

**JINDALEE RESOURCES LIMITED  
AND CONTROLLED ENTITIES**

A.B.N. 52 064 121 133

**ANNUAL REPORT  
30 JUNE 2016**

## CORPORATE DIRECTORY

### Board and Management

Justin Mannolini B.Com/LL (Hons), LL.M (Law)  
(Non-Executive Chairman)

Lindsay Dudfield BSc  
(Managing Director)

Patricia Farr GradCertProfAcc, GradDipACG, GAICD, AGIA/ACIS  
(Executive Director/Company Secretary)

Greg Ledger B.Com CA  
(Company Secretary)

### Principal Registered Office

Level 2  
18 Kings Park Road  
WEST PERTH WA 6005  
Telephone: 61 8 9321 7550  
Facsimile: 61 8 9321 7950  
Email: [enquiry@jindalee.net](mailto:enquiry@jindalee.net)  
Web: [www.jindalee.net](http://www.jindalee.net)

### Auditor

BDO Audit (WA) Pty Ltd  
38 Station Street  
SUBIACO WA 6008

### Solicitors

Kings Park Corporate Lawyers  
Level 2, 45 Richardson Street  
WEST PERTH WA 6005

### Share Registry

Advanced Share Registry  
110 Stirling Highway  
NEDLANDS WA 6009  
Telephone: 61 8 9389 8033  
Facsimile: 61 8 9262 3723

### Bankers

National Australia Bank Limited  
100 St Georges Terrace  
PERTH WA 6000

### Stock Exchange Listing

The Company's shares are listed by the Australian Securities Exchange Limited ("ASX") - Code **JRL**.  
The home exchange is Perth.

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**DIRECTORS' REPORT**

The Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Jindalee Resources Limited and the entities it controlled at the end of, or during the year ended 30 June 2016.

**Directors**

The following persons were directors of Jindalee Resources Limited during the whole of the financial year and up to the date of this report unless noted otherwise:

Lindsay Dudfield  
Justin Mannolini  
Patricia Farr

**Principal activities**

The principal activity during the year of Jindalee Resources Limited was mineral exploration. During the year there was no change in the nature of this activity.

**Financial results**

The consolidated loss of the Group after providing for income tax for the year ended 30 June 2016 was \$1,056,621 (2015: loss \$609,984).

**Dividends**

No dividends have been declared since the end of the previous financial year and no dividends have been recommended by the Directors.

**Significant changes in the state of affairs**

During the year there has been no significant change in the state of affairs of the Group.

**Operations and financial review**

The principal activity of the Group is mineral exploration. The Group holds interests in tenements in Tasmania prospective for magnesite and in Western Australia for gold, diamonds, base metals and iron ore, both wholly owned and through joint ventures where the Group's interests are mostly free carried to completion of a Bankable Feasibility Study. The Group also has indirect interests in uranium, gold and base metals through investee companies.

In line with the Company's business strategy, during the period management also evaluated numerous advanced projects in both Australia and overseas, with a view to securing an opportunity capable of growing the Group and creating wealth for Shareholders, and this continues to be our primary focus.

The net assets of the Group have fallen by \$1,033,921 from \$6,809,453 at 30 June 2015 to \$5,775,532 at 30 June 2016 principally due to changes in the market value of available for sale financial assets.

The Directors believe the Group is in a strong financial position to continue its exploration endeavours.

### Events since the end of the financial year

On 30 June 2016 the Company announced to the ASX changes to its board structure effective 1 July 2016, with Lindsay Dudfield stepping down as Executive Chairman and continuing in the role of Managing Director and Non-Executive Director Justin Mannolini assuming the position of Non-Executive Chairman.

Other than the matter outlined above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations, the results of those operations, or the state of affairs of the Group in future financial years.

### Likely developments and expected results of operations

The Directors are not aware of any developments that might have a significant effect on the operations of the Group in subsequent financial years not already disclosed in this report.

### Environmental regulation

The Group is subject to significant environmental regulation in respect of its exploration activities. Tenements in Western Australia are granted subject to adherence to environmental conditions with strict controls on clearing, including a prohibition on the use of mechanised equipment or development without the approval of the relevant government agencies, and with rehabilitation required on completion of exploration activities. These regulations are controlled by the Department of Mines and Petroleum.

Jindalee Resources Limited conducts its exploration activities in an environmentally sensitive manner and the Group is not aware of any breach of statutory conditions or obligations.

### Greenhouse gas and energy data reporting requirements

The Directors have considered compliance with both the Energy Efficiency Opportunity Act 2006 and the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. The Directors have assessed that there are no current reporting requirements for the period ended 30 June 2016, however reporting requirements may change in the future.

### Information on Directors

<b>J Mannolini B.Com/LL (Hons), LL.M (Law). Non-Executive Chairman (appointed 1 July 2016)</b>		
Experience and expertise	Mr Mannolini was appointed to the Jindalee Board as a Non-Executive Director in September 2013. Mr Mannolini was recently appointed to the board of the Northern Australia Infrastructure Facility, a \$5B fund set up by the Australian Government to encourage the development of northern Australia. He was an Executive Director with Macquarie Capital, the investment banking division of the Macquarie Group from March 2013 to May 2016 and was responsible for cross-industry coverage of the Western Australian market. Prior to joining Macquarie, Mr Mannolini was Managing Director and head of Gresham Advisory Partners' Perth office, and before that, a partner in the mergers and acquisitions group of leading Australian law firm Freehills, in both the Sydney and Perth offices. As a lawyer and banker, Mr Mannolini has more than 20 years experience in corporate finance ranging across industry sectors and product lines, including mergers and acquisitions transactions and general strategic advisory mandates for companies in the resources sector.	
Other current directorships	None	
Former directorships in last 3 years	None	
Special responsibilities	Chairman	
Interests in shares and options	Ordinary Shares – Jindalee Resources Limited	100,000
	Options over ordinary shares	500,000

<b>L Dudfield BSc.</b> <i>Managing Director (resigned as Executive Chairman effective 1 July 2016)</i>					
Experience and expertise	Mr Dudfield is a qualified geologist with over 36 years experience exploring for gold and base metals in Australia and abroad, including close involvement with a number of greenfields discoveries. Mr Dudfield is a member of the AusIMM, SEG, AIG and GSA. He is a founding director of Jindalee Resources and has been Managing Director for 14 years.				
Other current directorships	Energy Metals Limited - Non-Executive Director Alchemy Resources Limited – Non-Executive Director				
Former directorships in last 3 years	None				
Special responsibilities	Managing Director				
Interests in shares and options	<table border="1"> <tr> <td>Ordinary Shares – Jindalee Resources Limited</td> <td>11,980,844</td> </tr> <tr> <td>Options over ordinary shares</td> <td>1,000,000</td> </tr> </table>	Ordinary Shares – Jindalee Resources Limited	11,980,844	Options over ordinary shares	1,000,000
Ordinary Shares – Jindalee Resources Limited	11,980,844				
Options over ordinary shares	1,000,000				

<b>P Farr GradCertProfAcc. GradDipACG. GAICD AGIA/ACIS</b> <i>Executive Director/Joint Company Secretary</i>					
Experience and expertise	Ms Farr has post graduate qualifications in accounting and is an experienced Chartered Secretary. Ms Farr has over 18 years experience in the mining industry having provided company secretarial and governance services to several ASX listed and unlisted companies, the majority of which operate in the mineral resources sector in Australia. Ms Farr is a graduate member of the Australian Institute of Company Directors and Governance Institute of Australia (formerly Chartered Secretaries Australia).				
Other current directorships	None				
Former directorships in last 3 years	None				
Special responsibilities	None				
Interests in shares and options	<table border="1"> <tr> <td>Ordinary Shares – Jindalee Resources Limited</td> <td>306,533</td> </tr> <tr> <td>Options over ordinary shares</td> <td>500,000</td> </tr> </table>	Ordinary Shares – Jindalee Resources Limited	306,533	Options over ordinary shares	500,000
Ordinary Shares – Jindalee Resources Limited	306,533				
Options over ordinary shares	500,000				

### Company Secretary Information

Mr Greg Ledger was appointed Company Secretary on 4 April 2002 and has held that position, as well as other accounting and managerial roles since that date. Mr Ledger is a Chartered Accountant and holds a Bachelor of Commerce Degree from the University of Western Australia.

Ms Farr was appointed joint Company Secretary on 1 July 2010. She is an experienced Chartered Secretary with over 18 years experience in the mining industry having provided Company Secretarial services to several ASX listed companies and unlisted companies, the majority of which operate in the mineral resources sector in Australia. Ms Farr is a graduate member of the Australian Institute of Company Directors and Governance Institute of Australia (formerly Chartered Secretaries Australia).

### Meetings of Directors

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2016 the numbers of meetings attended by each Director.

	<b>Number Held Whilst in Office</b>	<b>Number Attended</b>
L Dudfield	7	7
J Mannolini	7	7
P Farr	7	7

As at the date of this report, the Group did not have an Audit Committee of the Board of Directors. The Board considers that due to the Group's size, an Audit Committee's functions and responsibilities can be adequately and efficiently discharged by the Board as a whole, operating in accordance with the Group's mechanisms designed to ensure independent judgement in decision making.

### Retirement, election and continuation in office of directors

Mr Justin Mannolini is the director retiring by rotation who, being eligible, may offer himself for re-election at Annual General Meeting.

### AUDITED REMUNERATION REPORT

The directors are pleased to present Jindalee Resources Limited 2016 remuneration report which sets out remuneration information for the Company's non-executive directors, executive directors and other key management personnel.

The report contains the following sections:

- (a) Key management personnel disclosed in this report
- (b) Remuneration governance and the use of remuneration consultants
- (c) Executive remuneration policy and framework
- (d) Relationship between remuneration and the Group's performance
- (e) Non-executive director remuneration policy
- (f) Voting and comments made at the Company's 2015 Annual General Meeting
- (g) Details of remuneration
- (h) Service agreements
- (i) Details of share-based compensation and bonuses
- (j) Equity instruments held by key management personnel
- (k) Loans to key management personnel
- (l) Other transactions with key management personnel

#### (a) *Key management personnel disclosed in this report*

J J Mannolini	Non-Executive Chairman (appointed Chairman effective 1 July 2016)
L G Dudfield	Managing Director (resigned as Executive Chairman effective 1 July 2016)
P A Farr	Executive Director/Company Secretary

For further details on each director see page 4-5.

#### (b) *Remuneration governance and use of remuneration consultants*

The Company does not have a formal remuneration policy and has not established a separate remuneration committee. Due to the early stage of development and small size of the Company a separate remuneration committee was not considered to add any efficiency to the process of determining the levels of remuneration for directors and key executives. The Board considers that it is more appropriate to set aside time at a Board meeting each year to specifically address matters that would ordinarily fall to a remuneration committee such as reviewing remuneration, recruitment, retention and termination procedures and evaluating senior executives remuneration packages and incentives.

In addition, all matters of remuneration will continue to be in accordance with the Corporations Act requirement, especially with regard to related party transactions. That is, none of the directors participate in any deliberations regarding their own remuneration or related issues.

Independent external advice is sought from remuneration consultants when required, however no advice has been sought during the period ended 30 June 2016.

The Corporate Governance Statement provides further information on the Company's remuneration governance.

**(c) Executive remuneration policy and framework**

In determining executive remuneration, the Board aims to ensure that remuneration practices are:

- Competitive and reasonable, enabling the Company to attract and retain key talent
- Aligned to the Company's strategic and business objectives and the creation of shareholder value
- Transparent and easily understood, and
- Acceptable to shareholders.

All executives receive consulting fees or a salary, part of which may be taken as superannuation, and from time to time, options. Options issued to directors are subject to approval by Shareholders. The Board reviews executive packages annually by reference to the executive's performance and comparable information from industry sectors and other listed companies in similar industries.

Board members are allocated superannuation guarantee contributions as required by law, and do not receive any other retirement benefits. From time to time, some individuals may choose to sacrifice their salary or consulting fees to increase payments towards superannuation.

All remuneration paid to directors and specified executives is valued at the cost to the Group and expensed. Options are valued using the Black-Scholes methodology.

**(d) Relationship between remuneration and the Group's performance**

The policy setting the terms and conditions for the executive directors, was developed and approved by the Board and is considered appropriate for the current exploration phase of the Group's development. Emoluments of Directors are set by reference to payments made by other companies of similar size and industry, and by reference to the skills and experience of directors. Fees paid to directors are not linked to the performance of the Group. This policy may change once the exploration phase is complete and the Company is generating revenue. At present the existing remuneration policy is not impacted by the Group's performance including earnings and changes in shareholder wealth (dividends, changes in share price or returns of capital to shareholders). The Board has not set short term performance indicators, such as movements in the Company's share price, for the determination of director emoluments as the Board believes this may encourage performance which is not in the long term interests of the Company and its shareholders. The Board has structured its remuneration arrangements in such a way it believes is in the best interests of building shareholder wealth in the longer term. The Board believes participation in the Company's Employee Share Option Plan motivates key management and executives with the long term interests of shareholders.

The following table shows the share price and the market capitalisation of the Group at the end of each of the last five financial years.

	2012	2013	2014	2015	2016
Share Price	\$0.20	\$0.18	\$0.165	\$0.17	\$0.23
Market Capitalisation	\$6.96M	\$6.26M	\$5.74M	\$5.91M	\$8.03M
Dividends (cents per share)	-	-	-	-	-

*(e) Non-executive director remuneration policy*

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

The Board policy is to remunerate non-executive directors at commercial market rates for comparable companies for their time, commitment and responsibilities.

The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting and is currently set at \$200,000 per annum.

Fees for non-executive directors are not linked to the performance of the Group. Non-executive directors' remuneration may also include an incentive portion consisting of options, subject to approval by Shareholders.

*(f) Voting and comments made at the Company's 2015 Annual General Meeting*

Jindalee received greater than 90% of "yes" votes on its remuneration report for the 2015 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

*(g) Details of remuneration*

The following table sets out details of the remuneration received by the Group's key management personnel for the current and previous financial year measured in accordance with the requirements of the accounting standards.

		Short-term benefits		Post-employment benefits	Share-based payment		Total	Remuneration consisting of options
		Directors Fees	Cash Salary, Consulting Fees	Super-annuation	Options	Shares		%
Non-Executive Directors		\$	\$	\$	\$	\$	\$	
J J Mannolini	2016	20,000	-	1,900	-	20,000	41,900	-
	2015	40,000	-	3,800	-	-	43,800	-
<b>Executive Directors</b>								
L G Dudfield	2016	-	135,713	-	-	-	135,713	-
	2015	-	121,875	-	16,440	-	138,315	11.9%
P A Farr	2016	-	96,000	9,120	-	-	105,120	-
	2015	-	99,692	9,470	8,220	-	117,382	7%

At the Company's Annual General Meeting held on 25 November 2015, Shareholders approved the issue of 100,000 Shares at a deemed issue price of \$0.20 per share, to Mr Justin Mannolini in lieu of a payment of directors' fees that would otherwise be payable by the Company as set out in the below table:

Director	Amount	Period of directors' fees	Number of Shares
Justin Mannolini	\$20,000	1 July 2015 to 31 December 2015	100,000

The Shares were issued in lieu of the payment of Directors' fees of an amount totalling \$20,000.

The expense was \$20,000 and has been recognised as a 'share-based payment' expense in the statement of profit or loss and other comprehensive income.

*(h) Service Agreements*

Remuneration and other terms of employment for key management personnel are formalised in service agreements. The service agreements specify the components of remuneration, benefits and notice periods.



L G Dudfield

Mr Dudfield was appointed a director on 22 January 1996 and is Managing Director. Mr Dudfield is remunerated pursuant to the terms and conditions of a consultancy agreement entered into with Mr Dudfield and Jopan Management Pty Ltd trading as Western Geological Services. During the financial year ended 30 June 2016 Mr Dudfield was paid consulting fees of \$135,713. Unless extended for a further period, the current consultancy agreement will expire in June 2017. The agreement may be terminated by either party on the giving on 90 days notice or earlier in the event of a default not remedied within 14 days.

J J Mannolini

Mr Mannolini was appointed a Non-Executive Director on 30 September 2013. During the year ended 30 June 2016 Mr Mannolini was paid \$20,000 cash directors fees, superannuation of \$1,900 and following shareholder approval granted at the 2015 Annual General Meeting, issued 100,000 fully paid ordinary shares at a deemed issue price of \$0.20 in lieu of the balance of directors fees.

Mr Mannolini's directors' fees for the forthcoming financial year have been set at \$50,000 plus statutory superannuation of \$4,750 per annum in accordance with his letter of appointment. Mr Mannolini's appointment is contingent upon satisfactory performance and successful re-election by shareholders of the Company as and when required by the Constitution of the Company and the Corporations Act. Mr Mannolini is not entitled to any termination benefits.

P A Farr

Ms Farr was appointed as a director on 29 August 2008. Ms Farr is paid a salary of \$120,000 per annum plus statutory superannuation pursuant to the terms and conditions of an ongoing employment contract. Due to reduced hours during the financial year Ms Farr was paid a salary and superannuation of \$105,120 for the year ended 30 June 2016. Ms Farr's employment contract may be terminated by either party on the giving of one months notice. Upon termination of the contract for any reason the Company will pay leave entitlements due to Ms Farr.

*(i) Details of share-based compensation and bonuses*

Options over shares in Jindalee Resources Limited are granted under the Employee Share Option Plan. Participation in the plan and any vesting criteria, is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. Any options issued to directors of the Company are subject to shareholder approval.

Details of options over ordinary shares in the Company provided as remuneration to each director of the Company are set out below. All options are fully vested on grant date.

Name	Grant Date	Vesting & exercise date	Expiry date	Exercise Price	Value per option at Grant Date	% vested
L G Dudfield	26/11/2014	26/11/2014	30/06/2017	\$0.50	\$0.01644	100%
J J Mannolini	28/11/2013	28/11/2013	30/06/2017	\$0.50	\$0.07	100%
P A Farr	26/11/2014	26/11/2014	30/06/2017	\$0.50	\$0.01644	100%

The fair value of services received in return for share options granted to employees is measured by reference to the fair value of options granted. The estimate of the fair value of the services is measured based on Black-Scholes option valuation methodology. The life of the options and early exercise option are built into the option model.

No bonuses were paid during the year. Further information on the fair value of share options and assumptions is set out in Note 18 to the financial statements.

*(j) Equity instruments held by key management personnel*

The following tables detail the number of fully paid ordinary shares and options over ordinary shares in the Company that were held during the financial year and the previous financial year by key management personnel and their associated related parties.

2016 Name	Balance at the start of the year	Options/ Shares granted as compensation	Received during the year on the exercise of options	Number of options vested during the year	Number of options forfeited during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable	Unvested
L G Dudfield									
Ordinary fully paid shares	11,449,418	-	-	-	-	469,998	11,919,416	-	-
Unlisted Options (ASX Code JRLAK)	1,000,000	-	-	-	-	-	1,000,000	1,000,000	-
P A Farr									
Ordinary fully paid shares	306,533	-	-	-	-	-	306,533	-	-
Unlisted Options (ASX Code JRLAK)	500,000	-	-	-	-	-	500,000	500,000	-
J J Mannolini									
Ordinary fully paid shares	-	100,000	-	-	-	-	100,000	-	-
Unlisted Options (ASX Code JRLAK)	500,000	-	-	-	-	-	500,000	500,000	-

#### Securities Policy

The Company has implemented a policy on trading in the Company's securities designed to ensure that all directors, senior management and employees of the Company act ethically and do not use confidential inside information for personal gain. The policy states acceptable and unacceptable times for trading in Company securities and outlines the responsibility of directors, senior management and employees to ensure that trading complies with the *Corporations Act 2001*, the Australian Securities Exchange (ASX) Listing Rules and Company Policy. A copy of this policy was lodged with the ASX and is available on the Company's website.

Any transaction conducted by Directors with regards to shares of the Company requires notification to the ASX. Each Director has entered into an agreement to provide any such information with regards to Company dealings directly to the Company Secretary promptly to allow the Company to notify the ASX within the required reporting timeframes.

#### Shares provided on exercise of options

During the year, no ordinary shares in the Company were provided as a result of the exercise of remuneration options.

All options are vested at grant date. No amounts are unpaid on any shares issued on the exercise of options.

For details on the valuation of the options, including models and assumptions used, please refer to Note 18. There were no alterations to the terms and conditions of options granted as remuneration since their grant date. All options issued are fully vested at grant date.

**(k) Loans to key management personnel**

There were no loans to individuals or members of key management personal during the financial year or the previous financial year.

**(l) Other transactions with key management personnel**

During the year the Group paid a total of \$135,713 to Western Geological Services (a division of Jopan Management Pty Ltd), the fees being for the provision of technical and management services provided to the Group by Mr Lindsay Dudfield. Mr Dudfield's spouse is the major shareholder of and the sole director and company secretary of Jopan Management Pty Ltd.

**End of Audited Remuneration Report****Shares under option**

Unissued ordinary shares of the Company under option at the date of this report are as follows:

<u>Grant Date</u>	<u>Number</u>	<u>Date vested &amp; exercisable</u>	<u>Expiry Date</u>	<u>Exercise Price</u>	<u>Value per option at grant date</u>
28/11/2013	500,000	28/11/2013	30/06/2017	\$0.50	\$0.07
26/11/2014	2,100,000	26/11/2014	30/06/2017	\$0.50	\$0.01644

**Shares Issued on Exercise of Options**

There were no shares issued on exercise of options during the year and up to the date of this report.

**Directors and Officers insurance**

Jindalee Resources Limited paid a premium during the year in respect of directors' and officers' liability insurance policy, insuring the directors and officers of the company against a liability incurred whilst acting in the capacity of a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the policy as such disclosure is prohibited under the terms of the contract of insurance.

**Proceedings on behalf of the Company**

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

**Non-audit services**

The Company from time to time may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company is important.

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor as set out below did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

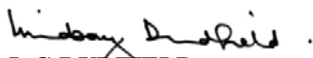
- the non-audit services have been reviewed by the Board to ensure they do no impact on the impartiality and objectivity of the auditor; and
- none the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

During the year ended 30 June 2016 and in the previous financial year there were no fees paid or payable for non-audit services provided by the auditor of the consolidated entity.

**Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required by section 307C of the *Corporations Act 2001* is included on page 44.

This report which includes the Corporate Governance Statement is signed in accordance with a resolution of the Directors.



**L G DUDFIELD**  
Managing Director

Perth  
26 August 2016

**Corporate Governance Statement**

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such Jindalee Resources Limited and its Controlled Entities have adopted the third edition of the Corporate Governance Principles and Recommendations which was released by the ASX Corporate Governance Council and became effective for financial years beginning on or after 1 July 2014.

The Company's Corporate Governance Statement for the financial year ending 30 June 2016 was approved by the Board on 26 August 2016. The Corporate Governance Statement can be located on the Company's website <http://jindalee.net/corporate-governance/>

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

	<b>Note</b>	<b>2016</b>	<b>2015</b>
		<u>\$</u>	<u>\$</u>
Revenue from continuing operations	4	130,009	174,661
Employee benefits expense		(148,242)	(175,958)
Share-based payments	18	(20,000)	(34,524)
Depreciation expense	12	(6,374)	(7,509)
Exploration expenditure		(183,439)	(163,052)
Impairment of exploration assets	13	(154,510)	-
Impairment of available for sale financial assets	11	(425,578)	(121,426)
Tenancy and operating expenses		(92,995)	(88,260)
Other administration expenses		(95,818)	(140,507)
Corporate and regulatory expenses		(59,674)	(53,409)
<b>Loss before income tax</b>		<b>(1,056,621)</b>	<b>(609,984)</b>
Income tax benefit	5	-	-
<b>Loss after income tax</b>		<b>(1,056,621)</b>	<b>(609,984)</b>
Loss attributable to owners of Jindalee Resources Limited		<u>(1,056,621)</u>	<u>(609,984)</u>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Revaluation of investments taken to equity		2,700	-
<b>Other comprehensive income for the year</b>		<u>2,700</u>	<u>-</u>
<b>Total comprehensive loss for the year attributable to the ordinary equity holders of the Company</b>		<b><u>(1,053,921)</u></b>	<b><u>(609,984)</u></b>
<b>Loss per share attributable to the ordinary equity holders of the Company</b>			
Basic loss per share (cents per share)	7	(3.03)	(1.75)
Diluted loss per share (cents per share)	7	(3.03)	(1.75)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

**JINDALEE RESOURCES LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2016**

	Note	2016 \$	2015 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	9	4,171,556	4,738,624
Trade and other receivables	10	46,558	47,920
<b>Total Current Assets</b>		<b>4,218,114</b>	<b>4,786,544</b>
<b>NON-CURRENT ASSETS</b>			
Available for sale financial assets	11	1,489,458	1,904,836
Property, plant and equipment	12	20,424	19,979
Exploration and evaluation expenditure	13	145,842	215,146
<b>Total Non-Current Assets</b>		<b>1,655,723</b>	<b>2,139,961</b>
<b>TOTAL ASSETS</b>		<b>5,873,838</b>	<b>6,926,505</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	13,599	13,750
Dividend payable	8	73,485	76,078
Provision for annual leave		11,222	27,224
<b>Total Current Liabilities</b>		<b>98,306</b>	<b>117,052</b>
<b>NON-CURRENT LIABILITIES</b>			
Total Non-Current Liabilities		-	-
<b>TOTAL LIABILITIES</b>		<b>98,306</b>	<b>117,052</b>
<b>NET ASSETS</b>		<b>5,775,532</b>	<b>6,809,453</b>
<b>EQUITY</b>			
Contributed equity	15	7,227,254	7,207,254
Accumulated losses	16	(3,424,196)	(2,367,575)
Reserves	17	1,972,474	1,969,774
<b>TOTAL EQUITY</b>		<b>5,775,532</b>	<b>6,809,453</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

**JINDALEE RESOURCES LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	Note	2016 \$	2015 \$
<b>Cash flows from operating activities</b>			
Payments in the course of operations		(599,439)	(670,605)
Interest received		134,488	180,583
<b>Net cash outflow from operating activities</b>	6	<u>(464,951)</u>	<u>(490,022)</u>
<b>Cash flows from investing activities</b>			
Payments for exploration and evaluation		(85,206)	(12,247)
Payments for property, plant and equipment		(6,818)	-
Payments for purchase of equity investments		(7,500)	-
<b>Net cash outflow from investing activities</b>		<u>(99,524)</u>	<u>(12,247)</u>
<b>Cash flows from financing activities</b>			
Payment of dividend		(2,593)	(11,825)
<b>Net cash outflow from financing activities</b>		<u>(2,593)</u>	<u>(11,825)</u>
<b>Net decrease in cash and cash equivalents</b>		(567,068)	(514,094)
<b>Cash and cash equivalents at the beginning of the financial year</b>		4,738,624	5,252,718
<b>Cash and cash equivalents at the end of the financial year</b>	9	<u><u>4,171,556</u></u>	<u><u>4,738,624</u></u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.



**JINDALEE RESOURCES LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2016**

<b>Consolidated</b>	<b>Contributed equity</b>	<b>Share- based payment reserve</b>	<b>Available for sale investments revaluation reserve</b>	<b>Retained earnings/ accumulated losses</b>	<b>Total equity</b>
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2014</b>	<b>7,207,254</b>	<b>1,935,250</b>	-	<b>(1,757,591)</b>	<b>7,384,913</b>
Total comprehensive loss for the year:					
Loss for the year	-	-	-	(609,984)	(609,984)
<i>Other comprehensive income</i>					
Revaluation of investments	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(609,984)	(609,984)
Transactions with owners in their capacity as owners					
Share-based payments	-	34,524	-	-	34,524
<b>Balance at 30 June 2015</b>	<b>7,207,254</b>	<b>1,969,774</b>	-	<b>(2,367,575)</b>	<b>6,809,453</b>
Total comprehensive loss for the year:					
Loss for the year	-	-	-	(1,056,621)	(1,056,621)
<i>Other comprehensive income</i>					
Revaluation of investments	-	-	2,700	-	2,700
Total comprehensive loss for the year	-	-	2,700	(1,056,621)	(1,053,921)
Transactions with owners in their capacity as owners					
Share-based payments	20,000	-	-	-	20,000
<b>Balance at 30 June 2016</b>	<b>7,227,254</b>	<b>1,969,774</b>	<b>2,700</b>	<b>(3,424,196)</b>	<b>5,775,532</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

**JINDALEE RESOURCES LIMITED**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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## **1. CORPORATION INFORMATION**

These financial statements of Jindalee Resources Limited for the year ended 30 June 2016 were authorised for issue in accordance with a resolution of directors on 26 August 2016.

The financial statements cover the Group of Jindalee Resources Limited and its controlled entities. Jindalee Resources Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in Note 3.

Unless otherwise stated, policies adopted in the preparation of the financial statements are consistent with those of the previous year.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

In order to assist in the understanding of the accounts, the following summary explains the material accounting policies that have been adopted in the preparation of the accounts.

### **(a) Statement of Compliance**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*. Jindalee Resources Limited is a for-profit entity for the purposes of preparing the financial statements.

The financial statements include the consolidated financial statements of Jindalee Resources Limited and its controlled entities.

#### *Compliance with IFRS*

The consolidated financial statements of Jindalee Resources Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

### **(b) New and amended accounting standards and interpretations adopted by the Group**

The following standards and interpretations relevant to the operations of the Group and effective from 1 July 2015 have been adopted. The adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

- *AASB 2013-9: Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*
- *AASB 2015-3: Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031: Materiality*

#### ***New accounting standards and interpretations***

The following new and amended accounting standards and interpretations relevant to the operations of the Group have been published but are not mandatory for the current financial year. The Group has decided against early adoption of these standards, and has not yet determined the potential impact on the financial statements from the adoption of these standards and interpretations.

**JINDALEE RESOURCES LIMITED**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

New or revised requirement	Application date of standard	Application date for Group
<p><i>AASB 9: Financial Instruments</i>  AASB 9 replaces AASB 139: <i>Financial Instruments: Recognition and Measurement</i>.</p> <p>The objective of this Standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p>	1 Jan 2018	1 Jul 2018
<p><i>AASB 2014-3: Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations</i>  AASB 2014-3 amends AASB 11 <i>Joint Arrangements</i> to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business.</p>	1 Jan 2016	1 Jul 2016
<p><i>AASB 2014-4: Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation</i>  This Standard makes amendments to AASB 116: <i>Property, Plant and Equipment</i> and AASB 138: <i>Intangible Assets</i> to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.</p>	1 Jan 2016	1 Jul 2016
<p><i>AASB 15: Revenue from Contracts with Customers</i>  The objective of this Standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.</p>	1 Jan 2018	1 Jul 2018
<p><i>AASB 1057: Application of Australian Accounting Standards</i>  This Standard lists the application paragraphs for each other Standard (and Interpretation), grouped where they are the same.</p>	1 Jan 2016	1 Jul 2016
<p><i>AASB 2014-9: Amendments to Australian Accounting Standards - Equity Method in Separate Financial Statements</i>  This Standard amends AASB 127: <i>Separate Financial Statements</i>, and consequentially AASB 1: <i>First-time Adoption of Australian Accounting Standards</i> and AASB 128: <i>Investments in Associates and Joint Ventures</i>, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements.</p>	1 Jan 2016	1 Jul 2016
<p><i>AASB 2014-10: Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>  This Standard amends AASB 10: <i>Consolidated Financial Statements</i> and AASB 128: <i>Investments in Associates and Joint Ventures</i> to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.</p>	1 Jan 2018	1 Jul 2018

**JINDALEE RESOURCES LIMITED**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

New or revised requirement	Application date of standard	Application date for Group
<p>AASB 2015-1: <i>Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012 - 2014 Cycle</i></p> <p>This Standard makes non-urgent but necessary amendments to a number of Australian Accounting Standards arising from the issuance of International Financial Reporting Standard <i>Annual Improvements to IFRSs 2012 - 2014 Cycle</i> in September 2014 by the International Accounting Standards Board.</p>	1 Jan 2016	1 Jul 2016
<p>AASB 2015-2: <i>Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101</i></p> <p>This Standard makes amendments to AASB 101: <i>Presentation of Financial Statements</i> arising from International Accounting Standards Board, Disclosure Initiative project. The amendments are designed to encourage companies to apply professional judgement in determining what information to disclose in the financial statements.</p>	1 Jan 2016	1 Jul 2016
<p>AASB 2015-9: <i>Amendments to Australian Accounting Standards - Scope and Application Paragraphs</i></p> <p>This Standard inserts scope paragraphs in AASB 8: <i>Operating Segments</i> and AASB 133: <i>Earnings per Share</i> in place of the application paragraphs of AASB 1057: <i>Application of Australian Accounting Standards</i>.</p>	1 Jan 2016	1 Jul 2016
<p>AASB 16: <i>Leases</i></p> <p>This Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.</p>	1 Jan 2019	1 Jul 2019
<p>2016-1: <i>Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses</i></p> <p>This Standard makes amendments to AASB 112: <i>Income Taxes</i> (July 2004) and AASB 112: <i>Income Taxes</i> (August 2015) to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.</p>	1 Jan 2017	1 Jul 2017
<p>2016-2: <i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107</i></p> <p>This Standard amends AASB 107: <i>Statement of Cash Flows</i> (August 2015) to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.</p>	1 Jan 2017	1 Jul 2017
<p>IFRS 2: <i>Clarifications of classification and measurement of share based payment transactions</i></p> <p>This Standard amends IFRS 2: <i>Share-based Payment</i> to clarify how to account for certain types of share based payment transactions.</p>	1 Jan 2018	1 Jul 2018

**JINDALEE RESOURCES LIMITED**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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(c) Basis of Preparation/Accounting

The financial statements have been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

In applying IFRS, management is required to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. These accounting policies have been consistently applied throughout the period.

The significant accounting policies set out below have been applied in the preparation and presentation of the financial statements for the year ended 30 June 2016 and the comparative information.

(d) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of the subsidiary of Jindalee Resources Limited (“Company” or “Parent Entity”) as at 30 June 2016 and the results of all subsidiaries for the year then ended. Jindalee Resources Limited and its subsidiary together are referred to in the financial statements as the Group or consolidated entity. Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively. Investments in subsidiaries are accounted for at cost in the parent entity information disclosures of Jindalee Resources Limited.

*Changes in ownership interests*

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Jindalee Resources Limited.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial

**JINDALEE RESOURCES LIMITED**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that the amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(e) Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand, and deposits repayable on demand with a financial institution. The cash and cash equivalents balance primarily consists of funds on term deposit with original maturity at time of purchase of three months or less that are readily convertible to known amounts of cash and which are subject to minimal risk of changes in value.

(f) Trade and Other Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Current receivables for GST are due for settlement within 30 days and other current receivables within 12 months. Cash on deposit in respect of environmental bonds is not due for settlement until rights of tenure are forfeited or performance obligations are met.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for doubtful debts) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognized in the statement of profit or loss and other comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss and other comprehensive income.

(g) Revenue Recognition

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.

Revenue in relation to joint venture agreements is recognised over the period the services are rendered. Revenue from the sale of investments is recorded when all risks and rewards relating to the assets are posted to the third party.

(h) Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated using the diminishing value and prime cost methods and is brought to account over the estimated economic lives of all property, plant and equipment. The rates used are based on the useful life of the assets and range from 10% to 40%.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An assets carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

**JINDALEE RESOURCES LIMITED**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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Depreciation methods, useful lives and residual values are reassessed at each reporting date.

(i) Impairment of Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease). As assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had the impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at the revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(j) Exploration and Evaluation Expenditure

The Groups policy with regards to exploration and evaluation expenditure, including the costs of acquiring licences and permits, are capitalised as exploration and evaluation assets on an area of interest basis. Under this method exploration and evaluation expenditure is carried forward on the following basis:

- i) Each area of interest is considered separately when deciding whether, and to what extent, to carry forward or write off exploration and evaluation costs.
- ii) Exploration and evaluation expenditure related to an area of interest is carried forward provided that rights to tenure of the area of interest are current and that one of the following conditions is met:
  - such evaluation costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively, by its sale; or
  - exploration and/or evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in relation to the area are continuing.

Exploration and evaluation costs accumulated in respect of each particular area of interest include only net direct expenditure.

(k) Trade and Other Payables

Trade payables and other payables are carried at cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

**JINDALEE RESOURCES LIMITED**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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(l) Employee Entitlements

The Group's liability for employee entitlements arising from services rendered by employees to reporting date are recognised in other payables. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, and annual leave which will be settled within one year, have been measured at their nominal amount and include related on-costs.

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 the 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.

(m) Share Based Payment Transactions

*Share based payments*

Under AASB 2 Share Based Payments, the Group must recognise the fair value of options granted to directors, employees and consultants as remuneration as an expense on a pro-rata basis over the vesting period in the statement of profit or loss and other comprehensive income with a corresponding adjustment to equity.

The Group provides benefits to employees (including directors) of the Group in the form of share based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The cost of these equity-settled transactions with employees (including directors) is measured by reference to fair value at the date they are granted. For Options the fair value is determined using a Black-Scholes model.

(n) Earnings Per Share

(i) Basic Earnings Per Share

Basic earnings per share is determined by dividing the operating loss attributable to the equity holder of the Group after income tax by the weighted average number of ordinary shares outstanding during the financial period.

(ii) Diluted Earnings Per Share

Diluted earnings per share adjusts the figures used in determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will arise from the exercise of options outstanding during the period.

(o) Contributed Equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(p) Income Tax and Other Taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.



**JINDALEE RESOURCES LIMITED**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- When the deductible temporary difference is associated with investments in subsidiaries, associates or interest in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each statement of financial position date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

#### *Goods & Services Tax*

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flow arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**JINDALEE RESOURCES LIMITED**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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(q) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

*Accounting for capitalised exploration and evaluation expenditure*

The Group's accounting policy is stated at Note 2(j). There is some subjectivity involved in the carrying forward as capitalised or writing off to the statement of profit or loss and other comprehensive income exploration and evaluation expenditure, however management give due consideration to areas of interest on a regular basis and are confident that decisions to either write off or carry forward such expenditure fairly reflect the prevailing situation.

*Share-based payments*

The Group measures share-based payments at fair value at the grant date. The fair value is determined using a Black-Scholes model or other valuation technique appropriate for the instrument being valued.

*Deferred tax balances*

Deferred tax assets in respect of tax losses are not recognised in the financial statements as management considers that it is currently not probable that future taxable profits will be available to utilise those tax losses. Management reviews on a regular basis the future profitability of the group to consider if tax losses should be recognised and to ensure that any tax losses recognised will be utilised.

*Impairment of available for sale financial assets*

The Company determines an impairment loss on the available for sale investments held when there has been a significant or prolonged decline in fair value below original cost. Management exercises judgement in determining what is 'significant' or 'prolonged' by evaluating, among other factors, whether the decline is outside the normal range of volatility in the asset's price, a deterioration in the financial health of the company whose securities are held, or problems with the investee company's operational or financing cash flows.

(r) Investment and other financial assets

*Financial Instruments*

The Group has exposure to interest rate risk which is the risk that the Group's financial position will be adversely affected by movements in interest rates. Interest rate risk on cash and short term deposits is not considered to be a material risk due to the short term nature of these financial instruments.

The Group has no monetary foreign currency assets or liabilities.

*Loans and receivables*

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

*Available for sale financial assets*

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

*Recognition and derecognition*

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit and/or loss are initially recognised at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive

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income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the statement of profit or loss and other comprehensive income as gains and losses from investment securities

*Subsequent measurement*

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Available-for-sale financial assets are subsequently carried at fair value.

Details on how the fair value of financial instruments is determined is disclosed in Notes 19 and 22.

*Impairment*

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the statement of profit or loss and other comprehensive income. Impairment losses recognised in the statement of profit or loss and other comprehensive income on equity instruments classified as available-for-sale are recognised in equity.

(s) Provisions

Provisions are measured at the present value of managements best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

(t) Dividends

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

(u) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

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**3. SEGMENT INFORMATION**

Management has determined that the Group has one reportable segment, being mineral exploration in Australia. As the Group is focused on mineral exploration, the Board periodically monitors the Group based on actual versus budgeted exploration expenditure incurred on the Group as a whole. This internal reporting framework is most relevant to assist the Board with making decisions regarding the Group and its ongoing exploration programmes and activities, while also taking into consideration the results of exploration work that has been performed to date.

	<b>Mineral exploration</b>	<b>Total</b>
	\$	\$
<b>Year ended 30 June 2016</b>		
<i>Reconciliation of segment revenue to Group revenue</i>		
Revenue from external sources	-	-
Unallocated revenue	-	130,009
Total revenue	-	<u>130,009</u>
 <i>Reconciliation of segment result to Group profit</i>		
Segment result	<u>(911,768)</u>	(911,768)
Unallocated	-	-
- Interest revenue	-	130,009
- Corporate expenses and other costs	-	<u>(274,863)</u>
Loss before tax	-	<u><u>(1,056,622)</u></u>
 <b>As at 30 June 2015</b>		
<i>Reconciliation of segment assets to Group assets</i>		
Segment assets	<u>5,873,838</u>	5,873,838
Intersegment eliminations	-	-
Total assets	-	<u><u>5,873,838</u></u>
 <i>Reconciliation of segment liabilities to Group liabilities</i>		
Segment liabilities	<u>98,306</u>	98,306
Intersegment eliminations	-	-
Total liabilities	-	<u><u>98,306</u></u>

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**3. SEGMENT INFORMATION (continued)**

	<b>Jindalee</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
<b>Year ended 30 June 2015</b>		
<i>Reconciliation of segment revenue to Group revenue</i>		
Revenue from external sources	-	-
Unallocated revenue	-	174,661
Total revenue	-	<u>174,661</u>
 <i>Reconciliation of segment result to Group profit</i>		
Segment result	(460,435)	(460,435)
Unallocated	-	-
- Interest revenue	-	174,661
- Corporate expenses and other costs	-	(324,210)
Loss before tax	-	<u>(609,984)</u>
 <b>As at 30 June 2015</b>		
<i>Reconciliation of segment assets to Group assets</i>		
Segment assets	6,926,505	6,926,505
Intersegment eliminations	-	-
Total assets	-	<u>6,926,505</u>
 <i>Reconciliation of segment liabilities to Group liabilities</i>		
Segment liabilities	117,052	117,052
Intersegment eliminations	-	-
Total liabilities	-	<u>117,052</u>

**4. REVENUE**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>From continuing operations</b>		
Interest	130,009	174,661

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**5. TAXATION**

	2016 \$	2015 \$
(a) Income tax expense		
Current tax	-	-
Deferred tax	-	-
	-	-
Deferred income tax expense included in income tax expense comprises: (Decrease)/increase in deferred tax liability	-	-
	-	-
Opening balance - deferred tax(asset)/ liability	-	-
Movement for period	-	-
Closing Balance – deferred tax (asset)/liability	-	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss before income tax :	(1,056,621)	(609,984)
Tax at the Australian tax rate of 28.5% (2015: 30%)	(301,137)	(182,996)
Tax effect of amounts which are not deductible in calculating taxable income:		
Non-deductible expenses	-	-
Tax losses not recognised	295,437	172,639
Share-based payments	5,700	10,357
Total income tax benefit	-	-

The franking account balance at year end was \$nil (2015: \$nil).

Jindalee Resources Limited and its wholly owned subsidiary have not implemented the tax consolidation legislation.

Jindalee Resources Limited has unrecognised deferred tax assets at year-end of \$817,815 (2015: \$550,683) representing unrecognised tax losses.

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**6. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax	(1,056,622)	(609,984)
Exploration expenditure written off	154,509	-
Depreciation	6,374	7,509
Impairment of available for sale financial assets net of tax	425,578	121,426
Share-based payments	20,000	34,524
Change in operating assets and liabilities during the financial year:		
(Increase)/decrease in trade and other receivables	4,479	5,922
Increase/(decrease) in trade and other payables	(3,267)	(56,119)
Increase/(decrease) in provisions	(16,002)	6,700
Increase/(decrease) in tax recognised in equity	-	-
Net cash (outflow) from operating activities	<u>(464,951)</u>	<u>(490,022)</u>

**7. EARNINGS PER SHARE**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Loss used in calculation of basic and diluted loss per share	(1,056,621)	(609,984)
Basic loss per share (cents per share)	(3.03)	(1.75)
Diluted loss per share (cents per share)	(3.03)	(1.75)
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share.	34,854,501	34,794,775
Adjustments for calculation of diluted loss per share:		
- Options	-	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted loss per share	<u>34,854,501</u>	<u>34,794,775</u>

Options on issue were not considered to be dilutive as their impact would have been to increase the loss per share.

**8. DIVIDENDS**

As at 30 June 2016 the Company held \$73,485 in unclaimed dividends (2015: \$76,078).

No dividend has been declared for the year ended 30 June 2016 (2015: nil).

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**9. CASH AND CASH EQUIVALENTS**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Term deposits	3,593,696	4,357,466
Cash at bank	577,860	381,158
	<u>4,171,556</u>	<u>4,738,624</u>

Term deposits include \$69,384 deposited as a guarantee. The Group's exposure to interest rate risk is disclosed in Note 19.

**10. TRADE AND OTHER RECEIVABLES**

	<b>2016</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<i>Current</i>		
Trade and other receivables	<u>46,558</u>	<u>47,920</u>

Trade and other receivables are denominated in Australian dollars are interest free with settlement terms of between 7 and 30 days. No trade receivables were past due or impaired as at 30 June 2016 (2015: nil).

Due to the short-term nature of these receivables their carrying value is assumed to be their fair value. Please refer to Note 19 for information on credit risk.

**11. NON-CURRENT - AVAILABLE-FOR-SALE FINANCIAL ASSETS**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Shares in listed corporations		
- Opening balance	1,904,836	2,026,262
- Purchases	7,500	-
- Revaluation/increase (decrease)	2,700	-
- Impairment charge	(425,578)	(121,426)
- Closing balance	<u>1,489,458</u>	<u>1,904,836</u>

The fair value of listed available-for-sale investments has been determined directly by reference to published price quotations in an active market.

At 30 June 2016 the market value of the Group's shareholding in Energy Metals was \$1,123,063 (2015: \$1,474,020).

Refer to Note 19 for information on Group's exposure to price risk.



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**12. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Plant and equipment - at cost	179,538	182,547
Less: accumulated depreciation	(159,114)	(162,568)
	<b>20,424</b>	<b>19,979</b>
 <b>Reconciliation of the carrying amount of property, plant and equipment:</b>		
Carrying amount	19,979	27,488
Additions and disposals (net)	6,819	-
Less: depreciation expense for year	(6,374)	(7,509)
Carrying amount	<b>20,424</b>	<b>19,979</b>
 Total property, plant and equipment	<b>20,424</b>	<b>19,979</b>

**13. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION EXPENDITURE**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of year	215,146	162,899
Exploration expenditure incurred	85,206	52,247
Exploration expenditure written off	(154,510)	-
Balance at the end of the year	<b>145,842</b>	<b>215,146</b>

The balance carried forward represents projects in the exploration and evaluation phase.

Ultimate recoupment of exploration expenditure carried forward is dependent on successful development and commercial exploitation, or alternatively, sale of respective areas.

**14. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Trade payables	<b>13,599</b>	<b>13,750</b>

Trade and other payables are non-interest bearing and are normally settled on 30 day terms.

The carrying value of trade and other payables are assumed to be the same as their fair values, due to their short term nature.

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**15. CONTRIBUTED EQUITY**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Share capital</b>		
34,894,775 ordinary fully paid shares (2015: 34,794,775)	7,227,254	7,207,254

On 25 November 2015, 100,000 ordinary fully paid shares were issued during the period at a price of \$0.20 per share. There were no movements in the ordinary share capital of the Company in the comparative reporting period.

Ordinary shares participate in dividends. On winding up of the Group any proceeds would be distributed in proportion to the number of the shares held.

At shareholder meetings on a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Opening balance	34,794,775	34,794,775	7,207,254	7,207,254
Share-based payment (Note 18)	100,000	-	20,000	-
Closing balance	34,894,775	34,794,775	7,227,254	7,207,254

**16. ACCUMULATED LOSS**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Retained earnings at the beginning of the financial year	(2,367,575)	(1,757,591)
Loss attributable to members of the Group	(1,056,621)	(609,984)
Accumulated losses at the end of the financial year	(3,424,196)	(2,367,575)

**17. RESERVES**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Share-based payment reserve</b>		
Balance at the beginning of the year	1,969,774	1,935,250
Share-based payments	-	34,524
Balance at the end of the year	1,969,774	1,969,774
<b>Available for sale investments revaluations reserve</b>		
Balance at the beginning of year	-	-
Revaluation /disposal of investments	2,700	-
Balance at the end of the year	2,700	-
Total reserves	1,972,474	1,969,774

*Nature and purpose of the reserves:*

- (i) The share-based payments reserve is used to recognise the fair value of options issued but not exercised.
- (ii) The available for sale investment revaluation reserve is used to recognise the change in fair value.

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**18. SHARE BASED PAYMENT TRANSACTIONS**

Share based payments transactions are recognised at fair value in accordance with AASB 2. The adoption of AASB 2 is equity-neutral for equity-settled transactions. The expense in the year was \$20,000 (2015: \$34,524).

Shares granted as compensation to Key Management Personnel

At the Company's Annual General Meeting held on 25 November 2015, Shareholders approved the issue of 100,000 Shares at a deemed issue price of \$0.20 per share, to Mr Justin Mannolini in lieu of a payment of directors' fees that would otherwise be payable by the Company as set out in the below table:

Director	Amount	Period of directors' fees	Number of Shares
Justin Mannolini	\$20,000	1 July 2015 to 31 December 2015	100,000

The Shares were issued in lieu of the payment of Directors' fees of an amount totalling \$20,000.

The expense was \$20,000 and has been recognised as a 'share-based payment' expense in the statement of profit or loss and other comprehensive income.

Employee Share Option Plan

Jindalee Resources Limited Employee Share Option Plan ("ESOP") was established to encourage all eligible directors, executive officers and employees who have been continuously employed by the Group to have a greater involvement in the achievement of the Group's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Group through share ownership.

The ESOP allows the Group to issue free options to eligible persons. The options can be granted free of charge and are exercisable at a fixed price in accordance with the rules of the ESOP. All options on issue are fully vested at grant date.

Set out below are summaries of options granted under the plan:

Grant Date	Expiry Date	Exercise Price	Balance at the start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
<b>2015</b>								
26/11/2014	30/06/2017	\$0.50	500,000	2,100,000	-	-	2,600,000	2,600,000
	Weighted average exercise price		\$0.50	-	-	-	\$0.50	\$0.50

The weighted average remaining contractual life of share options outstanding at the end of the period is 1 year (2015: 2 years).

Fair Value of Share Options and Assumptions

The fair value of services received in return for share options granted to directors is measured by reference to the fair value of options granted. The estimate of the fair value of the services is measured based on a Black-Scholes option valuation methodology. This life of the options and early exercise option are built into the option model.

The assumptions used for the options valuation are as follows:

Grant Date	26/11/2014
Exercise Price	\$0.50
Expected Life	2.6 years
Share Price at Time of Issue	\$0.16
Expected Volatility	60%
Dividend Yield	0%
Risk Free Interest Rate	2.51%
Option Value	\$0.01644

Grant Date	28/11/2013
Exercise Price	\$0.50
Expected Life	3 years
Share Price at Time of Issue	\$0.20
Expected Volatility	60%
Dividend Yield	0%
Risk Free Interest Rate	3.31%
Option Value	\$0.07

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**19. FINANCIAL AND CAPITAL RISK MANAGEMENT**

**(a) Capital Risk Management**

The Group manages its capital to ensure that it will be able to continue as a going concern.

In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders. In order to achieve this object, the Group seeks to maintain a capital structure that balances risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through new share issues, or sourcing of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

There have been no significant changes to the Group's capital management objectives, policies and processes in the year nor has there been any change in what the Group considers to be its capital.

The capital structure of the Group consists of cash and cash equivalents (Note 9) and equity attributable to equity holders of the Group, comprising issued capital, reserves and retained earnings (accumulated losses) as disclosed in Notes 15, 16 and 17 respectively.

**(b) Significant Accounting Policies**

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 of the financial statements.

**(c) Categories of Financial Instruments**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>		
<i>Current</i>		
Cash and cash equivalents	4,171,556	4,738,624
Trade and other receivables	46,558	47,920
<b>Total Current Financial Assets</b>	<b>4,218,114</b>	<b>4,786,544</b>
<i>Non-current</i>		
Available for sale financial assets <sup>1</sup>	1,489,458	1,904,836
<b>Total Non-Current Financial Assets</b>	<b>1,489,458</b>	<b>1,904,836</b>
 <b>Financial Liabilities</b>		
<i>Current</i>		
Trade and other payables	87,084	89,828
<b>Total Current Financial Liabilities</b>	<b>87,084</b>	<b>89,828</b>

<sup>1</sup>Refer to note 22 for details of fair value of available for sale financial assets

**(d) Credit Risk Exposure**

As at the reporting date, the Group has no significant concentrations of credit risk. The carrying amount reflected above represents the Group's maximum exposure to credit risk.

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**19. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)**

**(e) Interest Rate Risk Exposure**

The Group's exposure to interest rate risk arises from assets bearing variable interest rates. The weighted average interest rate on cash holdings was 3.00% at 30 June 2016 (2015: 3.00%). All other financial assets and liabilities are non interest bearing. The net fair value of the Group's financial assets and liabilities approximates their carrying value.

The Group invests its surplus funds on deposit with Australian banking financial institutions, namely the National Australia Bank and ANZ Bank. For banks and financial institutions, only independently rated parties with a minimum rating of AA- are accepted.

The table below summarises the impact of an increase/decrease in interest rates received on cash deposits held at year end on the Group's pre-tax profit for the year and on equity. The analysis is based on the assumption that rates increased/decreased proportionally by 10% with all other variables held constant.

	2016 \$	2015 \$
<b>Impact on profit and equity</b>		
Increase of 10%	13,001	17,466
Decrease of -10%	(13,001)	(17,466)

**(f) Price Risk**

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified in the statement of financial position as available for sale. The Group is not exposed to commodity price risk.

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.

The table below summarises the impact of an increase/decrease in prices of securities held at year end on the Group's pre-tax profit for the year and on equity. The analysis is based on the assumption that the prices of all securities increased/decreased by 10% with all other variables held constant.

	2016 \$	2015 \$
<b>Impact on profit and equity</b>		
Increase of 10%	148,946	190,484
Decrease of -10%	(148,946)	(190,484)

**(g) Liquidity Risk**

The liquidity position of the Group is managed to ensure sufficient liquid funds are available to meet our financial commitments in a timely and cost-effective manner. The Board reviews the Group's liquidity position on a regular basis including cash flow statements to determine the forecast liquidity position and maintain appropriate liquidity levels. Note 14 details the Group's current obligations.

There are no unused borrowing facilities from any financial institution.

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**19. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)**

**(h) Fair Values**

The carrying amounts and estimated fair values of financial assets and financial liabilities are as follows:

<b>Consolidated</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>		
Cash and cash equivalents	4,171,556	4,738,624
Trade and other receivables	46,558	47,920
Available for sale financial assets	1,489,458	1,904,836
<b>Total Financial Assets</b>	<b>5,707,572</b>	<b>6,691,380</b>
<b>Financial Liabilities</b>		
Trade and other payables	87,084	89,828
<b>Total Financial Liabilities</b>	<b>87,084</b>	<b>89,828</b>

The methods and assumptions used to estimate the fair value of financial instruments are outlined below:

**Cash**

The carrying amount is fair value due to the liquid nature of these assets.

**Receivables/payables**

Due to the short term nature of these financial rights and obligations, their carrying amounts are estimated to represent their fair values.

**Available for sale financial assets**

The current bid price as at 30 June 2016 is used to determine the carrying value of the available for sale financial assets and any movement is taken to the reserve. An impairment loss of available for sale financial assets is taken to the statement of profit or loss and other comprehensive income.

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

Refer to Note 22 for further details.

**20. CONTINGENCIES**

**Contingent Liabilities**

*Claims of Native Title*

To date the Group has been notified by the Native Title Tribunal of native title claims which cover some of the Group's licence holdings. Until further information arises in relation to the claims and its likelihood of success, the Group is unable to assess the likely effect, if any, of the claims.

*Performance Bonds and Security Documents*

In support of titles granted to or operated by the Group, various securities are submitted to the Department of Mines & Petroleum. These consist of unconditional performance bonds and securities or Form 32 security documents. The Company has no liability outstanding.

There are no other contingencies of the Group at balance date.

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**21. COMMITMENTS**

**Capital Commitments**

There are no capital expenditure commitments for the Group as at 30 June 2016.

**Contractual Commitment**

As at 30 June 2016 the Group has a contractual lease agreement for its registered offices which is due to expire on 15 June 2017. The amount contracted on a per year basis but not included as a liability at 30 June 2016 was \$87,875.

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
< 1 year	87,875	84,960
1-5 years	-	84,960
	87,875	169,920

**22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS**

The carrying values of financial assets and liabilities of the Group approximate their fair values. Fair values of financial assets and liabilities have been determined for measurement and / or disclosure purposes.

*Fair value hierarchy*

The Group classifies assets and liabilities carried at fair value using a fair value hierarchy that reflects the significance of the inputs used in determining that value. The table following analyses financial instruments carried at fair value by the valuation method. The different levels in the hierarchy have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

<b>Recurring fair value measurements</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>30 June 2016</b>				
Available-for-sale financial assets	1,489,458	-	-	1,489,458
<b>Total as at 30 June 2016</b>	<b>1,489,458</b>	-	-	<b>1,489,458</b>
<b>30 June 2015</b>				
Available-for-sale financial assets	1,904,836	-	-	1,904,836
<b>Total as at 30 June 2015</b>	<b>1,904,836</b>	-	-	<b>1,904,836</b>

Due to their short term nature, the carrying amount of the current receivables and current payables is assumed to approximate their fair value.

**JINDALEE RESOURCES LIMITED**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**23. CONTROLLED ENTITIES**

<b>Controlled Entity</b>	<b>% held</b>		<b>Class</b>	<b>State of Incorporation</b>	<b>Date of Incorporation</b>	<b>Investment at Cost</b>	
	<b>2016</b>	<b>2015</b>				<b>2016</b>	<b>2015</b>
						<b>\$</b>	<b>\$</b>
Eastmin Pty Limited	100%	100%	Ord	WA	15/04/2005	2	2
Awesomous Pty Ltd	100%	-	Ord	WA	13/04/2016	100	-

The date of acquisition of the controlled entities was on the date of incorporation. The fair value of net assets acquired at the date of acquisition were nil.

**24. RELATED PARTY TRANSACTIONS**

- (a) Parent entities  
The parent entity within the Group is Jindalee Resources Limited.
- (b) Subsidiaries  
Interests in subsidiaries are set out in Note 23.
- (c) Key management personnel compensation

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	251,713	261,567
Post-employment benefits	11,020	13,270
Share-based payments	20,000	24,660
	<u>282,733</u>	<u>299,497</u>

Refer to the remuneration report contained within the Directors' Report and Note 18 for further details on compensation to key management personnel.

**25. REMUNERATION OF AUDITORS**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Amounts paid or payable at 30 June to the auditors for:		
Audit and review of financial statements	20,724	26,050
Total remuneration for audit and other assurance services	<u>20,724</u>	<u>26,050</u>



**JINDALEE RESOURCES LIMITED**  
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**FOR THE YEAR ENDED 30 JUNE 2016**

**26. PARENT ENTITY FINANCIAL INFORMATION**

The following details information related to the parent entity, Jindalee Resources Limited, at 30 June 2016. The information presented here has been prepared using consistent accounting policies as presented in Note 2.

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Financial Position</b>		
<i>Assets</i>		
Current assets	3,523,425	4,076,375
Non-current assets	1,950,446	2,444,494
Total assets	<u>5,473,871</u>	<u>6,520,869</u>
<i>Liabilities</i>		
Current liabilities	98,306	117,052
Non-current liabilities	-	-
Total liabilities	<u>98,306</u>	<u>117,052</u>
Net assets	<u>5,375,565</u>	<u>6,403,817</u>
<i>Equity</i>		
Issued capital	7,227,254	7,207,254
Accumulated losses	(4,123,136)	(2,773,211)
Reserves	2,271,447	1,969,774
Total equity	<u>5,375,565</u>	<u>6,403,817</u>

**Financial Performance**

Loss for the year	(1,050,953)	(482,694)
Other comprehensive income	2,700	121,426
Total comprehensive loss	<u>(1,048,253)</u>	<u>(361,268)</u>

No guarantees have been entered into by Jindalee Resources Limited in relation to the debts of its subsidiary.

Jindalee Resources Limited had no commitments or contingent liabilities at year end other than those disclosed in Notes 20 and 21.

**27. EVENTS OCCURRING AFTER THE REPORTING PERIOD**

On 30 June 2016 the Company announced to the ASX changes to its board structure effective 1 July 2016, with Lindsay Dudfield stepping down as Executive Chairman and continuing in the role of Managing Director and Non-Executive Director Justin Mannolini assuming the position of Non-Executive Chairman.

Other than the matter outlined above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations, the results of those operations, or the state of affairs of the Group in future financial years.

**JINDALEE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**  
**ACN 064 121 133****DECLARATION BY DIRECTORS**

In the Directors' opinion:

1. The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, accompanying notes, are in accordance with the *Corporations Act 2001*, and:
  - (a) complying with Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (b) 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.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer as required by section 295A of the *Corporations Act 2001*.
4. Note 2(a) confirms that the financial statements also comply with International Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

  
L G DUDFIELD

Managing Director

26<sup>th</sup> day of August 2016 at Perth, Western Australia.

**DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF JINDALEE RESOURCES LIMITED**

As lead auditor of Jindalee 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 Jindalee Resources Limited and the entities it controlled during the period.



**Glyn O'Brien**

Partner

**BDO Audit (WA) Pty Ltd**

Perth, 26 August 2016

## INDEPENDENT AUDITOR'S REPORT

To the members of Jindalee Resources Limited

### Report on the Financial Report

We have audited the accompanying financial report of Jindalee Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or 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 company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2(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 company'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 company'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 Jindalee 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 Jindalee 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 2(a).

### Report on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 11 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

### Opinion

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

BDO Audit (WA) Pty Ltd



Glyn O'Brien

Partner

Perth, 26 August 2016