



# **FRASER RANGE METALS GROUP LIMITED**

A.C.N. 098 236 938

## **Annual Report** **For the year ended 30 June 2014**

# Fraser Range Metals Group Limited

ACN 098 236 938

## Annual Report 2014

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# Director's Report

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Your directors present their report on Fraser Range Metals Group Limited for the financial year ended 30 June 2014.

The names of the directors in office at any time during or since the end of the year are:-

<b>Name Of Person</b>	<b>Position</b>	<b>Date Appointed</b>	<b>Date Resigned</b>
Mr Chen Chik Ong	Non-executive Director	1 July 2013	-
Mr Daniel Smith	Non-executive Director	5 February 2013	-
Mr Nicholas Bishop	Non-executive Director	2 August 2013	-
Mr Simon King	Managing Director	5 February 2013	2 August 2013
Mr Nicholas Poll	Non-executive Director	5 February 2013	1 July 2013

The names of the secretaries in office at any time during or since the end of the year are:-

<b>Name Of Person</b>	<b>Position</b>	<b>Date Appointed</b>	<b>Date Resigned</b>
Mr Samuel Edis	Company Secretary	1 July 2013	-
Mr Chen Chik Ong	Company Secretary	1 June 2011	1 July 2013

Directors have been in office since 1 July 2013 up until the date of this report unless otherwise stated.

## INFORMATION ON DIRECTORS

Information on Directors as at the date of this report is as follows:

### Mr Chen Chik Ong – Non-executive Director

Mr Ong was a Principal Adviser at the Australian Securities Exchange (ASX) in Perth and brings nine years' experience in compliance and corporate governance to the board. Mr Ong has overseen the admission of over 100 companies on to the official list of the ASX. Mr Ong is a member of the Governance Institute of Australia and is Managing Director of Minerva Corporate, a corporate advisory firm that specialises in providing transaction advisory, financial reporting and company secretarial services. Mr Ong holds a Bachelor of Commerce and a Master of Business Administration from the University of Western Australia.

Nicholas is currently a director of ASX-listed Excelsior Gold Limited (since May 2011), Minerals Corporation Limited (since 24 June 2014), Auroch Minerals NL (since 31 May 2014) and Segue Resources Limited (since June 2011). He has had no former directorships within the last three years.

Mr Ong owns nil shares in Fraser Range Metals Group Limited as at the date of this report.

# Director's Report

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## INFORMATION ON DIRECTORS (continued)

### Mr Daniel Smith – Non-executive Director

Mr Smith is a member of the Governance Institute of Australia with a strong background in finance and is a founding director of Minerva Corporate, a corporate advisory firm that specialises in providing transaction advisory, financial reporting and company secretarial services. His previous career was in the securities industry but more recently in a corporate finance role inclusive of negotiations, technical due diligence and business development. He has primary and secondary capital markets expertise, having been involved in a number of IPOs and capital raisings.

Mr Smith is currently a director of ASX listed Minerals Corporation Limited and Taruga Gold Limited. He has had no former directorships within the last three years.

Mr Smith owns nil shares in Fraser Range Metals Group Limited as at the date of this report.

### Mr Nicholas Bishop – Non-executive Director

Mr Bishop is a Fellow of the Association of Chartered Certified Accountants (ACCA) and a member of the Tax Institute Australia (ATIA). He has over ten years' experience in the financial reporting, auditing and taxation of a number of ASX listed and unlisted companies in Australia and the UK. Mr Bishop is an associate director of Minerva Corporate, a corporate advisory firm that specialises in providing transaction advisory, financial reporting and company secretarial services.

He has had no former directorships within the last three years.

Mr Bishop owns nil shares in Fraser Range Metals Group Limited as at the date of this report.

### Mr Samuel Edis – Company Secretary

Mr Edis trained at the College of Law in Bloomsbury, London and currently works with a number of ASX-listed companies facilitating compliance and assisting with capital raisings, IPOs and investor relations.

## DIRECTORS MEETING

During the period 1 July 2013 to 30 June 2014, 7 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors Meetings	
	Number Eligible to Attend	Number Attended
Mr Chen Chik Ong	7	7
Mr Daniel Smith	7	7
Mr Nicholas Bishop	6	5
Mr Simon King	1	1
Mr Nicholas Poll	0	0

# Director's Report

## PRINCIPAL ACTIVITIES

During the reporting period, the Company focused its activities on mineral exploration in the Albany-Fraser orogen in Western Australia. The Company also pursued an ongoing process of geological evaluation and tenement applications in the area.

## REVIEW OF OPERATIONS

The Company's Plumridge East Project, comprising two granted exploration licenses E39/1731 & E28/2317 (641km<sup>2</sup> in aggregate), is situated approximately 280km east-northeast of Kalgoorlie and located within the Proterozoic Albany-Fraser Orogen on the eastern edge of the Yilgarn Craton (Figure 1).

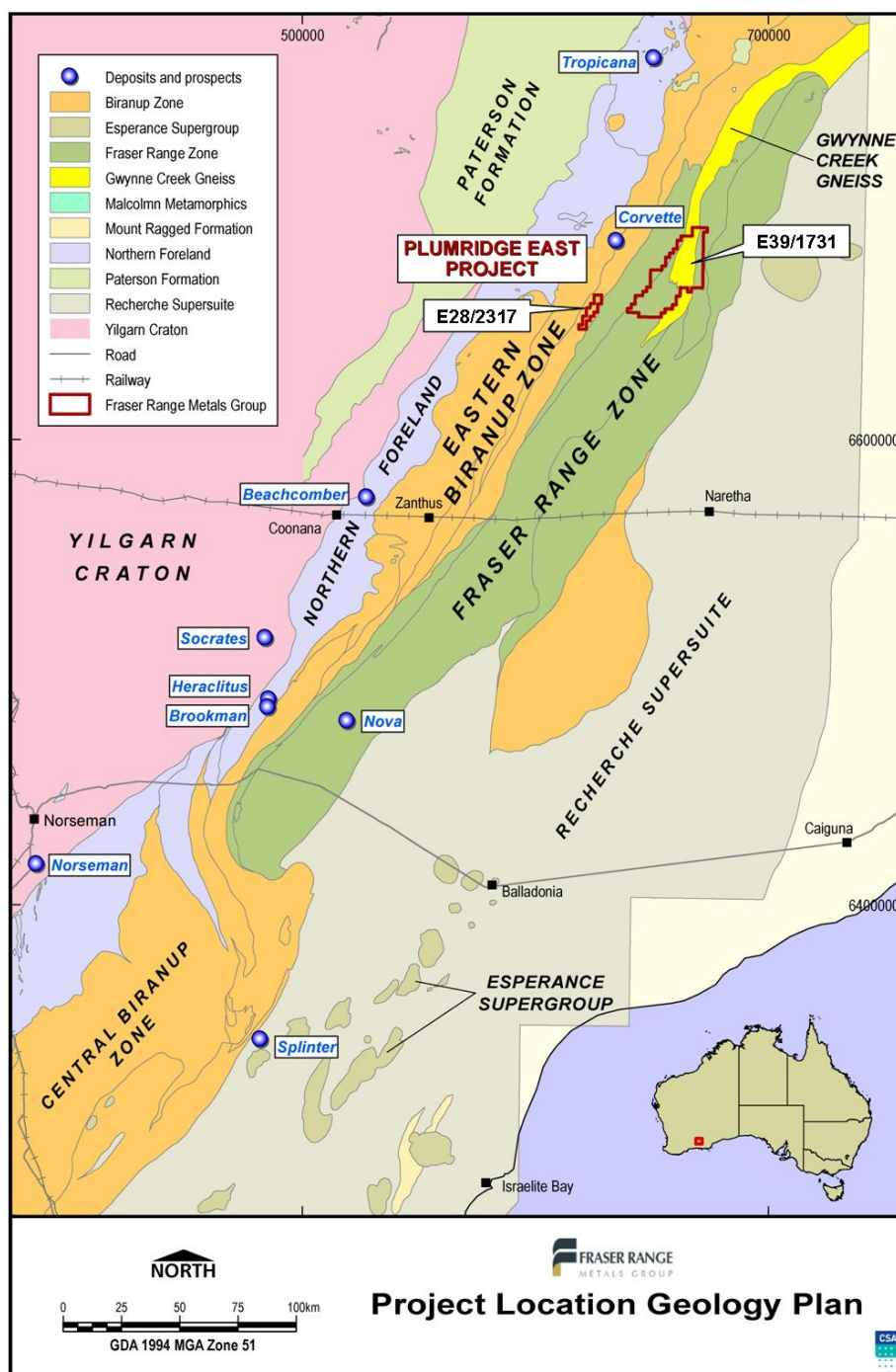


Figure 1 - Simplified Regional Geology of the Eastern Albany Fraser Orogen

The Plumridge East Project area straddles the highly prospective central domain of the layered Fraser Complex (equivalent to the Fraser Range Zone) providing the Company with an arguably unique nickel sulphide exploration opportunity within the Northern Fraser Complex.

# Director's Report

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On 26 March 2014 the Company announced that it had executed definitive agreements with Segue Resources Limited (ASX:SEG) (**Segue**) in relation to a joint venture over the Company's Plumridge East Projects (**JV**).

Pursuant to the JV, Segue has the ability to earn up to 80% of the Plumridge East Projects, located in the Fraser Range Province, by spending \$500,000 on exploration, paying \$100,000 cash and issuing 100,000,000 Segue shares (at a deemed issue price of \$0.009 per share). The Company also agreed to the sale of its interests in ten ongoing license applications in the Fraser Range area for an additional 25,000,000 Segue Shares. The Company subsequently sought shareholder approval to conduct an in-specie distribution of 62,991,420 Segue shares out of the total Segue consideration shares amongst Fraser Range shareholders.

Segue has the right to initially earn a 51% JV interest by satisfying the initial earning obligation during the initial earning period (\$220,000 of the aforementioned \$500,000 spend). Thereafter, Segue has the right to earn a further 29% JV interest (to take its JV interest to 80%) by satisfying the second earning obligation during the second earning period (the remaining \$280,000 of the \$500,000 minimum spend). Upon Segue earning the 51% JV interest, the parties have agreed to enter into an unincorporated joint venture to explore for minerals within the tenements.

The transaction will leave the Company with a minority interest in its existing tenements, has allowed the Company to restructure existing loans and will enable it to pursue alternative investments.

## Geological and geophysical review

During the period, the Company completed a review of the discovery of Sirius Resources' Nova-Bollinger nickel sulphide deposit and relevant existing exploration data covering the Company's two exploration licenses. The Company believes that its licenses have a number of geological and geophysical features consistent with those of Nova-Bollinger, including:

- 1) Their location is towards the centre of the Fraser Complex and adjacent to the Fraser Complex's gravity ridge. Both factors indicate that the tenements straddle the thickest part of the layered intrusion where (Voisey Bay, Nova Bollinger and Nebo/Babel style nickel sulphide bearing) feeder zones are most likely to occur;
- 2) Both licenses straddle major strike-slip structures which transect the entire Fraser Complex (eg. Nova Structure). Such structures are interpreted to be steeply dipping and primary conduits for magmatic feeders or late stage intrusions such as that which hosts Nova-Bollinger; and
- 3) The identification of a number of magnetic "eyes" of the same style represented by the Nova-Bollinger feeder or late stage intrusion. Importantly, E39/1731 hosts a suite of "eye" features of varying sizes, including some of a similar scale to Nova-Bollinger.

## New Opportunities

The Company allocated part of its working capital budget to the identification and evaluation of new opportunities in Australia and overseas. No decision to invest in any of the projects under review had been made at the date of this report.

## CORPORATE

### Rights Issue

During the quarter, the Company announced a non-renounceable pro-rata rights issue to eligible shareholders at a price of \$0.01 per Share on the basis of one new share for every one existing share held as at the record date which raised a total of \$144,871 before costs. The funds raised were applied towards partial repayment of the Company's loans and directed to address administrative costs and otherwise for general working capital purposes.

### In-specie Distribution

During the period, Fraser Range shareholders were issued with two (2) Segue shares for every single (1) Fraser Range share held on the record date of 2 June 2014.

### Board Changes

During the period, the Company announced the appointment of Mr Nicholas Bishop as a Non-executive Director of the Company. Mr Bishop is a Fellow of the Association of Chartered Certified Accountants (ACCA) and a member of the Tax Institute Australia (ATIA). He has over ten years' experience in the financial reporting, auditing and taxation of a number of ASX listed and unlisted companies in Australia and the UK.

# Director's Report

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The Company also announced the re-appointment of Mr Nicholas Ong as a Non-executive Director of the Company. Mr Ong had acted as the Company Secretary of Fraser Range since 1st June 2011 and has served previously as a Director of the Company. Mr Samuel Edis replaced Mr Ong as the Company Secretary of Fraser Range.

The Company further advised of the resignations of Mr Nicholas Poll as a Director and Mr Simon King as a Director and Executive of Fraser Range.

## SUBSEQUENT EVENTS

On 6<sup>th</sup> August 2014, the Company advised that it had settled all outstanding convertible loans ("Loans") by issuing shares in Segue to the lenders at \$0.01 per share. Fraser Range had been funded and supported by these loans over the last 18 months, which enabled the Company to secure the tenements which now form the Company's JV with Segue. Following the retirement of the Loans the Company is debt free, has 16,413,342 Segue shares remaining, and will retain a 20% interest in the highly prospective Fraser Range tenements E39/1731 & E28/2317 through the JV with Segue.

## FINANCIAL POSITION

The profit for the financial year after providing for income tax amounted to \$947,996 (2013: Loss \$1,276,485).

## DIVIDENDS

No dividends were paid or declared since the start of the financial year.

## OPTIONS ON ISSUE

There were no options on issue at the date of this report.

## INDEMNIFYING OFFICERS

The Company has entered into Indemnity Deeds with each Director. Under the Deeds, the Group indemnifies each Director to the maximum extent permitted by law against legal proceedings or claims made against or incurred by the Directors in connection with being a Director of the Company, or breach by the Group of its obligations under the Deed. During the year the amount paid for Directors and Officers insurance was \$11,947 (2013: \$16,223).

## PROCEEDING ON BEHALF OF COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or 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.

## Remuneration Report (Audited)

This report details the nature and amount of the remuneration for each key management person of the Company and for the executives receiving the highest remuneration for 30 June 2014.

### Remuneration policy

The remuneration policy, which sets the terms and conditions for the key management personnel, was developed by the Board of Directors ("the Board") after seeking professional advice from independent consultants and was approved by the board. All executives receive a base salary, superannuation, fringe benefits, performance incentives and retirement benefits. The Board of Directors reviews executive packages annually by reference to company performance, executive performance, comparable information from industry sectors and other listed companies and independent advice.

All remuneration paid to executives is valued at the cost to the Company and expensed.

The board expects that the remuneration structure implemented will result in the company being able to attract and retain the best executives to run the Company. It will also provide executives with the necessary incentives to work to grow long-term shareholder value.

The payment of bonuses, options and other incentive payments are reviewed by the board as part of the review of executive remuneration. All bonuses, options and incentives must be linked to predetermined performance criteria. The board can

# Director's Report

exercise its discretion in relation to approving incentives, bonuses and options. Any changes must be justified by reference to measurable performance criteria.

## Company performance, shareholder wealth and director and executive remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. This will be achieved via offering performance incentives based on key performance indicators.

### Details of remuneration

Details of the remuneration of the directors and the key management personnel of the Group are set out in the following table.

The key management personnel of the Group include the directors as per page 1 above.

Given the size and nature of operations of the Group, there are no other employees who are required to have their remuneration disclosed in accordance with the Corporations Act 2001.

### Key management personnel of the Group

#### Details of remuneration for the year ended 30 June 2014

2014											
Key Management Personnel									Total	Total Remuneration Represented by Options	Performance Related
	Short-term Benefits				Post-employment Benefits Super-annuation	Other Long-term Benefits Other	Share based Payment				
	Cash, salary & fees	Cash profit share	Non-cash benefit	Other			Equity	Options			
\$		\$	\$	\$	\$	\$	\$	\$	%	%	
Directors											
Mr S King	19,744	-	-	-	1,826	-	-	-	21,570	-	-
Mr D Smith	-	-	-	-	-	-	-	-	-	-	-
Mr N Bishop	-	-	-	-	-	-	-	-	-	-	-
Mr N Ong	-	-	-	-	-	-	-	-	-	-	-
	19,744	-	-	-	1,826	-	-	-	21,570		

#### Details of remuneration for the year ended 30 June 2013

2013											
Key Management Personnel	Short-term Benefits				Post-employment Benefits	Other Long-term Benefits	Share based Payment		Total	Total Remuneration Represented by Options	Performance Related
	Cash, salary & fees	Cash profit share	Non-cash benefit	Other	Super-annuation	Other	Equity	Options			
	\$		\$	\$	\$	\$	\$	\$	\$	%	%
Directors											
Mr S King	83,333	-	-	-	7,500	-	-	-	90,833	-	-
Mr D Smith	16,536	-	-	-	-	-	-	-	16,536	-	-
Mr K Chan	18,000	-	-	-	-	-	-	-	18,000	-	-
Mr P Burke	15,000	-	-	-	-	-	-	-	15,000	-	-
Mr N Ong	21,536	-	-	-	-	-	-	-	21,536	-	-
	154,405	-	-	-	7,500	-	-	-	161,905		

### Share-based compensation



# Director's Report

There were no share based payment arrangements in existence during the financial year.

## Equity instruments held by key management personnel

### Shareholdings

The number of ordinary shares in the Company held by each KMP of the Group during the financial year is as follows. There were no shares granted during the reporting period as compensation.

	Balance at Beginning of Year	Granted as Remuneration during the Year	Issued on Exercise of Options during the Year	Other Changes during the Year	Balance at End of Year
<b>30 June 2014</b>					
Mr N Ong	-	-	-	-	-
Mr N Bishop	-	-	-	-	-
Mr D Smith	-	-	-	-	-
Mr S King *	-	-	-	-	-
Mr N Poll **	-	-	-	-	-

\* Resigned 2 August 2013

\*\* Resigned 1 July 2013

	Balance at Beginning of Year	Granted as Remuneration during the Year	Issued on Exercise of Options during the Year	Other Changes during the Year	Balance at End of Year
<b>30 June 2013</b>					
Keong Chan *	2,000,000	-	-	(2,000,000)	-
Chen Chik Ong	-	-	-	-	-
Patrick Burke **	3,400,000	-	-	(3,400,000)	-
Mr D Smith	-	-	-	-	-
Mr N Poll	-	-	-	-	-
Mr S King	-	-	-	-	-

\* Resigned 5 February 2013

\*\* Resigned 5 February 2013

## Loans to key management personnel

There were no loans to key management personnel during the year.

## Other KMP Transactions

Fraser Range Metals Group Ltd Directors Mr Chen Chik Ong and Mr Daniel Smith are current directors of Minerva Corporate Pty Ltd. Minerva Corporate Pty Ltd provided corporate consultancy services to Fraser Range Metals Group Ltd during the period that Mr Chen Chik Ong and Mr Daniel Smith were directors. Payments to Minerva Corporate Pty Ltd during the period total \$54,331 (2013: \$23,544).

## End of Audited Remuneration Report

# Director's Report

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## **FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES**

Further information, other than as disclosed the Directors' report, about likely developments in the operations of the Company and the expected results of those operations in future periods has not been included in this report as disclosure of this information would be likely to result in unreasonable prejudice to the Company.

## **ENVIRONMENTAL ISSUES**

The Company's operations are subject to significant environmental regulation under the law of the Commonwealth and State in relation to discharge of hazardous waste and materials arising from any activities and development conducted by the Company. To date there have been no known breaches of any environmental obligations.

The directors have considered the National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will have no effect on the Company for the current, or subsequent financial period. The directors will reassess this position as and when the need arises.

## **EVENTS AFTER THE REPORTING PERIOD**

On 6<sup>th</sup> August 2014, the Company advised that it had settled all outstanding convertible loans ("Loans") by issuing shares in Segue to the lenders at \$0.01 per share. Fraser Range had been funded and supported by these loans over the last 18 months, which enabled the Company to secure the tenements which now form the Company's JV with Segue. Following the retirement of the Loans the Company is debt free, has 16,413,342 Segue shares remaining, and will retain a 20% interest in the highly prospective Fraser Range tenements E39/1731 & E28/2317 through the JV with Segue.

## **AUDITOR'S INDEPENDENCE DECLARATION**

The lead auditor's independence declaration, as required under section 307C of the Corporations Act 2001 for the year ended 30 June 2014 has been received and can be found on page 13.

# Director's Report

## CORPORATE GOVERNANCE STATEMENT

This statement outlines the main Corporate Governance practices that were in place during the financial year. The Directors of Fraser Range Metals Group Limited are responsible for Corporate Governance of the Company and its controlled entities (the Economic Entity) and support the principles of the Australian Securities Exchange Corporate Governance Guidelines. To date, due to the size of the Company, the Board has not formally adopted all policies or guidelines required for complete compliance with ASX guidelines. The Board considers that where a policy or guideline has not been adopted completely that alternate policies adopted would be considered appropriate under the circumstances.

	ASX RECOMMENDATION	COMMENT
1.	<b>Lay solid foundations for management and oversight</b>	
1.1	Companies should establish and disclose the respective roles and responsibilities of board and management.	The Company's Corporate Governance Plan includes a Board Charter, which discloses the specific responsibilities of the Board and provides that the Board shall delegate responsibility for day-to-day operations and administration of the Company to the Directors and Company Secretary. The Corporate Governance Plan is posted on the Company's website.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	The Board will monitor the performance of senior management, including measuring actual performance against planned performance.
1.3	Companies should provide the information indicated in the <i>Guide to reporting on Principle 1</i> .	The Board Charter is set out in the Corporate Governance Plan which is posted on the Company's website. The Board Charter discloses the specific responsibilities of the Board and provides that the Board shall delegate responsibility for the day-to-day operations and administration of the Company to the Directors.
2.	<b>Structure the board to add value</b>	
2.1	A majority of the board should be independent directors.	The Board does not comprise a majority of independent directors. Only Nicholas Bishop is currently classified as independent. The Board's policy is that the majority of directors shall be independent, non-executive directors. The composition of the Board does not currently conform to its policy. It is the Board's intention to comply with its policy at a time when the size of the Company and its activities warrants such a structure.
2.2	The chairperson should be an independent director.	There was no designated chairman at the date of this report. It is the Board's intention to appoint an independent chairman at a time when the size of the Company and its activities warrants such a structure.
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual.	The Company does not have a chief executive officer given the present size of the Company. The Company engages experienced consultants to assist the development of its exploration activities when necessary.
2.4	The board should establish a nomination committee.	The Board has formed a nomination committee.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	An informal assessment process, facilitated by the Board in consultation with the Company's professional advisors, has been committed to.

# Director's Report

	ASX RECOMMENDATION	COMMENT
2.6	Provide the information indicated in <i>Guide to Reporting on Principle 2</i> .	The Company will provide details of each director, such as their skills, experience and expertise relevant to their position, together with an explanation of any departures (if any) from the ASX Recommendations 2.1, 2.2, 2.3, 2.4 and 2.5 in its annual reports.  The Corporate Governance Plan is posted on the Company's website.
<b>3.</b>	<b>Promote ethical and responsible decision-making</b>	
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to:  (a) the practices necessary to maintain confidence in the company's integrity;  (b) the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders  (c) the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	The Company's Corporate Governance Plan includes a Corporate Code of Conduct, which provides a framework for decisions and actions in relation to ethical conduct in employment.  The Corporate Governance Plan is posted on the Company's website.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measureable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	The Company has adopted a diversity policy to address equal opportunities in the hiring, training and career advancement of Directors, officers and employees.
3.3.	Companies should disclose in each annual report the measureable objectives for achieving set by the board in accordance with the diversity policy and progress in achieving them.	The Company has not yet set measurable objectives for achieving diversity. The Board continues to monitor diversity across the organisation and is satisfied with the current level of gender diversity within the Company. Due to the size of the Company, the Board does not consider it appropriate at this time, to formally set measurable objectives for gender diversity.
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board	As at 30 June 2014, the Company has no female employee or Board member.
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3.	The Company will explain any departures (if any) from ASX Recommendations 3.2, 3.3 and 3.4 in its annual reports.
<b>4.</b>	<b>Safeguard integrity in financial reporting</b>	
4.1	The board should establish an audit committee.	The Board has not formed a separate audit committee.
4.2	Structure the audit committee so that it consists of:  (a) only non-executive directors;  (b) a majority of independent directors;	Given the present size of the Company, the role of the audit committee has been assumed by the full Board operating under the audit committee charter adopted by the Board.

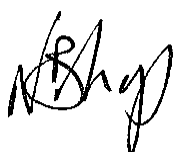
# Director's Report

	ASX RECOMMENDATION	COMMENT
	(c) an independent chairperson, who is not chairperson of the board; and (d) at least three members.	
4.3	The audit committee should have a formal charter.	The Company's Corporate Governance Plan includes a formal charter for the audit committee.
4.4	Provide the information indicated in <i>Guide to Reporting on Principle 4</i> .	The Company will provide details of any departures (if any) from ASX Recommendations 4.1, 4.2, 4.3 and 4.4 in its annual report. The Corporate Governance Plan is posted on the Company's website.
<b>5.</b>	<b>Make timely and balance disclosure</b>	
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	The Company has a continuous disclosure program in place designed to ensure the factual presentation of the Company's financial position.
5.2	Provide the information indicated in <i>Guide to Reporting on Principle 5</i> .	The Corporate Governance Plan, includes a continuous disclosure policy, and is posted on the Company's website.
<b>6.</b>	<b>Respect the rights of shareholders</b>	
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	The Company's Corporate Governance Plan includes a shareholder communications strategy, which aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs.
6.2	Provide the information indicated in the Guide to reporting on Principle 6.	The Corporate Governance Plan, includes a communications policy, and is posted on the Company's website.
<b>7.</b>	<b>Recognise and manage risk</b>	
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	The Board determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The Board anticipates that it will delegate to the audit committee responsibility for implementing the risk management system.
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business in addition to those identified by the Audit Committee. Key operational risks and their management will be recurring items for deliberation at Board meetings.
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system	The Board will seek the relevant assurance of its Directors and Chief Financial Officer (or their equivalents) at the relevant time.

# Director's Report

	ASX RECOMMENDATION	COMMENT
	of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	
7.4	Provide the information located in <i>Guide to Reporting on Principle 7</i> .	The Company will provide an explanation of any departures (if any) from ASX Recommendations 7.1, 7.2 and 7.3 in its annual reports.  The Corporate Governance Plan, including the charter of the audit committee is posted on the Company's website.
<b>8.</b>	<b>Remunerate fairly and responsibly</b>	
8.1	The board should establish a remuneration committee.	The Company has established a remuneration committee.
8.2	The remuneration committee should be structured so that it: (a) consists of a majority of independent directors; (b) is chaired by an independent director; and (c) has at least three members	Given the present size of the Company, each of the directors on the Board of the Company are also members of the remuneration committee.
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	The Board will distinguish the structure of non-executive director's remuneration from that of executive directors and senior executives. The Company's constitution also provides that the remuneration of non-executive Directors will not be more than the aggregate fixed sum determined by a general meeting.  The Board is responsible for determining the remuneration of the executive directors (without the participation of the interested director).
8.4	Provide the information indicated in <i>Guide to Reporting on Principle 8</i> .	The Board will consider what information to include in the corporate governance section of the Company's annual report in respect of remuneration policies at the relevant time.  The Company will explain any departures (if any) from ASX Recommendations 8.1, 8.2 and 8.3 in its future annual reports.

Signed in accordance with a resolution of the Board of Directors



**Nicholas Bishop**  
**Non-executive Director**

DATED at PERTH this 18<sup>th</sup> day of September 2014.

**Bentleys Audit & Corporate  
(WA) Pty Ltd**

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To The Board of Directors

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

As lead audit director for the audit of the financial statements of Fraser Range Metals Group Limited for the financial year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully



**BENTLEYS**  
**Chartered Accountants**



**DOUG BELL CA**  
**Director**

Dated at Perth this 18<sup>th</sup> day of September 2014

# Consolidated Statement of Profit or Loss and other Comprehensive Income

for the year ended 30 June 2014

	Note	2014 \$	2013 \$
Other income	2	1,225,868	9,897
Auditors fees		(16,650)	(23,650)
Consulting fees		(1,500)	(37,909)
Corporate compliance costs		(29,158)	(48,195)
Directors fees		-	(66,000)
Corporate expenses		(39,000)	(2,500)
Legal expense		(3,820)	(102,413)
Management expense		-	(41,667)
Occupancy costs		(35,939)	(26,586)
Professional fees		(18,678)	(91,151)
Project evaluation		(11,509)	(563,658)
Finance costs		(49,342)	(11,441)
Loss on financial assets		(983)	-
Other expenses from ordinary activities		(71,293)	(271,212)
<b>Profit/(Loss) before income tax expense</b>	<b>3</b>	<b>947,996</b>	<b>(1,276,485)</b>
Income tax expense	4	-	-
<b>Profit/(Loss) for the year</b>		<b>947,996</b>	<b>(1,276,485)</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>947,996</b>	<b>(1,276,485)</b>
Basic and diluted earnings/(loss) per share	12	0.06	(0.09)

The accompanying notes form part of these financial statements



# Consolidated Statement of Financial Position

as at 30 June 2014

	Note	2014 \$	2013 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	101,968	30,786
Trade and other receivables	8	11,205	46,069
Held for trading financial assets	9	620,086	-
<b>TOTAL CURRENT ASSETS</b>		<b>733,259</b>	<b>76,855</b>
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment		-	398
<b>TOTAL NON CURRENT ASSETS</b>		<b>-</b>	<b>398</b>
<b>TOTAL ASSETS</b>		<b>733,259</b>	<b>77,253</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	134,787	118,745
Borrowings	11	451,912	381,419
<b>TOTAL CURRENT LIABILITIES</b>		<b>586,699</b>	<b>500,164</b>
<b>TOTAL LIABILITIES</b>		<b>586,699</b>	<b>500,164</b>
<b>NET ASSETS/ (DEFICIENCY)</b>		<b>146,560</b>	<b>(422,911)</b>
<b>EQUITY</b>			
Issued capital	13	28,368,164	28,746,689
Accumulated losses		(28,221,604)	(29,169,600)
<b>TOTAL EQUITY</b>		<b>146,560</b>	<b>(422,911)</b>

The accompanying notes form part of these financial statements

# Consolidated Statement of Changes in Equity

for the year ended 30 June 2014

	Issued Capital	Accumulated Losses	Revaluation Assets	Total
BALANCE AT 1 JULY 2013	28,746,689	(29,169,600)	-	(422,911)
Profit/(Loss) for the year	-	947,996	-	947,996
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	947,996	-	947,996
Shares issued during the year	171,383	-	-	171,383
Share issue expenses	(45,977)	-	-	(45,977)
In-specie distribution to shareholders	(503,931)	-	-	(503,931)
<b>BALANCE AT 30 JUNE 2014</b>	<b>28,368,164</b>	<b>(28,221,604)</b>	<b>-</b>	<b>146,560</b>
BALANCE AT 1 JULY 2012	28,601,680	(27,893,115)	-	708,565
Loss for the year	-	(1,276,485)	-	(1,276,485)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	(1,276,485)	-	(1,276,485)
Shares issued during the year	180,000	-	-	180,000
Share issue expenses	(34,991)	-	-	(34,991)
<b>BALANCE AT 30 JUNE 2013</b>	<b>28,746,689</b>	<b>(29,169,600)</b>	<b>-</b>	<b>(422,911)</b>

The accompanying notes form part of these financial statements

# Consolidated Statements of Cash Flows

for the year ended 30 June 2014

	Note	2014 \$	2013 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(169,819)	(681,526)
Interest received		868	9,897
<b>Net Cash Used In Operating Activities</b>	17(b)	<u>(168,951)</u>	<u>(671,629)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of other non-current assets		100,000	-
Payment for physical non-current assets		-	(398)
Exploration and evaluation expenditure		25,845	(560,411)
<b>Net Cash Used In Investing Activities</b>		<u>125,845</u>	<u>(560,809)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from share issue		141,383	180,000
Costs of share issue		(37,095)	(34,991)
Proceeds from borrowings		114,404	370,000
Repayment of borrowings		(104,404)	-
<b>Net Cash from Financing Activities</b>		<u>114,288</u>	<u>515,009</u>
Net increase/(decrease) in cash held		71,182	(717,429)
Cash and cash equivalents at beginning of financial year		30,786	748,215
<b>Cash and cash equivalents at end of financial year</b>	17(a)	<u>101,968</u>	<u>30,786</u>

The accompanying notes form part of these financial statements

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2014

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## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fraser Range Metals Group Limited (the "Company") is a for-profit company limited by shares, domiciled and incorporated in Australia. These consolidated financial statements comprise of the Company and its subsidiaries (collectively the "Group"). The financial statements are presented in the Australian currency.

The nature of operations and principal activities of the Group are described in the Directors' Report.

### a. Basis of Preparation

#### *Reporting Basis and Conventions*

The consolidated financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. Fraser Range Metals Group Limited is a listed public company, incorporated and domiciled in Australia. All amounts are presented in Australian dollars.

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

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

#### **Comparatives**

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

### b. Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group generated a profit for the year of \$947,996 (2013: Loss \$1,276,485) and net cash outflows from operating activities of \$168,951 (2013: (\$671,629)).

Included in current liabilities are unsecured loans (refer note 11) amounting to \$451,912 (2013: \$381,419). Subsequent to year end the Company settled all outstanding convertible loans by issuing shares in Segue to the lenders at \$0.01 per share (refer note 19).

In addition to the above, included in current trade and other payables is a balance of \$68,102 for which the Company has subsequent to year end received a letter of support from the creditor confirming it will continue to support the Company if required over a period of at least twelve months from the signing of this financial report as and when required, in order for the Company to continue as a going concern and pay its debts as and when they fall due as well as confirming that it will not call on the balance within the next twelve months of signing of this financial report.

The ability of the Company to continue as a going concern is principally dependent upon the continued financial support as mentioned in the preceding paragraph and the ability of the Company to secure funds by raising capital from equity markets, disposing of its held for trading financial assets and managing cashflow in line with available funds. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern.

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Company's history of raising capital to date, the directors are confident of the Company's ability to raise additional funds as and when they are required.

Should the Company be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2014

asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

## c. Basis of consolidation

### (i) Subsidiaries

Subsidiaries are all entities (including structured 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which commences until the date on which control ceases.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the transferred asset.

### (ii) Changes in ownership interests

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

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

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

## d. Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. 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 assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures,

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2014

deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

## e. Investments and other Financial Assets

### **Classification**

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

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

#### (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 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 trade and other receivables in the statement of financial position.

#### (iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets quoted in an active market with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

#### (iv) Available-for-sale financial assets

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

### **Financial assets - reclassification**

The Group may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2014

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## ***Recognition and derecognition***

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed to the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as gains and losses from investment securities.

## ***Measurement***

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of revenue from continuing operations when the Group's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity. Details on how the fair value of financial investments are determined are disclosed in note 20.

## ***Impairment***

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

### **(i) Assets carried at amortised cost**

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

### **(ii) Assets classified as available-for-sale**

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2014

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## **f. Impairment of Assets**

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

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

## **g. Employee Benefits**

Provision is made for the Company's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have also been measured at their nominal amount.

Contributions are made by the Company to employee superannuation funds and are charged as expenses when incurred.

## **h. Provisions**

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

## **i. Cash and Cash Equivalents**

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

## **j. Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

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

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

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

## **k. Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

## **l. 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 Taxation 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.



# Notes to the Consolidated Financial Statements

for the year ended 30 June 2014

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

## **m. New and revised AASB's affecting amounts reported and/or disclosures in the financial statements or changes in accounting policies**

In the current year, the Group has applied a number of new and revised AASB's issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective from an accounting period on or after 1 January 2013.

### **i) Fair value measurement**

The Group has applied AASB 13 'Fair Value Measurement' for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items.

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

### **ii) 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. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the AASBs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

In addition, standards on consolidation, associates and disclosures were adopted. The impact of the application of these standards is not material.

## **n. Standards and interpretations in issue not yet adopted**

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

The Group does not anticipate that there will be a material effect on the financial statements from the adoption of these standards.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2014

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2017	30 June 2018
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2012-3 "Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities"	1 January 2014	30 June 2015
AASB 2013-3 "Amendments to AASB 135 – Recoverable Amount Disclosures for Non-Financial Assets"	1 January 2014	30 June 2015
AASB 2013-5 "Amendments to Australian Accounting Standards – Investment Entities"	1 January 2014	30 June 2015
AASB 2013-9 "Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments"	1 January 2014	30 June 2015

## **o. Critical Accounting Estimates and Judgments**

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

### *Key Judgment – Environmental Issues*

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the Company's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

### *Key Estimate – Taxation*

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

### *Key Estimate – Impairment*

The Company assesses impairment at each reporting date by evaluation of conditions and events specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2014

	Note	2014 \$	2013 \$
<b>NOTE 2. REVENUE AND OTHER INCOME</b>			
Other Income			
– Gain on farm out	(i)	1,000,000	-
– Sale of license applications	(ii)	225,000	-
– Finance Income		868	9,897
Total Other Income		1,225,868	9,897

- (i) Consideration received in relation to a joint venture with Segue Resources Ltd over the Company's Plumridge East Project:

Cash consideration	100,000	-
Segue Resources Ltd shares 100,000,000 x \$0.009	900,000	-
	1,000,000	-

- (ii) Consideration received in relation to the Company's interests in ten tenement license applications:

Segue Resources Ltd shares 25,000,000 x \$0.009	225,000	-
	225,000	-

## NOTE 3. EXPENSES

**Profit / (Loss) before income tax includes the following specific expenses:**

Administration expenses	31,288	23,427
Company secretarial fees	-	13,000
Insurance	16,535	17,059
License and stamp duty fees	1,002	14,020

## NOTE 4. INCOME TAX

### (a) Income tax expense

Current tax	-	-
Deferred tax	-	-
	-	-

Deferred income tax expense included in income tax expense comprises:

- (Increase) in deferred tax assets	-	-
- Increase in deferred tax liabilities	-	-
	-	-

### (b) Reconciliation of income tax expense to prima facie tax payable

The prima facie tax payable on losses from ordinary activities before income tax is reconciled to the income tax expense as follows:

Prima facie tax on operating profit/losses at 30%	284,399	(382,945)
---	---------	-----------

Add / (Less)

Tax effect of:

Farmout interest disposed	(300,000)	-
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# Notes to the Consolidated Financial Statements

for the year ended 30 June 2014

	Note	2014 \$	2013 \$
<b>NOTE 4. INCOME TAX (Continued)</b>			
Capital raising fees		(44,665)	(40,525)
Deferred tax asset not brought to account		60,266	423,470
Income tax attributable to operating loss		-	-
The applicable weighted average effective tax rates are as follows:			
		nil%	nil%
Balance of franking account at year end		nil	nil
<b>(c) Deferred tax assets</b>			
Tax Losses		1,763,186	1,709,003
Capital Raising Costs		3,750	107,659
Other		136,752	6,000
		1,903,688	1,822,662
Set-off deferred tax liabilities		-	-
Net deferred tax assets		1,903,688	1,822,662
Less deferred tax assets not recognised		(1,903,688)	(1,822,662)
		-	-
<b>(d) Deferred tax liabilities</b>			
Other		-	-
<b>(e) Tax losses</b>			
Unused tax losses and other for which no deferred tax asset has been recognised		5,877,286	5,696,678

Potential deferred tax assets attributable to tax losses carried forward have not been brought to account at 30 June 2014 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

- the company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and exploration expenditure to be realised;
- the company continues to comply with conditions for deductibility imposed by law.

## NOTE 5. AUDITORS' REMUNERATION

Remuneration of the auditors for:

- Auditing or reviewing the financial report	22,200	23,650
	22,200	23,650

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2014

## NOTE 6. Key Management Personnel Compensation & Related Party Transactions

### a) Parent entity

The ultimate parent entity within the Group is Fraser Range Metals Group Limited.

### b) Subsidiaries

Interests in subsidiaries are set out in note 24.

### c) Remuneration of Key Management Personnel

The totals of remuneration paid to KMP of the company during the year are as follows:

	2014	2013
	\$	\$
Short-term employee benefits	19,744	154,405
Post-employment benefits	1,826	7,500
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
	<u>21,570</u>	<u>161,905</u>

### d) Transactions and balances with other related parties

Transactions with related parties are disclosed in the Director's Report.

## NOTE 7. CASH AND CASH EQUIVALENTS

Cash at bank	<u>101,968</u>	<u>30,786</u>
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## NOTE 8. TRADE AND OTHER RECEIVABLES

### CURRENT

Other debtors	11,205	46,069
	<u>11,205</u>	<u>46,069</u>

The trade and other receivables do not contain any impairment and are not past due.

## NOTE 9. HELD FOR TRADING FINANCIAL ASSETS

Listed securities		
Fair value at 1 July	-	-
Investments at cost (125m Segue Resources Ltd shares, refer note 2)	1,125,000	-
In-Specie distribution (62,991,420 shares)	(503,931)	-
Loss on financial assets	(983)	-
Fair value at 30 June	<u>620,086</u>	<u>-</u>

Held for trading financial assets comprise of one class being listed securities and are at fair value. Fair value was determined by reference to published price quotations in an active market with the fair value loss recognised in the statement of profit or loss and other comprehensive income.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2014

	2014	2013
	\$	\$
<b>NOTE 10. TRADE AND OTHER PAYABLES</b>		
<b>CURRENT</b>		
<i>Unsecured Liabilities:</i>		
Trade creditors and accrued expenses	134,787	118,745

	2014	2013
	\$	\$
<b>NOTE 11. BORROWINGS</b>		
<i>Unsecured borrowings:</i>		
Non-related party (i)	226,472	200,892
Non-related party (ii)	225,440	180,527
	451,912	381,419

(i) During the year, the Company borrowed \$75,000 from a non-related party to meet the working capital requirements. Interest is payable @ 10.00% pa. Repayments during the year totalled \$74,904.

(ii) During the year, the Company borrowed \$80,596 from non-related party to meet the working capital requirements. Interest is payable @ 10.00% pa. Repayments during the year totalled \$60,000.

## NOTE 12. EARNINGS PER SHARE

Earnings used in calculating basic and diluted earnings per share	947,996	(1,276,485)
	<b>No.</b>	<b>No.</b>
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	17,182,896	14,053,727

## NOTE 13. ISSUED CAPITAL

	2014	2013
	\$	\$
31,625,441 (2013: 14,487,142) Fully paid ordinary shares with no par value	28,368,164	28,746,689

	2014	2013	2014	2013
	\$	\$	No.	No.
(a) <b>Ordinary shares:</b>				
At the beginning of the reporting period	28,746,689	28,601,680	14,487,142	418,031,492
Transaction Costs	(45,977)	(34,991)	-	-
Shares issued during the year				
– Issue of shares	171,383	180,000	17,138,299	60,000,000
– In-specie distribution (c)	(503,931)	-	-	-
– Share capital consolidation	-	-	-	(463,544,350)
At reporting date	28,368,164	28,746,689	31,625,441	14,487,142

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2014

## NOTE 13. ISSUED CAPITAL (Continued)

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands

### (b) Capital Management:

The Directors' objectives when managing capital are to ensure that the Company can fund its operations and continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Company's activities, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Company's capital risk management is the current working capital position against the requirements of the Company to meet business development and corporate overheads. The Company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The working capital position of the Company at 30 June 2014 and 30 June 2013 are as follows:

	2014	2013
	\$	\$
<b>Working Capital:</b>		
Cash and cash equivalents	101,968	30,786
Trade and other receivables	11,205	46,069
Held for trading financial assets	620,086	-
Trade and other payables	(134,787)	(118,745)
Borrowings	(451,912)	(381,419)
Working capital position	146,560	(423,309)

### (c) Distribution of financial assets to owners

On 26 March 2014, the Company entered into a definitive joint venture agreement with Segue Resources Limited in relation to the Company's Plumridge East Projects. The Company received \$100,000 in cash and 100,000,000 Segue Resources Limited shares as consideration (Refer note 2 for details).

On 26 May 2014 an in-specie distribution was approved by shareholders for the issue of 55,000,000 Segue Resources Limited shares to Company shareholders (on a 2 for 1 basis).

## NOTE 14. CONTINGENT LIABILITIES AND ASSETS

In accordance with the Mutual Settlement and Release Agreement the Company will issue \$30,000 worth of shares in Fraser Range Metals Group at an issue price of \$0.20 to a former Executive Director of the Company.

There are no further contingent assets or liabilities.

## NOTE 15. COMMITMENTS

The Company had no material commitments at 30 June 2014.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2014

## NOTE 16. SEGMENT REPORTING

The Company has identified one reportable segment based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The board reviews financial information on the same basis as presented in the financial statements and has therefore determined the operating segment on this basis.

	2014	2013
	\$	\$

## NOTE 17. CASH FLOW INFORMATION

### (a) Reconciliation of Cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the statement of financial position as follows:

Cash and cash equivalents	101,968	30,786
	<u>101,968</u>	<u>30,786</u>

### (b) Reconciliation of Cash Flow from Operations with Operating Profit after Income Tax

Operating profit/(loss) after income tax	947,996	(1,276,485)
Profit (Loss) on disposal of other Non-Current Assets	(100,000)	-
Non-cash flows in profit from ordinary activities		
Net (gain) loss on sale of non-current assets	(1,125,000)	-
Exploration and evaluation expenditure	-	563,658
Interest expense	49,301	-
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	31,222	6,496
Increase/(decrease) in trade and other payables	27,530	34,702
	<u>(168,951)</u>	<u>(671,629)</u>

## NOTE 18. SHARE BASED PAYMENTS

There were no share based payments arrangements in place during the year (2013 \$nil).

## NOTE 19. EVENTS AFTER THE REPORTING DATE

On 6<sup>th</sup> August 2014, the Company advised that it had settled all outstanding convertible loans ("Loans") by issuing shares in Segue to the lenders at \$0.01 per share. Fraser Range had been funded and supported by these loans over the last 18 months, which enabled the Company to secure the tenements which now form the Company's JV with Segue. Following the retirement of the Loans the Company is debt free, has 16,413,342 Segue shares remaining, and will retain a 20% interest in the highly prospective Fraser Range tenements E39/1731 & E28/2317 through the JV with Segue.



# Notes to the Consolidated Financial Statements

for the year ended 30 June 2014

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## NOTE 20. FINANCIAL RISK MANAGEMENT

### Financial Risk Management Policies

The Company's financial instruments consist mainly of deposits with banks, other receivables and accounts payable.

The main purpose of non-derivative financial instruments is to raise finance for Company operations.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Company through regular reviews of the risks.

The Company does not have any derivative instruments at 30 June 2014.

### Specific Financial Risk Exposures and Management

#### i. Market Risks

##### Interest rate risk

Interest rate exposure may affect the company given that its largest asset is cash on hand. A 1% movement in interest rates (either upward or downward) on current funds on deposit could affect interest received by up to \$160. The weighted average interest rate is 1.09%. Interest on borrowings is fixed at 10% per annum.

##### Foreign currency risk

Foreign currency risk does not have a material impact on the Company.

##### Price risk

The Company is not exposed to any material commodity price risk.

#### ii. Liquidity risk

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash on hand is maintained.

#### iii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally cash and cash equivalents. All cash balances are held with recognised institutions limiting the exposure to credit risk. There are no formal credit approval processes in place. However, the Company reviews management information for subsidiaries to ensure early detection of risks.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The Company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Company.

All cash holdings within the Company are currently held with AA rated financial institution.

### Accounting classifications and fair value values

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2014

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## NOTE 20. FINANCIAL RISK MANAGEMENT

measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

### Valuation techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2014

## NOTE 20. FINANCIAL RISK MANAGEMENT (Continued)

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date :

	2014		2013	
	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
	\$	\$	\$	\$
<b>Financial Assets</b>				
Cash and cash equivalents	101,968	101,968	30,786	30,786
Trade and other receivables	11,205	11,205	46,069	46,069
Held for trading financial assets <sup>1</sup>	620,086	620,085	-	-
<b>Total Financial Assets</b>	<b>733,259</b>	<b>733,258</b>	<b>76,855</b>	<b>76,855</b>
<b>Financial Liabilities</b>				
Trade and other liabilities	134,787	134,786	118,745	118,745
Borrowings <sup>2</sup>	451,912	451,912	381,419	381,419
<b>Total Financial Liabilities</b>	<b>586,699</b>	<b>586,698</b>	<b>500,164</b>	<b>500,164</b>

1. Held for trading financial assets are required to be measure at fair value and are measured based on quote prices in an active market (level 1 fair value hierarchy).
2. Borrowings attract an interest rate of 10% per annum and are measured at amortised cost and equate to their fair value.

All other financial assets and liabilities mature within 3 months and equate to fair value.

### Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

#### Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

#### Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly

#### Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

- (i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- (ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2014

## NOTE 21. JOINT OPERATIONS

The Company has entered into an agreement with respect to the Company's Plumridge East Projects with Segue Resources Limited. Segue has the ability to earn up to 80% of the Plumridge East Projects, located in the Fraser Range Province, by spending \$500,000 on exploration.

Segue has the right to initially earn a 51% JV interest by satisfying the initial earning obligation during the initial earning period (\$220,000 of the aforementioned \$500,000 spend). Thereafter, Segue has the right to earn a further 29% JV interest (to take its JV interest to 80%) by satisfying the second earning obligation during the second earning period (the remaining \$280,000 of the \$500,000 minimum spend). Upon Segue earning the 51% JV interest, the parties have agreed to enter into an unincorporated joint venture to explore for minerals within the tenements.

## NOTE 22. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(c):

Name	Country of Incorporation	Class of Shares	Equity Holding*	
			2014 %	2013 %
Plumridge East Pty Ltd	Australia	Ordinary	100	100

## NOTE 23. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Fraser Range Metals Group Limited, at 30 June 2014. The information presented here has been prepared using accounting policies consistent with those presented in Note 1.

Current assets	733,259	76,855
Non-current assets	-	398
<b>Total assets</b>	<b>733,259</b>	<b>77,253</b>
Current liabilities	586,699	500,164
<b>Total liabilities</b>	<b>586,699</b>	<b>500,164</b>
Issued capital	28,368,164	28,746,689
Accumulated losses	(28,221,604)	(29,169,600)
<b>Total equity</b>	<b>146,560</b>	<b>(422,911)</b>
Profit / (Loss) for the year	947,996	(1,276,485)
<b>Total comprehensive loss for the year</b>	<b>947,996</b>	<b>(1,276,485)</b>

The parent entity is responsible for the contingent liabilities outlined in note 14.

The parent entity is responsible for the commitments outlined in note 15.

Interests in subsidiaries are set out in note 22.

## NOTE 24. COMPANY DETAILS

*The registered office is:*

Office J, Level 2, 1139 Hay Street

West Perth WA 6000

Telephone: 08 9486 4036

Facsimile: 08 9486 4799

*The principal place of business is:*

Office J, Level 2, 1139 Hay Street

West Perth WA 6000

Telephone: 08 9486 4036

Facsimile: 08 9486 4799

## Directors' Declaration

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In accordance with a resolution of the directors of Fraser Range Metals Group Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 14 to 34, are in accordance with the Corporations Act 2001 and:
  - a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
  - b. give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the consolidated group;
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; and
3. the directors have been given the declarations required by s 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.



**Nicholas Bishop**  
Director

DATED at PERTH this 18<sup>th</sup> day of September 2014

# Independent Auditor's Report

## To the Members of Fraser Range Metals Group Limited

We have audited the accompanying financial report of Fraser Range Metals Group Limited ("the Company") and Controlled Entities ("the Consolidated Entity"), which comprises the statement of financial position as at 30 June 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

### Directors Responsibility for the Financial Report

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

### Auditor's Responsibility

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

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

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



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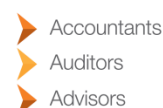
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# Independent Auditor's Report

To the Members of Fraser Range Metals Group Limited (*Continued*)



## Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

## Opinion

In our opinion:

- a. The financial report of Fraser Range Metals Group 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 2014 and of its performance for the year ended on that date; and
  - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
- b. The financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

## Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates that the Consolidated Entity incurred net cash outflows from operating activities of \$168,951 during the year ended 30 June 2014. This condition, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

## Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

## Opinion

In our opinion, the Remuneration Report of Fraser Range Metals Group Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

  
**BENTLEYS**  
Chartered Accountants

  
**DOUG BELL CA**  
Director

Dated at Perth this 18<sup>th</sup> day of September 2014

## Additional Information

The following additional information is required by the ASX in respect of listed public companies only.

### Information as at 16 September 2014

#### (a) Distribution of Shareholders

Category (size of holding)	Number
1 - 1,000	Ordinary 1,969
1,001 - 10,000	189
10,001 - 100,000	148
100,001 - 1,000,000	45
1,000,001 - 9,999,999,999	7
	<hr/> 2,358 <hr/>

- (b) The Company is unable to disclose the number of shareholdings held in less than marketable parcels as the Company is suspended, and there is therefore no market for its securities at the date of this report.

#### (c) Voting Rights

The voting rights attached to each class of equity security are as follows:

##### Ordinary Shares

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

#### (d) 20 Largest Shareholders — Ordinary Shares as at 16 September 2014

	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	N & J MITCHELL HOLDINGS PTY LTD <ORD STREET PROPERTIES A/C>	3,078,733	9.73
2.	GETMEOUTOFHERE PTY LTD <SINKING SHIP SUPER FUND A/C>	2,109,034	6.67
3.	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	1,508,139	4.77
4.	NAUTICAL HOLDINGS WA PTY LTD <ABANDON SHIP SUPER FUND A/C>	1,454,546	4.60
5.	MOTTE & BAILEY PTY LTD <BAILEY SUPER FUND A/C>	1,442,426	4.56
6.	N & J MITCHELL HOLDINGS PTY LTD <ORD STREET PROPERTIES A/C>	1,180,707	3.73
7.	MR MARK JOHN BAHEN + MRS MARGARET PATRICIA BAHEN <SUPER FUND A/C>	1,053,032	3.33
8.	TALEX INVESTMENTS PTY LTD	909,092	2.87
9.	GETMEOUTOFHERE PTY LTD <SINKING SHIP SUPER FUND A/C>	890,966	2.82
10.	CAVERSHAM NOMINEES PTY LTD <S B LAUDER FAMILY A/C>	784,850	2.48
11.	NIGEL TARRATT PTY LTD <NIGEL TARRATT SUPERFUND A/C>	753,862	2.38
12.	VISION ASSET MANAGEMENT LIMITED	696,970	2.20
13.	KOBIA HOLDINGS PTY LTD	606,062	1.92
14.	MOTTE & BAILEY PTY LTD <BAILEY SUPER FUND A/C>	545,456	1.72



	<b>Name</b>	<b>Number of Ordinary Fully Paid Shares Held</b>	<b>% Held of Issued Ordinary Capital</b>
15.	MR ROSS ALEXANDER HAMPTON	500,000	1.58
16.	TYCHE INVESTMENTS PTY LTD	500,000	1.58
17.	MR BRADFORD SIDNEY WOODS	500,000	1.58
18.	BLU BONE PTY LTD	484,850	1.53
19.	HAMMERHEAD HOLDINGS PTY LTD <HHH S/F A/C>	424,244	1.34
20.	TALEX INVESTMENTS PTY LTD <A F WYLIE SUPER FUND A/C>	418,182	1.32
	<b>Totals: Top 20 holders</b>	<b>19,841,151</b>	<b>62.74</b>
	<b>Total Remaining Holders Balance</b>	<b>11,784,290</b>	<b>37.26</b>
	<b>Grand TOTAL</b>	<b>31,625,441</b>	<b>100.00</b>

(e) The name of the Company Secretary is Mr Samuel Edis.

(f) The address of the principal registered office is Office J, Level 2, 1139 Hay Street, West Perth WA 6005. Telephone (08) 9486 4036.

(g) Registers of securities are held at Computershare Investor Services Pty Ltd, Level 2, 45 St Georges Tce, Perth WA 6000.

**(h) Stock Exchange Listing**

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

**(i) Unquoted Securities**

Options over Un-issued Shares – Nil.

**(j) Securities Subject to Escrow**

2,651,157 ordinary shares are currently subject to escrow until the earlier of 29 May 2015 or the date on which the Company releases a prospectus to facilitate their on-sale.

**(k) Unquoted Equity Securities Holders with Greater than 20% of an Individual Class**

As at 16 September 2014 there were nil unquoted securities.