

OAKDALE RESOURCES LIMITED
ACN 009 118 861

ANNUAL REPORT 30 JUNE 2016

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ACN 009 118 861

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2016

INDEX

Corporate Directory	1
Managing Directors' Report	2
Directors' Report	7
Corporate Governance Statement	14
Consolidated Statement of Profit and Loss and Other Comprehensive Income	23
Consolidated Statement of Financial Position	24
Consolidated Statement of Changes in Equity	25
Consolidated Statements of Cash Flows	26
Notes to the Consolidated Financial Statements	27
Directors' Declaration	43
Auditor's Independence Declaration	44
Independent Auditor's Report	45
ASX Additional Information	47

CORPORATE DIRECTORY

Board of Directors

Mr John E Lynch
Mr Graham White
Mr Phillip Staveley
Mr Andrew Harrington

Company Secretary

Mr Hemant Amin

Auditors

BDO East Coast Partnership
Level 14, 140 William Street
Melbourne VIC 3000

Registered & Principal Office

8 Maud Street
Newstead QLD - 4006

Postal address: PO Box 3199, Newstead QLD - 4006

Telephone: (07) 3624 8188
Facsimile: (07) 3623 8133

Stock Exchange Listing

Oakdale Resources Limited shares are listed on the Australian Securities Exchange
(ASX Code – OAR)

Share Registry

Security Transfer Registrars Pty Limited
770 Canning Highway
Applecross WA 6153

Telephone: (08) 9315 2333
Facsimile: (08) 9315 2233

MANAGING DIRECTOR'S REPORT

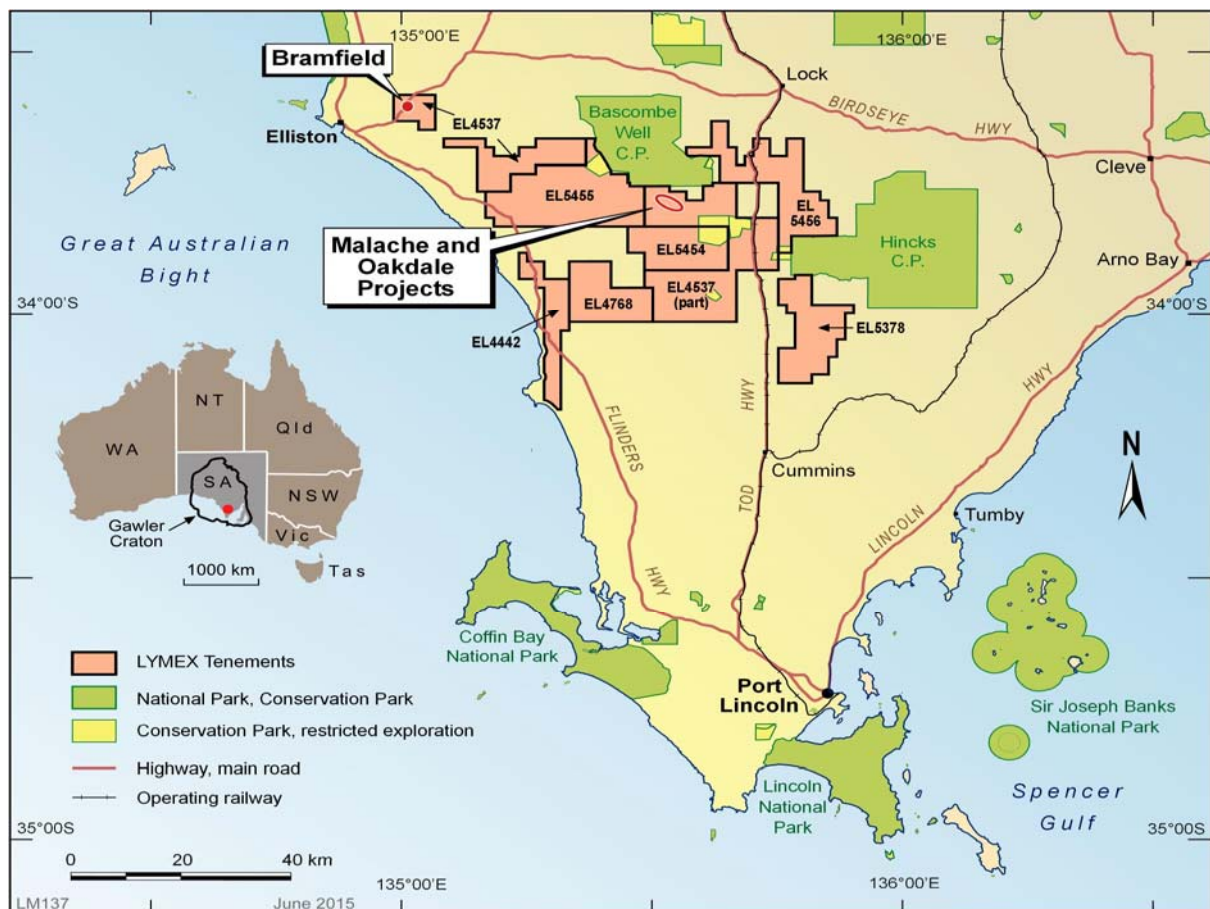
Oakdale Resources Limited (**Oakdale Resources**) announced during the year it had made a financially viable discovery of graphite mineralisation at its Oakdale Graphite Project on the Eyre Peninsula in South Australia.

An ore resource, metallurgical pathway and a positive Scoping Study were completed and released to the ASX during the year highlighting the robust economics of the Oakdale Graphite Project. The Scoping study demonstrating a NPV of \$170.2m on a project with capex of \$48.7m and cost of production of \$286/tonne

Mineral Resource estimates were delineated for the Oakdale Graphite Project Area consisting of 6,220,000 tonnes at a grade of 4.8% TGC (Total Graphitic Carbon) within an overall saprolitic graphite resource of 13,450,000 tonnes of 3.3% TGC.

A confirmed metallurgical processing route was demonstrated indicating that Oakdale Resources can produce a +90% TGC concentrate by grinding to 90% passing 150µm. Recovery will be approximately 84% overall. A conceptual Oxide Processing Flowsheet for Oakdale Resources graphite has been delineated based on extensive metallurgical test work.

Given the geographical location of the Oakdale Resources graphite deposits on the Eyre Peninsula in South Australia, and the stable political and economic climate in Australia, in particular when compared to the political and economic climate of the countries in which a number of the other graphite companies are located, the Company believes that it has a significant competitive advantage over many of its graphite competitors.



MANAGING DIRECTOR'S REPORT – (CONT'D)

Mineral Resources

- Mineral resource calculations for the Oakdale area and the partially drilled Oakdale East prospect were completed during the year by Adelaide based Maptek.

Oakdale plus Oakdale East

- The total indicated and inferred mineral resource calculated within the two mineralised zones drilled to date at a 3% TGC cut-off is 6,220,000 tonnes at a grade of 4.8% TGC within an overall saprolitic graphite resource of 13,450,000 tonnes at 3.3% TGC within the interpreted mineralised domains.

Oakdale Project Area

- 5,650,000 tonnes of 4.7% TGC at a cut-off grade of 3% TGC is contained in an overall indicated and inferred resource of 11,800,000 tonnes at 3.3% TGC within the interpreted mineralised domains.

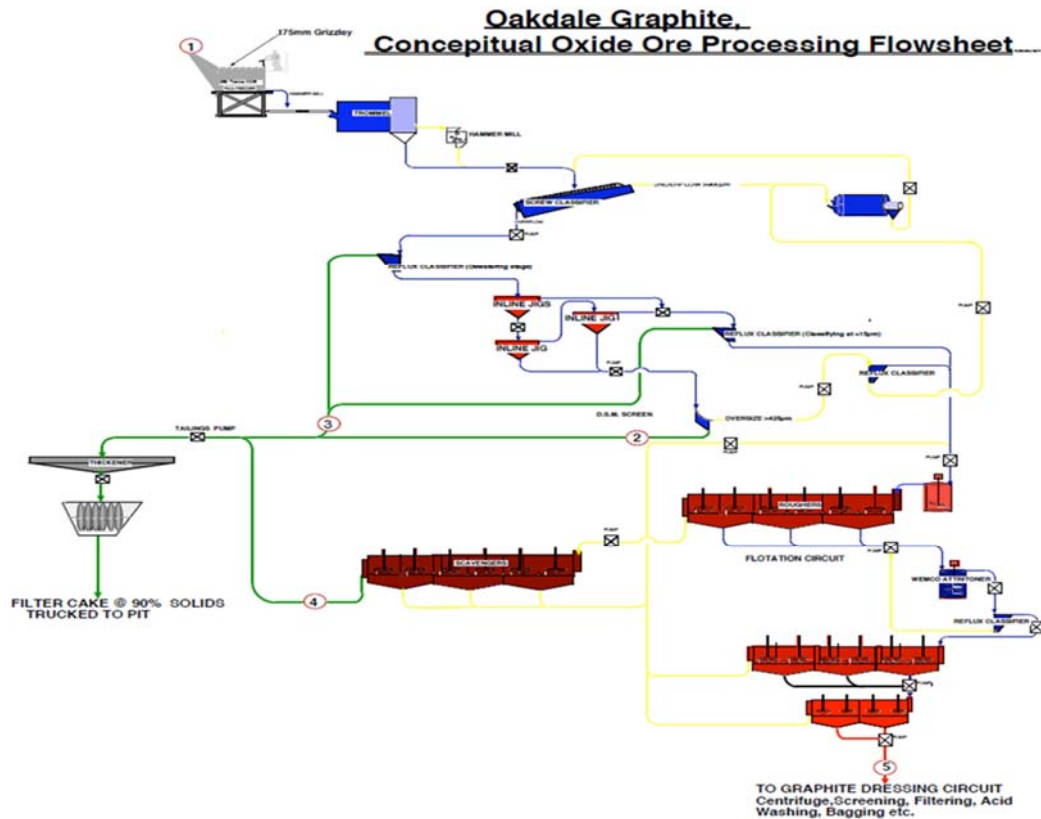
Oakdale East Prospect Area (partially drilled and open to the east and west)

- 670,000 tonnes of 5.1% TGC at a cut-off of 3% TGC is contained in an overall inferred resource of 1,600,000 tonnes of 3.2% TGC within the interpreted mineralised domains.
- The mineral resources at Oakdale of 5,650,000 tonnes of 4.7% TGC reported above include 2,686,000 tonnes of indicated resources at the same grade of 4.7% TGC.
- The mineral resource is based upon a dry Specific Gravity (SG) of 1.8. The saprolitic graphite mineralisation will be damp so the in situ tonnages will be approximately 10% higher at the same grade.

Metallurgy

The test work indicates that a +90% graphite float concentrate can be achieved with 84% recovery of the contained graphite. This float graphite concentrate will be treated by acid washing to obtain a greater than 99% graphite concentrate. These results are encouraging as a 99%+ concentrate has a high economic value and is used in the manufacture of spherical graphite, one of the core ingredients of lithium ion batteries.

MANAGING DIRECTOR'S REPORT – (CONT'D)



Simple ore processing Flowsheet with no crushing and minimal secondary grinding

Scoping Study

Highlights of the Scoping Study are as follows:

- | | |
|-----------------------|---------------------------|
| • Oakdale | 5.65m tonnes @ 4.7% TGC |
| • Oakdale East | 670,000 tonnes @ 5.1% TGC |
| • Mining Rate: | 2m tonnes p.a. |
| • Forecast production | 94,500 tonnes p.a. |
| • Mill Recovery: | 80% |
| • Cost of Production | AUD\$286 per tonne |
| • NPV | AUD\$170.2m over 3 years |

Summary of the results of the Scoping Study:

- The Scoping Study highlights the robust economic nature of the Oakdale Graphite Project with an estimated operational cost of mining and processing assessed to be AUD \$13.25 per tonne and a projected cash cost of production of approximately AUD \$ 286 per tonne. Based on an initial 3 years mine life for the Oakdale Project the NPV for the project is estimated at AUD\$ 170m.
- The initial graphite resource has been outlined over a distance of 1,500 metres and a width of up to 500 metres. The graphite mineralisation is approximately 20 metres thick in the saprolite zone with a maximum depth of 55 metres. This mineralisation contains both indicated and inferred mineral resources.

MANAGING DIRECTOR'S REPORT – (CONT'D)

Summary of the results of the Scoping Study (cont'd)

- The Scoping Study has been completed with assistance of Maptek (ore resources), Esker Milling & Processing Pty Ltd, Bureau Veritas, Adelaide, ALS Metallurgy, Burnie (metallurgy) and Alliance Contracting (mining).
- The study was based on an initial 3 years of operation. Graphite has been intersected in wide spaced drill holes and further drilling is planned for Oakdale East and North.
- Operating costs for the mill have been estimated at approximately AUD \$9.00/tonne based on metallurgical test work conducted by Bureau Veritas in Adelaide, in conjunction with Consultant Metallurgist, Nick Moony of Esker Milling and Processing Pty Ltd with no primary crushing and only minor secondary grinding required.
- The mining cost of approximately AUD \$2.25 per tonne has been estimated by Alliance Contracting. No drilling or blasting is expected to be required.
- The current graphite price for the grades of flake expected to be produced has been used in the financial modelling. The incremental pricing for higher grades of graphite by chemical leaching should increase the value of the project (higher purity will lead to a higher NPV).

Potential Additional Graphite Resources

Diamond drill hole BLDD15, approximately one kilometre north of the primary Oakdale project area, previously drilled in 2007 has been assayed for TGC. These assays demonstrate that the graphite occurs over 39% of the drill hole, that is over 50 metres in an overall interval of 129 metres and assays received (average 6.6% TGC) are as follows.

From	To	Interval	TGC%
124.12	126.60	2.48	8.99
129.90	136.45	6.55	11.73
142.40	143.74	1.34	12.20
146.90	156.30	9.40	8.42
161.40	162.60	1.20	4.95
168.05	169.60	1.55	8.65
172.30	186.00	13.70	4.76
204.10	207.05	2.95	5.27
239.80	241.80	2.00	7.80
244.64	253.30	8.66	2.14

Rehabilitation

All aircore holes, diamond drill holes and other disturbances have been rehabilitated.

MANAGING DIRECTORS' REPORT – (CONT'D)

Planned Programme

Work in the coming year will concentrate on improving the Scoping Study, preparing for a Mining Lease Application and seeking prospective offtake partners to develop the Oakdale Graphite Project.

The Company is also exploring a range of strategic commercial opportunities that are aimed at further enhancing shareholder value.

The Company has made good progress on the evaluation of the Oakdale Graphite Project since listing on the ASX.

I want to thank shareholders for their ongoing support of the Company and look forward to an exciting year ahead.

Yours sincerely

A handwritten signature in black ink, appearing to read 'J. E. Lynch', written in a cursive style.

John E Lynch B.Sc (Sydney) M.Sc. (James Cook) FAICD and FAIMM
Managing Director

DIRECTORS' REPORT

Your directors present the following report for the financial year ended 30 June 2016.

Directors

The names and details of the Company's directors at the date of this report are as follows;

Mr John Lynch B.Sc (Sydney) M.Sc. (James Cook) FAICD and FAIMM

John Lynch was appointed on 27 November 2014 and he is the Managing Director of the Company following completion of the acquisition of Lymex Tenements Pty Ltd.

He has significant exploration and development experience including the discovery and development of the Mt Leyshon, Camel Creek and Big Rush gold mines in North Queensland and the discovery and evaluation of the Weda Bay nickel cobalt deposit in Indonesia.

He has successfully delivered a number of mining projects into production. John Lynch has previously held the following positions: Founding Director, President and CEO of Weda Bay Minerals Inc; Founder and Managing Director of Werrie Gold Limited; General Manager, Director and Co-founder of Pan Australian Mining Limited; Exploration Manager of Marathon Petroleum Australia Ltd; Exploration Manager and Chief Geologist of Metals Exploration Limited; and Assistant Exploration Manager of North Broken Hill Limited.

Mr Graham White B.A.

Graham White was appointed as a Non-Executive Director of the Company on 27 November 2014.

He has extensive experience in investor and media relations with companies and organisations in the mining sector over more than 25 years. He has consulted to industry groups including the Minerals Council, The Aus IMM and AMIRA International on communications issues, handled investor and media relations for a range of minerals companies and developed and managed community relations programmes for mining projects and for other sensitive industries.

Mr Phillip Staveley CPA. B.A. (Hons) Dip Btr

Phillip Staveley was appointed as a Non-Executive Director of the Company on 27 November 2014.

He is a qualified accountant with over 30 years' experience in the resources sector. He started his career in the oil and gas sector working for Schlumberger in London, followed by a number of years with SAGASCO and SAOG (South Australian Oil and Gas Company).

After a number of years in that sector he moved to the mining sector, spending almost ten years with Normandy Mining Limited. Whilst with Normandy, Phillip fulfilled a number of planning, finance, M&A and commercial roles, including the establishment of a Group Supply Function and spending three years based in Rio de Janeiro as the CFO of TVX Normandy Americas.

In recent years he has been involved in mining and contracting companies in CFO and, more recently, CEO roles with an emphasis on strategy and corporate finance. He is currently engaged in the acquisition, funding and development of several resource projects in Australia and Brazil.

DIRECTORS' REPORT (CONT'D)

Mr Andrew Harrington B.Econ, M.Bus.

Andrew Harrington was appointed as a Non-Executive Director of the Company on 27 November 2014.

He has worked in the mining and energy industries for 17 years in consulting, project finance, institutional banking, and stockbroking roles. He was a top rated mining and energy equities analyst at Patersons Securities for six years where he covered the coal, rare earths, lithium, and other specialty products like graphite. In that time Reuters Starmine awarded him the #1 Stock pickers in the Energy Sector for 2011.

Andrew has previously worked at ANZ, Wood Mackenzie, and ABN Amro in various analytical and client-facing roles. He is an expert in mining evaluation and has conducted due diligence, market supply and demand analysis, management interrogation, and financial modelling on many projects. He is often quoted in the print and television media commenting on the mining industry. Currently, he is the director and founder of his own advisory firm, Indexys, which assists miners and investors with valuation, analysis, presentations, capital allocation and sourcing.

Directors' interests

The relevant interest of each director in the share capital of the Company as notified by the directors to the Australian Stock Exchange in accordance with S205G(1) of the *Corporations Act 2001*, at the date of this report is as follows, including beneficial or related party interest:

Directors	No of Ordinary Shares	No. of Options over Ordinary Shares
Mr John E Lynch	26,302,228	Nil
Mr Graham White	146,387	Nil
Mr Phillip Staveley	10,000	Nil
Mr Andrew Harrington	Nil	Nil

Directors meetings

The number of directors' meetings held during the financial year and the number of meetings attended by each director are as follows:

Director	Directors' Meetings	
	Eligible to attend	Attended
Mr John E Lynch	4	4
Mr Graham White	4	4
Mr Phillip Staveley	4	4
Mr Andrew Harrington	4	4

Unissued shares under option

There were no unissued ordinary shares of the Company under option at the date of this report.

DIRECTORS' REPORT (CONT'D)

Shares issued on exercise of options

No shares have been issued on the exercise of options during the financial year.

Dividends paid or recommended

There were no dividends paid or declared by the Company during the financial year.

Principal Activities

The Consolidated entity carry out mining exploration with the intention of developing a viable graphite mining operation and graphite project located on Central Eyre Peninsula in South Australia.

Review and Results of Operations

The Consolidated entity has made good progress on the evaluation of the Oakdale Graphite Project since listing on the ASX. The Company made discovery of financially viable graphite resources at its Oakdale Graphite Project on the Eyre Peninsula in South Australia.

Metallurgical test work has defined the optimal treatment method to obtain maximum recoveries of flake graphite. These recovered samples of flake graphite will be used by the Consolidated entity to pursue off-take agreements with appropriate customers.

The financial result for the year ended 30 June 2016 was a loss of \$491,244 (2015: loss of \$1,796,541).

Significant changes in state of affairs

There were no significant changes in the state of affairs of the Consolidated entity and its controlled entities that occurred during the financial year under review not otherwise disclosed in this report or the accompanying financial report.

After Balance Sheet Date events

Directors are not aware of any matters or circumstances not otherwise dealt with in this report that has significantly or may significantly affect the operations or the state of affair of the Consolidated entity in future financial periods.

Environmental issues

The consolidated entity aims to ensure that the highest standard of environmental care is achieved. The Board maintains the responsibility to ensure that the consolidated entity's environment policies are adhered to and to ensure that the consolidated entity is aware of and is in compliance with all relevant environmental legislation. There have been no environmental breaches during the 2016 financial year and also during 2015 financial year.

DIRECTORS' REPORT (CONT'D)

REMUNERATION REPORT (AUDITED)

This report, which forms part of the Directors' Report, outlines the remuneration arrangements in place for the Key Management Personnel ("KMP") of Oakdale Resources Limited for the financial year ended 30 June 2016. The information provided in this Remuneration Report has been audited as required by Section 308(3C) of the *Corporations Act 2001*.

The Remuneration Report details the remuneration arrangements for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company.

The directors and other key management personnel of the Consolidated entity during or since the end of the financial year were:

Mr John E Lynch
Mr Graham White
Mr Phillip Staveley
Mr Andrew Harrington

There is no formal contract of employment for the executives of the Consolidated entity. Whilst there is no formal contract of employment, standard employment conditions apply.

The remuneration for Executive Directors is currently not linked to the Consolidated entity's financial performance or share price. None of the remuneration of the directors listed below was considered at risk.

There are no retirement schemes in place for directors other than statutory contributions to superannuation.

The Remuneration Report is set out under the following headings:

- A Principles used to determine the nature and amount of remuneration**
- B Details of remuneration**
- C Share based payments**
- D Equity Holdings**

A Principles used to determine the nature and amount of remuneration

The objective of the Consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The Board ensures that executive reward satisfies the following criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- transparency
- capital management

The remuneration structure for KMPs including directors, company secretary and senior managers is based on the following factors:

- experience of the individual concerned
- the overall performance of the market in which the Consolidated entity operates
- the overall performance of the Consolidated entity

DIRECTORS' REPORT (CONT'D)

REMUNERATION REPORT (CONT'D)

B Details of remuneration

Remuneration levels are set by the Consolidated entity in accordance with industry standards to attract suitable qualified and experienced directors and senior executives.

The Consolidated entity has not engaged a remuneration consultant. There is no formal contract of employment for the executives of the Consolidated entity. Whilst there is no formal contract of employment, standard employment conditions apply.

Key Management Personnel emoluments

	Short-term	Long-term	Post-employment	Total
2016	Salary and fees	Long service leave	Superannuation	2016
	\$	\$	\$	\$
Mr John E Lynch	165,000	-	-	165,000
Mr Graham White	33,333	-	-	33,333
Mr Phillip Staveley	28,450	-	2,703	31,153
Mr Andrew Harrington	33,333	-	-	33,333
Total	260,116	-	2,703	262,819

	Short-term	Long-term	Post-employment	Total
2015	Salary and fees	Long service leave	Superannuation	2015
	\$	\$	\$	\$
Mr John E Lynch	117,920	-	-	117,920
Mr Graham White	23,667	-	-	23,667
Mr Phillip Staveley	23,667	-	2,189	25,856
Mr Andrew Harrington	23,666	-	-	23,666
Mr Constantine A Scrinis *	-	-	-	-
Mr Gregory J Wood **	-	-	-	-
Mr Hemant Amin ***	18,000	-	-	18,000
Total	206,920	-	2,189	209,109

* Mr Constantine A Scrinis - resigned on 17 February 2015

** Mr Gregory J Wood - resigned on 27 November 2014

*** Mr Hemant Amin - resigned as director on 17 February 2015 and continues in his role as Company Secretary of the Company

C Share-based compensation

No options or ordinary shares were provided as remuneration during the financial year and no shares were issued on exercise of options issued during the year.

DIRECTORS' REPORT (CONT'D)

REMUNERATION REPORT (CONT'D)

D Directors' equity holdings

At the date of this report, directors have relevant interests in ordinary shares in Oakdale Resources Limited as follows

Directors	No of Ordinary Shares	No. of Options over Ordinary Shares
Mr John E Lynch	26,302,228	Nil
Mr Graham White	146,387	Nil
Mr Phillip Staveley	10,000	Nil
Mr Andrew Harrington	Nil	Nil

Other transactions with key management personnel and their related parties

The Company paid \$95,000 (2015: \$103,433) for services provided by Bourse Securities Pty Ltd, a related entity of Mr John E Lynch during financial year ended 30 June 2016. The services were provided on an arms length basis. All transactions were made on normal commercial terms and conditions and at market rates.

End of Remuneration Report (audited)

DIRECTORS' REPORT (CONT'D)

Indemnification and insurance of officers and auditors

During the financial year, the Consolidated entity maintained an insurance policy which indemnifies the directors and officers of the Consolidated entity in respect of any liability incurred in connection with the performance of their duties as directors or officers of the Consolidated entity to the extent permitted by the *Corporations Act 2001*. The Consolidated entity's insurers have prohibited disclosure of the amount of the premium payable and the level of indemnification under the insurance contract.

The Consolidated entity has not paid any insurance premiums in respect of any past or present directors or auditors, other than as required by law.

Proceedings on behalf of the Consolidated entity

No proceedings have been entered into on behalf of the Consolidated entity.

Likely developments and expected results

The Company will continue to pursue its operating strategy to create shareholder value. In the opinion of the directors, disclosure of any further information would be likely to result in unreasonable prejudice to the consolidated entity.

Non-audit services

The Consolidated entity's auditors BDO East Coast Partnership (BDO) provided non-audit services in relation to tax compliance and other accounting services to the Company for which \$11,250 (2015: \$18,250) was paid or payable to BDO by the Consolidated entity. The directors are satisfied that the provision of the non-audit services was compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of the non-audit services provided was not such that auditor independence was compromised.

Auditor's independence declaration

The Auditors Independence Declaration for the year ended 30 June 2016 has been received and can be found on page 44 of the financial report.

Signed on 26 August 2016 in accordance with a resolution of the directors made pursuant to section 298(2) of the *Corporations Act 2001*.



Director : John E Lynch
Melbourne, 26 August 2016

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Oakdale Resources Limited (“the Company”) is responsible for the corporate governance of the economic entity. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

To ensure that the Board is well equipped to discharge its responsibilities, it has established guidelines and accountability as the basis for the administration of corporate governance.

CORPORATE GOVERNANCE DISCLOSURES

The Board and management are committed to good corporate governance and have followed the “Principles of good Corporate Governance and Best Practice Recommendations” issued by the Australian Securities Exchange (“ASX”) Corporate Governance Council to the extent that they are applicable to the Company.

In summary, the Company departs from the Guidelines in three key areas:

- First, the Company does not have a separate Nomination Committee. This is a departure from Recommendation 2.4. The full Board attends to the matters normally attended to by a Nomination Committee;
- Second, the Company does not have a separate Remuneration Committee. This is a departure from Recommendation 8.1. The full Board attends to the matters normally attended to by a Remuneration Committee. Remuneration levels are set by the Company in accordance with industry standards to attract suitable qualified and experienced directors and senior executives; and
- Third, the Company currently does not have a separate audit committee. This is a departure from Recommendation 4.1. The Company is of a size and a level of current activity that enables the full Board to be able to attend to the matters normally attended to by the Audit Committee.

ROLE OF THE BOARD

The key responsibilities of the Board include:

- appointing, evaluating, rewarding and, if necessary, the removal of senior management;
- development of corporate objectives and strategy with management and approving plans, new investments, major capital and operating expenditures and major funding activities proposed by management;
- monitoring actual performance against defined performance expectations and reviewing operating information to understand at all times the state of the health of the Company;
- overseeing the management of business risks, safety and occupational health, environmental issues and community development;
- satisfying itself that the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Company for the period under review;

CORPORATE GOVERNANCE STATEMENT (CONT'D)

ROLE OF THE BOARD (CONT'D)

- satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, risk management and financial and other reporting; including reporting under listing rules 3.19A and 3.19B and section 205G of the *Corporations Act 2001*, are in place and functioning appropriately.
- assuring itself that appropriate audit arrangements are in place;
- ensuring that the Company acts legally and responsibly on all matters and assuring itself that the Company has adopted, and that the Company's practice is consistent with, a number of guidelines, being:
 - Directors and Executive Officers Code of Conduct;
 - Dealings in Securities; and
 - Reporting and Dealing with Unethical Practices.
- reporting to and advising shareholders.

STRUCTURE OF THE BOARD

Directors of the Company are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment.

An independent director is a non-executive director (that is, is not a member of management) and:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three years has not been employed in an executive capacity by the Company or its subsidiaries, or been a director after ceasing to hold any such employment;
- is not a principal or employee of a professional advisor to the Company or its subsidiaries whose billings are a material amount of the adviser's total revenue;
- is not a significant supplier or customer of the Company or its subsidiaries, or an officer of or otherwise associated directly or indirectly with a significant supplier or customer. A significant supplier is defined as one whose revenues from the Company are a material amount of the supplier's total revenue. A significant customer is one whose amounts payable to the Company are a material amount of the customer's total operating costs;
- has no material contractual relationship with the Company or its subsidiaries other than as a director of the Company;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company;
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

In accordance with the definition of independence above, there are currently three non-executive directors of Oakdale Resources Limited who are considered to be independent.

There are procedures in place, agreed by the Board, to enable the directors in furtherance of their duties to seek independent professional advice at the Company's expense.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

STRUCTURE OF THE BOARD (CONT'D)

The term in office held by each director is as follows:

Name	Term
Mr John E Lynch	No Contract
Mr Graham White	No Contract
Mr Phil Staveley	No Contract
Mr Andrew Harrington	No Contract

When a Board vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the service of a new director with particular skills, the full Board will recommend a candidate or panel of candidates with the appropriate expertise.

The Board then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders.

Remuneration and Nomination Committee

The Board has not established a formal Remuneration or Nomination Committee. The full Board attends to the matters normally attended to by a Remuneration and a Nomination Committee. Remuneration levels are set by the Company in accordance with industry standards to attract suitable qualified and experienced directors and senior executives.

For full discussion of the Company's remuneration philosophy and framework and the remuneration received by directors and executives in the current period, please refer to the Remuneration Report which is contained within the Directors' Report.

There is no scheme to provide retirement benefits to Non-Executive Directors other than superannuation as required by law.

The Board is responsible for determining and reviewing compensation arrangements for the directors themselves.

Audit and Risk Management Committee

The Board has not established an Audit and Risk Management Committee. The full Board attends to the matters normally attended to by such a Committee.

The Board acknowledges that when the size and nature of the Company warrants an Audit and Risk Management Committee that the Committee will operate under a Charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the Company. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of key performance indicators.

The Board will delegate responsibility for establishing and maintaining a framework of internal control and ethical standards to the Audit and Risk Management Committee.

The Company's policy is to appoint external auditors who clearly demonstrate independence. The performance of the external auditor is reviewed annually by the Board. The auditors have a policy of rotating the audit partner at least every 5 years.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

RISK MANAGEMENT

The Board recognises that the identification and management of risk, including calculated risk taking, is an essential part of creating long term shareholder value. The identification and management of risk by the Board will continue to be monitored. However, until such time as a business or project is acquired by the Company, specific risks related to that business or project are currently unknown.

The Company will undertake a comprehensive due diligence process, in consultation with its external legal and other advisors prior to making any acquisitions. The preparation of a comprehensive risk management matrix will be prepared once a suitable acquisition has been identified.

The equivalent of the CEO and CFO provide written assurance to the Board on an annual basis that to the best of their knowledge and belief, the declaration provided by them in accordance with Section 295A of the *Corporations Act* is founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks.

The assurances from the equivalent of the CEO and CFO can only be reasonable rather than absolute due to factors such as the need for judgement and possible weaknesses in control procedures.

Any material changes in the Company's circumstances are released to the ASX and included on the Company's website.

BEST PRACTICE RECOMMENDATION

Outlined below are the 8 Essential Corporate Governance Principles as outlined by the ASX and the Corporate Governance Council. The Company has complied with the Corporate Governance Best Practice Recommendations except as identified below:

Corporate Governance Policy	Action Taken and reasons if not adopted
<p>Lay solid foundation for management and oversight</p> <p>Principle 1: Recognise and publish the respective roles and responsibilities of the board and management</p> <p>1.1 Formalize and disclose the functions reserved to the Board and those delegated to management</p> <p>1.2 Disclose the process for evaluating the performance of senior executives.</p> <p>1.3 Provide the information indicated in 'Guide to reporting on Principle 1'.</p>	<p>Adopted.</p> <p>The Company's Corporate Governance Policies includes a Board Charter, which discloses the specific responsibilities of the Board</p> <p>The Board monitors the performance of senior management including measuring actual performance against planned performance.</p> <p>The Company has provided details of any departures from Principle 1 in this Annual Report</p>

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BEST PRACTICE RECOMMENDATION (CONT'D)

Corporate Governance Policy	Action Taken and reasons if not adopted
<p>Structure the board to add value</p> <p>Principle 2: Have a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties</p> <p>2.4 The Board should establish a nomination committee.</p> <p>2.5 Disclose the process for evaluating the performance of the Board, its committees and the individual directors.</p> <p>2.6 Provide the information indicated in 'Guide to Reporting on Principle 2'.</p>	<p>Adopted except as follows:</p> <p>The Company is not of a size to justify having a Nomination Committee. Matters typically dealt with by such a Committee are dealt with by the full Board.</p> <p>The Board has adopted a policy to assist in evaluating board performance.</p> <p>The specified information, including details of any departures from Principle 2 has been provided in this Annual Report.</p>
<p>Actively promote ethical and responsible decision-making</p> <p>Principle 3: Promote ethical and responsible decision - making</p> <p>Establish a code of conduct to disclose the code or a summary of the code as to:</p> <p>The practices necessary to maintain confidence in the Company's integrity.</p> <p>The practices necessary to take into account their legal obligations and reasonable expectations of their stakeholders.</p> <p>The responsibility and accountability of individuals for reporting or investigating reports of unethical practices.</p> <p>Establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.</p>	<p>Adopted.</p> <p>The Company's Corporate Governance Policies include a Directors' and Executive Officer's Code of Conduct Policy, which provides a framework for decisions and actions in relation to ethical conduct in employment.</p> <p>Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Company is committed to diversity and recognises the benefits of, and arising from, employee and Board diversity and the importance of benefiting from all available talent.</p> <p>The diversity policy outlines requirements for the Board to develop measurable objectives for achieving diversity and annually assess both the objectives and the progress in achieving those objectives</p>

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BEST PRACTICE RECOMMENDATION (CONT'D)

Corporate Governance Policy	Action Taken and reasons if not adopted												
Disclose in each annual report measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.	The diversity policy outlines requirements for the Board to develop measurable objectives for achieving diversity and annually assess both the objectives and the progress in achieving those objectives. Accordingly, the Board has developed the following objectives regarding gender diversity and aims to achieve these objectives over the next five years as director and senior executive positions become vacant and appropriately qualified candidates become available:												
Disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.	<table><tr><td></td><td>Actual</td><td></td></tr><tr><td></td><td>Number</td><td>%</td></tr><tr><td>Women on the Board</td><td>0</td><td>0</td></tr><tr><td>Women in senior management roles</td><td>0</td><td>0</td></tr></table>		Actual			Number	%	Women on the Board	0	0	Women in senior management roles	0	0
	Actual												
	Number	%											
Women on the Board	0	0											
Women in senior management roles	0	0											
Establish a policy concerning trading in company securities by directors, senior executives and employees and disclose the policy or a summary of that policy	The Company’s Corporate Governance Policies includes Dealing in Securities Policy which provides comprehensive guidelines on trading in the Company’s securities.												
Provide the information indicated in 'Guide to Reporting on Principle 3’	The Company has provided details of any departures from Principle 3 in this Annual Report.												
Safeguard integrity in financial reporting													
Principle 4: Establish a structure to independently verify and safeguard integrity in financial reporting	Adopted except as follows:												
The Board should establish an audit committee.	The Company is not of a size to justify having a separate Audit and Risk Management Committee. However, matters typically dealt with by such a Committee are dealt with by the full Board												
Structure the audit committee so that it consists of: <ul style="list-style-type: none">Only non-executive directorsA majority of independence directors	Not applicable												
An independent chairperson who is not the chairperson on the Board													

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BEST PRACTICE RECOMMENDATION (CONT'D)

Corporate Governance Policy	Action Taken and reasons if not adopted
<p>The audit committee should have a formal operating charter.</p> <p>Provide the information indicated in the 'Guide to reporting on Principle 4'.</p>	<p>Not applicable</p> <p>The Company has provided details of any departures from Principle 4 in this annual Report</p>
<p>Promote timely and balanced disclosure</p> <p>Principle 5: Make timely and balance disclosure of all material matters concerning the Company</p> <p>Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance and disclose those policies or a summary of those policies.</p> <p>Provide the information indicated in the 'Guide to reporting on Principle 5'.</p>	<p>Adopted.</p> <p>The Company has a Continuous Disclosure Policy which is designed to ensure compliance with the ASX Listing Rules requirements on disclosure and to ensure accountability at a Board level for compliance and factual presentation of the Company's financial position.</p> <p>The Company will provide details of any departures from Principle 5 in its Annual Report.</p>
<p>Respect the rights of shareholders</p> <p>Principle 6: Respect the rights of shareholders and facilitate the effective exercise of those rights</p> <p>Design and disclose a communications policy to promote effective communication with shareholders and encourage effective participation at general meetings and disclose the policy or a summary of the policy.</p> <p>Provide the information indicated in the 'Guide to reporting on Principle 6'.</p> <p>Recognise and manage risk</p> <p>Principle 7: Establish a sound system of risk oversight and management and internal control</p>	<p>Adopted.</p> <p>The Company's Corporate Governance Policies includes a Shareholder Communications Policy which aims to ensure that the shareholders are informed of all material developments affecting the Company's state of affairs.</p> <p>The Company has provided details of any departures from Principle 6 in its Annual Report</p> <p>Adopted.</p>

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BEST PRACTICE RECOMMENDATION (CONT'D)

Corporate Governance Policy	Action Taken and reasons if not adopted
<p>The Board or appropriate Board committee should establish policies on risk oversight and management of material business risk and disclose a summary of those policies.</p>	<p>The Company's Corporate Governance Policies includes a Risk Management Policy which aims to ensure that all material business risks are identified and mitigated. The Board identifies the Company's 'risk profile' and is responsible for overseeing and approving risk management strategies and policies, internal compliance and internal controls. The Company's Risk Management policy is available on the Company's website</p>
<p>The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.</p> <p>The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the <i>Corporations Act 2001</i> is founded on a sound risk management and internal control and that the system is operating effectively in all material respects in relation to the financial reporting risks.</p> <p>Provide the information indicated in the 'Guide to reporting on Principle 7'.</p>	<p>The Board requires that the Managing Director designs and implements continuous risk management and internal control systems and provides reports at relevant times.</p> <p>The Board seeks, at the appropriate times, these relevant assurances from the individuals appointed to perform the role of Managing Director and the Chief Operating Officer.</p> <p>The Company has provided details of any departures from Principle 7 in this Annual Report.</p>
<p>Remuneration fairly and responsibly</p> <p>Principle 8: Ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined</p> <p>The Board should establish a Remuneration Committee.</p> <p>The Remuneration Committee should be structured so that it: consists of a majority of independent directors; is chaired by an independent director; and has at least three members.</p>	<p>Adopted except as follows:</p> <p>The Company is not of a size to justify having a separate Remuneration Committee. However, matters typically dealt with by such a committee are dealt with by the full Board.</p> <p>Not applicable.</p>

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BEST PRACTICE RECOMMENDATION (CONT'D)

Corporate Governance Policy	Action Taken and reasons if not adopted
Clearly distinguishes the structure of non-executive director's remuneration from that of executive directors and senior executives.	The Board distinguishes the structure of non-executive Director's remuneration from that of executive Directors and senior executives. The Company's Constitution provides that the remuneration of non-executive directors will be not more than the aggregated fixed sum by a general meeting of shareholders.

OAKDALE RESOURCES LIMITED
ACN 009 118 861

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

	Notes	2016 \$	2015 \$
Revenue			
Other income	2(b)	12,204	32,990
Expenses			
Administration expenses		(502,053)	(327,232)
Interest expenses		(1,395)	-
Cost of relinquished tenements		-	(86,476)
Listing expense	3	-	(1,415,823)
Total Expenses		(503,448)	(1,829,531)
Loss before income tax		(491,244)	(1,796,541)
Income tax expense	4	-	-
Loss after income tax for the year		(491,244)	(1,796,541)
Other comprehensive income for the year net of tax		-	-
Total comprehensive loss for the year		(491,244)	(1,796,541)
Loss attributable to the members of the Parent Entity		(491,244)	(1,796,541)
Loss per share from continuing operations (Cents per share)	11	(0.01)	(0.06)
Diluted loss per share from continuing operations (Cents per share)	11	(0.01)	(0.06)

The above Consolidated Statement of Profit and Loss and Other Comprehensive Income should to be read in conjunction with the attached notes.

OAKDALE RESOURCES LIMITED
ACN 009 118 861

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Note	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	5	131,553	1,805,130
Trade and other receivables	6	5,154	69,479
TOTAL CURRENT ASSETS		136,707	1,874,609
NON CURRENT ASSETS			
Exploration & evaluation costs	7	7,894,421	6,901,294
TOTAL ASSETS		8,031,128	8,775,903
CURRENT LIABILITIES			
Trade and other payables	8	30,477	284,008
TOTAL LIABILITIES		30,477	284,008
NET ASSETS		8,000,651	8,491,895
EQUITY			
Contributed equity	9	4,609,596	4,609,596
Retained earnings		3,391,055	3,882,299
TOTAL EQUITY		8,000,651	8,491,895

The above Consolidated Statement of Financial Position should be read in conjunction with the attached notes.

OAKDALE RESOURCES LIMITED
ACN 009 118 861

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Contributed Equity \$	Retained Earnings \$	Total \$
Balance at 1 July 2014	100	5,678,840	5,678,940
Loss attributable to members	-	(1,796,541)	(1,796,541)
Transaction with owners in their capacity as owners			
Shares issued (Reverse acquisition accounting)	4,609,496	-	4,609,496
Balance at 30 June 2015	4,609,596	3,882,299	8,491,895
Balance at 1 July 2015	4,609,596	3,882,299	8,491,895
Loss attributable to members	-	(491,244)	(491,244)
Balance at 30 June 2016	4,609,596	3,391,055	8,000,651

The Consolidated Statement of Changes in Equity should be read in conjunction with the attached notes.

OAKDALE RESOURCES LIMITED
ACN 009 118 861

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

	Note	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(497,875)	(231,691)
Interest received		12,204	23,964
Interest paid		(1,395)	-
Net cash used in operating activities	12(b)	(487,066)	(207,727)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for exploration and evaluation costs		(1,186,511)	(1,115,683)
Net cash used in investing activities		(1,186,511)	(1,115,683)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	3,114,387
Net cash provided by financing activities		-	3,114,387
Net (decrease)/increase in cash and cash equivalents		(1,673,577)	1,790,977
Cash and cash equivalents at beginning of year		1,805,130	14,153
Cash and cash equivalents at end of year	5	131,553	1,805,130

The Consolidated Statement of Cash Flows should be read in conjunction with the attached notes.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. *Basis of preparation*

INTRODUCTION

The financial report covers Oakdale Resources Limited, the Company is a listed public company incorporated and domiciled in Australia.

The principal activities of the Consolidated entity during the financial year were the exploration and development of economic mineral deposits.

The Consolidated entity is a for-profit entity.

Authorisation of financial report

The financial report was authorised for issue by the directors on 26 August 2016. This general purpose financial report has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations and the *Corporations Act 2001*. This financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

Basis of accounting

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated entity's accounting policies. The area involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below in note 1(u).

New, revised or amending Accounting Standards and Interpretations adopted

The Consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Consolidated entity.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b. Going concern

The Consolidated entity incurred an operating loss of \$491,244 (2015: \$1,796,541) and had cash outflows from operating and investing activities of \$1,673,577 (2015: \$1,323,410) for the year ended 30 June 2016. These conditions indicate a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. The financial statements have been prepared on the basis that the Group is a going concern, which contemplates the continuity of its business, realisation of assets and the settlement of liabilities in the normal course of business.

To this end, the Consolidated entity is expecting to fund ongoing obligation as follows:

- The Group had cash reserves at 30 June 2016 of \$131,553
- The Group has completed a large proportion of its exploration activities required for its graphite project
- The Group also continues to examine and review the Group's cost structure
- Issuance of equity via OAR securities, or debt funding, to support project funding needs
- Receipts of R&D Tax Incentive refund for expenditure incurred in FY2016

Based on the above and cash flow forecasts prepared, the directors are of the opinion that the Group is well positioned to meet its objectives and obligations going forward and therefore that the basis upon which the financial statements are prepared is appropriate in the circumstances.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets amounts or to the amounts and classification of liabilities that might be necessarily incurred should the Group not continue as a going concern.

c. Principles of Consolidation

The consolidated financial statements comprise the financial statements of Oakdale Resources limited and Lymex Tenements Pty Ltd as at 30 June 2016 together are referred to in these financial statements as the 'consolidated entity'.

The acquisition of Lymex Tenements Pty Ltd ("Lymex") on 27 November 2014 was treated as a reverse acquisition in accordance with Australian Accounting Standards whereby Lymex was considered the accounting acquirer on the basis that Lymex was the controlling entity in the transaction. As a result, Lymex is the continuing entity for consolidated accounting purposes and the legal parent Oakdale Resources Limited is the accounting subsidiary.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity 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 consolidated entity.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

c. *Principles of Consolidation (cont'd)*

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

d. *Segment reporting*

Oakdale Resources Limited operates in the mineral exploration and mining industry in Australia. The Consolidated entity has adopted AASB8 Operating Segments whereby 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 of Directors. At regular intervals, the board is provided with management information at a group level for the group's cash position, the carrying values of exploration permits and a group cash forecast for the next twelve months of operation. On this basis, no segment information is included in these financial statements.

e. *Revenue Recognition*

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Revenue from the rendering of other services is recognised upon the delivery of the service to the customers.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates are accounted for in accordance with the equity method of accounting.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax.

f. *Taxation*

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited to Profit or Loss except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f. Taxation (cont'd)

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

g. Leases

Payments made under operating leases (net of any incentives received from the lessor) are charged to the Profit or Loss on a straight-line basis over the period of the lease.

h. Impairment of assets

At each reporting date, the consolidated entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Profit or Loss.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

i. Exploration Evaluation and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest will be amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

j. Government Grants

Government grants relating to assets such as capitalised exploration expenditure are recognised in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset. Government grants relating to expenses are recognised as other income.

k. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Consolidated Statement of Financial Position.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

l. Trade receivables

Trade receivables and other receivables are recorded at amounts due less any allowance for doubtful debts.

m. Financial assets and liabilities

Recognition

Financial assets and financial liabilities are recognised on the Consolidated Statement of Financial Position when the Consolidated entity becomes party to the contractual provisions of the financial instrument.

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred and no longer controlled by the entity. A financial liability is removed from the Consolidated Statement of Financial Position when the obligation specified in the contract is discharged or cancelled or expires.

Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

n. Trade and other payables

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

o. Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' 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 using the projected unit credit method. Consideration is given to expected future wage 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 and currency that match, as closely as possible, the estimated future cash outflows.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

p. Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the Consolidated entity reacquires its own equity instruments, e.g. as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

q. Dividends

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

r. 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 shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

s. 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 Consolidated Statement of Financial Position. 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 flow.

t. Contingent liabilities

A contingent loss is recognised as an expense and a liability if it is probable that future events will confirm that, after taking into account any related probable recovery, an asset has been impaired or a liability incurred and, a reasonable estimate of the amount of the resulting loss can be made.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

u. Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

v. Accounting standards issued but not yet effective at 30 June 2016

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Consolidated entity. The Consolidated entity has decided not to early adopt any of these new and amended pronouncements. The Consolidated entity's assessment of the new and amended pronouncements that are relevant to the Consolidated entity but applicable in future reporting periods is set out below.

AASB 15: Revenue from Contracts with Customers,

AASB 2014-5: Amendments to Australian Accounting Standards arising from AASB 15,
AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15 and

AASB 2016-3: Amendments to Australian Accounting Standards – Clarifications to AASB 15 (applicable for annual reporting periods commencing on or after 1 January 2018).

AASB 15 will provide (except in relation to some specific exceptions, such as lease contracts and insurance contracts) a single source of accounting requirements for all contracts with customers, thereby replacing all current accounting pronouncements on revenue. These Standards provide a revised principle for recognising and measuring revenue. Under AASB 15, revenue is recognised in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the provider of the goods or services expects to be entitled.

To give effect to this principle, AASB 15 requires the adoption of the following 5-step model:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

v. *Accounting standards issued but not yet effective at 30 June 2016 (cont'd)*

- identify the contract(s) with a customer;
- identify the performance obligations under the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations under the contract(s); and
- recognise revenue when (or as) the entity satisfies the performance obligations.

AASB 15 also provides additional guidance to assist entities in applying the revised principle to licences of intellectual property, warranties, rights of return, principal/agent considerations and options for additional goods and services. Although the directors anticipate that the adoption of AASB 15 may have an impact on the Consolidated entity's reported revenue, it is impracticable at this stage to provide a reasonable estimate of such impact.

The effective date is annual reporting periods beginning on or after 1 January 2018.

The changes in revenue recognition requirements in AASB 15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures. The impact of AASB 15 has not yet been quantified.

AASB 9 Financial Instruments

AASB 9: Financial Instruments (December 2014), AASB 2014-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2014), AASB 2014-8: Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9

(December 2009) and AASB 9 (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2018).

These Standards will replace AASB 139: Financial Instruments: Recognition and Measurement. The key changes that may affect the Consolidated entity on initial application of AASB 9 and associated amending Standards include:

- simplifying the general classifications of financial assets into those carried at amortised cost and those carried at fair value;
- permitting entities to irrevocably elect on initial recognition to present gains and losses on an equity instrument that is not held for trading in other comprehensive income (OCI);
- simplifying the requirements for embedded derivatives, including removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in OCI, except when it would create an 'accounting mismatch';
- introducing a new model for hedge accounting that permits greater flexibility in the ability to hedge risk, particularly with respect to non-financial items; and
- requiring impairment of financial assets carried at amortised cost to be based on an expected loss approach. Although the directors anticipate that the adoption of AASB 9 may have an impact on the Consolidated entity's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

v. Accounting standards issued but not yet effective at 30 June 2016 (cont'd)

AASB 16 Leases

AASB 16: Leases (applicable for annual reporting periods commencing on or after 1 January 2019). AASB 16 will replace AASB 117: Leases and introduces a single lessee accounting model that will require a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at their cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

- right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for in accordance with a cost model unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is:
- investment property, the lessee applies the fair value model in AASB 140: Investment Property to the right-of-use asset; or
- property, plant or equipment, the lessee can elect to apply the revaluation model in AASB 116: Property, Plant and Equipment to all of the right-of-use assets that relate to that class of property, plant and equipment; and
- lease liabilities are accounted for on a similar basis as other financial liabilities, whereby interest expense is recognised in respect of the liability and the carrying amount of the liability is reduced to reflect lease payments made.

AASB 16 substantially carries forward the lessor accounting requirements in AASB 117.

Accordingly, under AASB 16 a lessor would continue to classify its leases as operating leases or finance leases subject to whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset, and would account for each type of lease in a manner consistent with the current approach under AASB 117.

Although the directors anticipate that the adoption of AASB 16 may have an impact on the Group's accounting for its operating leases, it is impracticable at this stage to provide a reasonable estimate of such impact.

The effective date is annual reporting periods beginning on or after 1 January 2018.

OAKDALE RESOURCES LIMITED
ACN 009 118 861

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

2. REVENUE

	2016	2015
	\$	\$
(a) Revenue from services or sale of goods	-	-
(b) Other revenue:		
Debt forgiveness	-	9,026
Interest revenue from other persons	12,204	23,964
	12,204	32,990

3. ACQUISITION OF LYMEX TENEMENTS

Oakdale Resources Ltd acquired all the shares of Lymex Tenements Ltd by issuing 30,000,000 at \$0.20 each on 24 November 2014, to Lymex Tenements shareholders. This gave Lymex Tenements a controlling interest in Oakdale Resources Ltd, which equates to a controlling interest in the combined entity.

A share-based payment transaction arises whereby Lymex Tenements is deemed to have issued shares in exchange for the net assets of Oakdale Resources, together with Oakdale Resources listing status. The listing status does not qualify for recognition as an intangible asset and has therefore been expensed in profit or loss as a listing expense.

(a) Deemed Share Payment	-	4,609,496
Net assets at acquisition date	-	3,193,673
Listing expense	-	1,415,823

The fair values of the identifiable assets and liabilities of Oakdale Resources Ltd as at the date of acquisition were:

Assets		
Cash and cash equivalents	-	3,208,529
Trade and other receivables	-	59,495
Liabilities		
Trade and other payables	-	(74,351)
Total identifiable net assets at fair value	-	3,193,673

4. TAXATION

	2016	2015
	\$	\$
The components of income tax expense are:		
Current tax	-	-
Deferred tax charge	-	-
Income tax expense reported in Consolidated Statement of Profit and Loss and Comprehensive Income	-	-

OAKDALE RESOURCES LIMITED
ACN 009 118 861

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

4. TAXATION (CONT'D)

	2016	2015
	\$	\$
Prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Loss before income tax	(491,244)	(1,796,541)
Income tax expense at 30% (2015: 30%)	(147,373)	(538,962)
Income tax benefit not brought to account on losses in the year	147,373	538,962
Tax benefit in relation to prior year losses taken up	-	-
Income tax expense	-	-

The following deferred tax assets have not been recognised as recovery is not considered probable:

Attributable to tax losses	1,906,101	1,758,728
	1,906,101	1,758,728

5. CASH AND CASH EQUIVALENTS

Cash at bank	131,553	1,805,130
	131,553	1,805,130

Cash at bank earns interest at floating rates based on daily bank deposit rates.

6. TRADE AND OTHER RECEIVABLES

Current - GST refund due	5,154	69,479
	5,154	69,479

7. EXPLORATION & EVALUATION COSTS

NON CURRENT

Exploration Expenditure

Costs carried forward in respect of areas of interest in:

– exploration and evaluation phases	7,894,421	6,901,294
	7,894,421	6,901,294
Opening balance	6,901,294	5,684,664
Additional expenditure	993,127	1,303,106
Impairment write-off	-	(86,476)
Closing balance	7,894,421	6,901,294

OAKDALE RESOURCES LIMITED
ACN 009 118 861

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

8. TRADE AND OTHER PAYABLES

	2016	2015
	\$	\$
Current - Trade and other payables (i)	30,477	284,008
	30,477	284,008

(i) Trade payables are non-interest bearing and are normally settled on 30-day terms.

9. CONTRIBUTED EQUITY

	\$	Number
(a) Fully paid ordinary shares	4,609,596	54,437,685
(b) Movement in value of issued shares		
Balance as at 1 July 2014	100	100
Acquisition of Oakdale Resources by Lymex Tenements - Note 3	4,609,496	54,437,585
Balance as at 30 June 2015	4,609,596	54,437,685
Movement during the year	-	-
Balance as at 30 June 2016	4,609,596	54,437,685

Lymex Tenements Pty Ltd was deemed to be the accounting acquirer under AASB 3 Business Combinations. As such in disclosing the movements in contributed equity, the dollar value is represented by the accounting acquirer Lymex Tenements Pty Ltd and the number of shares is that of the Legal acquirer Oakdale Resources Ltd.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital. On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital Risk Management

The Consolidated entity's objective when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. In order to maintain or adjust the capital structure, the consolidated entity may reduce debts, adjust the amount of dividends paid to shareholders and return capital to shareholders or issue new shares.

The consolidated entity would look to raise capital when an opportunity to invest in a business or consolidated entity was seen as value adding relative to the current consolidated entity's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to grow its existing business.

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

10. DIVIDENDS

There were no dividends proposed or paid by the Consolidated entity during the financial year or in the previous financial year.

11. EARNINGS PER SHARE

The following securities have been classified as ordinary shares and included in basic earnings per share:

	2016	2015
	\$	\$
Net loss used in calculating earnings per share	(491,244)	(1,796,541)
	Number	Number
<i>Weighted average number of shares</i> for basic and diluted loss per share	54,437,685	32,662,684
Loss per share (cents)	(0.01)	(0.06)

12. NOTES TO THE STATEMENT OF CASH FLOWS

- a) For the purpose of the statements of cash flows, cash includes cash on hand and at bank on short term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the Consolidated Statements of Cash Flows is reconciled to the related items in the Consolidated Statement of Financial Position as follows:

	2016	2015
	\$	\$
Cash and cash equivalents (Note 5)	131,553	1,805,130
b) Reconciliation of cash flow from operations with operating loss after income tax:		
Loss after income tax	(491,244)	(1,796,541)
Non Cash items		
Debt forgiveness	-	(9,026)
Cost of relinquished tenements	-	86,476
Listing cost (reverse acquisition accounting)	-	1,415,823
Changes in asset and liabilities:		
Decrease in receivables	64,325	-
Increase / (Decrease) in trade and other payables	(60,147)	95,541
Cash out flow from operations	(487,066)	(207,727)

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

13. KEY MANAGEMENT PERSONNEL DISCLOSURE

Compensation

The aggregate compensation made to directors and other members of Key Management Personnel of the consolidated entity is set out below:

	2016	2015
	\$	\$
Short-term employee benefits	260,116	206,920
Post employment benefits	2,703	2,189
Long-term benefits	-	-
Share-based payments	-	-
	<u>262,819</u>	<u>209,109</u>

No options were held by Key Management Personnel at 30 June 2016.

14. AUDITOR'S REMUNERATION

Audit and review of the financial reports	41,000	45,000
Tax and compliance services	11,250	18,250
	<u>52,250</u>	<u>63,250</u>

15. FINANCIAL RISK MANAGEMENT

The Consolidated entity's principal financial instruments comprise receivables, payables, cash and short-term deposits and borrowing. These activities expose the Consolidated entity to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The directors manage the different types of risks to which it is exposed by considering risk and monitoring levels of exposure to interest rate and foreign exchange risk and by being aware of market forecasts for interest rate, foreign exchange and commodity prices. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through general business budgets and forecasts.

The Consolidated entity holds the following financial instruments:

Financial assets

Cash and cash equivalents	131,553	1,805,130
Trade and other receivables	5,154	69,479
Total Financial assets	<u>136,707</u>	<u>1,874,609</u>

Trade and other payables	30,477	284,008
Total Financial liabilities	<u>30,477</u>	<u>284,008</u>

The fair value of financial assets and liabilities at balance date approximates their carrying amount.

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

15. FINANCIAL RISK MANAGEMENT (CONT'D)

Market risk

Foreign exchange risk

The Consolidated entity does not have any direct material foreign exchange risk as commercial transactions and recognized financial assets and liabilities are all in Australian currency.

Price risk

The Consolidated entity does not have any direct material market or commodity price risk relating to its financial assets or liabilities.

Interest rate risk

The Consolidated entity is not exposed to any material interest rate risks.

Credit risk

Credit risk arises from cash and cash equivalents and trade and other receivables. The credit risk on financial assets which have been recognised on the Consolidated Statement of Financial Position is generally the carrying amount, net of any provisions. The Consolidated entity has policies in place for deposit transactions for such transactions to be conducted with financial institutions with a minimum credit rating.

The consolidated entity does not have any significant concentrations of credit risk that arise from exposures to a single debtor or to a group of debtors having a similar characteristic such that their ability to meet their obligations is expected to be affected similarly by changes in economic or other conditions.

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash reserves to meet the ongoing operational requirements of the business. It is the Consolidated entity's policy to maintain sufficient funds in cash and cash equivalents. Furthermore, the Consolidated entity monitors its cash requirements on a continual basis.

Sensitivity Analysis

The consolidated entity has performed a sensitivity analysis relating to its exposure to interest rate risk and foreign currency risk at balance date. This sensitivity analysis concluded there would be no impact on fair values of financial assets and liabilities.

Maturities of financial liabilities

The tables below analyse the Consolidated entity's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Consolidated	Total Contractual Cash flows \$	Less than 1 year \$	1-2 years \$	2-5 years \$	Over 5 years \$
2016					
Trade and other payables	30,477	30,477	-	-	-
2015					
Trade and other payables	284,008	284,008	-	-	-

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

16. PARENT ENTITY DISCLOSURE

The following information has been extracted from the books and records of the parent entity Oakdale Resources Limited (legal acquirer) and has been prepared in accordance with the Australian Accounting Standards

	2016	2015
	\$	\$
Statement of Financial Position		
a. Current assets	130,362	2,920,942
b. Non current assets	9,000,000	9,000,000
c. Total assets	9,130,362	11,920,942
d. Total liabilities	727,963	3,029,060
e. Shareholders' equity		
i) Issued capital	36,003,540	36,003,540
ii) Accumulated losses	(27,601,141)	(27,111,540)
Statement of Profit and Loss and Comprehensive Income		
f. Net loss	(489,601)	(301,792)
g. Total comprehensive loss	(489,601)	(301,792)

17. COMMITMENTS FOR EXPENDITURE

Consolidated entity is committed to capital expenditure on its mining tenements as follows

Payable :

Not later than one year	13,500	13,500
Later than one year but not later than two years	-	13,500
Later than two years but not later than five years	-	-
	13,500	27,000

18. CONTINGENT LIABILITIES AND COMMITMENTS

At balance date the consolidated entity has no contingent liabilities or commitments.

19. EVENTS SUBSEQUENT TO REPORTING DATE

Since the end of financial year 30 June 2016, the directors are not aware of any other matters or circumstances not otherwise dealt with in this report that has significantly or may significantly affect the operations or state of affairs of the Consolidated entity in future financial periods.

DIRECTORS' DECLARATION

The directors of Oakdale Resources Limited declare that:

- the attached financial statements and notes thereto comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the Consolidated entity's financial position as at 30 June 2016 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Consolidated entity will be able to pay its debts as and when they become due and payable;

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors made pursuant to section 295(5) of the *Corporations Act 2001*.



Director : John E Lynch
Melbourne, 26 August 2016



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Australia

DECLARATION OF INDEPENDENCE BY JAMES MOONEY TO THE DIRECTORS OF OAKDALE RESOURCES LIMITED

As lead auditor of Oakdale Resources Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Oakdale Resources Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'J Mooney', is written over a light blue horizontal line.

James Mooney
Partner

BDO East Coast Partnership

Melbourne, 26 August 2016



INDEPENDENT AUDITOR'S REPORT

To the members of Oakdale Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Oakdale Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity 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 consolidated entity 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 consolidated 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 consolidated 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 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Oakdale Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.



Opinion

In our opinion:

- (a) the financial report of Oakdale Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity'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*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(a).

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1(b) in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity and successful exploration and subsequent exploitation of the consolidated entity's tenements. These conditions, along with other matters as set out in Note 1(b), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 12 of the directors' report for the year ended 30 June 2016. The directors of the consolidated entity 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 Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Oakdale Resources Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership

A stylized, handwritten signature of the BDO East Coast Partnership, appearing as 'BDO' in a cursive script.

A handwritten signature of James Mooney, written in a cursive script.

James Mooney
Partner

Melbourne, 26 August 2016

SHAREHOLDER ANALYSIS AND OTHER STOCK EXCHANGE REQUIREMENTS

Statement of security holders as at 23 August 2016

Distribution of shareholders by sizes of holdings

1 - 1,000	896
1,001 - 5,000	79
5,001 - 10,000	66
10,001 - 100,000	102
100,001 and over	33
Total	1,176
Holding less than a marketable parcel	950

Voting rights – Each ordinary share carries one vote.

Twenty Largest Shareholders

Shareholder	Number	Percentage
Matamin Pty Limited	25,302,228	46.48
Hackett CP Nominees Pty Ltd <The Hackett Family A/C>	7,500,000	13.78
HSBC Custody Nominees (Australia) Limited	3,661,222	6.73
BLB Corp Pty Ltd	2,277,198	4.18
One Managed Inv Funds Ltd	1,975,000	3.63
Boom Capital Pty Ltd	1,132,554	2.08
Bourse Securities Pty Ltd	1,010,000	1.86
Watt Margaret Jane	1,000,000	1.84
One Managed Inv Funds Ltd <TI Fam Wealth A/c>	825,000	1.52
Mr Gerard James Masters + S	527,129	0.97
Rosenfels Family Super Fund	500,000	0.92
B2B Holdings Pty Limited	414,095	0.76
Navigator Aust Ltd <MLC Inv Sett A/C>	404,533	0.74
Mr Cary Stynes	381,755	0.70
Hackett CP Nominees Pty Ltd	250,000	0.46
Intelesys Pty Ltd <The Grady Super Fund A/C>	250,000	0.46
Small Enterprises (Aust) Pty	210,852	0.39
Prilo Pty Ltd	210,852	0.39
Canary Pty Ltd	210,852	0.39
Boekhorst Clorinda Mary	204,000	0.37
	48,247,270	88.65

Substantial shareholders as per substantial shareholder advices held at 23 August 2016

Name	Number of Ordinary Shares to which Person Entitled
Matamin Pty Limited	25,302,228
Hackett CP Nominees Pty Ltd <The Hackett Family A/C>	7,500,000

Securities subject to voluntary escrow

Matamin Pty Limited	25,302,228
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Unquoted equity securities

None