



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

**ANNUAL REPORT**

**30 JUNE 2017**

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

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

**CORPORATE DIRECTORY**

**DIRECTORS**

Jeffrey Moore  
Alexander Sutherland  
Scott Cuomo

**COMPANY SECRETARIES**

Henko Vos  
Abby Siew

**REGISTERED & PRINCIPAL OFFICE**

Suite 1  
6 Richardson Street  
WEST PERTH WA 6005

Telephone: (08) 9226 0866

Facsimile: (08) 9486 7375

**AUDITORS**

PKF Mack  
Level 5  
35 Havelock Street  
WEST PERTH WA 6005

**SHARE REGISTRY**

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

**SECURITIES 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 2017.

**DIRECTORS**

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

**Jeffrey Moore**  
Qualifications

Executive Chairman (Appointed on 30 September 2010)  
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  
Interest in Options

14,499,999  
5,000,000

**Alexander Sutherland**  
Qualifications

Non-executive Director (Appointed 26 July 2017)  
B.Com UWA

Experience

Mr Sutherland has extensive experience in international commercial operations, including 15 years in Europe, 8 in the Asia Pacific region and two years in the United States. He is currently based in Switzerland and is Vice President of Finance (Extrusion Europe) for Sapa AB, a subsidiary of Norsk Hydro. Prior to this, he held the position of Strategy Director (Extrusion Europe) for Sapa AB.

Mr Sutherland was previously Global Projects Manager for Alcoa Europe and has held senior management positions in multinational firms, including KPMG. Mr Sutherland brings his significant knowledge of international finance and the resources sector to provide depth to the Company's management team as it pursues exploration and development opportunities outside of Australia.

**RIEDEL RESOURCES LIMITED**  
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**DIRECTORS' REPORT (con't)**

Directorships of other listed companies Nil

Interest in Shares 959,596  
Interest in Options Nil

**Scott Cuomo**

Non-executive Director (Appointed 26 July 2017)

**Experience**

Mr Cuomo is a highly experienced and successful entrepreneur in the mobile telecommunications sector. His career spans over 25 years and includes establishing Vodafone's largest Australian retail partner. Prior to that he was the National Business Development Manager of Optus reseller, B Digital Limited, an ASX listed company that was subject to take-over in 2007.

He offers valuable experience in strategic planning, risk management and has vast networks in the mobile telecommunications industry.

Directorships of other listed companies Nil

Interest in Shares Nil  
Interest in Options Nil

**Luke Matthews**

Former Non-executive Director (Appointed 19 January 2016; Resigned 26 July 2017)

**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  
Interest in Options\* Nil

**RIEDEL RESOURCES LIMITED**  
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**DIRECTORS' REPORT (con't)**

**Mark Skiffington**

Former Non-executive Director (Appointed 19 January 2016;  
Resigned 26 July 2017)

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 with Luke Matthews in 2010.

Directorships of other  
listed companies

Nil

Interest in Shares\*

23,319,371

Interest in Options\*

2,966,025

**Andrew Childs**

Former Non-executive Director (Appointed on 9 April 2010; Resigned  
30 March 2017)

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. Mr Childs 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, he 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. Mr Childs is a member of the Petroleum Exploration Society of Australia and the American Association of Petroleum Geologists.

Directorships of  
other listed companies

ADX Energy Limited  
Australian Oil Company Limited  
Sacgasco Limited

Interest in Shares\*

3,237,305

Interest in Options\*

5,000,000

\* Shares/options held at the time of resignation.

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

**Henko Vos**

Joint Company Secretary (Appointed 28 December 2016)

Mr Vos is a member of the Governance Institute of Australia and Certified Practicing Accountants Australia with more than 15 years' experience working within public practice, specifically within the area of audit and assurance both in Australia and South Africa. He holds similar secretarial roles in various other listed public companies in both industrial and resources sectors. He is currently an Associate Director with Nexia Perth, a mid-tier corporate advisory and accounting practice.

**Abby Siew**

Joint Company Secretary (Appointed 28 December 2016)

Ms Siew graduated from Curtin University with a Bachelor of Commerce majoring in Accounting and Finance. She is a member of Certified Practicing Accountants Australia. She is currently employed by Nexia Perth, a mid-tier corporate advisory and accounting practice.

**Leonard Math**

Former Company Secretary (Appointed 28 August 2015; Resigned 28 December 2016)

Mr Math 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 is experienced with public company responsibilities including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting and shareholder relations.

The Directors and Company Secretaries 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 \$142,568 2016: net profit \$704,101)

DIRECTORS' REPORT (con't)

REVIEW OF OPERATIONS

CÁRMENES PROJECT

Location

Subsequent to the end of the reporting period Riedel Resources Limited (“**Riedel**” or “the **Company**”) signed a Joint Venture Agreement whereby Riedel can earn-in an interest of up to 90% in the Cármenes Project located in Northern Spain (“the **Project**”) by way of funding staged exploration and development expenditure, with provision to acquire the remaining 10%.

The Cármenes Project is located in the north-west of Spain in the Autonomous Community of Castille and León, approximately 410km north of the capital city of Madrid, 250km from the city of Valladolid (capital of regional administration) and 54km from the city of León (capital of local administration) (see *Figure 1*).



Figure 1 Cármenes Project Location

DIRECTORS' REPORT (con't)

Tenement Details

The Project is held by **SIEMCALSA** (*Sociedad De Investigación Y Exploración Minera De Castilla Y León S.A.*). SIEMCALSA is a parastatal corporation established in 1988 by initiative of the Regional Government of Castille and León (*Junta de Castilla y León*).

SIEMCALSA is devoted to the promotion and stimulation of the mining sector in Castille and León and strongly encourages the exploration, development and exploitation of mineral resources in the region.

The Project is covered by two mining investigation permits ("**Permits**" or "**Tenements**") held by SIEMCALSA. The two investigation permits are Cármenes (n°15,107) and Valverdin (n°15,106). Cármenes is 5.1 square kilometres in area and Valverdin is 37.2 square kilometres in area (see Figure 2). The duration of an investigation permit is three (3) years, with 3 year extensions of term available upon request. Both tenements were granted 3 year extensions on 12 May 2017.

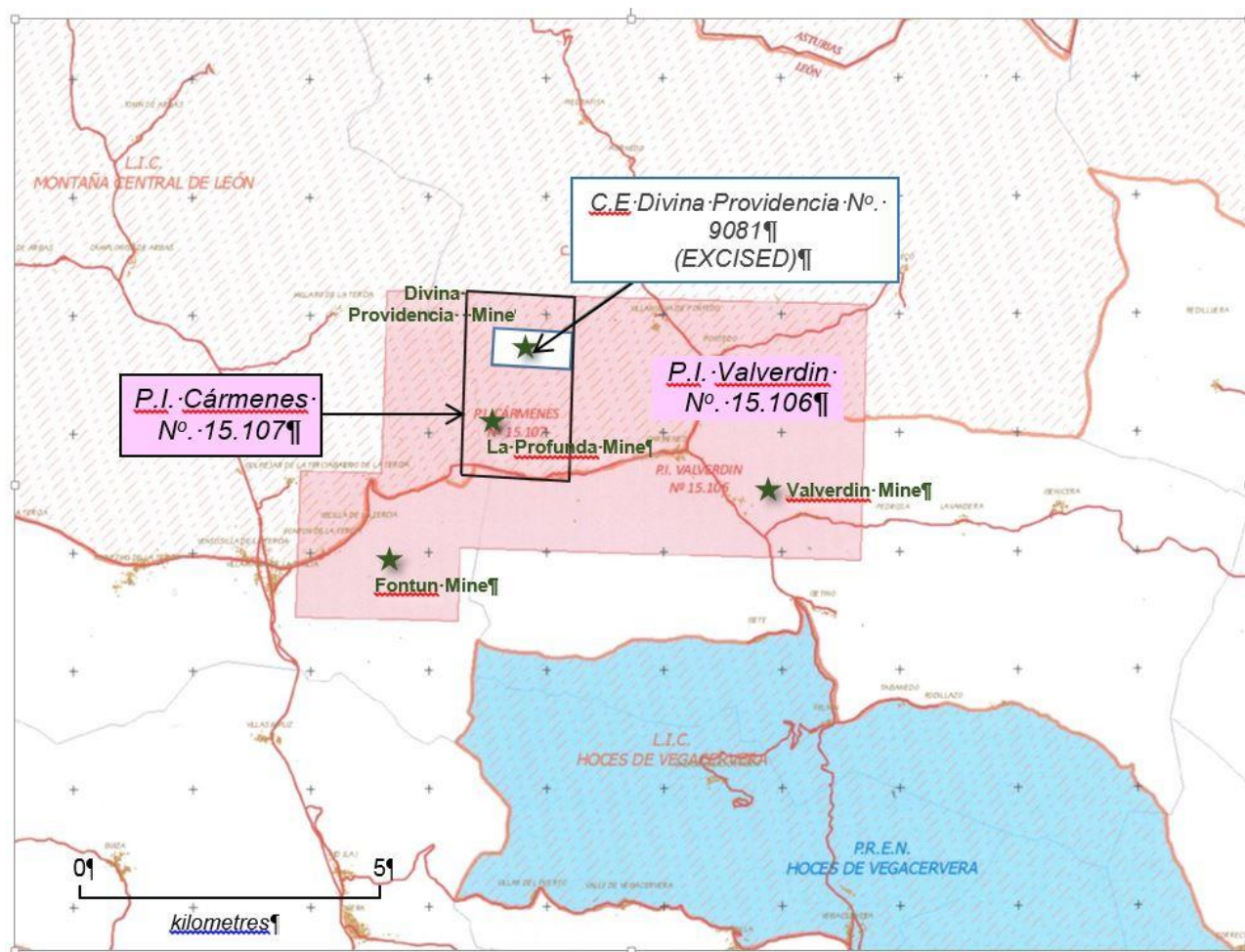


Figure 2 Location of Cármenes and Valverdin investigation permits

DIRECTORS' REPORT (con't)

| Cármenes Project Investigation Permits<br>(see Figure 2) | Permit Coverage Area | Permit Expiry Date | Eligible to apply for 3 Year Extension <sup>1</sup> |
|----------------------------------------------------------|----------------------|--------------------|-----------------------------------------------------|
| Cármenes (n°15,107)                                      | 5.1km <sup>2</sup>   | 12 May 2020        | Yes                                                 |
| Valverdin (n° 15,106)                                    | 37.2km <sup>2</sup>  | 12 May 2020        | Yes                                                 |

### Access and Infrastructure

The Project area is strategically located near well established local infrastructure. Access to the Project area is via modern motorways, good local roads and rail network. The local availability of power and other essential services is also well developed and conducive to project development (see Figure 3).



**Figure 3** Carmenes Project area in background with historic Villamanin concentrator building and local rail and electricity grid in foreground

<sup>1</sup> Application for an extraordinary extension may be granted subject to additional conditions or may be rejected.

## DIRECTORS' REPORT (con't)

### Historical Mining and Exploration

The region has been subject to historical mining activity over many years and the La Profunda Mine (Cu-Co-Ni  $\pm$  Au-U) located within the Cármenes (n°15,107) tenement has been mined by artisanal methods since Prehistoric times. Underground mining began in 1870 with high grade ore being discovered at -100 metres in 1883. Mining continued underground at La Profunda until 1890. Complex cobalt/copper/nickel ore was treated at the

nearby Villamanin plant and approximately 100,000 tonnes of ore produced 38,000 tonnes of concentrates<sup>2</sup>, **with concentrate streams averaging the following exceptional grades:**

- Single concentrate stream (18,000 tonnes)
  - \* **4% cobalt and 20% copper.**
- Dual concentrate streams (20,000 tonnes):
  - \* **Cobalt concentrate - 14% cobalt plus 4% nickel and 5-6% copper.**
  - \* **Copper concentrate - 33% copper plus 1% nickel.**

Mining resumed between 1924 to 1931, including the treatment of dump material and tailings, with **average ore grades** recorded of **2.2% Cu, 1.5% Ni, 0.9% Co, 0.1% Se, and up to 100 g/t Au.**

Other deposits within the investigation permit areas, including Valverdin (gold) and Fontun (lead-copper-zinc-silver) were mined by artisanal miners in the 1960's and 1940-1950's respectively (see Figure 4).

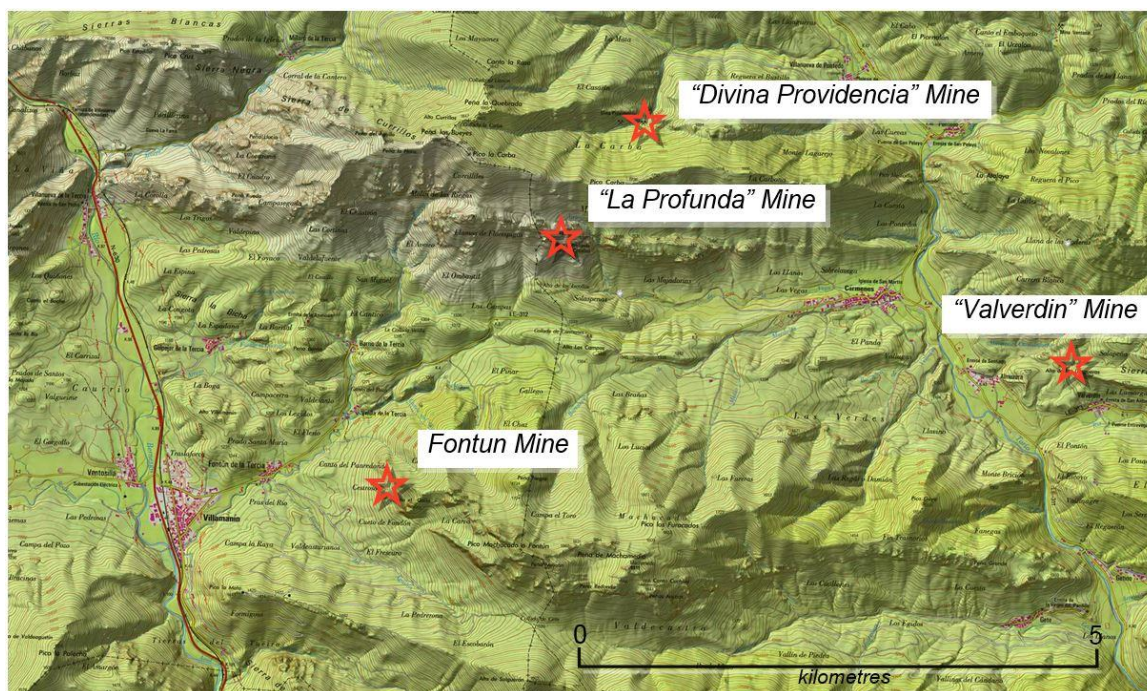


Figure 4 Historic mine locations within investigation permit areas

<sup>2</sup> Source SIEMCALSA presentation (Cármenes project Cu-Co-Ni  $\pm$  Au Deposit – September 2016)

## DIRECTORS' REPORT (con't)

### Recent Project Exploration

It was only in 2009 that SIEMCALSA commenced modern exploration work in the Cármenes and Valverdin investigation permits. Since that time SIEMCALSA has carried out numerous geological tests designed to independently identify anomalies that, when overlaid, provide a significant number of highly prospective priority targets. Testwork included:

|                                      |                                          |
|--------------------------------------|------------------------------------------|
| Stream sediment geochemical sampling | Radiometric surveys                      |
| Geological mapping                   | Lithogeochemical sampling                |
| Magnetic surveys                     | Induced polarisation geophysical surveys |
| Soil geochemical sampling            | Trenching                                |

SIEMCALSA estimate that **only about 5% of the permit area has been explored with modern exploration methods** (see Figure 7). Encouragingly, even within this very limited area under exploration, SIEMCALSA have identified 9 high priority exploration targets around the La Profunda former cobalt mine and 2 high priority exploration targets near the Valverdin mine.

Each of the targets hold excellent potential for the discovery of mineral deposits similar to those mined at La Profunda and Providencia, highlighting the significant potential which exists within the investigation permits.



**Figure 5** Location of La Profunda Mine



**Figure 6** La Profunda Mine Stope

DIRECTORS' REPORT (con't)

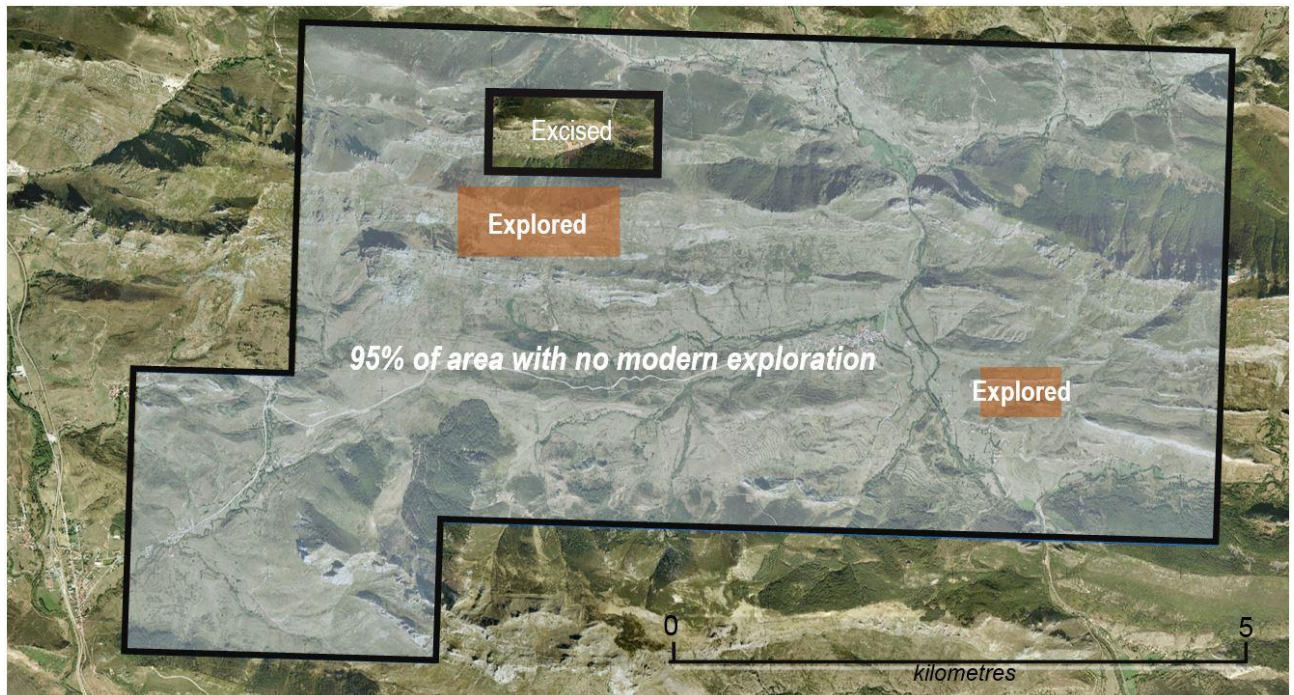


Figure 7 Investigation permit areas showing areas explored by SIEMCALSA since 2009

### CÁRMENES PROJECT JOINT VENTURE AGREEMENT

On 21 July 2017, Riedel signed a Joint Venture Agreement with SIEMCALSA whereby **Riedel can earn-in an interest of up to 90% in the Cármenes Project**, with provision for Riedel to acquire the remaining 10% interest from SIEMCALSA.

#### Key Terms of the Agreement

##### INTERESTS EARNED FROM PROJECT EXPENDITURE

**Riedel has the exclusive right to acquire interests of up to 90% in the Project** by staged expenditure on exploration activities within the Tenements (i.e. by 'earn-in'). Further, it can **acquire the remaining 10% interest in the Tenements**, as per the key terms outlined below.

**No other payments (cash or shares) are required to be paid to SIEMCALSA.**

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

Riedel has the right (but not the obligation) to fund the following Project expenditure to earn the associated Project interest:

**Year 1 – Stage 1 Project Expenditure**

Riedel may spend a minimum of **€300,000** on exploration programmes at the Cármenes Project.

**Year 2 – Stage 2 Project Expenditure**

Riedel may spend a minimum of **€700,000** on exploration programmes at the Cármenes Project.

**50% Interest Earned After Stage 1 and 2**

If Riedel successfully completes the Stage 1 and 2 Project Expenditure by the end of Year 2 (or earlier or later if force majeure determines or the parties agree to a longer timeframe), Riedel will have earned a 50% interest in the Project (Tenements).

**Year 3 – Stage 3 Project Expenditure**

Riedel may spend a minimum of **€1,000,000** on exploration programmes at the Cármenes Project.

**90% Interest Earned After Stage 1, 2 and 3**

If Riedel successfully completes the Stage 1, 2 and 3 Project Expenditure by the end of Year 3 (or earlier or later if force majeure determines or the parties agree to a longer timeframe), Riedel will have earned a 90% interest in the Project (Tenements).

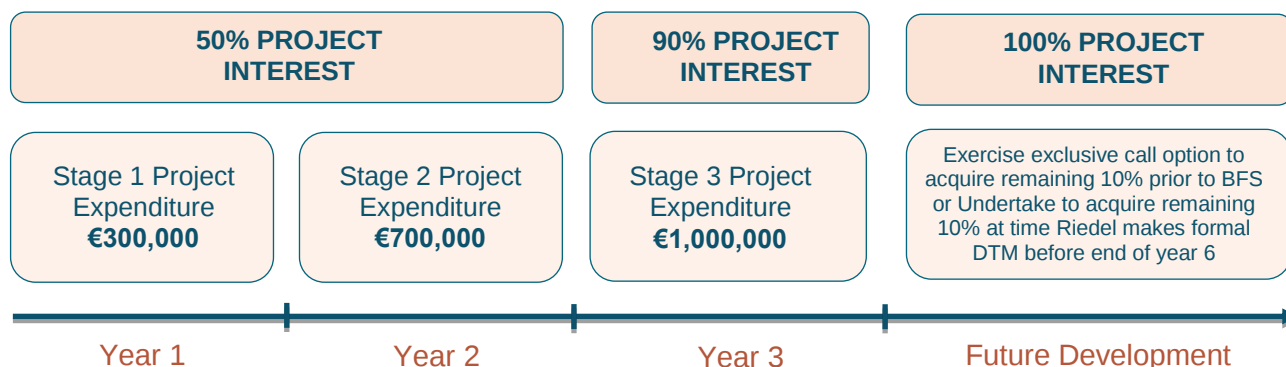
**Remaining 10% interest in the Tenements**

Subsequent to Riedel earning its 90% interest in the Tenements, it may choose to acquire the remaining 10% interest held by SIEMCALSA in the Project in one of two ways:

- **Call option:** Exercising its exclusive call option and acquiring the remaining 10% before its decision to commence a Bankable Feasibility Study (BFS), by cash payment at agreed price or a net smelter return ("NSR") royalty **or**;
- **Undertaking:** If Riedel makes a formal decision to mine (DTM), it undertakes to acquire the remaining 10% by cash payment at agreed price or NSR royalty which must occur before the end of year 6.

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



#### EXTRAORDINARY EXTENSION PROVISION

The Agreement makes provision for Riedel to request SIEMCALSA to apply for a further three year extraordinary extension of the duration of the Tenements subject to certain conditions and minimum expenditure commitments being satisfied.

#### PROJECT MANAGEMENT

Riedel will be the operator and manager of the Project for the term of the Agreement.

Riedel may choose to engage SIEMCALSA as a subcontractor to advise on exploration planning, perform technical services, execute work programmes on agreed budgets and prepare documentation of exploration and deliverables, thereby minimising overhead costs to Riedel associated with mobilising an onsite geological team.

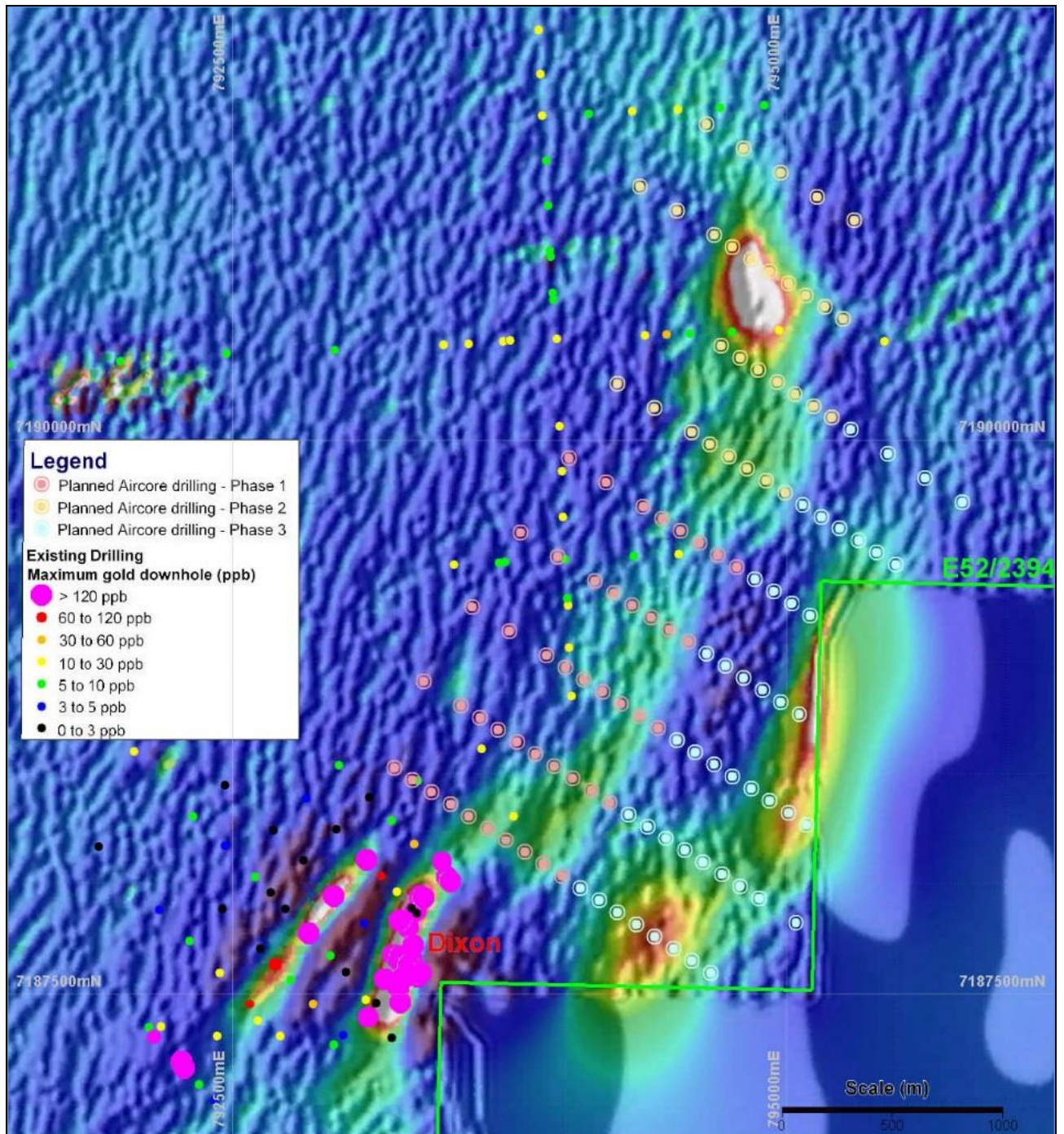
#### MARYMIA PROJECT

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

During the reporting period, Australian Mines reviewed numerous geological analogues to the Dixon prospect area in order to best plan follow-up drilling over the larger prospect area. The area of interest includes untested magnetic anomalies along strike from significant gold intersections already recorded at Dixon and in parallel anomalies. It should be noted that due to the presence of transported overburden, this geological setting is not amenable to geochemical soil sampling and therefore needs to be tested with aircore or RAB drilling that will penetrate the regolith and reach the underlying fresh rock.

Australian Mines has designed its next stage of exploration to test magnetic anomalies along strike from the Dixon prospect and over a similar magnetic anomaly to the east of Dixon with drilling. Exploration will focus on a three-phase air core drilling programme, consisting of 120 holes for 7,185 metres of drilling (see Figure 8).

DIRECTORS' REPORT (con't)



**Figure 8:** Plan view of the Dixon prospect displaying the maximum gold downhole intercept with the planned air core drilling (by phase) on aeromagnetic image background

Phase 1 of this proposed aircore drilling programme will test the north-eastern extension of the known mineralisation at Dixon. Phase 2 is designed to test a distinctive magnetic anomaly, further along strike to the north and Phase 3 will drill-test a magnetic high to the east of Dixon, interpreted as separate dolerite unit.

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

The drill holes have been planned on 123° orientated grid lines, which are perpendicular to the strike of the stratigraphy. Although there is a slight change in orientation of the magnetic anomaly noted in modelling further to the north, Australian Mines has elected to maintain the drill orientations to test the stratigraphy.

At Dixon, the mineralised zone appears to dip at 55° to the northwest and the designed aircore holes will be drilled at -60° to the southeast to most effectively intersect the stratigraphy and mineralisation.

The drilling programme is spaced at 400 metre line intervals, with drill holes mostly spaced at 100 metre intervals along the line. These specifications were chosen to maximise the chance of intersecting oxide mineralisation and therefore, to vector into primary mineralisation.

Each hole will be drilled to refusal, which ensures that every hole terminates at the weathered rock-fresh bedrock interface. Historic rotary air blast (RAB) drilling suggests the average hole depth for this programme will be 60 metres.

A heritage survey has been completed over the drill sites and DMP approvals have been granted to enable the drilling to be completed in the coming year.

#### **CHARTERIS CREEK PROJECT**

There were no exploration programmes completed during the reporting period.

#### **TENEMENT SCHEDULE**

Following is the schedule of Riedel Resources mining tenements as at 30 June 2017.

| <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%            |
| Marymia                  | E52/2394                  | Direct                    | 49%             |
| Marymia                  | E52/2395                  | Direct                    | 49%             |
| Porphyry                 | M31/157                   | Royalty                   | 0%              |
| West Yandal              | M36/615                   | Royalty                   | 0%              |

#### **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 Jeffrey Moore, who is a Member of The Australian Institute of Mining and Metallurgy. Mr Moore is an employee of Riedel Resources Limited. Mr Moore 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 Moore consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

**RIEDEL RESOURCES LIMITED**  
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**DIRECTORS' REPORT (con't)**

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

On 26 July 2017, Riedel announced on ASX that it has executed a Joint Venture Agreement whereby Riedel can earn-in an interest of up to 90% in the Cármenes Project located in Northern Spain by way of funding staged exploration and development expenditure, with provision to acquire the remaining 10%.

On the same day, the Company announced the appointment of Mr Alexander Sutherland and Mr Scott Cuomo as Non-Executive Directors of the Company as it drives its new direction of securing and developing cobalt and tech-energy metals opportunities in key European lithium-ion battery markets. To facilitate these new appointments, Mr Mark Skiffington and Mr Luke Matthews stepped down from their roles as Non-Executive Directors after more than 18 months with the Company.

In August 2017, the Company raised \$549,223.98 (before costs) by the issue of 36,614,932 fully paid ordinary shares at an issue price of \$0.015 (1.5 cents).

In September 2017, Riedel completed a fully underwritten pro-rata non-renounceable rights issue and successfully raised \$1,403,572.52 (before costs) by the issue of 93,571,495 shares.

Riedel incorporated a wholly owned Australian subsidiary, Riedel Resources (Spain) Pty Ltd on 14 September 2017.

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.

**RIEDEL RESOURCES LIMITED**  
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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 secretaries of the Company.

**Indemnity and insurance of auditors**

The Company has not, during or since the end of financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of the contract to insure the auditor of the Company or any related entity.

**MEETINGS OF DIRECTORS**

During the financial year, 11 meetings of directors were held. The number of meetings attended by each director during the period is stated below:

|                                   | <b>Number of eligible to attend</b> | <b>Number attended</b> |
|-----------------------------------|-------------------------------------|------------------------|
| Jeffrey Moore                     | 11                                  | 11                     |
| Andrew Childs                     | 8                                   | 8                      |
| Luke Matthews                     | 11                                  | 11                     |
| Mark Skiffington                  | 11                                  | 11                     |
| Alexander Sutherland <sup>1</sup> | -                                   | -                      |
| Scott Cuomo <sup>1</sup>          | -                                   | -                      |

<sup>1</sup> Appointed 26 July 2017.

**OPTIONS**

**Unissued shares under options**

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

| <b>Expiry date</b> | <b>Exercise price (cents)</b> | <b>Quantity</b>  |
|--------------------|-------------------------------|------------------|
| 31/12/2017         | 1.1                           | 23,728,195       |
| 31/01/2018         | 15.0                          | 1,250,000        |
| 11/03/2019         | 1.8                           | 18,000,000       |
|                    |                               | <hr/> 42,978,195 |

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

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.

**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 2017 has been received and is included in the financial report on page 27.

**RIEDEL RESOURCES LIMITED**  
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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 2017. 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.

*Key Management Personnel*

**Directors**

Jeffrey Moore (Executive Chairman) (Appointed 30 September 2010)  
Alexander Sutherland (Non-executive Director) (Appointed 26 July 2017)  
Scott Cuomo (Non-executive Director) (Appointed 26 July 2017)  
Luke Matthews (Non-executive Director) (Appointed 19 January 2016, Resigned 26 July 2017)  
Mark Skiffington (Non-executive Director) (Appointed 19 January 2016, Resigned 26 July 2017)  
Andrew Childs (Non-executive Director) (Appointed 9 April 2010; Resigned 30 March 2017)

*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.

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

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

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

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 2017, 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.

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

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

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

**Bonuses**

No bonuses were given to key management personnel during the 2016 and 2017 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.

All directors are entitled to participate in the Performance Rights Plan and/or Incentive Option Scheme.

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

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

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

**Remuneration of directors and key management personnel**

**For the year ended 30 June 2017**

|                               | Short-Term<br>Benefits          | Post-<br>Employment<br>Benefits | Equity-<br>Settled<br>Share-<br>Based<br>Payments | Value of<br>equity as<br>proportion of<br>remuneration |         |       |
|-------------------------------|---------------------------------|---------------------------------|---------------------------------------------------|--------------------------------------------------------|---------|-------|
|                               | Salary and<br>Directors<br>Fees | Consulting<br>Fees              | Superannuation                                    |                                                        | Total   | %     |
|                               | \$                              | \$                              | \$                                                | \$                                                     | \$      | %     |
| Directors                     |                                 |                                 |                                                   |                                                        |         |       |
| Jeffrey Moore                 | 100,000                         | -                               | 9,500                                             | 21,433                                                 | 130,933 | 16.4% |
| Andrew Childs <sup>1</sup>    | -                               | -                               | -                                                 | -                                                      | -       | 0.0%  |
| Luke Matthews <sup>2</sup>    | -                               | -                               | -                                                 | -                                                      | -       | 0.0%  |
| Mark Skiffington <sup>2</sup> | -                               | -                               | -                                                 | -                                                      | -       | 0.0%  |
| Total                         | 100,000                         | -                               | 9,500                                             | 21,433                                                 | 130,933 |       |

<sup>1</sup> Resigned 30 March 2017.

<sup>2</sup> Resigned 26 July 2017.

**For the year ended 30 June 2016**

|                               | Short-Term<br>Benefits          | Post-<br>Employment<br>Benefits | Equity-<br>Settled<br>Share-<br>Based<br>Payments | Value of<br>equity as<br>proportion of<br>remuneration |         |        |
|-------------------------------|---------------------------------|---------------------------------|---------------------------------------------------|--------------------------------------------------------|---------|--------|
|                               | Salary and<br>Directors<br>Fees | Consulting<br>Fees              | Superannuation                                    |                                                        | Total   | %      |
|                               | \$                              | \$                              | \$                                                | \$                                                     | \$      | %      |
| Directors                     |                                 |                                 |                                                   |                                                        |         |        |
| Jeffrey Moore                 | 78,246                          | -                               | 7,433                                             | 147,767                                                | 233,446 | 63.3%  |
| Andrew Childs                 | -                               | -                               | -                                                 | 59,500                                                 | 59,500  | 100.0% |
| 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%  |
| Total                         | 111,579                         | -                               | 10,600                                            | 302,467                                                | 424,646 |        |

<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.

**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 in the prior period.

**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 have been proportionately expensed in full until 11 March 2017, being the vesting date. The total amount being expensed for the year ended 30 June 2017 is \$21,433.

On 30 May 2017, Jeffrey Moore exercised the 10,000,000 performance rights following vesting. 10,000,000 fully paid ordinary shares were issued to him as a result.

**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: Director's fees of \$100,000 plus superannuation (effective 1 September 2017 increased to \$150,000 plus superannuation). The Executive is entitled to Performance Rights.

Name: Alexander Sutherland (Appointed 26 July 2017)  
Title: Non-executive Director  
Agreement commenced: 26 July 2017  
Term of agreement: 3 years (Subject to re-election every 3 years from 26 July 2017)  
Details: Director's fees of \$30,000 exclusive of superannuation (if applicable).

Name: Scott Cuomo  
Title: Non-executive Director  
Agreement commenced: 26 July 2017  
Term of agreement: 3 years (Subject to re-election every 3 years from 26 July 2017)  
Details: Director's fees of \$30,000 plus superannuation.

Name: Luke Matthews (Appointed 18 January 2016; Resigned 26 July 2017)  
Title: Former 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 previous position of the Company.

Name: Mark Skiffington (Appointed 19 January 2016; Resigned 26 July 2017)  
Title: Former 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 previous position of the Company.

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

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

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

Name: Andrew Childs (Resigned 30 March 2017)  
 Title: Former 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.*

**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>Balance at<br/>beginning<br/>of period</b> | <b>Granted as<br/>remuneration</b> | <b>Exercise<br/>of options/<br/>performance<br/>rights</b> | <b>Net change<br/>other</b> | <b>Balance at<br/>end of period</b> |
|-------------------------------|-----------------------------------------------|------------------------------------|------------------------------------------------------------|-----------------------------|-------------------------------------|
| <b>2017</b>                   |                                               |                                    |                                                            |                             |                                     |
| Jeffrey Moore                 | 2,661,305                                     | -                                  | 10,000,000                                                 | -                           | 12,661,305                          |
| Andrew Childs <sup>1</sup>    | 2,987,305                                     | -                                  | -                                                          | (2,987,305)                 | -                                   |
| Mark Skiffington <sup>2</sup> | 23,319,371                                    | -                                  | -                                                          | -                           | 23,319,371                          |
| Luke Matthews <sup>2</sup>    | 1,120,105                                     | -                                  | -                                                          | -                           | 1,120,105                           |
| <b>Total</b>                  | <b>30,088,086</b>                             | <b>-</b>                           | <b>10,000,000</b>                                          | <b>10,250,000</b>           | <b>37,100,781</b>                   |

<sup>1</sup> Resigned 30 March 2017, therefore not key management personnel at 30 June 2017.

<sup>2</sup> Resigned 26 July 2017.

*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 period</b> |
|-------------------------------|-----------------------------------------------|------------------------------------|------------------|-----------------------------|-------------------------------------|
| <b>2017</b>                   |                                               |                                    |                  |                             |                                     |
| Jeffrey Moore                 | 5,000,000                                     | -                                  | -                | -                           | 5,000,000                           |
| Andrew Childs <sup>1</sup>    | 5,000,000                                     | -                                  | -                | (5,000,000)                 | -                                   |
| Mark Skiffington <sup>2</sup> | 4,216,025                                     | -                                  | -                | (1,250,000)                 | 2,966,025                           |
| Luke Matthews <sup>2</sup>    | -                                             | -                                  | -                | -                           | -                                   |
| <b>Total</b>                  | <b>14,216,025</b>                             | <b>-</b>                           | <b>-</b>         | <b>(6,250,000)</b>          | <b>7,966,025</b>                    |

<sup>1</sup> Resigned 30 March 2017, therefore not key management personnel at 30 June 2017.

<sup>2</sup> Resigned 26 July 2017.

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

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

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

*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 at<br/>beginning<br/>of period</b> | <b>Granted as<br/>remuneration</b> | <b>Exercised</b>    | <b>Net<br/>change<br/>other</b> | <b>Balance at<br/>end of period</b> |
|---------------|-----------------------------------------------|------------------------------------|---------------------|---------------------------------|-------------------------------------|
| <b>2017</b>   |                                               |                                    |                     |                                 |                                     |
| Jeffrey Moore | 10,000,000                                    | -                                  | (10,000,000)        | -                               | -                                   |
| <b>Total</b>  | <b>10,000,000</b>                             | <b>-</b>                           | <b>(10,000,000)</b> | <b>-</b>                        | <b>-</b>                            |

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.

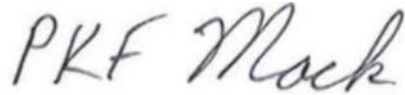


**Jeffrey Moore**  
**Executive Chairman**

Date: 26 September 2017

**AUDITORS 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 2017, 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**

26 SEPTEMBER 2017  
WEST PERTH,  
WESTERN AUSTRALIA

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

**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 2017 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: 26 September 2017

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

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2017**

|                                                                                | NOTES | 2017<br>\$       | 2016<br>\$     |
|--------------------------------------------------------------------------------|-------|------------------|----------------|
| Interest revenue                                                               |       | 21,935           | 8,476          |
| Other revenue                                                                  |       | 10,591           | 1,643,895      |
| Gain on deregistration                                                         |       | 652,518          | -              |
| Total revenue                                                                  | 2(a)  | 685,044          | 1,652,371      |
| Administration expenses                                                        |       | (195,618)        | (244,180)      |
| Depreciation                                                                   |       | (5,618)          | (13,209)       |
| Employee benefits expense                                                      |       | (62,849)         | (365,093)      |
| Impairment of exploration expenditure                                          |       | (87,414)         | (191,363)      |
| Exploration and evaluation expenditure incurred                                |       | (190,900)        | (109,676)      |
| Finance costs                                                                  |       | (77)             | (10,749)       |
| Extinguishment of liability                                                    |       | -                | (14,000)       |
| <b>Profit/(Loss) before income tax expense</b>                                 | 2(b)  | <b>142,568</b>   | <b>704,101</b> |
| Income tax expense                                                             | 3     | -                | -              |
| <b>Profit/(Loss) for the year</b>                                              |       | <b>142,568</b>   | <b>704,101</b> |
| Other comprehensive loss                                                       |       |                  |                |
| <i>Items that may be reclassified subsequently to profit or loss</i>           |       |                  |                |
| Exchange difference on translation of foreign operation                        |       | -                | (421)          |
| Foreign currency translation reserve on deregistration of foreign subsidiaries |       | (652,096)        | -              |
| <b>Total comprehensive profit/(loss) for the year</b>                          |       | <b>(509,528)</b> | <b>703,680</b> |
| Basic and diluted earnings per share (cents)                                   | 15    | 0.06             | 0.34           |

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 2017**

|                                        | NOTES | 2017<br>\$       | 2016<br>\$       |
|----------------------------------------|-------|------------------|------------------|
| <b>CURRENT ASSETS</b>                  |       |                  |                  |
| Cash and cash equivalents              | 5     | 899,219          | 1,499,804        |
| Trade and other receivables            | 6     | 34,068           | 27,922           |
| <b>TOTAL CURRENT ASSETS</b>            |       | <b>933,287</b>   | <b>1,527,726</b> |
| <b>NON CURRENT ASSETS</b>              |       |                  |                  |
| Plant and equipment                    | 7     | 1,592            | 7,210            |
| Exploration and evaluation expenditure | 8     | 1,638,167        | 1,635,520        |
| <b>TOTAL NON CURRENT ASSETS</b>        |       | <b>1,639,759</b> | <b>1,642,730</b> |
| <b>TOTAL ASSETS</b>                    |       | <b>2,573,046</b> | <b>3,170,456</b> |
| <b>CURRENT LIABILITIES</b>             |       |                  |                  |
| Trade and other payables               | 9     | 34,219           | 143,535          |
| <b>TOTAL CURRENT LIABILITIES</b>       |       | <b>34,219</b>    | <b>143,535</b>   |
| <b>TOTAL LIABILITIES</b>               |       | <b>34,219</b>    | <b>143,535</b>   |
| <b>NET ASSETS</b>                      |       | <b>2,538,827</b> | <b>3,026,921</b> |
| <b>EQUITY</b>                          |       |                  |                  |
| Issued capital                         | 10    | 16,091,432       | 15,981,731       |
| Option reserve                         | 11    | -                | 290,941          |
| Share based payment reserve            | 11    | 597,158          | 827,612          |
| Foreign currency translation reserve   | 12    | -                | 652,096          |
| Accumulated losses                     | 13    | (14,149,763)     | (14,725,459)     |
| <b>TOTAL EQUITY</b>                    |       | <b>2,538,827</b> | <b>3,026,921</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 2017**

|                                                              | 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 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> |
| Profit/(Loss) for the period                                 | -                 | -                 | -                                             | -                                     | 142,568               | 142,568          |
| Other comprehensive loss                                     | -                 | -                 | (652,096)                                     | -                                     | -                     | (652,096)        |
| Total comprehensive loss for the period                      | -                 | -                 | (652,096)                                     | -                                     | 142,568               | (509,528)        |
| <i>Transactions with owners, recorded directly in equity</i> |                   |                   |                                               |                                       |                       |                  |
| Issue of share capital                                       | 109,701           | -                 | -                                             | (109,701)                             | -                     | -                |
| Issue of rights                                              | -                 | -                 | -                                             | 21,434                                | -                     | 21,434           |
| Expiry of options                                            | -                 | (290,941)         | -                                             | (142,187)                             | 433,128               | -                |
|                                                              | <b>109,701</b>    | <b>(290,941)</b>  | <b>-</b>                                      | <b>(230,454)</b>                      | <b>433,128</b>        | <b>21,434</b>    |
| <b>Balance at 30 June 2017</b>                               | <b>16,091,432</b> | <b>-</b>          | <b>-</b>                                      | <b>597,158</b>                        | <b>(14,149,763)</b>   | <b>2,538,827</b> |
| <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 rights                                              | -                 | -                 | -                                             | 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> |

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 2017**

|                                                                  | NOTES | 2017<br>\$       | 2016<br>\$       |
|------------------------------------------------------------------|-------|------------------|------------------|
| <b>Cash Flows from Operating Activities</b>                      |       |                  |                  |
| Interest received                                                |       | 21,935           | 8,476            |
| Finance costs                                                    |       | (77)             | (4,676)          |
| Other revenue                                                    |       | 8,780            | 9,440            |
| Payments to suppliers and employees                              |       | (350,428)        | (175,146)        |
| Net cash used in operating activities                            | 14    | <b>(319,790)</b> | <b>(161,906)</b> |
| <b>Cash Flows from Investing Activities</b>                      |       |                  |                  |
| Payment for exploration and evaluation                           |       | (280,795)        | (216,711)        |
| Proceeds from sale of tenements                                  |       | -                | 1,650,000        |
| Net cash used in investing activities                            |       | <b>(280,795)</b> | <b>1,433,289</b> |
| <b>Cash Flows from Financing Activities</b>                      |       |                  |                  |
| Payments for share issue costs                                   |       | -                | (4,626)          |
| Proceeds from issue of convertible note                          |       | -                | 90,417           |
| Net cash provided in financing activities                        |       | <b>-</b>         | <b>85,791</b>    |
| <b>Net increase/(decrease) in cash and cash equivalents held</b> |       | <b>(600,585)</b> | <b>1,357,174</b> |
| <b>Cash and cash equivalents at 1 July</b>                       |       | <b>1,499,804</b> | <b>142,630</b>   |
| <b>Cash and cash equivalents at 30 June</b>                      | 5     | <b>899,219</b>   | <b>1,499,804</b> |

The accompanying notes form part of these financial statements

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

**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 2017 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 26 September 2017. 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 17.

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

**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 25.

**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 2017 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.

**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 or Binomial Option Pricing models, using the assumptions detailed in Note 11.

*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.

**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.

**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.

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.

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

**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.

*(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.

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

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.

**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.

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

**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.

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.

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

**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.

**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.

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

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

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.

**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.

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

**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.

**Comparative figures**

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

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

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

**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. Whilst the Group has not quantified the effect of application on future periods, it is not expected to be material. Other than the below, the Group has determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no material change is necessary to Group accounting policies.

| 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 E - Financial Instruments                                                     | Part E - 1 January 2018 | June 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 2014-10 | Amendments to Australian Accounting Standard - Sale of Contribution of Assets Between Investors and its Associates or Joint Venture | 1 January 2018          | December 2014  |
| AASB 2015-8  | Amendments to Australian Accounting Standards – Effective Date of AASB 15                                                           | 1 January 2018          | October 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 15      | Revenues from Contracts with Customers                                                                                              | 1 January 2018          | October 2015   |
| AASB 16      | Leases                                                                                                                              | 1 January 2019          | February 2016  |

**RIEDEL RESOURCES LIMITED**  
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| <b>NOTE 2: GAIN FROM ORDINARY ACTIVITIES</b> | <b>2017</b>    | <b>2016</b>      |
|----------------------------------------------|----------------|------------------|
|                                              | <b>\$</b>      | <b>\$</b>        |
| (a) Revenue                                  |                |                  |
| Bank interest                                | 21,935         | 8,476            |
| Gain on deregistration                       | 652,518        | -                |
| Revenue from office sublease                 | 9,165          | 9,313            |
| Revenue from sale of tenement                | -              | 1,632,881        |
| Other revenue                                | 1,426          | 1,701            |
|                                              | <u>685,044</u> | <u>1,652,371</u> |

(b) Expenses

Loss for the year includes the following expenses:

|                                             |         |         |
|---------------------------------------------|---------|---------|
| Depreciation                                | 5,618   | 13,209  |
| Exploration expenditure incurred            | 190,900 | 109,676 |
| Equity-settled share based payments expense | 21,434  | 302,467 |
| Superannuation - defined contribution       | 15,200  | 10,600  |
| Impairment of exploration expenditure       | 87,414  | 191,363 |
| Rental expense – operating lease            | 38,898  | 34,950  |

**NOTE 3: INCOME TAX EXPENSE**

|                               | <b>2017</b> | <b>2016</b> |
|-------------------------------|-------------|-------------|
|                               | <b>\$</b>   | <b>\$</b>   |
| Income tax expense/(benefit): |             |             |
| Current tax                   | -           | -           |
| Prior year under provision    | -           | -           |
| Deferred tax                  | -           | -           |
|                               | <u>-</u>    | <u>-</u>    |

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 27.5% (2016: 28.5%) | 39,206 | 200,669 |
|------------------------------------------------------------------------|--------|---------|

Add:

|                                       |                  |                |
|---------------------------------------|------------------|----------------|
| Tax effect of:                        |                  |                |
| Other non-allowable items             | 266              | 375            |
| Share based payment                   | 5,894            | 86,203         |
| Impairment of exploration expenditure | 24,039           | 54,538         |
| Write off exploration expenditure     | -                | 3,142          |
| Revenue losses not recognised         | -                | -              |
| Accrued income                        | -                | -              |
| Extinguishment of liability           | -                | 3,990          |
| Superannuation payable                | -                | 1,083          |
| Derecognition of foreign subsidiary   | (179,210)        | -              |
|                                       | <u>(149,011)</u> | <u>149,331</u> |

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**NOTE 3: INCOME TAX EXPENSE (con't)**

Less:

Tax effect of:

|                                        |           |         |
|----------------------------------------|-----------|---------|
| Exploration and evaluation expenditure | -         | 24,377  |
| Impairment on sale                     | -         | 107,915 |
| Capital raising costs                  | 10,613    | 14,543  |
| Revenue losses not recognised          | (120,280) | -       |
| Provisions and accruals                | (138)     | 855     |
| Tax losses deducted                    | -         | 202,310 |
|                                        | (109,805) | 350,000 |

Income tax expense/(benefit)

|   |   |
|---|---|
| - | - |
|---|---|

The applicable average weighted tax rates are as follows:

0%                      0%

The corporate tax rate in Australia was changed from 28.5% to 27.5% with effect from 1 July 2016. 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 27.5%: (2016:28.5%)

|                              |           |           |
|------------------------------|-----------|-----------|
| Carry forward revenue losses | 1,462,977 | 1,391,523 |
| Capital raising cost         | 7,773     | 19,055    |
| Website costs                | -         | -         |
| Provisions and accruals      | 3,108     | 3,078     |
|                              | 1,473,858 | 1,413,656 |

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;

(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 27.5%: (2016:28.5%)

|                                        |         |         |
|----------------------------------------|---------|---------|
| Exploration and evaluation expenditure | 450,496 | 466,123 |
|----------------------------------------|---------|---------|

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.

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**NOTE 4: AUDITORS' REMUNERATION**

|                                                       | <b>2017</b>   | <b>2016</b>   |
|-------------------------------------------------------|---------------|---------------|
|                                                       | <b>\$</b>     | <b>\$</b>     |
| Remuneration of the auditor of the parent entity for: |               |               |
| - Auditing or reviewing the financial report          | 23,325        | 19,820        |
|                                                       | <u>23,325</u> | <u>19,820</u> |
| Remuneration of firms other than the auditor          |               |               |
| - Tax compliance and tax advice                       | 4,350         | 1,650         |
| - Other non-audit services                            | 60,000        | 60,000        |
|                                                       | <u>64,350</u> | <u>61,650</u> |

**NOTE 5: CASH AND CASH EQUIVALENTS**

|              |                |                  |
|--------------|----------------|------------------|
| Cash on hand | 1,981          | 3,171            |
| Cash at bank | 897,238        | 1,496,633        |
|              | <u>899,219</u> | <u>1,499,804</u> |

Refer to note 17 for further information on financial instruments.

**NOTE 6: TRADE AND OTHER RECEIVABLES**

*Current*

|                 |               |               |
|-----------------|---------------|---------------|
| Sublease income | 1,812         | 1,573         |
| Term deposit    | 20,000        | 20,000        |
| Prepayments     | 6,584         | 6,349         |
| GST             | 5,672         | -             |
|                 | <u>34,068</u> | <u>27,922</u> |

Refer to note 17 for further information on financial instruments.

**NOTE 7: PLANT & EQUIPMENT**

|                              | <b>2017</b>  | <b>2016</b>  |
|------------------------------|--------------|--------------|
|                              | <b>\$</b>    | <b>\$</b>    |
| <i>Office Equipment</i>      |              |              |
| At cost                      | 36,141       | 36,141       |
| Accumulated amortisation     | (34,549)     | (33,310)     |
| Total office equipment       | <u>1,592</u> | <u>2,831</u> |
| <i>Exploration Equipment</i> |              |              |
| At cost                      | 55,304       | 55,304       |
| Accumulated amortisation     | (55,304)     | (50,925)     |
| Total exploration equipment  | <u>-</u>     | <u>4,379</u> |
| Total plant and equipment    | <u>1,592</u> | <u>7,210</u> |

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**NOTE 7: PLANT & EQUIPMENT (con't)**

**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>2017</b>  | <b>2016</b>  |
|----------------------------------------|--------------|--------------|
|                                        | <b>\$</b>    | <b>\$</b>    |
| <i>Office Equipment</i>                |              |              |
| Carrying amount at beginning of period | 2,831        | 4,918        |
| Additions/(disposals)                  | -            | -            |
| Depreciation                           | (1,239)      | (2,087)      |
| Carrying amount at end of period       | <u>1,592</u> | <u>2,831</u> |
| <i>Exploration Equipment</i>           |              |              |
| Carrying amount at beginning of period | 4,379        | 15,500       |
| Additions/(disposals)                  | -            | -            |
| Depreciation                           | (4,379)      | (11,121)     |
| Carrying amount at end of period       | <u>-</u>     | <u>4,379</u> |

**NOTE 8: EXPLORATION AND EVALUATION EXPENDITURE**

|                                                              |                  |                  |
|--------------------------------------------------------------|------------------|------------------|
| <i>Exploration and evaluation expenditure</i>                |                  |                  |
| Gross capitalised exploration and evaluation expenditure     | 7,572,734        | 7,482,673        |
| Less provision for impairment                                | (5,934,567)      | (5,847,153)      |
| Net amount                                                   | <u>1,638,167</u> | <u>1,635,520</u> |
| <i>Exploration and evaluation expenditure reconciliation</i> |                  |                  |
| Opening balance                                              | 1,635,520        | 1,737,558        |
| Exploration written off                                      | -                | -                |
| Impairment                                                   | (87,414)         | (191,363)        |
| Exploration and development expenditure incurred             | 90,061           | 89,325           |
| Closing balance                                              | <u>1,638,167</u> | <u>1,635,520</u> |

**NOTE 9: TRADE AND OTHER PAYABLES**

|                     | <b>2017</b>   | <b>2016</b>    |
|---------------------|---------------|----------------|
|                     | <b>\$</b>     | <b>\$</b>      |
| Trade creditors     | 20,696        | 36,749         |
| Accruals            | 7,500         | 8,040          |
| Payroll liabilities | 6,023         | 6,049          |
| GST payable         | -             | 90,076         |
| Other               | -             | 2,621          |
|                     | <u>34,219</u> | <u>143,535</u> |

Refer to note 17 for further information on financial instruments.

**NOTE 10: ISSUED CAPITAL**

|                                                            | <b>2016</b>        | <b>2016</b>       |
|------------------------------------------------------------|--------------------|-------------------|
|                                                            | <b>Shares</b>      | <b>\$</b>         |
| <b>(a) Share capital</b>                                   |                    |                   |
| Ordinary shares                                            |                    |                   |
| 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                            | <u>234,099,553</u> | <u>15,981,731</u> |

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**NOTE 10: ISSUED CAPITAL (con't)**

|                                                            | <b>2017<br/>Shares</b> | <b>2017<br/>\$</b> |
|------------------------------------------------------------|------------------------|--------------------|
| Ordinary Shares                                            |                        |                    |
| Issued and paid up capital – consisting of ordinary shares | 244,099,553            | 16,845,724         |
| Less: cost of issue                                        | -                      | (763,292)          |
| Closing balance at 30 June 2017                            | <u>244,099,553</u>     | <u>16,091,432</u>  |

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

| <b>Date</b>         | <b>Details</b>                                   | <b>No of Shares</b> | <b>\$</b>         |
|---------------------|--------------------------------------------------|---------------------|-------------------|
| 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>                           | <u>234,099,553</u>  | <u>15,981,731</u> |
| 1 July 2016         | Opening balance                                  | 234,099,553         | 15,981,731        |
| 30 May 2017         | Exercise of performance rights following vesting | 10,000,000          | 109,701           |
| <b>30 June 2017</b> | <b>Closing balance</b>                           | <u>244,099,553</u>  | <u>16,091,432</u> |

**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.

**(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.

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.

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**NOTE 11: OPTION RESERVE AND SHARE BASED PAYMENT RESERVE**

|                                  | <b>2017</b>    | <b>2016</b>      |
|----------------------------------|----------------|------------------|
|                                  | <b>\$</b>      | <b>\$</b>        |
| Options reserve (a)              | -              | 290,941          |
| Share based payments reserve (b) | 597,158        | 827,612          |
|                                  | <u>597,158</u> | <u>1,118,553</u> |

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

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

**Options reserve**

**Movements in options reserve:**

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

|                                        | <b>2017</b>    | <b>2017</b> |
|----------------------------------------|----------------|-------------|
|                                        | <b>Options</b> | <b>\$</b>   |
| Opening balance at 1 July 2016         | -              | 290,941     |
| Options expired                        | -              | (290,941)   |
| <b>Closing balance at 30 June 2017</b> | <u>-</u>       | <u>-</u>    |

**Share based payment reserve**

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

|                                           | <b>2017</b>       | <b>2017</b>    |
|-------------------------------------------|-------------------|----------------|
|                                           | <b>Quantity</b>   | <b>\$</b>      |
| Options                                   | 42,978,195        | 597,158        |
| Performance rights*                       | -                 | -              |
| <b>Total share based payments reserve</b> | <u>42,978,195</u> | <u>597,158</u> |

\*Performance rights exercised following vesting on 30 May 2017.

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**NOTE 11: OPTION RESERVE AND SHARE BASED PAYMENT RESERVE (con't)**  
**Movements in options (share based payments reserve):**

|                                                                                                               | Weighted<br>Average<br>Exercise<br>Price | 2016<br><br>Options | 2016<br><br>\$ |
|---------------------------------------------------------------------------------------------------------------|------------------------------------------|---------------------|----------------|
| 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 (i)        | 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         |
| <b>Closing balance at 30 June 2016</b>                                                                        | <b>0.023</b>                             | <b>62,978,195</b>   | <b>827,612</b> |

|                                                               | Weighted<br>Average<br>Exercise<br>Price | 2017<br><br>Options | 2017<br><br>\$ |
|---------------------------------------------------------------|------------------------------------------|---------------------|----------------|
| Opening balance at 1 July 2016                                | 0.023                                    | 62,978,195          | 827,612        |
| Options lapsed 30 June 2014 (reclassified between reserves)   | 0.300                                    | -                   | (68,500)       |
| Options lapsed on 31 December 2016                            | 0.052                                    | (10,000,000)        | (73,687)       |
| Performance rights vesting expense charge for the year        | 0.016                                    | -                   | 21,434         |
| Performance rights exercised following vesting on 30 May 2017 | 0.016                                    | (10,000,000)        | (109,701)      |
| <b>Closing balance at 30 June 2017</b>                        | <b>0.018</b>                             | <b>42,978,195</b>   | <b>597,158</b> |

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.01 years (2016: 1.94 years).

- (i) The value of 18,000,000 options 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 11: OPTION RESERVE AND SHARE BASED PAYMENT RESERVE (con't)**  
**Movements in performance rights:**

|                                                               | <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        |
| <b>Closing balance at 30 June 2016</b>                        | <b>10,000,000</b> | <b>88,267</b> |
|                                                               |                   |               |
|                                                               | <b>2017</b>       | <b>2017</b>   |
|                                                               | <b>Options</b>    | <b>\$</b>     |
| Opening balance at 1 July 2016                                | 10,000,000        | 88,267        |
| Vesting expense charge for the year                           | -                 | 21,434        |
| Performance rights exercised following vesting on 30 May 2017 | (10,000,000)      | (109,701)     |
| <b>Closing balance at 30 June 2017</b>                        | <b>-</b>          | <b>-</b>      |

**NOTE 12: FOREIGN CURRENCY TRANSLATION RESERVE**

|                                                                        | <b>2017</b> | <b>2016</b>    |
|------------------------------------------------------------------------|-------------|----------------|
|                                                                        | <b>\$</b>   | <b>\$</b>      |
| Opening balance                                                        | 652,096     | 652,517        |
| Foreign currency translation of deregistration of foreign subsidiaries | (652,096)   | (421)          |
|                                                                        | <b>-</b>    | <b>652,096</b> |

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

**NOTE 13: ACCUMULATED LOSSES**

|                                                  | <b>2017</b>         | <b>2016</b>         |
|--------------------------------------------------|---------------------|---------------------|
|                                                  | <b>\$</b>           | <b>\$</b>           |
| Accumulated losses at the beginning of the year  | (14,725,459)        | (15,429,560)        |
| Net (profit)/loss for the year                   | 142,568             | 704,101             |
| Expired options                                  | (433,128)           | -                   |
| <b>Accumulated losses at the end of the year</b> | <b>(14,149,763)</b> | <b>(14,725,459)</b> |

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**NOTE 14: NOTES TO THE STATEMENT OF CASH FLOWS**

|                                                                        | <b>2017</b>      | <b>2016</b>      |
|------------------------------------------------------------------------|------------------|------------------|
|                                                                        | <b>\$</b>        | <b>\$</b>        |
| Reconciliation of cash flow from operating activities to profit/(loss) |                  |                  |
| Profit/(loss) from ordinary activities after income tax                | 142,568          | 704,101          |
| Add: non-cash items:                                                   |                  |                  |
| Share based payments                                                   | 21,434           | 317,467          |
| Depreciation                                                           | 5,618            | 13,209           |
| Gain on sale of tenements                                              | -                | (1,632,881)      |
| Impairment of exploration expenditure                                  | 87,414           | 191,363          |
| Exploration and evaluation expenditure written off                     | 190,900          | -                |
| Convertible note costs amortised                                       | -                | 6,073            |
| Extinguishment of liability                                            | -                | 14,000           |
| Gain on deconsolidation                                                | (652,518)        | -                |
| Changes in assets and liabilities:                                     |                  |                  |
| Decrease/(increase) in receivables                                     | (6,146)          | 4,222            |
| Increase/(decrease) in payables                                        | (109,060)        | 121,890          |
| Increase/(decrease) in provisions                                      |                  | -                |
|                                                                        | <u>(319,790)</u> | <u>(260,556)</u> |

**(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 10 and 11.

**NOTE 15: EARNINGS PER SHARE**

|                                                                                                                                          | <b>2017</b>        | <b>2016</b>        |
|------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
|                                                                                                                                          | <b>\$</b>          | <b>\$</b>          |
|                                                                                                                                          | Cents              | Cents              |
| Basic earnings per share                                                                                                                 | <u>0.06</u>        | <u>0.34</u>        |
| Profit/(Loss) from operations attributable to ordinary equity holders of Riedel Resources Limited used to calculate basic loss per share | <u>142,568</u>     | <u>704,101</u>     |
|                                                                                                                                          | <b>2017</b>        | <b>2016</b>        |
|                                                                                                                                          | <b>Number</b>      | <b>Number</b>      |
| Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share                               | <u>234,948,868</u> | <u>205,937,889</u> |

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.

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**NOTE 16: 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.

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>2017</b>                    | <b>Australia<br/>\$</b> | <b>Burkina Faso<br/>\$</b> | <b>Unallocated<br/>\$</b> | <b>Total<br/>\$</b> |
|--------------------------------|-------------------------|----------------------------|---------------------------|---------------------|
| Revenue                        | 685,044                 | -                          | -                         | 685,044             |
| Net profit/(loss) before tax   | 597,129                 | -                          | (454,561)                 | 142,568             |
| Reportable segment assets      | 1,638,834               | -                          | 934,212                   | 2,573,046           |
| Reportable segment liabilities | -                       | -                          | 34,219                    | 34,219              |
| <b>2016</b>                    |                         |                            |                           |                     |
| Revenue                        | 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             |

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**NOTE 17: 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.

*(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/>2017</b> | <b>Carrying<br/>Amount<br/>2016</b> |
|---------------------------|-------------------------------------|-------------------------------------|
| Financial assets          | <b>\$</b>                           | <b>\$</b>                           |
| Cash and cash equivalents | 899,219                             | 1,499,804                           |
| Other receivables         | 34,068                              | 27,922                              |
|                           | <u>933,287</u>                      | <u>1,527,726</u>                    |

**(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.

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**NOTE 17: FINANCIAL INSTRUMENTS (con't)**

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 (e) below.

**(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) 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.

*Interest Rate Risk Exposure Analysis*

|                              | Weighted<br>Average        | Floating<br>Interest<br>Rate | Fixed Interest Rate<br>Maturing |                | Non<br>Interest<br>Bearing | Total     |
|------------------------------|----------------------------|------------------------------|---------------------------------|----------------|----------------------------|-----------|
|                              | Effective<br>Interest Rate |                              | Within 1<br>year                | Over 1<br>year |                            |           |
| <b>2017</b>                  |                            |                              |                                 |                |                            |           |
| <b>FINANCIAL ASSETS</b>      | <b>%</b>                   | <b>\$</b>                    | <b>\$</b>                       | <b>\$</b>      | <b>\$</b>                  | <b>\$</b> |
| Cash and cash equivalents    | 2.35                       | 73,416                       | 823,822                         |                | 1,981                      | 899,219   |
| Trade and other receivables  | 2.00                       |                              | 20,000                          |                | 14,068                     | 34,068    |
| Total Financial Assets       |                            | 73,416                       | 843,822                         | -              | 34,068                     | 933,287   |
| <b>FINANCIAL LIABILITIES</b> |                            |                              |                                 |                |                            |           |
| Trade and other payables     | -                          | -                            | -                               | -              | 34,219                     | 34,219    |
| Total Financial Liabilities  |                            | -                            | -                               | -              | 34,219                     | 34,219    |

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

**NOTE 17: FINANCIAL INSTRUMENTS (con't)**

**2016**

**FINANCIAL ASSETS**

|                             |      |         |           |   |        |           |
|-----------------------------|------|---------|-----------|---|--------|-----------|
| 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    |
| Total Financial Assets      |      | 492,789 | 1,023,844 | - | 11,093 | 1,527,726 |

**FINANCIAL LIABILITIES**

|                             |   |   |   |   |         |         |
|-----------------------------|---|---|---|---|---------|---------|
| Trade and other payables    |   |   |   |   |         |         |
| Convertible note            | - | - | - | - | 143,535 | 143,535 |
| Total Financial Liabilities |   | - | - | - | 143,535 | 143,535 |

**(f) 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 2016.

|                                                    | <b>2017</b> | <b>2016</b> |
|----------------------------------------------------|-------------|-------------|
|                                                    | <b>\$</b>   | <b>\$</b>   |
| Change in profit                                   |             |             |
| Increase in interest rate by 1% (100 basis points) | 8,438       | 10,238      |
| Decrease in interest rate by 1% (100 basis points) | (8,438)     | (10,238)    |
| Change in equity                                   |             |             |
| Increase in interest rate by 1% (100 basis points) | 8,438       | 10,238      |
| Decrease in interest rate by 1% (100 basis points) | (8,438)     | (10,238)    |

**NOTE 18: COMMITMENTS AND CONTINGENCIES**

**Operating lease commitments**

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

|                                             | <b>2017</b>  | <b>2016</b> |
|---------------------------------------------|--------------|-------------|
|                                             | <b>\$</b>    | <b>\$</b>   |
| Within one year                             | 7,500        | -           |
| After one year but not more than five years | -            | -           |
| More than five years                        | -            | -           |
|                                             | <u>7,500</u> | <u>-</u>    |

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

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

**NOTE 18: 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>2017</b>      | <b>2016</b>   |
|---------------------------------------------|------------------|---------------|
|                                             | <b>\$</b>        | <b>\$</b>     |
| Within one year                             | 453,930          | 42,624        |
| After one year but not more than five years | 2,673,887        | -             |
| More than five years                        | -                | -             |
|                                             | <u>3,127,817</u> | <u>42,624</u> |

**NOTE 19: 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<br/>Incorporation</b> | <b>Equity Interest %</b> |             |
|-------------------------------|-------------------------------------|--------------------------|-------------|
|                               |                                     | <b>2017</b>              | <b>2016</b> |
| AuDAX Minerals Pty Ltd        | Australia                           | 100                      | 100         |
| Riedel (Burkina Faso) Limited | Mauritius                           | -                        | 100         |
| BF Exploration SARL           | Burkina Faso                        | -                        | 100         |

Riedel Resources Limited is the ultimate Australian parent entity and ultimate parent of the Group. Riedel (Burkina Faso) Limited and BF Exploration SARL were deregistered during the year. As a result of the deregistration a gain on deregistration of \$652,518 has been recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Riedel Resources Limited incorporated a wholly owned Australian subsidiary, Riedel Resources (Spain) Pty Ltd on 14 September 2017.

**NOTE 20: RELATED PARTY DISCLOSURE**

**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.

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>2017</b>      | <b>2016</b>      |
|----------------------------------|------------------|------------------|
|                                  | <b>\$</b>        | <b>\$</b>        |
| <i>Loans to related parties:</i> |                  |                  |
| Audax Minerals Pty Ltd           | 1,239,544        | 2,038,622        |
|                                  | <u>1,239,544</u> | <u>2,038,622</u> |

**Key management personnel compensation**

Detailed remuneration disclosures are provided in the Remuneration Report on pages 19 to 26.

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

**NOTE 20: RELATED PARTY DISCLOSURE (con't)**

*Compensation*

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

|                              | <b>2017</b>    | <b>2016</b>    |
|------------------------------|----------------|----------------|
|                              | <b>\$</b>      | <b>\$</b>      |
| Short term employee benefits | 100,000        | 111,579        |
| Post-employment benefits     | 9,500          | 10,600         |
| Share-based payments         | 21,433         | 302,467        |
| <b>Total</b>                 | <b>130,933</b> | <b>424,646</b> |

**NOTE 21: EVENTS AFTER THE REPORTING DATE**

On 26 July 2017, Riedel announced on ASX that it has executed a Joint Venture Agreement whereby Riedel can earn-in an interest of up to 90% in the Cármenes Project located in Northern Spain by way of funding staged exploration and development expenditure, with provision to acquire the remaining 10%.

On the same day, the Company announced the appointment of Mr Alexander Sutherland and Mr Scott Cuomo as Non-Executive Directors of the Company as it drives its new direction of securing and developing cobalt and tech-energy metals opportunities in key European lithium-ion battery markets. To facilitate these new appointments, Mr Mark Skiffington and Mr Luke Matthews stepped down from their roles as Non-Executive Directors after more than 18 months with the Company.

In August 2017, the Company raised \$549,223.98 (before costs) by the issue of 36,614,932 fully paid ordinary shares at an issue price of \$0.015 (1.5 cents) (Placement).

In September 2017, Riedel completed a fully underwritten pro-rata non-renounceable rights issue and successfully raised \$1,403,572.52 (before costs) by the issue of 93,571,495 shares.

Riedel incorporated a wholly owned Australian subsidiary, Riedel Resources (Spain) Pty Ltd on 14 September 2017.

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 22: CONTINGENT ASSETS AND LIABILITIES**

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

The Company also has a \$20,000 (2016: \$20,000) term deposit against a credit card facility that expires 21 November 2017.

**NOTE 23: DIVIDENDS**

No dividends were paid or declared during the year.

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

**NOTE 24: COMPANY DETAILS**

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

**NOTE 25: PARENT ENTITY DISCLOSURES**

***Financial Position***

|                     | <b>2017</b>         | <b>2016</b>         |
|---------------------|---------------------|---------------------|
|                     | <b>\$</b>           | <b>\$</b>           |
| <b>Assets</b>       |                     |                     |
| Current Assets      | 932,619             | 543,016             |
| Non-Current Assets  | 1,592               | 61,994              |
| Total Assets        | <u>934,211</u>      | <u>605,010</u>      |
| <b>Liabilities</b>  |                     |                     |
| Current Liabilities | 33,930              | 48,422              |
| Total Liabilities   | <u>33,930</u>       | <u>48,422</u>       |
| <b>Equity</b>       |                     |                     |
| Issued Capital      | 16,091,433          | 15,981,732          |
| Reserves            | 597,138             | 1,118,553           |
| Accumulated Losses  | <u>(17,588,852)</u> | <u>(16,543,697)</u> |
|                     | <u>900,281</u>      | <u>556,588</u>      |

***Financial Performance***

|                                   | <b>2017</b>      | <b>2016</b>     |
|-----------------------------------|------------------|-----------------|
|                                   | <b>\$</b>        | <b>\$</b>       |
| Profit/(Loss) for the year        | <u>(322,258)</u> | <u>(29,565)</u> |
| Total comprehensive profit/(loss) | <u>(322,258)</u> | <u>(29,970)</u> |

***Commitments***

For details see note 18.

***Contingent Liabilities/Guarantees***

For details see note 22.

**NOTE 26: 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.

## AUDIT REPORT

### TO THE MEMBERS OF RIEDEL RESOURCES LIMITED

#### Report on the Financial Report

##### Opinion

We have audited the accompanying financial report of Riedel Resources Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion 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 2017 and of its performance for the year ended on that date; and
- ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

##### Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report.

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

##### Independence

We are independent of the consolidated entity in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

##### Key Audit Matter

A key audit matter is a matter that, in our professional judgement, was of most significance in our audit of the financial report of the current year. This matter was addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. Our description of how our audit addressed the matter is provided in that context below.

## 1. Carrying value of capitalised exploration expenditure

### Why significant

As at 30 June 2017 the carrying value of exploration and evaluation assets was \$1,638,167 (2016: \$1,635,520), as disclosed in Note 8. This represents 63.7% of the total assets of the consolidated entity.

The consolidated entity's accounting policy in respect of exploration and evaluation expenditure is outlined in Note 1.

Significant judgement is required:

- in determining whether facts and circumstances indicate that the exploration and evaluation assets should be tested for impairment in accordance with Australian Accounting Standard AASB 6 Exploration for and Evaluation of Mineral Resources ("AASB 6"); and
- in determining the treatment of exploration and evaluation expenditure in accordance with AASB 6, and the consolidated entity's accounting policy. In particular:
  - whether the particular areas of interest meet the recognition conditions for an asset; and
  - which elements of exploration and evaluation expenditures qualify for capitalisation for each area of interest.

### How our audit addressed the key audit matter

Our work included, but was not limited to, the following procedures:

- Conducting a detailed review of management's assessment of impairment trigger events prepared in accordance with AASB 6 including:
  - assessing whether the rights to tenure of the areas of interest remained current at reporting date as well as confirming that rights to tenure are expected to be renewed for tenements that will expire in the near future;
  - holding discussions with the directors and management as to the status of ongoing exploration programmes for the areas of interest, as well as assessing if there was evidence that a decision had been made to discontinue activities in any specific areas of interest; and
  - obtaining and assessing evidence of the consolidated entity's future intention for the areas of interest, including reviewing future budgeted expenditure and related work programmes;
- considering whether exploration activities for the areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed;
- testing, on a sample basis, exploration and evaluation expenditure incurred during the year for compliance with AASB 6 and the consolidated entity's accounting policy; and
- assessing the appropriateness of the related disclosures in Note 1 and 8.

## Other Information

Other information is financial and non-financial information in the annual report of the consolidated entity which is provided in addition to the Financial Report and the Auditor's Report. The directors are responsible for Other Information in the annual report.

The Other Information we obtained prior to the date of this Auditor's Report was the Director's Report, Shareholder Information and Schedule of Mining Tenements. The remaining Other Information is expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information in the Financial Report and based on the work we have performed on the Other Information that we obtained prior the date of this Auditor's Report we have nothing to report.

## Directors' Responsibilities 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 Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the Directors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using a going concern basis of accounting unless the Directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

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 assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of 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 conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the Remuneration Report

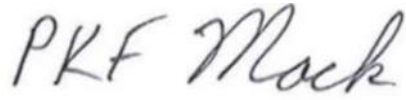
### Opinion

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Riedel Resources Limited for the year ended 30 June 2017, complies with section 300A of the Corporations Act 2001.

## Responsibilities

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.



PKF MACK



SHANE CROSS  
PARTNER

26 SEPTEMBER 2017  
WEST PERTH,  
WESTERN AUSTRALIA

**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 31 August 2017.

**Shareholdings as at 31 August 2017**

**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>            | 49,845,849              | 13.31%            |
| ADX ENERGY LIMITED                                       | 35,686,279              | 9.53%             |
| SKIFFINGTON SUPER PTY LTD <THE MARK SKIFFINGTON S/F A/C> | 31,092,494              | 8.31%             |
| JAMES WALLACE HOPE <JWH A/C>                             | 26,503,900              | 7.08%             |
| GARY TATASCIORE                                          | 20,304,710              | 5.42%             |

**Unmarketable parcels**

The number of shareholders holding less than a marketable parcel at 31 August 2017 is 98. 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.

Options over ordinary shares do not carry voting rights.

**Unquoted securities**

| <b>Securities</b>                                            | <b>Number of Options</b> | <b>Number of Holders</b> | <b>Holder with more than 20%</b> |
|--------------------------------------------------------------|--------------------------|--------------------------|----------------------------------|
| Options exercisable at \$0.15 on or before 31 January 2018   | 1,250,000                | 1                        | Note 1                           |
| Options exercisable at \$0.011 on or before 31 December 2017 | 23,728,195               | 10                       | Note 2                           |
| Options exercisable \$0.018 on or before 11 March 2019       | 18,000,000               | 4                        | Note 3                           |

Note 1 - The options are all held by Collabrium Capital (Guernsey).

Note 2 - No single option holder has more than a 20% holding of the total options on issue.

Note 3 - JJ Moore (JJ Moore Family A/c), Andrew Ross Childs and Edward James Turner each holds 5,000,000 options (representing a 27.8% holding each).

**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 2017, the Company has used its cash, and assets that are readily convertible to cash, in a way consistent with its business objectives.

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

**SHAREHOLDER INFORMATION (con't)**

**Securities Exchange listing**

Quotation has been granted for all ordinary shares of the Company on the Australian Securities Exchange.

**Securities subject to escrow**

There are no securities that are subject to escrow.

**Distribution of security holders**

| <b>Category</b>  | <b>Number of Holders</b> | <b>Number of Shares</b> |
|------------------|--------------------------|-------------------------|
| 1 – 1,000        | 19                       | 3,022                   |
| 1,001 – 5,000    | 9                        | 29,042                  |
| 5,001 – 10,000   | 51                       | 487,420                 |
| 10,001 – 100,000 | 148                      | 6,640,953               |
| 100,001 and over | 157                      | 367,125,543             |
|                  | <b>384</b>               | <b>374,285,980</b>      |

**Twenty largest shareholders – Ordinary Shares**

| <b>Name</b>                                                             | <b>Number of<br/>ordinary shares<br/>held</b> | <b>Percentage of<br/>capital held</b> |
|-------------------------------------------------------------------------|-----------------------------------------------|---------------------------------------|
| SATORI INTERNATIONAL PTY LTD <SATORI S/F A/C>                           | 49,845,849                                    | 13.32                                 |
| ADX ENERGY LIMITED                                                      | 35,686,279                                    | 9.53                                  |
| MR JAMES WALLACE HOPE <JWH A/C>                                         | 26,503,900                                    | 7.08                                  |
| SKIFFINGTON SUPER PTY LTD <THE MARK SKIFFINGTON S/F A/C>                | 17,759,161                                    | 4.74                                  |
| QUINLYNTON PTY LTD <PURSER SUPER FUND A/C>                              | 15,219,061                                    | 4.07                                  |
| MERIWA STREET PTY LTD                                                   | 13,333,333                                    | 3.56                                  |
| FLOURISH SUPER PTY LTD <FLOURISH S/F A/C>                               | 12,981,415                                    | 3.47                                  |
| MR JEFFREY MOORE                                                        | 11,000,000                                    | 2.94                                  |
| ALMESH PTY LTD <SYMBA RETIREMENT FUND A/C>                              | 9,341,787                                     | 2.5                                   |
| CAMPEON PTY LTD                                                         | 8,579,801                                     | 2.29                                  |
| PROVISTA HOLDINGS PTY LTD <MARVAL SUPER FUND A/C>                       | 8,374,577                                     | 2.24                                  |
| MR GARY TATASCIORE                                                      | 8,374,577                                     | 2.24                                  |
| ORITOR PTY LTD                                                          | 7,536,003                                     | 2.01                                  |
| BT PORTFOLIO SERVICES LIMITED <HH SUPER FUND A/C>                       | 4,576,045                                     | 1.22                                  |
| MS SONIA LEE SIEMER                                                     | 4,500,000                                     | 1.20                                  |
| ELEVEN O'CLOCK PTY LTD                                                  | 4,444,444                                     | 1.19                                  |
| WILKS SUPER PTY LTD <WILKS FAMILY SUPER FUND A/C>                       | 4,444,444                                     | 1.19                                  |
| MR WILLIAM RICHARD BROWN                                                | 4,266,711                                     | 1.14                                  |
| BOND STREET CUSTODIANS LIMITED <PNCORK - D00089 A/C>                    | 4,151,339                                     | 1.11                                  |
| MR PETER CHARLES MOREY + MRS VALMAI ANN MOREY<br><MOREY SUPER FUND A/C> | 3,747,131                                     | 1.00                                  |
| <b>TOTAL</b>                                                            | <b>254,665,857</b>                            | <b>68.04</b>                          |

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

**SCHEDULE OF MINING TENEMENTS AS AT 26 SEPTEMBER 2017**

| <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%            |
| West Yandal              | M36/615                   | Royalty                   | 0%              |
| Porphyry                 | M31/157                   | Royalty                   | 0%              |

**MINERAL RESOURCE STATEMENT**

At 30 June 2017, the Company does not have any mineral resource.