3485 and 3519. Rum Jungle Resources has now spent sufficient to earn 51% of the potash rights in the JV.

Tenement	Blocks in JV	Grant	Expiry	Holder
E80/3484	35	16/05/2008	15/05/2017	Nova/Toro Energy Ltd
E80/3485	17	16/05/2008	15/05/2017	Nova/Toro Energy Ltd
E80/3486	69	16/05/2008	15/05/2017	Nova/Toro Energy Ltd
E80/3519	12	16/05/2008	15/05/2017	Nova/Toro Energy Ltd

Table 14. Lake Mackay JV titles.

OPERATIONS REVIEW

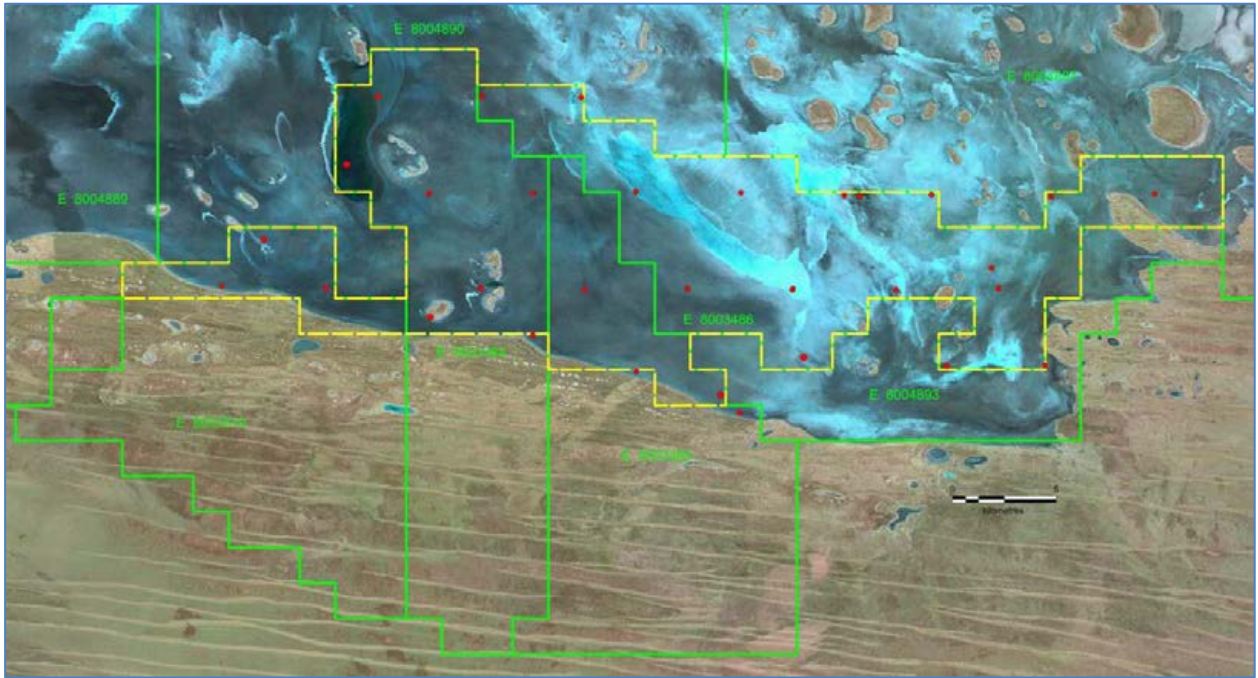


Figure 12. Lake Mackay JV area outlined in yellow and showing all drilling including early work by Toro. Background is false colour Is7 imagery.

Resource

A maiden JORC brine potash resource of 13 million tonnes K_2SO_4 was announced for the Lake Mackay South Potash Project on 09/09/2014 and has not changed since.

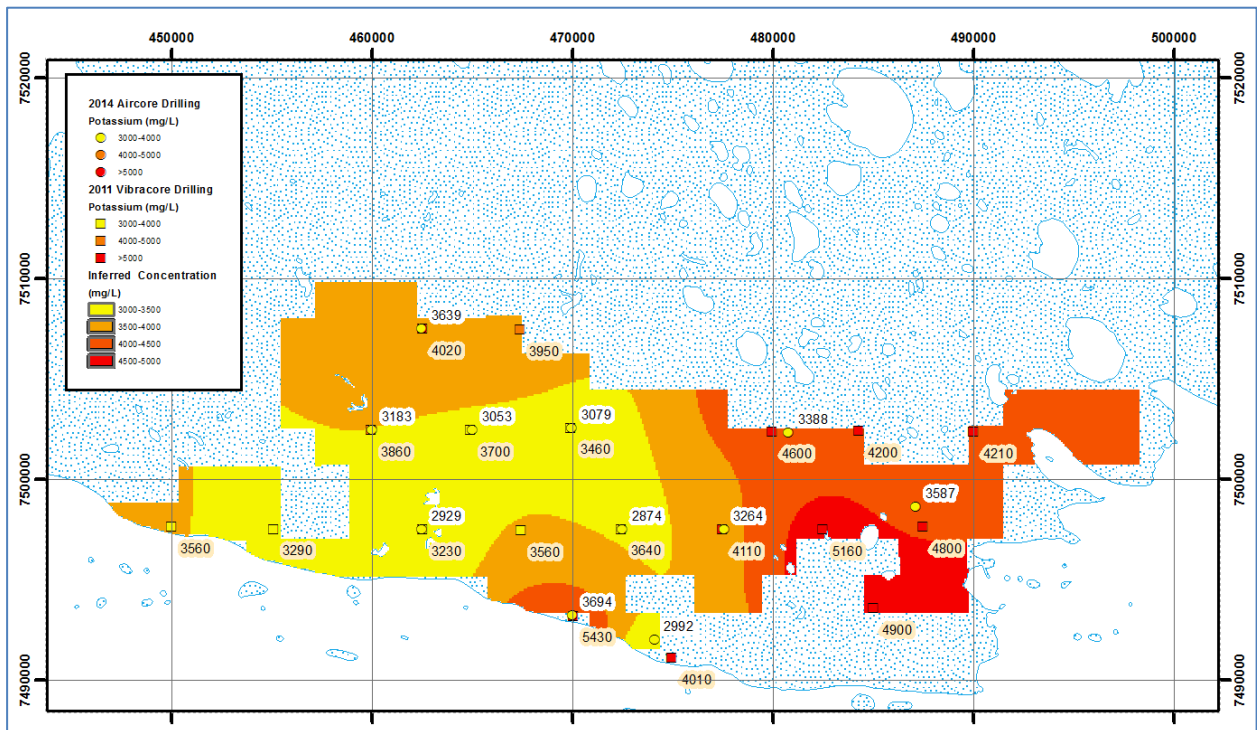


Figure 13. Inferred potassium brine concentration and source data on Lake Mackay South JV.

OPERATIONS REVIEW

LAKE MACDONALD POTASH, WA and NT

Three titles across WA and NT cover all of Lake MacDonald which straddles the border. The titles are less than 100 km from the producing Surprise petroleum field. Discussions with Traditional Owners through the respective Land Councils are on-going.

Tenement	Area km ²	Blocks	Grant	Expiry	Holder
WA E69/3290	311.90	99	09/03/2015	08/03/2020	RUM
WA E80/4896	226.80	72	08/06/2015	07/06/2020	RUM
NT ELA 30478	122.85	39	-	-	RUM

Table 15. Lake MacDonald titles.

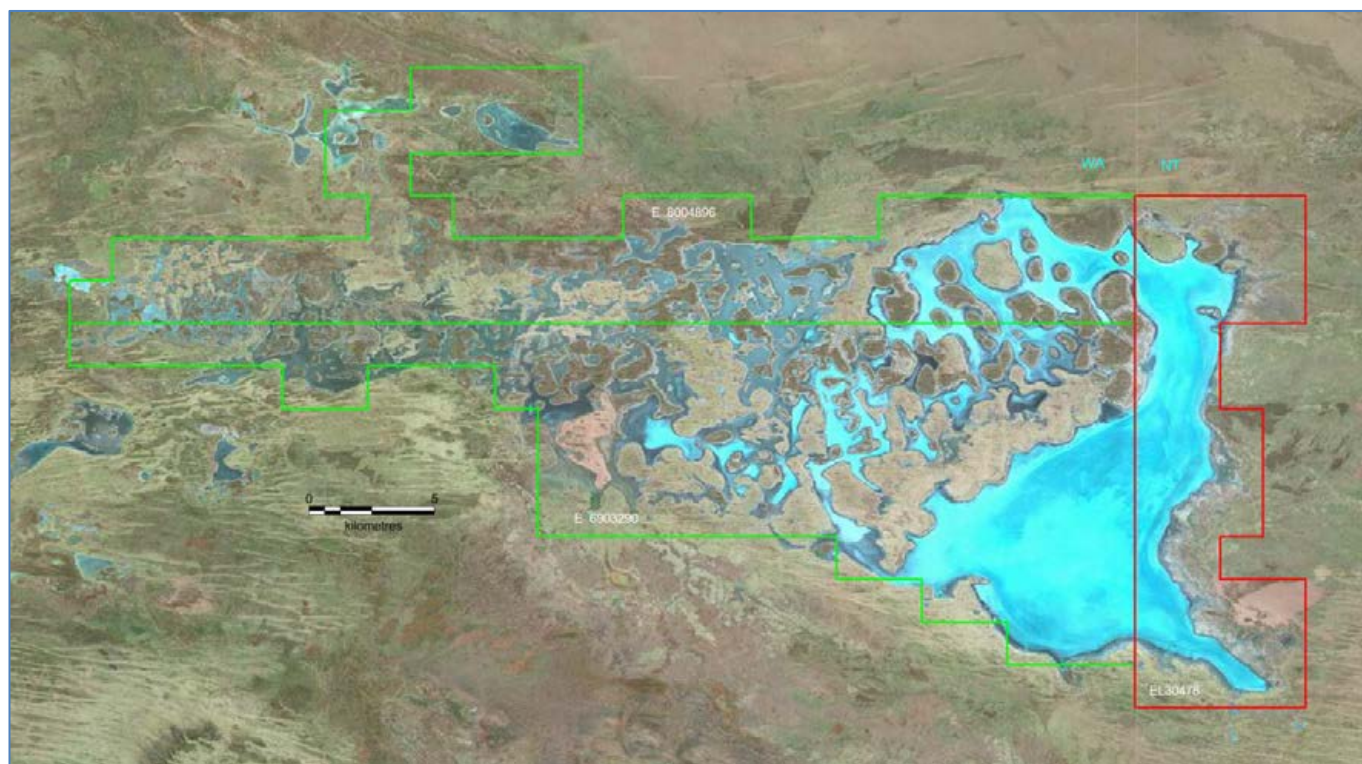


Figure 14. Lake MacDonald titles straddling the WA/NT border on satellite image background.

LAKE TORRENS POTASH, SA

Rum Jungle Resources had four granted titles that covered a significant portion of Lake Torrens in South Australia. Rum Jungle Resources' CEO met with the Kokaltha Aboriginal Corporation in October 2015 and was advised that the Corporation would defer presenting its views in relation to Rum Jungle Resources' access proposal until the current Lake Torrens litigation has been completed in the Federal Court. Consequently, Rum Jungle Resources has been unable to advance its proposal to access the lake but would continue to be liable for high holding costs for an unknown indefinite period. The viability of the project was reviewed and the four titles were surrendered.

OPERATIONS REVIEW

LAKE FROME POTASH, SA

A series of titles of 2,718 km² cover the entire of Lake Frome in SA. The lake has previously been explored for alkali evaporites and a single hole was drilled just off the lake targeting lithium, without success. Prospectivity has been reassessed and some historical company assays, especially for lithium, shown in the SA Government database have been shown to be spurious.

Negotiation of an exploration agreement with the Adnyamathanha Traditional Lands Association (ATLA), traditional owners of the Lake Frome area, continues.

Tenement	Area km ²	Grant Date	Expiry	Holder
EL 5546	949.00	05/01/2015	04/01/2017	RUM
EL 5547	995.00	05/01/2015	04/01/2017	RUM
EL 5548	774.00	05/01/2015	04/01/2017	RUM

Table 16. Lake Frome titles.

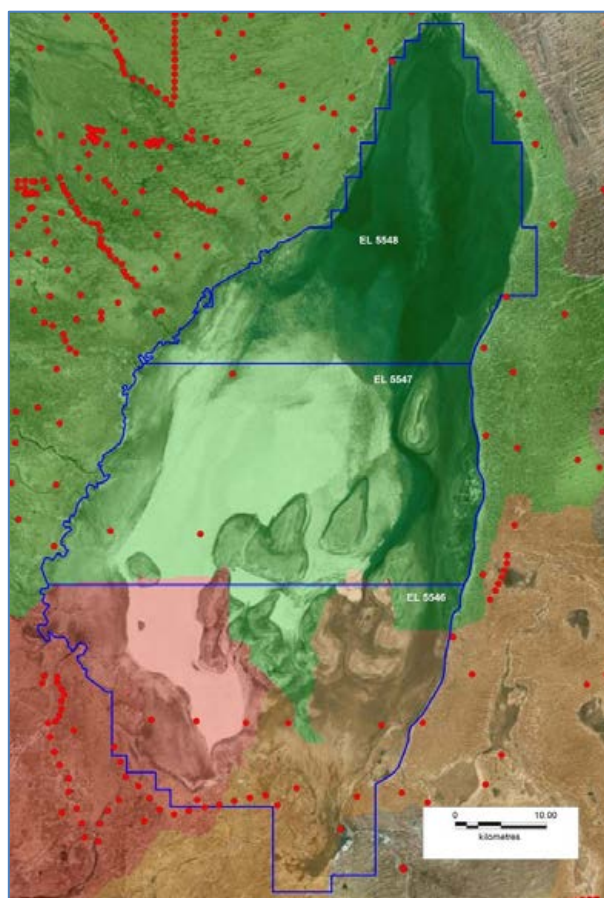


Figure 15. Lake Frome titles. The catchments shown with a red tint are rated by GA as most prospective for potassium. Historic drillholes are shown as red dots. There has been very little drilling on the lake itself.

SILICA (HIGH PURITY QUARTZ)

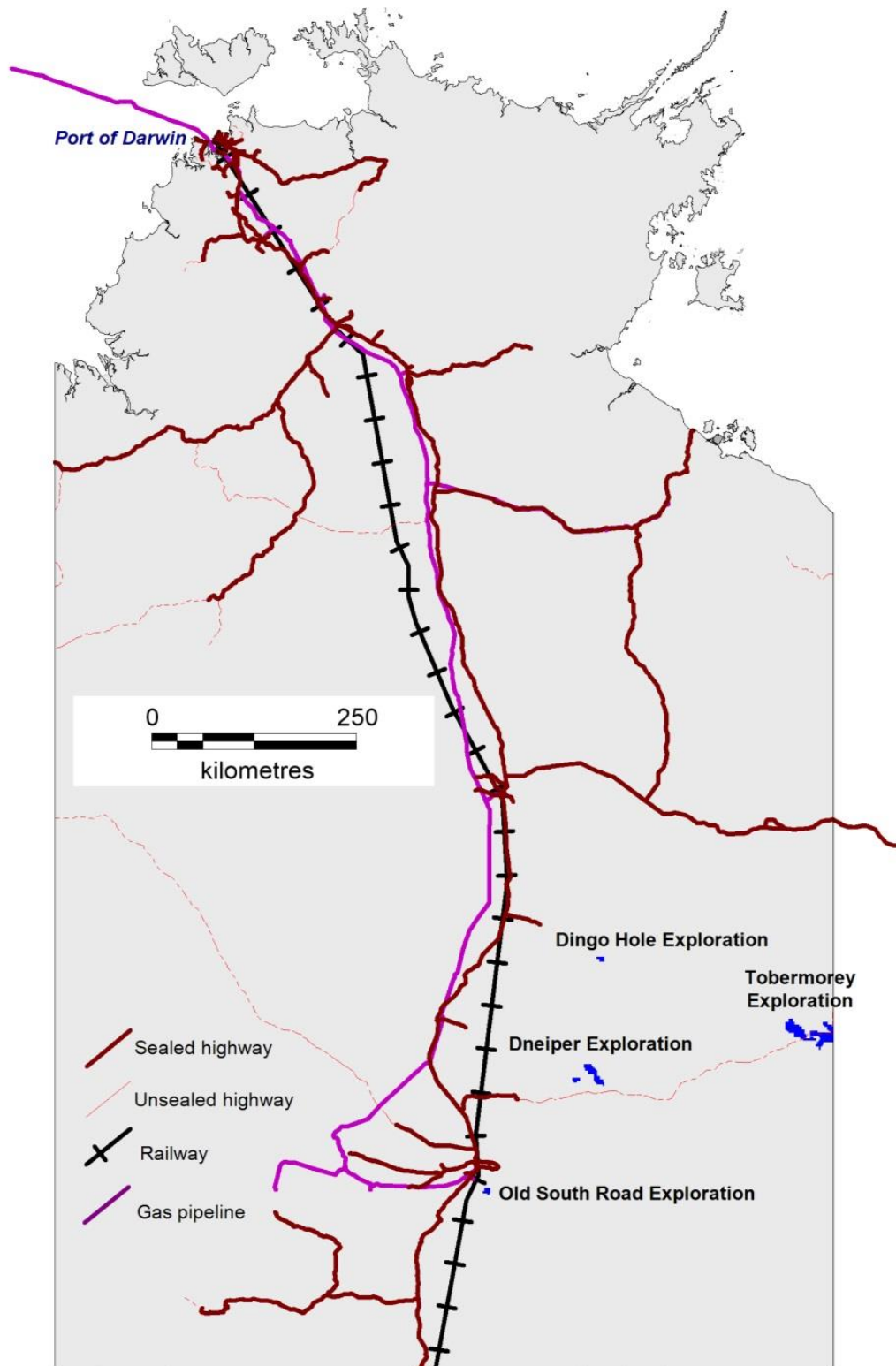


Figure 16. Silica projects in the Northern Territory.

OPERATIONS REVIEW

DINGO HOLE SILICA

This project is targeting potentially high-purity silica quartz rock. The previous three titles in the project have been amalgamated. An AAPA Certificate Clearance has been obtained. A first phase of testwork to determine if silica can be processed to a High Purity Quartz standard was conducted by Dorfner Anzaplan in Germany. As announced to the ASX on 23 October 2015, these results were inconclusive and more work was required to determine the silica's suitability to be processed into High Purity Quartz. Another silica bulk sample was crushed in Alice Springs and freighted to ALS Perth for leaching and final sample selection, prior to overseas analysis. Results are awaited.

Tenement	Area km ²	Blocks	Grant Date	Expiry	Holder
EL 31078	35.16	11	15/01/2016	14/01/2022	RUM

Table 17. Dingo Hole title.

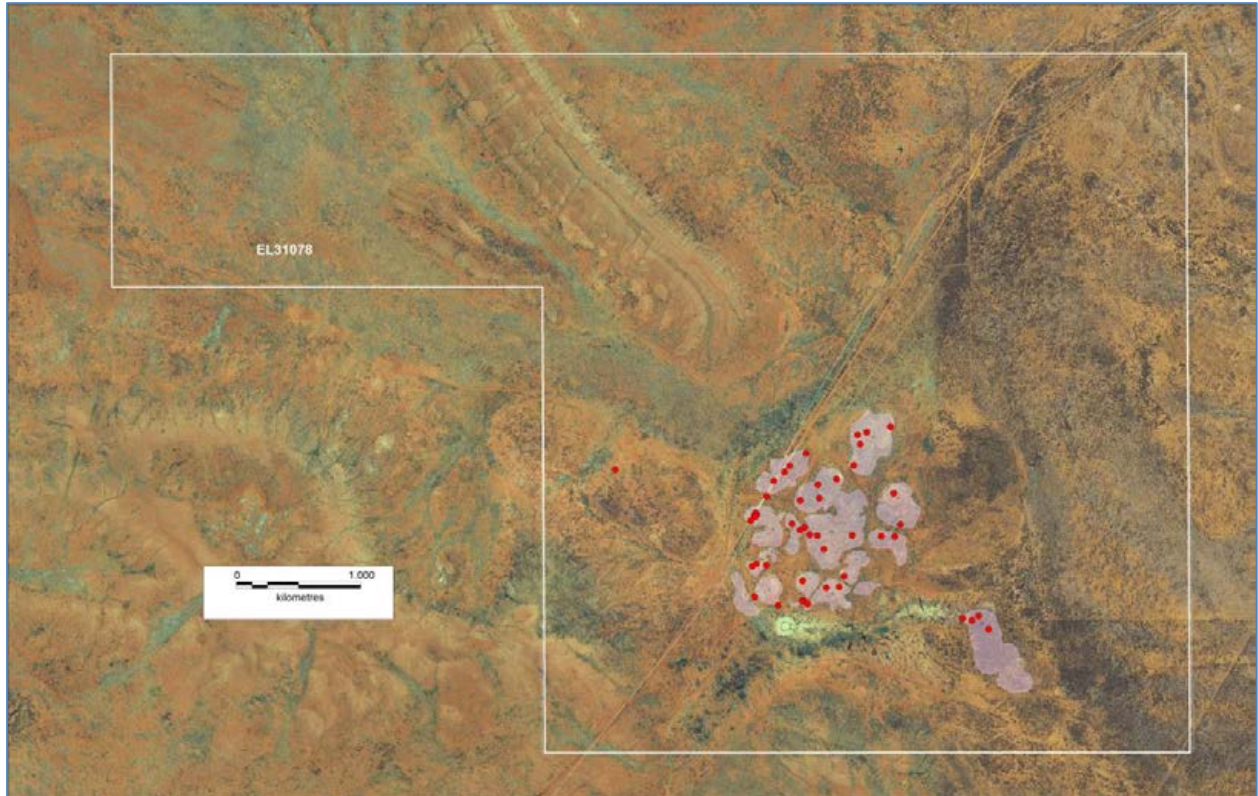


Figure 17. Dingo Hole Silica Project showing sampling to date and minimum extent of outcrop interpreted from satellite imagery.

OPERATIONS REVIEW

DNEIPER SILICA PROJECT, NT – EL 31035, EL 31036

This project is just north of the Plenty Highway, 120 km south of Ammaroo and 135 km from the Central Australian Railway. It covers mapped Waite Formation (Tw). Historical exploration was mainly for uranium, base metals and diamonds. Rio took some rockchip samples but their locations were not recorded. ABM Resources previously sampled silcrete on Waite Formation (EL 24454, CR2010-0521) and these results have been captured. They didn't test for SiO₂ as such, but the lowest AI by ME-MS61 was over 2% and ranged up 3.66% which is too high for HPQ.

Tenement	Area km ²	Blocks	Holder
ELA 31035	37.99	12	Territory Mining
ELA 31036	205.92	65	Territory Mining

Table 19. Dneiper silica applications.

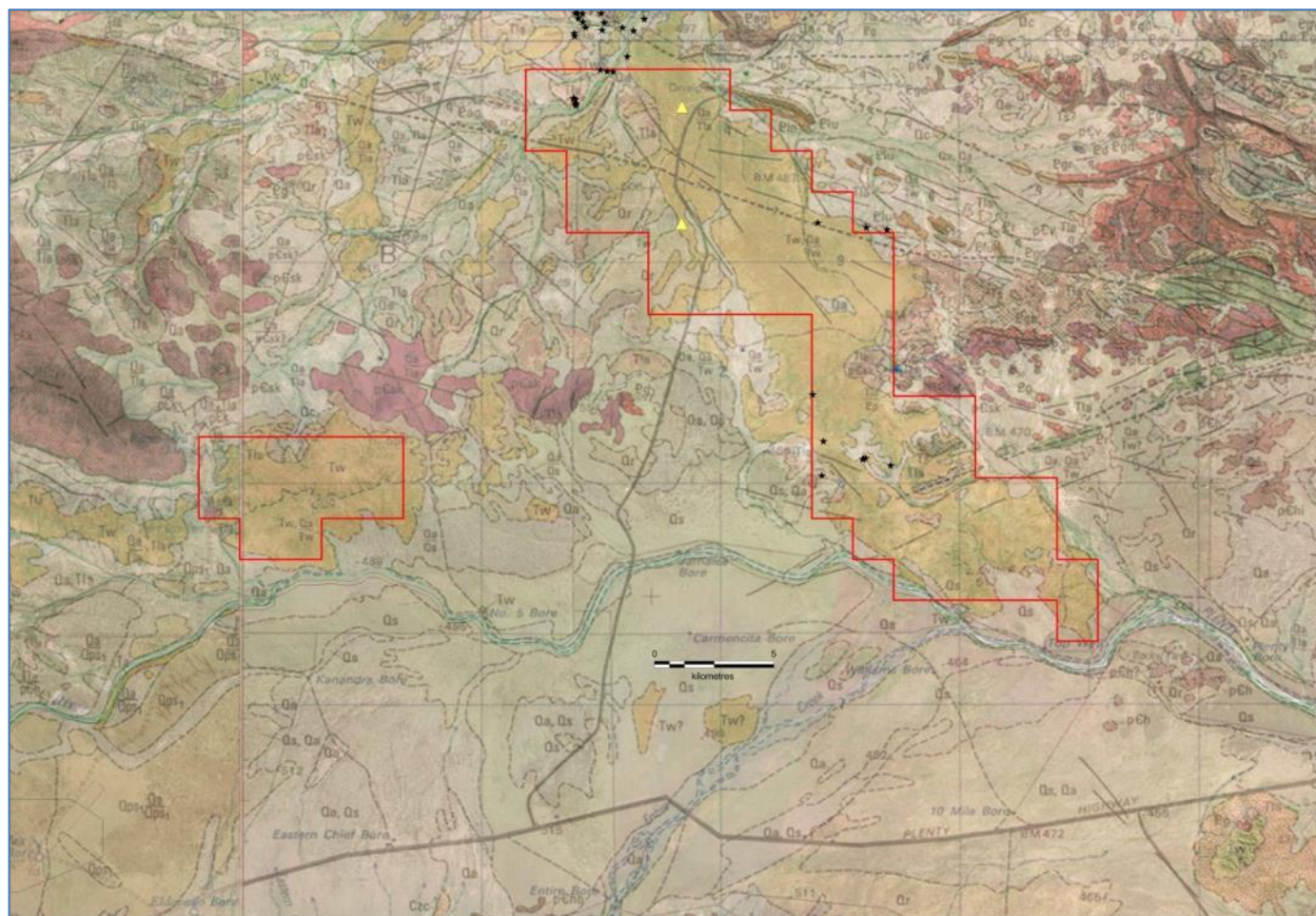


Figure 19. Dneiper Silica Project applications and geology with previous sampling by ABM as black stars and other previous samples as yellow triangles.

OPERATIONS REVIEW

OLD SOUTH ROAD SILICA PROJECT, NT – EL 31041

This single application is along the old railway corridor (which will sterilise some of the EL), 36 km southeast of Alice Springs and 19 km from the new Central Australian Railway. The geology has been mapped differently on different generations of maps that cover the ELA. There are several formations which are described as hosting chalcidonic white silica either part of, or above, a silcrete, or with, or without, a limestone host. The only previous exploration by others was for uranium or base metals and there are no samples of relevance.

Tenement	Area km ²	Blocks	Holder
ELA 31041	43.92	14	Territory Mining

Table 20. Old South Road silica application.

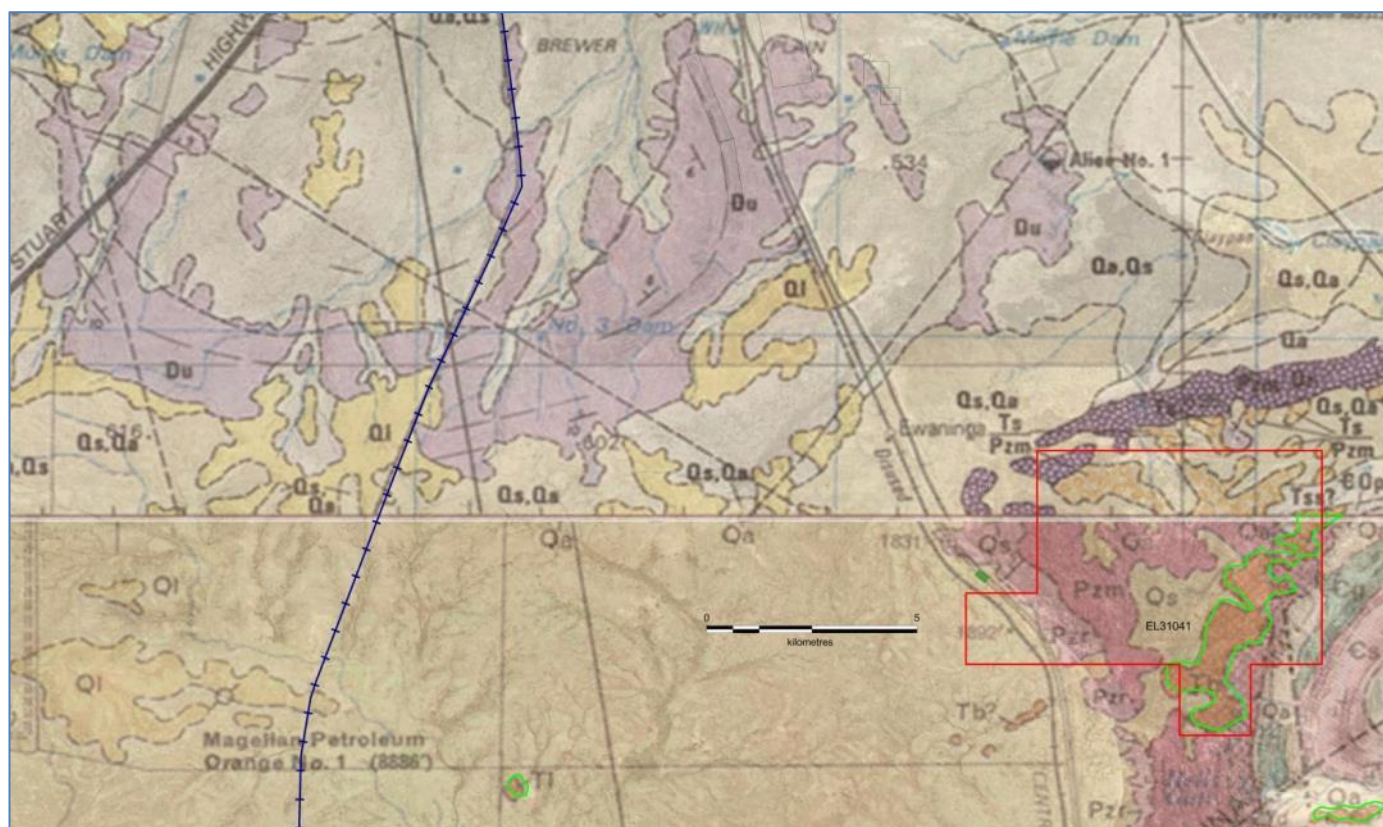


Figure 20. Old South Road Silica application on published geology. Tl, outlined in green, is considered the most prospective unit followed by Qs and Ts.

RUM JUNGLE RESOURCES LTD

OPERATIONS REVIEW

BARKLY SILICA PROJECT, NT – EL 31037, EL 31038, EL 31039

This project was located near the junction of the Barkly and Tableland Highways in central-eastern NT, between 130 km and 180 km east of Tennant Creek and 60 km to-120 km from Wonarah Phosphate. The applications were withdrawn because samples analysed by previous explorers were all too high in Ca, Mg and/or Mn for High Purity Quartz and no additional suitable silica was identified in a brief reconnaissance visit.

KULGERA SILICA PROJECT, NT – EL 31042

This application covered rocks described as chalcedonic calcrete between the Stuart Highway and the Central Australian Railway near the Kulgera rail siding, 40 km north of the SA border. This application was withdrawn because the area had been comprehensively tested by surface sampling by previous explorers.

OTHER TARGET COMMODITIES

TOP END PROJECT – MT BUNDEY / MT GOYDER, NT

The Top End Project is in an established polymetallic province within 20 km of the Toms Gully gold mine. Rum Jungle Resources has withdrawn from all but an inactive joint venture with Crocodile Gold (now Primary Minerals) over exploration tenements surrounding the Tom's Gully Gold Mine. Rehabilitation of all work by Rum Jungle Resources has been completed and the security bond released by the Department of Mines and Energy.

WESTMORELAND PROJECT, NT

This project is targeting uranium and gold. It includes two MLNs and a JV over EL 23573 with Lagoon Creek Resources which is a subsidiary of Laramide. MLN 585 covers the historic Eva uranium mine which has JORC 2004 resources for uranium and gold. The old mine produced 25.8t U₃O₈. MLN 578 covers the historic Cobar II uranium mine which produced 0.33t U₃O₈. Other than environmental stream sediment sampling and other environmental monitoring at Eva, only desktop reviews and statutory reporting were conducted during the reporting period.

Tenement	Area km ²	Blocks	Grant	Expiry	Holder
EL 23573	189.90	65	23/12/2003	22/12/2015	50% Central Australian Phosphate / 50% Lagoon Ck
ML 585	12.14 hectares	na	01/01/2001	31/12/2021	Central Australian Phosphate
ML 578	6.47 hectares	na	21/12/1955	31/12/2017	Central Australian Phosphate

Table 21. Central Australian Phosphate and JV titles in the Westmoreland Project.

OPERATIONS REVIEW

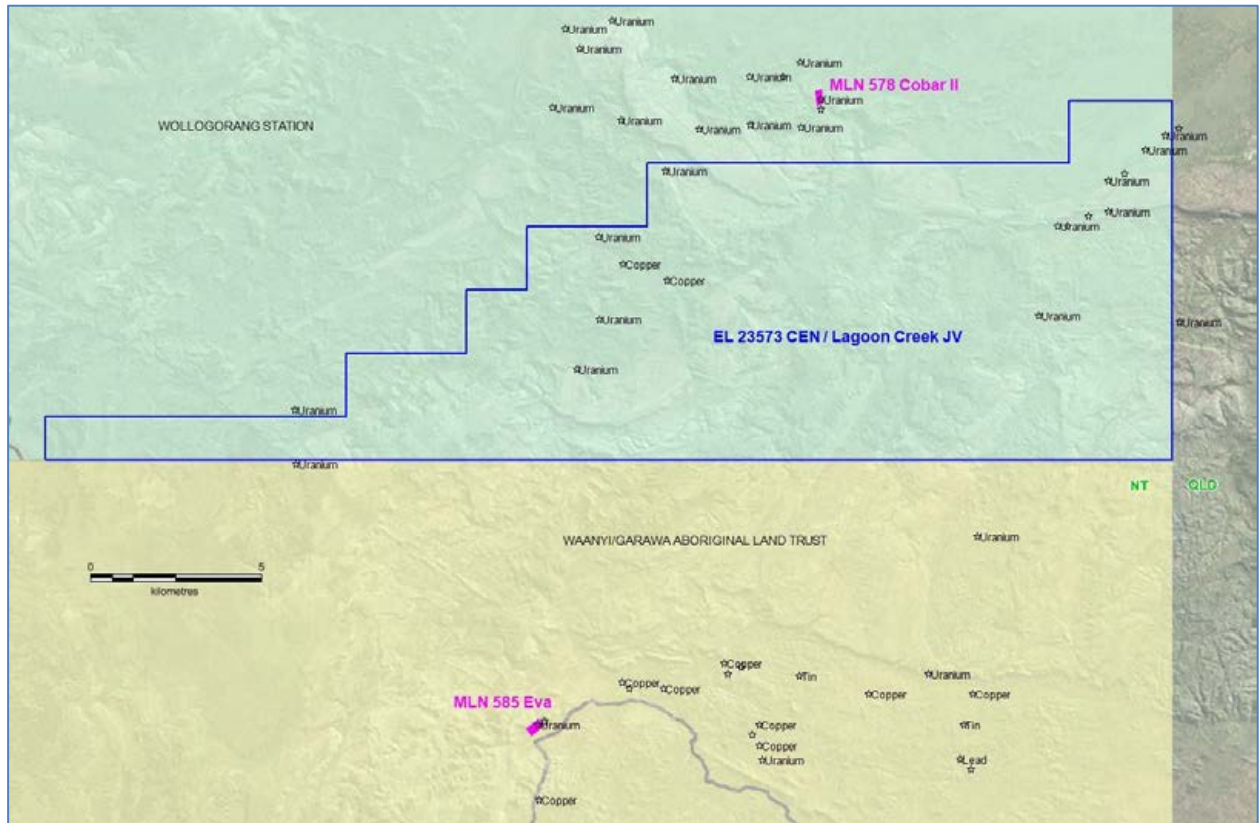


Figure 21. Westmoreland Project adjacent to the Queensland border showing mineral occurrences and prospects.

RUM JUNGLE RESOURCES LTD

OPERATIONS REVIEW

RESOURCE REGISTER as of 30 June 2016

Commodity	Project	Ownership	Resource Category	Mt P ₂ O ₅	Grade P ₂ O ₅ %	Cut-Off P ₂ O ₅ %	JORC	Announced	Status
Phosphate	Ammaroo, NT	Territory Phosphate	Measured	135	15.4	10	2012	Rum Jungle Resources 09 December 2014	pre-feasibility completed
			Indicated	80	15.3				
			Inferred	930	14				
			Total	1,145	14				
	Ammaroo South, NT	Territory Phosphate	Inferred	70	13	10	2012	Rum Jungle Resources 12 June 2014	exploration

Commodity	Project	Ownership	Resource Category	Mt K ₂ SO ₄	Grade mg/L K	Cut-Off mg/L K	JORC	Announced	Status
Potash	Karinga Lakes, NT	Rum Jungle Resources	Measured	5.8	-	3,000	2012	Rum Jungle Resources 20 February 2014	scoping study in progress
			Indicated	0.46	-				
			Inferred	2.1	-				
			Total	8.4	av 4,760				
	Lake Mackay South JV, WA	51% of potash rights Rum Jungle Resources, 49% Toro Energy Limited	Inferred (mid estimate using 0.33% porosity)	13	av 3,758	none applied, but above 3,000 mg/L used at Karinga Lakes	2012	Rum Jungle Resources 09 September 2014	exploration

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

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

Notes

Territory Phosphate Pty Ltd and Central Australian Phosphate Pty Ltd (formerly NuPower Limited) are wholly-owned subsidiaries of Rum Jungle Resources Ltd. All resources are listed as of the time of the ASX announcement given above and have not changed since. Totals may include rounding.

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

OPERATIONS REVIEW

DISCLAIMER

This Annual Report has been prepared by Rum Jungle Resources Ltd (Rum Jungle Resources) and is available to shareholders (Recipients) for use in considering their interests in Rum Jungle Resources' assets.

The Annual Report has been prepared to assist Recipients in making their own evaluation of Rum Jungle Resources and does not purport to contain all of the information that a shareholder or prospective acquirer may require. None of Rum Jungle Resources, its shareholders, its related bodies corporate and advisers, and each of those parties' officers, employees, agents and associates (each a Relevant Person) is, or may be taken to be, under any obligation to correct, update or revise the report or any written or oral communications given to the Recipient in the course of its evaluation of Rum Jungle Resources. In all cases, Recipients must (a) conduct their own independent investigations and analysis of Rum Jungle Resources and the information set out in the report, (b) rely entirely on such investigations and analysis and not in this report in relation to their assessment Rum Jungle Resources and (c) form their own opinion as to whether or not to seek to invest in Rum Jungle Resources' assets.

Any forward looking statements (including forecasts) included in this report are not representations as to future matters and should not be relied upon by Recipients. The statements are based on a large number of assumptions about future events and are subject to significant uncertainties and contingencies, many of which are outside the control of Rum Jungle Resources. No representation is made that any forecast or future event will be achieved. Actual results may vary significantly from the forecasts. Each Recipient should make its own enquiries and investigations regarding the assumptions, uncertainties and contingencies which may affect Rum Jungle Resources' assets.

No Relevant Person makes any representation or warranty (express or implied) as to the accuracy, reasonableness or completeness of the information, statements and opinions expressed in this report (Information). To the maximum extent permitted by law, all liability in respect of the Information is expressly excluded, including any liability arising from fault or negligence, for any direct, indirect or consequential loss or damage arising from the use of the Information or otherwise. No responsibility is accepted by any Relevant Person, for any of the Information, any omission from this report, any written or oral communications given to the Recipient in the course of its evaluation of Rum Jungle Resources or for any action taken by the Recipient or any other person on the basis of the Information.



Chris Tziolis
BSc, MA, MBA, MAICD
Managing Director

FURTHER TECHNICAL INFORMATION

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

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E-mail info@rumjungleresources.com.au

RUM JUNGLE RESOURCES LTD

DIRECTORS' REPORT

The directors present their report together with the consolidated financial statements of the Group comprising Rum Jungle Resources Ltd (the Company) and its subsidiaries for the year ended 30 June 2016 and the auditor's report thereon.

DIRECTORS

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

Mr David Muller	Non-Executive Chairman
Mr Robert Cooper	Non-Executive Director (Appointed 1 July 2016)
Mr Jeff Landels	Non-Executive Director
Mr Chris Tziolis	Managing Director

COMPANY SECRETARY

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

PRINCIPAL ACTIVITIES

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

DIVIDENDS

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

OPERATING AND FINANCIAL REVIEW

Review of Operations

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

Operating Results

The consolidated entity recorded a loss after tax of \$5,060,223 after impairment and write downs of \$3,543,454 in exploration costs (2015 loss \$1,922,469). The impairment reflects the assessment of future potential made in relation to areas of interest that have been deemed non-prospective and where no further testing is anticipated. In this situation costs associated with the tenements are impaired and written off in the profit or loss and other comprehensive income statement. Corporate costs of \$1,857,256 (2015 \$2,281,968) decreased during the year reflecting focus on containing costs. Exploration and evaluation expenditure (including tenement holding costs and development studies in prior years) for the year was \$1,918,847 (2015 \$4,065,288).

Shareholder Performance

	2016	2015	2014	2013
Loss attributable to shareholders (\$)	5,060,223	1,922,469	7,317,965	12,030,698
Basic EPS (Loss) cents per share	(1.27)	(0.50)	(0.42)	(5.34)
Dividends	Nil	Nil	Nil	Nil
Closing Share price at 30 June	\$0.02	\$0.051	\$0.086	\$0.125

DIRECTORS' REPORT

Review of Financial Position

The Group's net assets increased by 11.7% compared to the prior year reflecting the equity raising from the rights issue of \$10,619,918 (net of costs) less the loss from operations for the year. The cash balance was \$12,175,854 at 30 June 2016.

Future Developments, Business Strategies and Prospects

The Group strategy is to actively continue its evaluation and project development activities in Northern Australia. The principal focus in the short to medium term will be the Ammaroo phosphate bankable feasibility study and to a limited extent Karinga Lakes potash projects. Other prospects considered to have potential (including Silica) will have work programmes sufficient to maintain the tenements and enable assessment of the areas of interest in the medium term.

The overarching objective is to progress the phosphate bankable feasibility study and obtain approvals to enable value to be realised through the development of a fertiliser mineral production business in due course.

Business Risks

Economic Factors

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

Market Conditions

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

Tenement Title

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

Native Title

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

Political, Commodity Price and Exchange Rate Risks

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

Upgrading Resources to Reserves

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

Environmental Risk

Exploration and project development activity has the potential to cause environmental disturbance and exposure if it is not managed. Rehabilitation is conducted progressively but not withstanding this unforeseen environmental liabilities may arise.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

As an exploration company the regular access to capital markets and ongoing support from shareholders is necessary to support exploration programmes. A Rights issue raised \$10,619,918 (net of costs) and the cash balance increased by \$8,522,105 over the year.

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

DIRECTORS' REPORT

EVENTS SUBSEQUENT TO REPORTING DATE

No matter or circumstance has arisen since the end of the financial year that has significantly affected, or may significantly affect the Group's operations, the results of those operations or the Group's state of affairs, in subsequent financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Group proposes to continue its project development activities. Specifically, the company aims to continue phosphate evaluation activities on the Ammaroo project. The completion of a bankable feasibility study and approvals will form the basis for potential to actively pursue project investment and financing. The implementation of off-take agreements and the attraction of development and financing partnerships will be critical in moving the project forward. Neither of these are currently in place.

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

Mr David Muller

Chairman – Non-Executive

Qualifications BSc, MSc, MBA, FAusIMM

Experience and Expertise

Appointed to Rum Jungle Resources Ltd board in October 2006

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

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

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

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

DIRECTORS' REPORT

INFORMATION ON DIRECTORS (continued)

Mr Robert Cooper

Non-Executive Director

Qualifications BE (Mining), MEngSc, MAusIMM CP(Min)

Experience and Expertise

Appointed to Rum Jungle Resources Ltd board in July 2016.

Mr Cooper is a mining engineer with more than 25 years' industry experience, having held leadership roles across a diverse range of commodities, both in Australia and overseas. He has a broad foundation of operating and technical experience in both operations and project development. He has held leadership positions with BHP Billiton as General Manager of Leinster Nickel Operations within Nickel West, Project Manager of a BHP Billiton-wide project, and as Asset President of Ekati Diamonds in Canada. More recently he has held positions with Discovery Metals as General Manager - Operations in Botswana and as General Manager - Development in their Brisbane office. Mr Cooper is currently the CEO of CopperChem Limited and Exco Resources Limited, both of which are 100% owned subsidiaries of the Washington H Soul Pattinson Group of companies.

Following a rights issue under a prospectus dated 17 May 2016 Mr Cooper was nominated to the Board by Rum Jungle Resources major shareholder Washington H Soul Pattinson which holds 38.28% after underwriting the Rights Issue.

Other Listed Directorships

Syndicated Metals Limited

Mr Jeff Landels

Non-Executive Director

Qualifications BSc (Hons)

Experience and Expertise

Appointed to Rum Jungle Resources Ltd board in October 2012.

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

Mr Chris Tziolis

Managing Director

Qualifications BSc, MA, MBA, MAICD

Experience and Expertise

Appointed to Rum Jungle Resources Ltd board in June 2013.

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

DIRECTORS' REPORT

MEETINGS OF DIRECTORS

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

	Board Meetings of Directors		Audit Committee	
	Number eligible to attend	Meetings attended	Number eligible to attend	Meetings attended
David Muller	9	8	2	2
Jeff Landels	9	9	2	2
Chris Tziolis	9	9	-	*-

* Participated by invitation

DIRECTORS' INTERESTS

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

	Ordinary shares	Options over ordinary shares
David Muller	20,840,590	-
Robert Cooper	1,500,000	-
Jeff Landels	300,000	-
Chris Tziolis	2,125,025	5,000,000

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
01/07/2014	01/07/2014	01/07/2018	* \$0.1601	4,550,000
01/07/2014	01/07/2015	01/07/2019	* \$0.2101	3,550,000
				<u>8,100,000</u>

* Updated in accordance with the plan rules after Rights issue.

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

Shares issued on the exercise of options

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

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 can be 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.

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, which has been 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.

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

(c) Key management personnel

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

Name	Date appointed	Date resigned	Position held
David Muller	13 October 2006		Chairman
Jeff Landels	18 October 2012		Non-executive Director
Chris Tziolis	15 October 2012		Managing Director
Bruce Arnold	31 July 2013		Company Secretary/Chief Financial Officer
Nigel Doyle	1 February 2008		Exploration Manager

(d) Details of remuneration

Compensation paid, or payable 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.

2016	Short-term benefits		Post-employment	Share-based payments	Proportion of remuneration share based	
	Salary and fees	Non Cash	Superannuation	Options	Total	
	\$	\$	\$	\$	\$	%
Non-executive directors						
David Muller	*60,000	-	5,700	-	65,700	-
Jeff Landels	*40,000	-	3,800	-	43,800	-
Total non-executive directors	100,000	-	9,500	-	109,500	-
Executive director						
Chris Tziolis	*330,000	-	30,000	-	360,000	-
Total executive directors	330,000	-	30,000	-	360,000	-
Other key management personnel						
Bruce Arnold	200,000	21,810	19,000	-	240,810	-
Nigel Doyle	200,000	-	19,000	-	219,000	-
Total other key management personnel	400,000	21,810	38,000	-	459,810	-
Total directors' and executive remuneration	830,000	21,810	77,500	-	929,310	-

* Note that directors' fees and salary were agreed to being reduced by 20% in 2015/16 year.

DIRECTORS' REPORT

REMUNERATION REPORT AUDITED (continued)

2015	Short-term benefits		Post-employment	Share-based payments	Proportion of remuneration performance based	
	Salary and fees	Non Cash	Superannuation	Options	Total	%
	\$		\$	\$	\$	
Non-executive directors						
David Muller Chairman	75,000	-	7,125	-	82,125	-
Robert Annells	50,000	-	-	-	50,000	-
Jeff Landels	50,000	-	4,750	-	54,750	-
Total non-executive directors	175,000	-	11,875	-	186,875	-
Executive directors						
Chris Tziolis	420,000	-	30,000	120,800	570,800	21.1
David Muller	*262,500	-	-	-	262,500	-
Total executive directors	682,500	-	30,000	120,800	833,300	-
Other key management personnel						
Bruce Arnold	200,000	24,717	19,000	19,440	263,157	7.3
Nigel Doyle	200,000	-	19,000	36,450	255,450	14.3
Total other key management personnel	400,000	24,717	38,000	55,890	518,607	-
Total directors' and executive remuneration	1,257,500	24,717	79,875	176,690	1,538,782	-

* Termination payment of \$262,500 was paid to David Muller in July 2014 in recognition of 7 years of services to the company on retirement as Chief Executive Officer.

There were no bonus payments in 2015 or 2014.

(e) Service agreements

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

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

Chris Tziolis, Executive Director – Managing Director

- Term of Agreement – open ended effective 1 July 2014.
- Base package \$360,000 including SGC superannuation.
- Contract may be terminated by executive giving three month's notice or payment in lieu thereof.
- Company may terminate (without cause) by giving 12 months notice or payment in lieu of notice or a combination of notice and a payment in lieu.
- Company may terminate immediately where there is cause.

Bruce Arnold, Company Secretary & Chief Financial Officer

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

Nigel Doyle, Exploration Manager

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

RUM JUNGLE RESOURCES LTD

DIRECTORS' REPORT

REMUNERATION REPORT - AUDITED (continued)

Note - Director's Fees and salary 2015 to 2016

As advised to the ASX 30 June 2015 the Directors agreed to reduce non-executive Director's fees and the Managing Directors fixed remuneration by 20% effective 1 July 2015. This reflects the current market status in the resources industry and will support the Company's general approach to preserving cash in the current cycle.

(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
Chris Tziolis	01/07/14*	3,000,000	-	2.36	16.01	01/07/18	01/07/14
Chris Tziolis	01/07/14*	2,000,000	-	2.50	21.01	01/07/19	01/07/15
Nigel Doyle	01/07/14	750,000	-	2.36	16.01	01/07/18	01/07/14
Nigel Doyle	01/07/14	750,000	-	2.50	21.01	01/07/19	01/07/15
Bruce Arnold	01/07/14	400,000	-	2.36	16.01	01/07/18	01/07/14
Bruce Arnold	01/07/14	400,000	-	2.50	21.01	01/07/19	01/07/15

* Issued and documented following 2014 AGM after shareholder approval.

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

There is 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 unless retained with Board approval.

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

Analysis of movements in options

During the year no options were issued under the Company's Employee Share Option Plan. 10,500,000 options lapsed or expired as the exercise price was above the spot share price at the time. As at 30 June 2016 the Company's share price was 2 cents.

	A Value of options granted	B Value of options exercised	C Value at expiry date	D Remuneration that consists of options
	\$	\$	\$	%
Directors of Rum Jungle Resources Ltd				
Jeff Landels	-	-	74,000	-
David Muller	-	-	185,000	-
Chris Tziolis	-	-	64,500	-
Other key management personnel				
Nigel Doyle	-	-	-	-
Bruce Arnold	-	-	-	-

DIRECTORS' REPORT

REMUNERATION REPORT - AUDITED (continued)

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

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

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

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

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

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

	Year granted	Vested	Forfeited	Financial years in which the options vest
		%	%	
Directors of Rum Jungle Resources Ltd				
David Muller	2012	-	100	2012
Jeff Landels	2012	-	100	2012
Chris Tziolis	2012	-	100	2013
Chris Tziolis	2014	100	-	2014 & 2015
Other key management personnel				
Nigel Doyle	2014	100	-	2014 & 2015
Bruce Arnold	2014	100	-	2014 & 2015

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
Directors of Rum Jungle Resources Ltd						
D W Muller	5,000,000	-	-	(5,000,000)	-	-
J D Landels	2,000,000	-	-	(2,000,000)	-	-
C N Tziolis	6,500,000	-	-	(1,500,000)	5,000,000	5,000,000
Other key management personnel of the Group						
N J Doyle	1,500,000	-	-	-	1,500,000	1,500,000
B W Arnold	800,000	-	-	-	800,000	800,000

RUM JUNGLE RESOURCES LTD

DIRECTORS' REPORT

REMUNERATION REPORT - AUDITED (continued)

Share holdings

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

Name	Balance at start of the year	Received during the year on exercise of options	Other changes during the year	Balance at end of the year
Directors of Rum Jungle Resources Ltd				
Ordinary Shares				
D W Muller and related parties	8,400,522	-	12,440,068	20,840,590
J D Landels and related parties	-	-	300,000	300,000
C N Tziolis and related parties	500,000	-	1,625,025	2,125,025
Other key management personnel of the Group				
N J Doyle and related parties	328,299	-	492,448	820,747
B W Arnold and related parties	-	-	186,800	186,800

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 officer 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 2016. 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 \$31,250 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.

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	
	2016	2015
	\$	\$
Non-audit services		
Taxation services	-	-
R&D support	83,944	-
Total remuneration for non-audit services	83,944	-

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 44.

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



David W Muller

Chairman



Chris N Tziolis

Managing Director

Darwin, Northern Territory
28 September 2016

CORPORATE GOVERNANCE

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 and its activities when establishing policy and procedures. Corporate governance is having a set of core values and behaviours that ensure integrity, accountability and protection of the interests of all stakeholders – including shareholders, personnel, suppliers and communities in which the Group operates.

The Board of Directors supports the Corporate Governance Principles and Recommendations (3rd Edition, released in March 2014) (ASX Recommendations) developed by the ASX Corporate Governance Council (Council) and in accordance with ASX listings rules uses these principles as guidelines for establishing policy and procedures.

The Company's endeavours to follow guidelines and practices are broadly consistent with the ASX Recommendations. In some instances the Board considers that the implementation of a small number of ASX Recommendations is not appropriate or reasonable given the size of the company and the scale of operations as the company is in exploration and evaluation phase at this point in time.

The Corporate Governance Statement (CGS) and ASX Appendix 4G – Key to Disclosures lodged to the ASX disclose the extent to which the Company has followed the ASX Recommendations or otherwise departed from recommendations during the Reporting Period. The statement is current to the date 28th September 2016 and addresses the following principles:

ASX Corporate Governance Principles

Principle 1 – Lay solid foundations for management and oversight

Principle 2 – Structure the Board to add value

Principle 3 – Act ethically and responsibly

Principle 4 – Safeguard integrity in corporate reporting

Principle 5 – Make timely and balanced disclosure

Principle 6 – Respect the rights of security holders

Principle 7 – Recognise and manage risk

Principle 8 – Remunerate fairly and responsibly

The Company's 2016 Corporate Governance Statement, ASX Appendix 4G (Key to Disclosures of Corporate Governance Principles and Recommendations) and other ancillary corporate governance related documents can also be sourced on the Company's website at the following URL: <http://www.rumjungleresources.com.au/about/corporate-governance>

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



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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 2016 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

28 September 2016

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

Liability limited by a scheme approved under Professional Standards Legislation.

ANNUAL FINANCIAL REPORT – 30 JUNE 2016

Contents

	Page
Financial Report	
Consolidated Statement of Profit or Loss and Other Comprehensive Income	46
Consolidated Statement of Financial Position	47
Consolidated Statement of Changes in Equity	48
Consolidated Statement of Cash Flows	49
Notes to the Financial Statements	50
Directors' Declaration	73
Independent Auditor's Report	74

RUM JUNGLE RESOURCES LTD

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 \$	2015 \$
Income from continuing operations			
Other income	4.	340,487	1,145,378
Total income		340,487	1,145,378
Expenses from continuing operations			
Audit fees	18.	(73,721)	(76,776)
Corporate advisory costs		(263,185)	(341,739)
Employee benefits expense	6.	(779,859)	(1,174,585)
Exploration and evaluation impairment	12.	(3,543,454)	(785,879)
Insurance		(60,866)	(53,163)
Occupancy		(97,846)	(102,267)
Office service costs		(308,620)	(241,749)
Share registry fees		(86,085)	(43,280)
Stock exchange fees		(55,728)	(34,695)
Travel		(113,996)	(187,509)
Other		(3,332)	(9,884)
Depreciation	5.	(14,018)	(16,321)
Total expenses		(5,400,710)	(3,067,847)
Loss before income tax		(5,060,223)	(1,922,469)
Income tax expense		-	-
Loss for the year		(5,060,223)	(1,922,469)
Other comprehensive income		-	-
Total comprehensive loss attributable to members of the Company		(5,060,223)	(1,922,469)
Earnings per share for loss attributable to ordinary equity holders of the company			
		Cents	Cents
Basic and diluted (loss) per share	21.	(1.27)	(0.50)

The accompanying notes form part of these financial statements.

RUM JUNGLE RESOURCES LTD

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – AS AT 30 JUNE 2016

	Notes	2016 \$	2015 \$
Current assets			
Cash and cash equivalents	8.	12,175,854	3,623,749
Trade and other receivables	9.	125,638	47,902
Other	10.	356,637	781,397
Total current assets		12,658,129	4,453,048
Non-current assets			
Property, plant and equipment	11.	749,769	877,597
Exploration and evaluation assets	12.	40,667,102	42,291,709
Total non-current assets		41,416,871	43,169,306
TOTAL ASSETS		54,075,000	47,622,354
Current liabilities			
Trade and other payables	13.	1,227,320	349,718
Short-term provisions	14.	104,444	89,095
Total current liabilities		1,331,764	438,813
TOTAL LIABILITIES		1,331,764	438,813
NET ASSETS		52,743,236	47,183,541
EQUITY			
Contributed equity	15.	83,976,565	73,356,647
Reserves	16.	1,447,730	1,447,730
Accumulated losses	16.	(32,681,059)	(27,620,836)
TOTAL EQUITY		52,743,236	47,183,541

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 2016

	Notes	Share capital \$	Share-based payments reserve \$	Accumulated losses \$	Total \$
2016					
Balance at 30 June 2015		73,356,647	1,447,730	(27,620,836)	47,183,541
Loss for the year		-	-	(5,060,223)	(5,060,223)
Shares issued during the year, net of transaction costs		10,619,918	-	-	10,619,918
Share based payment expense		-	-	-	-
Balance at 30 June 2016		83,976,565	1,447,730	(32,681,059)	52,743,236
2015					
Balance at 30 June 2014		73,356,647	1,251,600	(25,698,367)	48,909,880
Loss for the year		-	-	(1,922,469)	(1,922,469)
Shares issued during the year, net of transaction costs		-	-	-	-
Share based payment expense		-	196,130	-	196,130
Balance at 30 June 2015		73,356,647	1,447,730	(27,620,836)	47,183,541

The accompanying notes form part of these financial statements.

RUM JUNGLE RESOURCES LTD

CONSOLIDATED STATEMENT OF CASH FLOWS – FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 \$	2015 \$
Cash flows from operating activities			
Interest received		57,636	217,531
Subsidies received		280,291	973,406
Payments to suppliers and employees		(1,865,925)	(3,174,964)
Net cash (used in) operating activities	20 (a).	(1,527,998)	(1,984,027)
Cash flows from investing activities			
Payments for property, plant and equipment		(5,070)	(10,943)
Receipts for property, plant and equipment		9,000	119,178
Payments for exploration and evaluation assets		(1,778,407)	(3,913,132)
Refund (Payments) for Term Deposits (secured)		425,000	184,000
Net cash (used in) investing activities		(1,349,477)	(3,620,897)
Cash flows from financing activities			
Share issue (net of costs)		11,429,580	-
Net cash provided by financing activities		11,429,580	-
Net increase (decrease) in cash and cash equivalents		8,552,105	(5,604,924)
Cash and cash equivalents at the beginning of the year		3,623,749	9,228,673
Cash and cash equivalents at the end of the year		12,175,854	3,623,749

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 30 JUNE 2016

Note

	Page
1. Summary of significant accounting policies	51
2. Financial risk management	57
3. Critical accounting estimates and judgments	59
4. Other Income	60
5. Expenses	60
6. Employee benefits expense	60
7. Income tax expense	60
8. Cash and cash equivalents	61
9. Trade and other receivables	61
10. Other	61
11. Property, plant and equipment	62
12. Exploration and evaluation assets	64
13. Trade and other payables	64
14. Short-term provisions	64
15. Contributed equity	65
16. Reserves and accumulated losses	66
17. Segment information	66
18. Remuneration of auditors	66
19. Key management personnel disclosures	67
20. Cash flow information	68
21. Earnings per share	68
22. Share-based payments	69
23. Subsidiaries	70
24. Related parties	70
25. Commitments	71
26. Contingencies	71
27. Subsequent events	71
28. Joint Operations - Exploration	72
29. Parent Entity Information	72

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1. Summary of significant accounting policies

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

The consolidated financial statements were authorised by the Board of Directors on 26 September 2016.

Basis of Preparation

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

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

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

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

Going Concern

Notwithstanding the loss for the year of \$5,060,223 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. The Group's current assets exceed its current liabilities at 30 June 2016 by \$11,326,365 (2015: \$4,014,235) and net cash outflows from operating activities were \$1,527,998 for the year (2015: net operating outflow \$1,984,027)

The Board believes the going concern basis of the financial statements is appropriate due to:

- Availability of cash reserves of \$12,175,854 at 30 June 2016;
- The ability for the Group to manage the level of exploration activity relative to the availability of cash reserves;
- The cash flow forecast indicates a positive cash position for 12 months until 30th September 2017.

The Board anticipates the Group is able to raise additional equity capital or funds from other sources for working capital and planned expenditure and has a history of securing such funding as required in the past to support their confidence.

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 2016 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1. Summary of significant accounting policies (continued)

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.

Business combinations

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

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

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

b) Segment reporting

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

c) Income tax

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

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

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

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

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

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

d) Revenue recognition

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

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

Interest revenue

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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 will generally occur when the following circumstances exist:

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

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

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

h) Trade and other receivables

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1. Summary of significant accounting policies (continued)

m) *Property, plant and equipment*

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

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

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

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

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

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

n) *Employee benefits*

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

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

ii. *Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to anticipated 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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1. Summary of significant accounting policies (continued)

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) 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.

r) New standards and interpretations not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 July 2016. Although earlier application maybe permitted, currently the Group has no plans to adopt the standards earlier.

AASB 9 Financial Instruments (December 2014) and Amendments to Australian Accounting Standards arising from AASB 9 (AASB 2014-7, AASB 2014-8). The amendment .which becomes effective for periods beginning from 1 January 2018. . The Group is not required to adopt the amendments until the annual reporting period ending 30 June 2019. The amendment proposes a revised framework for the classification and measurement of financial assets and financial liabilities. The amendment is not expected to have significant impact on the financial statements of the Group.

AASB 115 Revenue from Contracts with Customers is effective for periods beginning from 1 January 2018. The Group is not required to adopt this new standard until the annual reporting period ending 30 June 2019. The potential impact of the standard has been assessed at this stage to have no material impact.

AASB 16 Leases is effective for periods beginning from 1 January 2019. The Group is not required to adopt this new standard until the annual reporting period ending 30 June 2020. The Group will assess the potential impact of the application of AASB 16 on its financial statements, including the potential impact of the various transition provisions available to the Group. On a high level basis, if the Group was to adopt AASB 16 as at 30 June 2016, the present value of the future minimum lease payments for non-cancellable operating leases as noted in Note 25 would be recognised as a financial liability in the statement of financial position, and under one of the transition provisions available to the Group, it would recognise a corresponding amount as a right-of-use asset.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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	
	2016	2015
	\$	\$
Financial Assets		
Cash and cash equivalents	12,175,854	3,623,749
Other	356,637	781,397
Trade and other receivables *	125,638	47,902
	<u>12,658,129</u>	<u>4,453,048</u>
Financial Liabilities		
Trade and other payables **	1,227,320	349,718
	<u>1,227,320</u>	<u>349,718</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 2016		30 June 2015	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
	%	\$	%	\$
Cash and cash equivalents - floating (including secured term deposits)	2.4	12,525,854	2.7	4,398,749
Total cash and cash equivalents		<u>12,525,854</u>		<u>4,398,749</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)	
	2016	2015	2016	2015
	\$	\$	\$	\$
Consolidated				
+1% (100 bp)	19,600	43,987	19,600	43,987
-1% (100 bp)	(19,600)	(43,987)	(19,600)	(43,987)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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
Group – 30 June 2016	\$	\$	\$
Trade and other payables	1,227,320	1,227,320	1,227,320
Group – 30 June 2015	\$	\$	\$
Trade and other payables	349,718	349,718	349,718

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

3. Critical accounting estimates and judgments

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

Set out below is information about:

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

Critical judgements

Going concern

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

Deferred tax assets

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

Estimates and assumptions

Exploration and evaluation assets (note 12)

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

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

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

Impairment of assets

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
4. Other income		
Interest income	57,636	189,849
Research & Development Subsidy	280,291	922,939
Profit on disposal of fixed assets	2,560	32,590
	340,487	1,145,378

5. Expenses

Depreciation of non-current assets

Motor vehicles *	43,660	66,473
Scientific instruments *	7,018	10,439
Office equipment	11,543	13,487
Furniture & fittings	2,120	2,389
Leasehold improvements	356	445
Plant & equipment *	27,702	34,830
Site camp equipment *	34,059	37,537
	126,458	165,600
*Depreciation of exploration assets capitalised to Exploration and evaluation assets	(112,440)	(149,279)
	14,018	16,321

6. Employee benefits expense

Wages, salaries, directors' fees, and other remuneration expenses	1,189,477	1,509,276
Superannuation	111,650	126,395
Share-based payments expense	-	196,130
Movement in employee entitlement provisions	14,709	18,578
Capitalised to exploration and evaluation assets	(535,977)	(675,794)
	779,859	1,174,585

7. Income tax expense

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

Loss before income tax	(5,060,223)	(1,922,469)
Tax (Benefit) thereon at 30% (2015: 30%)	(1,518,067)	(576,741)
Tax effect of amounts that are not deductible/ (taxable) in calculating taxable income:		
Research and development tax credit	(84,087)	(276,882)
Share based expense	-	58,839
Non-deductible items	1,052	62,131
Sundry timing differences	263,377	(3,524,396)
Equity raising costs current year amortised	(56,713)	
Effect of change in tax values of assets on tax consolidation	-	(1,781,435)
(Under) / Overstated prior year	126,675	-
	(1,267,764)	(6,038,484)
Deferred tax assets not recognised	1,267,764	6,038,484
Income tax expense	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

2016
\$

2015
\$

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	27,313,102	26,221,239
Temporary differences	(7,490,114)	(8,068,686)
Temporary differences and tax losses	19,822,988	18,152,553

Tax expense / income, deferred tax liabilities and deferred tax assets arising from temporary differences and tax losses are not recognised as 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 can be utilised in the short to medium term.

(c) Tax consolidation

The company and its wholly-owned Australian entities formed a tax-consolidated group on 1 July 2014 and therefore are taxed as a single consolidated entity. Rum Jungle Resources is the head entity for the tax-consolidated group.

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts can be recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

Nature of tax funding arrangements and tax sharing agreements

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax-sharing agreement with the head entity. Under the terms of the tax funding arrangement, Rum Jungle Resources Limited and each of the entities in the tax-consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current and tax liability or current tax asset of the entity.

The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity leaves the tax-consolidated group. The effect of the tax sharing agreement is that each member's liability for tax payable by the tax-consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

8. Cash and cash equivalents

Cash at bank and on hand	12,025,854	1,783,749
Term Deposits	150,000	1,840,000
	12,175,854	3,623,749

Cash in at call bank accounts bear floating interest rates of an average 1.0% (2015: 2.2%). Term deposits during the year were held with Westpac Banking Corporation and ANZ. They had an average maturity of 3 months and earned interest of approximately 2.7%.

9. Trade and other receivables

Current

Other receivables	125,638	47,902
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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. Other

Prepayments	6,637	6,397
Term Deposits (secured against Bank Guarantees in lieu of Security Deposits)	350,000	775,000
	356,637	781,397

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
11. Property, plant and equipment		
Motor vehicles – at cost	519,296	519,296
Accumulated depreciation	(326,687)	(283,027)
	<u>192,609</u>	<u>236,269</u>
Scientific instruments – at cost	191,752	191,752
Accumulated depreciation	(177,291)	(170,273)
	<u>14,461</u>	<u>21,479</u>
Office equipment – at cost	135,203	133,193
Accumulated depreciation	(122,633)	(111,090)
	<u>12,570</u>	<u>22,103</u>
Furniture and fittings – at cost	43,034	43,034
Accumulated depreciation	(26,305)	(24,185)
	<u>16,729</u>	<u>18,849</u>
Leasehold improvements – at cost	75,821	75,821
Accumulated depreciation	(74,399)	(74,043)
	<u>1,422</u>	<u>1,778</u>
Plant and equipment – at cost	257,997	263,271
Accumulated depreciation	(117,143)	(91,335)
	<u>140,854</u>	<u>171,936</u>
Site camp equipment – at cost	531,702	531,702
Accumulated depreciation	(160,578)	(126,519)
	<u>371,124</u>	<u>405,183</u>
Total property , plant and equipment	<u>749,769</u>	<u>877,597</u>

Summary of individual asset groups

Motor vehicles

Carrying amount at beginning of year	236,269	387,056
Additions	-	-
Disposals	-	(84,314)
Depreciation	(43,660)	(66,473)
Carrying amount at end of year	<u>192,609</u>	<u>236,269</u>

Scientific instruments

Carrying amount at beginning of year	21,479	31,918
Additions	-	-
Disposals	-	-
Depreciation	(7,018)	(10,439)
Carrying amount at end of year	<u>14,461</u>	<u>21,479</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
11. Property, plant and equipment (continued)		
Office equipment		
Carrying amount at beginning of year	22,103	34,408
Additions	2,010	1,182
Disposals	-	-
Depreciation	(11,543)	(13,487)
Carrying amount at end of year	12,570	22,103
Furniture and fittings		
Carrying amount at beginning of year	18,849	21,238
Additions	-	-
Disposals	-	-
Depreciation	(2,120)	(2,389)
Carrying amount at end of year	16,729	18,849
Leasehold improvements		
Carrying amount at beginning of year	1,778	2,223
Additions	-	-
Disposals	-	-
Depreciation	(356)	(445)
Carrying amount at end of year	1,422	1,778
Plant and equipment		
Carrying amount at beginning of year	171,936	200,287
Additions	3,060	8,753
Disposals	(6,440)	(2,274)
Depreciation	(27,702)	(34,830)
Carrying amount at end of year	140,854	171,936
Site camp equipment		
Carrying amount at beginning of year	405,183	441,712
Additions	-	1,008
Disposals	-	-
Depreciation	(34,059)	(37,537)
Carrying amount at end of year	371,124	405,183
Group Summary		
Carrying Amount at beginning of year	877,597	1,118,842
Additions	5,070	10,943
Disposals	(6,440)	(86,588)
Depreciation	(126,458)	(165,600)
Carrying amount at end of year	749,769	877,597

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
12. Exploration and evaluation assets		
At cost	40,667,102	42,291,709
Carrying amount at beginning of year	42,291,709	39,012,300
Expenditure	1,918,847	4,065,288
Impairment of exploration and evaluation assets	(3,543,454)	(785,879)
Acquisition of Tenements	-	-
Sale of Tenements	-	-
Carrying amount at end of year	40,667,102	42,291,709

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 and no development potential. The impairment 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 focus on fertiliser minerals phosphate and potash. Any exploration costs in the period that are not captured specifically as tenement associated costs are included in the impairment charge.

13. Trade and other payables

Trade creditors	1,081,320	236,756
Other creditors	95,000	67,962
Accrued expenses	51,000	45,000
Total trade and other payables	1,227,320	349,718

Trade payables and accrued expenses are generally unsecured, non-interest bearing and due approximately 1 month from the date of recognition.

14. Short-term provisions

Employee entitlements	104,444	89,095
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

15. Contributed equity

	Company	
	2016	2015
	\$	\$
Ordinary shares – fully paid	83,976,565	73,356,647

(a) Movements in contributed equity

	No. of shares	\$
Balance at 30 June 2015	385,504,597	73,356,647
Shares issued for Rights Issue at 2 cents per share	578,256,895	11,565,138
Qualifying costs attributable to equity:		
Legal fees related to the share issue		(135,559)
Underwriting and management fees – liability at 30 June 2016		(809,661)
Balance at 30 June 2016	963,761,492	83,976,565

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 2016, the following options for ordinary shares in Rum Jungle Resources Ltd were on issue:

	2016	2015
	Number	Number
Director options	5,000,000	15,500,000
Employee options	3,100,000	3,100,000
	8,100,000	18,600,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

16. Reserves and accumulated losses

	2016 \$	2015 \$
(a) Reserves		
Share-based payments reserve	1,447,730	1,447,730
Movements:		
<i>Share-based payments reserve</i>		
Balance at beginning of year	1,447,730	1,251,600
Share based payment expense	-	196,130
Balance at end of year	1,447,730	1,447,730
(b) Accumulated losses		
Movements in accumulated losses were as follows:		
Balance at beginning of year	(27,620,836)	(25,698,367)
Net (loss) for the year	(5,060,223)	(1,922,469)
Transfer from reserve	-	-
Balance at end of year	(32,681,059)	(27,620,836)

(c) Nature and purpose of reserves

Share-based payments reserve

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

17. Segment Information

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

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

18. Remuneration of auditors

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

	2016 \$	2015 \$
1. Audit services		
KPMG	73,721	76,776
2. Other services		
Other advisory R&D	83,944	-
	157,666	76,776

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

19. Key management personnel disclosures

Key management personnel compensation

	2016	2015
	\$	\$
Short-term employee benefits	851,810	1,019,717
Post-employment benefits	77,500	79,875
Share-based payments	-	176,690
	<u>929,310</u>	<u>1,276,282</u>

As expensed to the profit and loss statement and/or capitalised to exploration.

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

Loans to key management personnel

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

Other transactions with key management personnel

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

20. Cash flow information

	Consolidated Group	
	2016	2015
	\$	\$
(a) Reconciliation of loss after income tax to net cash outflow from operating activities		
Loss for the year	(5,060,223)	(1,922,469)
Non cash employee based expense – share-based payments	-	196,130
Depreciation	14,018	16,321
Loss on disposal of assets	-	-
Profit on sale of assets	(2,560)	(32,590)
Impairment of exploration and evaluation assets	3,543,454	785,879
Increase in provisions	15,349	18,578
(Increase) / Decrease in trade and other receivables	(77,977)	217,688
Increase / (Decrease) in trade payables	39,941	(1,263,564)
Net outflow from operating activities	(1,527,998)	(1,984,027)
(b) Non-cash investing and financing activities		
Nil		

21. Earnings per share

	Company	
	2016	2015
	Cents	Cents
(a) Basic and diluted earnings per share		
Loss from operations attributable to the ordinary equity holders of the company	(1.27)	(0.50)
(b) Weighted average number of ordinary shares used as the denominator		
	2016	2015
	Number	Number
Number used in calculating basic and diluted earnings per share	399,762,986	385,504,597

(c) Information concerning earnings per share

Options granted are considered to be potential ordinary shares. Details relating to options are set out in the directors' report and note 22.

In 2016 and 2015 the options are anti-dilutive and are therefore not included in the calculation of diluted earnings per share. The options potentially could dilute basic earnings per share in the future.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

22. Share-based payments

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

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

Grant date	Expiry date	Exercise Price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
Group – 2016								
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	-	-
01/07/2014	01/07/2018	\$0.1601	4,550,000	-	-	-	4,550,000	4,550,000
01/07/2014	01/07/2019	\$0.2101	3,550,000	-	-	-	3,550,000	3,550,000
			18,600,000	-	-	10,500,000	8,100,000	8,100,000
Weighted average exercise price			\$0.3541	-	-	\$0.4814	\$0.1820	\$0.1820
Weighted average share price at exercise date					-			
Group – 2015								
04/04/2011	04/04/2015	\$1.50	500,000	-	-	500,000	-	-
01/08/2011	31/07/2014	\$1.50	400,000	-	-	400,000	-	-
19/12/2012	15/10/2015	\$0.43	1,500,000	-	-	-	1,500,000	1,500,000
19/12/2012	15/10/2015	\$0.49	9,000,000	-	-	-	9,000,000	9,000,000
01/07/2014	01/07/2018	\$0.1671	-	4,550,000	-	-	4,550,000	4,550,000
01/07/2014	01/07/2019	\$0.2171	-	3,550,000	-	-	3,550,000	-
			11,400,000	8,100,000	-	900,000	18,600,000	15,050,000
Weighted average exercise price			\$0.64	\$0.189	-	\$1.50	\$0.3541	\$0.3864

10,500,000 options expired or were forfeited during the reporting period, no options were exercised and no options were granted during the year.

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 2014 /2015 being the prior year, the model inputs were as follows:

	Total Options Issued 8,100,000	
	4,550,000	3,550,000
Consideration	-	-
Options Life	4 years	5 years
Exercise price (adjusted for Rights Issue)	\$0.1601	\$0.2101
Share price at valuation date	8.6c	8.6c
Expected volatility	66%	66%
Expected dividend yield	-	-
Risk free interest rate	2.68%	2.85%

The weighted average fair value of options granted was \$0.0242. 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).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

22. Share-based payments (continued)

	2016 \$	2015 \$
Expenses arising from share-based transactions		
Options issued to directors and employees		
- Employee benefits expense	-	196,130
	-	196,130

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(a).

Name of entity	Country of incorporation	Class of shares	Equity holding*	
			2016 %	2015 %
Territory Mining Pty Ltd	Australia	Ordinary	100	100
Territory Potash Pty Ltd (formerly Waanyi Garawa Mining Pty Ltd)	Australia	Ordinary	100	100
Territory Phosphate Pty Ltd	Australia	Ordinary	100	100
Central Australian Phosphate Pty Ltd	Australia	Ordinary	100	100

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

24. Related parties

a. Key management personnel

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

b. Loans to/from related parties

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

c. Major shareholder

Under a prospectus dated 17 May 2016 Pitt Capital Partners Limited underwrote a rights issue. Pitt Capital is a wholly owned subsidiary of Washington H Soul Pattinson and Company Limited (WHSP). Following the rights issue on 21 June 2016 WHSP shareholding was 38.28% as a result of the underwriting and became a related party of the company. The underwriting fee and management fees of \$809,661 for the rights issue to Pitt Capital were on an arms length commercial basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

25. Commitments

Operating Leases

	2016	2015
	\$	\$
Property and office equipment		
Not later than 1 year	71,408	69,927
Later than 1 year but not later than 5 years	1,869	5,073
Later than 5 years	-	-
	<u>73,277</u>	<u>75,000</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 availability of funds and 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:

	2016	2015
	\$	\$
Within one year	1,577,777	2,379,324
Later than one year but not later than five years	2,523,083	3,143,365
	<u>4,100,860</u>	<u>5,522,689</u>

Included in these commitments are Joint Venture commitments of \$50,000.

26. Contingencies

The company is under review by a government agency in relation to one project subject to a research and development grant. The company will vigorously defend the basis of the work and the claim as appropriate (a consistent view and as supported by advisors) but the result of the review is unknown at this time. The director's view is that the review has not been concluded and will be subject to a request for tribunal review process if the findings of the review are not favourable. This will extend the time to finalise this outcome considerably.

27. Subsequent events

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

RUM JUNGLE RESOURCES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

28. Joint Operations – Exploration

JV Project	Parties	Tenements	Rum Jungle interest 30 June 2015
Top End	Primary Minerals Ltd Rum Jungle Resources Ltd	Various EL's amended by Primary Minerals tenement restructure.	Uranium Exploration Agreement 100% Uranium No rights other minerals
Westmoreland	Central Australian Phosphate Pty Ltd Lagoon Creek Resources Pty Ltd	EL 23573	Tenements 50/50
Lake Mackay South JV	Nova Energy Pty Ltd (Toro)	Refer Tenement Schedule	Earn in 51% - Potash rights

29. Parent Entity Information

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

	2016 \$	2015 \$
Statement of Financial Position		
Current assets	12,642,780	4,038,735
Non-current assets	41,322,438	44,511,150
Total assets	53,965,218	48,549,885
Current liabilities	1,246,764	381,814
Total Liabilities	1,246,764	381,814
Equity		
Contributed equity	83,976,565	73,356,647
Reserves	1,447,730	1,447,730
Accumulated losses	(32,705,841)	(26,636,306)
Total equity	52,718,454	48,168,071
Statement of Profit or Loss and Other Comprehensive Income		
Loss for the year	(6,069,535)	(1,829,043)
Total comprehensive loss for the year	(6,069,535)	(1,829,043)

The parent entity has not provided any financial guarantees in respect of subsidiaries, nor did it have any contingent liabilities as at 30 June 2016 or 30 June 2015.

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

DIRECTORS' DECLARATION

1. In the Directors' opinion
 - (a) the consolidated financial statements and notes set out on pages 46 to 72 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 2016 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 to the consolidated financial statements which include a statement of compliance International Financial Reporting Standards.

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



David W Muller s

Chairman



Chris N Tziolis

Managing Director

Darwin, Northern Territory
28 September 2016

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 2016, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 29 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

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

Independence

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



Auditor's opinion

In our opinion:

- (a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the financial report of the Group also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the remuneration report

We have audited the Remuneration Report included in pages 36 to 41 of the directors' report for the year ended 30 June 2016. 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 2016, 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 reads 'Clive Garland'.

Clive Garland
Partner

Darwin

28 September 2016

RUM JUNGLE RESOURCES LTD

TENEMENT SCHEDULE at 30 June 2016

Commodity	Project & Tenements	Registered Holder	Tenement Ownership	Expiry Date	Area Blocks	Area km ²
Phosphate	Ammaroo NT					
	EL 24726	Territory Phosphate Pty Ltd	100%	31 March 2018*	157	501.54
	EL 25183	Territory Phosphate Pty Ltd	100%	18 April 2017	24	76.58
	EL 25184	Territory Phosphate Pty Ltd	100%	18 April 2017	43	137.40
	EL 25185	Territory Phosphate Pty Ltd	100%	18 April 2017	128	408.25
	EL 27987	Territory Phosphate Pty Ltd	100%	26 October 2016	9	28.77
	EL 28402	Territory Phosphate Pty Ltd	100%	19 June 2017	22	70.27
	EL 28403	Territory Phosphate Pty Ltd	100%	19 June 2017	67	214.02
	EL 28648	Territory Phosphate Pty Ltd	100%	24 July 2017	4	12.81
	EL 29373	Territory Phosphate Pty Ltd	100%	13 September 2018	151	483.13
	EL 29374	Territory Phosphate Pty Ltd	100%	13 September 2018	125	400.68
	EL 30520	Territory Phosphate Pty Ltd	100%	31 March 2018*	27	86.42
	EL 30663	Territory Phosphate Pty Ltd	100%	30 July 2021	33	105.25
	MLA 29463	Territory Phosphate Pty Ltd	100%	na	na	6375 ha
MLA 29854	Territory Phosphate Pty Ltd	100%	na	na	9074 ha	
Phosphate	Singleton NT					
	EL 30613	Territory Phosphate Pty Ltd	100%	14 June 2021	21	67.42
Phosphate	Patanella NT					
	EL 24716	Territory Phosphate Pty Ltd	100%	30 November 2017	59	187.11
	EL 24724	Territory Phosphate Pty Ltd	100%	1 December 2017	15	47.57
Phosphate	Brunchilly NT					
	EL 30222	Territory Phosphate Pty Ltd	100%	14 October 2020	236	768.25
	EL 30223	Territory Phosphate Pty Ltd	100%	14 October 2020	156	507.24
	EL 30224	Territory Phosphate Pty Ltd	100%	14 October 2020	221	718.44
Phosphate	Burge Bore NT					
	EL 30225	Territory Phosphate Pty Ltd	100%	14 May 2021	108	352.87
Phosphate	Weedens NT					
	EL 30672	Territory Phosphate Pty Ltd	100%	30 July 2021	139	447.96
Potash	Karinga Lakes NT					
	EL 24987	Rum Jungle Resources Ltd	100%	9 October 2016	71	220.37
	EL 25080	Rum Jungle Resources Ltd	100%	8 October 2016	204	633.58
	EL 28205	Rum Jungle Resources Ltd	100%	8 March 2017	19	59.04
	EL 28272	Rum Jungle Resources Ltd	100%	13 April 2017	19	59.03
	EL 28872	Rum Jungle Resources Ltd	100%	5 March 2018	11	34.15
	EL 30381	Rum Jungle Resources Ltd	100%	15 March 2021	154	479.18
	EL 30382	Rum Jungle Resources Ltd	100%	15 March 2021	114	330.14
Potash	Lake Amadeus NT					
	ELA 30194	Rum Jungle Resources Ltd	100%	na	70	218.00
	ELA 30195	Rum Jungle Resources Ltd	100%	na	200	622.88
	ELA 30196	Rum Jungle Resources Ltd	100%	na	143	446.18
	ELA 30197	Rum Jungle Resources Ltd	100%	na	203	633.44
	ELA 30389	Rum Jungle Resources Ltd	100%	na	186	527.56
	ELA 30650	Rum Jungle Resources Ltd	100%	na	61	190.51
Potash (RUM has 51% of potash rights)	Lake Mackay South JV WA					
	E 80/3484	Toro JV (Nova Energy)	100% Nova	15 May 2017	35 in JV	421.80 in JV
	E 80/3485	Toro JV (Nova Energy)	100% Nova	15 May 2017	17 in JV	
	E 80/3486	Toro JV (Nova Energy)	100% Nova	15 May 2017	69 in JV	
E 80/3519	Toro JV (Nova Energy)	100% Nova	15 May 2017	12 in JV		
Potash	Lake Frome SA					
	EL 5546	Rum Jungle Resources Ltd	100%	4 January 2017	na	949.00
	EL 5547	Rum Jungle Resources Ltd	100%	4 January 2017	na	995.00
	EL 5548	Rum Jungle Resources Ltd	100%	4 January 2017	na	774.00
Potash	Lake MacDonald WA & NT					
	ELA 30478	Rum Jungle Resources Ltd	100%	na	39	122.85
	E 69/3290	Rum Jungle Resources Ltd	100%	8 March 2020	99	311.90
	E 80/4896	Rum Jungle Resources Ltd	100%	7 June 2020	72	226.80
Silica	Dingo Hole NT					
	EL 30659	Rum Jungle Resources Ltd	100%	amalgamated into EL 31078	11	35.16
	EL 30792	Rum Jungle Resources Ltd	100%			
	EL 30819	Rum Jungle Resources Ltd	100%			
	EL 31078	Rum Jungle Resources Ltd	100%			
Silica	Tobermorey NT					
	EL 31033	Territory Mining Pty Ltd	100%	na	110	349.70
	EL 31034	Territory Mining Pty Ltd	100%	na	113	359.08
Silica	Dneiper NT					
	EL 31035	Territory Mining Pty Ltd	100%	na	12	37.99
	EL 31036	Territory Mining Pty Ltd	100%	na	65	205.92
Silica	Old South Road NT					
	EL 31041	Territory Mining Pty Ltd	100%	na	14	43.92
Uranium/ Uranium	Westmoreland NT					
	MLN 585	Central Australian Phosphate Pty Ltd	100%	31 December 2021	na	12.14 ha
	MLN 578	Central Australian Phosphate Pty Ltd	100%	31 December 2017	na	6.47 ha
Uranium	EL 23573	50% Central Australian Phosphate Pty Ltd 50% Laramide JV (Lagoon Creek Resources)	50% / 50%	22 December 2017	65	189.90
key: EL / E - Exploration Licence ML - Mineral Lease A - Application *renewed after 30 June 2016						

key: EL / E - Exploration Licence ML - Mineral Lease A - Application *renewed after 30 June 2016

ADDITIONAL SHAREHOLDER INFORMATION

Additional information required by the ASX Limited ("ASX") Listing Rules as at 23 September 2016 and not disclosed elsewhere in the report is set out below.

Substantial shareholders

The following shareholders have lodged substantial shareholder notices with ASX:

Substantial Shareholder	Number of RUM Shares held	Percentage of issued share capital
Washington H Soul Pattinson and Co Ltd	54,826,688	38.28%

Distribution of Shareholders

The distribution of security holders is as follows:

Range of holding	Shareholders	Number of Ordinary Shares
100,001 and over	572	912,910,640
10,001 – 100,000	1,132	46,319,989
5,001 – 10,000	357	2,967,227
1,001 – 5,000	498	1,365,452
1 – 1,000	582	198,184
Totals	3,141	963,761,492

The number of shareholders holding less than a marketable parcel of ordinary shares is 1,846.

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	368,941,067	38.28
BRISPOUT NOMINEES PTY LTD <HOUSE HEAD NOMINEE NO 1 A/C>	35,820,515	3.72
JOHN A NEWTON & WANDA G NEWTON <DRAWONE S/F A/C>	30,000,000	3.11
FARJOY PTY LTD	27,420,683	2.85
CITICORP NOMINEES PTY LIMITED	23,633,107	2.45
J P MORGAN NOMINEES AUSTRALIA LIMITED	19,995,695	2.07
CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	18,750,000	1.95
LION SELECTION GROUP LTD	17,920,381	1.86
FINCHING PTY LTD SF A/C	15,450,115	1.60
KENSINGTON CAPITAL MANAGEMENT PTY LTD	13,000,000	1.35
KEO PROJECTS PTY LTD <SUPERANNUATION FUND A/C>	11,037,962	1.15
DRAWONE PTY LTD <NEWTON INVESTMENT A/C>	10,500,000	1.09
MR IAN LAWTON BARDEN + MRS LESLEY CORRIE BARDEN <BARDEN SUPER FUND A/C>	10,000,000	1.04
BARBWAY PTY LTD <SPENCER FAMILY A/C>	6,756,497	0.70
RJ & KE SUPER FUND PTY LTD <RJ & KE SUPER FUND A/C>	6,375,000	0.66
CHAFCO PTY LTD <D CHAFFEY SUPER FUND A/C>	6,175,000	0.64
TINTERN (VIC) PTY LTD <A & P MILLER FAMILY A/C>	5,400,432	0.56
FINCHING PTY LTD	5,107,143	0.53
MR GREGORY BRUCE HILL	4,875,000	0.51
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,840,489	0.50
Total	641,999,086	66.61
Balance of Register	321,762,406	33.39
Grand Total	963,761,492	100.00

NOTES

