



FRASER RANGE METALS GROUP LIMITED

A.C.N. 098 236 938

Interim Report December 2015

Fraser Range Metals Group Limited

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Corporate Directory

DIRECTORS

Mr (Nicholas) Chen Chik Ong (Non-executive Director)
Miss Loren Jones (Non-executive Director)
Mr Nicholas Bishop (Non-executive Director)

COMPANY SECRETARY

Miss Loren Jones

REGISTERED OFFICE

Office J, Level 2, 1139 Hay Street
West Perth WA 6005
Telephone: (08) 9486 4036
Facsimile: (08) 9486 4799

AUDITORS

Bentleys Audit and Corporate (WA) Pty Ltd
Level 1, 12 Kings Park Road
West Perth WA 6005
Telephone: (08) 9226 4500
Facsimile: (08) 9226 4300

STOCK EXCHANGE LISTING

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

SOLICITORS

Kings Park Corporate
Suite 8, 8 Clive Street,
West Perth WA 6005
Telephone: (08) 9420 0000

SHARE REGISTRY

Security Transfer Registrars
770 Canning Highway
Applecross WA 6153
Telephone: (08) 9315 2333
Facsimile: (08) 9315 2233

Directors' Report

Your directors submit the financial report of Fraser Range Metals Group Limited (**FRN** or the **Company**) for the half-year ended 31 December 2015.

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

NAME OF PERSON	POSITION	DATE APPOINTED	DATE RESIGNED
Mr (Nicholas) Chen Chik Ong	Non-executive Director	1 July 2013	-
Mr Daniel Smith	Non-executive Director	5 February 2013	20 November 2015
Mr Nicholas Bishop	Non-executive Director	2 August 2013	-
Miss Loren Jones	Non-executive Director	20 November 2015	-

The name of the Company Secretary in office at any time during or since the end of the year is:-

NAME OF PERSON	POSITION	DATE APPOINTED	DATE RESIGNED
Mr Daniel Smith	Company Secretary	24 September 2014	24 November 2015
Miss Loren Jones	Company Secretary	24 November 2015	-

RESULTS

The operating loss after income tax for the half year amounted to \$82,538 (2014: \$140,866).

CORPORATE

Board Changes

Miss Loren Jones accepted a position as Non-Executive Director of the Company on 20 November 2015. Miss Jones is a Partner at 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), a Non-Executive Director of Blaze International Limited (ASX: BLZ) and a Non-Executive Director of Red Fox Capital Pty Ltd. She also currently serves as the Company Secretary of Wangle Technologies Limited (ASX: WGL), Alcidion Group Limited (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.

It is anticipated that Mr Josh Puckridge and Mr Glenn Whiddon will join the board as Non-Executive Directors at the completion of the Capital Raise and that the remaining current Directors will retire.

REVIEW OF OPERATIONS

During the period, the Company announced that it had 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.

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 (**Translin**). 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.

Directors' Report

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

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	FRN	27/03/2015	26/03/2020	4	\$15,000	\$501.00	11.7km ²
E28/2390	FRN	27/03/2015	26/03/2020	6	\$20,000	\$751.50	17.6km ²
E28/2392	FRN	16/04/2015	15/04/2020	5	\$15,000	\$625.25	14.6km ²

Table (1) – Tenement Details

Directors' Report

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.

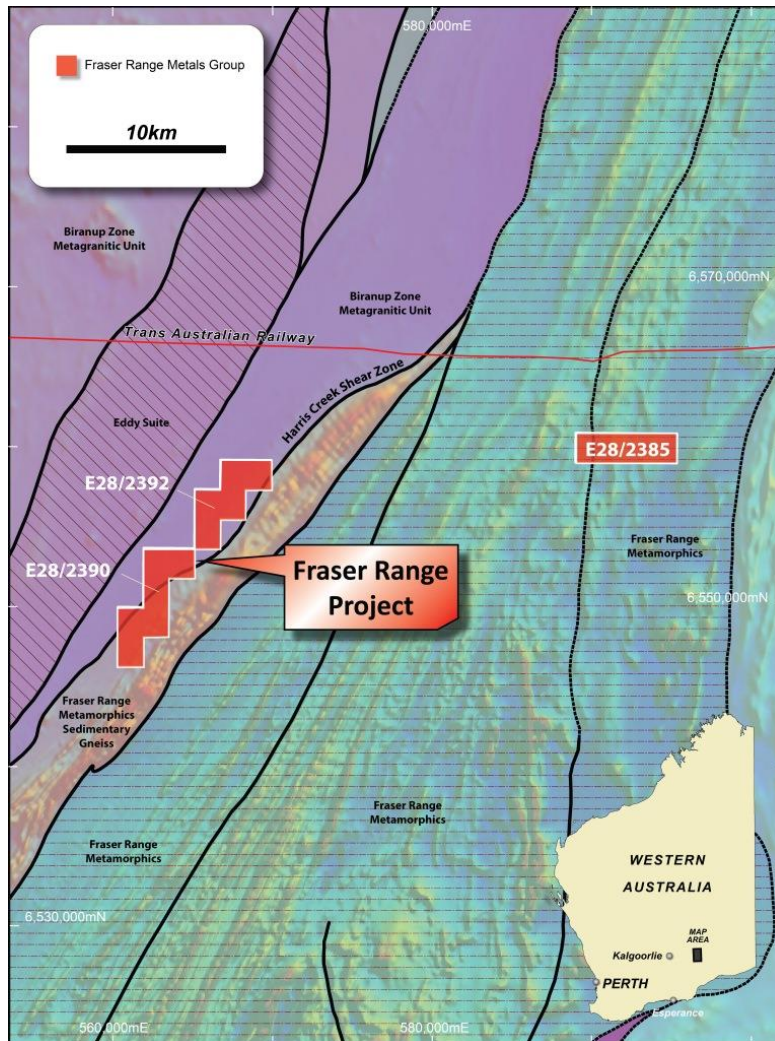


Figure 2 - Fraser Range Project Local Geology

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.

Directors' Report

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 budgets 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 (2A) – 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 (2B) – Proposed Exploration Program (\$5.0m Capital Raise)

Directors' Report

EVENTS SUBSEQUENT TO BALANCE DATE

The Company issued a Prospectus 19 January 2016 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 of a 100% interest in the Fraser Range tenements E28/2385, E28/2390 and E28/2392.

This Prospectus also contained 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**).

On 20 January 2016 the Company sought and received Shareholder approval for a number of resolutions to give effect to the Acquisition and the Prospectus Offers. Refer to the Notice of Meeting dated 22 December 2015 for the particulars of the resolutions.

On 21 January 2016 FRN announced that the Australian Securities Exchange (**ASX**) granted the Company a short extension to the removal deadline to 19 April 2016, being 3 months from the date on which the Company lodged its prospectus. Fraser Range will be removed from the official list if it is not reinstated by 19 April 2016.

Furthermore, the Company confirmed on 22 February 2016 that it had received \$3,867,491.18 in applications relating to its aforementioned Prospectus. The Company will advise on the formal close of the offer of securities detailed by the Prospectus, in due course. The Company is now working towards satisfying all other requirements specified in the Prospectus so it may advise of a re-quotation date for its securities on the ASX.

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 7 for the half-year ended 31 December 2015.

This report is signed in accordance with a resolution of the Board of Directors.

On behalf of the Board of Directors.



Nicholas Bishop
Non-Executive Director

DATED this 29th day of February 2016

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

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To the Board of Directors

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

As lead audit director for the review of the financial statements of Fraser Range Metals Group Limited for the half year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully



BENTLEYS
Chartered Accountants



DOUG BELL CA
Director

Dated at Perth this 29th day of February 2016

Condensed Statement of Profit or Loss and Other Comprehensive Income

for the half-year ended 31 December 2015

	31.12.2015	31.12.2014
	\$	\$
Revenue	698	309
Audit fees	(6,000)	(5,054)
Accounting fees	(7,825)	(10,800)
Corporate compliance costs	(33,737)	(31,872)
Corporate expenses	(15,000)	(15,000)
Finance costs	-	(4,040)
Legal fees	(675)	(1,653)
Directors fees	-	(4,000)
Insurance expense	(3,833)	(6,023)
Unrealised loss on financial assets	-	(27,500)
Loss on disposal of financial assets	-	(21,818)
Other expenses	(16,166)	(7,539)
Loss from ordinary activities before income tax expense	(82,538)	(134,990)
Income tax expense	-	-
Loss for the period	(82,538)	(134,990)
Other Comprehensive Income		
Items that may be reclassified to profit or loss		
Changes in the fair value of available-for-sale financial assets	-	-
Items that will be reclassified subsequently as profit or loss	-	-
Total comprehensive income attributable to members of the Company	(82,538)	(134,990)
Overall Operations		
Basic loss per share (cents per share)	(0.2610)	(0.4268)

The accompanying notes form part of these financial accounts

Condensed Statement of Financial Position

as at 31 December 2015

	31.12.2015	30.06.2015
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	91,015	167,402
Trade and other receivables	9,453	3,730
TOTAL CURRENT ASSETS	100,468	171,132
TOTAL ASSETS	100,468	171,132
CURRENT LIABILITIES		
Trade and other payables	33,850	21,976
TOTAL CURRENT LIABILITIES	33,850	21,976
TOTAL LIABILITIES	33,850	21,976
NET ASSETS	66,618	149,156
EQUITY		
Issued capital	28,368,164	28,368,164
Accumulated losses	(28,301,546)	(28,219,008)
TOTAL EQUITY	66,618	149,156

The accompanying notes form part of these financial accounts

Condensed Statement of Changes in Equity

for the half-year ended 31 December 2015

	Issued Capital \$	Accumulated Losses \$	Total \$
Balance at 1.7.2014	28,368,164	(28,221,604)	146,560
Loss for the period	-	(134,990)	(134,990)
Other comprehensive income	-	-	-
Total comprehensive income	-	(134,990)	(134,990)
<i>Transactions with owners, in their capacity as owners, and other transfers:</i>			
Issue of share capital	-	-	-
Less: Capital raising costs	-	-	-
Balance at 31.12.2014	28,368,164	(28,356,594)	11,570
Balance at 1.7.2015	28,368,164	(28,219,008)	149,156
Loss for the period	-	(82,538)	(82,538)
Other comprehensive income	-	-	-
Total comprehensive income	-	(82,538)	(82,538)
<i>Transactions with owners, in their capacity as owners, and other transfers:</i>			
Issue of share capital	-	-	-
Less: Capital raising costs	-	-	-
Balance at 31.12.2015	28,368,164	(28,301,546)	66,618

The accompanying notes form part of these financial accounts

Condensed Statement of Cash Flows

for the half-year ended 31 December 2015

	31.12.2015	31.12.2014
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(77,085)	(123,608)
Interest received	698	309
Net cash used in operating activities	(76,387)	(123,299)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of equity investments	-	87,316
Net cash used in financing activities	-	87,316
CASH FLOWS FROM FINANCING ACTIVITIES		
Cost of share issue (prior year)	-	(7,233)
Net cash provided by financing activities	-	(7,233)
Net decrease in cash held	(76,387)	(43,216)
Cash at beginning of period	167,402	101,968
Cash at end of period	91,015	58,752

The accompanying notes form part of these financial accounts

Notes to the Financial Statements

for the half-year ended 31 December 2015

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2015 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting. AASB 134 ensures compliance with International Financial Reporting Standards IAS 134 "Interim Financial Reporting".

This interim financial report is intended to provide users with an update on the latest annual financial statements of Fraser Range Metals Group (the "Company"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the company for the year ended 30 June 2015, together with any public announcements made during the half-year.

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Company's last annual financial statements for the year ended 30 June 2015.

New or revised standards and interpretations that are first effective in the current reporting period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'
- AASB 2015-4 'Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australia Groups with a Foreign Parent'

The adoption of the above standards have not had a material impact on this half year financial report.

Going concern

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

The Consolidated Entity incurred a loss for the period of \$82,538 (2014: \$134,990) and net cash outflows of \$76,387 (2014: \$43,216). As at 31 December 2015 the Consolidated Entity had a working capital surplus of \$66,618 (30 June 2015: \$149,156).

On 19 January 2016, the Company issued a prospectus to raise a minimum of \$3.5 million. On 22 February 2016, the Company announced that it has received applications totalling \$3,867,491. The Company is working towards satisfying all other requirements specified in the Prospectus so it may advise of a re-quotation date for its securities on the ASX. Until these other requirements have been met the Company is not at liberty to utilise these funds.

Based on the above the directors have prepared a cash flow forecast, which indicates that the Consolidated Entity will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.

NOTE 2. ISSUED CAPITAL

	31.12.2015	30.06.2015
	\$	\$
31,625,441 (2015: 31,625,441) Fully paid ordinary shares with no par value	28,368,164	28,368,164
(a) Ordinary shares:	No.	No.
At the beginning of the reporting period	31,625,441	31,625,441
At reporting date	31,625,441	31,625,441

Notes to the Financial Statements

for the half-year ended 31 December 2015

NOTE 3. RELATED PARTIES

31.12.2015	31.12.2014
\$	\$

During the period the following related party transaction took place with director related entities:

Minerva Corporate Pty Ltd	22,491	30,210
	<u>22,491</u>	<u>30,210</u>

NOTE 4. EVENTS SUBSEQUENT TO REPORTING DATE

The Company issued a Prospectus 19 January 2016 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
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Notes to the Financial Statements

for the half-year ended 31 December 2015

NOTE 5. SEGMENT REPORTING

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

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

NOTE 6. CONTINGENT ASSETS AND LIABILITIES

To the best of the knowledge of the current directors there are no contingent liabilities or assets for the period ending 31 December 2015.

Directors' Declaration

The Directors of the Company are declare that:

1. The financial statements and notes, as set out on pages 8 to 14, are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - (b) giving a true and fair view of the Company's financial position as at 31 December 2015 and of the performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Nicholas Bishop
Non-executive Director

DATED this 29th day of February 2016

Independent Auditor's Review Report

To the Members of Fraser Range Metals Group Limited

We have reviewed the accompanying half-year financial report of Fraser Range Metals Group Limited ("the Company") which comprises the condensed statement of financial position as at 31 December 2015, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Company's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Company ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report 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 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.

Independent Auditor's Review Report

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



Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Fraser Range Metals Group Limited is not in accordance with the Corporations Act 2001 including:

- a. Giving a true and fair view of the Company's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

A handwritten signature in blue ink that reads "Bentleys".

BENTLEYS
Chartered Accountants

A handwritten signature in blue ink that reads "Doug Bell".

DOUG BELL CA
Director

Dated at Perth this 29th day of February 2016