



**RIEDEL RESOURCES LIMITED**  
**ABN: 91 143 042 022**

**ANNUAL REPORT**

**30 JUNE 2016**

**RIEDEL RESOURCES LIMITED**  
**ABN: 91 143 042 022**

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**RIEDEL RESOURCES LIMITED**  
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**CORPORATE DIRECTORY**

**DIRECTORS**

Jeffrey Moore  
Andrew Childs  
Luke Matthews  
Mark Skiffington

**COMPANY SECRETARY**

Leonard Math

**REGISTERED & PRINCIPAL OFFICE**

Suite 1  
6 Richardson Street  
WEST PERTH WA 6005

Telephone: (08) 9226 0866

Facsimile: (08) 9486 7375

**AUDITORS**

PKF Mack  
Level 4  
35 Havelock Street  
WEST PERTH WA 6005

**SHARE REGISTRY**

Computershare Investor Services Pty Limited  
Level 11, 172 St Georges Terrace  
PERTH WA 6000

**STOCK EXCHANGE LISTING**

Australian Securities Exchange  
(Home Exchange: Perth, Western Australia)  
Code: RIE

**RIEDEL RESOURCES LIMITED**  
**ABN: 91 143 042 022**

**DIRECTORS' REPORT**

Your directors present the following report on Riedel Resources Limited (the Company) and the entities it controlled during or at the end of the financial year (the Group) for the financial year ended 30 June 2016.

**DIRECTORS**

The Directors of the Company at any time during or since the end of financial year are:

**Jeffrey Moore** Executive Director (Appointed on 30 September 2010)  
Qualifications B.Sc, MAusIMM, MGSA

Experience Mr Moore is a geologist with extensive technical, managerial and project finance experience in exploration and mining for publicly listed companies. During his career, he has generated and managed projects for commodities including precious metals, base metals, diamonds, nickel and industrial minerals throughout Australia, Central and South America, Africa and Asia.

Mr Moore has held previous directorships with Allied Gold Limited from 2004 to 2008, Great Australian Resources Limited from 2005 to 2007, Abra Mining Limited from 2006 to 2011, Alchemy Resources Limited from 2010 to 2011 and Cougar Metals NL from 2008 to 2012.

Mr Moore is also a Corporate Member of the Australasian Institute of Mining and Metallurgy and a Member of the Geological Society of Australia. He was appointed as a non-executive Director of Wild Acre Metals Limited on 8 September 2014.

Directorships of other listed companies Nil

Interest in Shares 2,661,305  
Interest in Options 5,000,000  
Interest in Performance Rights 10,000,000

**Andrew Childs** Non-executive Director (Appointed on 9 April 2010)  
Qualifications B.Sc, Geology and Zoology

Experience Mr Childs is currently Chairman of Australian Oil Company Limited and non-executive Director of ADX Energy Limited. He also sits on the Boards of a number of unlisted private and public companies including AIM listed Stratic Energy Corporation. Andrew graduated from the University of Otago, New Zealand in 1980 with a Bachelor of Science in Geology and Zoology.

Having started his professional career as an Exploration Geologist in the Eastern Goldfields of Western Australia, Andrew moved to petroleum geology and geophysics with Perth-based Ranger Oil Australia (later renamed Petroz NL). He gained technical experience with Petroz as a Geoscientist and later commercial experience as the Commercial Assistant to the Managing Director. Andrew is a member of the Petroleum Exploration Society of Australia and the American Association of Petroleum Geologists.

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**DIRECTORS' REPORT (con't)**

Directorships of other listed companies ADX Energy Limited  
Australian Oil Company Limited  
  
Sacgasco Limited

Interest in Shares 2,987,305  
Interest in Options 5,000,000

**Luke Matthews** Non-executive Director (appointed 19 January 2016)  
Qualifications B.Com (Hons) ADA (ASX)

Experience Mr Matthews graduated from the University of Western Australia with a B.Com. in 1996 and commenced his career in the financial services industry at Hartley Poynton in 1997.

Since that time, Mr Matthews has been engaged as a Senior Equities & Derivatives Advisor, providing advice on a wide range of financial instruments and structures including share trading, exchange traded option strategies, superannuation and corporate finance.

Directorships of other listed companies Nil

Interest in Shares 1,120,105

**Mark Skiffington** Non-executive Director (appointed 19 January 2016)  
Qualifications B.Ec (UWA) BPE (UWA)

Experience Since graduating from the University of Western Australia with a B.Ec. in 1993, Mr Skiffington has been engaged as a financial investment adviser in the stockbroking industry, having worked at three large brokerage houses before co-founding Oracle Securities Pty Ltd ("Oracle") with Luke Matthews in 2010.

Directorships of other listed companies Nil

Interest in Shares 23,319,371  
Interest in Options 4,216,025

**Ed Turner** Executive Director (appointed 5 December 2012, Resigned 27 November 2015)  
Qualifications BAppSc (Geology), MAIG

Experience Mr Turner joined the company as Exploration Manager in July 2011. He was appointed to the Board as Technical Director in December 2012. Prior to this he accumulated 25 years of experience as a geologist in Australia and overseas, with primary focus on gold, nickel, uranium and base metals exploration and underground gold mining. He has extensive experience in

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**DIRECTORS' REPORT (con't)**

project review, due diligence and acquisition.

Mr Turner has established exploration teams and managed exploration programmes in Romania, the Ukraine, Brazil, Burkina Faso and the

Democratic Republic of Congo for companies including RSG Global (now Coffey Mining), Anvil Mining and Cougar Metals. In Romania Ed led the exploration team that added five million ounces of gold to the Rosia Montana gold resource in a twelve month period.

On 27 November 2015, Mr Turner resigned as Executive Director but continues to provide technical management services to the Company as a consultant.

Directorships of other listed companies Nil

Interest in Shares<sup>1</sup> 1,588,234

**Ian Tchacos** Non-executive Chairman (Appointed on 9 April 2010, Resigned 18 January 2016)

Qualifications B.Eng (Mech.)

Experience Mr Tchacos is a mechanical engineer with over 25 years international experience in corporate development and strategy, mergers and acquisitions, exploration, development and production operations, marketing and finance. He has a proven management track record in a range of international Company environments. In his last appointment as Managing Director of Nexus Energy he was responsible for this Company's development from an onshore micro cap explorer to an ASX top 200 offshore producer and operator. He is currently non-executive Chairman of ADX Energy Limited and non executive Director of Xstate Resources Ltd.

Directorships of other listed companies ADX Energy Limited  
Xstate Resources Ltd

Interest in Shares<sup>1</sup> 2,230,205

**Sue Symmons** Company Secretary (Resigned 28 August 2015)

Experience Ms Symmons was a corporate services executive with GDA Corporate.

Prior to joining GDA Corporate, Ms Symmons was Company Secretary of Jetset Travelworld Limited, Automotive Holdings Group Limited and Evans & Tate Limited.

Ms Symmons was also Company Secretary to Heytesbury Pty Ltd, a private company with interests in property, construction and agribusiness.

Ms Symmons is a member of the Governance Institute of Australia and

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**DIRECTORS' REPORT (con't)**

Australian Institute of Company Directors, holds a Bachelor of Commerce majoring in Accounting and Corporate Administration and is nearing completion of a Master of Business Law.

**Leonard Math**

Company Secretary (Appointed 28 August 2015)

Experience

Leonard graduated from Edith Cowan University in 2003 with a Bachelor of Business majoring in Accounting and Information Systems. He is a member of the Institute of Chartered Accountants. He previously worked as an auditor at Deloitte.

He is experienced with public company responsibilities including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting and shareholder relations. He is a Director and Company Secretary of ASX listed companies Elemental Minerals Limited and RMA Energy Limited.

<sup>1</sup> Shares held at end of resignation date.

The directors and Company Secretary have been in office to the date of this report unless otherwise stated.

**PRINCIPAL ACTIVITIES**

The principal activity of the Group during the year was mineral exploration.

**OPERATING RESULTS**

The net profit of the Group for the financial period after provision for income tax was \$704,101 (2015: net loss \$794,639)

DIRECTORS' REPORT (con't)

REVIEW OF OPERATIONS

MARYMIA PROJECT

*Australian Mines Limited ("Australian Mines") Earning Up to 80%  
(E52/2394 and E52/2395)*

During the reporting period, Australian Mines completed reverse circulation ("RC") and diamond core drilling over the Dixon gold prospect to follow up promising results from a single drillhole (**MMRC016**) completed in 2015. Assay results for gold from MMRC016 confirmed an intercept of **10 metres @ 8.79 g/t gold from 130 metres** downhole.

Follow-up drilling comprised eleven RC drill holes (for a total of 2,335 metres) and a single 285 metre diamond core hole. Drilling data confirmed that the source of a chargeability anomaly outlined by an induced polarisation ("IP") survey over the Dixon prospect area is a sulphidic (pyrite-pyrrhotite-arsenopyrite) body associated with the gold mineralisation intersected in MMRC016.

Significant gold intercepts returned from the drilling programme include:

- **1 metre @ 8.99 g/t gold** from 65 metres down hole in DXRC004;
- **11 metres @ 1.10 g/t** from 136.0 metres down hole in DXRC003, including **1 metre @ 5.76 g/t gold** from 139 metres down hole; and
- **1.1 metres @ 5.07 g/t gold** from 186.9 metres down hole in DXDD001.
  
- **2 metres @ 1.02 g/t Au** from 55 metres down hole in DXRC006
- **1 metre @ 1.49 g/t Au** from 144 metres down hole in DXRC008
- **2 metres @ 1.15 g/t Au** from 93 metres down hole in DXRC009
- **1 metre @ 1.16 g/t Au** from 69 metres down hole in DXRC010
- **1 metre @ 1.25 g/t Au** from 135 metres down hole in DXRC010
- **3 metres @ 1.14 g/t Au** from 140 metres down hole in DXRC011 and;
- **4 metres @ 1.31 g/t Au** from 170 metres down hole in DXRC011

Australian Mines was also successful with its application for the State Government sponsored Co-funded Drilling Program. **\$105,000** will be available for diamond core drilling at Dixon in the second half of 2016. This equates to up to 1,200 metres of core drilling and will be used to test for depth extensions to significant mineralisation already identified at Dixon.

Details of the follow-up drilling will be announced to ASX closer to the commencement date but it is anticipated that the programme will comprise up to 2,500 metres of RC drilling and 500 metres of diamond core.



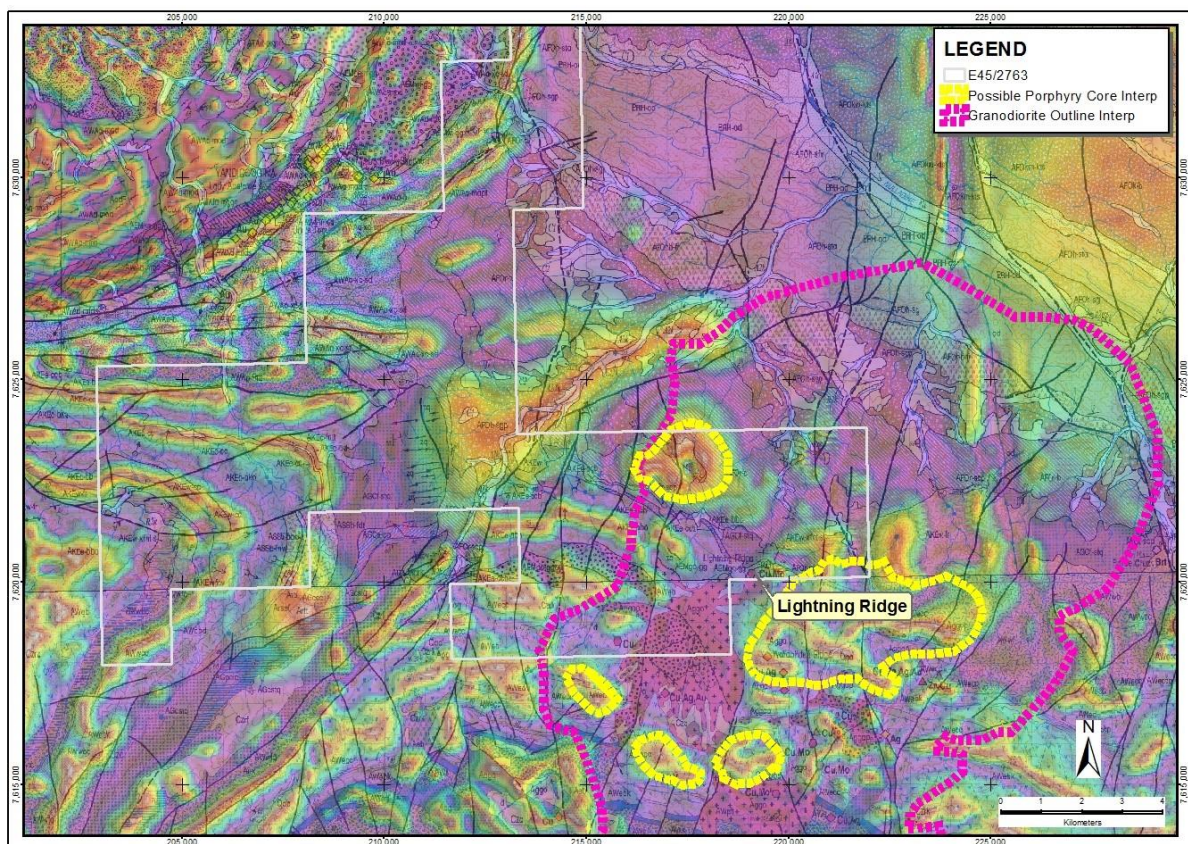
DIRECTORS' REPORT (con't)

CHARTERIS CREEK PROJECT

In January 2016 FMG Resources Pty Ltd ("Fortescue"), a wholly-owned subsidiary of Fortescue Metals Group Ltd, withdrew from the Farm In and Joint Venture Agreement entered into between Riedel's wholly-owned subsidiary Audax Minerals Pty Ltd ('Audax') and Fortescue over Exploration Licence 45/2763. Pursuant to the terms of the Agreement, Fortescue has not earned an interest in E45/2763 and the exploration licence will remain 100% owned by Audax.

Riedel has since been successful with its State Government 2016-2017 co-funded drilling application. A grant of **\$75,000** from the State Government may be used to drill geophysical anomalies at Charteris Creek. The grant is awarded for innovative drilling programs in previously untested locations and is designed to test for buried copper-gold porphyry mineralisation.

The proposed drilling will test two large magnetic anomalies for porphyry Cu-Mo (+/- Au) mineralisation hidden beneath the cover of the younger Fortescue Group. These magnetic peaks are within a circular feature approximately 1.5km in diameter (see *Figure 1*).

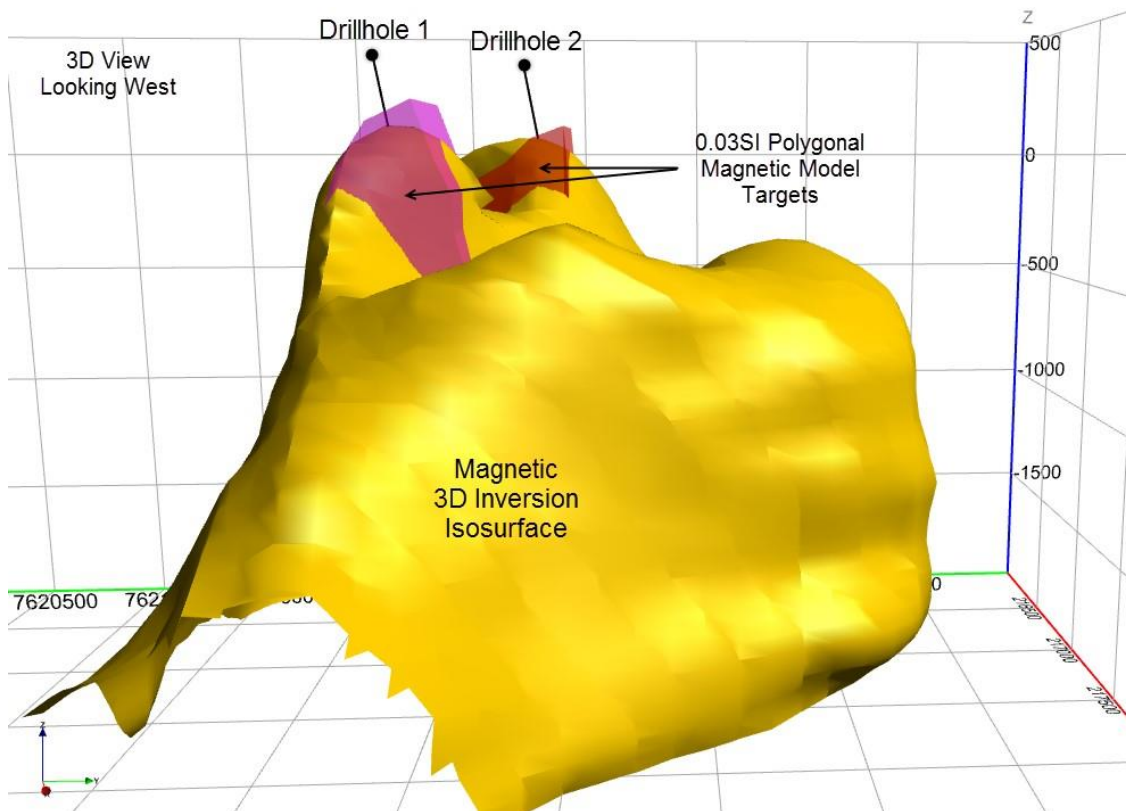


**Figure 1: Circular magnetic anomaly interpreted as possible porphyry core within granodiorite intrusive**

**DIRECTORS' REPORT (con't)**

Mineralisation has previously been defined at the Lightning Ridge Prospect within the tenement as well as at other prospects to the south of the tenement at Gobbos. At Gobbos surface samples up to 41% Cu have been recorded as well as 13 metres @ 4.28% Cu from a costean. Historic shallow drilling has also intersected numerous significant intersections of +1% Cu. The mineralisation is interpreted as being part of the same large intrusive body of rocks that extend into the drill target area under the Fortescue Group cover.

Reidel is planning to drill 1 or 2 diamond drill holes for a total of 800 metres to test the magnetic peaks closest to surface. The magnetic target was modelled using unconstrained 3D inversion modelling and polygonal forward modelling. The profile data along 5 airborne magnetic survey flight lines were modelled during this polygonal forward modelling exercise. Three alternative forward models were created using different magnetic susceptibility values of 0.01SI, 0.02SI and 0.03SI. Figure 2 shows the planned drill hole traces and the 3D Inversion and Polygonal Magnetic Model Targets (looking West).



**Figure 2: Planned drill hole traces and the 3D Inversion and Polygonal Magnetic Model Targets (looking West).**

**MILLROSE PROJECT**

The divestment of E53/1304 was completed on 30 May 2016 for a total cash consideration of \$950,000.

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**DIRECTORS' REPORT (con't)**

**Competent Person's Statement**

*The information in this report that relates to Exploration Results and Mineral Resources is based on, and fairly represents, information compiled by Mr Ed Turner, who is a Member of The Australian Institute of Geoscientists. Mr Turner is a consultant of Riedel Resources Limited. Mr Turner has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activities undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Turner consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

**TENEMENT SCHEDULE**

Following is the schedule of Riedel Resources mining tenements as at 30 June 2016.

| <b>Area of Interest</b>  | <b>Tenement reference</b> | <b>Nature of interest</b> | <b>Interest</b> |
|--------------------------|---------------------------|---------------------------|-----------------|
| <b>Western Australia</b> |                           |                           |                 |
| Charteris Creek          | E45/2763                  | Direct                    | 100%            |
| Bronzewing South         | E36/623                   | Indirect                  | 80%             |
| Marymia                  | E52/2394                  | Direct                    | 49%             |
| Marymia                  | E52/2395                  | Direct                    | 49%             |
| Porphyry                 | M31/157                   | Royalty                   | 0%              |
| West Yandal              | M36/615                   | Royalty                   | 0%              |

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**DIRECTORS' REPORT (con't)**

**MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

There are no other matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group, in future years.

**DIVIDENDS PAID OR RECOMMENDED**

No dividend has been paid or declared since the start of the financial year.

**LIKELY DEVELOPMENT AND RESULTS**

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report, as inclusion of such information is likely to result in unreasonable prejudice to the Group.

**ENVIRONMENTAL REGULATION**

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

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**DIRECTORS' REPORT (con't)**

**INDEMNITIES**

The Group has not, during or since the financial year, in respect of any person who is or has been an officer of the Company:

- Indemnified or made any relevant agreement for the indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or
- Paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings.

During the financial year the Company paid a premium of \$5,800 (excluding GST) in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings that may be brought against the directors and secretary of the Company.

**MEETINGS OF DIRECTORS**

During the financial year, 10 meetings of directors were held. The number of meetings attended by each director during the period is stated below:

|                  | Number of eligible to<br>attend | Number attended |
|------------------|---------------------------------|-----------------|
| Jeffrey Moore    | 10                              | 10              |
| Andrew Childs    | 10                              | 10              |
| Luke Matthews    | 3                               | 3               |
| Mark Skiffington | 3                               | 3               |
| Ian Tchacos      | 7                               | 7               |
| Ed Turner        | 7                               | 7               |

**OPTIONS**

**Unissued shares under options**

At the date of this report, the unissued ordinary shares of Riedel Resources Limited under option are as follows:

| Expiry date | Exercise price<br>(cents) | Quantity         |
|-------------|---------------------------|------------------|
| 31/12/2016  | 5.2                       | 10,000,000       |
| 31/12/2017  | 1.1                       | 23,728,195       |
| 31/01/2018  | 15                        | 1,250,000        |
| 11/03/2019  | 1.8                       | 18,000,000       |
|             |                           | <hr/> 52,978,195 |

Each option entitles the holder to one fully paid ordinary share in the Company at any time up to expiry date. To the date of this report no shares had been issued as a result of the exercise of options.

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**DIRECTORS' REPORT (con't)**

**CONVERTIBLE NOTES**

On 27 June 2013 the Company issued a Secured Convertible Note to Oracle Securities Pty Ltd (or its nominees). The Convertible Note (and any accrued interest) can be converted in full or any part thereof into Shares in the Company at the lender's sole discretion at any time after 30 June 2015.

Shares issued in lieu of accrued interest will be issued at the lower of \$0.036 or 90% of the 10 day VWAP preceding the due date for payment of that accrued interest.

The amended agreement between the parties stated that shares issued on conversion are currently issued at the lower of 80% of the 10 day VWAP preceding the date of execution of the Convertible Note Deeds or 80% of the 10 day VWAP preceding the date of the Conversion Notice. Shareholders voted at the General Meeting held on 7 August 2014 to approve the amendments to the terms of the Convertible Notes. The redemption date was 30 June 2015, however on 31 July 2015 the Company agreed with the Convertible Noteholders to extend the redemption date of the Convertible Note Deeds from 30 June 2015 to 31 August 2015. On 28 August 2015 the Company agreed with the Convertible Noteholders to extend the redemption date of the Convertible Note Deeds from 31 August 2015 to 30 September 2015. On 30 September 2015 the Company agreed with the Convertible Noteholders to extend the redemption date of the Convertible Note Deeds from 30 September 2015 to 31 October 2015.

On 30 October 2015 an agreement has been reached with the Convertible Note holders to convert all of the outstanding Convertible Notes, with a face value of \$400,000, into ordinary fully paid shares of Riedel. A total of 61,653,937 fully paid shares of Riedel were issued to the Convertible Note holders at a price of \$0.0065 per share to redeem the Convertible Notes.

**PROCEEDINGS ON BEHALF OF COMPANY**

No person has applied for leave of Court 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 any part of those proceedings.

The Company was not a party to any such proceedings during the period.

**AUDITOR'S INDEPENDENCE DECLARATION**

The auditor's independence declaration for the year ended 30 June 2016 has been received and is included in the financial report on page 22.



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**DIRECTORS' REPORT (con't)**

**REMUNERATION REPORT - AUDITED**

This report outlines the remuneration arrangements in place for the key management personnel of Riedel Resources Limited (the "Company") for the financial year ended 30 June 2016. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for key management personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent Company, and includes the two executives in the Company and the Group receiving the highest remuneration.

*Key Management Personnel*

**Directors**

Jeffrey Moore (Executive Chairman)  
Andrew Childs (Non-executive Director)  
Luke Matthews (Non-executive Director) (Appointed 19 January 2016)  
Mark Skiffington (Non-executive Director) (Appointed 19 January 2016)  
Ian Tchacos (Non-executive Director) (Resigned 18 January 2016)  
Ed Turner (Non-executive Director) (Resigned 27 November 2015)

*Remuneration Philosophy*

The performance of the Company depends upon the quality of the directors and executives. The philosophy of the Company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration

*Remuneration Committee*

The Remuneration Committee, the role and duties of which are undertaken by the Board, establishes human resources and compensation policies and practices for the Directors (executive and non-executive) and senior executives, including retirement termination policies and practices, Company share schemes and other incentive schemes, Company superannuation arrangements and remuneration arrangements.

*Remuneration Policy*

The remuneration policy of the Company has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The Board of the Company believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors and executives to run and manage the Group.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the Group is as follows:

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**DIRECTORS' REPORT (con't)**

**REMUNERATION REPORT – AUDITED (con't)**

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives (if any), was developed by the Board. All executives are to receive a base salary (which is based on factors such as length of service and experience) and superannuation. The Board reviews executive packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The Board may exercise discretion in relation to approving incentives, bonuses and options. The policy is to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Directors and executives are also entitled to participate in the Employee Incentive Option Scheme and Performance Rights Plan. The executive directors and executives receive a superannuation guarantee contribution required by the government, which was 9.5% for the year ended 30 June 2016, and do not receive any other retirement benefits. All remuneration paid to directors and executives is valued at the cost to the Company and expensed. Options are valued using the Black-Scholes or Binomial Option Pricing models.

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate fees that can be paid to non-executive directors is \$250,000 per annum as detailed in the Company's prospectus dated 12 November 2010. Amendments to this amount are subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors will not be linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in the Employee Incentive Option Scheme.

The objective of the Company's executive reward framework is set to attract and retain the most qualified and experienced directors and senior executives.

The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness
- Acceptability to shareholders
- Performance linkage
- Capital management

**Directors' fees**

A director may be paid fees or other amounts as the directors determine where a director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director. A director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Non-executive Directors are not currently paid any fee.



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**DIRECTORS' REPORT (con't)**

**REMUNERATION REPORT – AUDITED (con't)**

**Bonuses**

No bonuses were given to key management personnel during the 2015 and 2016 years.

**Performance based remuneration**

The Company currently offers eligible Directors and Key Executives participation in the Company Performance Rights Plan and/or Incentive Option Scheme. This is in addition to cash remuneration.

**Company performance, shareholder wealth and director's and executive's remuneration**

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. Currently, this is facilitated through the issue of options or Performance Rights to eligible directors and executives to encourage the alignment of personal and shareholder interests. The Company believes the policy will be effective in increasing shareholder wealth. For details of directors and executives interests in options and performance rights at year end, refer below for details.

In order to preserve cash in the Company, the non-executive Directors have not received Directors fees since 1 May 2013 and the executive Directors receive Directors' fees only in the form of cash. All directors are entitled to participate in the Performance Rights Plan and/or Incentive Option Scheme.

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**DIRECTORS' REPORT (con't)**

**REMUNERATION REPORT – AUDITED (con't)**

**Remuneration of directors and key management personnel**

**For the year ended 30 June 2016**

|                               | Short-Term Benefits |                            | Post-Employment Benefits | Equity-Settled Share-Based Payments | Value of equity as proportion of remuneration |       |
|-------------------------------|---------------------|----------------------------|--------------------------|-------------------------------------|---|-------|
|                               | Directors Fees      | Salary and Consulting Fees | Superannuation           |                                     | Total   | %     |
|                               | \$                  | \$                         | \$                       | \$                                  | \$  | %     |
| <b>Directors</b>              |                     |                            |                          |                                     |   |       |
| Jeffrey Moore                 | 78,246              | -                          | 7,433                    | 147,767                             | 233,446                                       | 63.3% |
| Andrew Childs                 | -                   | -                          | -                        | 59,500                              | 59,500  | 100%  |
| Luke Matthews <sup>1</sup>    | -                   | -                          | -                        | -                                   | -   | -     |
| Mark Skiffington <sup>1</sup> | -                   | -                          | -                        | -                                   | -   | -     |
| Ed Turner <sup>2</sup>        | 25,000              | -                          | 2,375                    | 59,500                              | 86,875  | 68.5% |
| Ian Tchacos <sup>3</sup>      | 8,333               | -                          | 792                      | 35,700                              | 44,825  | 79.6% |
| <b>Total</b>                  | <b>111,579</b>      | <b>-</b>                   | <b>10,600</b>            | <b>302,467</b>                      | <b>424,646</b>                                |       |

<sup>1</sup> Appointed 18 January 2016.

<sup>2</sup> Resigned 27 November 2015.

<sup>3</sup> Resigned 18 January 2016. The Board resolved to pay Mr Tchacos a severance package of 2 months' worth of annual fee of \$50,000 plus superannuation.

**For the year ended 30 June 2015**

|                          | Short-Term Benefits |                            | Post-Employment Benefits | Equity-Settled Share-Based Payments | Value of equity as proportion of remuneration |      |
|--------------------------|---------------------|----------------------------|--------------------------|-------------------------------------|---|------|
|                          | Directors Fees      | Salary and Consulting Fees | Superannuation           |                                     | Total   | %    |
|                          | \$                  | \$                         | \$                       | \$                                  | \$  | %    |
| <b>Directors</b>         |                     |                            |                          |                                     |   |      |
| Jeffrey Moore            | 61,129              | -                          | 5,807                    | 5,297                               | 72,233  | 7.3% |
| Andrew Childs            | -                   | -                          | -                        | -                                   | -   | -    |
| Ed Turner <sup>1</sup>   | 59,677              | -                          | 5,669                    | -                                   | 65,346  | -    |
| Ian Tchacos <sup>2</sup> | -                   | -                          | -                        | -                                   | -   | -    |
| <b>Total</b>             | <b>120,806</b>      | <b>-</b>                   | <b>11,476</b>            | <b>5,297</b>                        | <b>137,579</b>                                |      |

<sup>1</sup> Resigned 27 November 2015.

<sup>2</sup> Resigned 18 January 2016.

**RIEDEL RESOURCES LIMITED**  
**ABN: 91 143 042 022**

**DIRECTORS' REPORT (con't)**

**REMUNERATION REPORT – AUDITED (con't)**

The overall level of key management personnel remuneration takes into account the performance of the Company since the Company's incorporation on 9 April 2010.

**Options and rights over equity instruments granted as compensation**

The following options were granted to key management personnel as compensation during the period or since the end of the financial year.

**Performance rights**

On 11 March 2016, 10,000,000 performance rights were issued under the Company Performance Rights Plan to Jeffrey Moore (Executive Chairman) as incentive to align the directors' interests with Company objectives. The following issues of securities to related parties were approved by shareholders as follows:

| Holder        | Number of Performance Rights | Vesting Conditions   |
|---------------|------------------------------|--|
| Jeffrey Moore | 4,000,000                    | Vest 12 months from the date of approval   |
|               | 3,000,000                    | Vest when the market capitalisation of the Company reaches \$4 million for 20 consecutive trading days |
|               | 3,000,000                    | Vest when the market capitalisation of the Company reaches \$5 million for 20 consecutive trading days |

The terms and conditions relating to these performance rights including the parameters used to value them are as follows:

|   | <b>Performance Rights</b> |
|---|---------------------------|
| Underlying security spot price          | \$0.015                   |
| Exercise price                          | \$0.015 - \$0.0176        |
| Volatility                              | 137%                      |
| Risk free rate                          | 2.02% - 2.23%             |
| Grant date                              | 11 March 2016             |
| Expiration date                         | 11 March 2021             |
| Expiration period (years)               | 5 yrs                     |
| Number of options                       | 10,000,000                |
| Valuation per option/performance rights | \$0.0077 - \$0.0132       |
| Total performance rights valuation      | \$109,700                 |

The total value of the performance rights of \$109,700 are expensed proportionately until 11 March 2017, being the vesting date. The total amount being expensed for the year ended 30 June 2016 is \$88,267.

**RIEDEL RESOURCES LIMITED**  
**ABN: 91 143 042 022**

**DIRECTORS' REPORT (con't)**

**REMUNERATION REPORT – AUDITED (con't)**

**Shares issued as compensation during the year.**

No shares were issued as compensation during the year.

**Service agreements**

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:-

Name: Jeffrey Moore  
Title: Executive Chairman  
Agreement commenced: 18 January 2016  
Term of agreement: 3 years (Subject to re - election every 3 years from 18 January 2016)  
Details: Directors Fees of \$100,000 plus super. The Executive is entitled to Performance Rights.

Name: Ian Tchacos (Resigned 18 January 2016)  
Title: Non-executive Chairman  
Agreement commenced: 22 October 2010  
Term of agreement: Subject to re - election every 3 years.  
Details: Base salary for the year ended 30 June 2013 of \$50,000 plus superannuation, to be reviewed annually by the Board.  
*Note: Salary foregone from 1 May 2013.*

Name: Andrew Childs  
Title: Non-executive Director  
Agreement commenced: 22 October 2010  
Term of agreement: Subject to re - election every 3 years.  
Details: Base salary for the year ended 30 June 2013 of \$30,000 plus superannuation, to be reviewed annually by the Board.  
*Note: Salary foregone from 1 May 2013.*

Name: Ed Turner (Resigned 27 November 2015)  
Title: Executive Director and Exploration Manager  
Agreement commenced: 11 July 2011\* (appointed as Director 5 December 2012)  
Term of agreement: Subject to re - election every 3 years.  
Details: Directors Fees of \$60,000 plus super. Directors Fees are reviewed annually by the Board. The Executive is entitled to Company options.

Name: Luke Matthews (Appointed 18 January 2016)  
Title: Non-executive Director  
Agreement commenced: 18 January 2016  
Term of agreement: Subject to re - election every 3 years.  
Details: Not entitled to director's fees due to current position of the Company.

**RIEDEL RESOURCES LIMITED**  
**ABN: 91 143 042 022**

**DIRECTORS' REPORT (con't)**

**REMUNERATION REPORT – AUDITED (con't)**

Name: Mark Skiffington (Appointed 19 January 2016)  
 Title: Non-executive Director  
 Agreement commenced: 18 January 2016  
 Term of agreement: Subject to re - election every 3 years.  
 Details: Not entitled to director's fees due to current position of the Company.

**Additional disclosures relating to key management personnel**

*Shareholding*

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

**Ordinary shares held in Riedel Resources Limited (number)**

| <b>2016</b>                   | <b>Balance at beginning of period</b> | <b>Granted as remuneration</b> | <b>Exercise of options</b> | <b>Net change other*</b> | <b>Balance at end of period</b> |
|-------------------------------|---------------------------------------|--------------------------------|----------------------------|--------------------------|---------------------------------|
| Ian Tchacos <sup>1</sup>      | 2,230,205                             | -                              | -                          | -                        | 2,230,205                       |
| Jeffrey Moore                 | 2,661,305                             | -                              | -                          | -                        | 2,661,305                       |
| Andrew Childs                 | 2,987,305                             | -                              | -                          | -                        | 2,987,305                       |
| Ed Turner <sup>2</sup>        | 1,588,234                             | -                              | -                          | -                        | 1,588,234                       |
| Mark Skiffington <sup>3</sup> | 23,017,529                            | -                              | -                          | 301,842                  | 23,319,371                      |
| Luke Matthews <sup>4</sup>    | 1,120,105                             | -                              | -                          | -                        | 1,120,105                       |
| <b>Total</b>                  | <b>33,604,683</b>                     | <b>-</b>                       | <b>-</b>                   | <b>301,842</b>           | <b>33,906,525</b>               |

<sup>1</sup> Resigned 18 January 2016. Shares held at the end of resignation date.

<sup>2</sup> Resigned 27 November 2015. Shares held at the end of resignation date.

<sup>3</sup> Appointed 18 January 2016. Shares held at the beginning of appointment date.

<sup>4</sup> Appointed 18 January 2016. Shares held at the beginning of appointment date.

\* Acquired on market.

**RIEDEL RESOURCES LIMITED**  
**ABN: 91 143 042 022**

**DIRECTORS' REPORT (con't)**

**REMUNERATION REPORT – AUDITED (con't)**

*Option holding*

The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

|                               | <b>Balance at<br/>beginning<br/>of period</b> | <b>Granted as<br/>remuneration</b> | <b>Exercised</b> | <b>Net change<br/>other</b> | <b>Balance at<br/>end of<br/>period</b> |
|-------------------------------|---|------------------------------------|------------------|-----------------------------|---|
| <b>2016</b>                   |   |                                    |                  |                             |   |
| Ian Tchacos <sup>1</sup>      | -   | -                                  | -                | -                           | -                                       |
| Jeffrey Moore                 | -   | -                                  | -                | 5,000,000                   | 5,000,000                               |
| Andrew Childs                 | -   | -                                  | -                | 5,000,000                   | 5,000,000                               |
| Ed Turner <sup>2</sup>        | -   | -                                  | -                | -                           | -                                       |
| Mark Skiffington <sup>3</sup> | 4,216,025                                     | -                                  | -                | -                           | 4,216,025                               |
| Luke Matthews <sup>4</sup>    | -   | -                                  | -                | -                           | -                                       |
| <b>Total</b>                  | <b>4,216,025</b>                              | <b>-</b>                           | <b>-</b>         | <b>10,000,000</b>           | <b>14,216,025</b>                       |

<sup>1</sup> Resigned 18 January 2016. Options held at the end of resignation date.

<sup>2</sup> Resigned 27 November 2015. Options held at the end of resignation date.

<sup>3</sup> Appointed 18 January 2016. Options held at the beginning of appointment date.

<sup>4</sup> Appointed 18 January 2016. Options held at the beginning of appointment date.

*Performance Rights of Key Management Personnel*

The number of performance rights in the Company held during the financial year by each director and other key management personnel of the Group, including their personally related parties, is set out below:

|               | <b>Balance<br/>at<br/>beginning<br/>of period</b> | <b>Granted as<br/>remuneration</b> | <b>Exercised</b> | <b>Net change<br/>other</b> | <b>Balance at<br/>end of<br/>period</b> |
|---------------|---|------------------------------------|------------------|-----------------------------|---|
| <b>2016</b>   |   |                                    |                  |                             |   |
| Jeffrey Moore | -   | -                                  | -                | 10,000,000                  | 10,000,000                              |
| <b>Total</b>  | <b>-</b>  | <b>-</b>                           | <b>-</b>         | <b>10,000,000</b>           | <b>10,000,000</b>                       |

**RIEDEL RESOURCES LIMITED**  
**ABN: 91 143 042 022**

**DIRECTORS' REPORT (con't)**

**REMUNERATION REPORT – AUDITED (con't)**

All equity transactions with key management personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

The fair value of the equity-settled share options granted is estimated as at the date of grant using a Black Scholes or Binomial Option Pricing Models taking into account the terms and conditions upon which the options were granted.

***This concludes the remuneration report, which has been audited.***

Signed in accordance with a resolution of the Board of Directors.



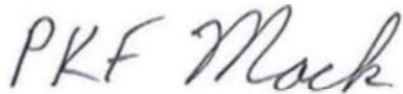
**Jeffrey Moore**  
**Director**

Date: 28 September 2016

## AUDITOR'S INDEPENDENCE DECLARATION

### TO THE DIRECTORS OF RIEDEL RESOURCES LIMITED

In relation to our audit of the financial report of Riedel Resources Limited for the year ended 30 June 2016, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



PKF MACK



SHANE CROSS  
PARTNER

28 SEPTEMBER 2016  
WEST PERTH,  
WESTERN AUSTRALIA



**DIRECTORS' DECLARATION**

The directors of the Company declare that:

1. The attached financial statements and notes are in accordance with the Corporations Act 2001:
  - (a) comply with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (b) give a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the year ended on that date.
  - (c) comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements.
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 director's have been given the declaration required by section 295A of the Corporations Act 2001.

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



**Jeffrey Moore**  
**Director**

Date: 28 September 2016

**RIEDEL RESOURCES LIMITED**  
**ABN: 91 143 042 022**

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

|  | NOTES | 2016<br>\$     | 2015<br>\$       |
|--|-------|----------------|------------------|
| Interest revenue   |       | 8,476          | 6,145            |
| Other revenue  |       | 1,643,895      | 60,154           |
| Total revenue  | 2(a)  | 1,652,371      | 66,299           |
| Administration expenses  |       | (321,896)      | (611,992)        |
| Depreciation   |       | (13,209)       | (15,351)         |
| Employee benefits expense  |       | (386,027)      | (27,104)         |
| Impairment of exploration expenditure                                    |       | (191,363)      | (143,704)        |
| Write-off of exploration expenditure                                     |       | (11,026)       | (29,437)         |
| Finance costs  |       | (10,749)       | (33,350)         |
| Extinguishment of liability  |       | (14,000)       | -                |
| <b>Profit/(Loss) before income tax expense</b>                           | 2(b)  | <b>704,101</b> | <b>(794,639)</b> |
| Income tax expense   | 3     | -              | -                |
| <b>Profit/(Loss) for the year</b>  |       | <b>704,101</b> | <b>(794,639)</b> |
| Other comprehensive loss   |       |                |                  |
| <i>Items that may be reclassified subsequently<br/>to profit or loss</i> |       |                |                  |
| Exchange difference on translation of foreign<br>operation               |       | (421)          | 156              |
| <b>Total comprehensive profit/(loss) for the<br/>year</b>                |       | <b>703,680</b> | <b>(794,483)</b> |
| Basic and diluted earnings/(loss) per share<br>(cents)                   | 16    | 0.34           | (0.54)           |

The accompanying notes form part of these financial statements.

**RIEDEL RESOURCES LIMITED**  
**ABN: 91 143 042 022**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2016**

|  | NOTES | 2016<br>\$       | 2015<br>\$       |
|--|-------|------------------|------------------|
| <b>CURRENT ASSETS</b>                  |       |                  |                  |
| Cash and cash equivalents              | 5     | 1,499,804        | 142,630          |
| Trade and other receivables            | 6     | 27,922           | 30,571           |
| <b>TOTAL CURRENT ASSETS</b>            |       | <b>1,527,726</b> | <b>173,201</b>   |
| <b>NON CURRENT ASSETS</b>              |       |                  |                  |
| Plant and equipment                    | 7     | 7,210            | 20,418           |
| Exploration and evaluation expenditure | 8     | 1,635,520        | 1,737,558        |
| <b>TOTAL NON CURRENT ASSETS</b>        |       | <b>1,642,730</b> | <b>1,757,976</b> |
| <b>TOTAL ASSETS</b>                    |       | <b>3,170,456</b> | <b>1,931,177</b> |
| <b>CURRENT LIABILITIES</b>             |       |                  |                  |
| Trade and other payables               | 9     | 143,535          | 31,265           |
| Convertible note                       | 10    | -                | 407,978          |
| <b>TOTAL CURRENT LIABILITIES</b>       |       | <b>143,535</b>   | <b>439,243</b>   |
| <b>TOTAL LIABILITIES</b>               |       | <b>143,535</b>   | <b>439,243</b>   |
| <b>NET ASSETS</b>                      |       | <b>3,026,921</b> | <b>1,491,934</b> |
| <b>EQUITY</b>                          |       |                  |                  |
| Issued capital                         | 11    | 15,981,731       | 15,452,891       |
| Option reserve                         | 12    | 290,941          | 290,941          |
| Share based payment reserve            | 12    | 827,612          | 525,145          |
| Foreign currency translation reserve   | 13    | 652,096          | 652,517          |
| Accumulated losses                     | 14    | (14,725,459)     | (15,429,560)     |
| <b>TOTAL EQUITY</b>                    |       | <b>3,026,921</b> | <b>1,491,934</b> |

The accompanying notes form part of these financial statements.

**RIEDEL RESOURCES LIMITED**  
**ABN: 91 143 042 022**

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

|  | Issued<br>Capital | Option<br>Reserve | Foreign<br>Currency<br>Translation<br>Reserve | Share<br>Based<br>Payments<br>Reserve | Accumulated<br>Losses | Total            |
|--|-------------------|-------------------|---|---------------------------------------|-----------------------|------------------|
|  | \$                | \$                | \$  | \$                                    | \$                    | \$               |
| <b>Balance at 1 July 2015</b>                                | <b>15,452,891</b> | <b>290,941</b>    | <b>652,517</b>                                | <b>525,145</b>                        | <b>(15,429,560)</b>   | <b>1,491,934</b> |
| Profit/(Loss) for the period                                 | -                 | -                 | -   | -                                     | 704,101               | 704,101          |
| Other comprehensive loss                                     | -                 | -                 | (421)   | -                                     | -                     | (421)            |
| Total comprehensive loss for the period                      | -                 | -                 | (421)   | -                                     | 704,101               | 703,680          |
| <i>Transactions with owners, recorded directly in equity</i> |                   |                   |   |                                       |                       |                  |
| Issue of share capital                                       | 533,466           | -                 | -   | -                                     | -                     | 533,466          |
| Less: share issue costs                                      | (4,626)           | -                 | -   | -                                     | -                     | (4,626)          |
| Issue of options   | -                 | -                 | -   | 302,467                               | -                     | 302,467          |
|  | <b>528,840</b>    | <b>-</b>          | <b>-</b>                                      | <b>302,467</b>                        | <b>-</b>              | <b>831,307</b>   |
| <b>Balance at 30 June 2016</b>                               | <b>15,981,731</b> | <b>290,941</b>    | <b>652,096</b>                                | <b>827,612</b>                        | <b>(14,725,459)</b>   | <b>3,026,921</b> |
| <b>Balance at 1 July 2014</b>                                | <b>15,110,833</b> | <b>290,941</b>    | <b>652,361</b>                                | <b>509,458</b>                        | <b>(14,944,254)</b>   | <b>1,619,339</b> |
| Loss for the period  | -                 | -                 | -   | -                                     | (794,639)             | (794,639)        |
| Other comprehensive loss                                     | -                 | -                 | 156   | -                                     | -                     | 156              |
| Total comprehensive loss for the period                      | -                 | -                 | 156   | -                                     | (794,639)             | (794,483)        |
| <i>Transactions with owners, recorded directly in equity</i> |                   |                   |   |                                       |                       |                  |
| Issue of share capital                                       | 349,555           | -                 | -   | -                                     | -                     | 349,555          |
| Less: share issued costs                                     | (7,497)           | -                 | -   | -                                     | -                     | (7,497)          |
| Issue of options   | -                 | -                 | -   | 325,020                               | -                     | 325,020          |
| Less: share issue costs                                      | -                 | -                 | -   | (309,333)                             | 309,333               | -                |
|  | <b>342,058</b>    | <b>-</b>          | <b>-</b>                                      | <b>15,687</b>                         | <b>309,333</b>        | <b>667,078</b>   |
| <b>Balance at 30 June 2015</b>                               | <b>15,452,891</b> | <b>290,941</b>    | <b>652,517</b>                                | <b>525,145</b>                        | <b>(15,429,560)</b>   | <b>1,491,934</b> |

The accompanying notes form part of their financial statements.

**RIEDEL RESOURCES LIMITED**  
**ABN: 91 143 042 022**

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

|   | NOTES | 2016<br>\$       | 2015<br>\$       |
|---|-------|------------------|------------------|
| <b>Cash Flows from Operating Activities</b>           |       |                  |                  |
| Interest received                                     |       | 8,476            | 6,145            |
| Finance costs   |       | (4,676)          | -                |
| Other revenue   |       | 9,440            | 66,836           |
| Payments to suppliers and employees                   |       | (273,796)        | (319,543)        |
| Net cash used in operating activities                 | 15    | <b>(260,556)</b> | <b>(246,562)</b> |
| <b>Cash Flows from Investing Activities</b>           |       |                  |                  |
| Payment for exploration and evaluation                |       | (118,061)        | (199,505)        |
| Proceeds from term deposit                            |       | -                | 30,000           |
| Proceeds from JV Contribution                         |       | -                | 250,000          |
| Proceeds from sale of tenements                       |       | 1,650,000        | -                |
| Payments for plant and equipment                      |       | -                | (5,073)          |
| Net cash used in investing activities                 |       | <b>1,531,939</b> | <b>75,422</b>    |
| <b>Cash Flows from Financing Activities</b>           |       |                  |                  |
| Payments for share issue costs                        |       | (4,626)          | (7,497)          |
| Proceeds from issue of convertible note               |       | 90,417           | 298,320          |
| Net cash provided in financing activities             |       | <b>85,791</b>    | <b>290,823</b>   |
| <b>Net decrease in cash and cash equivalents held</b> |       | <b>1,357,174</b> | <b>119,683</b>   |
| <b>Cash and cash equivalents at 1 July</b>            |       | <b>142,630</b>   | <b>22,947</b>    |
| <b>Cash and cash equivalents at 30 June</b>           | 5     | <b>1,499,804</b> | <b>142,630</b>   |

The accompanying notes form part of these financial statements

**RIEDEL RESOURCES LIMITED**  
**ABN: 91 143 042 022**

**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

Riedel Resources Limited (the "Company") is a listed public company limited by shares, incorporated and domiciled in Australia.

The consolidated financial statements of the Company as at and for the year ended 30 June 2016 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The Group primarily is involved in mining and exploration activity.

**New, revised or amending Accounting Standards and Interpretations adopted**

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

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

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

**Basis of Preparation**

The accounting policies set out below have been consistently applied to all years presented.

*Statement of Compliance*

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The consolidated financial statements were authorised for issue by the Board of Directors on 28 September 2016. The Directors have the power to amend and revise the financial statements.

*Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

*Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 18.

**RIEDEL RESOURCES LIMITED**  
**ABN: 91 143 042 022**

**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (con't)**

**Parent entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 26.

**Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Riedel Resources Limited ('Company' or 'parent entity') as at 30 June 2016 and the results of all subsidiaries for the year then ended. Riedel Resources Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

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

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

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

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

**Operating segments**

Operating segments are presented using the "management approach", where the information presented is on the same basis as the internal reports provided to the directors. The directors are responsible for the allocation of resources to operating segments and assessing their performance.

**Foreign currency translation**

The financial statements are presented in Australian dollars, which is Riedel Resources Limited's functional and presentation currency.

*Foreign currency transactions*

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (con't)**

*Foreign operations*

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

**Critical accounting judgements, estimates and assumptions**

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

*Share Based Payment Transactions*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an independent external valuation using Black-Scholes and Binomial Option Pricing models, using the assumptions detailed in Note 12.

*Exploration and Evaluation Costs*

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward in respect of an area that has not at reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or relating to, the area of interest are continuing.

*Impairment of Exploration and Evaluation Assets and Investments in and Loans to Subsidiaries*

The ultimate recoupment of the value of exploration and evaluation assets, the Company's investment in subsidiaries, and loans to subsidiaries is dependent on the successful development and commercial exploitation, or alternatively, sale, of the exploration and evaluation assets.

Impairment tests are carried out on a regular basis to identify whether the asset carrying values exceed their recoverable amounts. There is significant estimation and judgement in determining the inputs and assumptions used in determining the recoverable amounts.

The key areas of judgement and estimation include:

- Recent exploration and evaluation results and resource estimates;
- Environmental issues that may impact on the underlying tenements;
- Fundamental economic factors that have an impact on the operations and carrying values of assets and liabilities.



**RIEDEL RESOURCES LIMITED**  
**ABN: 91 143 042 022**

**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (con't)**

*Income tax expenses*

Judgement is required in assessing whether deferred tax assets and liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from temporary differences, are recognised only when it is considered more likely than not that they will be recovered, which is dependent on the generation of future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised.

**Going Concern**

The accounts have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. The Group incurred a profit of \$704,101 for the year ended 30 June 2016 (2015: \$794,639 loss).

The ability of the Company and the Group to continue to pay its debts as and when they fall due is dependent upon the Company successfully raising additional share capital and ultimately developing one of its mineral properties.

The Directors believe it is appropriate to prepare these accounts on a going concern basis because:

- the Directors have an appropriate plan to raise additional funds as and when it is required. In light of the Group's current exploration and evaluation projects, the Directors believe that the additional capital required can be raised in the market; and
- the Directors have an appropriate plan to contain certain operating and exploration expenditure if appropriate funding is unavailable.

The accounts have been prepared on the basis that the Company and the Group can meet its commitments as and when they fall due and can therefore continue normal business activities, and the realisation of assets and liabilities in the ordinary course of business.

**Income Tax**

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

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of profit or loss and other comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (con't)**

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

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

**Exploration and Evaluation Expenditure**

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- such costs are expected to be recouped through successful development and exploitation or from sale of the area; or
- exploration and evaluation activities in the area have not, at reporting date, reached a stage which permit a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

Accumulated costs in respect of areas of interest which are abandoned are written off in full against loss in the year in which the decision to abandon the area is made.

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

The recoverability of the carrying amount of the exploration and development assets is dependent on the successful development and commercial exploitation or alternatively sale of the respective areas of interest.

**Financial Instruments**

The Company classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

*Recognition*

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

*(i) Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (con't)**

*(ii) 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 arise when the Company provides money, goods or services directly to a debtor with no intention of selling the receivable. 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. Loans and receivables are included in receivables in the statement of financial position.

*(iii) Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

**Financial liabilities**

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

**Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (con't)**

**Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

**Cash and Cash Equivalents**

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

**Revenue**

Revenue is recognised when it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

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 (GST).

**Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flow on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**Impairment**

*(i) Financial Assets*

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (con't)**

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in Groups that share similar credit risk characteristics. All impairment losses are recognised either in the income statement or revaluation reserves in the period in which the impairment arises.

*(ii) Exploration and Evaluation Assets*

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount at the reporting date.

Exploration and evaluation assets are tested for impairment in respect of cash generating units, which are no larger than the area of interest to which the assets relate.

*(iii) Non-Financial Assets Other Than Exploration and Evaluation Assets*

The carrying amounts of the Group's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units, then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

**Joint operations**

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The consolidated entity has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications.

**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (con't)**

**Investments**

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the profit or loss in the statement of profit or loss and other comprehensive income.

Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the profit or loss in the statement of profit or loss and other comprehensive income.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the reporting date.

**Trade and other payables**

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of consideration to be paid in the future for goods and services received, whether or not billed to the Group. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**Share-based payment transactions**

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 transaction").

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an independent external valuation using a Black-Scholes and Binomial Option Pricing models that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives services that entitle the employees to receive payment.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date").

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

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**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (con't)**

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

**Trade and other receivables**

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

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised 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 reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be 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.

Other receivables are recognised at amortised cost, less any provision for impairment.

**Issued capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

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**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (con't)**

**Plant and equipment**

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

|                       |         |
|-----------------------|---------|
| Office equipment      | 2 years |
| Exploration equipment | 5 years |

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

**Employee benefits**

*Short-term employee benefits*

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

*Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is 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 expect 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 corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

*Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

**Earnings per share**

*Basic earnings per share*

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

*Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.



**RIEDEL RESOURCES LIMITED**  
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**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (con't)**

**Comparative figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**New standards and interpretations not yet mandatory or early adopted**

The AASB has issued the following new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. 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.

| AASB NO.     | TITLE   | APPLICATION DATE                                   | ISSUE DATE     |
|--------------|---|--|----------------|
| AASB 9       | Financial Instruments   | 1 January 2018                                     | December 2014  |
| AASB 2010-7  | Amendments arising from Accounting Standards arising from AASB 9 (December 2010)  | 1 January 2018                                     | September 2012 |
| AASB 2014-1  | Amendments to Australian Accounting Standards<br>Part D - Consequential Amendments arising from AASB 14 Regulatory Deferral Accounts                      | Part D - 1 January 2016<br>Part E - 1 January 2018 | June 2014      |
| AASB 2014-3  | Amendments to Australian Accounting Standard – Accounting for Acquisition of Interest in Joint Operations [AASB 1 & AASB 11]                              | 1 January 2016                                     | August 2014    |
| AASB 2014-4  | Amendments to Australian Accounting Standard - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138) | 1 January 2016                                     | August 2014    |
| AASB 2014-5  | Amendments to Australian Accounting Standard Arising From AASB 15   | 1 January 2018                                     | December 2014  |
| AASB 2014-7  | Amendments to Australian Accounting Standard Arising From AASB 9 (December 2014)  | 1 January 2018                                     | December 2014  |
| AASB 2014-9  | Amendments to Australian Accounting Standard - Equity Method in Separate Financial Statements   | 1 January 2016                                     | December 2014  |
| AASB 2014-10 | Amendments to Australian Accounting Standard - Sale of Contribution of Assets Between Investors and its Associates or Joint Venture                       | 1 January 2018                                     | December 2014  |

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**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

| AASB NO.     | TITLE  | APPLICATION DATE | ISSUE DATE    |
|--------------|--|------------------|---------------|
| AASB 2015-1  | Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle | 1 January 2016   | January 2015  |
| AASB 2015-2  | Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101                          | 1 January 2016   | January 2015  |
| AASB 2015-5  | Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception              | 1 January 2016   | January 2015  |
| AASB 2015-8  | Amendments to Australian Accounting Standards – Effective Date of AASB 15  | 1 January 2018   | October 2015  |
| AASB 2015-9  | Amendments to Australian Accounting Standards – Scope and Application Paragraphs                                       | 1 January 2016   | November 2015 |
| AASB 2015-10 | Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128.                  | 1 January 2018   | December 2015 |
| AASB 2016-1  | Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]    | 1 January 2017   | February 2016 |
| AASB 2016-2  | Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107                          | 1 January 2017   | March 2016    |
| AASB 2016-3  | Amendments to Australian Accounting Standards – Clarifications to AASB 15  | 1 January 2018   | May 2016      |
| AASB 14      | Regulatory Deferral Account  | 1 January 2016   | June 2014     |
| AASB 15      | Revenues from Contracts with Customers   | 1 January 2018   | October 2015  |
| AASB 16      | Leases   | 1 January 2019   | February 2016 |
| AASB 1057    | Application of Australian Accounting Standards   | 1 January 2016   | November 2015 |

**RIEDEL RESOURCES LIMITED**  
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**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

| <b>NOTE 2: GAIN FROM ORDINARY ACTIVITIES</b> | <b>2016</b> | <b>2015</b> |
|--|-------------|-------------|
|  | <b>\$</b>   | <b>\$</b>   |
| (a) Other Revenue                            |             |             |
| Bank interest                                | 8,476       | 6,145       |
| Revenue from office sublease                 | 9,313       | 60,154      |
| Revenue from sale of tenement                | 1,632,881   | -           |
| Other revenue                                | 1,701       | -           |
|  | 1,652,371   | 66,299      |

|   | <b>2016</b> | <b>2015</b> |
|---|-------------|-------------|
|   | <b>\$</b>   | <b>\$</b>   |
| (b) Expenses                                |             |             |
| Depreciation                                | 13,209      | 15,351      |
| Convertible note – cost                     | -           | 317,958     |
| Exploration expenditure written off         | 11,026      | 29,437      |
| Equity-settled share based payments expense | 302,467     | 342,919     |
| Superannuation - defined contribution       | 10,600      | 11,477      |
| Impairment of exploration expenditure       | 191,363     | 143,704     |
| Rental expense – operating lease            | 34,950      | 99,719      |

**NOTE 3: INCOME TAX EXPENSE**

Income tax expense/(benefit):

|                            |   |   |
|----------------------------|---|---|
| Current tax                | - | - |
| Prior year under provision | - | - |
| Deferred tax               | - | - |
|                            | - | - |

The prima facie income tax expense/(benefit) on pre-tax accounting loss from operations reconciles to the income tax expense/ (benefit) in the financial statements as follows:

|  |         |           |
|--|---------|-----------|
| Prima facie income tax benefit on profit/(loss) at 28.5% (2015: 30%) | 200,669 | (238,391) |
| Add:   |         |           |
| Tax effect of:   |         |           |
| Other non-allowable items  | 375     | 82        |
| Share based payment  | 86,203  | 7,488     |
| Impairment of exploration expenditure                                | 54,538  | 43,111    |

**RIEDEL RESOURCES LIMITED**  
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**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

| <b>NOTE 3: INCOME TAX EXPENSE (con't)</b>                 | <b>2016</b> | <b>2015</b> |
|---|-------------|-------------|
|   | <b>\$</b>   | <b>\$</b>   |
| Write off exploration expenditure                         | 3,142       | 8,831       |
| Revenue losses not recognised                             | -           | 209,028     |
| Accrued income  | -           | 16,715      |
| Extinguishment of liability                               | 3,990       | -           |
| Superannuation payable                                    | 1,083       | -           |
|   | <hr/>       | <hr/>       |
|   | 149,331     | 285,255     |
| Less:   |             |             |
| Tax effect of:  |             |             |
| Exploration and evaluation expenditure                    | 24,377      | -           |
| Impairment on sale  | 107,915     | -           |
| Capital raising costs                                     | 14,543      | 45,070      |
| Website costs   | -           | 894         |
| Provisions and accruals                                   | 855         | 900         |
| Tax losses deducted                                       | 202,310     | -           |
|   | <hr/>       | <hr/>       |
|   | 350,000     | 46,864      |
| Income tax expense/(benefit)                              | -           | -           |
| The applicable average weighted tax rates are as follows: | 0%          | 0%          |

The corporate tax rate in Australia was changed from 30% to 28.5% with effect from 1 July 2015. This revised rate has not impacted the current tax asset for the current year but will do so in future periods. However, the impact of the change in tax rate has been taken into account in the measurement of deferred taxes at the end of the reporting period. The effect of this change in tax rate on deferred taxes has been disclosed in the reconciliation of deferred taxes below.

The following deferred tax balances have not been recognised:

Deferred Tax Assets:  
At 28.5%: (2015:30%)

|                              |           |           |
|------------------------------|-----------|-----------|
| Carry forward revenue losses | 1,391,523 | 1,350,933 |
| Capital raising cost         | 19,055    | 21,845    |
| Website costs                | -         | -         |
| Provisions and accruals      | 3,078     | 3,000     |
|                              | <hr/>     | <hr/>     |
|                              | 1,413,656 | 1,375,778 |

The tax benefits of the above Deferred Tax Assets will only be obtained if:

- (a) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised

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**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
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**NOTE 3: INCOME TAX EXPENSE (con't)**

(b) the Company continues to comply with the conditions for deductibility imposed by law; and

(c) no changes in income tax legislation adversely affect the Company in utilising the benefits.

Deferred Tax Liabilities:

At 28.5%: (2015:30%)

|  |         |         |
|--|---------|---------|
| Exploration and evaluation expenditure | 466,123 | 521,267 |
|--|---------|---------|

The above Deferred Tax Liabilities have not been recognised as they have given rise to the carry forward revenue losses for which the Deferred Tax Asset has not been recognised.

**NOTE 4: AUDITORS' REMUNERATION**

|   | <b>2016</b>   | <b>2015</b>   |
|---|---------------|---------------|
|   | <b>\$</b>     | <b>\$</b>     |
| Remuneration of the auditor of the parent entity for: |               |               |
| - Auditing or reviewing the financial report          | 19,820        | 22,208        |
| - Tax compliance and accounting advice                | -             | -             |
|   | <u>19,820</u> | <u>22,208</u> |
| Remuneration of firms other than the auditor          |               |               |
| - Tax compliance                                      | 1,650         | 6,650         |
| - Other non-audit services                            | 60,000        | 60,000        |
|   | <u>61,650</u> | <u>66,650</u> |

**NOTE 5: CASH AND CASH EQUIVALENTS**

|              |                  |                |
|--------------|------------------|----------------|
| Cash on hand | 3,171            | 1,204          |
| Cash at bank | 1,496,633        | 141,426        |
|              | <u>1,499,804</u> | <u>142,630</u> |

Refer to note 18 for further information on financial instruments.

**NOTE 6: TRADE AND OTHER RECEIVABLES**

*Current*

|                 |               |               |
|-----------------|---------------|---------------|
| Sublease income | 1,573         | 1,238         |
| Term deposit    | 20,000        | 20,000        |
| Prepayments     | 6,349         | 9,333         |
|                 | <u>27,922</u> | <u>30,571</u> |

Refer to note 18 for further information on financial instruments.

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**NOTE 7: PLANT & EQUIPMENT**

|                              |          |          |
|------------------------------|----------|----------|
| <i>Office Equipment</i>      |          |          |
| At cost                      | 36,141   | 36,141   |
| Accumulated amortisation     | (33,310) | (31,223) |
| Total office equipment       | 2,831    | 4,918    |
| <br>                         |          |          |
| <i>Exploration Equipment</i> |          |          |
| At cost                      | 55,304   | 55,304   |
| Accumulated amortisation     | (50,925) | (39,804) |
| Total exploration equipment  | 4,379    | 15,500   |
| <br>                         |          |          |
| Total plant and equipment    | 7,210    | 20,418   |

**Reconciliations**

Reconciliations of the carrying amounts of each class of plant & equipment at the beginning and end of the current and previous financial year are set out below:

|  | <b>2016</b> | <b>2015</b> |
|--|-------------|-------------|
|  | <b>\$</b>   | <b>\$</b>   |
| <i>Office Equipment</i>                |             |             |
| Carrying amount at beginning of period | 4,918       | 4,165       |
| Additions/(disposals)                  | -           | 5,073       |
| Depreciation                           | (2,087)     | (4,320)     |
| Carrying amount at end of period       | 2,831       | 4,918       |
| <br>                                   |             |             |
| <i>Exploration Equipment</i>           |             |             |
| Carrying amount at beginning of period | 15,500      | 26,531      |
| Additions/(disposals)                  | -           | -           |
| Depreciation                           | (11,121)    | (11,031)    |
| Carrying amount at end of period       | 4,379       | 15,500      |

**NOTE 8: EXPLORATION AND EVALUATION EXPENDITURE**

|  |             |             |
|--|-------------|-------------|
| <i>Exploration and evaluation expenditure</i>                |             |             |
| Gross capitalised exploration and evaluation expenditure     | 7,482,673   | 7,393,348   |
| Less provision for impairment                                | (5,847,153) | (5,655,790) |
| Net amount   | 1,635,520   | 1,737,558   |
| <br>   |             |             |
| <i>Exploration and evaluation expenditure reconciliation</i> |             |             |
| Opening balance  | 1,737,558   | 1,966,415   |
| Exploration written off                                      | -           | (29,437)    |
| Impairment   | (191,363)   | (143,704)   |
| Proceed from farm in JV contribution                         | -           | (250,000)   |
| Exploration and development expenditure incurred             | 89,325      | 194,284     |
| Closing balance  | 1,635,520   | 1,737,558   |

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**NOTE 9: TRADE AND OTHER PAYABLES**

|                     |         |        |
|---------------------|---------|--------|
| Trade creditors     | 36,749  | 12,225 |
| Accruals            | 8,040   | 12,275 |
| Payroll liabilities | 6,049   | 2,046  |
| GST payable         | 90,076  | 2,449  |
| Other               | 2,621   | 2,270  |
|                     | 143,535 | 31,265 |
|                     | 143,535 | 31,265 |

Refer to note 18 for further information on financial instruments.

| <b>NOTE 10: CONVERTIBLE NOTE</b> | <b>2016</b> | <b>2015</b> |
|----------------------------------|-------------|-------------|
|                                  | <b>\$</b>   | <b>\$</b>   |
| Convertible note payable         | -           | 400,000     |
| Interest payable                 | -           | 7,978       |
| Carrying amount                  | -           | 407,978     |
|                                  | -           | 407,978     |

On 27 June 2013 the Company issued a Secured Convertible Note to Oracle Securities Pty Ltd (or its nominees). The Convertible Note (and any accrued interest) can be converted in full or any part thereof into Shares in the Company at the lender's sole discretion at any time after 30 June 2015.

Shares issued in lieu of accrued interest will be issued at the lower of \$0.036 or 90% of the 10 day VWAP preceding the due date for payment of that accrued interest.

The amended agreement between the parties stated that shares issued on conversion are currently issued at the lower of 80% of the 10 day VWAP preceding the date of execution of the Convertible Note Deeds or 80% of the 10 day VWAP preceding the date of the Conversion Notice. Shareholders voted at the General Meeting held on 7 August 2014 to approve the amendments to the terms of the Convertible Notes. The redemption date was 30 June 2015, however on 31 July 2015 the Company agreed with the Convertible Noteholders to extend the redemption date of the Convertible Note Deeds from 30 June 2015 to 31 August 2015. On 28 August 2015 the Company agreed with the Convertible Noteholders to extend the redemption date of the Convertible Note Deeds from 31 August 2015 to 30 September 2015.

On 30 October 2015 an agreement has been reached with the Convertible Note holders to convert all of the outstanding Convertible Notes, with a face value of \$400,000, into ordinary fully paid shares of Riedel. A total of 61,653,937 fully paid shares of Riedel were issued to the Convertible Note holders at a price of \$0.0065 per share to redeem the Convertible Notes.

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| <b>NOTE 11: ISSUED CAPITAL</b>                             | <b>2015</b><br><b>Shares</b> | <b>2015</b><br><b>\$</b> |
|--|------------------------------|--------------------------|
| <b>(a) Share capital</b>                                   |                              |                          |
| Ordinary shares  |                              |                          |
| Issued and paid up capital – consisting of ordinary shares | 151,020,586                  | 16,211,556               |
| Less: cost of issue  | -                            | (758,665)                |
| Closing balance at 30 June 2015                            | 151,020,586                  | 15,452,891               |
|  | <b>2016</b><br><b>Shares</b> | <b>2016</b><br><b>\$</b> |
| Issued and paid up capital – consisting of ordinary shares | 234,099,553                  | 16,745,023               |
| Less: cost of issue  | -                            | (763,292)                |
| Closing balance at 30 June 2016                            | 234,099,553                  | 15,981,731               |

**(b) Movement in ordinary shares capital**

| <b>Date</b>         | <b>Details</b>                  | <b>No of Shares</b> | <b>\$</b>  |
|---------------------|---------------------------------|---------------------|------------|
| 1 July 2014         | Opening balance                 | 109,662,979         | 15,110,833 |
| 7 July 2014         | Convertible note interest       | 1,025,461           | 7,999      |
| 21 July 2014        | Audax SPP                       | 1,764,709           | 15,000     |
| 21 July 2014        | Underwriting of SPP             | 33,331,784          | 283,320    |
| 12 August 2014      | Oracle August 2014 SPP          | 2,105,788           | 17,899     |
| 9 October 2014      | Convertible note interest       | 806,576             | 8,066      |
| 11 February 2015    | Convertible note interest       | 1,008,219           | 8,066      |
| 15 April 2015       | Convertible note interest       | 1,315,070           | 9,205      |
|                     | Costs of issue                  | -                   | (7,497)    |
| <b>30 June 2015</b> | <b>Closing balance</b>          | 151,020,586         | 15,452,891 |
| 1 July 2015         | Opening balance                 | 151,020,586         | 15,452,891 |
| 9 July 2015         | Convertible note interest       | 997,260             | 5,984      |
| 20 August 2015      | Issue of shares                 | 18,083,477          | 90,417     |
| 27 October 2015     | Convertible note interest       | 1,344,293           | 8,066      |
| 30 October 2015     | Redemption of convertible notes | 61,653,937          | 400,000    |
| 31 May 2016         | Issue of shares                 | 1,000,000           | 29,000     |
|                     | Costs of issue                  | -                   | (4,627)    |
| <b>30 June 2016</b> | <b>Closing balance</b>          | 234,099,553         | 15,981,731 |

**Terms and conditions of contributed equity**

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. The fully paid ordinary shares have no par value.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.



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**NOTE 11: ISSUED CAPITAL (con't)**

**(c) Capital management**

Management controls the capital of the Group by monitoring performance against budget to provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's liabilities and capital includes ordinary share capital, options and financial liabilities, supported by financial assets.

The Company issued 400,000 Convertible Notes. The Convertible Note (and any accrued interest) can be converted in full or any part thereof into Shares in the Company at the lender's sole discretion at any time after 30 September 2015. On 30 October 2015 an agreement has been reached with the Convertible Note holders to convert all of the outstanding Convertible Notes, with a face value of \$400,000, into ordinary fully paid shares of Riedel. A total of 61,653,937 fully paid shares of Riedel were issued to the Convertible Note holders at a price of \$0.0065 per share to redeem the Convertible Notes.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy by management to control the capital of the Group since the prior year.

**NOTE 12: OPTION RESERVE AND SHARE BASED PAYMENT RESERVE**

|                                  | <b>2016</b> | <b>2015</b> |
|----------------------------------|-------------|-------------|
|                                  | <b>\$</b>   | <b>\$</b>   |
| Options reserve (a)              | 290,941     | 290,941     |
| Share based payments reserve (b) | 827,612     | 525,145     |
|                                  | 1,118,553   | 816,086     |

(a) Refers to money received in consideration for issued 29,094,050 options.

(b) Refers to fair value of options and performance rights issued in accordance with AASB 2 Share Based Payment.

**Options reserve**

| <b>Movements in options reserve:</b> | <b>2015</b>    | <b>2015</b> |
|--------------------------------------|----------------|-------------|
|                                      | <b>Options</b> | <b>\$</b>   |
| Opening balance at 1 July 2014       | -              | 290,941     |
| Options issued                       | -              | -           |
| Closing balance at 30 June 2015      | -              | 290,941     |

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**NOTE 12: OPTION RESERVE AND SHARE BASED  
PAYMENT RESERVE (con't)**

|                                 | <b>2016</b>    | <b>2016</b> |
|---------------------------------|----------------|-------------|
|                                 | <b>Options</b> | <b>\$</b>   |
| Opening balance at 1 July 2015  | -              | 290,941     |
| Options issued                  | -              | -           |
| Closing balance at 30 June 2016 | -              | 290,941     |

**Share based payment reserve**

|                                    | <b>2015</b>     | <b>2015</b> |
|------------------------------------|-----------------|-------------|
|                                    | <b>Quantity</b> | <b>\$</b>   |
| Options                            | 44,311,524      | 525,145     |
| Performance rights                 | -               | -           |
| Total share based payments reserve | 44,311,524      | 525,145     |

|                                    | <b>2016</b>     | <b>2016</b> |
|------------------------------------|-----------------|-------------|
|                                    | <b>Quantity</b> | <b>\$</b>   |
| Options                            | 52,978,195      | 739,345     |
| Performance rights                 | 10,000,000      | 88,267      |
| Total share based payments reserve | 62,978,195      | 827,612     |

**Movements in options (share based payments reserve):**

|   | <b>Weighted<br/>Average<br/>Exercise<br/>Price</b> | <b>2015</b>    | <b>2015</b> |
|---|--|----------------|-------------|
|   |  | <b>Options</b> | <b>\$</b>   |
| Opening balance at 1 July 2014  | 0.099  | 22,295,662     | 207,187     |
| Free attached options for convertible<br>note holders (1.1c exercise, 31 Dec<br>2017) (i) | 0.011  | 23,728,195     | 317,958     |
| Options lapsed on 30 April 2015   | 0.010  | (1,712,333)    | -           |
| Closing balance at 30 June 2015   | 0.053  | 44,311,524     | 525,145     |

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**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
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**NOTE 12: OPTION RESERVE AND**  
**SHARE BASED PAYMENT RESERVE**  
**(con't)**

|   |       | <b>2016</b>    | <b>2016</b> |
|---|-------|----------------|-------------|
|   |       | <b>Options</b> | <b>\$</b>   |
| Opening balance at 1 July 2015  | 0.053 | 44,311,524     | 525,145     |
| Options lapsed on 31 January 2016   | 0.150 | (9,333,329)    | -           |
| Options issued pursuant to resolution approved by shareholders at General Meeting on 11 March 2016 (ii)       | 0.018 | 18,000,000     | 214,200     |
| Performance rights issued pursuant to resolution approved by shareholders at General Meeting on 11 March 2016 | 0.016 | 10,000,000     | 88,267      |
| Closing balance at 30 June 2016   | 0.023 | 62,978,195     | 827,612     |

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.94 years (2015: 2.59 years).

- (i) The value of options granted during the period was calculated using the Black-Scholes Option Pricing Model and totalled \$317,958. The values and inputs are as follows;

|                         | <b>Convertible</b>  |
|-------------------------|---------------------|
|                         | <b>Note Options</b> |
| Options issued          | 23,728,195          |
| Underlying share value  | \$0.017             |
| Exercise price          | \$0.011             |
| Risk free interest rate | 2.62%               |
| Share price volatility  | 116.83%             |
| Expiration period       | 31/12/2017          |
| Valuation per option    | \$0.0134            |

- (ii) The value of options granted during the period was calculated using the Black-Scholes Option Pricing Model and totalled \$214,200. The values and inputs are as follows;

|                         | <b>Options</b> |
|-------------------------|----------------|
| Options issued          | 18,000,000     |
| Underlying share value  | \$0.015        |
| Exercise price          | \$0.018        |
| Risk free interest rate | 2.045%         |
| Share price volatility  | 150%           |
| Expiration period       | 11/03/2019     |
| Valuation per option    | \$0.0119       |

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**NOTE 12: OPTION RESERVE AND SHARE BASED PAYMENT RESERVE (con't)**

**Movements in performance rights:**

|                                       | <b>2015</b>    | <b>2015</b> |
|---------------------------------------|----------------|-------------|
|                                       | <b>Options</b> | <b>\$</b>   |
| Opening balance at 1 July 2014        | 8,000,000      | 302,271     |
| Vesting expense charge for the year   | -              | 7,062       |
| Write off rights expired 25 July 2014 | (8,000,000)    | (309,333)   |
| Closing balance at 30 June 2015       | -              | -           |
|                                       | <b>2016</b>    | <b>2016</b> |
|                                       | <b>Options</b> | <b>\$</b>   |
| Opening balance at 1 July 2015        | -              | -           |
| Vesting expense charge for the year   | 10,000,000     | 88,267      |
| Closing balance at 30 June 2016       | 10,000,000     | 88,267      |

**NOTE 13: FOREIGN CURRENCY TRANSLATION RESERVE**

|  | <b>2016</b> | <b>2015</b> |
|--|-------------|-------------|
|  | <b>\$</b>   | <b>\$</b>   |
| Opening balance                                      | 652,517     | 652,361     |
| Foreign currency translation of foreign subsidiaries | (421)       | 156         |
|  | 652,096     | 652,517     |

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

**NOTE 14: ACCUMULATED LOSSES**

|   |            |            |
|---|------------|------------|
| Accumulated losses at the beginning of the year | 15,429,560 | 14,944,254 |
| Net (profit)/loss for the year                  | (704,101)  | 794,639    |
| Expired options                                 | -          | (309,333)  |
| Accumulated losses at the end of the year       | 14,725,459 | 15,429,560 |

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**NOTE 15: NOTES TO THE STATEMENT OF CASH FLOWS**

|  | <b>2016</b> | <b>2015</b> |
|--|-------------|-------------|
|  | <b>\$</b>   | <b>\$</b>   |
| Reconciliation of cash flow from operating activities to profit/(loss) |             |             |
| Profit/(loss) from ordinary activities after income tax                | 704,101     | (794,639)   |
| Add: non cash items:   |             |             |
| Share based payments   | 317,467     | 24,960      |
| Depreciation   | 13,209      | 15,351      |
| Gain on sale of tenements  | (1,632,881) |             |
| Impairment of exploration expenditure                                  | 191,363     | 29,437      |
| Exploration and evaluation expenditure written off                     | -           | 143,704     |
| Convertible note costs amortised                                       | 6,073       | 351,292     |
| Extinguishment of liability  | 14,000      | -           |
| Changes in assets and liabilities:                                     |             |             |
| Decrease/(increase) in receivables                                     | 4,222       | 16          |
| Increase/(decrease) in payables  | 121,890     | (16,683)    |
| Increase/(decrease) in provisions                                      | -           | -           |
|  | (260,556)   | (246,562)   |

**(a) Non-cash investing and financing activities.**

There were no other non-cash investing and financing activities, except the shares and options issued detailed in notes 11 and 12.

**NOTE 16: EARNINGS PER SHARE**

|  |               |               |
|--|---------------|---------------|
| Profit/(Loss) from operations attributable to ordinary equity holders of Riedel Resources Limited used to calculate basic loss per share | 704,101       | (794,639)     |
|  | <b>2016</b>   | <b>2015</b>   |
|  | <b>Number</b> | <b>Number</b> |
| Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share                               | 205,937,889   | 146,731,578   |

The Company has not disclosed diluted earnings per share as the effect of potential ordinary shares is to increase/(decrease) the profit/(loss) per share.

**NOTE 17: SEGMENT REPORTING**

The Company has identified its operating segments based on the internal reports that are reviewed and used by the chief operating decision maker to make decisions about resources to be allocated to the segments and assess their performance.

Operating segments are identified by Management based on the mineral resource and exploration activities in Australia and Burkina Faso. Discrete financial information about each project is reported to the chief operating decision maker on a regular basis.

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**NOTE 17: SEGMENT REPORTING (con't)**

The reportable segments are based on aggregated operating segments determined by the similarity of the economic characteristics, the nature of the activities and the regulatory environment in which those segments operate.

Operating segments are identified by management based on exploration activities in Australia and Burkina Faso.

| <b>2016</b>                    | <b>Australia</b> | <b>Burkina Faso</b> | <b>Unallocated</b> | <b>Total</b> |
|--------------------------------|------------------|---------------------|--------------------|--------------|
|                                | <b>\$</b>        | <b>\$</b>           | <b>\$</b>          | <b>\$</b>    |
| Revenue from external sources  | 1,632,881        | -                   | 19,490             | 1,652,371    |
| Net profit/(loss) before tax   | 1,436,409        | -                   | (732,308)          | 704,101      |
| Reportable segment assets      | 2,620,231        | -                   | 550,225            | 3,170,456    |
| Reportable segment liabilities | 94,693           | 421                 | 48,422             | 143,535      |
| <b>2015</b>                    |                  |                     |                    |              |
| Revenue from external sources  | -                | -                   | 66,299             | 66,299       |
| Net profit/(loss) before tax   | (173,564)        | (4,058)             | (617,017)          | (794,639)    |
| Reportable segment assets      | 1,737,557        | 2,358               | 191,262            | 1,931,177    |
| Reportable segment liabilities | 469              | 405                 | 438,369            | 439,243      |

**NOTE 18: FINANCIAL INSTRUMENTS**

The Group's principal financial instruments comprise cash and short term deposits. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the Group. The Group also has other financial instruments such as trade debtors, creditors and convertible notes which arise directly from its operations. For the period under review, it has been the Group's policy not to trade in financial instruments

The main risks arising from the Group's financial instruments are interest rate risk, foreign exchange risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below:

(a) *Interest Rate Risk*

The Group is exposed to movements in market interest rates on short term deposits. The policy is to monitor the interest rate yield curve out to 180 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The Group does not have any other short or long term debt, and therefore this risk is minimal.

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**NOTE 18: FINANCIAL INSTRUMENTS (con't)**

*(b) Foreign exchange risk*

The Group undertakes certain transactions in foreign currencies, hence exposure to exchange rate fluctuations arise. Payments made by the Group are made at the prevailing exchange rate at the time of payment. Loans advanced from the ultimate holding Company to subsidiary companies are denominated in Australian dollars. The Group does not utilise derivative instruments to hedge the exchange rate risk.

*(c) Credit Risk*

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk.

**(a) Exposure to credit risk**

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

|                           | <b>Carrying<br/>Amount<br/>2016</b> | <b>Carrying<br/>Amount<br/>2015</b> |
|---------------------------|-------------------------------------|-------------------------------------|
| Financial assets          | \$                                  | \$                                  |
| Cash and cash equivalents | 1,499,804                           | 142,630                             |
| Other receivables         | 27,922                              | 30,571                              |
|                           | 1,527,726                           | 173,201                             |

**(b) Impairment losses**

None of the Group's other receivables are past due hence no impairment were provided for.

**(c) Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows. The Group does not have any external borrowings.

The Company does anticipate a need to raise additional capital in the next 12 months to meet forecasted operational and exploration activities.

The contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements are shown at (f) below.

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**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
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**NOTE 18: FINANCIAL INSTRUMENTS (con't)**

**(d) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**(e) Currency risk**

The Group is exposed to fluctuations in foreign currencies arising from exploration commitments in currencies in other than the Group measurement currency. The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures to the US Dollar and the Burkina Faso CFA. The Group has not formalised a foreign currency risk management policy, however it monitors its foreign currency expenditure in light of exchange rate movements.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

|                  | <b>Liabilities</b> |             | <b>Assets</b> |             |
|------------------|--------------------|-------------|---------------|-------------|
|                  | <b>2016</b>        | <b>2015</b> | <b>2016</b>   | <b>2015</b> |
|                  | <b>\$</b>          | <b>\$</b>   | <b>\$</b>     | <b>\$</b>   |
| Burkina Faso CFA | -                  | 405         | -             | -           |

*Sensitivity analysis*

The Group's main foreign currency risk arises from cash and cash equivalents held in foreign currency bank accounts and trade and other payable amounts denominated in currencies other than the functional currency. At 30 June 2016 and 30 June 2015 the Group's exposure to foreign currency risk is not considered material.

**(f) Interest rate risk**

The Group is exposed to interest rate risk (primarily on its cash and cash equivalents), which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The Group does not use derivatives to mitigate these exposures.

The Group adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents in short terms deposit at interest rates maturing over 30-180 day rolling periods.



**RIEDEL RESOURCES LIMITED**  
**ABN: 91 143 042 022**

**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 18: FINANCIAL INSTRUMENTS (con't)**

*Interest Rate Risk Exposure Analysis*

| 2016                               | Weighted Average        | Floating Interest Rate | Fixed Interest Rate Maturing |             |                      | Total            |
|------------------------------------|-------------------------|------------------------|------------------------------|-------------|----------------------|------------------|
|                                    | Effective Interest Rate |                        | Within 1 year                | Over 1 year | Non Interest Bearing |                  |
| <b>FINANCIAL ASSETS</b>            | %                       | \$                     | \$                           | \$          | \$                   | \$               |
| Cash and cash equivalents          | 2.80                    | 492,789                | 1,003,844                    | -           | 3,171                | 1,499,804        |
| Trade and other receivables        | 2.20                    | -                      | 20,000                       | -           | 7,922                | 27,922           |
| <b>Total Financial Assets</b>      |                         | <b>492,789</b>         | <b>1,023,844</b>             | <b>-</b>    | <b>11,093</b>        | <b>1,527,726</b> |
| <b>FINANCIAL LIABILITIES</b>       |                         |                        |                              |             |                      |                  |
| Trade and other payables           | -                       | -                      | -                            | -           | 143,535              | 143,535          |
| <b>Total Financial Liabilities</b> |                         | <b>-</b>               | <b>-</b>                     | <b>-</b>    | <b>143,535</b>       | <b>143,535</b>   |
| <b>2015</b>                        |                         |                        |                              |             |                      |                  |
| <b>FINANCIAL ASSETS</b>            |                         |                        |                              |             |                      |                  |
| Cash and cash equivalents          | 2.10                    | 134,438                | -                            | -           | 8,192                | 142,630          |
| Trade and other receivables        | 2.40                    | -                      | 20,000                       | -           | 10,571               | 30,571           |
| <b>Total Financial Assets</b>      |                         | <b>134,438</b>         | <b>20,000</b>                | <b>-</b>    | <b>18,673</b>        | <b>173,201</b>   |
| <b>FINANCIAL LIABILITIES</b>       |                         |                        |                              |             |                      |                  |
| Trade and other payables           | -                       | -                      | -                            | -           | 31,265               | 31,265           |
| Convertible note                   | 8.00                    | -                      | 400,000                      | -           | 7,978                | 407,978          |
| <b>Total Financial Liabilities</b> |                         | <b>-</b>               | <b>400,000</b>               | <b>-</b>    | <b>39,243</b>        | <b>439,243</b>   |

**RIEDEL RESOURCES LIMITED**  
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**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 18: FINANCIAL INSTRUMENTS (con't)**

**(h) Cash flow sensitivity analysis for variable rate instruments**

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. The analysis is performed on the same basis for 2015.

|   | <b>2016</b> | <b>2015</b> |
|---|-------------|-------------|
|   | <b>\$</b>   | <b>\$</b>   |
| Change in profit                                      |             |             |
| Increase in interest rate by 1%<br>(100 basis points) | 10,238      | 1,544       |
| Decrease in interest rate by 1%<br>(100 basis points) | (10,238)    | (1,544)     |
| Change in equity                                      |             |             |
| Increase in interest rate by 1%<br>(100 basis points) | 10,238      | 1,544       |
| Decrease in interest rate by 1%<br>(100 basis points) | (10,238)    | (1,544)     |

**NOTE 19: COMMITMENTS AND CONTINGENCIES**

**Operating lease commitments**

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

|   |   |   |
|---|---|---|
| Within one year                             | - | - |
| After one year but not more than five years | - | - |
| More than five years                        | - | - |
|   | - | - |
|   | - | - |

The lease of Company offices at Suite 1, 6 Richardson Street, West Perth is settled on monthly basis from March 2015.

**Sublease commitments**

Committed at the reporting date but not recognised as receivable:

|   |   |   |
|---|---|---|
| Within one year                             | - | - |
| After one year but not more than five years | - | - |
| More than five years                        | - | - |
|   | - | - |
|   | - | - |

**RIEDEL RESOURCES LIMITED**  
**ABN: 91 143 042 022**

**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 19: COMMITMENTS AND CONTINGENCIES (con't)**

**Exploration commitments**

Future minimum commitments in relation to exploration and mining tenements as at 30 June are as follows:

|   | <b>2016</b> | <b>2015</b> |
|---|-------------|-------------|
|   | <b>\$</b>   | <b>\$</b>   |
| Within one year                             | 42,624      | 131,500     |
| After one year but not more than five years | -           | 148,214     |
| More than five years                        | -           | -           |
|   | 42,624      | 279,714     |

**NOTE 20: INTERESTS IN CONTROLLED ENTITIES**

The consolidated financial statements include the financial statements of Riedel Resources Limited and the subsidiaries listed in the following table.

| <b>Name</b>                   | <b>Country of Incorporation</b> | <b>Equity Interest %</b> |             |
|-------------------------------|---------------------------------|--------------------------|-------------|
|                               |                                 | <b>2016</b>              | <b>2015</b> |
| AuDAX Minerals Pty Ltd        | Australia                       | 100                      | 100         |
| Riedel (Burkina Faso) Limited | Mauritius                       | 100                      | 100         |
| BF Exploration SARL           | Burkina Faso                    | 100                      | 100         |

Riedel Resources Limited is the ultimate Australian parent entity and ultimate parent of the Group.

**NOTE 21: RELATED PARTY DISCLOSURE**

**Entity with significant influence over the Group**

ADX Energy Limited's ("ADX") ordinary shares ownership in Riedel Resources Limited has been diluted to 11.43% as at 30 June 2016 (2015: 18%). On 18 January 2016, ADX's director, Ian Tchacos resigned from the Board of Riedel. Hence, ADX no longer has significant influence over Riedel.

**Terms and conditions of transactions with related parties**

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms.

The Company subleases its office at Suite 1, 6 Richardson Street, WEST PERTH WA 6005 to Virtual Curtain Limited, a related entity of Mr Jeffrey Moore. Virtual Curtain Limited pays 25% of Riedel's monthly rental and outgoings.

**RIEDEL RESOURCES LIMITED**  
**ABN: 91 143 042 022**

**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 21: RELATED PARTY DISCLOSURES (con't)**

Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash. The following balances were outstanding at the reporting date in relation to transactions with related parties:

|                                  | <b>2016</b>     | <b>2015</b>     |
|----------------------------------|-----------------|-----------------|
|                                  | <b>\$</b>       | <b>\$</b>       |
| <i>Loans to related parties:</i> |                 |                 |
| Audax Minerals Pty Ltd           | 2,038,622       | 2,686,580       |
| Riedel (Burkina Faso) Limited    | -               | 5,283,717       |
|                                  | <hr/> 2,038,622 | <hr/> 7,970,297 |

**Key management personnel compensation**

Detailed remuneration disclosures are provided in the Remuneration Report on pages 13 to 21.

*Compensation*

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

|                              | <b>2016</b>    | <b>2015</b>    |
|------------------------------|----------------|----------------|
|                              | <b>\$</b>      | <b>\$</b>      |
| Short term employee benefits | 111,579        | 120,806        |
| Post-employment benefits     | 10,600         | 11,476         |
| Share-based payments         | 302,467        | 5,297          |
|                              | <hr/> 424,646  | <hr/> 137,579  |
| <b>Total</b>                 | <b>424,646</b> | <b>137,579</b> |

**NOTE 22: EVENTS AFTER THE REPORTING DATE**

There are no other matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group, in future years.

**NOTE 23: CONTINGENT ASSETS AND LIABILITIES**

The Company is not aware of any contingent assets or liabilities.

The Company also has a \$20,000 (2015: \$20,000) term deposit against a credit card facility that expires 26 November 2016.

**NOTE 24: DIVIDENDS**

No dividends were paid or declared during the year.

**NOTE 25: COMPANY DETAILS**

The registered office and principal place of business of the Company is Suite 1, 6 Richardson Street, West Perth, WA 6005.

**RIEDEL RESOURCES LIMITED**  
**ABN: 91 143 042 022**

**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 26: PARENT ENTITY DISCLOSURES**

***Financial Position***

|                     | <b>2016</b>  | <b>2015</b>  |
|---------------------|--------------|--------------|
|                     | <b>\$</b>    | <b>\$</b>    |
| <b>Assets</b>       |              |              |
| Current Assets      | 543,016      | 173,201      |
| Non-Current Assets  | 61,994       | 20,418       |
| Total Assets        | 605,010      | 193,619      |
| <b>Liabilities</b>  |              |              |
| Current Liabilities | 48,422       | 438,370      |
| Total Liabilities   | 48,422       | 438,370      |
| <b>Equity</b>       |              |              |
| Issued Capital      | 15,981,732   | 15,452,891   |
| Reserves            | 1,118,553    | 816,086      |
| Accumulated Losses  | (16,543,697) | (16,513,728) |
|                     | 556,588      | (244,751)    |

***Financial Performance***

|                                   | <b>2016</b> | <b>2015</b> |
|-----------------------------------|-------------|-------------|
|                                   | <b>\$</b>   | <b>\$</b>   |
| Profit/(Loss) for the year        | (29,565)    | (577,169)   |
| Total comprehensive profit/(loss) | (29,970)    | (577,169)   |

***Commitments***

For details see note 19.

***Contingent Liabilities/Guarantees***

For details see note 23.

**NOTE 27: FAIR VALUE MEASUREMENT**

The carrying amounts of trade and other receivables and trade and other payables are assumed to be approximately the fair value due to their short term nature.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RIEDEL RESOURCES LIMITED

### Report on the Financial Report

We have audited the accompanying financial report of Riedel Resources Limited (the company), which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 company and the consolidated entity. The consolidated entity comprises 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 1, 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.

## Opinion

In our opinion:

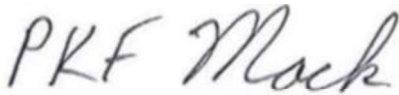
- (a) the financial report of Riedel Resources Limited is in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
  - (ii) complying with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

## Report on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 21 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 Riedel Resources Limited for the year ended 30 June 2016, complies with section 300A of the Corporations Act 2001.



PKF MACK



SHANE CROSS  
PARTNER

28 SEPTEMBER 2016  
WEST PERTH,  
WESTERN AUSTRALIA

## **CORPORATE GOVERNANCE STATEMENT**

The Company's Board governs the business on behalf of shareholders as a whole with the prime objective of protecting and enhancing shareholder value. The Board is committed to, and ensures that the:-

- (i) executive management runs the Group in accordance a high level of ethics and integrity;
- (ii) Board and management complies with all applicable laws and regulations;
- (iii) Company continually reviews the governance framework and practices to ensure it fulfils its corporate governance obligations.

Good corporate governance will evolve with the changing circumstances of a company and must be tailored to meet these circumstances. The Board endorses the ASX Corporate Governance Principles and Recommendations ('ASX CGP') however, as a junior exploration company, at this stage of the Company's corporate development, implementation of the ASX CGP is not practical in every instance given the modest size and scale of the Company operations.

During the year ended 30 June 2016, the Company considered the 3<sup>rd</sup> Edition of the ASX CGP. This Statement reports on the revised recommendations and outlines the main corporate governance practices employed by the Board. Where it has not adopted a particular recommendation, an explanation is provided.

This Corporate Governance Statement was approved by the Board on 27 October 2016 and is current as at that date in accordance with ASX Listing Rule 4.10.3. The Corporate Governance Statement will be published on the Company's website at [www.riedelresources.com.au](http://www.riedelresources.com.au) rather than contain it in its Annual Report.

### **1. Laying solid foundations for management and oversight**

#### *Role and Responsibility of Board and Management*

The relationship between the Board and senior management is critical to the Company's long term success. The Board is responsible for the performance of the Company in both the short and longer term and seeks to balance sometimes competing objectives in the best interests of the Group as a whole. The key aims of the Board are to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed.

Day to day management of the Company's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Chief Executive Officer and senior management.

The responsibilities of the Board as a whole, the Chairman and individual Directors are set out in the Company's Board Charter and are consistent with ASX CGP 1. A copy of the Board Charter is available in the Corporate Governance section of the Company's website.

Before appointing a new director, the Company will undertake appropriate checks such as a character reference, police clearance certificate, bankruptcy check and any other check it deems appropriate. Where a director is to be re-elected or a candidate is put up for election to shareholders, all material information will be provided to shareholders for consideration.



## **CORPORATE GOVERNANCE (Cont')**

To ensure that Directors clearly understand the requirements of their role, formal letters of appointment are provided to them. The content of the appointment letter is consistent with that set out in ASX CGP 1.

To ensure that Executive Directors clearly understand the requirements of the role, service contracts and formal job descriptions are provided to them, the content of which is consistent with ASX CGP1.

### *Access to information*

Directors may access all relevant information required to discharge their duties in addition to information provided in Board papers and regular presentations delivered by executive management on business performance and issues. With the approval of their Chairman, Directors may seek independent professional advice, as required, at the Company's expense.

### *Company Secretary*

The Company Secretary, Leonard Math is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. The role of the Company Secretary is consistent with ASX CGP1.

### *Diversity*

The Board has established a diversity policy which supports the commitment of the Company to an inclusive workplace that embraces and promotes diversity and provides a framework for new and existing diversity-related initiatives, strategies and programs within the business. A copy of the policy is available in the Corporate Governance section of the Company's website and terms are consistent with ASX CGP

In accordance with this policy and ASX CGP, the Board has established the following measurable objectives in relation to gender diversity:-

- Recruiting from a diverse pool of candidates for all positions, including senior management and the Board;
- Identifying specific factors to take account of in recruitment and selection processes to encourage gender diversity;
- Developing programs to develop a broader pool of skilled and experienced senior management and board candidates, including workplace development programs, mentoring programs and targeted training and development; and
- Developing a culture which takes account of domestic responsibilities of employees.

The Company currently has 1 employee and it not a female. Further, there are no females on the Company's Board. If and when an opportunity to recruit at Board or Company level arises, the Company will consider such recruitment in accordance with its measurable objectives.

### *Board performance*

The Board undertakes an annual self-assessment of its collective performance by way of a series of questionnaires. The results are collated and discussed at a Board meeting and any action plans are documented together with specific performance goals which are agreed for the coming year.

**CORPORATE GOVERNANCE (Cont')**

The Chairman undertakes an annual assessment of the performance of individual directors and meets privately with each director to discuss this assessment. A director is nominated to review the individual performance of the Chairman and meets privately with him to discuss this assessment. During the financial year, due to the size of the Board and the Company, no formal assessment of the performance was conducted. The Board intends to re-implement the formal assessment of the performance of the Board and senior executives when it is appropriate.

*Senior executive performance*

The Managing Director undertakes an annual review of the performance of his direct reports and provides a report to the Board for consideration.

During the financial year, there is no Managing Director in the Company, in addition, due to the size of the Company, no formal assessment of the performance was conducted. The Board intends to re-implement the formal assessment of the performance of the senior executives when it is appropriate.

**2. Structure of the Board**

*Board composition*

The Directors determine the composition and size of the Board in accordance with the Company's Constitution. The Constitution empowers the Board to set upper and lower limits with the number of Directors not permitted to be less than three. There are currently four Directors appointed to the Board and their skills and experience, qualifications, term of office and independence status is set out in the Directors' Report.

*Nominations committee*

Due to the Company's size and scale, the Board has not established a sub-committee to undertake the responsibilities normally undertaken by a Nomination Committee. The Board is charged to undertake the responsibilities normally undertaken by a Nomination Committee.

*Board succession/Board skills matrix*

The Board has adopted a Board skills matrix which identifies its collective mix of skills and diversity. The Board's collective skills include financial, fundraising, industry knowledge, leadership, lobbying/networking, marketing/PR, risk management, strategic planning, technology/IT.

The Board skills matrix also identifies the demographic background of the Board as follows:-

|           |   |
|-----------|---|
| Male      | 4 |
| Female    | 0 |
| Age 25-40 |   |
| 41-55     | 2 |
| 56-70     | 2 |
| Over 70   |   |

## **CORPORATE GOVERNANCE (Cont')**

The current composition of the Board is regarded as balanced with a complementary range of skills, independence, diversity and experience to enable it to discharge its duties and responsibilities effectively.

Should the Company be in the position where it believes that it or a new director does not have the requisite skills and experience, the Company will ensure that appropriate training or development is provided to ensure that the current or new director has sufficient knowledge, skills and understanding of their responsibilities.

### *Director independence*

Based on the definition of independence published in ASX CGP 2, only one Director is deemed to be Independent. The Board are not independent for the following reasons:-

Jeff Moore – Executive Chairman  
Mark Skiffington – A substantial shareholder  
Andrew Childs – Director of a substantial shareholder

### *Independent Decision Making*

Majority of the Board is not independent and the Company recognises that this is a departure from ASX CGP 2. All Directors bring to the Board the requisite skills which are complementary to those of the other Directors and enable them to adequately discharge their responsibilities and bring independent judgments to bear on their decisions.

The Board Charter sets out the criteria the Board uses to determine director independence. Materiality thresholds used to assess director independence have not as yet been established however the Board considers a director to be independent where he or she is not a member of management and is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the director's ability to act in the best interests of the Company. The Board believes that the interests of the shareholders are best served by the current composition of the Board which is regarded as balanced with a complementary range of skills, diversity and experience as detailed in the Directors' Report.

The following measures are in place to ensure the decision making process of the Board is subject to independent judgments:-

- A standard item on each Board Meeting agenda requires Directors to focus on and declare any conflicts of interest in addition to those already declared;
- Directors are permitted to seek the advice of independent experts at the Company's expense, subject to the approval of the Chairman;
- All Directors must act all times in the interest of the Company; and

Adoption of these measures ensure that the interests of shareholders, as a whole, are pursued and not jeopardised by a lack of independence.

### *Inducting new directors*

New Non Executive Directors will be provided with a pack of information and documents relating to the Company including the Constitution, Group structure, financial statements, recent Board

## **CORPORATE GOVERNANCE (Cont')**

papers and the various Board policies and charters. Site visits are arranged at an appropriate and cost effective time.

### **3. Ethical and Responsible Decision Making**

#### *Code of Conduct*

A Code of Conduct Policy is in place to promote ethical and responsible practices and standards for directors, employees and consultants of the Company to discharge their responsibilities. This Policy reflects the directors' and key officers' intention to ensure that their duties and responsibilities to the Company are performed with the utmost integrity. A copy of the Standards of Conduct policy is available to all employees and is also available in the Corporate Governance section of the Company's website. The terms are consistent with ASX CGP 3.

### **4. Integrity of corporate reporting**

#### *Audit Committee*

Due to the size and scale of the Company, during the year the Board has not established a sub-committee to undertake the responsibilities normally undertaken by an Audit Committee.

The full Board undertakes all Audit Committee responsibilities in accordance with its Audit Committee Charter located on the Company's website. The responsibilities include the following:-

- Reviewing and approving statutory financial reports and all other financial information distributed externally;
- Monitoring the effective operation of the risk management and compliance framework;
- Reviewing the effectiveness of the Company's internal control environment including compliance with applicable laws and regulations;
- The nomination of the external auditors and the review of the adequacy of the existing external audit arrangements; and
- Considering whether non audit services provided by the external auditor are consistent with maintaining the external auditor's independence.

The Company will give consideration at an appropriate time in the Company's development, for the creation of an Audit Committee.

#### *CEO/CFO Sign Off*

Before the Board approves the Company's financial statements it receives a declaration from its CEO and CFO in accordance with ASX CGP 4.

#### *External Auditor*

The lead audit partner responsible for the Group's external audit is required to attend each Annual General Meeting and to be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

## **CORPORATE GOVERNANCE (Cont')**

A summary of procedures for the selection and appointment of external auditors and rotation of external audit engagement partners is contained in the Audit Committee Charter located on the Company's website.

### **5. Timely and balanced disclosure**

#### *Continuous Disclosure Policy*

The Company has a written policy on information disclosure that focuses on continuous disclosure of any information concerning the Group that a reasonable person would expect to have a material effect on the price of the Company's securities.

A copy of the Continuous Disclosure Policy is located in the Corporate Governance section of the Company's website and the terms are consistent with ASX CGP 5.

The Company Secretary has been nominated as the person responsible for communications with the Australia Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

### **6. Rights of Securityholders**

#### *Website*

The Company maintains a website at [www.riedelresources.com.au](http://www.riedelresources.com.au). The website contains information consistent with ASX CGP 6.

#### *Communication*

The Company's Shareholder Communications Policy promotes effective communication with the Company's shareholders and encourages shareholder participation at general meetings. A copy of this Policy, which deals with communication through the ASX, the Share Registry, shareholder meetings and the annual report, may be found in the Corporate Governance section of the Company's website. All of the Company's announcements to the market may also be accessed through the Company's website. The Company's annual reports are posted on the Company's website.

Shareholders are provided with the opportunity to question the Board concerning the operation of the Company at the annual general meeting. They are also afforded the opportunity to question the Company's auditors at that meeting concerning matters related to the audit of the Company's financial statements.

Shareholders are also encouraged and given the opportunity to receive electronic communications from, and send electronic communications to, the Company and its share registry.

**CORPORATE GOVERNANCE (Cont')**

**7. Recognising and Managing Risk**

*Risk Committee*

Due to the size and scale of the Company, during the year the Board has not established a sub-committee to undertake the responsibilities normally undertaken by a Risk Committee.

The Board is responsible for ensuring that risks, as well as opportunities are identified on a timely basis and receive an appropriate and measured response, recognising however that no cost effective internal control system will preclude all errors and irregularities. Areas of significant business risk and the effectiveness of internal controls are monitored and reviewed regularly. The Board has adopted a Risk Management Strategy document, a copy of which is located on the Company's website.

The Board has undertaken a review of its significant business risks and the effectiveness of internal controls for the year ended 30 June 2016.

*Internal Audit*

The Company does not currently have an internal audit function. Once the Company is at a size and scale that warrants an internal auditor or nears production status, the Board will be responsible for the appointment and overseeing of the internal auditor.

Specific internal control processes include the review of monthly management accounts with analysis of the differences between actual and budgeted expenditures, weekly cash flow review and delegation of authority.

*Exposure to Economic, Environmental and Social Sustainability Risks*

The Company's corporate ethics includes a strong focus on environmental responsibility. This approach is integral to ensuring the long-term sustainability of the Company's mining and exploration operations. An Environmental Policy has been established to ensure that its field operations comply with permits and licenses, and have minimal impact on the surrounding environments. A copy of this policy is available on the Company's website.

An important key to the Company's current and future success is open communications with all stakeholders. The Company acknowledges its responsibility towards local communities and are committed to being a good neighbor. An Indigenous Affairs Policy has been established to ensure that effective and positive communication is established with indigenous groups and a copy is available on the Company's website. The policy recognises cultural traditions, historical association occupation, social and economic needs and the requirement to deal with those groups on the basis of their interest in accordance with Government policy.

Part of the Company's long-term approach towards community relations includes:

- Recognise and observe all State and Commonwealth laws in respect to Indigenous and cultural matters;
- Establish and make effective and positive communication with Indigenous groups the Company comes in contact with in the course of its activities;
- Recognise the desire of Indigenous people to fulfil their responsibilities as demanded by their traditional culture;

**CORPORATE GOVERNANCE (Cont')**

- Where possible and appropriate, provide local Indigenous groups with the opportunity to participate directly or indirectly in employment opportunities.
- Where appropriate, provide the opportunity for qualified Indigenous people to tender for the supply of goods and services for the Company's exploration and mining activities.

**8. Remunerating Fairly and Responsibly**

*Remuneration and Nominations Committee*

Due to the size and scale of the Company, during the year the Board has not established a sub-committee to undertake the responsibilities normally undertaken by a Remuneration & Nomination Committee.

The full Board approves all management remuneration including the allocation of options (if any) and involves itself in the nomination, selection and retirement of directors.

The Company will give consideration at an appropriate time in the Company's development, for the creation of sub-committees.

The Board seeks to ensure that collectively its membership represents an appropriate balance between Directors with experience and knowledge of the Company and Directors with an external or fresh perspective. It shall review the range of expertise of its members on a regular basis and seeks to ensure that it has operational and technical expertise relevant to the operation of the Company.

Directors are re-elected, nominated and appointed to the Board in accordance with the Board's policy on these matters set out in the Remuneration Committee Charter, the Company's Constitution and ASX Listing Rules. In considering appointments to the Board, the extent to which the skills and experience of potential candidates complement those of the Directors in office is considered.

The Company's remuneration philosophy, objectives and arrangements are detailed in the Remuneration Report which forms part of the Directors' Report.

*Remuneration of Non Executive Directors*

The annual total of fees to Non Executive Directors is set by the Company's shareholders and allocated as Directors' Fees by the Board on the basis of the roles undertaken by the Directors. Full details of Directors' remuneration appear in the Remuneration Report. These fees are inclusive of statutory superannuation contributions. No retirement benefits are paid to Non Executive Directors.

*Remuneration of Executive Management*

Remuneration packages for Executive management are generally set to be competitive so as to both retain executives and attract experienced executives to the Company. Packages comprise a fixed (cash) element and variable incentive components. Payment of the variable components will depend on the Company's financial and the executive's personal performance.

**CORPORATE GOVERNANCE (Cont')**

*Current Director Remuneration*

In order to preserve cash in the Company, the Non Executive Directors have not received Directors' fees since 1 May 2013 and the executive Directors receive Directors' fees only in the form of cash. All Directors are entitled to participate in the Performance Rights Plan and/or Incentive Option Scheme.

*Equity Based Remuneration Scheme*

The Company has an equity-based remuneration scheme. The Company's Share Trading Policy provides that participants in the scheme must not enter into any transaction which would have the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of any unvested equity interest. The Share Trading Policy is available on the Company's website.



**RIEDEL RESOURCES LIMITED**  
**ABN: 91 143 042 022**

**SHAREHOLDER INFORMATION**

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below. The information is as at 18 October 2016.

**Shareholdings as at 18 October 2016**

**Substantial shareholders**

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act are:

| <b>Shareholder Name</b>                                  | <b>Number of Shares</b> | <b>Percentage</b> |
|--|-------------------------|-------------------|
| SATORI INTERNATIONAL PTY LTD <SATORI S/F A/C>            | 29,527,789              | 12.61%            |
| ADX ENERGY LIMITED                                       | 26,764,709              | 11.43%            |
| MR JAMES WALLACE HOPE <JWH A/C>                          | 17,211,258              | 7.35%             |
| SKIFFINGTON SUPER PTY LTD <THE MARK SKIFFINGTON S/F A/C> | 13,319,371              | 5.69%             |
| MERIWA STREET PTY LTD                                    | 10,000,000              | 4.27%             |

**Unmarketable parcels**

The number of shareholders holding less than a marketable parcel at 30 September 2016 is 134. There is only one class of share and all ordinary shareholders have equal voting rights.

**Voting rights**

All ordinary shares carry one vote per share without restriction.

**Unquoted securities**

| <b>Securities</b>  | <b>Number of Options</b> | <b>Number of Holders</b> | <b> Holders with more than 20%</b> |
|--|--------------------------|--------------------------|------------------------------------|
| Options exercisable at \$0.15 on or before 31 January 2018   | 1,250,000                | 1                        |                                    |
| Options exercisable at \$0.052 on or before 31 December 2016 | 10,000,000               | 10                       |                                    |
| Options exercisable at \$0.011 on or before 31 December 2017 | 23,728,195               | 10                       |                                    |
| Options exercisable \$0.018 on or before 11 March 2019       | 18,000,000               | 4                        |                                    |
| Performance Rights   | 10,000,000               | 1                        |                                    |

**On-market buyback**

There is no current on-market buy-back.

**Statement in relation to Listing Rule 4.10.19**

The Directors of Riedel Resources Limited confirm in accordance with ASX Listing Rule 4.10.19 that during the financial year ended 30 June 2016, the Company has used its cash, and assets that are readily convertible to cash, in a way consistent with its business objectives.

**Stock Exchange listing**

Quotation has been granted for the Company's Ordinary Shares.

**RIEDEL RESOURCES LIMITED**  
**ABN: 91 143 042 022**

**SHAREHOLDER INFORMATION (con't)**

**Securities subject to escrow**

There are no securities that are subject to escrow.

**Distribution of security holders**

| Category         | Number of Holders | Number of Shares   |
|------------------|-------------------|--------------------|
| 1 – 1,000        | 13                | 2,126              |
| 1,001 – 5,000    | 7                 | 30,054             |
| 5,001 – 10,000   | 51                | 493,420            |
| 10,001 – 100,000 | 160               | 7,252,638          |
| 100,001 and over | 124               | 226,321,315        |
|                  | <b>355</b>        | <b>234,099,553</b> |

**Twenty largest shareholders – Ordinary Shares**

| Name   | Number of<br>ordinary shares<br>held | Percentage of<br>capital held |
|--|--------------------------------------|-------------------------------|
| SATORI INTERNATIONAL PTY LTD <SATORI S/F A/C>                                | 29,527,789                           | 12.61                         |
| ADX ENERGY LIMITED   | 26,764,709                           | 11.43                         |
| MR JAMES WALLACE HOPE <JWH A/C>  | 17,211,258                           | 7.35                          |
| SKIFFINGTON SUPER PTY LTD <THE MARK SKIFFINGTON S/F A/C>                     | 13,319,371                           | 5.69                          |
| MERIWA STREET PTY LTD  | 10,000,000                           | 4.27                          |
| FLOURISH SUPER PTY LTD <FLOURISH S/F A/C>                                    | 9,736,061                            | 4.16                          |
| QUINLYNTON PTY LTD <PURSER SUPER FUND A/C>                                   | 9,080,963                            | 3.88                          |
| ORITOR PTY LTD   | 7,258,381                            | 3.10                          |
| MR GARY PETER IRESON   | 7,006,340                            | 2.99                          |
| CAMPEON PTY LTD  | 6,434,851                            | 2.75                          |
| PROVISTA HOLDINGS PTY LTD <MARVAL SUPER FUND A/C>                            | 6,280,933                            | 2.68                          |
| MR GARY TATASCIORE   | 6,280,933                            | 2.68                          |
| MR PETER CHARLES MOREY + MRS VALMAI ANN MOREY <MOREY<br>SUPER FUND A/C>      | 3,451,348                            | 1.47                          |
| BT PORTFOLIO SERVICES LIMITED <HH SUPER FUND A/C>                            | 3,432,034                            | 1.47                          |
| MR WILLIAM RICHARD BROWN   | 3,200,033                            | 1.37                          |
| BOND STREET CUSTODIANS LIMITED <PNCORK - D00089 A/C>                         | 3,113,504                            | 1.33                          |
| MR JEFFREY JOHN MOORE + MRS JULIA ROSALIND MOORE <PRIVATE<br>SUPER FUND A/C> | 2,661,305                            | 1.14                          |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED                                    | 2,272,720                            | 0.97                          |
| WARROORAH PTY LTD <THE TCHACOS SUPER FUND A/C>                               | 2,230,205                            | 0.95                          |
| MR MICHAEL ANTHONY BROWN + MRS JOANNA ELIZABETH BROWN<br><MJ SUPER FUND A/C> | 2,199,488                            | 0.94                          |
| <b>TOTAL</b>   | <b>171,462,226</b>                   | <b>73.24</b>                  |

**RIEDEL RESOURCES LIMITED**  
**ABN: 91 143 042 022**

**SCHEDULE OF MINING TENEMENTS AS AT 30 JUNE 2016**

| <b>Area of Interest</b>  | <b>Tenement reference</b> | <b>Nature of interest</b> | <b>Interest</b> |
|--------------------------|---------------------------|---------------------------|-----------------|
| <b>Western Australia</b> |                           |                           |                 |
| Marymia                  | E52/2395                  | Direct                    | 49%             |
| Marymia                  | E52/2394                  | Direct                    | 49%             |
| Charteris Creek          | E45/2763                  | Direct                    | 100%            |
| Bronzewing South         | E36/623                   | Indirect                  | 80%             |
| West Yandal              | M36/615                   | Royalty                   | 0%              |
| Porphyry                 | M31/157                   | Royalty                   | 0%              |

**MINERAL RESOURCE STATEMENT**

At 30 June 2016, the Company does not have any mineral resource following the sale of Cheritons Find Project and the Millrose Gold Project.