

Fraser Range Metals Group Limited

ACN 098 236 938

PROSPECTUS

For the offer of up to 250,000,000 Shares at an issue price of \$0.02 each to raise up to \$5,000,000 (before costs) (Public Offer). The Public Offer has a Minimum Subscription of \$3,500,000.

It is proposed that the Public Offer will close at 5:00pm (WST) on 27 January 2016. The Directors reserve the right to close the Public Offer earlier or to extend this date without prior notice. Applications must be received before that time.

This Prospectus also contains an offer of 25,000,000 Adviser Shares to the Advisers (or their nominees) in consideration for assistance they have provided to the Company in connection with the Public Offer (**Adviser Offer**).

This is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the Listing Rules and to satisfy ASX's requirements for re-quotation of the Shares on the Official List, following a change to the nature and scale of the Company's activities.

The Shares offered pursuant to this Prospectus should be regarded as speculative. Refer to Section 7 for a summary of the key risks associated with an investment in the Company.

This document is important and should be read in its entirety. If after reading this Prospectus you have questions about the Shares being offered pursuant to it, or any other matter, you should consult your stockbroker, accountant or other professional adviser.



Lead Manager
Cicero Advisory Services Pty Ltd

CORPORATE DIRECTORY

Existing Directors

Mr Nicholas Bishop – Non-Executive Director
Miss Loren Jones – Non-Executive Director
Mr Nicholas Ong – Non-Executive Director

Proposed Directors

Mr Josh Puckridge – Executive Chairman
Miss Loren Jones – Non-Executive Director
Mr Ian Prentice – Non-Executive Director
Mr Glenn Whiddon – Non-Executive Director

Company Secretary

Miss Loren Jones

Registered Office

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West Perth WA 6005

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Facsimile: +61 8 6486 4799

Independent Geologist

OMNI GeoX Pty Ltd
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North Fremantle WA 6159
Telephone: +61 8 6420 0619

Lead Manager

Cicero Advisory Services Pty Ltd
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330 Churchill Avenue
Subiaco WA 6008

Auditor and Investigating Accountant

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Level 1
12 Kings Park Road
West Perth WA 6005

Share Registry*

Security Transfer Registrars Pty Limited
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Telephone: +61 8 9315 2333
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Lawyers

DLA Piper Australia (Perth)
Level 31, Central Park
152-158 St Georges Terrace
Perth WA 6000

ASX Code

FRN

Website

www.frmetals.com.au

* This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus.

CONTENTS

| | |
|--|-----|
| IMPORTANT NOTICE | 3 |
| LETTER FROM THE BOARD | 6 |
| KEY DETAILS OF THE OFFERS & INDICATIVE TIMETABLE | 7 |
| INVESTMENT OVERVIEW | 8 |
| 1. Details of Offers | 17 |
| 2. Company and Tenement Overview..... | 27 |
| 3. Independent Geologist's Report | 31 |
| 4. Solicitor's Report on Tenements | 52 |
| 5. Board, Management and Corporate Governance..... | 61 |
| 6. Independent Limited Assurance Report | 70 |
| 7. Risk Factors..... | 84 |
| 8. Material Contracts..... | 90 |
| 9. Rights Attaching to Shares | 93 |
| 10. Additional Information | 95 |
| 11. Authorisation..... | 102 |
| 12. Glossary of Terms..... | 103 |

IMPORTANT NOTICE

This Prospectus is dated, and was lodged with ASIC on, 19 January 2016. Neither ASIC nor ASX (or their respective officers) take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. The expiry date of this Prospectus is 5:00pm (WST) on that date which is 13 months after the date this Prospectus was lodged with ASIC. No Shares will be issued on the basis of this Prospectus after that expiry date.

Application will be made to ASX within seven days after the date of this Prospectus for Official Quotation of the Shares the subject of the Offers.

No person or entity is authorised to give any information or to make any representation in connection with the Offers which is not contained in this Prospectus. Any information or representation not contained in this Prospectus should not be relied on as having been made or authorised by the Company or the Directors in connection with the Offers.

Before applying for Shares under this Prospectus, potential investors should carefully read the Prospectus so that they can make an informed assessment of:

- the rights and liabilities attaching to the Shares;
- the assets and liabilities of the Company; and
- the Company's financial position and performance and prospects.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of the Offers should be considered speculative.

Change in Nature and Scale of Activities and Re-Compliance with Chapters 1 and 2 of the Listing Rules

On 20 November 2015, the Company announced that it had entered into the Deed of Variation pursuant to which it has agreed, subject to Shareholder approval, to re-acquire the Tenements. Refer to Sections 2 and 3 for information on the Tenements, and Section 8.1 for a summary of the terms of the Tenement Agreements and the Acquisition.

The Public Offer and the Acquisition will involve a significant change in the nature and scale of the Company's activities and requires the approval of Shareholders under Chapter 11 of the Listing Rules. At the General Meeting, Shareholders will be asked to consider and approve, among other things, the issue of Shares the subject of the Offers and the change in nature and scale of the Company's activities resulting from the Acquisition and the Offers.

The Company must also comply with ASX requirements for re-quotation of the Shares on the Official List, which includes re-complying with Chapters 1 and 2 of the Listing Rules. This Prospectus is issued to assist the Company to meet these requirements and to facilitate the Offers. The Offers under this Prospectus are conditional on the satisfaction of certain conditions. Refer to Section 1.5 for further details.

Trading in Shares will be suspended on the morning of the day of the General Meeting. If Shareholders pass all Acquisition Resolutions, trading in Shares on ASX will be suspended until the Company satisfies the requirements of Chapters 1 and 2 of the Listing Rules.

There is a risk that the Company may not be able to meet the requirements of ASX for re-quotation of the Shares on the Official List. If the conditions to the Offers are not satisfied or the Company does not receive conditional approval for re-quotation of the Shares on the Official List, on terms which the Company reasonably considers are capable of satisfaction, then the Company will not proceed with the Offers or the Acquisition and will repay all Application Monies (without interest) in accordance with the provisions of the Corporations Act.

Electronic Prospectus and Application Forms

This Prospectus will generally be made available in electronic form by being posted on the Company's website at www.frmetals.com.au. Persons receiving a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus and an Application Form (free of charge) from the Company's registered office during the period of the Public Offer by contacting the Company. Contact details for the Company are detailed in the Corporate Directory. The Public Offer constituted by this Prospectus in electronic form is only available to persons receiving an electronic version of this Prospectus and relevant Application Form within Australia.

Applications will only be accepted on an Application Form attached to, or accompanying, this Prospectus or in its paper copy form as downloaded in its entirety from www.frmetals.com.au. The Corporations Act prohibits any person from passing on to another person an Application Form unless it is accompanied by or attached to a complete and unaltered copy of this Prospectus.

Prospective investors wishing to apply for Shares under the Public Offer should complete an Application Form. If you do not provide the information required on an Application Form, the Company may not be able to accept or process your Application.

Website

No document or information included on the Company's website is incorporated by reference into this Prospectus.

Foreign Investors

No action has been taken to register or qualify the Shares the subject of this Prospectus, or the Public Offer, or otherwise to permit the public offering of Shares, in any jurisdiction outside Australia. The distribution of this Prospectus in jurisdictions outside of Australia may be restricted by law and persons who come into possession of this Prospectus outside of Australia should seek advice on, and observe, any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

Speculative Investment

The Shares offered under this Prospectus should be considered speculative. There is no guarantee that the Shares offered under this Prospectus will make a return on the capital invested, that dividends will be paid on the Shares or that there will be an increase in the value of the Shares in the future.

Prospective investors should carefully consider whether the Shares offered under this Prospectus are an appropriate investment for them in light of their personal circumstances, including their financial and taxation position. Refer to Section 7 for details of the key risks applicable to an investment in the Company.

Privacy Statement

To apply for Shares you will be required to provide certain personal information to the Company and the Share Registry. The Company and the Share Registry will collect, hold and use your personal information in order to assess your Application, service your needs as an investor, provide facilities and services that you request and carry out appropriate administration. The Corporations Act and taxation law require some of this personal information to be collected. If you do not provide the information requested, your Application may not be able to be processed efficiently, or at all.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes detailed in this privacy statement and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and other regulatory authorities.

If an Applicant becomes a Shareholder, the Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public register. The information contained in the Company's public register must remain there even if that person ceases to be a Shareholder. Information contained in the Company's public register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to Shareholders) and compliance by the Company with its legal and regulatory requirements.

Forward-looking Statements

This Prospectus contains forward-looking statements which are identified by words such as "believes", "estimates", "expects", "intends", "may", "will", "would", "could", or "should" and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management of the Company. Key risk factors associated with an investment in the Company are detailed in Section 7. These and other factors could cause actual results to differ materially from those expressed in any forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

The Company cannot and does not give assurances that the results, performance or achievements expressed or implied in the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

No Forecast Financial Information

Mineral exploration is inherently uncertain. Consequently, there are significant uncertainties associated with forecasting future revenues and expenses of the Company. On this basis, and after considering ASIC Regulatory Guide 170, the Directors believe that reliable financial forecasts for the Company cannot be prepared, and accordingly, financial forecasts have not been included in this Prospectus.

Diagrams

Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

Currency

All financial amounts contained in this Prospectus are expressed as Australian dollars unless otherwise stated.

Rounding

Any discrepancies between totals and sums and components in tables contained in this Prospectus are due to rounding.

Time

All references to time in this Prospectus are references to WST, unless otherwise stated.

Glossary

Defined terms and abbreviations used in this Prospectus are detailed in the glossary of terms in Section 12.

LETTER FROM THE BOARD

Dear Investor

On behalf of the board of directors of Fraser Range Metals Group Limited (**Company**), I am pleased to present this Prospectus, and to offer to you the opportunity to invest in the Company.

On 20 November 2015, the Company announced it had entered into the Deed of Variation pursuant to which the Company agreed to re-acquire the Tenements from Segue Resources Limited.

The Company will hold a general meeting on 20 January 2016 to seek Shareholder approval for a number of resolutions to give effect to the Acquisition and the Offers. Refer to Section 1.4 for further details.

The Company has issued this Prospectus for:

- (a) a public offering of up to 250,000,000 Shares at an issue price of \$0.02 each to raise up to \$5,000,000 (before costs), subject to a Minimum Subscription of \$3,500,000. The funds raised will be used to, among other things, fund an exploration programme in relation to the Tenements, satisfy the costs of the Offers and provide the Company with working capital and business development expenditure; and
- (b) the purpose of re-complying with Chapters 1 and 2 of the Listing Rules, following a change to the nature and scale of the Company's activities, following completion of the Offers and the Acquisition.

The Prospectus also contains an offer of 25,000,000 Shares to the Advisers (or their nominees) in consideration for their assistance with the Public Offer.

Refer to Section 1 for further details of the Offers.

Before making your decision to invest, I recommend that you carefully read the Prospectus in its entirety and seek independent professional advice.

On behalf of the board of directors of the Company, I look forward to welcoming you as a Shareholder.

Yours faithfully



Miss Loren Jones

Director

For and on behalf of Fraser Range Metals Group Limited

KEY DETAILS OF THE OFFERS & INDICATIVE TIMETABLE

| Public Offer | |
|--|-------------|
| Price per Share | \$0.02 |
| Shares offered | 250,000,000 |
| Maximum amount to be raised (before costs) ¹ | \$5,000,000 |
| Adviser Offer | |
| Shares offered to the Advisers (or their nominees) | 25,000,000 |
| General | |
| Total cash and cash equivalents on completion of the Offers ² | \$4,552,404 |
| Total Shares on issue before completion of the Offers | 31,625,441 |
| Total Shares on issue after completion of the Offers ³ | 306,625,441 |

Note:

1. The Public Offer is subject to a Minimum Subscription of \$3,500,000. Refer to Section 1.3 for further information.
2. Based on the reviewed pro-forma consolidated statement of financial position of the Company as at 30 June 2015. Assumes the Maximum Subscription. If only the Minimum Subscription is achieved, cash and cash equivalents on completion of the Offers will be approximately \$3,162,402. Please refer to Section 6 for further details regarding financial information.
3. Assumes the Maximum Subscription is achieved. If only the Minimum Subscription is achieved, the number of Shares on issue at completion of Offers will be 231,625,441. Please refer to Section 1.9 for further details relating to the Company's proposed capital structure.

| Event | Date |
|---|-----------------|
| Lodgement of Prospectus with ASIC | 19 January 2016 |
| Opening Date of the Public Offer | 19 January 2016 |
| General Meeting | 20 January 2016 |
| Closing Date of the Public Offer | 27 January 2016 |
| Completion of the Acquisition | 3 February 2016 |
| Issue of Shares under the Offers | 5 February 2016 |
| Despatch of holding statements | 5 February 2016 |
| Expected date for re-quotation of the Shares on the Official List | 7 February 2016 |

Note:

The above dates are indicative only and may change without notice. The Company reserves the right to amend the timetable at any time. In particular, the Company reserves the right to vary the Closing Date without prior notice, which may have a consequential effect on the other dates. Applicants are therefore encouraged to lodge their Application Form as soon as possible after the Opening Date if they wish to invest in the Company.

INVESTMENT OVERVIEW

This Section is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. Investors should read and consider this Prospectus in its entirety before deciding whether to apply for Shares.

| Topic | Summary | Further Information |
|---|---|----------------------|
| A. Company Overview | | |
| Who is the issuer of this Prospectus? | Fraser Range Metals Group Limited (ASX code: FRN) (Company) is an Australian public company that has been listed on the Official List (previously under the names "AAQ Holdings Limited" and "Australis Aquaculture Limited") since 30 June 2004. On 6 February 2013, the Company changed its name from "AAQ Holdings Limited" to "Fraser Range Metals Group Limited". | Section 2.1 |
| What does the Company do? | Since 31 January 2013, the Company has been suspended from official quotation, pending re-compliance with Chapters 1 and 2 of the Listing Rules. The Company does not currently have a main undertaking. | Section 2.1 |
| What is the Company's strategy and business model? | <p>Following completion of the Acquisition, the Company will own the Tenements.</p> <p>Initially, the Company will conduct exploration programmes on the Tenements and seek to drive capital growth for Shareholders through achieving exploration success from its exploration programmes. Details of the initial proposed exploration programmes are set out in Section 2.4 and part 9 of the Independent Geologist's Report contained in Section 3. The Tenements will provide the Company with an opportunity to explore across an area that is considered prospective for both mafic-ultramafic related nickel - copper and gold deposits.</p> <p>The Company's longer term plan post-completion of the Acquisition and the Public Offer is to explore and exploit the Tenements with the aim of developing those assets into income generating assets of the Company through the mining and sale of minerals. In addition, the Company will investigate and assess opportunities to acquire additional mining tenements in the Fraser Range.</p> <p>The Company's business model is dependent on the achievement of technical and commercial success from its exploration programmes.</p> <p>If the Public Offer is not completed, the Directors will consider all available options, including winding up the Company.</p> | Sections 2.1 and 2.5 |
| What are the Company's Objectives | <p>The Company's main objectives on completion of the Public Offer and the Acquisition are:</p> <ul style="list-style-type: none"> in relation to the Tenements, to conduct the exploration programmes, as outlined in Section 2.4; and investigate, assess and, if appropriate, acquire additional mining tenements in the Fraser Range that are considered by the Board to add value to the Company. <p>The Directors are satisfied that on completion of the Public Offer, the Company will have sufficient funds to carry out its stated objectives.</p> | Section 2.5 |

| Topic | Summary | Further Information |
|--|--|----------------------|
| B. Acquisition | | |
| What is the Acquisition? | On 20 November 2015, the Company announced it had entered into a Deed of Variation to re-acquire the Tenements from Segue (Acquisition). | Sections 2.2 and 8.1 |
| What are the key terms of the Acquisition? | <p>The key terms of the Acquisition are as follows:</p> <ul style="list-style-type: none"> in consideration for a cash payment of \$15,000 (Acquisition Fee), Segue will agree to the cancellation of the transfer obligation under the Tenement Sale Agreement, so that the Company will be permitted to retain the Tenements, which it was obliged to transfer to Segue under the Tenement Sale Agreement; completion by the Company and Segue of their respective obligations under the Deed of Variation is subject to the Company obtaining all necessary Shareholder approvals; and notwithstanding the Company's obligation to obtain any necessary Shareholder approvals, the Company's obligation to pay the Acquisition Fee arises on the earlier of: <ul style="list-style-type: none"> the Company completing the Public Offer; and the Company being de-listed from the Official List. | Section 8.1 |
| What are the effects of the Acquisition on the Company? | <p>The Acquisition will result in a reduction of the Company's cash and cash equivalents by \$15,000.</p> <p>Together with the proceeds of the Public Offer, the Acquisition will assist the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules.</p> | Section 6 |
| C. The Tenements | | |
| What are the Tenements? | <p>The Tenements comprise exploration licences:</p> <ul style="list-style-type: none"> E28/2385 (11.76km²); E28/2390 (17.60km²); and E28/2392 (14.67km²), <p>located in the Fraser Range in Western Australia, approximately 215 kilometres east of Kalgoorlie.</p> | Section 2.3 |
| What is the proposed work programme in Relation to the Tenements? | <p>During the first year, it is proposed that geophysical surveys (airborne magnetic, gravity and electromagnetic) will be undertaken to generate nickel-copper targets for initial drill testing. Reconnaissance aircore drilling will also be undertaken as an initial test of the previously identified gold targets.</p> <p>The second year programmes will involve additional aircore drilling, reverse circulation and/or diamond drilling, supported by downhole geophysical surveys.</p> | Sections 2.4 and 3 |
| Is there an Independent Geologist's Report relating to the Tenements? | <p>The Company has engaged OMNI GeoX Pty Ltd to prepare an Independent Geologist's Report in relation to the Tenements. The Independent Geologist's Report provides information on:</p> <ul style="list-style-type: none"> the location of the Tenements; | Section 3 |

| Topic | Summary | Further Information |
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| | <ul style="list-style-type: none"> the geology and mineralisation of the Tenements and surrounding area; and the Company's exploration strategy and budget. | |
| Is there a Solicitor's Report on the Tenements? | <p>The Company has engaged DLA Piper Australia to prepare a Solicitor's Report on the Tenements. The Solicitor's Report on Tenements provides information on:</p> <ul style="list-style-type: none"> the Company's interests in the Tenements; an overview of relevant law; and the status of the tenements. | Section 4 |
| D. Summary of the Offers | | |
| What is the Public Offer and what are its key terms? | <p>The Company is offering up to 250,000,000 Shares at an issue price of \$0.02 per Share to raise up to \$5,000,000 (before costs). The Public Offer is subject to a Minimum Subscription of \$3,500,000.</p> <p>There will be no oversubscriptions in respect of the Public Offer.</p> | Sections 1.1, 1.3 and 1.5 |
| What is the Adviser Offer and what are its key terms? | <p>The Company is offering 25,000,000 Shares to the Advisers (or their nominees) in consideration for assistance with the Public Offer.</p> <p>The Adviser Offer may only be accepted by Advisers (or their nominees).</p> | Section 1.2 |
| What are the conditions of the Public Offer? | <p>Completion of the Public Offer is conditional on:</p> <ul style="list-style-type: none"> Shareholders approving the Acquisition Resolutions; the Company receiving conditional approval from ASX for re-quotation of the Shares on the Official List on terms which the Company reasonably considers are capable of satisfaction; and the Company achieving the Minimum Subscription. <p>If the above conditions are not satisfied, the Company will not proceed with the Public Offer and will return to Applicants all the Application Monies (without interest) in accordance with the provisions of the Corporations Act.</p> <p>If the Public Offer does not proceed, the Adviser Offer will not proceed.</p> | Section 1.5 |
| What is the purpose of the Public Offer? | <p>The purpose of the Public Offer is to:</p> <ul style="list-style-type: none"> assist the Company to meet the requirements of ASX and satisfy Chapters 1 and 2 of the Listing Rules; provide the Company with sufficient funding to carry out the exploration programmes on the Tenements as described in Section 2.4 and to assist it to achieve its objectives as stated above; provide the Company with working capital following completion of the Acquisition and the Offers; and satisfy the costs associated with the Offers. | Section 1.7 |

| Topic | Summary | Further Information |
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| What is the proposed use of funds raised pursuant to the Public Offer? | The Company intends to apply its existing cash reserves and the funds raised pursuant to the Public Offer as detailed in the table in Section 1.8. | Section 1.8 |
| What is the effect of the Offers on the capital structure of the Company? | <p>Assuming the Maximum Subscription is achieved under the Public Offer, the Shares issued under the Offers will represent approximately 89.69% of the enlarged issued share capital of the Company. If only the Minimum Subscription is achieved under the Public Offer, the Shares issued under the Offers will represent approximately 86.35% of the enlarged issued share capital of the Company, following completion of the Offers.</p> <p>Assuming the Maximum Subscription is achieved under the Public Offer, the Shares to be issued pursuant to the Public Offer will represent approximately 81.53% of the enlarged issued share capital of the Company, following completion of the Offers. If only the Minimum Subscription is achieved under the Public Offer, the Shares to be issued pursuant to the Public Offer will represent approximately 75.55% of the enlarged issued share capital of the Company, following completion of the Offers.</p> <p>Assuming the Maximum Subscription is achieved under the Public Offer, the Shares to be issued pursuant to the Adviser Offer will represent approximately 8.15% of the enlarged issued share capital of the Company, following completion of the Offers. If only the Minimum Subscription is achieved under the Public Offer, the Shares to be issued pursuant to the Adviser Offer will represent approximately 10.79% of the enlarged issued share capital of the Company, following completion of the Offers.</p> | Section 1.9 |
| Who are the Substantial Shareholders? | <p>Shareholders holding 5% or more of the Shares:</p> <ul style="list-style-type: none"> • as at the date of this Prospectus are: <ul style="list-style-type: none"> ○ N&J Mitchell Holdings Pty Ltd <ORD Street Properties A/C> (3,078,733 Shares or 9.73%); ○ Getmeoutofhere Pty Ltd <Sinking Ship Super Fund A/C> (3,000,000 Shares or 9.49%), which is an entity controlled by Proposed Director, Mr Glenn Whiddon; and ○ Ms Jane Whiddon (2,219,764 Shares or 7.02%) held through MIMO Strategies Pty Ltd, 6466 Investments Pty Ltd and Nautical Holdings WA Pty Ltd; and • following completion of the Offers: <ul style="list-style-type: none"> ○ Mr Glenn Whiddon (up to 35,500,000 Shares or up to 11.58%), assuming the Maximum Subscription is achieved under the Public Offer. If only the Minimum Subscription is achieved under the Public Offer, Mr Whiddon (and entities controlled by him) will hold up to 15.33% of the Shares. <p>The above figures for Mr Whiddon, following completion of the Offers, are dependent on the following:</p> <ul style="list-style-type: none"> ○ Shareholders approving Mr Whiddon's (or his nominees') participation in the Public Offer at the | Section 1.11 |

| Topic | Summary | Further Information |
|--|--|-----------------------|
| | <p>General Meeting;</p> <ul style="list-style-type: none"> the uptake by the general public of Shares under the Public Offer. As at the date of this Prospectus, Mr Whiddon has advised the Company that if the Maximum Subscription under the Public Offer is achieved as a result of Applications from the general public, it is less likely that he will subscribe for up to 25,000,000 Shares under the Public Offer; and the exercise by the Directors of their discretion in relation to the allocation policy for the Public Offer. At the date of this Prospectus, the Directors are of the view that, if the Maximum Subscription under the Public Offer is achieved as a result of Applications from the general public, they are less likely to allocate 25,000,000 Shares under the Public Offer to Mr Whiddon or his nominees, if Mr Whiddon (or his nominees) were to subscribe for that amount. | |
| Is the Public Offer underwritten? | The Public Offer is not underwritten. | Section 1.19 |
| Who is the Lead Manager to the Public Offer? | Cicero Advisory will be the Lead Manager to the Public Offer. | Sections 1.20 and 8.4 |
| What are the terms of the Shares offered pursuant to this Prospectus? | A summary of the rights and liabilities attached to the Shares offered pursuant to this Prospectus is detailed in Section 9.1. | Section 9.1 |
| E. Re-compliance with Chapters 1 and 2 | | |
| What approvals are being sought at the General Meeting? | <p>At the General Meeting, to be held on 20 January 2016, the Company will seek Shareholder approval for:</p> <ul style="list-style-type: none"> the change in nature and scale of the activities of the Company as a result of the Acquisition and the Offers; the issue of the Shares under the Public Offer; the participation by Proposed Director, Mr Glenn Whiddon in the Public Offer; the issue of the Adviser Shares; the issue of Adviser Shares to Proposed Director, Mr Glenn Whiddon; the appointment of Messrs Ian Prentice, Josh Puckridge and Glenn Whiddon as Directors; and the election of Miss Loren Jones as a Director. | Section 1.4 |
| Why does the Company need to re-comply with Chapters 1 and 2? | At the General Meeting, the Company will seek Shareholder approval for, among other things, a change in the nature and scale of the Company's activities as a result of the Acquisition and the Offers. To give effect to these changes, ASX requires the Company to re-comply with Chapters 1 and 2 of the Listing Rules. This Prospectus is issued to assist the Company to re-comply with these requirements. | Section 1.4 |

| Topic | Summary | Further Information |
|-------|---|---------------------|
| | <p>The Company will be suspended from trading from the time of the General Meeting and will not be reinstated until the Company has satisfied the Conditions of the Offers, including re-compliance with Chapters 1 and 2 of the Listing Rules.</p> <p>There is a risk that the Company may not be able to meet the requirements of re-quotation on the ASX. If the Conditions of the Offers are not satisfied, or the Company does not receive conditional approval for re-quotation on ASX on terms which the Company reasonably believes are capable of satisfaction, then the Company will not proceed with the Public Offer and will repay all Application Monies received (without interest).</p> | |

F. Financial Information

| | | |
|---|--|--------------|
| What is the Company's financial performance? | <p>Based on the reviewed pro-forma consolidated statement of financial position of the Company as at 30 June 2015, as result of the Acquisition and the Public Offer, the Company will have:</p> <ul style="list-style-type: none"> total assets of approximately \$3.18 million (Minimum Subscription) or approximately \$4.57 million (Maximum Subscription); total liabilities of approximately \$22,000 (under both the Minimum Subscription and Maximum Subscription scenarios); and net assets of approximately \$3.16 million (Minimum Subscription) or approximately \$4.55 million (Maximum Subscription). <p>Based on the reviewed pro-forma consolidated statement of financial position of the Company as at 30 June 2015, following completion of the Acquisition and the Offers, and after taking into account the costs of the Acquisition and the Offers, the Company will have cash and cash equivalents of approximately \$3.16 million (Minimum Subscription) or approximately \$4.55 million (Maximum Subscription).</p> <p>The information in respect of the historical performance of the Company should not be regarded as an indication of the future performance of the Company. Prospective investors should be aware that there is no certainty that the future performance of the Company will be similar to the historical performance of the Company.</p> <p>Relevant financial information in respect of the Company, including a pro-forma Statement of Financial Position detailing the effect of the Acquisition and the Offers, is set out in Section 6.</p> <p>Section 6 also contains condensed consolidated Statements of Profit and Loss and Other Comprehensive Income for the financial years ended 30 June 2015, 2014 and 2013.</p> | Section 6 |
| What is the Company's dividend policy? | <p>The Company does not intend to declare or pay any dividends in the immediately foreseeable future. The extent, timing and payment of any dividends declared or payable in the future will be determined by the Directors, based on a number of factors, including future earnings and the Company's financial position.</p> | Section 1.21 |

| Topic | Summary | Further Information |
|--|---|---------------------|
| G. Key Risks | | |
| What are the key risks of investing in the Company? | <p>Some of the key risks of investing in the Company are detailed below. The list of risks is not exhaustive and further details of these risks and other risks associated with an investment in the Company are detailed in Section 7.</p> <p>In undertaking its business activities, the Company will be exposed to risks, which include, but are not limited to:</p> <ul style="list-style-type: none"> Offers Conditional: As part of the Company's Change in Activities, ASX will require the Company to re-comply with Chapters 1 and 2 of the Listing Rules. The Prospectus is being issued to assist the Company to re-comply with these requirements. The Shares will be suspended on the morning of the day of the Meeting. It is anticipated that the Shares will remain suspended until completion of the Public Offer, completion of the Acquisition, re-compliance by the Company with Chapters 1 and 2 of the Listing Rules and compliance with any further conditions ASX imposes on such reinstatement. There is a risk that the Company will not be able to satisfy one or more of those requirements and that the Shares will consequently remain suspended from quotation. <p>If the conditions referred to in Section 1.5 are not satisfied or the Company does not receive conditional approval for re-quotation on ASX, the Company will not proceed with the Public Offer and will repay all Applications Monies received. If the Public Offer does not proceed, the Adviser Offer will not proceed;</p> Exploration risk: Despite the best efforts of the Company, there is no guarantee of exploration success, and even if the Company achieves exploration success, there is no guarantee that development of any identified mineral deposit will be economically viable; Dilution risk: The Offers will result in the issue of a large number of Shares. This means that each Share on issue at the date of this Prospectus will represent a significantly lower proportion of ownership in the Company. Upon completion of the Offers, and assuming the Maximum Subscription is achieved under the Public Offer, the existing Shares on issue will represent approximately 10.31% of the Company's enlarged share capital following completion of the Offers; No full-time Directors or management: Following the completion of the Offers, the Company will not have any full-time Directors or management staff. The Board is aware of the need to have competent management to supervise properly exploration and (if successful) the development of the projects in which the Company has, or will in the future have, an interest. It is proposed that Mr Josh Puckridge will perform the role of Executive Chairman on a part-time basis and will take on the responsibilities of the Company's mineral exploration activities. Mr Puckridge intends to appoint reputable consultants to manage relevant aspects of these exploration activities. <p>There is a risk that the Company may not be able to secure</p> | Section 7 |

| Topic | Summary | Further Information |
|--|---|-----------------------|
| | <p>personnel with the relevant experience at the appropriate time which may adversely affect the Company's ability to complete all of its preferred exploration programmes within its preferred timetable; and</p> <ul style="list-style-type: none"> • Economic conditions: The value of Shares is affected by a number of general economic factors which are beyond the control of the Company and the Directors. Factors such as inflation, currency movements, interest rates, supply and demand and industrial disruption have the ability to affect operating costs, commodity prices, local and international economic conditions and general investor sentiment. In turn, these factors may affect the price of Shares. | |
| H. Directors and Related Party Interests and Arrangements | | |
| Who are the directors of the Company? | <p>The Directors (as at the date of this Prospectus) are:</p> <ul style="list-style-type: none"> • Mr Nicholas Bishop – Non-Executive Director; • Miss Loren Jones – Non-Executive Director; and • Mr Nicholas Ong – Non-Executive Director. <p>On completion of the Offers, Messrs Bishop and Ong will resign as Directors. Miss Jones will continue to act as a Non-Executive Director.</p> <p>Refer to Section 5.1 for details of the Directors' qualifications and experience.</p> | Section 5.1 |
| Who are the Proposed Directors and Key Management? | <p>The Proposed Directors are:</p> <ul style="list-style-type: none"> • Mr Josh Puckridge – Executive Chairman; • Miss Loren Jones – Non-Executive Director; • Mr Ian Prentice – Non-Executive Director; and • Mr Glenn Whiddon – Non-Executive Director. <p>From completion of the Offers, Mr Puckridge will perform the roles associated with day to day management of the Company.</p> <p>Refer to Section 5.2 for details of the Proposed Directors' qualifications and experience.</p> | Section 5.2 |
| What interests do the Directors and Proposed Directors have in securities and the Offers? | <p>The interests of the Directors and Proposed Directors, including details of their remuneration and the Shares held by them are detailed in Sections 10.1 to 10.3.</p> | Sections 10.1 to 10.3 |
| I. Applications and Other Information | | |
| How can I apply for Shares under the Public Offer? | <p>You may apply for Shares offered pursuant to the Public Offer by completing a Public Offer Application Form attached to, or accompanying, this Prospectus.</p> <p>Applications for Shares under the Public Offer must be for a minimum of \$2,000 (100,000 Shares) and thereafter in multiples of \$500 (25,000 Shares) and payment for all the Shares must be made in full at the issue price of \$0.02 per Share.</p> <p>To the extent permitted by law, a completed Public Offer</p> | Section 1.13(a) |

| Topic | Summary | Further Information |
|--|--|-----------------------|
| | Application Form, lodged together with a cheque for the Application Monies, constitutes a binding and irrevocable offer to subscribe for the number of Shares specified on the Public Offer Application Form. | |
| How to apply for Shares under the Adviser Offer? | Applications for Shares under the Adviser Offer may only be made by the Advisers (or their nominees). A personalised Adviser Offer Application Form will be issued to each Adviser, together with a copy of the Prospectus. | Section 1.13(b) |
| What is the allocation policy? | The allotment of Shares under the Public Offer will be determined by the Directors, in conjunction with the Lead Manager. The Directors reserve the right to issue Shares in full for any Application or any lesser number or to decline any Application. Any decision on allocation will be made after the Public Offer has closed. | Section 1.14 |
| Is there any brokerage, commission or stamp duty payable by Applicants? | No brokerage, commission or stamp duty is payable by Applicants on subscription or issue of Shares pursuant to the Offers. | Section 1.13 |
| What are the tax implications of investing in the Company? | The tax consequences of any investment in Shares will depend on your personal circumstances. You should obtain your own tax advice before deciding to invest in the Company. | Section 1.24 |
| Will any Shares be subject to escrow | The Company anticipates that the Adviser Shares will be escrowed for a period of 24 months from date on which the Shares are reinstated to official quotation on ASX. The Shares issued pursuant to the Public Offer will not be subject to escrow restrictions. Refer to Section 1.12 for further details of Restricted Securities and escrow arrangements. | Section 1.12 |
| Can the Offers be withdrawn? | The Public Offer will not proceed unless: <ul style="list-style-type: none"> • Shareholders pass the Acquisition Resolutions; • the Company receives conditional approval for re-quotation of the Shares on the Official List on terms which the Company reasonably believes are capable of satisfaction; and • the Minimum Subscription is achieved. The Directors may at any time decide to withdraw this Prospectus and the Public Offer in which case the Company will return all Application Monies (without interest) in accordance with the provisions of the Corporations Act. If the Public Offer does not proceed, the Adviser Offer will not proceed. | Sections 1.5 and 1.18 |
| How can I obtain further information? | Further information can be obtained by reading this Prospectus in its entirety and consulting your professional advisers. You can also contact the Company Secretary, Miss Loren Jones, on +61 8 6489 1600. | Section 1.25 |

1. Details of Offers

1.1 The Public Offer

This Prospectus invites investors to apply for up to 250,000,000 Shares at an issue price of \$0.02 each to raise up to \$5,000,000 (before costs) (**Public Offer**).

The Shares offered under this Prospectus are of the same class and will rank equally in all respects with the existing Shares. Refer to Section 9.1 for details of the rights and liabilities attaching to Shares.

Refer to Section 1.13(a) for details on how to apply for Shares under the Public Offer.

1.2 The Adviser Offer

This Prospectus also includes an offer of 25,000,000 Shares to the Advisers (or their nominees) in consideration for their assistance with the Public Offer (**Adviser Offer**). The Shares being issued to the Advisers, pursuant to the Adviser Offer, are being issued at a deemed issue price of \$0.001 per Share.

The Shares offered pursuant to the Adviser Offer are of the same class and will rank equally in all respects with the existing Shares. Refer to Section 9.1 for details of the rights and liabilities attaching to Shares.

Refer to Section 1.13(b) for details of how to apply for Shares under the Adviser Offer.

1.3 Minimum Subscription

The Public Offer is subject to a minimum subscription of \$3,500,000 (being 175,000,000 Shares) (**Minimum Subscription**). If the Minimum Subscription has not been raised within four months from the date of this Prospectus, the Company will not issue any Shares under the Public Offer and will repay all Application Monies (without interest) for the Shares within the time prescribed under the Corporations Act.

1.4 Re-compliance with the Listing Rules

At the general meeting of Shareholders to be held 20 January 2016 (**General Meeting**), the Company will seek Shareholder approval for:

- (a) a change in the nature and scale of the Company's activities as a result of the Acquisition and the Public Offer (**Change of Activities**);
- (b) the issue of the Shares under the Public Offer;
- (c) the participation by Proposed Director, Mr Glenn Whiddon, in the Public Offer;
- (d) the issue of the Adviser Shares;
- (e) the issue of Adviser Shares to Proposed Director, Mr Glenn Whiddon;
- (f) the appointment of Messrs Ian Prentice, Josh Puckridge and Glenn Whiddon as Directors; and
- (g) the election of Miss Loren Jones as a Director.

To give effect to the Change of Activities, ASX requires the Company to re-comply with Chapters 1 and 2 of the Listing Rules. This Prospectus is issued to assist the Company to re-comply with these requirements.

The Company will be suspended from trading from the time of the General Meeting and will not be reinstated until the Company has satisfied the conditions of the Offers (refer to Section 1.5), including re-compliance with Chapters 1 and 2 of the Listing Rules.

There is a risk that the Company may not be able to meet the requirements for re-quotation on the ASX. If the Conditions to the Offers are not satisfied or the Company does not receive conditional approval for re-quotation on ASX on terms which the Company reasonably believes are capable of satisfaction, then the Company will not proceed with the Public Offer and will repay Application Monies received (without interest). If the Company does not proceed with the Public Offer, it will not proceed with the Adviser Offer.

The Company will apply to ASX no later than seven days from the date of this Prospectus for Official Quotation of the Shares issued pursuant to this Prospectus. If the Shares are not admitted to quotation within three months after the date of this Prospectus, no Shares will be issued and Application Monies will be refunded in full without interest in accordance with the Corporations Act.

Neither ASX nor ASIC take responsibility for the contents of this Prospectus. The fact that ASX may grant Official Quotation to the Shares issued pursuant to this Prospectus is not taken in any way as an indication by ASX as to the merits of the Company or the Shares.

1.5 Conditional Offers

Completion of the Public Offer is conditional on:

- (a) Shareholders approving:
 - (i) the change in nature and scale of the activities of the Company as a result of the Acquisition and the Offers (refer to Section 1.4);
 - (ii) the issue of Shares under the Public Offer;
 - (iii) the participation by Proposed Director, Mr Glenn Whiddon, in the Public Offer;
 - (iv) the issue of the Adviser Shares;
 - (v) the issue of Adviser Shares to Proposed Director, Mr Glenn Whiddon; and
 - (vi) the appointment of Messrs Ian Prentice, Josh Puckridge and Glenn Whiddon as Directors,(together, the **Acquisition Resolutions**);
- (b) the Company receiving conditional approval for re-quotation of the Shares on the Official List on terms which the Company reasonably considers are capable of satisfaction; and
- (c) the Company achieving the Minimum Subscription (refer to Section 1.3).

If the above conditions are not satisfied, the Company will not proceed with the Public Offer and will return to Applicants all the Application Monies (without interest) in accordance with the provisions of the Corporations Act.

If the Public Offer does not proceed, the Adviser Offer will not proceed.

1.6 Oversubscription

There will be no oversubscriptions in respect of the Public Offer.

1.7 Purpose of the Public Offer

The purpose of the Public Offer is to:

- (a) assist the Company to meet the requirements of ASX and satisfy Chapters 1 and 2 of the Listing Rules; and
- (b) provide the Company with sufficient funding to:
 - (i) carry out the exploration programmes on the Tenements as described in Section 2.4;
 - (ii) assist it to achieve the objectives detailed in Section 2.5;
 - (iii) satisfy the working capital requirements and business development costs of the Company, following completion of the Acquisition and the Offers; and
 - (iv) meet the costs of the Offers.

1.8 Use of Funds

As at 31 December 2015, the Company had cash reserves of approximately \$91,014.

The Company intends to apply the funds raised from the Public Offer, together with the Company's cash reserves, over the 24 months following reinstatement to quotation of the Shares as set out in the table below. The table below illustrates the intended use of funds based on the following scenarios:

- (a) the Minimum Subscription that may be raised under the Public Offer; and
- (b) the Maximum Subscription that may be raised under the Public Offer.

| Funds Available | Minimum Subscription (\$3,500,000) | Percentage of Funds (%) | Maximum Subscription (\$5,000,000) | Percentage of Funds (%) |
|--|------------------------------------|-------------------------|------------------------------------|-------------------------|
| Existing cash reserves of the Company ¹ | \$91,014 | 2.53% | \$91,014 | 1.79% |
| Proceeds from the Public Offer | \$3,500,000 | 97.47% | \$5,000,000 | 98.21% |
| TOTAL | \$3,591,014 | 100.00% | \$5,091,014 | 100.00% |

| Allocation of Funds | Minimum Subscription (\$3,500,000) | Percentage of Funds (%) | Maximum Subscription (\$5,000,000) | Percentage of Funds (%) |
|---|------------------------------------|-------------------------|------------------------------------|-------------------------|
| Working Capital, General Administration Costs and Business Development ² | \$1,351,014 | 37.62% | \$2,141,014 | 42.05% |
| Estimated Exploration budget for 2016 and 2017 ³ | \$1,750,000 | 48.73% | \$2,350,000 | 46.16% |
| Estimated Cost of the Offers ⁴ | \$490,000 | 13.65% | \$600,000 | 11.79% |
| TOTAL | \$3,591,014 | 100.00% | \$5,091,014 | 100.00% |

Notes:

1. These funds represent existing cash held by the Company at 31 December 2015. The Company could incur costs within the ordinary course of its business that may diminish this amount before completion of the Acquisition and the Offers.
2. Working capital and corporate administration costs include the general costs associated with the management and operation of the business including administration expenses, management salaries, directors' fees, rent and other associated costs. It is estimated that, over the two-year period, no more than \$200,000 per year would be spent on the development of the business including the assessment and application for new tenements in the region, the assessment of potential new geological staff and/or executives, the attendance of relevant trade or industry conferences and any other activity related to the progression of the Company as a mineral exploration company.
3. Please refer to Section 3, the Independent Geologist's Report, for a breakdown of the estimated exploration budget for 2016 and 2017.
4. Refer to the table in Section 10.6 for the itemised expenses associated with the Offers.

The above is a statement of current intention as at the date of this Prospectus. Investors should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational activities, regulatory developments and market and general economic conditions. In light of this, the Board reserves the right to alter the way the funds are applied.

The Board believes that its current cash reserves and the funds raised from the Public Offer will provide the Company with sufficient working capital to achieve the Company's objectives as set out in this Prospectus.

The above estimated expenditures will be subject to modification on an ongoing basis, depending on the results obtained from the Company's activities. Due to market conditions, the development of new opportunities or any number of other factors (including the risk factors outlined in Section 7), actual expenditure levels may differ significantly to the above estimates.

1.9 Capital Structure

Following completion of the Offers and the Acquisition, the Company's capital structure will be as follows:

| | Number of Shares Minimum Subscription | Number of Shares Maximum Subscription |
|---|---------------------------------------|---------------------------------------|
| Shares on issue as at the date of this Prospectus | 31,625,441 | 31,625,441 |
| Issue of Shares pursuant to the Adviser Offer | 25,000,000 | 25,000,000 |
| Issue of Shares pursuant to the Public Offer | 175,000,000 | 250,000,000 |
| TOTAL^{1,2} | 231,625,441 | 306,625,441 |

Notes:

1. At the date of this Prospectus, there are no securities on issue in the Company other than Shares.
2. Following completion of the Offers and the Acquisition, the Company will not have any securities on issue other than Shares.

1.10 Effect on Control

The effect of the Offers on the control of the Company depends upon the take-up of the Shares issued pursuant to the Public Offer.

The Directors will allocate Shares so that the issue of Shares pursuant to this Prospectus will not result in any Shareholder or Applicant increasing its voting power in the Company:

- from 20% or below to more than 20%; or
- from a starting point that is above 20% and below 90%.

1.11 Substantial Shareholders

As at the date of this Prospectus, Shareholders holding a relevant interest in 5% or more of the Shares on issue are as follows:

| Name | Number of Shares | Percentage of Shares |
|---|------------------|----------------------|
| N&J Mitchell Holdings Pty Ltd <ORD Street Properties A/C> ¹ | 3,078,733 | 9.73% |
| Getmeoutofhere Pty Ltd <Sinking Ship Super Fund A/C> ² | 3,000,000 | 9.49% |
| Ms Jane Whiddon | 2,219,764 | 7.02% |

Notes:

1. Based on information lodged with ASX on 29 October 2015, this Shareholder also holds an interest in approximately 10.11% of the issued Shares of Segue.
2. An entity controlled by Proposed Director, Mr Glenn Whiddon.
3. The Shares are held through MIMO Strategies Pty Ltd <MIMO Trust A/C> (172,444 Shares), 6466 Investments Pty Ltd (592,774 Shares) and Nautical Holdings WA Pty Ltd <Abandon Ship Super Fund A/C> (1,454,546 Shares).

Based on the information known at the date of this Prospectus, upon completion of the Offers and the Acquisition, the following persons will have a relevant interest in 5% or more of the Shares on issue under the following scenarios:

- only the Minimum Subscription is achieved under the Public Offer

| Name | Number of Shares | Percentage of Shares |
|-------------------------------|------------------|----------------------|
| Mr Glenn Whiddon ¹ | 35,500,000 | 15.33% |

Notes:

1. Comprising 3,000,000 Shares held by Getmeoutofhere Pty Ltd <Sinking Ship Super Fund A/C>, an entity controlled by Mr Whiddon; 7,500,000 Adviser Shares to be issued to Mr Glenn Whiddon; and up to 25,000,000 Shares to be subscribed under the Public Offer by Mr Whiddon or entities associated with, or controlled by, Mr Whiddon.

- the Maximum Subscription is achieved under the Public Offer

| Name | Number of Shares | Percentage of Shares |
|-------------------------------|------------------|----------------------|
| Mr Glenn Whiddon ¹ | 35,000,000 | 11.58% |

Notes:

1. Comprising 3,000,000 Shares held by Getmeoutofhere Pty Ltd <Sinking Ship Super Fund A/C>, an entity controlled by Mr Whiddon; 7,500,000 Adviser Shares to be issued to Mr Whiddon; and up to 25,000,000 Shares to be subscribed under the Public Offer by Mr Whiddon or entities associated with, or controlled by, Mr Whiddon.

The above Shareholdings for Mr Glenn Whiddon in sections 1.11(a) and 1.11(b) are maximum numbers. The number of Shares Mr Whiddon (or entities associated with, or controlled by, him) will hold following completion of the Offers and the Acquisition is dependent on the following:

- (i) Shareholders approving Mr Whiddon's (or his nominee's) participation in the Public Offer at the General Meeting;
- (ii) the uptake by the general public of Shares under the Public Offer. As at the date of this Prospectus, Mr Whiddon has advised the Company that if the Maximum Subscription under the Public Offer is achieved as a result of Applications from the general public, it is less likely that he will subscribe for up to 25,000,000 Shares under the Public Offer; and
- (iii) the exercise by the Directors of their discretion in relation to the allocation policy for the Public Offer. At the date of this Prospectus, the Directors are of the view that, if the Maximum Subscription under the Public Offer is achieved as a result of Applications from the general public, they are less likely to allocate 25,000,000 Shares under the Public Offer to Mr Whiddon or his nominees, if Mr Whiddon (or his nominees) were to subscribe for that amount.

1.12 Restricted Securities

None of the existing Shares are currently Restricted Securities or subject to escrow restrictions imposed by ASX.

Subject to the Company re-complying with Chapters 1 and 2 of the Listing Rules, the Company anticipates that the Adviser Shares will be treated as Restricted Securities and be escrowed for a period of 24 months from the date on which the Shares are reinstated to quotation on ASX.

None of the Shares issued pursuant to the Public Offer will be subject to escrow restrictions.

Prior to the Shares being re-instated to trading on ASX, the Company will enter into Restriction Agreements with the recipients of the Restricted Securities in accordance with Chapter 9 of the Listing Rules.

1.13 How to Apply

(a) Public Offer

If you wish to apply for Shares under the Public Offer, complete the Public Offer Application Form attached to, or accompanying, this Prospectus. Alternatively, complete a paper copy of the electronic Public Offer Application Form which accompanies the electronic version of this Prospectus which can be found and downloaded from www.frmets.com.au. Completed Public Offer Application Forms should be returned to and received by the Company, together with the Application Monies in full, prior to 5:00pm (WST) on the Closing Date.

Applications must be for a minimum of \$2,000 (100,000 Shares) and thereafter in multiples of \$500 (25,000 Shares) and payment for all the Shares must be made in full at the issue price of \$0.02 per Share.

No brokerage, commission or stamp duty is payable by Applicants on subscription or issue of Shares pursuant to the Public Offer.

Refer to the instructions on the back of the Public Offer Application Form when completing your Application. Cheques must be made payable to "**Fraser Range Metals Group Limited**" and crossed "**Not Negotiable**". All cheques must be in Australian dollars.

An original completed and lodged Public Offer Application Form, together with a cheque for the Application Monies, constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Public Offer Application Form. The Public Offer Application Form does not have to be signed to be a valid Application. An Application will be deemed to have been accepted by the Company upon allotment of the Shares.

The Directors reserve the right to close the Public Offer early without prior notice. Applicants are therefore encouraged to submit their Public Offer Application Forms as early as possible. However, the Company reserves the right to extend the Public Offer or accept late Applications.

(b) **The Adviser Offer**

The Adviser Offer is an offer to the Advisers (or their nominees) only.

Only the Advisers (or their respective nominees) may apply for the Adviser Shares under the Adviser Offer by completing the Adviser Offer Application Form attached to, or accompanying, this Prospectus. The Company will provide a personalised Adviser Offer Application Form to each Adviser.

No brokerage, commission or stamp duty is payable by the Advisers (or their respective nominees) on subscription or issue of the Adviser Shares pursuant to the Adviser Offer.

The completed Adviser Offer Application Form should be returned to the Company prior to 5:00pm (WST) on the Closing Date.

1.14 Issue and Allocation of Shares

The Directors will determine the allocation of Shares under the Public Offer in consultation with the Lead Manager. The Directors, in conjunction with the Lead Manager, reserve the right to issue Shares in full for any Application or to issue any lesser number or to decline any Application provided that no Shareholder or Applicant increases its voting power in the Company:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point that is above 20% and below 90%.

Where the number of Shares issued is less than the number applied for, or where no Issue is made, the surplus Application Monies (without interest) will be returned by cheque to the Applicant in accordance with the Corporations Act. Any decision on allocation will be made after the Public Offer has closed.

Subject to the conditions of the Offers being satisfied (refer to Section 1.5), Shares issued pursuant to the Offers will be issued as soon as practicable following the satisfaction of the conditions of the Offers.

It is the Applicants' responsibility to determine their allocation prior to trading in Shares. Applicants who sell their Shares before they receive their holding statement will do so at their own risk.

1.15 Application Monies held in Trust

Pending the issue of the Shares (or refund of Application Monies), pursuant to this Prospectus, all Application Monies will be held by the Company on trust, on behalf of Applicants, in a separate bank account maintained solely for the purpose of depositing Application Monies.

The Company will be entitled to retain all interest that accrues on the Application Monies and each Applicant waives the right to claim any part of such interest.

1.16 CHESS

The Company participates in the Clearing House Electronic Subregister System (**CHESS**). ASX Settlement Pty Limited, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Electronic sub-registers means that the Company will not issue certificates to investors. Instead, investors will be provided with holding statements (similar to a bank account statement) that set out the number of Shares issued to them under this Prospectus. The holding statements will also advise holders of their Holder Identification Number (if the holder is broker sponsored) or Security Holder Reference Number (if the holder is issuer sponsored) and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship. Electronic sub-registers also mean ownership of Shares can be transferred without having to rely on paper documentation.

Further, monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month. Security holders may request a holding statement at any other time. However there may be a charge for such additional statements.

1.17 ASX Waivers

Listing Rule 2.1 Condition 2 provides that the issue price or sale price of all securities for which an entity seeks quotation (except options) must be at least \$0.20. ASX has granted the Company a waiver from Listing Rule 2.1 Condition 2 to the extent necessary not to require the issue price of the Shares proposed to be issued pursuant to the Public Offer to be at least \$0.20, on the condition that the issue price is not less than \$0.02 each and Shareholders approve the issue price.

Listing Rule 10.13.3 provides that where an entity proposes to issue securities to a Related Party, in accordance with Listing Rule 10.11, the entity must issue the securities within one month of the date of the meeting at which shareholder approval was obtained for the purposes of Listing Rule 10.11. At the General Meeting, the Company will seek Shareholder approval pursuant to Listing Rule 10.11 to enable Proposed Director, Mr Glenn Whiddon, to participate in the Public Offer and to be issued Adviser Shares under the Adviser Offer. ASX has granted the Company a waiver from Listing Rule 10.13.3 to

the extent necessary to enable the Company to issue Shares to Mr Whiddon (or his nominee), pursuant to the Public Offer and the Adviser Offer on a date which is later than one month after the date of the General Meeting.

1.18 Withdrawal

The Directors may at any time decide to withdraw this Prospectus and the Public Offer, in which case, the Company will return all Application Monies (without interest) in accordance with the provisions of the Corporations Act.

1.19 Underwriting

The Public Offer is not underwritten.

1.20 Lead Manager

The Company has appointed Cicero Advisory as the lead manager to the Public Offer on the terms and conditions detailed in the Lead Manager Mandate. Refer to Section 8.4 for further details on the Lead Manager Mandate.

1.21 Dividend Policy

The Company does not intend to declare or pay any dividends in the immediately foreseeable future.

Any future determination as to the payment of dividends by the Company will be at the sole discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

1.22 Overseas Investors

No action has been taken to register or qualify the Shares, or the Offers, or otherwise to permit the public offering of Shares, in any jurisdiction outside Australia.

The distribution of this Prospectus outside Australia may be restricted by law and persons into whose possession this Prospectus comes should observe all applicable restrictions. Any failure to comply with these restrictions may constitute a violation of those laws.

This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

It is the responsibility of any overseas Applicant to ensure compliance with all laws of any country relevant to its Application. The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty that there has been no breach of such laws and that all necessary approvals and consents have been obtained.

1.23 Risks

As with any securities investment, there are risks associated with investing in the Company. Key risk factors that could affect the financial and market performance of the Company are detailed in Section 7. The Shares offered under this Prospectus should be considered speculative. Before deciding to invest in the Company, investors should read

this Prospectus in its entirety and should consider all factors in light of their personal circumstances and seek appropriate professional advice.

1.24 Taxation

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them in relation to the Offers, by consulting their own professional tax advisers. Neither the Company nor any of its Directors or officers accepts any liability or responsibility in respect of the taxation matters referred to above.

1.25 Enquiries in relation to the Offers

This Prospectus provides information for prospective investors in the Company, and should be read in its entirety. If, after reading this Prospectus, you have any questions about any aspect of an investment in the Company, please contact your stockbroker, accountant or independent financial adviser. Any investment in the Company under this Prospectus should be considered speculative.

Questions relating to the Offers can be directed to the Company Secretary on +61 8 6489 1600.

2. Company and Tenement Overview

2.1 Company Background

The Company (formerly known as "Australis Aquaculture Limited" and "AAQ Holdings Limited") was admitted to the official list of ASX on 30 July 2004.

On 20 September 2012, the Company announced that it has entered into binding term sheets to acquire the Plumridge Project in Western Australia from Plumridge Gold Pty Ltd and the Fraser Range Project from Fraser Range Resources Pty Ltd.

On 31 January 2013, the Company was suspended from official quotation, pending re-compliance with Chapters 1 and 2 of the Listing Rules, in connection with its proposed acquisition of the Plumridge Project and Fraser Range Project.

On 6 February 2013, the Company changed its name from AAQ Holdings Limited to Fraser Range Metals Group Limited (ASX: FRN), in anticipation of completion of the acquisition of Fraser Range Project and Plumridge Project.

On 21 June 2013, the Company announced that its proposed acquisition of the Plumridge Project and the Fraser Range Project was not proceeding due to the Company's inability raise sufficient capital, at the time, to satisfy certain conditions to the acquisition of those projects and to satisfy the requirements of Chapters 1 and 2 of the Listing Rules.

Consequently, the Company has remained suspended since 31 January 2013, pending re-compliance with Chapters 1 and 2 of the Listing Rules. The Company does not currently have a main undertaking.

2.2 Background to the Acquisition

On 26 March 2014, the Company entered into a tenement rights sale agreement with Segue, pursuant to which the Company agreed to sell Segue the following applications for exploration licences: E28/2384, E28/2385, E28/2386, E28/2387, E28/2388, E28/2389, E28/2390, E28/2391, E28/2392 and E28/2393 (**Tenement Sale Agreement**).

Completion of the Tenement Sale Agreement occurred on or about 28 April 2014. However, formal registration of the transfer of tenements E28/2385, E28/2390 and E28/2392 (**Tenements**) from the Company to Segue was never completed.

On 20 November 2015, the Company and Segue entered into the Deed of Variation, pursuant to which the Company agreed to re-acquire the Tenements from Segue.

For a full summary of the terms of the Deed of Variation, refer to Section 8.1.

2.3 The Tenements

The Tenements comprise:

- (a) E28/2385 (11.76km²);
- (b) E28/2390 (17.60km²); and
- (c) E28/2392 (14.67km²),

totalling approximately 44.03km².

The Tenements are located approximately 215 kilometres east of Kalgoorlie in Western Australia, and can be accessed via the Trans Australian Railway Access Road (**Transline**). The Transline is a well maintained gravel road with excellent access, except during heavy rain events. The Tenements are accessed south from the Transline by secondary access tracks. Kalgoorlie is a well-established transport and support hub.

The Tenements are located on vacant crown land (no pastoral leases) and are subject to a partially determined Native Title Claim Application (Ngadju WC1999/002). The *Heritage of Western Australia Act (1990)* also applies in all cases.

The Tenements are located on a major tectonic “suture” between the Eastern Biranup Zone and the Fraser Complex in the central part of the Albany-Fraser Orogen. In particular, the Tenements are located on the western edge of the major Fraser Range Gravity High which is interpreted to be a major domain boundary between the Fraser Range Complex and the Eastern Biranup Zone.

It is also worth noting that the Tenements are positioned within a major north west to south east trending linear structural corridor that creates a distinct break in the Fraser Range Gravity High and is also manifested within the rocks of the Yilgarn Craton. A similar corridor is recognised at the Nova nickel-copper sulphide discovery to the south.

The Albany-Fraser Orogen is an arcuate belt of rocks, extending along the southern and south-eastern margin of the Yilgarn Craton, which is part of the West Australian Craton. It is characterised by high-grade mafic and felsic gneiss together with granite produced in the collision of the Yilgarn and the East Antarctic Cratons between 1345 and 1100 Ma.

For further information on the Tenements, including a technical review of the Tenements, a summary of historical exploration and an overview of intended exploration, refer to the Independent Geologist's Report in Section 3.

2.4 Proposed Exploration Programmes in relation to the Tenements

During the first year, it is proposed that geophysical surveys (airborne magnetic, gravity and electromagnetic) will be undertaken to generate nickel-copper targets for initial drill testing. Reconnaissance aircore drilling will also be undertaken as an initial test of the previously identified gold targets.

The second year programmes will involve additional aircore drilling, reverse circulation and/or diamond drilling, supported by downhole geophysical surveys.

The following exploration budgets have been prepared on the basis of the following scenarios:

- (a) only the Minimum Subscription is achieved under the Public Offer

| Exploration Activity | Year 1 | Year 2 |
|--|------------------|--------------------|
| Regional Geophysical Surveys | \$400,000 | - |
| Downhole Geophysical Surveys | \$20,000 | \$120,000 |
| Drilling | \$200,000 | \$600,000 |
| Data Compilation and Review | \$30,000 | \$30,000 |
| Geological and Administration Services | \$100,000 | \$250,000 |
| Total | \$750,000 | \$1,000,000 |

- (b) the Maximum Subscription under the Public Offer is achieved

| Exploration Activity | Year 1 | Year 2 |
|--|--------------------|--------------------|
| Regional Geophysical Surveys | \$450,000 | - |
| Downhole Geophysical Surveys | \$50,000 | \$160,000 |
| Drilling | \$300,000 | \$800,000 |
| Data Compilation and Review | \$60,000 | \$60,000 |
| Geological and Administration Services | \$140,000 | \$330,000 |
| Total | \$1,000,000 | \$1,350,000 |

If less than the Maximum Subscription, but more than the Minimum Subscription, is raised under the Public Offer, the Company intends to scale back its exploration budget under the Maximum Subscription scenario by reducing the Drilling component of the budgets for Year 1 and Year 2, and the associated Downhole Geophysical Surveys and Geological and Administration Services component, in accordance with the reduction in funds raised.

2.5 Strategy and Objectives of the Company

(a) Strategy

The Company's strategy is to grow Shareholder value through the successful identification, exploration and the subsequent definition and development of significant mineral resources.

Initially, the Company will seek to drive capital growth for Shareholders through achieving exploration success from its exploration programmes on the Tenements. The Tenements will provide the Company with an opportunity to explore across an area that is considered prospective for both mafic-ultramafic related nickel - copper and gold deposits.

The Company notes that if its exploration activities are successful, the Company will likely require additional funding in order to achieve its objective to further develop and exploit any identified mineral resources. Such funding may be in the form of further equity funding or debt funding, as is deemed appropriate by the Directors exercising their discretion at the appropriate time.

The Company's longer term plan is to explore and exploit the Tenements with the aim of developing those assets into income generating assets of the Company through the mining and sale of minerals.

In addition, the Company will investigate and assess opportunities to acquire additional mining tenements in the Fraser Range.

The Company's business model is dependent on the achievement of technical and commercial success from its exploration programmes.

(b) Objectives

The Company's main objectives, following completion of the Acquisition and the Offers, are as follows:

- (i) conduct exploration programmes in relation to the Tenements as outlined in Section 2.4; and
- (ii) investigate, assess and, if appropriate, acquire additional mining tenements in the Fraser Range that are considered by the Board to add value to the Company.

3. Independent Geologist's Report



INDEPENDENT GEOLOGIST REPORT

Fraser Range Project, WA E28/2385, E28/2390 & E28/2392 (“Project” or “Tenements”)

OMNI GeoX Pty Ltd (ABN 93 157 875 744)

19 January 2016

The Directors

Fraser Range Metals Group Limited
Office J, Level 2
1139 Hay Street
WEST PERTH WA 6005

Dear Sirs,

INDEPENDENT GEOLOGIST REPORT ON MINERAL EXPLORATION PROPERTIES

I, Peter Langworthy of OMNI GeoX Pty Ltd have been engaged by Fraser Range Metals Group Limited (“FRMG”) to prepare an Independent Geologist’s Report (“Report”) for FRMG’s proposed mineral exploration properties which are further identified in the Report. The purpose of the Report is for it to be relied upon in FRMG’s Prospectus dated 19 January 2016 for the offer of up to 250,000,000 Shares at an issue price of \$0.02 each to raise approximately \$5,000,000 (before costs) (“Public Offer”). The Public Offer has a Minimum Subscription of \$3,500,000.

This Report was prepared by Mr Peter Langworthy (“Principal” or “Author”) of OMNI GeoX Pty Ltd. The Report has been prepared in accordance with the requirements of the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports also known as the Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral and Petroleum Assets; collectively known as the VALMIN Code of 2005 (“VALMIN” or “VALMIN Code”). The Author of this Report is a Member of the Australasian Institute of Mining and Metallurgy (“AusIMM”) and, as such, is obliged to prepare mineral asset valuations in accordance with the Australian reporting guidelines as set out in the VALMIN Code. Mr Langworthy has more than five years’ experience which is relevant to the style of mineralisation or type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration.

Results, Minerals Resources and Ore Reserves ("JORC Code").

All monetary references are presented in Australian dollar terms.

For the purpose of Section 716 of the Corporations Act 2001, Peter Langworthy was involved in the preparation of the Report for inclusion in Fraser Range Metals Group Limited's Prospectus and has not been involved in the preparation, authorisation or issuance of any other part of the Prospectus.

Peter Langworthy, BSc Hons and MAusIMM, assumes responsibility for the Report having more than 28 years relevant experience and being a member of the Australasian Institute of Mining and Metallurgy.

The Author has no material interest in any of the mineral assets under review, nor has he held any material interest in the past. The Author is receiving a fee for the production of this report, the deemed fee for the production of this Report is \$15,000 and it is payable in shares of FRMG as set out in the Prospectus. Should Shareholder approval not be obtained, or the conditions for the Minimum Subscription, not satisfied the fee payable to the Author will be invoiced for cash.

The Author has had no input into any of the mineral Tenements under review. The Report has been prepared strictly as an independent report. It has been prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this Report, nor on the outcome of the proposed Prospectus.

The contents of the Report are based on reports and data provided by FRMG and additional open file information. Documents and reports reviewed in preparation of this Report are cited in the Bibliography, which constitutes part of this Report. Unpublished material, not publicly available is held at the office of FRMG. During the course of this review a site visit was not undertaken as the Author was of the opinion that such a site visit would not add to the Author's knowledge of the project. The Author has worked extensively on other projects within the Fraser Range region.

The Directors of FRMG have confirmed the full disclosure of all material information in FRMG's possession and further confirmed that FRMG has made disclosures, to the best of its Director's knowledge and understanding, completely, accurately and truly. FRMG Directors, and advisers, have stated that all the information provided may be presented in this Report and that none of it is regarded as confidential. FRMG has reviewed a draft of the Report for correction and matters of fact and notification of material omissions.

All material used in preparation of this Report is judged to be reliable. In instances where work undertaken is poorly documented and potentially not reliable; such instances will be noted in the body of the Report.

FRMG has a satisfactory and clearly defined exploration and expenditure program which is reasonable having regard to its stated objectives. This exploration budget is set out in the Report.

This Report does not deal with the legal ownership status of the Tenements; however the Author has confirmed that the Tenements are in good standing with all relevant regulatory bodies. Investigations relating to present or future native title claims, and agreements with freehold landowners have not been undertaken in this Report. Potential consequences of exploration and mining on areas containing rare and endangered flora and fauna have not been assessed.

Matters related to the Company's potential responsibility for environmental rehabilitation arising from previous mining activity in the project areas have not been examined.

Peter Langworthy has given his consent in writing to the inclusion of this Report in the Prospectus, including this Report in the form and context in which it appears and has not withdrawn consent prior to the lodgement of the Prospectus with the ASX or ASIC.

Commissioned as true and accurate,



Peter Langworthy
Director and Principal
OMNI GeoX Pty Ltd
19 January 2016

TABLE OF CONTENTS

| | |
|----|-----------------------------|
| 1. | OVERVIEW |
| 2. | INTRODUCTION AND LOCATION |
| 3. | TENURE |
| 4. | REGIONAL GEOLOGY |
| 5. | PROJECT GEOLOGY |
| 6. | PREVIOUS EXPLORATION |
| 7. | TARGET GENERATION |
| 8. | CONCLUSION |
| 9. | PROPOSED EXPLORATION BUDGET |

| | |
|----------|---|
| Figure 1 | Project Location |
| Figure 2 | Tectonic Setting |
| Figure 3 | Generalised Geology of the Fraser Range Orogen |
| Figure 4 | Fraser Range Project Local Geology |
| Figure 5 | GSWA Magnetics With Previous Nickel Exploration |
| Figure 6 | GSWA Magnetics With Previous Gold Exploration |
| Figure 7 | Fraser Range Project Targeting Summary |

| | |
|---------|---------------------------------|
| Table 1 | Tenement Details |
| Table 2 | Summary of Previous Exploration |
| Table 3 | Proposed Exploration Program |

GLOSSARY OF TERMS

BIBLIOGRAPHY

1. OVERVIEW

FRMG has entered into agreements to acquire a 100% interest in the Fraser Range tenements E28/2385, E28/2390 and E28/2392 from Segue Resources Limited ("Project" or "Tenements"). The Project consists of three recently granted exploration licences that cover 44km² of prospective geology in two areas within the Fraser Range Complex.

2. INTRODUCTION AND LOCATION

The Project is located approximately 215 kilometres east of Kalgoorlie in Western Australia (Figure 1), and is accessed via the Trans Australian Railway Access Road ("Transline"). The Transline is a well maintained gravel road with excellent access, except during heavy rain events. The Project is accessed south from the Transline by secondary access tracks.

The Project is located on vacant crown land (no pastoral leases) and is subject to a partially determined Native Title Claim Application (Ngadju #WC1999/002). The *Heritage of Western Australia Act (1990)* also applies in all cases. Kalgoorlie is a well-established transport and support hub.

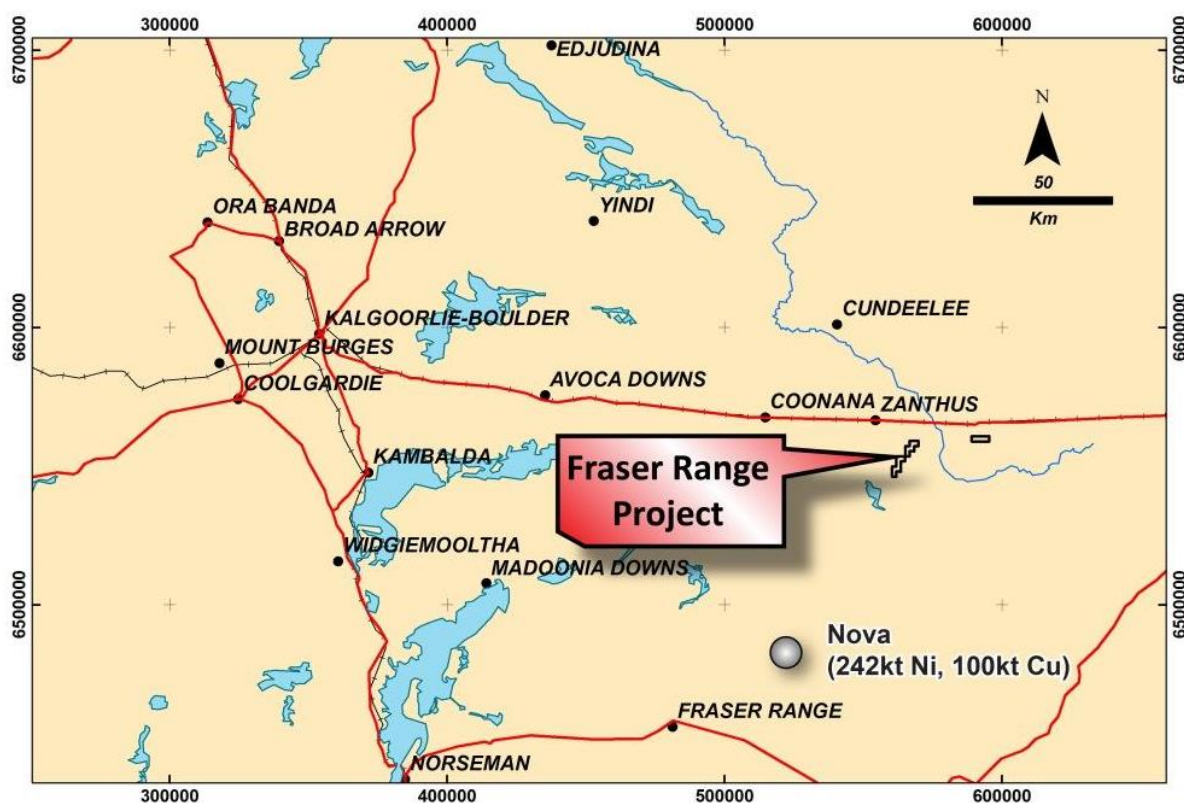


Figure 1 – Project Location

3. TENURE

The Project comprises three recently granted exploration licences (Table 1) split into two distinct areas and covers a total of 44km². The Tenements are currently in their first year of grant with a first anniversary date of March and April 2016. Total project minimum expenditure is \$50,000 per annum.

| Tenement | Ownership | Granted | Expiry | Blocks | Min. Exp. | Rent | Size |
|----------|-----------|------------|------------|--------|-----------|----------|---------------------|
| E28/2385 | FRMG | 27/03/2015 | 26/03/2020 | 4 | \$15,000 | \$501.00 | 11.7km ² |
| E28/2390 | FRMG | 27/03/2015 | 26/03/2020 | 6 | \$20,000 | \$751.50 | 17.6km ² |
| E28/2392 | FRMG | 16/04/2015 | 15/04/2020 | 5 | \$15,000 | \$625.25 | 14.6km ² |

Table (1) – Tenement Details

4. REGIONAL GEOLOGY

The Project is located on a major tectonic “suture” between the Eastern Biranup Zone and the Fraser Complex in the central part of the Albany-Fraser Orogen. In particular, the Project is located on the western edge of the major Fraser Range Gravity High which is interpreted to be a major domain boundary between the Fraser Range Complex and the Eastern Biranup Zone (Figure 2).

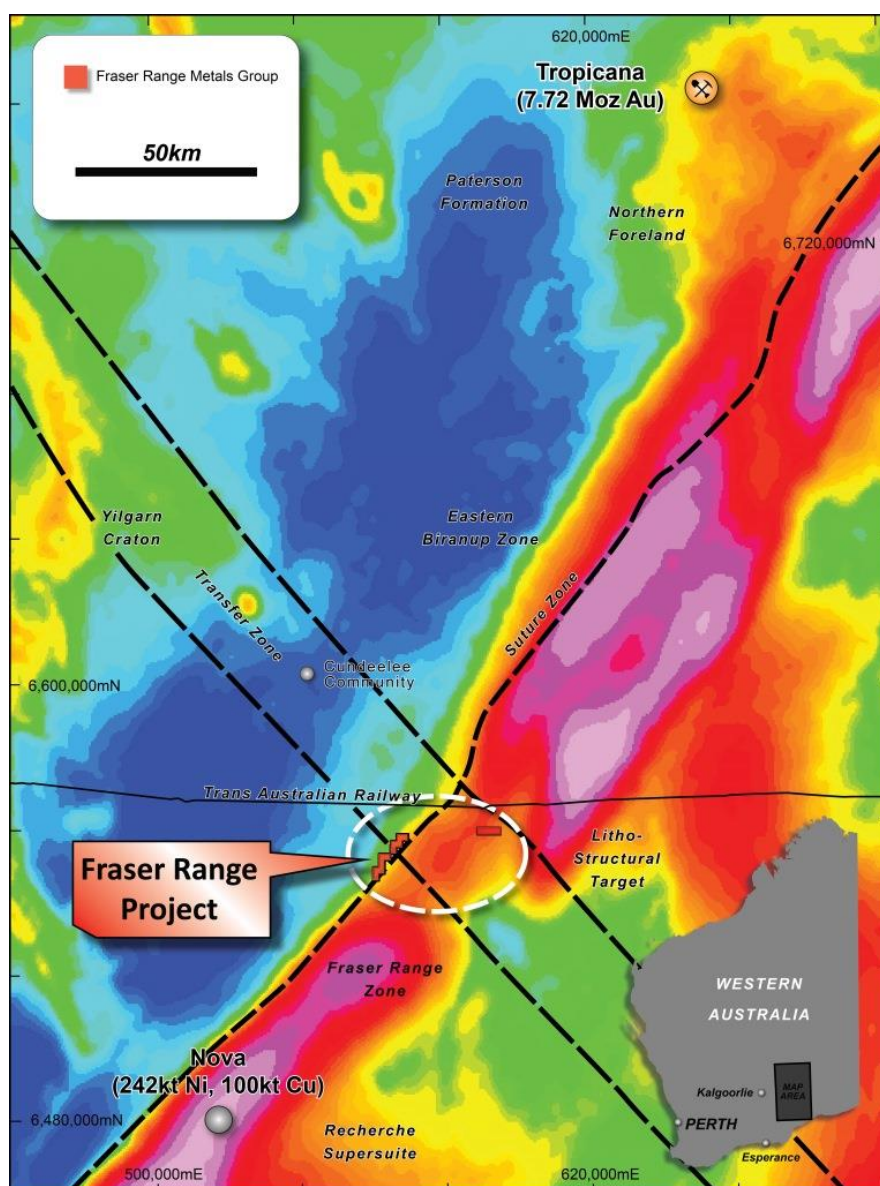


Figure 2 – Tectonic Setting: (GSWA Bouguer Gravity)

It is also worth noting that the Project is positioned within a major north west to south east trending linear structural corridor that creates a distinct break in the Fraser Range Gravity High and is also manifested within the rocks of the Yilgarn Craton. A similar corridor is recognised at the Nova nickel-copper sulphide discovery to the south.

The Albany-Fraser Orogen is an arcuate belt of rocks extending along the southern and south-eastern margin of the Yilgarn Craton, which is part of the West Australian Craton. It is characterised by high-grade mafic and felsic gneiss together with granite produced in the collision of the Yilgarn and the East Antarctic Cratons between 1345 and 1100 Ma (figure 3).

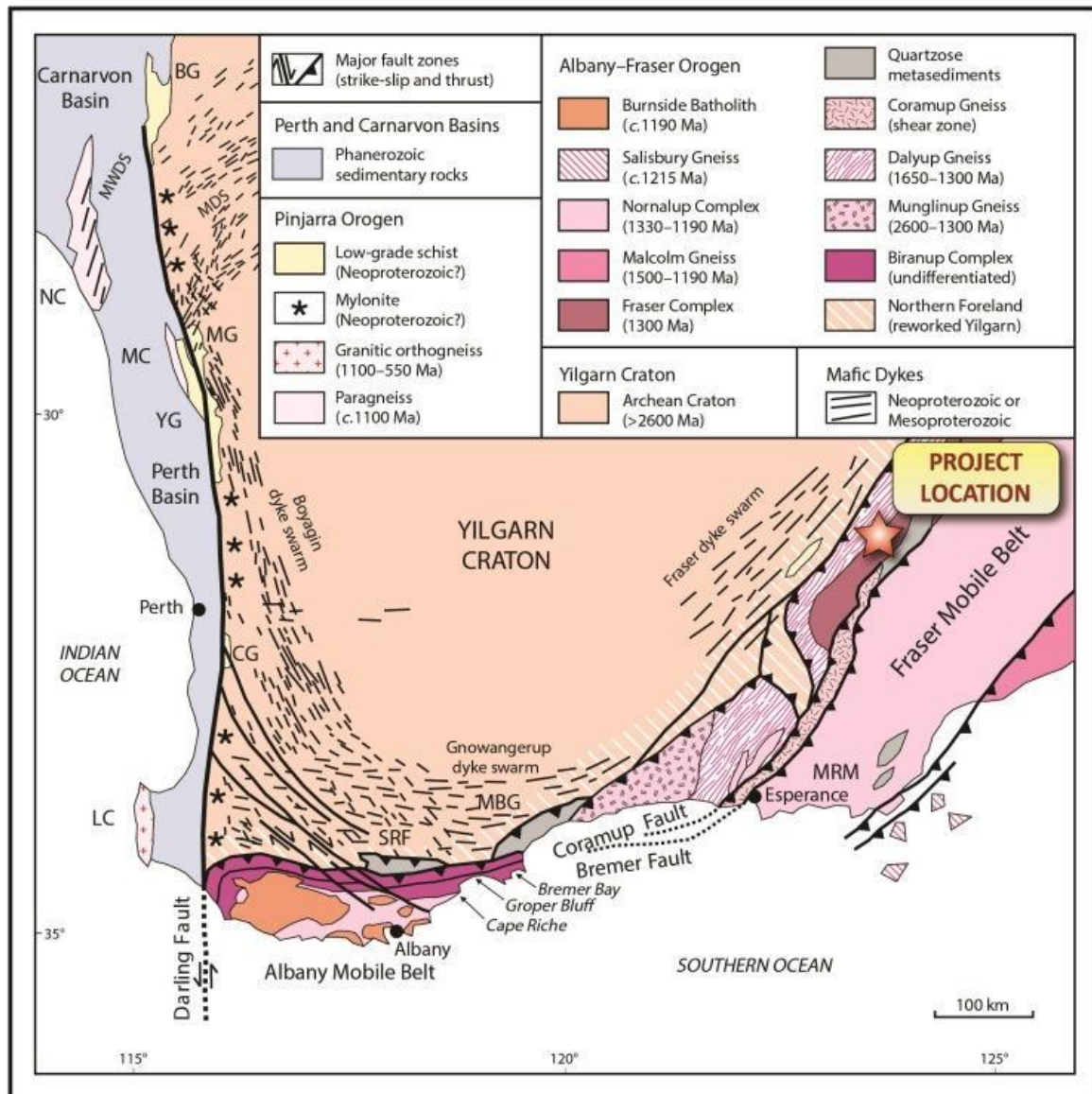


Figure 3 – Generalised Geology of the Fraser Range Orogen
(Map from Fitzsimmons and Buchan 2005)

The following summary is précised from Spaggiari et al (2009, 2011): The Albany–Fraser Orogen is interpreted to be part of the larger Australo-Antarctic, Albany-Fraser–Wilkes Orogen that was linked prior to the breakup of Gondwana.

To the west, the Albany–Fraser Orogen is truncated by the late Mesoproterozoic to Neoproterozoic Darling Fault Zone and Pinjarra Orogen. To the northeast, it is overlain by the Officer and Gunbarrel Basins, but shares a similar temporal Mesoproterozoic history with the Musgrave Province. The eastern margin of the Albany–Fraser Orogen is obscured by the Eucla Basin.

The Albany–Fraser Orogen is divided (Spaggiari et al., 2009) into:

1. A foreland component (the Northern Foreland),
2. A younger, pre-Stage I amalgamation basement component (the Kupa Kurl Booya Province, which is further divided into the fault-bound tectonic units of the Biranup Zone, the Fraser Zone, and the Nornalup Zone),
3. The Recherche and Esperance Supersuites, and
4. Three major basins.

The *Northern Foreland* is defined as the portion of the Yilgarn Craton reworked during the Albany–Fraser Orogeny, thereby reflecting its proximity to the collisional orogenic belt. It includes the dominantly granitic rocks of the Munglinup Gneiss. The Munglinup Gneiss is interpreted as a higher-grade, more strongly reworked component of the Northern Foreland, bound by major faults.

Reworking of the Yilgarn Craton in the Northern Foreland varied from moderate- to high-strain ductile deformation under amphibolite- to granulite-facies metamorphic conditions (Munglinup Gneiss and the southern part of the Mount Barren Group), to low- to moderate-strain, brittle to semi-brittle, and greenschist to amphibolite conditions. This variation in conditions generally reflects lower strain conditions and lower metamorphic grade with increasing distance from the Orogen (i.e. northwards), or the exhumation of shallower crustal levels of the Northern Foreland.

The Jerdacuttup and Cundeelee Faults are two linked, major, thrust faults separating Archaean rocks of the Yilgarn Craton that show very minor to no Albany–Fraser Orogeny -related deformation effects, from the more strongly deformed, mixed Archaean and Proterozoic rocks of the Northern Foreland.

Myers (1990) divided the Albany–Fraser Orogen into two major tectonic units: an inboard, intensely deformed component named the Biranup Complex, and an outboard component named the Nornalup Complex.

In light of new data and interpretations, the Biranup Complex was recently renamed the *Kupa Kurl Booya Province* (Spaggiari et al., 2009), and defined as the crystalline basement of the Albany–Fraser Orogen. It includes three fault-bound geographical and structural zones: the Biranup, Fraser, and Nornalup Zones, each contains rocks with variable protolith ages and geological histories.

The south eastern part of the Biranup Zone and most of the Nornalup Zone contain granitic intrusions of the 1330–1280 Ma *Recherche Supersuite* and the 1200–1140 Ma *Esperance Supersuite*. Various Mesoproterozoic cover rocks also locally overlie the Nornalup Zone.

The *Biranup Zone* is a belt of predominantly mid-crustal rocks that lies along the entire southern and south eastern margin of the Yilgarn Craton. In the eastern part of the Orogen, the Biranup Zone is in fault contact to the southeast with the Mesoproterozoic Fraser and Nornalup Zones. In an area

denoted the 'S-bend' (near the Fraser Range Project area), it is tectonically interlayered with reworked rocks of the Yilgarn Craton within the Northern Foreland.

The Biranup Zone is dominated by intensely deformed orthogneiss, metagabbro, and paragneiss, with ages ranging from c. 1800–1625 Ma. There are fragments of Archaean granite, and possibly greenstones within the Biranup Zone. These fragments occur in the 'S-bend' area around, and to the southwest of, Mount Andrew, and possibly include rocks associated with the Splinter prospect (i.e. around the Fraser Range Project area).

The *Fraser Zone* is bounded by the Fraser Fault along its north western edge and southern tip, and by the Newman Shear Zone and Boonderoo Fault along its south eastern. It is dominated by high-grade meta-gabbroic rocks that have a strong, distinct, geophysical signature in both aeromagnetic and gravity data. Most of the north eastern part of the Fraser Zone is obscured by younger rocks of the Eucla Basin, but geophysical data show that it is a north easterly trending, fault-bounded unit that is approximately 425 km long and up to 50 km wide.

The Fraser Zone contains the 1305–1290 Ma *Fraser Range Metamorphics* (Spaggiari et al., 2009), which are dominated by sheets of meta-gabbroic rocks, interlayered with sheets of granitic material, and layers or slivers of pelitic, semi-pelitic, and calcic meta-sedimentary rocks of the Arid Basin. The meta-sedimentary rocks were deposited just prior to the intrusion of the mafic and felsic magmatic rocks, and all have been metamorphosed at high temperatures (granulite facies), with some locally retrogressed to amphibolite facies. The meta-sedimentary rocks mostly occur along the north western side of the Fraser Zone, and are typically intercalated with layers of mafic granulite or amphibolite that were probably originally dykes, sills, or sheets related to the main gabbroic intrusions.

The Fraser Range Metamorphics are typically dominated by a well-developed, north easterly-trending, steeply dipping, foliation, although massive rocks can locally be found in the centre of the zone's exposed, southern part. The Fraser Range Metamorphics are strongly mylonitised and have a dextral shear sense along, and close to, the Fraser Fault Zone. Elsewhere, they are tightly to isoclinally folded along north easterly-trending axes, and are cut by thrust faults and shear zones. Crystallization of gabbro within the Fraser Zone has been dated at 1291 Ma.

The 1330–1280 Ma *Recherche Supersuite* and the 1200–1140 Ma *Esperance Supersuite* mark two major magmatic events that coincided with Stages I and II of the Albany–Fraser Orogeny, respectively. Igneous rocks belonging to the Recherche Supersuite are generally metamorphosed to amphibolite or granulite conditions, contain a gneissic fabric, and include synmagmatic mafic rocks. Deformation and metamorphism occurred during Stages I, II, or both.

Igneous rocks belonging to the Esperance Supersuite are generally metamorphosed up to greenschist or amphibolite facies, and are generally less pervasively deformed than rocks of the Recherche Supersuite, but may locally contain a foliation or be mylonitic.

Strongly magnetic, variably deformed granitic bodies in aeromagnetic images are correlated with the Esperance Supersuite.

Three major tectonic events have been recognized in the Albany–Fraser Orogen:

- A. The newly defined Palaeoproterozoic *Biranup Orogeny*, which includes the c. 1680 Ma *Zanthus Event*, covers the period 1710–1650 Ma; which are marked by widespread

magmatism, the formation of sedimentary basins, and high-temperature metamorphism and deformation; and

- B. The Mesoproterozoic *Albany–Fraser Orogeny*, which took place in two stages: 1345–1260 Ma (Stage I) and 1215–1140 Ma (Stage II).

Stage I has been interpreted to reflect the northwest-directed convergence and subsequent collision of the combined South Australian and Mawson Cratons with the West Australian Craton, whereas Stage II is interpreted to reflect intracratonic orogenesis.

Stage I is dominantly represented by voluminous mafic and felsic magmatism forming both the Recherche Supersuite and magmatic rocks of the Fraser Zone, and was accompanied by high-temperature metamorphism and deformation.

The presence of c. 1300 Ma granitic intrusions within each of the Northern Foreland, and Biranup, Fraser, and Nornalup Zones suggests a spatial link, or stitching, of these tectonic units by the end of Stage I. This in turn indicates that high-temperature metamorphism during Stage II — which was widespread in both the central and eastern Biranup Zone, and is recorded in the Munglinup Gneiss, Gwynne Creek Gneiss, and Recherche Supersuite — took place within an intracratonic setting.

These events, and in particular Stage II, have formed the preserved crustal architecture, dominated by craton-directed, fault-bound thrust slices of largely mid-crustal, high grade-rocks. Major, dominantly thrust faults (e.g. Jerdacuttup Fault, Cundeelee Fault, Red Island Shear Zone), which juxtapose different tectonic units and internal fault-bound sequences, are also interpreted to have been active during Stage II.

5. PROJECT GEOLOGY

The youngest geological units in the area are the widespread weakly vegetated aeolian dunes and intervening alluvial and colluvial deposits. These longitudinal dunes have been produced by an arid climate and presence of generally westerly winds during periods of aridity in the Quaternary. These units are largely seen as a thin (1-10m) covering unit across the Project area.

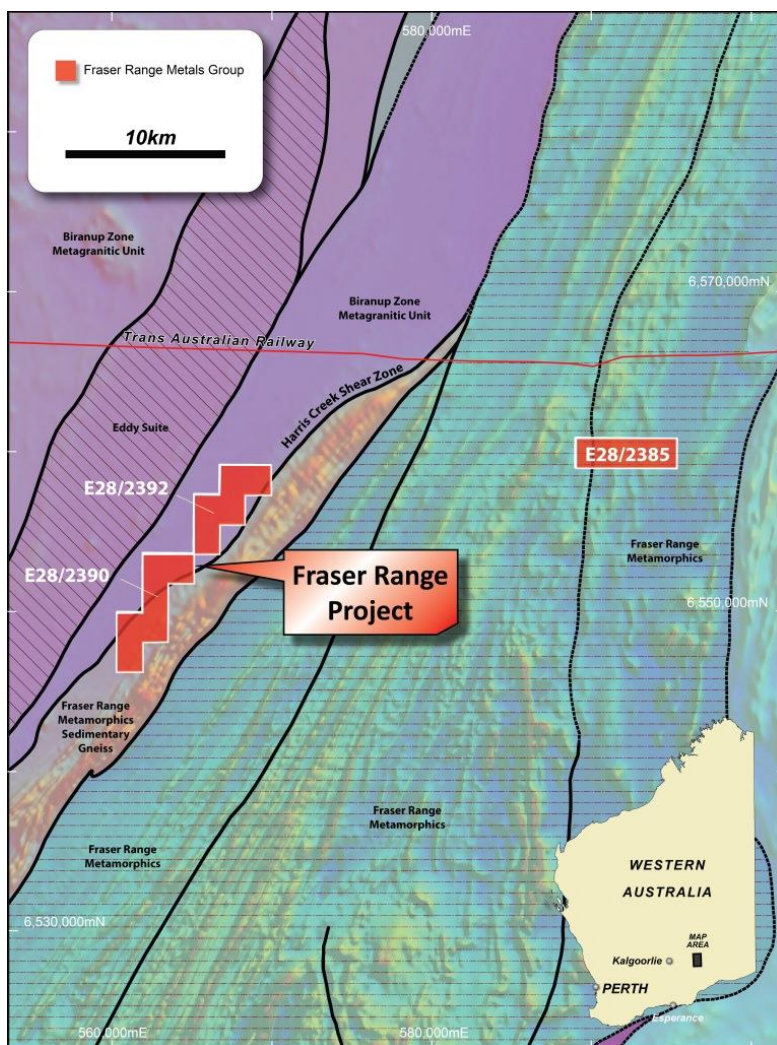


Figure 4 - Fraser Range Project Local Geology

Underlying these most recent unconsolidated surficial sediments is a sequence of essentially flat-lying Palaeogene and Neogene age semi to unconsolidated sediments most likely deposited as part of the Eucla Basin. The basin formed on the southern passive margin of the Australian continent as it divided from Antarctica in the mid-Cretaceous (96 Ma). In the project area these sediments range are expected to be 20-40 metres thick and totally obscure the targeted basement rocks.

Due to the fact that only five shallow exploration drill holes have been located within the project area little detail is known of the underlying Proterozoic rocks. However, given results from nearby areas it is likely that the geology will include orthogneiss, metagabbro, and paragneiss lithologies.

6. PREVIOUS EXPLORATION

The Project area has been explored in the past by multiple companies targeting a wide range of commodities. Work has generally been done as part of a larger regional program and not to solely target the exact Project.

Exploration programs have been completed for the following commodities:

- Gold, base-metals (Cu-Pb-Zn-Ag), nickel and platinum group elements (PGE) and graphite in crystalline rocks of the Proterozoic basement;
- Mineral sands (zircon, rutile, ilmenite) and detrital gold in Miocene or Eocene unconsolidated sediments;
- Uranium and other chemically precipitated elements (e.g. vanadium) associated with redox boundaries in palaeochannels where oxidised water is in contact reduced sediments; and
- Lignitic coal in carbonaceous sediments.

A review of all open file data (WAMEX) was undertaken upon the Project area and is summarised in the Table (2).

Pertinent information to the exploration for nickel-copper deposits within the Tenements, include auger samples that have identified a surface nickel anomaly within tenement E28/2385 that remains untested (Figure 6). Drilling is limited to 5 aircore holes drilled within the Tenements, with only one assayed for multiple elements (FRAC001) returning no significant results. No detailed magnetic, gravity or electromagnetic surveys have been completed over the Tenements.

Key information for gold exploration relates to 626 auger holes that were completed by Ponton Minerals Pty Ltd and Lake River Gold Pty Ltd. Within this data set three untested targets have been identified (Figure 5) that require additional assessment. In particular, the western target within tenement E28/2392 sits within the mineralised Harris Lake Shear Zone that hosts the Corvette Gold Prospect (Segue) to the north.

CRA Exploration and Geographe Resources Ltd completed five reconnaissance aircore holes within the Project targeting various commodities. Four of the five holes were not assayed for gold. None of the Tenements have undergone systematic drill testing of their existing gold anomalies.

FRMG and Segue have not published any results in relation to the Tenements.

| Exploration Years | Exploration Company | Commodity | Exploration Undertaken | Comments |
|-------------------|---|---|--|---|
| 1973-1979 | Consolidated Goldfields, Uranex Australia Pty Ltd, Magnet Metals Ltd | Uranium | Airborne spectrometer survey, seismic refraction survey, RC drilling (only uranium assays), water sampling, 1:100,000 geological mapping | Testing Cretaceous and tertiary sediment for Uranium: No significant intercepts |
| 1980 | CRA Exploration Pty Ltd | Diamonds | Aeromagnetic test survey | Too difficult to explore for with available exploration techniques at that time |
| 1981-1982 | CRA Exploration Pty Ltd | Copper, Uranium, Lignite | Airborne magnetic survey, gravity survey, soil sampling, mud-rotary drilling | Geophysical target (Olympic Dam Style) identified and tested: Un-mineralised Granite-Gneiss |
| 1981-1982 | Griffin Coal Mining Co. Ltd | Lignite, Uranium | Geological mapping, 98 RC holes (5,000m) (only coal, uranium and phosphate assayed) | Testing Cretaceous and Tertiary sediments for Lignite and Uranium: Deemed un-prospective |
| 1988-1990 | Growth Resources Ltd | Nickel, Copper, Chrome, PGE's | Aerial photograph acquisitions geological mapping, rock chip sampling, stream sediment sampling | Stream sediment and rock chip assays report Ni, Cr, Au, Pt, Zn, V and Cu associated with chromite rich rocks |
| 1990-1991 | BHP & Eucla Mining NL | Mineral Sands | 59 Aircore holes (1,372m) | Drilling failed to identify commercially viable mineral sand deposits |
| 1997 | MG Creasy | Nickel | 28 carbonate samples assayed for base & precious metals & PGE's, GEOTEM survey (~200km) | Surficial conductive sources identified, no significant results |
| 1996-1998 | Geographe Resources Ltd | Gold | Project Scale aero-magnetics (20,070 line km), ~5,000 calcrete samples (multi-element assays), 3,224m of aircore drilling (68 holes), structural and geological interpretation petrology | Gold and base metal targets identified with only one gold target drill tested |
| 1999 | Homestake Gold of Australia Ltd | Gold | Regolith mapping 1:100,000, 998 calcrete samples (multi-element assays) and aeromagnetic survey | No precious or base metal anomalies identified |
| 2008-2015 | Lake River Gold Pty Ltd, Ponton Minerals Pty Ltd, Winward Resources Ltd | Base Metals, Precious Metals Iron, PGE's, REE's | Aeromagnetic survey, soil sampling, aircore drilling | Partial relinquishments over adequately explored/less prospective areas, operators are still active in the region |

Table (2) – Summary of Previous Exploration

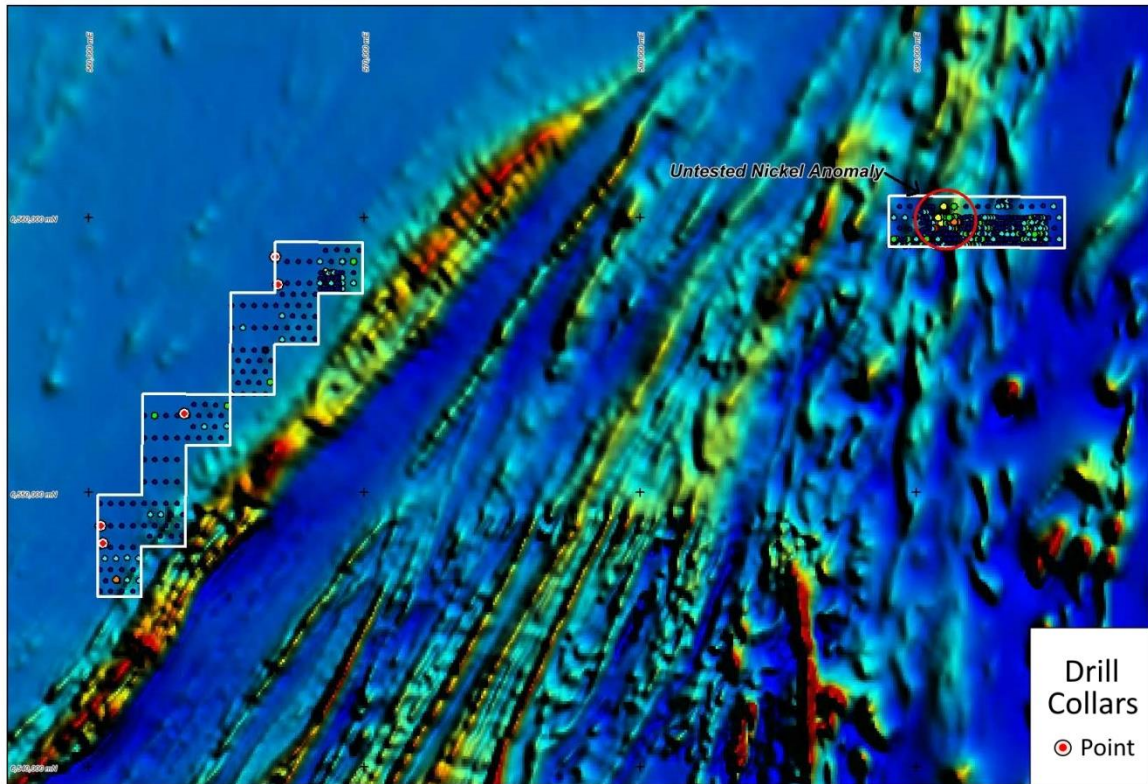


Figure 5 – GSWA Magnetics With Previous Nickel Exploration

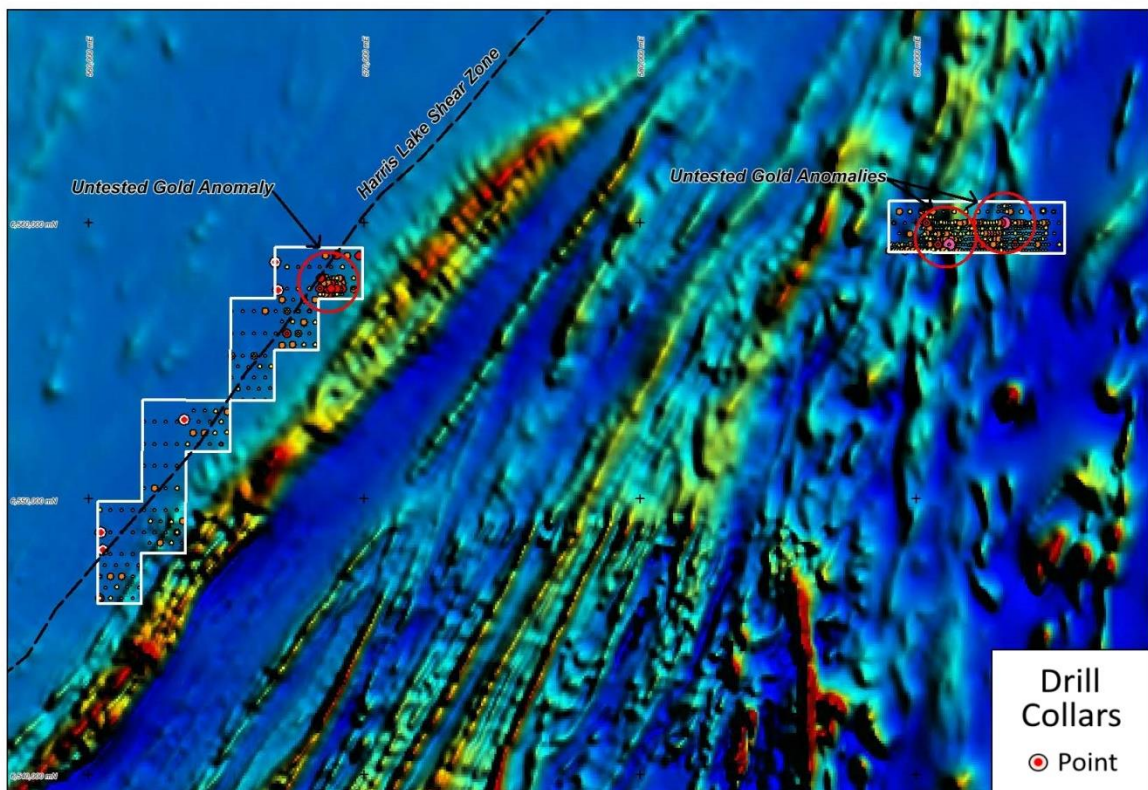


Figure 6 – GSWA Magnetics With Previous Gold Exploration

7. TARGET GENERATION

Mineralisation within the Albany-Fraser Orogen is varied, with significant discoveries of a variety of minerals. Commodities such as nickel-copper (Nova, RAV8), gold (Tropicana, Elverdton, Trilogy and Corvette), lateritic nickel (Ravensthorpe), magnetite (Southdown), and lithium (Cattlin Creek) have been identified across the Orogen.

The discoveries of the Nova nickel-copper and the Tropicana gold deposits have clearly demonstrated the potential for the Albany-Fraser Orogen to host world-class mineral deposits and has led to a major new phase of exploration in the region.

Given the overall lack of exploration data over the Tenements, specific targeting is currently limited and, as such, this proposes a focus for future exploration.

Nickel-Copper Exploration

The Project covers the intersection of the domain boundary suture and a major north west to south east trending linear structural corridor that creates a distinct break in the Fraser Range Gravity High and is also manifested within the rocks of the Yilgarn Craton (figure X). As mentioned previously a similar corridor is recognised at the Nova nickel-copper sulphide discovery to the south. These intersection points have the potential to provide pathways for intrusive activity from the lower crust-upper mantle.

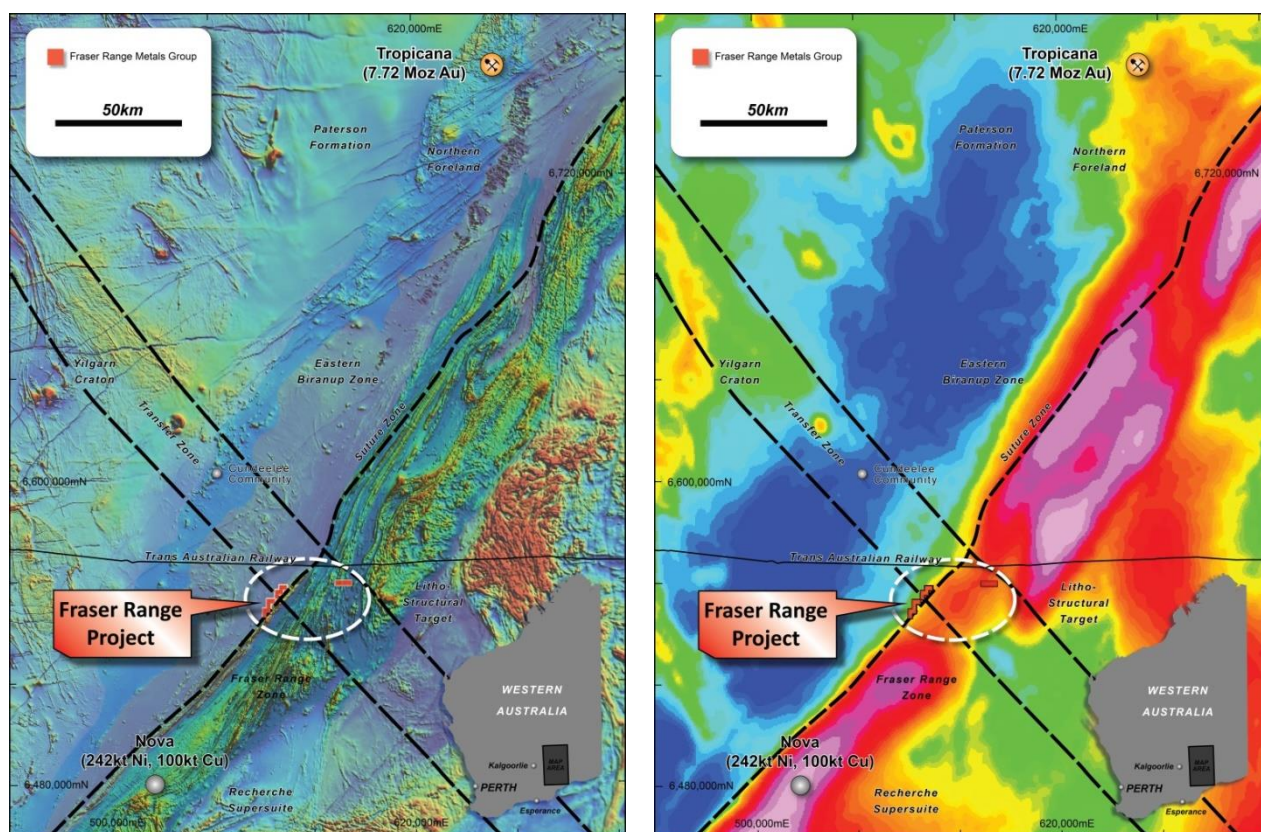


Figure 7 – Fraser Range Project Targeting Summary

Recommended exploration for nickel-copper within the Project includes the collection of high quality data sets including detailed airborne magnetic, gravity and electromagnetic data to generate targets for initial drill testing.

Gold Exploration

The gold potential within the Project is considered high. The existing auger drill datasets have identified three targets that justify additional detailed evaluation. In particular, the western target within tenement E28/2392 sits within the mineralised Harris Lake Shear Zone that hosts the Corvette Gold Prospect (Segue) to the north.

8. CONCLUSION

There has been very little focussed exploration for nickel-copper and gold across the Project. The available data sets suggest a prospective tectonic setting based on the location of structural elements.

The existing ground based data is limited and the collection of high-quality datasets including detailed airborne magnetic, gravity and electromagnetic data will need to be considered to generate targets for drill testing.

The lack of magnetic data over the Tenements is a clear point for future exploration and the proposed exploration by FRMG will aid in the progression of the geological understanding of the region in the attempt to discover economically viable mineral deposits.

The Project is well located logistically, with access to the regional support hub of Kalgoorlie, and no operational impediments are understood to exist, which would inhibit FRMG from beginning the exploration activities outlined in the Report, once appropriate funds are made available.

9. PROPOSED EXPLORATION PROGRAM

During the first year, it is proposed that geophysical surveys (airborne magnetic, gravity and electromagnetic) will be undertaken to generate nickel-copper targets for initial drill testing. Reconnaissance aircore drilling will also be undertaken as an initial test of the previously identified gold targets.

The second year programs will involve additional aircore drilling, reverse circulation and/or diamond drilling supported by downhole geophysical surveys.

The following exploration budget have been prepared on the basis of either a \$3.5 million Capital Raise scenario or a \$5.0 million Capital Raise scenario:

| EXPLORATION ACTIVITY | YEAR 1 | YEAR 2 |
|--|------------------|--------------------|
| Regional Geophysical Surveys | \$400,000 | -- |
| Downhole Geophysical Surveys | \$20,000 | \$120,000 |
| Drilling | \$200,000 | \$600,000 |
| Data Compilation and Review | \$30,000 | \$30,000 |
| Geological and Administration Services | \$100,000 | \$250,000 |
| TOTALS | \$750,000 | \$1,000,000 |

Table (3A) – Proposed Exploration Program (\$3.5m Capital Raise)

| EXPLORATION ACTIVITY | YEAR 1 | YEAR 2 |
|--|--------------------|--------------------|
| Regional Geophysical Surveys | \$450,000 | -- |
| Downhole Geophysical Surveys | \$50,000 | \$160,000 |
| Drilling | \$300,000 | \$800,000 |
| Data Compilation and Review | \$60,000 | \$60,000 |
| Geological and Administration Services | \$140,000 | \$330,000 |
| TOTALS | \$1,000,000 | \$1,325,000 |

Table (3B) – Proposed Exploration Program (\$5.0m Capital Raise)

GLOSSARY OF TERMS

| | |
|------------------------------------|---|
| Aeolian Dunes | Windblown sand dunes in an arid environment |
| Aeromagnetic Survey | Data collected about the earth's magnetic field from an aircraft |
| Aircore (AC) | A method of rotary drilling in which rock chips are brought to the surface inside drill rods, thus reducing potential for contamination of samples: usually restricted to softer rocks. |
| Alluvial | Surface material created by water movement |
| Altered | Change in mineralogical composition of a rock, commonly brought about by reactions with hydrothermal fluids. |
| Amphibolite | A metamorphic rock consisting mainly of amphibole and feldspar - usually derived from a mafic rock |
| Anomaly | A value that is either higher or lower than the expected average |
| Archaeon | An era of geologic time - older than 2,500 million years |
| Auger | A small drilling rig designed to take shallow samples |
| Base Metals | Accumulation of |
| Banded Iron Formation (BIF) | A chemically precipitated siliceous sedimentary rock composed of layers of chert, chalcedony, jasper or quartz and iron oxides. |
| Craton | A major structural unit of the earth's crust consisting of a large stable mass of rock generally igneous in nature |
| Cretaceous | Geologic period from 145 to 66 million years ago. |
| Deformation | A structural term used to describe a change in attitude, shape or volume of a formation |
| Dolerite | A mafic igneous rock that has resulted from the cooling of magma beneath the earth's surface |
| Dyke | A tabular igneous intrusion that cuts across pre-existing rocks |
| Fault | A feature in rocks in which observable displacement has taken place |
| Feldspar | A very common silicate mineral found commonly in igneous and metamorphic rocks |
| Felsic | An igneous rock which has a high proportion of light coloured minerals |
| FRMG | Fraser Range Metals Group Limited |
| g/t | Grams per tonne (1 g/t = 1 ppm) |
| Gabbro | Coarse grained mafic igneous intrusive rock |
| Gneiss | Metamorphic rocks which display coarse banding. Arise from high grade regional metamorphism |
| Granite | A coarse grained felsic rock consisting essentially of quartz, feldspar and some mica |
| Granitoid | Coarse-grained felsic igneous rock, resembling granite. |
| Granodiorite | A granite with a lower silica content |
| Granulite | A metamorphic rock of regional metamorphic origin having a granular texture |
| Graphite | A form of carbon |
| Gravity High | Geophysical expression of dense rock mass |
| Holocene | A period of geological time from about 12,000 years ago to the present |
| Igneous | Rocks which have formed from the cooling and consolidation of molten rock material |
| Induced Polarisation (IP) | A geophysical technique used to identify sulphides below the earth's |

| | |
|---------------------------|--|
| | surface |
| Intrusives | A body of igneous rock which invades older rocks |
| Jurassic | A period of geological time from about 200 million to 150 million years ago. |
| Laterite | Highly weathered residual material rich in secondary oxides of iron and/or aluminium |
| Layered | Banding, especially in sedimentary rocks |
| Lignite | Brown coal |
| Mafic | An igneous rock type that is dark in colour and consists essentially of minerals rich in iron and magnesium |
| Magma | Molten rock material |
| Mesoproterozoic | Middle Proterozoic - approximately 1,500 to 1,700 million years ago |
| Meta | Prefix for "metamorphosed" |
| Metasediment | Metamorphosed sedimentary rock |
| Mica | Platy minerals common in many igneous and metamorphic rocks |
| Mineralisation | The process and concentration of minerals within a rock which may be of economic significance |
| Monzogranite | A granite with equal amounts of orthoclase and plagioclase feldspars |
| Neogene | Geologic period from 23 to 2.6 million years ago. |
| Orogen | A period of mountain building, leading to the formation of intensely deformed belts |
| Palaeozoic | The period of geologic time ranging from 230 to 600 million years ago |
| Palaeochannel | Remnant of an inactive river or stream channel that has been filled or buried by younger sediments |
| PGE | Platinum Group Elements - a group of elements which include platinum, palladium and rhodium |
| Polymetallic | More than one metal |
| Porphyry | An intrusive igneous rock containing large crystals in a fine groundmass |
| PPM | Measurement of concentration in parts per million. |
| Proterozoic | An era of geologic time - between 570 and 2,500 million years ago |
| Project | E28/2385, E28/2390 and E28/2392 |
| Prospectus | Means a prospectus document sufficient to accept investment funds from the general public as allowed by the Corporations Act (2001). |
| Palaeogene | Geologic period from 66 to 23 million years ago. |
| Paleoshoreline | An iron sulphide mineral. |
| Quartz | A mineral composed of silicon dioxide (SiO ₂). |
| Quartzite | A metamorphosed sandstone |
| Radiometric Survey | A study of the earth's radiation either from an aerial or a ground survey |
| Sandstone | A sedimentary rock made up of sand sized particles |
| Schist | A metamorphic rock showing sub-parallel orientation of platy or mica related minerals |
| Sedimentary Rock | A rock which has formed from the cementation of sediments |
| SEDEX | Sedimentary exhalative deposit that are interpreted to have been formed by release of ore-bearing hydrothermal fluids into a water reservoir (usually the ocean), resulting in the precipitation of stratiform ore |

| | |
|------------------------------|--|
| Siltstone | A sedimentary rock made up of silt sized particles |
| Segue | Segue Resources Limited |
| Spongolite | A rock made from the consolidation of the skeletal remains of sponges |
| Subduction Zone | An area where part of the earth's crust is forced beneath another due to tectonic plates movement |
| Suture | Major crustal structural zone |
| Syenite | A coarse grained intermediate igneous rock |
| Thrust | A low angle fault |
| Unconformity | A break in geological time |
| Ultramafic | Igneous rocks which contain a large proportion of mafic minerals and high in iron and magnesium |
| VALMIN or VALMIN Code | Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports also known as the Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral and Petroleum Assets |

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4. Solicitor's Report on Tenements



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15 January 2016

Dear Sirs

INDEPENDENT SOLICITOR'S REPORT ON MINING TENEMENTS FRASER RANGE METALS GROUP LIMITED (ACN 098 236 938)

This Report is prepared for inclusion in a prospectus to be dated on or about 18 January 2016 by Fraser Range Metals Group Limited (ACN 098 236 938) (**Company**) for an offer to the public by the Company of up to 250 million shares at an issue price of AUD\$0.02 per share to raise up to AUD\$5 million.

The directors of the Company have requested that we provide a report on the Company's interests in the mining tenements (**Tenements**) specified in the Schedule to this Report. The Schedule forms an essential part of this Report and must be read in conjunction with this Report.

A. BASIS OF REPORT

1. For the purpose of this Report, we have relied upon the following publicly available information (**Searches**):
 - 1.1 searches of the register of mining tenements maintained by the Department of Mines and Petroleum in respect of the Tenements as at 5 January 2016;
 - 1.2 a search of the National Native Title Register maintained by the National Native Title Tribunal in relation to the land the subject of the Tenements as at 5 January 2016; and
 - 1.3 searches of the register of Aboriginal sites maintained by the Department of Aboriginal Affairs in relation to the land the subject of the Tenements as at 5 January 2016.
2. The key results of those searches are summarised in the Schedule.

DLA Piper Australia is part of DLA Piper, a global law firm, operating through various separate and distinct legal entities.

A list of offices and regulatory information can be found at www.dlapiper.com

3. We have also relied upon the Sale of Tenement Application Rights Agreement (**Tenement Sale Agreement**) dated on or around 26 March 2014 between the Company and Segue Resources Ltd, as varied by:
 - 3.1 the Deed of Variation - Sale of Tenement Application Rights Agreement (**First Deed of Variation**) dated 20 May 2014 between the same parties;
 - 3.2 the Deed of Variation - Sale of Tenement Application Rights Agreement (**Second Deed of Variation**) dated 20 November 2015 between the same parties; and
 - 3.3 the Deed of Release and Acknowledgement (**Deed of Release**) dated 13 January 2016 between the same parties.
4. We have not relied upon any other documents or information for the purposes of this Report. We are not aware of any other material documents or information.

B. MINING TENEMENTS

5. The *Mining Act 1978* (WA) provides for the grant of rights to conduct activities in respect of minerals, including prospecting, exploration and mining.
6. All of the Tenements are exploration licences.
7. In general terms, and subject to other approvals, an exploration licence authorises the holder to enter the land the subject of the licence, to explore that land, to remove mineral bearing substances from that land (to a prescribed limit) and to take and divert water from that land.
8. Exploration licences are granted by the Minister following recommendation by the Mining Registrar or the Mining Warden and remain in force for five years from the date of grant unless extended.
9. The current term of each Tenement is set out in the Schedule. All of the Tenements are in their first year of term.
10. The Minister may extend the term of the Tenements if grounds for extension exist:
 - 10.1 by one period of five years; and
 - 10.2 by a further period or periods of two years.
11. The *Mining Act 1978* (WA) provides that during the first year of grant of an exploration licence, no legal or equitable interest in or affecting an exploration licence, may be transferred or dealt with directly or indirectly, without the consent in writing of the Minister.

12. The holder of an exploration licence is obliged to pay an annual rent and to expend in excess of the prescribed annual expenditure commitment, unless exemption is granted. Failure to comply with these requirements may result in forfeiture of the exploration licence or the imposition of a penalty payable by the registered holder. The details of the rent and expenditure commitments for the Tenements are set out in the Schedule.
13. As the Tenements are all within their first year of their term, no historical non-compliance with the expenditure commitments exists to report with the result that, as at the date of this Report, the Tenements are in good standing.
14. Exploration licences are subject to various other conditions, including standard conditions for the protection of the environment and conditions that relate to the protection of certain third party interests in land. The Searches indicate that the Tenements are not subject to any onerous or unusual conditions. On the basis of the Searches, we are not aware of any non-compliance with the conditions.
15. The holder of an exploration licence is obliged to surrender 40% of the number of blocks subject to the exploration licence within 6 years after the date of grant.
16. The holder of an exploration licence has the right to apply for, and have granted, one or more mining leases or general purposes leases in respect of the land the subject of the licence. The right to grant of a mining lease gives the exploration licence holder priority over other parties but is expressed to be subject to the *Mining Act 1978* (WA), which gives the Minister a residual discretion to refuse a mining lease application, including on public interest grounds. Where the exploration licence holder applies for a mining lease or general purpose lease over that land, the exploration licence continues in force until the application for a lease has been determined.
17. The Minister can approve 'retention status' for all or part of the land the subject of an exploration licence in circumstances where there is an identified mineral resource located in the land but the mining of that resource is impracticable. This provides relief from expenditure requirements and is a basis for extension of terms of the licence.

C. COMPANY'S INTERESTS

18. We confirm that the Company is the registered holder of the Tenements.

D. MATERIAL CONTRACTS

19. There are no material contracts, other than the Tenement Sale Agreement, as amended by the:
 - 19.1 First Deed of Variation;
 - 19.2 Second Deed of Variation; and
 - 19.3 Deed of Release.

20. Pursuant to the Tenement Sale Agreement, as varied by the First Deed of Variation, the Company agreed to sell the Tenements to Segue Resources Ltd for an allotment of shares.
21. Pursuant to the Second Deed of Variation and the Deed of Release, the Company and Segue Resources Ltd agreed, with effect from 20 November 2015, to cancel the Tenement Sale Agreement insofar as it relates to the Tenements and cancel the transfer of the Tenements. Accordingly, there are currently no live rights or obligations under the Tenement Sale Agreement in respect of the Tenements and the Company is both the legal and beneficial holder of the Tenements which are unencumbered.

E. NATIVE TITLE

Background

22. In *Mabo v Queensland (No 2)* (1992) 175 CLR 1, the High Court determined that the common law of Australia recognised certain proprietary rights and interests of Aboriginal and Torres Strait Islander people in relation to their traditional lands and waters.
23. In general terms, this 'native title' will be recognised where persons claiming to hold that title can establish that they have maintained a continuous connection with the land in accordance with traditional laws and customs since settlement and those rights have not been lawfully extinguished.
24. The *Native Title Act 1993* (Cth) codifies much of the common law in relation to native title. The *Native Title Act 1993* (Cth) establishes a framework pursuant to which:
 - 24.1 persons claiming to hold native title can file their claims and have them determined by the Federal Court;
 - 24.2 the doing of certain acts after the commencement of the *Racial Discrimination Act 1975* (Cth) and prior to the commencement of the *Native Title Act 1993* (Cth) or following the commencement of the *Native Title Act 1993* (Cth) but prior to the decision of the High Court in *Wik Peoples v The State of Queensland* (1996) 187 CLR 1 on 23 December 1996 that may have unlawfully affected native title are retrospectively validated with compensation payable to persons determined to be the holders of native title in the relevant area; and
 - 24.3 the doing of acts after 23 December 1996 that may affect native title (known as 'future acts'), including the grant and renewal of mining tenements, are validated subject to:
 - 24.3.1 certain procedural rights ('future act processes') afforded to persons claiming to hold native title and whose claim has passed a 'registration test' administered by the National Native Title Tribunal; and
 - 24.3.2 compensation being payable to persons ultimately determined to be the holders of native title in the relevant area.

25. These future act processes are not required to be complied with where native title has been lawfully extinguished (for example, by the grant of freehold).

Ngadju Determination

26. Searches of the National Native Title Register maintained by the National Native Title Tribunal identify that the land the subject of the Tenements is the subject of a determination by the Federal Court that the Ngadju People hold native title: *Graham on behalf of the Ngadju People v State of Western Australia* [2014] FCA 1247.
27. The native title is held by the Ngadju Native Title Aboriginal Corporation (ICN 8297) on behalf of the Ngadju People.
28. The native title in the land the subject of the Tenements is exclusive, comprising rights to possess, occupy, use and enjoy the land to the exclusion of all others, except in relation to:
- 28.1 water in any watercourse, wetland or underground water, which right is not exclusive; and
- 28.2 any minerals, petroleum or geothermal energy resources.

Implications

29. All of the Tenements in the Schedule were granted after 23 December 1996.
30. The *Native Title Act 1993* (Cth) provides that mining tenements granted after 23 December 1996 will validly affect native title provided that the relevant future act process has been complied with.
31. The Searches confirm that:
- 31.1 notices of the proposed grants were issued under section 29 of the *Native Title Act 1993* (Cth) on:
- 31.1.1 26 March 2014 in respect of E28/2392;
- 31.1.2 7 May 2014 in respect of E28/2390; and
- 31.1.3 24 September 2014 in respect of E28/2385; and
- 31.2 the relevant future act process in relation to each of the Tenements was completed on 27 March 2015.
32. Accordingly, the Searches indicate that the relevant future act process under the *Native Title Act 1993* (Cth) has been complied with and the Tenements validly granted. This means that the exercise of rights under the Tenements will take priority over native title.

33. The existence of exclusive native title in land adjacent to the Tenements means that additional tenure may be required in order to ensure lawful access to the Tenements across those areas.
34. The Ngadju People are entitled to compensation for the effects on native title of the exercise of any rights under the Tenements. While it is not possible to estimate the quantum of that compensation liability, it is likely to be determined using principles comparable to those applied under the *Mining Act 1978* (WA) in determining compensation for other landholders.

F. ABORIGINAL HERITAGE

35. The *Aboriginal Heritage Act 1972* (WA) and the *Aboriginal and Torres Strait Islander Heritage Protection Act 1984* (Cth) protect places and objects that are of significance to Aboriginal and Torres Strait Islander people in accordance with their traditional laws and customs (**Aboriginal Sites**).
36. The *Aboriginal Heritage Act 1972* (WA) provides that it is an offence for a person to damage or in any way alter an Aboriginal Site. Aboriginal Sites must not be interfered with, except with the consent of the Minister under the *Aboriginal Heritage Act 1972* (WA).
37. The Department of Aboriginal Affairs maintains a register of sites that have been registered under the *Aboriginal Heritage Act 1972* (WA). Searches of this register indicate that there are no registered Aboriginal Sites located within the boundaries of the Tenements.
38. The register does not purport to be comprehensive. Sites and objects of significance to Aboriginal persons are protected whether or not those sites are registered under the *Aboriginal Heritage Act 1972* (WA). Accordingly, the Company will need to engage with Aboriginal persons with appropriate traditional knowledge of the land the subject of the Tenements in order to ensure that any proposed works will not interfere with any Aboriginal sites that are not recorded in the register.
39. The Company is party to an Agreement for Heritage Protection over Mining Tenure dated 1 April 2015 with John Walter Graham, Sonny Graham and Katie Ray for and on behalf of the members of the Ngadju Native Title Group. The agreement provides a framework for the conduct of Aboriginal heritage surveys over land the subject of the Tenements in order to identify any Aboriginal Sites within the land the subject of the Tenements.
40. It is unusual that the agreement is executed by three members of the Ngadju Native Title Group on behalf of the Ngadju Native Title Group rather than by the Ngadju Native Title Aboriginal Corporation on behalf of the Ngadju Native Title Group. However, provided that the Ngadju Native Title Group and the Ngadju Native Title Aboriginal Corporation continue to acknowledge that those individuals were properly authorised to execute the agreement this should not give rise to any difficulty.

G. ASSUMPTIONS AND QUALIFICATIONS

41. This Report is subject to the following assumptions (in addition to any assumptions expressed elsewhere in this Report):

41.1 we have assumed that information provided by third parties, including various government departments, in response to searches and enquiries made by us is accurate, complete and up to date as at the date of its receipt by us;

41.2 we have assumed that the contracts referred to in this Report were within the capacity and powers of, and were validly authorised, stamped or lodged for stamping (where necessary), executed, delivered by and are legally binding on and enforceable against the parties to them and comprise the entire agreement of the parties to each of them with respect to their respective subject matters;

41.3 we have assumed that the signatures on the contracts referred to in this Report are authentic;

41.4 we have assumed that there are no material documents or information to be provided other than the contracts referred to in this Report;

41.5 we have assumed that the parties to each of the contracts referred to in this Report are complying with and will continue to comply with and fulfil the terms of each of the contracts referred to in this Report; and

41.6 we have assumed the completeness and the conformity to original documents of all copies reviewed.

42. This Report is subject to the following qualifications (in addition to any qualifications expressed elsewhere in this Report):

42.1 in relation to any statement relating to whether the Tenement is in good standing, such statement is only based on the information contained in the relevant search on the instrument of title for the Tenement; and

42.2 where compliance with the terms and conditions of any Tenements and the provisions of the *Mining Act 1978* (WA) including requirements necessary to maintain the Tenements in good standing, or a possible claim in relation to the Tenements by third parties is not disclosed on the face of the searches referred to above, we express no opinion as to such compliance or claim.

H. CONCLUSION

43. DLA Piper Australia has given its written consent to the issue of the Prospectus with this Report in the form and context in which it is included, and has not withdrawn its consent prior to the lodgement of the Prospectus with the Australian Securities and Investment Commission. This Report has been prepared only for the purposes of the Prospectus and is not to be relied on for any other purposes.

44. This Report is given solely for the benefit of the Company and the directors of the Company in connection with the issue of the Prospectus and is not to be relied on or used for any other purpose or quoted or referred to in any public documents or filed with any government body or other person without our prior consent.
45. DLA Piper Australia will be paid its normal and usual professional fees for the preparation of this Report. Except in respect of its professional fees and otherwise disclosed in the Prospectus, DLA Piper Australia has no interest in the promotion of the Company.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Alex Jones', written over a circular stamp or seal.

ALEX JONES
Partner
DLA Piper Australia

+61 8 6467 6204
Alex.Jones@dlapiper.com



SCHEDULE OF TENEMENTS

| Project | Tenement | Holder | Shares | Area (Blocks) | Grant date | Expiry Date | Annual Rent ex-GST | Current Year Expenditure Commitment | Native Title Determinations | Aboriginal Heritage |
|----------------------|----------|-------------------------------|--------|---------------|------------|-------------|--|--|-----------------------------|---|
| Fraser Range Project | E28/2385 | Fraser Range Metals Group Ltd | 100 | 4 BL | 27/03/2015 | 26/03/2020 | Rent for year end 26/03/2017 is \$501.00. First year rent (\$476.00) accompanied application and has been paid in full. | \$15,000.00 | Ngadju (WAD6020/1998) | No registered Aboriginal heritage sites recorded. |
| Fraser Range Project | E28/2390 | Fraser Range Metals Group Ltd | 100 | 6 BL | 27/03/2015 | 26/03/2020 | Rent for year end 26/03/2017 is \$751.50. First year rent (\$714.00) accompanied application and has been paid in full. | \$20,000.00 *combined reporting group status approved in respect of E28/2390 & E28/2392 | Ngadju (WAD6020/1998) | No registered Aboriginal heritage sites recorded. |
| Fraser Range Project | E28/2392 | Fraser Range Metals Group Ltd | 100 | 5 BL | 21/04/2015 | 20/04/2020 | Rent for year end 20/04/2017 is \$626.25. First year rent (\$595.00) accompanied application and has been paid in full. | \$15,000.00 *combined reporting group status approved in respect of E28/2390 & E28/2392 | Ngadju (WAD6020/1998) | No registered Aboriginal heritage sites recorded. |

* combined report group status allows the aggregate exploration expenditure for the combined reporting tenements to be apportioned between the combined reporting tenements.

5. Board, Management and Corporate Governance

5.1 Directors' Profiles

The names and details of the Directors in office as at the date of this Prospectus are as follows:

(a) **Mr Nicholas Bishop – Non-Executive Director**

FCCA, ATIA

Nick Bishop is a Fellow of the Association of Chartered Certified Accountants (ACCA) and a member of the Tax Institute Australia (ATIA). Nick has over 10 years' experience in the financial reporting, auditing and taxation of a number of ASX listed and unlisted companies in Australia and the UK.

(b) **Miss Loren Jones – Non-Executive Director**

BPpsych

Miss Loren Jones was appointed as a Non-Executive Director on 20 November 2015. Miss Jones is a partner and Company Secretary of corporate administration firm Cicero Corporate Services Pty Ltd, a Non-Executive Director and Company Secretary of Brookside Energy Limited (ASX: BRK) and Blaze International Limited (ASX: BLZ). Miss Jones is also a Non-Executive Director of Star Striker Limited (ASX: SRT) and Red Fox Capital Limited. Additionally, Miss Jones currently serves as the Company Secretary of VTX Holdings Limited (ASX: VTX), Alcideon Group Limited (formerly, Naracoota Resources Limited) (ASX: ALC) and Aphex Minerals Pty Ltd. Past Non-Executive Director and/or Company Secretarial positions include ZipTel Limited (ASX: ZIP), MMJ Phytotech Limited (ASX: MMJ) and Jernigan Commodities Limited.

(c) **Mr Nicholas Ong – Non-Executive Director**

BCom, MBA

Nicholas Ong was a Principal Adviser at the ASX in Perth and brings seven years' experience in listing rules compliance and corporate governance. He was an active member of the ASX JORC Group and has overseen the admission of over 100 companies to the official list of the ASX. He is currently a director of Excelsior Gold Limited (ASX: EXG) and Segue Resources Limited (ASX: SEG) and was Company Secretary to Pura Vida Energy NL (ASX: PVD), MSM Corporation Limited (formerly, Minerals Corporation Limited) (ASX: MSM) and ZYL Limited (ASX: ZYL).

On Completion, Messrs Bishop and Ong will resign as Directors. Miss Jones will remain as a Director.

5.2 Proposed Directors' and Proposed Management Profiles

Proposed Directors

With effect from completion of the Acquisition and the Offers, the following individuals will be appointed as Directors:

(a) **Mr Josh Puckridge – Executive Chairman**

BCom

Mr Puckridge was formerly an Executive Director of Discovery Resources Limited (ASX: DIS) now Aquis Entertainment Limited (ASX: AQS). Mr Puckridge is a Non-Executive Director of Alcidion Group Limited (formerly, Naracoota Resources Limited) (ASX: ALC), TopTung Limited (ASX: TTW) and Blaze International Limited (ASX: BLZ) and recently was Executive Director of Red Gum Resources Limited (ASX: RGX) which acquired a security personnel business and is now MCS Services Limited (ASX: MSG) of which Mr Puckridge is now a Non-Executive Director. Mr Puckridge has robust experience within funds management, and mergers and acquisitions. Mr Puckridge was a former founding Director and Secretary of Windward Resources Limited (ASX: WIN), a significant Fraser Range explorer.

(b) **Mr Ian Prentice – Non-Executive Director**

BSc (Geology)

Mr Prentice has extensive global resource industry and equity capital markets experience, with a proven track record of high quality corporate management and technical excellence. His broad ranging 25 year-plus career extends from exploration and operational roles across a variety of commodities, focused on gold, nickel and copper, in Australia, New Zealand, South East Asia and Africa, to the listing and management of ASX-listed resource companies. Mr Prentice has had extensive experience in nickel – copper and gold exploration in the Yilgarn of Western Australia and has evaluated a range of operational nickel-(copper) mines throughout Western Australia.

Mr Prentice has served as a Director for a number of ASX-listed resource companies, with activities ranging from exploration and project acquisition in Asia and Africa through to gold production in Australia. He has broad experience in identifying and reviewing resource projects for potential acquisition. Mr Prentice is a Member of the Australasian Institute of Mining and Metallurgy and holds a Bachelor of Science (Geology) from the University of Western Australia.

Mr Prentice was Managing Director of Gleneagle Gold Limited (**Gleneagle**) in May 2007 when the board of directors appointed Administrators to the company. Gleneagle was ultimately reorganised pursuant to a Deed of Company Arrangement, which was effectuated on 11 March 2008. There were no investigations or proceedings brought, other than standard investigations carried out by the Administrators.

(c) **Mr Glenn Whiddon – Non-Executive Director**

BEC

Glenn Whiddon has extensive experience in equity capital markets, banking and corporate advisory, with specific focus on natural resources, enabling project origination and financing. He has a significant contact network throughout the world which has led to the development of a number of projects. Glenn holds an economics degree and has extensive corporate and management experience. He has global banking experience with The Bank of New York in Australia, Europe and Russia.

As noted in Section 5.1, Miss Jones will continue as a Director, following completion of the Acquisition and the Offers. Details of Miss Jones' qualifications and experience are set out in Section 5.1(b).

Proposed Management

Following completion of the Acquisition and the Offers, the Company will not have any full time Directors or management, and this is a risk highlighted in Section 7.

Mr Puckridge will serve as the Company's Executive Chairman (on a part-time basis), and Mr Whiddon, Mr Prentice and Miss Jones will serve as Non-Executive Directors.

Mr Puckridge is an experienced director of ASX listed companies. There is no proposed managing director or chief executive officer. Consequently, Mr Puckridge will be responsible for all responsibilities that would otherwise be performed by a managing director or chief executive officer. Mr Puckridge took on a similar position with Windward Resources Limited, another Fraser Range exploration company listed on the ASX, and was also Chief Executive Officer and Executive Director of Discovery Resources Limited (now Aquis Entertainment Limited, ASX: AQS), a company that conducted exploration for rare earth elements in northern Namibia, Africa.

Mr Puckridge will be directly responsible for all mineral exploration activities of the Company, prior to the appointment of a managing director or chief executive officer in the future (should the Company's activities warrant such an appointment). Mr Puckridge will engage consultants, as appropriate, to conduct exploration programs and subsequent interpretation of the data of these programs. Mr Prentice will, in his capacity as a Non-Executive Director and subject to other commitments, work under, and as directed by, Mr Puckridge for the purposes of providing an objective and propriety opinion regarding the exploration activities and results of the Company.

Messrs Puckridge and Prentice, together with any consultants they engage, have responsibility for preparing and executing the Company's mineral exploration strategy, programs, results and interpretations.

5.3 Executive Employment Agreement and Remuneration of Directors

For details regarding Mr Puckridge's executive employment agreement, refer to Section 8.2. For details of remuneration of the Directors and Proposed Directors, refer to Section 10.3.

5.4 Corporate Governance

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**Recommendations**).

The primary responsibility of the Board is to represent and advance Shareholders' interests and to protect the interests of all stakeholders. To fulfil this role the Board is responsible for the overall corporate governance of the Company including driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance.

The Board recognises the need for the Company to operate with the highest standards of behaviour and accountability.

The table in Section 5.5 provides a summary and explanation of the Company's departure from the Recommendations. The Company will also provide an explanation of any departures from the Recommendations in its future annual reports.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below. All of the Company's corporate governance policies, together with a copy of the Constitution, are available on the Company's website www.frmetals.com.au.

Following completion of the Acquisition and the Offers, the Board proposes to undertake a review of the Company's corporate governance policies and practices.

(a) **Board charter**

The Board has adopted a Board charter which prescribed certain principles for the operation and structure of the Board. The charter also establishes certain principles and procedures in accordance with which the Board is required to act and allocates the functions of the Company between the Board and management of the Company.

(b) **Code of conduct**

The Board has adopted a code of conduct which sets basic principles of business conduct to which the Directors, officers and employees of the Company must adhere.

(c) **Board of Directors**

The Board is responsible for the corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- (i) maintain and increase Shareholder value;
- (ii) ensure a prudential and ethical basis for the Company's conduct and activities; and
- (iii) ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

- (i) driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
- (ii) reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- (iii) acting on behalf of, and being accountable to, the Shareholders;
- (iv) approving and monitoring the budget and the adequacy and integrity of financial and other reporting; and

- (v) ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board's discussions on a fully-informed basis.

(d) Composition of the Board

The composition of the Board is to be reviewed regularly to ensure the appropriate mix of skills, experience and expertise that will assist the Board in fulfilling its responsibilities, as well as assisting the Company in achieving growth and delivering value to Shareholders.

No formal nomination committee or procedures have been adopted for the identification, appointment and review of the Board's membership but an informal assessment process, facilitated in consultation with the Company's professional advisors, has been committed to by the Board.

The Board currently consists of Mr Nicholas Bishop, Miss Loren Jones and Mr Nicholas Ong.

Following completion of the Acquisition and the Offers, Messrs Bishop and Ong will resign and Messrs Prentice, Puckridge and Whiddon will be appointed as directors of the Company. Refer to Section 5.2 for details of their qualifications and experience.

(e) Identification and management of risk

The Board's collective experience will assist in the identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

(f) Continuous disclosure policy

The Board has adopted a continuous disclosure policy to ensure the Company will be in a position to comply with its disclosure obligations arising from the Corporations Act and the Listing Rules. The focus of the policy is on continuous disclosure compliance and improving access to information for investors.

The Company Secretary is responsible for:

- (i) overseeing and co-ordinating disclosure of information to ASX; and
- (ii) providing guidance to Directors and employees on disclosure requirements and procedures.

(g) Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards.

(h) **Independent professional advice**

The Board and individual Directors may seek independent external professional advice as considered necessary at the expenses of the Company, subject to prior consultation with the Chairman.

(i) **Remuneration and Nomination Committee**

The Company does not have a formal remuneration and nomination committee. This function is currently performed by the full Board.

The Board will decide the remuneration of an executive Director without the affected executive Director participating in the decision making process.

The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the Listing Rules, as applicable. The determination of non-executive Director's remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The fees paid to Directors in the past two financial years and for this financial year are detailed in Section 10.3.

In addition, a Director may be paid fees or other amounts (i.e. subject to any necessary Shareholder approval, non-cash performance incentives such as Options) as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred by them, respectively, in or about the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders, having regard to the amount considered appropriate for a company of its size and level of activity as well as the relevant Director's time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans, including the appropriateness of performance hurdles and total payments proposed.

(j) **Trading policy**

The Board has adopted a securities trading policy that provides guidelines on the sale and purchase of securities by Directors, officers, and other key management personnel and employees of the Company and their associates. The securities trading policy prohibits trading during the designated "blackout periods" and recommends trading only during certain "trading windows". The policy generally provides that the written acknowledgement of the Chairman (or the Board in the case of the Chairman) must be obtained prior to trading.

(k) **External audit**

Shareholders in general meetings are responsible for the appointment of the external auditors of the Company, and the Board, from time to time, will review the scope, performance and fees of those external auditors.

(l) **Audit and Risk Committee**

The Company does not have a formal Audit & Compliance Committee. This function is currently performed by the full Board. In carrying out this function, the Board's role includes, but is not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system, the Company's risk management systems, the identification and management of business, economic, environmental and social sustainability risk and the external audit function.

5.5 Departures from the Recommendations

The Company's departures from the Recommendations as at the date of this Prospectus are detailed in the table below.

| Principles and Recommendations | Explanation for Departure |
|--|--|
| Recommendation 2.1 The board of a listed entity should: (a) have a nomination committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively. | <p>The Company's Corporate Governance Plan includes a Nomination Committee Charter. The Corporate Governance Plan is available on the Company's website.</p> <p>The primary purpose of the Nomination Committee is to support and advise the Board in maintaining a Board with an appropriate mix of skills and experience and ensuring the Board is comprised of Directors who contribute to the successful management of the Company and discharge their duties having regard to the law and the highest standards of corporate governance.</p> <p>Given the size of the Company, the operation of the Nomination Committee is currently conducted by the full Board. When appropriate, external consultants are engaged to assist in the nomination process and to ensure a balance of skills, knowledge, experience, independence and diversity is achieved.</p> |

| Principles and Recommendations | Explanation for Departure |
|---|--|
| <p>Recommendation 4.1</p> <p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <ul style="list-style-type: none"> (i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (ii) is chaired by an independent director, who is not the chair of the board, <p>and disclose:</p> <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p> | <p>The Company's Corporate Governance Plan includes an Audit and Risk Committee Charter. The Corporate Governance Plan is available on the Company's website.</p> <p>The function of the Audit Committee is carried out by the full board who are each considered independent.</p> <p>Qualifications and experience of members of the Audit Committee are found under the directors' profile in both the Annual report and on the Company's website at Directors and Management.</p> |
| <p>Recommendation 7.1</p> <p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, <p>and disclose:</p> <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or | <p>The Board has not established a Risk Committee. However, it does have a Risk Policy which can be found on the company's website in the Corporate Governance Plan.</p> <p>Risk management is specifically discussed by the full Board at the Company's board meetings during the year. The Board considers that this process adequately monitors the Company's risk management framework.</p> |

| Principles and Recommendations | Explanation for Departure |
|--|--|
| <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.</p> | |
| <p>Recommendation 7.3</p> <p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p> | <p>Due to the size of the Company, the Board does not consider it necessary at this time, to formalise an internal audit function. The Board continually monitors the risk management and internal control processes adopted by the Company to ensure they are appropriate to the operations of the Company's group structure. The Board is satisfied with the current level of risk, risk management and control monitoring within the Company.</p> |
| <p>Recommendation 8.1</p> <p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director,</p> <p>and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p> | <p>The Company's Corporate Governance Plan includes a Remuneration Committee Charter. The Corporate Governance Plan is available on the Company's website.</p> <p>The key responsibilities of the Remuneration Committee are undertaken by the full Board in accordance with the Remuneration Committee Charter.</p> |

6. Independent Limited Assurance Report

18 January 2016

The Directors
Fraser Range Metals Group Limited
Office J, Level 2
1139 Hay Street
WEST PERTH WA 6005

Dear Board of Directors

Independent Limited Assurance Report on Fraser Range Metals Group Limited

1. Introduction

We have been engaged by Fraser Range Metals Group Limited ("the Company") to report on the historical financial information and pro forma historical financial information of Fraser Range Metals Group Limited as at 30 June 2015 for inclusion in the public document dated on or about 18 January 2016 and in respect of a proposed public offering by the Company to raise between \$3,500,000 and \$5,000,000 ("the Capital Raising or Offer"). Expressions and terms defined in the document have the same meaning in this report.

2. Scope

Historical Financial Information

You have requested Bentleys to review the historical financial information being the statement of financial position as at 30 June 2015 of Fraser Range Metals Group Limited (the responsible party) included in the public document. Hereafter referred to as "the historical financial information."

The historical financial information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the company's adopted accounting policies. The historical financial information has been extracted from the financial information of Fraser Range Metals Group Limited for the year ended 30 June 2015 which has been audited by Bentleys in accordance with Australian Auditing Standards. Bentleys issued an unqualified audit opinion on the financial report with an emphasis of matter with respect to a material uncertainty over the ability of the entity to continue as a going concern. The historical financial information is presented in the public document in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.



Bentleys Audit & Corporate
(WA) Pty Ltd

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Australia

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ABN 33 121 222 802

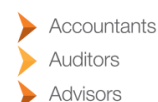
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Accountants

Auditors

Advisors

Pro Forma historical financial information

You have requested Bentleys to review the pro forma historical Statement of Financial Position as at 30 June 2015 referred to as the pro forma historical financial information.

The pro forma historical financial information has been derived from the historical financial information of Fraser Range Metals Group Limited, after adjusting for the effects of pro forma adjustments described in section 6 of this report. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in section 6 of this report, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the pro forma historical financial information does not represent the company's actual or prospective financial position. The pro forma historical financial information in Appendix A should be read in conjunction with the historical financial information for the previous three years included in Appendix B.

3. Directors' responsibility

The directors of Fraser Range Metals Group Limited are responsible for the preparation of the historical financial information and pro forma historical financial information, including the selection and determination of pro forma adjustments made to the historical financial information and included in the pro forma historical financial information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of historical financial information and pro forma historical financial information that are free from material misstatement, whether due to fraud or error.

4. Our responsibility

Our responsibility is to express a limited assurance conclusion on the financial information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

5. Conclusions

Historical financial information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the historical financial information, as described in the appendices to this report, and comprising the Statement of Financial Position as at 30 June 2015 is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in note 1 of Appendix A of this report.

Pro Forma historical financial information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the pro forma historical financial information comprising the Statement of Financial Position as at 30 June 2015 is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in note 1 of Appendix A of this report.

6. Assumptions Adopted in Compiling the Pro-forma Statement of Financial Position

The pro-forma historical Statement of Financial Position is shown in Appendix A. The pro-forma historical financial information has been prepared by adjusting the audited statement of financial position of Fraser Range Metals Group Limited as at 30 June 2015 to reflect the financial effects of the following pro forma transactions which are yet to occur, but are proposed to occur following completion of the capital raising:

- (a) The issue of 175,000,000 shares to raise \$3,500,000 (Minimum Subscription) before costs (Maximum Subscription 250,000,000 shares to raise \$5,000,000 before costs);
- (b) Payment of costs associated with the above offer of \$490,000 (Minimum Subscription) (Maximum Subscription \$600,000);
- (c) The issue of 25,000,000 shares at a deemed issue price of \$0.001 per share to advisers for assisting with the capital raising;
- (d) The payment of \$15,000 in cash as consideration for the acquisition of tenements from Segue Resources Limited.

7. Restriction on Use

Without modifying our conclusions, we draw attention to Appendix A of this report, which describes the purpose of the financial information, being for inclusion in the public document. As a result, the financial information may not be suitable for use for another purpose.

8. Consent

Bentleys has consented to the inclusion of this assurance report in the public document in the form and context in which it is included.

9. Responsibility

Bentleys Audit & Corporate (WA) Pty Ltd has not authorised the issue of this Prospectus. Accordingly, Bentleys Audit & Corporate (WA) Pty Ltd makes no representation regarding, and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in, or omissions from, any part of the Prospectus, other than a reference to its name and this Independent Limited Assurance Report.

10. Declaration of Interest

Bentleys Audit & Corporate (WA) Pty Ltd does not have any interest in the outcome of this transaction or any other interest that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. Bentleys Audit & Corporate (WA) Pty Ltd will receive normal professional fees for the preparation of the report.

Yours faithfully



DOUG BELL CA
Director

APPENDIX A – HISTORICAL & PRO-FORMA FINANCIAL INFORMATION

This section contains historical financial information and pro forma financial information for Fraser Range Metals Group Limited as at 30 June 2015. The historical financial information has been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards and the accounting policies adopted by Fraser Range Metals Group Limited as detailed in Note 1. The pro forma financial information has been derived from the historical financial information and assumes the completion of the pro forma adjustments as set out in Note 2 as if those adjustments had occurred as at 30 June 2015.

The financial information contained in this section of the Prospectus is presented in an abbreviated form and does not contain all the disclosures that are provided in a financial report prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards and Interpretations.

The historical financial information comprises:

- The audited statement of financial position as at 30 June 2015; and
- The notes to the historical financial information.

The pro forma financial information comprises:

- The unaudited pro forma statement of financial position as at 30 June 2015, prepared on the basis that the pro forma adjustments detailed in Note 2 had occurred as at 30 June 2015; and
- The notes to the pro forma financial information.

Collectively referred to as the Financial Information.

Pro Forma Statement of Financial Position as at 30 June 2015

| | | Fraser Range Metals Group Ltd | Pro Forma Adjustments (Minimum Subscription) | Pro Forma Adjustments (Maximum Subscription) | Pro Forma (Minimum Subscription) | Pro Forma (Maximum Subscription) |
|--|---|-------------------------------------|---|---|--|--|
| | | 30 June 2015 | | | 30 June 2015 | 30 June 2015 |
| | | Audited | Reviewed | Reviewed | Reviewed | Reviewed |
| | | \$ | \$ | \$ | \$ | \$ |
| ASSETS | | | | | | |
| Current Assets | | | | | | |
| Cash and cash equivalents | 3 | 167,402 | 2,995,000 | 4,385,000 | 3,162,402 | 4,552,402 |
| Trade and other receivables | | 3,730 | - | - | 3,730 | 3,730 |
| Total Current Assets | | 171,132 | 2,995,000 | 4,385,000 | 3,166,132 | 4,556,132 |
| Non Current assets | | | | | | |
| Mineral exploration and evaluation expenditure | 4 | - | 15,000 | 15,000 | 15,000 | 15,000 |
| Total Non Current Assets | | - | 15,000 | 15,000 | 15,000 | 15,000 |
| Total Assets | | 171,132 | 3,010,000 | 4,400,000 | 3,181,132 | 4,571,132 |
| LIABILITIES | | | | | | |
| Current Liabilities | | | | | | |
| Trade and other payables | | 21,976 | - | - | 21,976 | 21,976 |
| Total Current Liabilities | | 21,976 | - | - | 21,976 | 21,976 |
| TOTAL LIABILITIES | | 21,976 | - | - | 21,976 | 21,976 |
| NET ASSETS | | 149,156 | 3,010,000 | 4,400,000 | 3,159,156 | 4,549,156 |
| EQUITY | | | | | | |
| Issued capital | 5 | 28,368,164 | 3,010,000 | 4,400,000 | 31,378,164 | 32,768,164 |
| Accumulated profit/(losses) | | (28,219,008) | - | - | (28,219,008) | (28,219,008) |
| TOTAL EQUITY | | 149,156 | 3,010,000 | 4,400,000 | 3,159,156 | 4,549,156 |

Notes to and Forming Part of the Historical Financial Information

Note 1. Summary of significant accounting policies

(a) Basis of Accounting

The historical financial information has been prepared in accordance with the measurement and recognition (but not the disclosure) requirements of Australian Accounting Standards, Australian Accounting Interpretations and the Corporations Act 2001.

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

The preparation of the Statement of Financial Position requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Statement of Financial Position are disclosed where appropriate.

The Statement of Financial Position as at 30 June 2015 is in accordance with the Company's audited financial position at that date. The pro forma Statement of Financial Position as at 30 June 2015 represents the reviewed financial position and adjusted for the transactions discussed in Note 2 to this report. The Statement of Financial Position should be read in conjunction with the notes set out in this report.

The historical financial information 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 normal course of business.

The ability of the Company to continue as a going concern is dependent on the success of the fundraising under the Prospectus. The Directors believe that the company will continue as a going concern. As a result the financial information has been prepared on a going concern basis. However should the fundraising under the Prospectus be unsuccessful, the entity may not be able to continue as a going concern. No adjustments have been made relating to the recoverability and classification of liabilities that might be necessary should the Company not continue as a going concern.

(b) Cash and Cash Equivalents

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

(c) Mineral Exploration and Evaluation Expenditure

Mineral exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the period in which the decision to abandon the area is made.

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

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

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one period of abandoning the site.

(d) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable.

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

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

(e) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associated entities operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(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 Statement of Profit or Loss and Other Comprehensive Income.

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) Payables

Liabilities for trade creditors and other amounts are carried at amortised cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the entity. The amounts are unsecured and are usually paid within 30 days.

(h) Issued Capital

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(i) Share Based Payments

Equity-settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the share based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest with a corresponding increase in equity.

Equity settled share based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where the fair value cannot be estimated reliably in which case they are measured at the fair value of the equity instruments granted measured at the date the entity obtains the good or counterparty renders the service.

(j) Goods and Services Tax (GST)

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

- Where the GST incurred on the purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables in the statement of financial position are shown inclusive of GST.

Note 2. Actual and Proposed Transactions to Arrive at the Pro-Forma Financial Information

The pro-forma historical financial information has been prepared by adjusting the audited statement of financial position of Fraser Range Metals Group Limited as at 30 June 2015 to reflect the financial effects of the following pro forma transactions which are yet to occur, but are proposed to occur following completion of the capital raising:

- (a) The issue of 175,000,000 shares to raise \$3,500,000 (Minimum Subscription) before costs (Maximum Subscription 250,000,000 shares to raise \$5,000,000 before costs);
- (b) Payment of costs in associated with the above offer of \$490,000 (Minimum Subscription) (Maximum Subscription \$600,000);

- (c) The issue of 25,000,000 shares at a deemed issue price of \$0.001 per share to advisers for assisting with the capital raising;
- (d) The payment of \$15,000 in cash as consideration for the acquisition of tenements from Segue Resources Limited.

Note 3. Cash & Cash equivalents

| | Audited 30 June 2015 \$ | Reviewed Pro Forma (Minimum Subscription) 30 June 2015 \$ | Reviewed Pro Forma (Maximum Subscription) 30 June 2015 \$ |
|---|--|--|--|
| Cash and cash equivalents | 167,402 | 3,162,402 | 4,552,402 |
| Cash and cash equivalents as at 30 June 2015 | | 167,402 | 167,402 |
| Funds raised from Prospectus | | 3,500,000 | 5,000,000 |
| Expenses of the issue | | (490,000) | (600,000) |
| Consideration for acquisition of tenements | | (15,000) | (15,000) |
| Closing balance | | 3,162,402 | 4,552,402 |

Note 4. Mineral Exploration and Evaluation Expenditure

| | Audited 30 June 2015 \$ | Reviewed Pro Forma (Minimum Subscription) 30 June 2015 \$ | Reviewed Pro Forma (Maximum Subscription) 30 June 2015 \$ |
|--|--|--|--|
| Mineral Exploration and Evaluation Expenditure | - | 15,000 | 15,000 |
| Mineral Exploration and Evaluation Expenditure at 30/6/15 | | - | - |
| Acquisition of tenements from Segue Resources Limited | | 15,000 | 15,000 |
| Closing balance | | 15,000 | 15,000 |

Note 5. Issued Capital

| | Audited 30 June 2015 \$ | Reviewed Pro Forma (Minimum Subscription) 30 June 2015 \$ | Reviewed Pro Forma (Maximum Subscription) 30 June 2015 \$ |
|---|--|--|--|
| Issued capital | 28,368,164 | 31,378,164 | 32,768,164 |
| Issued Capital as at 30 June 2015 | | 28,368,164 | 28,368,164 |
| Shares issued pursuant to capital raising | | 3,500,000 | 5,000,000 |
| Shares issued to advisers ^(a) | | 500,000 | 500,000 |
| Share issue costs (adviser shares) | | (500,000) | (500,000) |
| Share issue costs | | (490,000) | (600,000) |
| | | 31,378,164 | 32,768,164 |
| | No. of Shares | No. of Shares | No. of Shares |
| Issued capital | 31,625,441 | 231,625,441 | 306,625,441 |
| Shares on issue as at 30 June 2015 | | 31,625,441 | 31,625,441 |
| Shares issued pursuant to capital raising | | 175,000,000 | 250,000,000 |
| Shares issued to advisers | | 25,000,000 | 25,000,000 |
| | | 231,625,441 | 306,625,441 |

(a) In accordance with share based payment accounting principles, shares issued to advisors at a deemed issue price of \$0.001 per share have been fair valued being the offer price of \$0.02 per share.

Note 6. Related Parties

Transactions with related parties and directors interests are disclosed in the Prospectus.

Note 7. Commitments and Contingent Liabilities

At the date of the report no other material commitments or contingent liabilities exist that we are aware of, other than those disclosed in this Prospectus.

Note 8. Subsequent Events

At the date of this report there have been no material events subsequent to balance date that we are aware of, other than those disclosed in this Prospectus.

APPENDIX B – HISTORICAL FINANCIAL INFORMATION

This appendix contains historical financial information for Fraser Range Metals Group Limited for the years ended 30 June 2013, 2014 and 2015. The historical financial information has been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards and the accounting policies adopted by Fraser Range Metals Group Limited as detailed in Note 1 to Appendix A.

The historical financial information has been extracted from the financial reports of Fraser Range Metals Group Limited which have been audited by Bentleys in accordance with Australian Auditing Standards. Bentleys issued unqualified audit opinions for each of the years with emphases of matter with respect to a material uncertainty over the ability of the entity to continue as a going concern. The financial information contained in this appendix is presented in an abbreviated form and does not contain all the disclosures that are provided in a financial report prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards and Interpretations.

1. Consolidated Statement of Financial Position

| | Fraser Range Metals Group Ltd | | |
|-----------------------------------|-------------------------------|----------------|------------------|
| | 30 June 2015 | 30 June 2014 | 30 June 2013 |
| | Audited | Audited | Audited |
| | \$ | \$ | \$ |
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 167,402 | 101,968 | 30,786 |
| Trade and other receivables | 3,730 | 11,205 | 46,069 |
| Held for trading financial assets | - | 620,086 | - |
| Total Current Assets | 171,132 | 733,259 | 76,855 |
| Non Current assets | | | |
| Property, plant and equipment | - | - | 398 |
| Total Non Current Assets | - | - | 398 |
| Total Assets | 171,132 | 733,259 | 77,253 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | 21,976 | 134,787 | 118,745 |
| Borrowings | | 451,912 | 381,419 |
| Total Current Liabilities | 21,976 | 586,699 | 500,164 |
| TOTAL LIABILITIES | 21,976 | 586,699 | 500,164 |
| NET ASSETS | 149,156 | 146,560 | (422,911) |
| EQUITY | | | |
| Issued capital | 28,368,164 | 28,368,164 | 28,746,689 |
| Accumulated profit/(losses) | (28,219,008) | (28,221,604) | (29,169,600) |
| TOTAL EQUITY | 149,156 | 146,560 | (422,911) |

2. Consolidated Statement of Profit or Loss and Other Comprehensive Income

| | Fraser Range Metals Group Ltd | | |
|--|-------------------------------|----------------|--------------------|
| | 30 June 2015 | 30 June 2014 | 30 June 2013 |
| | Audited | Audited | Audited |
| | \$ | \$ | \$ |
| Other income | 204,816 | 1,225,868 | 9,897 |
| Auditors fees | (16,054) | (16,650) | (23,650) |
| Consulting fees | - | (1,500) | (37,909) |
| Corporate compliance costs | (36,744) | (29,158) | (48,195) |
| Directors consulting | (10,500) | - | (66,000) |
| Corporate expenses | (42,500) | (39,000) | (2,500) |
| Legal expense | (2,598) | (3,820) | (102,413) |
| Occupancy costs | - | (35,939) | (26,586) |
| Professional fees | (12,300) | (18,678) | (91,151) |
| Project evaluation | (6,160) | (11,509) | (563,658) |
| Finance costs | (4,040) | (49,342) | (11,441) |
| Loss on financial assets | (49,620) | (983) | - |
| Management expense | - | - | (41,667) |
| Other expenses from ordinary activities | (21,704) | (71,293) | (271,212) |
| Profit/(Loss) before income tax expense | 2,596 | 947,996 | (1,276,485) |
| Income tax expense | - | - | - |
| Profit/(Loss) for the year | 2,596 | 947,996 | (1,276,485) |
| Other comprehensive income | - | - | - |
| Total comprehensive income for the year | 2,596 | 947,996 | (1,276,485) |

Note – Past performance is not a guide to future performance. Investors should read the prospectus in its entirety

7. Risk Factors

The Shares offered under this Prospectus are considered speculative. An investment in the Company is not risk free and the Directors strongly recommend that potential investors consult their professional advisers and consider the risks factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Shares pursuant to this Prospectus.

The below list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by the holders of Shares. The proposed future activities of the Company are subject to a number of risks and other factors which may affect its future performance. Some of these risks can be mitigated by the use of safeguards and appropriate controls. However, many of the risks are outside the control of the Company or the Directors and cannot be mitigated.

7.1 Specific Risks.

(a) **Conditional Acquisition and Re-compliance with Chapters 1 and 2 of the Listing Rules**

As part of the Company's change in nature and scale of activities, ASX will require the Company to re-comply with Chapters 1 and 2 of the Listing Rules. The Prospectus is being issued to assist the Company to re-comply with these requirements. The Shares will be suspended on the morning of the day of the Meeting. It is anticipated that the Shares will remain suspended until completion of the Public Offer, completion of the Acquisition, re-compliance by the Company with Chapters 1 and 2 of the Listing Rules and compliance with any further conditions ASX imposes on such reinstatement. There is a risk that the Company will not be able to satisfy one or more of those requirements and that the Shares will consequently remain suspended from quotation.

Further, if any of the conditions detailed in Section 1.5 are not satisfied (or waived), the Public Offer will not proceed.

(b) **Dilution Risk**

The Company currently has 31,625,441 Shares on issue and will issue:

- (i) 25,000,000 Shares under the Adviser Offer; and
- (ii) up to a further 250,000,000 Shares under the Public Offer.

Consequently, each Share on issue at the date of this Prospectus will represent a significantly lower proportion of ownership in the Company, following completion of the Offers. Existing Shareholders will retain approximately:

- (i) 13.65% of the Shares if only the Minimum Subscription is achieved under the Public Offer; and
- (ii) 10.31% of the Shares if the Maximum Subscription is achieved under the Public Offer.

There is also a risk that the interests of Shareholders will be further diluted as a result of future capital raisings that may be required to fund the Company's activities.

(c) **Exploration risk**

The Tenements are early stage exploration tenements and have had limited exploration undertaken on them to date.

Exploration is a high risk undertaking. The Company does not give any assurance that the exploration of the Tenements will result in the delineation or discovery of a significant or economic mineral resource. Even if a significant mineral resource is identified, there can be no guarantee that it can be economically exploited. In addition, the resources may become depleted, resulting in a reduction of the value of those tenements.

The exploration costs of the Company will be estimated based on certain assumptions which are subject to significant uncertainties. The actual costs may materially differ from these estimates. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised. The Company may be materially and adversely affected if the actual costs are substantially greater than the estimated costs.

(d) **Operational risks**

The operations of the Company may be affected by various factors which are beyond the control of the Company, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration or mining, operational and technical difficulties encountered in exploration, difficulties in commissioning or operating plant and equipment or mechanical failure which may affect extraction costs, adverse weather conditions, environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment, fire, explosions and other incidents beyond the control of the Company.

These risks and hazards could also result in damage to, or destructions of, equipment, personal injury, environmental damage, business interruption and possible legal liability. While the Company currently intends to maintain insurance within ranges of coverage consistent with industry practice, no assurance can be given that the Company will be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims.

(e) **Lack of full time executives and management personnel**

Following completion of the Acquisition and the Offers, the Company's management will consist of three Non-Executive Directors and one part-time Executive Chairman. The Board is aware of the need to have competent management to supervise exploration properly and (if exploration proves successful) the development of the projects in which the Company has, or will in the future have, an interest. The Board will continually monitor the management roles in the Company. To this end, it is proposed that Mr Josh Puckridge perform the role of Executive Chairman on a part-time basis and Mr Puckridge will take on the responsibilities of the Company's mineral exploration activities, and he intends to appoint reputable consultants to manage relevant aspects of these exploration activities.

As the Company's operations require an increased level of involvement by suitable executives, the Board will appoint additional management and, or,

consultants when, and where, appropriate to ensure proper management of the Tenements.

There is a risk that the Company may not be able to secure personnel with the relevant experience at the appropriate time, which may impact the Company's ability to complete all of its preferred exploration programmes within its preferred timetable.

Further, there is no guarantee that the Company will be able to attract and retain suitably qualified personnel, and a failure to do so could materially and adversely affect the Company's business, operating results and financial prospects including its ability to grow.

(f) **Gold, base metal and other commodity prices**

As an explorer for gold, base metals and, potentially, other minerals, any future earnings of the Company are expected to be closely related to the price of those commodities.

Commodities prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include worldwide and regional supply and demand for commodities, general world economic conditions and the outlook for interest rates, inflation and other economic factors on both a regional and global basis. These factors may have a positive or negative effect on the Company's exploration and project development plans, together with the ability to fund those plans and activities.

(g) **Native Title**

The *Native Title Act* recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. There is significant uncertainty associated with Native Title in Australia and this may impact on the Company's operations and future plans.

Native Title can be extinguished by valid grants of land (such as freehold title) or waters to people other than the Native Title holders or by valid use of land or waters. Native Title is not necessarily extinguished by the grant of mining leases, although a valid mining lease prevails over Native Title to the extent of any inconsistency for the duration of the title.

Tenements granted before 1 January 1994 are valid or validated by the *Native Title Act*.

For tenements validly granted (or renewed) after 1 January 1994, the future act regime established by the *Native Title Act* must be complied with.

The existence of a Native Title Claim is not an indication that Native Title in fact exists on the land covered by the claim, as this matter is ultimately determined by the Federal Court.

The Company must also comply with Aboriginal heritage legislation requirements which require heritage survey work to be undertaken ahead of the commencement of mining operations.

(h) **Tenement title**

Interests in tenements in Western Australia are governed by legislation and are evidenced by the granting of licences. Each licence is granted for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to, or its interest in, the Tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments as and when they arise.

All of the Tenements in which the Company has an interest (or tenements in which the Company may acquire an interest in the future), will be subject to applications for renewal or exemption from expenditure (as the case may be). The renewal or exemption from expenditure for a Tenement is usually determined at the discretion of the relevant government authority.

If a Tenement is not renewed or granted an exemption from expenditure, the Company may suffer damage through loss of opportunity to develop and discover minerals on that Tenement.

(i) **Environmental**

Exploration activities on the Tenements are subject to laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mineral projects, the Company's activities on the Tenements are expected to have a variety of environmental impacts. The Company's activities on the Tenements will be subject to the satisfaction of environmental guidelines and requisite approvals from applicable government authorities.

The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws, but may still be subject to accidents or other unforeseen events which may compromise its environmental performance and which may have adverse financial implications for the Company.

(j) **Future capital needs**

The future capital requirements of the Company will depend on many factors. The Company believes that the proceeds of the Public Offer should be adequate to fund its business activities in the short term as stated in this Prospectus.

Should the Company require additional funding, there can be no assurance that additional financing (whether debt or equity) will be available, either on acceptable terms or at all. Any inability to obtain additional funding, if required, will have a material adverse effect on the Company's business and its financial condition and performance.

7.2 General Risks

(a) **Securities investments**

There are risks associated with any securities investment. The prices at which the Shares trade on ASX may fluctuate in response to a number of factors including:

- (i) the recruitment or departure of key personnel;

- (ii) actual or anticipated changes in estimates as to financial results, development timelines or recommendations by securities analysts;
- (iii) variations in the Company's financial results or those of companies that are perceived to be similar to the Company including changes caused by changes in financial accounting standards or practices or taxation rules or practices;
- (iv) announcements regarding litigation or other proceedings that involve the Company;
- (v) war or acts of terrorism or catastrophic disasters that disrupt world trade or adversely affect confidence in financial markets;
- (vi) other general economic, industry and market conditions; and
- (vii) other factors described in this Section 7.

(b) **Share market conditions**

Share market conditions may affect the value of the Shares, regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and mining and resources related stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) **Liquidity risk**

There is no guarantee that there will be an ongoing liquid market for the Shares. Accordingly, there is a risk that, should the market for the Shares become illiquid, Shareholders will be unable to realise their investment in the Company.

(d) **Economic risk**

The future viability of the Company is also dependent on a number of other factors affecting performance of all industries and not just the mining and resources industries including, but not limited to, the following:

- (i) general economic conditions in jurisdictions in which the Company operates;

- (ii) changes in government policies, taxation and other laws in jurisdictions in which the Company operates;
- (iii) the strength of the equity and share markets in Australia and throughout the world, and in, particular, investor sentiment towards the mining and resources sector;
- (iv) movement in, or outlook on, interest rates and inflation rates in jurisdictions in which the Company operates; and
- (v) natural disasters, social upheaval or war in jurisdictions in which the Company operates.

(e) **Taxation**

There is the potential for further changes to tax laws and changes in the way tax laws are interpreted. Any change to the current rates of taxes imposed on the Company is likely to affect returns to Shareholders.

The Company obtains external expert advice on the application of the tax laws to its operations. An interpretation of taxation laws by a revenue authority that is contrary to the Company's interpretation of those laws may increase the amount of tax to be paid.

In addition, an investment in the Shares involves tax considerations which may differ for each Shareholder. Each prospective Shareholder is encouraged to seek professional tax advice in connection with any investment in the Company.

(f) **Policies and legislation**

The introduction of new legislation or amendments to existing legislation by governments, and the decisions of courts and tribunals, can impact adversely on the assets, operations and, ultimately, the financial performance of the Company.

Any adverse developments in political and regulatory conditions in the countries in which the Company could conduct business, could materially affect the Company's prospects. Political changes, such as changes in both monetary and fiscal policies, expropriation, methods and rates of taxation and currency exchange controls may impact the performance of the Company as a whole.

7.3 Investment Speculative

The above list of risk factors ought not to be taken as an exhaustive list of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that an investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

8. Material Contracts

8.1 Tenement Agreements

(a) Tenement Sale Agreement

On 26 March 2014, the Company entered into the Tenement Sale Agreement with Segue, pursuant to which the Company agreed to sell Segue the following applications for exploration licences: E28/2384, E28/2385, E28/2386, E28/2387, E28/2388, E28/2389, E28/2390, E28/2391, E28/2392 and E28/2393 in consideration for:

- (i) \$41,186 being the total costs incurred by the Company associated with the applications for exploration licences; and
- (ii) 25,000,000 Segue Shares.

Completion of the Tenement Sale Agreement occurred on or about 28 April 2014. However, formal registration of the transfer of the Tenements, comprising E28/2385, E28/2390 and E28/2392, from the Company to Segue was never completed.

(b) Deed of Variation

On 20 November 2015, the Company and Segue entered into the Deed of Variation, pursuant to which the Company has agreed to effectively re-acquire the Tenements from Segue (by way of the Company and Segue agreeing to cancel the transfer obligations under the Tenement Sale Agreement in respect of the Tenements), in consideration for:

- (i) the Company assuming the ongoing expenditure commitments in relation to the Tenements;
- (ii) the Company paying to Segue the Acquisition Fee, being the sum of \$15,000 on completion of the Company's next capital raising after the date of the Deed of Variation.

Completion of the Deed of Variation is subject to the Company's compliance with Listing Rules, including the receipt of all necessary Shareholder approvals.

If the Company is de-listed from the Official List, the Acquisition Fee becomes payable immediately.

(c) Deed of Release

On 13 January 2016, the Company and Segue entered into a deed of release and acknowledgement (**Deed of Release**), pursuant to which the Company and Segue confirm that all rights and obligations relating to the Tenements under the Tenement Sale Agreement are discharged.

The Deed of Release contains:

- (i) a revocation of the power of attorney the Company had granted in favour of Segue in relation to the Tenements, and an acknowledgement of, and consent to, such revocation by Segue; and

- (ii) a revocation of Segue's authority to carry out work on the Tenements, and an acknowledgement of, and consent to, such revocation by Segue.

In addition, the Company and Segue release each other from all covenants in the Tenement Sale Agreement, to the extent that such covenants relate to the Tenements.

8.2 Executive Employment Agreement with Mr Josh Puckridge

The principal terms of the executive employment agreement to be entered into between the Company and Mr Puckridge are as follows:

- (a) Mr Puckridge will be employed in the position of Executive Chairman from completion of the Offers;
- (b) the term of employment will be for an initial period of one year;
- (c) Mr Puckridge will be paid remuneration of \$60,000 per year (inclusive of superannuation); and
- (d) either party may terminate the agreement by the giving of 4 weeks' notice (or payment in lieu of notice), unless the Company is terminating as a result of wilful or serious misconduct by Mr Puckridge, in which case no notice is required.

8.3 Deeds of Indemnity

Upon Completion, the Company will enter into deeds of indemnity, insurance and access with each of the Proposed Directors (**Deeds of Indemnity**). Under the Deeds of Indemnity, the Company will indemnify the Proposed Directors to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company. The Company will also be required to maintain insurance policies for the benefit of the Proposed Directors and must also allow the Proposed Directors to inspect Board papers in certain circumstances.

Where the Company is required by the Corporations Act, or is otherwise required by law, to seek the approval of Shareholders to for the provision of the insurance and the payment of the insurance premium under the Deeds of Indemnity, the provisions of the Deeds of Indemnity which would contravene the Corporations Act or other law, but for such approval, will not become operative until such time as such Shareholder approval has been obtained.

8.4 Lead Manager Mandate

The Company has appointed Cicero Advisory to act as lead manager to the Public Offer. In consideration for its services, Cicero Advisory will receive:

- (a) a placement fee of 5%; and
- (b) a management fee of 1%,

of the total amount raised under the Public Offer.

Cicero Advisory will also receive a corporate advisory fee of \$25,000.

All fees are exclusive of GST and are payable on completion of the Public Offer. In addition, Cicero Advisory will be entitled to be reimbursed for reasonable out of pocket expenses incurred in connection with the assignment.

The Lead Manager Mandate contains covenants, warranties, representations and indemnities that are customary for such an agreement.

9. Rights Attaching to Shares

9.1 Rights attaching to Shares

The following is a summary of the more significant rights and liabilities attaching to Shares to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy or attorney to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of Shareholders or classes of shareholders:

- (i) each shareholder entitled to vote may vote in person or by proxy or attorney;
- (ii) on a show of hands, every person present who is a shareholder or a representative of a shareholder has one vote in respect of each share carrying the right to vote; and
- (iii) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each share held, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

(c) Dividend rights

The Directors alone may declare a dividend to be paid to Shareholders. The dividend is payable at a time determined in the directors' discretion. No dividend may be declared or paid except as allowed by the Corporations Act. No interest is payable in respect of unpaid dividends. The Directors may set aside from the Company's profit any amount that they consider appropriate. This amount may be used in any way that profits can be used, and can be invested or used in the Company's business in the interim.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for the purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is liability.

(e) **Shareholder liability**

As the Shares, to be issued under the Offers contained in this Prospectus, are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of Shares**

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of, or failure to observe the provisions of, a law of Australia and the transfer not being in breach of the Corporations Act and the Listing Rules.

(g) **Variation of rights**

Pursuant to Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders, vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(h) **Alteration of Constitution**

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

10. Additional Information

10.1 Interests of Directors

Except as disclosed in this Prospectus, no Director or Proposed Director (or entity in which they are a partner or director) has, or has had in the two years before the date of this Prospectus, any interests in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offers; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to:

- (d) any Director or Proposed Director to induce him or her to become, or to qualify as, a Director; or
- (e) any Director or Proposed of the Company for services which he or she (or entity in which they are a partner or director) has provided in connection with the formation or promotion of the Company or the Offers.

It is proposed that, upon completion of the Acquisition and the Offers, the Company will enter into an administrative services agreement (**Administrative Services Agreement**) with Cicero Corporate Services, of which Miss Loren Jones is a shareholder.

Pursuant to the Administrative Services Agreement, Cicero Corporate Services will provide administrative services to the Company for an initial term of 12 months. These administrative services include the provision of a registered office and principal place of business, bookkeeping services, accounting services and company secretarial services.

In consideration for the provision of these services, the Company will pay Cicero Corporate Services a fee of \$12,000 per month (exclusive of GST).

While Miss Jones is a shareholder of Cicero Corporate Services, she is not a shareholder of Cicero Advisory.

10.2 Director Holdings

As at the date of this Prospectus, the interests of the Directors and Proposed Directors and their associated entities in the securities of the Company are as follows:

| Director / Proposed Director | Shares |
|------------------------------|--------|
| Mr Nicholas Bishop | - |
| Miss Loren Jones | - |
| Mr Nicholas Ong | - |
| Mr Ian Prentice | - |
| Mr Josh Puckridge | - |

| Director / Proposed Director | Shares |
|-------------------------------|-----------|
| Mr Glenn Whiddon ¹ | 3,000,000 |

Note:

1. Indirect. The Shares are held by Getmeoutofhere Pty Ltd <Sinking Ship Super Fund A/C>, an entity controlled by Mr Whiddon.

Save for Mr Whiddon, who has advised the Company that, entities which he controls or is associated with, may apply for up to 25,000,000 Shares under the Public Offer, no Directors, Proposed Directors or any of their associates intend to participate in the Public Offer.

The maximum anticipated interests of the Directors and Proposed Directors in the securities of the Company, following completion of the Acquisition and the Offers, are as follows:

| Director /Proposed Director | Shares |
|-------------------------------|------------|
| Mr Nicholas Bishop | - |
| Miss Loren Jones | - |
| Mr Nicholas Ong | - |
| Mr Ian Prentice | - |
| Mr Josh Puckridge | - |
| Mr Glenn Whiddon ¹ | 35,500,000 |

Note:

1. Comprising 3,000,000 Shares held by Getmeoutofhere Pty Ltd <Sinking Ship Super Fund A/C>, an entity controlled by Mr Whiddon; 7,500,000 Adviser Shares to be issued to Mr Whiddon; and up to 25,000,000 Shares to be subscribed under the Public Offer by Mr Whiddon or entities associated with, or controlled by, Mr Whiddon.

The above Shareholdings for Mr Whiddon, following completion of the Acquisition and the Offers are maximum numbers. The number of Shares Mr Whiddon (or entities associated with, or controlled by, him) will hold following completion of the Offers and the Acquisition is dependent on the following:

- (a) Shareholders approving Mr Whiddon's (or his nominee's) participation in the Public Offer at the General Meeting;
- (b) the uptake by the general public of Shares under the Public Offer. As at the date of this Prospectus, Mr Whiddon has advised the Company that if the Maximum Subscription under the Public Offer is achieved as a result of Applications from the general public, it is less likely that he will subscribe for up to 25,000,000 Shares under the Public Offer; and
- (c) the exercise by the Directors of their discretion in relation to the allocation policy for the Public Offer. At the date of this Prospectus, the Directors are of the view that, if the Maximum Subscription under the Public Offer is achieved as a result of Applications from the general public, they are less likely to allocate 25,000,000 Shares under the Public Offer to Mr Whiddon or his nominees, if Mr Whiddon (or his nominees) were to subscribe for that amount.

10.3 Remuneration of Directors

The remuneration (including superannuation) of the existing Directors for the past two financial years and for this financial year is as follows:

| | Financial Year 2016 ¹ (\$) | Financial Year 2015 (\$) | Financial Year 2014 (\$) |
|--------------------|--|-----------------------------|-----------------------------|
| Mr Nicholas Bishop | 3,000 | 2,000 | - |
| Miss Loren Jones | - | - | - |
| Mr Nicholas Ong | 3,000 | 2,500 | - |

Notes:

1. 1 July 2015 to 31 December 2015.

Following completion of the Offers and the Acquisition, the annual remuneration (including superannuation) of the Directors will be as follows:

| Director | Annual Remuneration (\$) |
|-------------------|--------------------------|
| Miss Loren Jones | 40,000 |
| Mr Ian Prentice | 40,000 |
| Mr Josh Puckridge | 60,000 |
| Mr Glenn Whiddon | 40,000 |

In addition to Mr Puckridge's remuneration noted above, the Company has agreed to pay Mr Puckridge, a corporate fee of \$40,000 in connection with work performed by Mr Puckridge in relation to the Acquisition and the Public Offer.

10.4 Interests of Promoters, Experts and Advisers

No promoter or other person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus (or entity in which they are a partner or director) holds, has, or has had in the two years before the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offers; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be paid to any of those persons, except as disclosed in this Prospectus and as follows:

- (a) Security Transfer Registrars Pty Limited is the Company's share registry, and will be paid for these services on standard industry terms and conditions. However, the Company is responsible for the management of all Applications and the reconciliation of funds received under the Public Offer. During the two years preceding lodgement of this Prospectus with ASIC, Security Transfer Registrars Pty Limited has received fees from the Company totalling \$9,342.
- (b) Cicero Advisory has acted as lead manager to the Public Offer. In respect of this work, Cicero Advisory will be paid a minimum of \$235,000 and a maximum of \$325,000 as detailed in Section 8.4. During the two years preceding lodgement

of this Prospectus with ASIC, Cicero Advisory has not received any fees from the Company.

- (c) Bentleys Audit & Corporate (WA) Pty Ltd has acted as auditor to the Company and Investigating Accountant and has prepared the Independent Limited Assurance Report which has been included in Section 6. The Company has paid Bentleys Audit & Corporate (WA) Pty Ltd \$5,000 for these services. During the two years preceding lodgement of this Prospectus with ASIC, Bentleys Audit & Corporate (WA) Pty Ltd has received fees from the Company totalling \$33,179.
- (d) OMNI GeoX Pty Ltd has acted as Independent Geologist and has prepared the Independent Geologist's Report which has been included in Section 3. The Company will pay OMNI GeoX Pty Ltd \$15,000 for these services. If the Minimum Subscription is achieved, the fees will be satisfied by the issue of 750,000 Adviser Shares. If the Minimum Subscription is not achieved, the fees will be paid in cash.
- (e) DLA Piper Australia has acted as the Australian legal advisors to the Offers and has prepared the Solicitor's Report on Tenements which has been included in Section 4. In respect of this work the Company will pay approximately \$150,000 to DLA Piper Australia. During the two years preceding lodgement of this Prospectus with ASIC, DLA Piper Australia has not received any fees from the Company.

The amounts disclosed above are exclusive of GST.

10.5 Related Party Transactions

Except as set out elsewhere in this Prospectus, the Directors are not aware of any material transactions between the Company and related parties and/or Directors or Proposed Directors.

10.6 Expenses of Offers

The total expenses of the Offers payable by the Company is as follows:

| Estimated Costs of the Offers | Minimum Subscription (\$3,500,000) | Maximum Subscription (\$5,000,000) |
|--------------------------------------|---------------------------------------|---------------------------------------|
| ASIC Fees | \$2,320 | \$2,320 |
| ASX Fees | \$41,979 | \$50,229 |
| Lead Manager Fees | \$235,000 | \$325,000 |
| Corporate Fee ¹ | \$40,000 | \$40,000 |
| Independent Limited Assurance Report | \$5,000 | \$5,000 |
| Legal Expenses | \$150,000 | \$150,000 |
| Miscellaneous | \$7,201 | \$14,951 |
| Printing and postage | \$5,000 | \$5,000 |
| Share Registry Costs | \$3,500 | \$7,500 |
| TOTAL | \$490,000 | \$600,000 |

Notes:

1. This corporate fee is payable to Mr Puckridge. Refer to Section 10.3

10.7 Additional Reporting

ASX has advised the Company that, if its Shares are reinstated to quotation on ASX, ASX will require the Company to provide monthly expenditure reporting. ASX has advised the Company that this additional reporting will likely take the form of an Appendix 5B under the Listing Rules. The Company will also be required to state in its annual report that it has spent funds consistent with its business objectives.

These additional reporting requirements will be imposed at ASX's discretion, and will continue to apply until such time as ASX has agreed with the Company that such additional reporting is no longer required.

10.8 Company Tax Status and Financial Year

The Directors expect the Company will be taxed in Australia as a public company.

The financial year of the Company ends on 30 June annually. The taxation year of the Company ends on 30 June annually.

Revenues and expenditures disclosed in this Prospectus are presented exclusive of the amount of GST, unless otherwise disclosed.

10.9 Taxation Implications

The acquisition and disposal of Shares will have taxation consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to take independent financial advice about the taxation and any other consequences of acquiring and selling the Shares.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability or responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

10.10 Litigation and Claims

So far as the Directors and the Proposed Directors are aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company (or any other member of the Group) is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of the Company or the Group.

10.11 Consents

Each of the parties referred to in this Section 10.11:

- (a) has given the following consents in accordance with the Corporations Act which have not been withdrawn as at the date of lodgement of this Prospectus with ASIC;
- (b) does not make, or purport to make, any statement in this Prospectus, or any statement on which a statement in this Prospectus is based, other than those referred to in this Section 10.11; and

- (c) has not authorised or caused the issue of this Prospectus or the making of the Offers.

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Shares), the Directors of the Company, persons named in this Prospectus with their consent as Proposed Directors, any underwriters, persons named in this Prospectus with their consent as having made a statement in this Prospectus and persons involved in a contravention in relation to this Prospectus, with regard to misleading or deceptive statements made in this Prospectus. Although the Company bears primary responsibility for this Prospectus, other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Accordingly, each of the parties referred to in this Section 10.11 makes no representations regarding, and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in, or omissions from, any part of this Prospectus other than a reference to its name, a statement and/or a report (if any) included in this Prospectus with the consent of that party as specified in this Section 10.11.

Cicero Advisory has given its written consent to being named as Lead Manager to the Public Offer in this Prospectus.

Bentleys Audit & Corporate (WA) Pty Ltd has given its written consent to being named as auditor to the Company and Investigating Accountant in this Prospectus, and to the inclusion of the Independent Limited Assurance Report in Section 6 in the form and context in which the report is included.

OMNI GeoX Pty Ltd has given its written consent to being named as Independent Geologist in this Prospectus, and to the inclusion of the Independent Geologist's Report in Section 3 in the form and context in which the report is included.

DLA Piper Australia has given its written consent to being named as Australian legal adviser to the Company in this Prospectus, and to the inclusion of the Solicitor's Report on Tenements in Section 4 in the form and context in which the report is included.

Security Transfer Registrars Pty Limited has given its written consent to being named as Share Registry in this Prospectus.

10.12 Continuous Disclosure

The Company is a "disclosing entity" for the purposes of Part 1.2A of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules, which require it to disclose to ASX any information which it becomes aware of concerning the Company and which a reasonable person would expect to have a material effect on the price or value of the securities. Exceptions apply for certain information which does not have to be disclosed.

Price sensitive information is publicly released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants is also managed through disclosure to ASX. In addition, the Company posts information on its website after ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

10.13 Electronic Prospectus

Pursuant to Regulatory Guide 107, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic copy of this Prospectus on the basis of a paper Prospectus lodged with ASIC and the issue of Shares in response to an electronic Application Form, subject to compliance with certain provisions. If you have received an electronic copy of this Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form(s) applicable to you. If you have not, please contact the Company and the Company will send to you, for free, either a hard copy or a further electronic copy of this Prospectus or both.

The Company reserves the right not to accept an Application Form from an Applicant if it has reason to believe that when that Applicant was given access to the electronic Application Form, it was not provided together with an electronic copy of this Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the Application Monies shall be held by the Company on trust and returned (without interest) to the Applicant as soon as practicable.

10.14 Documents Available for Inspection

The following documents are available for inspection during normal business hours at the registered office of the Company:

- (a) this Prospectus;
- (b) the Constitution; and
- (c) the consents referred to in Section 10.11.

11. Authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the existing Directors and the Proposed Directors.

In accordance with section 720 of the Corporations Act, each existing Director and Proposed Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn his consent.

For, and on behalf of, Fraser Range Metals Group Limited



Nicholas Ong
Director

19 January 2016

12. Glossary of Terms

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

| | |
|---------------------------------------|---|
| Acquisition | has the meaning given in Part B of the Investment Overview. |
| Acquisition Resolutions | has the meaning given to that term in Section 1.5(a). |
| Advisers | means each of the following (or their respective nominees): Bushwin Pty Limited, OMNI GeoX Pty Limited, Riverstone Corporate Pty Ltd, Stations Nominees Pty Ltd <Station Superfund A/C>, The Twentieth Century Motor Company Pty Ltd <Twentieth Century Superfund A/C>, Seamist Enterprises Pty Ltd and Mr Glenn Whiddon. |
| Adviser Offer | has the meaning given to that term in Section 1.2. |
| Adviser Offer Application Form | means the application form attached to, or accompanying, this Prospectus relating to the Adviser Offer. |
| Adviser Shares | means an aggregate total of 25,000,000 Shares to be issued to the Advisers pursuant to the Adviser Offer. |
| Applicant | means a person who submits an Application Form. |
| Application | means a valid application for Shares under an Offer made pursuant to an Application Form. |
| Application Form | means the Public Offer Application Form or the Adviser Offer Application Form as the context requires. |
| Application Monies | means application monies for Shares under the Public Offer received and banked by the Company. |
| ASIC | means the Australian Securities and Investments Commission. |
| ASX | means Australian Securities Exchange Limited CAN 008 624 691 or, where the context requires, the financial market operated by it. |
| ASX Settlement Operating Rules | means ASX Settlement Operating Rules of ASX Settlement Pty Ltd ABN 49 008 504 532. |
| Board | means the board of Directors from time to time. |
| Change of Activities | has the meaning given in Section 1.4. |
| CHESS | has the meaning given to that term in Section 1.16. |
| Cicero Advisory | means Cicero Advisory Services Pty Ltd ACN 166 321 393. |
| Cicero Corporate | means Cicero Corporate Services Pty Ltd ACN 130 397 714. |

Services

| | |
|---------------------------------|---|
| Closing Date | means the closing date of the Public Offer detailed in the Indicative Timetable. |
| Company | means Fraser Range Metals Group Limited ACN 098 236 938. |
| Constitution | means the constitution of the Company. |
| Corporations Act | means the <i>Corporations Act 2001</i> (Cth). |
| Deed of Release | has the meaning given in Section 8.1(c). |
| Deed of Variation | means the Deed of Variation, dated 20 November 2015, between the Company and Segue. |
| Deeds of Indemnity | has the meaning given in Section 8.3. |
| Directors | means the directors of the Company. |
| General Meeting | has the meaning given to that term in Section 1.4. |
| GST | means goods and services tax. |
| Indicative Timetable | means the indicative timetable for the Offers on page 7. |
| Investigating Accountant | means Bentleys Audit & Corporate (WA) Pty Ltd. |
| JORC Code | means the 2012 Edition of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. |
| Lead Manager | means Cicero Advisory. |
| Lead Manager Mandate | means the mandate letter between the Company and Cicero Advisory dated 11 January 2016. |
| Listing Rules | means the official listing rules of ASX. |
| Ma | means million years. |
| Maximum Subscription | means the subscription of 250,000,000 Shares to raise \$5,000,000 (before costs). |
| Minimum Subscription | has the meaning given to that term in Section 1.3. |
| Offer | means the Public Offer or the Adviser Offer, as the context requires, and Offers means all of them. |
| Official List | means the official list of ASX. |
| Official Quotation | means Official quotation by ASX in accordance with the Listing Rules. |
| Opening Date | means the date specified as the opening date in the Indicative |

| | |
|--------------------------------------|--|
| | Timetable. |
| Option | means an option to acquire a Share. |
| Proposed Directors | means the persons identified as Proposed Directors in the Corporate Directory. |
| Prospectus | means this prospectus dated 19 January 2016. |
| Public Offer | has the meaning given to that term in Section 1.1. |
| Public Offer Application Form | means the application form attached to, or accompanying, this Prospectus relating to the Public Offer. |
| Recommendations | has the meaning given to that term in Section 5.4. |
| Related Party | has the meaning given in section 228 of the Corporations Act. |
| Restricted Securities | has the meaning given to that term in the Listing Rules. |
| Restriction Agreement | means a restriction agreement in a form set out in the Listing Rules. |
| Section | means a section of this Prospectus. |
| Segue | means Segue Resources Limited ACN 112 609 846. |
| Segue Shares | means fully paid ordinary share in the capital of Segue. |
| Shareholder | means a registered holder of a Share. |
| Share | means a fully paid ordinary share in the capital of the Company. |
| Share Registry | means Security Transfer Registrars Pty Limited ACN 008 894 488. |
| Subsidiary | has the meaning given in section 9 of the Corporations Act. |
| Tenement Agreements | means the Tenement Sale Agreement, the Deed of Variation and the Deed of Release. |
| Tenement Sale Agreement | has the meaning given in Section 2.2. |
| Tenements | has the meaning given in Section 2.2. |
| WST | means Western standard time, being the time in Perth, Western Australia. |

INSTRUCTIONS FOR COMPLETION OF THIS PUBLIC OFFER APPLICATION FORM

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS PUBLIC OFFER APPLICATION FORM

Please complete all relevant sections of this Public Offer Application Form using BLOCK LETTERS
The below instructions are cross-referenced to each section of the Public Offer Application Form.

1 Number of Shares

Insert the number of Shares you wish to apply for in section 1. Your application must be for a minimum of 100,000 Shares and in multiples of 25,000 Shares thereafter.

2 Payment Amount

Enter into section 2 the total amount payable. Multiply the number of Shares applied for by \$0.02 – the application price per Share.

3 Name(s) in which the Shares are to be registered

Note that ONLY legal entities can hold Shares. The application must be in the name of a natural person(s), companies or other legal entities acceptable by the Company. At least one full given name and surname is required for each natural person.

CORRECT FORMS OF REGISTRABLE TITLE

| Type of Investor | Correct Form of Registration | Incorrect Form of Registration |
|-----------------------------|---|---------------------------------|
| Trusts | Mr John Richard Sample <Sample Family A/C> | John Sample Family Trust |
| Superannuation Funds | Mr John Sample & Mrs Anne Sample <Sample Family Super A/C> | John & Anne Superannuation Fund |
| Partnerships | Mr John Sample & Mr Richard Sample <Sample & Son A/C> | John Sample & Son |
| Clubs/Unincorporated Bodies | Mr John Sample < Food Help Club A/C> | Food Help Club |
| Deceased Estates | Mr John Sample <Estate Late Anne Sample A/C> | Anne Sample (Deceased) |

4 Postal Address

Enter into section 4 the postal address to be used for all written correspondence. Only one address can be recorded against a holding. With the exception of annual reports, all communications to you from the Company will be mailed to the person(s) and address shown. Annual reports will be made available online when they are released. Should you wish to receive a hard copy of the annual report you must notify the Share Registry. You can notify any change to your communication preferences by visiting the Share Registry website – www.securitytransfer.com.au

5 CHESS Holders

If you are sponsored by a stockbroker or other participant and you wish to have your allocation directed into your HIN, please complete the details in section 5.

6 Email Address

As permitted under the Corporations Act, the Company will only be forwarding printed annual reports to Shareholders electing to receive one. Our Company annual report and Company information will be available at www.frmetals.com.au. You may elect to receive all communications despatched by the Company electronically (where legally permissible) such as a notice of meeting, proxy form and annual report via email.

7 TFN/ABN/Exemption

If you wish to have your Tax File Number, ABN or Exemption registered against your holding, please enter the details in section 7. Collection of TFN's is authorised by taxation laws but quotation is not compulsory and it will not affect your Application.

8 Cheque Details

Cheques must be drawn on an Australian branch of a financial institutional in Australian currency, made payable to **Fraser Range Metals Group Limited** and crossed "Not Negotiable". Please complete the relevant details in section 8.

9 Contact Details

Please enter contact details where we may reach you between the hours of 9:00am and 5:00pm should we need to speak to you about your Application.

HOW TO LODGE YOUR PUBLIC OFFER APPLICATION FORM

Mail or deliver your completed Public Offer Application Form with your cheque to the following address.

Mailing Address

Fraser Range Metals Group Limited
C/- Cicero Advisory Services Pty Ltd
PO Box 866
SUBIACO WA 6904

Hand Delivery (*Please do not use this address for mailing purposes*)

Fraser Range Metals Group Limited
C/- Cicero Advisory Services Pty Ltd
Level 2, Suite 9
330 Churchill Avenue
SUBIACO WA 6008

