



INTERIM REPORT
FOR THE HALF-YEAR ENDED
31 December 2019

FRASER RANGE METALS GROUP LIMITED

CONTENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

CORPORATE DIRECTORY	1
DIRECTORS' REPORT	2
DIRECTORS' DECLARATION	10
AUDITOR'S INDEPENDENCE DECLARATION	11
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	12
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	13
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	14
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	15
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	16
INDEPENDENT AUDITOR'S REPORT	23

FRASER RANGE METALS GROUP LIMITED

CORPORATE DIRECTORY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

DIRECTORS

Thomas Bahen (Non-Executive Director)
Aidan Platel (Non-Executive Director)
Matthew Banks (Executive Director)
Alexander Hewlett (Non-Executive Director)

COMPANY SECRETARY

Zane Lewis

REGISTERED OFFICE

Suite 6, 295 Rokeby Road
Subiaco, WA 6008

CONTACT INFORMATION

Tel: (08) 6555 2950
Fax: (08) 6166 0261
Email: info@frmetals.com.au
Website: www.frmetals.com.au

AUDITORS

Bentleys Audit & Corporate (WA) Pty Ltd
Level 3, 216 St Georges Terrace
Perth WA 6000

SHARE REGISTRY

Automatic Share Registry
Level 2
267 St Georges Terrace
Perth WA 6000

1300 288 664 (Local)
+61 2 9698 5414 (International)

www.automic.com.au

BANKER

National Australia Bank
Level 14 / 100 St Georges Tce
Perth WA 6005

HOME STOCK EXCHANGE

Australian Securities Exchange Limited (**ASX**)
Level 40, Central Park
152-158 St George's Terrace
Perth WA 6000

ASX Code: **FRN**

FRASER RANGE METALS GROUP LIMITED

DIRECTORS' REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

The directors of Fraser Range Metals Group Limited (ASX: FRN, **Company** or **FRN** or **Fraser Range**) submit herewith the financial report of the Company for the half-year ended 31 December 2019.

1. DIRECTORS

The names of the Directors of the Company in office during the period and up to the date of this report are:

Director	Position	Date Appointed	Date Resigned
Mr Thomas Bahen	Non-Executive Director	16 Feb 2017	-
Mr Aidan Platel	Non-Executive Director	20 Oct 2017	-
Mr Zane Lewis	Non-Executive Director	19 June 2019	27 December 2019
Mr Matthew Banks	Executive Director	27 December 2019	-
Mr Alexander Hewlett	Non-Executive Director	27 December 2019	-

2. SECRETARIES

The names of the secretaries of the Company in office during the period and up to the date of this report are:

Company Secretary	Position	Date Appointed	Date Resigned
Mr Zane Lewis	Company Secretary	1 Dec 2017	-

3. PRINCIPAL ACTIVITIES

The Company is a mineral exploration company operating with early-stage nickel, copper and gold exploration tenements in Western Australia's Fraser Range region and the Lachlan Orogen region in NSW.

4. REVIEW OF OPERATIONS

CORPORATE ACTIVITIES

On 27 December 2019, the Company successfully completed the acquisition of Wildcat Resources Limited ("Wildcat") with shareholders approving all resolutions at the General Meeting held on 29 November 2019. Wildcat holds the Mount Adrah Gold Project ("Mount Adrah") in New South Wales and the Wellington Range Manganese ("Wellington Range") Project in Western Australia.

Upon completion of the acquisition of Wildcat, Mr Matthew Banks and Mr Alexander Hewlett were appointed to the Board of the Company as Executive Director and Non-Executive Director respectively.

In conjunction with the board appointments and as planned, Non-Executive Director Mr Zane Lewis resigned from the Board. Mr Lewis continues in his role as Company Secretary of the Company.

Further information about Wildcat Resources Limited is detailed in the section below.

EXPLORATION ACTIVITIES

During the period, the Company commenced drilling at its 100%-owned Fraser Range Project in Western Australia after completing an Aboriginal Heritage work area clearance with the Ngadju Native Title Aboriginal Corporation and receiving all other relevant work program permits.

Contractor KTE Mining Services Pty Ltd completed a 740m reverse circulation (RC) drilling programme over the nickel-copper target area of tenement E28/2385 at the Fraser Range Project in Western Australia.

The drilling programme comprised 4 drill-holes to test five distinct EM plates that were modelled from a surface EM survey completed in 2019.

A Schramm 450 drill-rig commenced the drilling programme at hole FRN-PLRC002 (Figure 1).

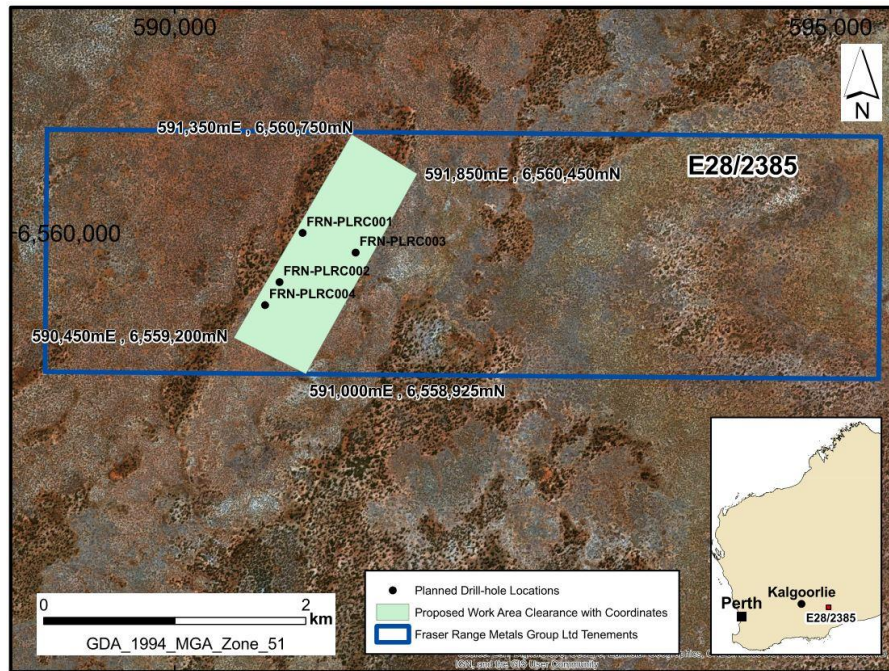


Figure 1 – Planned drill-hole collars within the Aboriginal Heritage survey area (in green) within tenement E28/2385. The drill-holes are designed to test the anomalous EM plates within the nickel-copper target area.

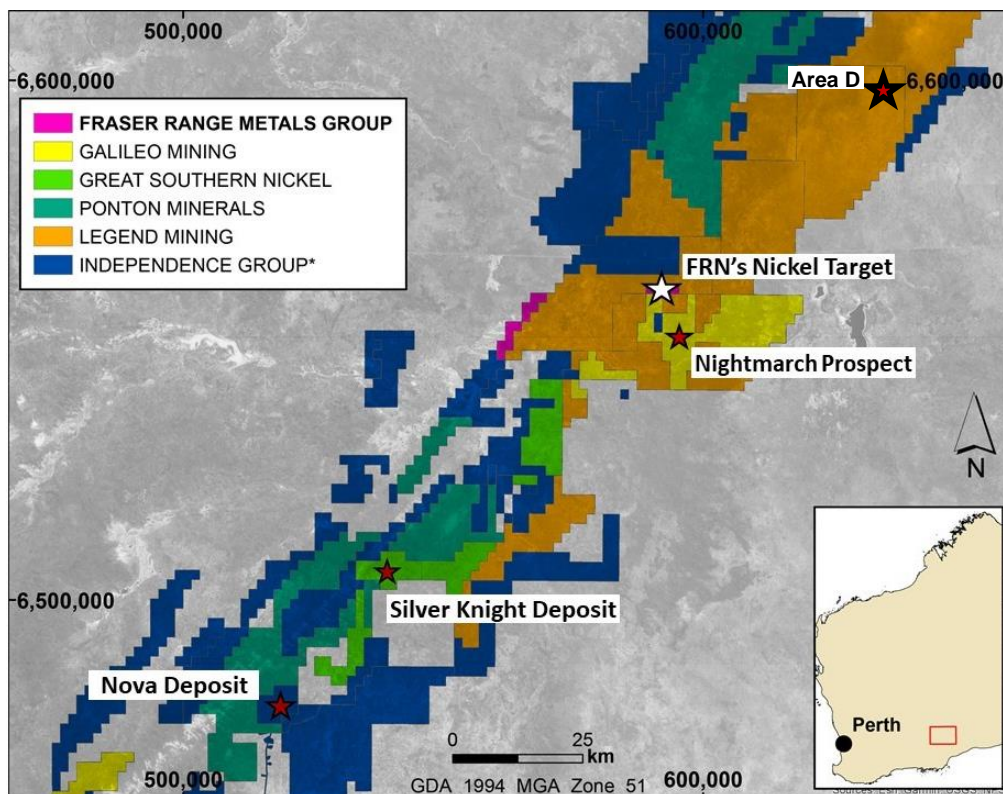


Figure 2 – Tenement map of the Fraser Range showing location of the nickel target within the FRN tenure.

The Company announced on 23 August 2019 that it entered into a conditional binding term sheet ("Acquisition Agreement") to acquire 100% of Wildcat Resources Limited ("Wildcat") (subject to shareholder approval) ("Acquisition").

Wildcat Resources Limited

Wildcat holds the Mount Adrah Gold Project ("Mount Adrah"), a highly prospective 200km² tenement package located within the well-endowed Lachlan Orogen region in NSW. The project includes the Hobbs Pipe gold deposit which has an existing JORC 2012 -compliant Mineral Resource estimate of 20.5Mt @ 1.1g/t Au for 770,000 oz of contained gold¹. In addition to Hobbs Pipe, a number of high-grade gold reef systems have been identified by historic artisanal workings and limited exploration drilling, including down-hole intercepts such as 10m @ 17.7 g/t Au from 506m (GHD009) at the Castor Reef Prospect¹, about 200m north-east of Hobbs Pipe, and 1.2m @ 58.6 g/t Au from 624m² (GHD011) at the White Deer Reef Prospect, a further 150m to the north-east of the GHD009 intercept. The drill-hole intervals are interpreted to align with the artisanal workings. However, surface geochemistry and drilling have not yet tested the near-surface potential of these targets.

A number of quartz vein reef-style targets were identified as targets of interest in a study by prior owners in 2016. Results on the follow-up work done on some of these targets have been promising to date. Outside of the immediate Hobbs Pipe area, the project has had little exploration activity since the 1990's, with several areas of surface gold anomalies yet to be followed up with drilling.

Mount Adrah Gold Project

The Mount Adrah Gold Project is located 44km from Wagga Wagga, 330km WSW of Sydney in the far western part of the well-mineralised Lachlan Fold Belt (See Figure 3). It is 10km from rail and the Hume Highway, and has available water and power. The existing mining activities in the region mean that the project is close to major infrastructure, services and workforce.

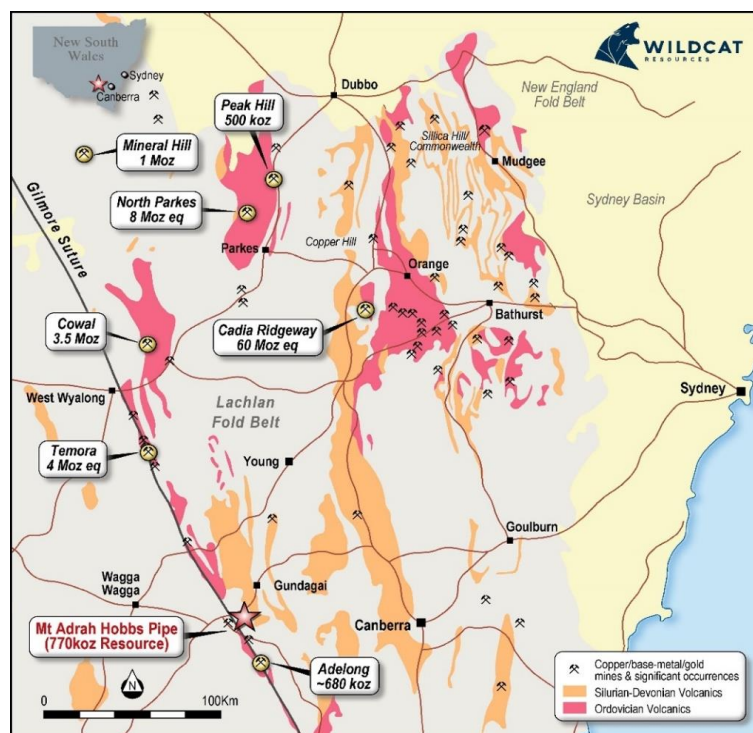


Figure 3 – Location of the Mount Adrah Gold Project on the Gilmore Suture within the Lachlan Fold Belt, NSW.

¹ Refer to ASX Announcement by Sovereign Gold Company Ltd on 28/10/2013:
<https://www.asx.com.au/asxpdf/20131028/pdf/42kc3zbn5517ys.pdf>

² Refer to ASX Announcement by Sovereign Gold Company Ltd on 21/11/2013:
<https://www.asx.com.au/asxpdf/20131121/pdf/42i0lppb99lj.pdf>

The company notes that bushfires reached the project area around Christmas 2019, but no significant damage to the project area eventuated.

Tenure and Regional Geology

The Mount Adrah Gold Project comprises three exploration licences for 200km² (see Figure 4). It is located on the Gilmore Suture, a major fault interpreted from regional magnetics that trends NNW-SSE and forms a terrane boundary between the Wagga Metamorphic Belt to the west and the mineralised Central Belt / Tumut Block to the east. Hydrothermal alteration and mafic volcanics are observed along the Gilmore Suture, whilst numerous artisanal workings and mines (e.g. Temora copper-gold deposit: 1.8Moz Au & 837kt Cu; Cobar goldfields) occur proximal to the main fault and smaller structures that splay off to the north.

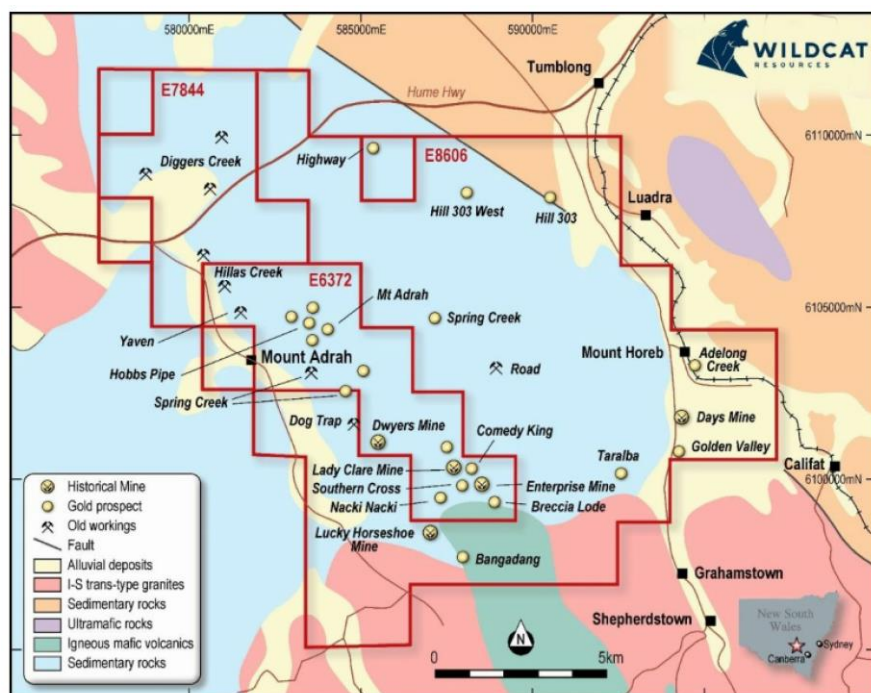


Figure 4 – Tenure of the Mount Adrah Gold Project highlighting the many known gold prospects and historical workings. Simplified from GSNSW geological mapping.

High-grade Gold Mineralisation

Within the Mount Adrah Gold Project and consistently along the Gilmore Suture, high-grade gold mineralisation has been identified hosted within quartz-gold reef systems, many of which were the focus of historic artisanal workings. At Mount Adrah, high-grade gold mineralisation has been observed at the Castor Reef, White Deer Reef, Stark Reef and Targayan Reef via shallow RAB drilling and channel-sampling of the historic workings. Very limited deep drilling intersected the quartz-gold reefs down-dip from the artisanal workings, with high-grade intersections including 10m @ 17.7 g/t Au from 506m³ (GHD009) at the Castor Reef Prospect and 1.2m @ 58.6

³ Refer to ASX Announcement by Sovereign Gold Company Ltd on 28/10/2013:
<https://www.asx.com.au/asxpdf/20131028/pdf/42kc3zbm55l7ys.pdf>

FRASER RANGE METALS GROUP LIMITED
DIRECTORS' REPORT
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

g/t Au from 624m⁴ (GHD011) at the White Deer Reef Prospect. Despite the drilling success, the up-dip extension of the reefs between the deep drill-holes and the historical workings at surface has not been effectively drill-tested and remains a priority target for FRN.

Hobbs Pipe

Hobbs Pipe has been interpreted previously as an Intrusion-Related Gold System (IRGS) located in a dilational zone along the Gilmore Suture within the Mount Adrah Gold Project. The deposit is a structurally-controlled alteration system within a quartz diorite body that intrudes to the current topographic surface. The gold mineralisation is predominately quartz monzodiorite-hosted disseminated gold in arsenopyrite and pyrite, as well as rare native gold occurring in thin quartz veins. In December 2013 previous owner Sovereign Gold Company Ltd (ASX:SOC)(now Force Commodities Limited (ASX:4CE)) announced a Mineral Resource estimate for Hobbs Pipe of 20.5Mt @ 1.1 g/t Au for 770,000 ounces of contained gold⁵, as shown in Table 1. The resource outcrops at surface. Selected core holes were viewed by Wildcat and confirmed the alteration style reported. The quartz vein density in the core was low, but may be more consistent than previously noted. This will be checked for other holes where core is available, and its significance evaluated.

Table 1 – JORC (2012) Mineral Resources Estimate for the Hobbs Pipe Gold Deposit

Resource Classification	Depth Below Surface	Oxidation Zone	COG Au (g/t)	Tonnes (Mt)	Grade (g/t Au)	Contained Gold (oz)
Indicated	0 – 150m	Oxides	0.4	0.6	0.9	18,000
		Fresh	0.9	3.0	1.0	96,000
	150 – 700m	Fresh	0.9	8.5	1.2	320,000
TOTAL INDICATED RESOURCES				12.1	1.1	440,000
Inferred	0 – 150m	Fresh	0.5	0.2	0.6	39,000
	150 – 700m	Fresh	0.9	8.2	1.1	290,000
TOTAL INDICATED RESOURCES				8.4	1.1	330,000
TOTAL RESOURCES				20.5	1.1	770,000

For further information on the Hobbs Pipe Mineral Resource estimate please refer to ASX announcement made on 23 August 2019, including the information required by Listing Rule 5.8.

Other Gold Targets

In addition to the known high-grade gold reefs and Hobbs Pipe, there are several areas of interest at the Mount Adrah Gold Project that the Company has flagged for follow-up exploration work. Both the Diggers Creek and Bangadang Prospects lie along the Gilmore Suture to the north and south of Hobbs Pipe, respectively. These prospects have significant gold anomalies at surface identified by previous soil-sampling, rock-chip sampling and RAB drilling programmes. In addition, a large area over the eastern portion of the tenure has seen little to no

⁴ Refer to ASX Announcement by Sovereign Gold Company Ltd on 21/11/2013:
<https://www.asx.com.au/asxpdf/20131121/pdf/42l0lppbrt99lj.pdf>

⁵ JORC (2012) Indicated and Inferred Resources. Refer to ASX Announcement by Sovereign Gold Company Ltd on 27/12/2013:
<https://www.asx.com.au/asxpdf/20131227/pdf/42lwqh4996pvch.pdf>. Refer to Appendices A and B for further details.

modern exploration at all; this area lies along strike from the Adelong Reefs to the southeast of the project area, which have historically produced approximately 680koz gold (NSW DPI estimate, 2007)(see Figure 5). The Company believes these target areas are very under-explored and have potential to host high-grade gold mineralisation given their geological and structural settings.

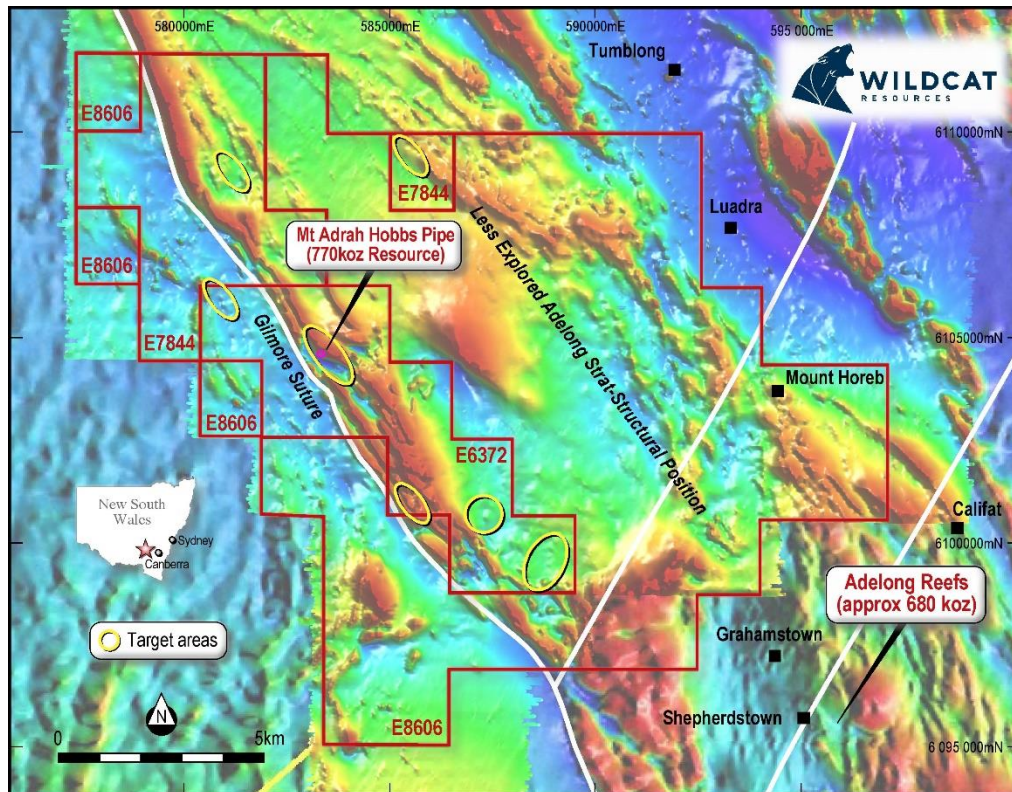


Figure 5 – Map of the Mount Adrah Gold Project showing the location of the Hobbs Pipe deposit and selected current target areas, and the Adelong Reefs deposit to the southeast.

Exploration Strategy

Immediately post-completion of the acquisition the Company commenced systematic exploration of the Mount Adrah Gold Project. A mapping and re-logging exercise has been completed and will assist in providing a framework to generate and rank targets and assist in refining the geological model for Hobbs Pipe. Geochemical sampling programmes are likely to be done over selected target areas to better define drilling targets. The focus will then be on further drill-testing of the known high-grade gold reefs, as well as compilation and analysis of the significant existing geophysical, geochemical and geological data in order to develop new target areas within the less-explored portions of the tenure. Further geological studies of the gold mineralisation at Hobbs Pipe in order to better understand the gold deposit and hence its economic potential for the Company may also lead to revision of the potential of the deposit.

Wellington Range Manganese Project

In addition to the Mount Adrah Gold Project, Wildcat also holds the Wellington Range Manganese Project in Western Australia. The project comprises three exploration licence applications (ELAs) approximately 140km east

FRASER RANGE METALS GROUP LIMITED

DIRECTORS' REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

of Wiluna (see Figure 6). The project was historically owned by the Creasy Group and has potential for high grade manganese mineralisation.

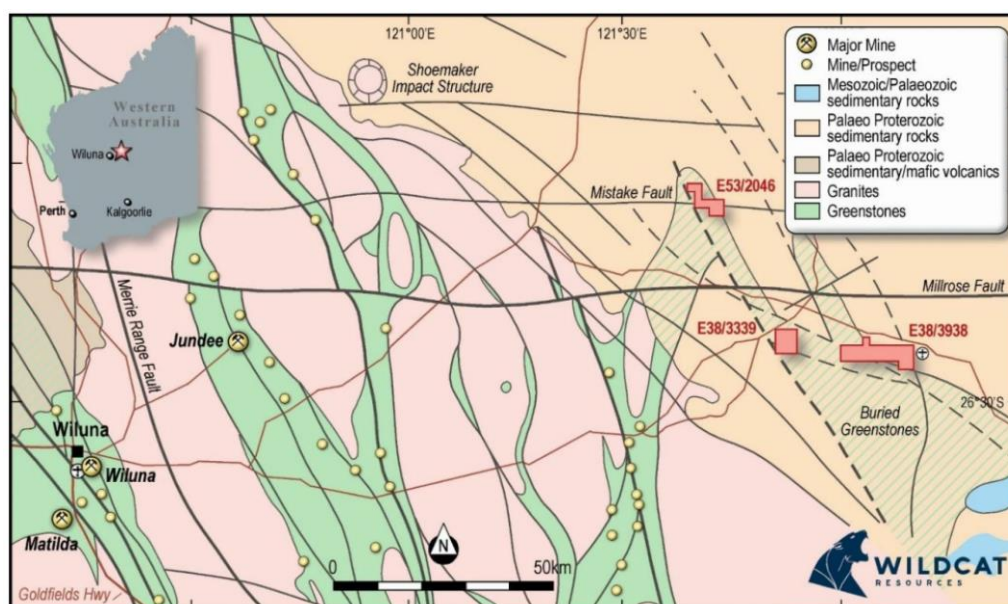


Figure 6 – Map showing the location of the Wellington Range Manganese Project, WA.

Business Development

During the period the company assessed new projects for possible acquisition, to be acquired and maintained in conjunction with the Company's current Projects. The company continues to assess new projects and acquisition opportunities that may be suitable to the Company to acquire for the purposes of creating shareholder value.

5. FINANCIAL POSITION & OPERATING RESULTS

The financial results of the Company for the half year ended 31 December 2019 are:

	31/12/2019	30/06/2019
Cash and cash equivalents (\$)	1,487,493	1,978,113
Net assets (\$)	3,501,053	2,240,315

	31/12/2019	31/12/2018
Revenue (\$)	4,493	23,236
Net loss after tax (\$)	(671,446)	(233,882)
Loss per share (cents)	(0.265)	(0.094)

6. EVENTS SUBSEQUENT TO THE BALANCE DATE

At the time of this report there were no events subsequent to the reporting date that required disclosure.

7. AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration, as required under section 307C of the Corporations Act 2001 for the half-year ended 31 December 2019 has been received and can be found on page 10.

FRASER RANGE METALS GROUP LIMITED

DIRECTORS' REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

This Directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the *Corporations Act 2001*.

For, and on behalf of, the Board of the Company,



Matthew Banks

Executive Director

Perth, Western Australia this 10th day of March 2020

FRASER RANGE METALS GROUP LIMITED
DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

The Directors of Fraser Range Metals Group Limited declare that:

1. the financial statements and accompanying notes, as set out on pages 14 to 24 are in accordance with the *Corporations Act 2001*, and:
 - (a) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* and other mandatory professional reporting requirements; and
 - (b) give a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date;
2. in the Directors' opinion, there are reasonable grounds to believe that the Group 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 and is signed for on behalf of the Directors by:



Matthew Banks

Executive Director

Perth, Western Australia this 10th day of March 2020

Bentleys Audit & Corporate
(WA) Pty Ltd

London House

Level 3,

216 St Georges Terrace

Perth WA 6000

PO Box 7775

Cloisters Square WA 6850

ABN 33 121 222 802

T +61 8 9226 4500

F +61 8 9226 4300

bentleys.com.au

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 period ended 31 December 2019, 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



MARK DELAURENTIS CA
Partner

Dated at Perth this 10th day of March 2020

FRASER RANGE METALS GROUP LIMITED
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Half-year ended 31 Dec 2019 \$	Half-year ended 31 Dec 2018 \$
Continuing operations		
Interest income	4,493	23,236
Audit fees	(10,249)	(9,930)
Accounting fees	(13,989)	(15,900)
Corporate compliance costs	(37,201)	(27,849)
Corporate fees	(9,750)	(51,200)
Directors' fees and consulting costs	(493,722)	(118,100)
Insurance expense	(9,016)	(9,629)
Legal fees	-	-
Project evaluation	(49,069)	(6,000)
Travel expenses	-	-
Other expenses from ordinary activities	(52,943)	(18,510)
Loss before income tax expense	(671,446)	(233,882)
Income tax (benefit)/expense	-	-
Loss after tax from continuing operations	(671,446)	(233,882)
Other comprehensive income	-	-
Total comprehensive loss for the period	(671,446)	(233,882)
Earnings/(Loss) Per Share		
Basic and diluted loss per share (cents)	(0.265)	(0.094)

The condensed statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 16 to 22.

FRASER RANGE METALS GROUP LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	Half-year ended 31 Dec 2019 \$	Full-year ended 30 June 2019 \$
Current assets			
Cash and cash equivalents		1,487,493	1,978,113
Trade and other receivables		46,793	26,732
Total current assets		1,534,286	2,004,845
Non-current assets			
Exploration assets	4	2,245,606	296,963
Total Non-current assets		2,245,606	296,963
Total assets		3,779,892	2,301,808
Current liabilities			
Trade and other payables		176,603	61,493
Loan Payable	5	102,236	-
Total current liabilities		278,839	61,493
Total liabilities		278,839	61,493
Net assets		3,501,053	2,240,315
Equity			
Issued capital	6	33,176,017	31,836,017
Reserves	7	676,886	84,702
Accumulated losses		(30,351,850)	(29,680,404)
Total equity		3,501,053	2,240,315

The condensed statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 16 to 22.

FRASER RANGE METALS GROUP LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Issued capital \$	Share based payment reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2018	31,836,017	-	(29,327,395)	2,508,622
Loss for the period	-	-	(233,882)	(233,882)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	(233,882)	(233,882)
Shares issued during the period	-	-	-	-
Capital raising costs	-	84,702	-	84,702
Balance as at 31 December 2018	31,836,017	84,702	(29,561,277)	2,359,442
Balance as at 1 July 2019	31,836,017	84,702	(29,680,404)	2,240,315
Loss for the period	-	-	(671,446)	(671,446)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	(671,446)	(671,446)
Shares issued during the period	1,340,000	-	-	1,340,000
Capital raising costs	-	-	-	-
Share based payments	-	592,184	-	592,184
Balance as at 31 December 2019	33,176,017	676,886	(30,351,850)	3,501,053

The condensed statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 16 to 22.

FRASER RANGE METALS GROUP LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Half-year ended 31 Dec 2019 \$	Half-year ended 31 Dec 2018 \$
Cash flows from operating activities		
Payments to suppliers and employees	(364,716)	(139,314)
Interest received	4,493	22,271
Net cash used by operating activities	(360,223)	(117,043)
Cash flows from investing activities		
Cash acquired on acquisition of Wildcat Limited	8,784	-
Payments for exploration and evaluation expenditure	(139,181)	(16,748)
Net cash used by investing activities	(130,397)	(16,748)
Net increase in cash and cash equivalents	(490,620)	(133,791)
Cash and cash equivalents at the beginning of the period	1,978,113	2,339,078
Cash and cash equivalents at the end of the period	1,487,493	2,205,287

The condensed statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 16 to 22.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1.1 REPORTING ENTITY

Fraser Range Metals Group Limited (**Company** or **FRN** or **Fraser Range**) is a for-profit company limited by shares, domiciled and incorporated in Australia. The Company is a mineral exploration company operating with early stage nickel, copper and gold exploration tenements in Western Australia's Fraser Range region.

The address of the Company's registered office is Suite 6, 295 Rokeby Road Subiaco WA 6008.

1.2 BASIS OF PREPARATION

This interim financial report is intended to provide users with an update on the latest annual financial statements of Fraser Range Metals Group Limited. 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 combination with the annual financial statements of the Company for the year ended 30 June 2019, together with any public announcements made during the half-year.

The financial statements were authorised for issue by the Board of Directors on 10 March 2020.

Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half-year report does not include notes of the type normally included in an annual report and shall be read in conjunction with the most recent annual financial report.

Basis of Measurement

The financial statements have been prepared on a going concern basis in accordance with the historical cost convention, unless otherwise stated.

Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Company's last annual financial statements for the year ended 30 June 2019.

1.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the historical financial information included in this report have been set out below.

Accounting policies

The Company has consistently applied the following accounting policies to all periods presented in the financial statements.

New and Amended Standards Adopted by the Group

The Group has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period. The Group had to change its accounting policies and make adjustments as a result of adopting the following Standard:

- AASB 16: Leases

The impact of the adoption of this Standard and the respective accounting policies is disclosed in Note 2.

2. CHANGES IN ACCOUNTING POLICIES

This note describes the nature and effect of the adoption of AASB 16: Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 July 2019, where they are different to those applied in prior periods.

As a result of the changes in the Group's accounting policies, prior year financial statements have been restated.

a. Leases

The Group as lessee

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (ie a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expenses on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

The Group as lessor

Upon entering into each contract as a lessor, the Group assesses if the lease is a finance or operating lease.

A contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases.

FRASER RANGE METALS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (for example, legal cost, costs to set up equipment) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Rental income due under finance leases are recognised as receivables at the amount of the Group's net investment in the leases.

When a contract is determined to include lease and non-lease components, the Group applies AASB 15 to allocate the consideration under the contract to each component.

b. Initial Application of AASB 16: Leases

The Group has adopted AASB 16: Leases retrospectively with the cumulative effect of initially applying AASB 16 recognised at 1 July 2019. In accordance with AASB 16 the comparatives for the 2018 reporting period have not been restated.

Based on the assessment by the Group, it was determined there was no impact on the Group. As such, the Group has not recognised a lease liability and right-of-use asset for all leases (with the exception of short-term and low-value leases) recognised as operating leases under AASB 117: Leases where the Group is the lessee.

There has been no significant change from prior year treatment for leases where the Group is a lessor.

Lease liabilities are measured at the present value of the remaining lease payments, where applicable. The Group's incremental borrowing rate as at 1 July 2019 was used to discount the lease payments.

The right-of-use assets, where applicable for the remaining leases have been measured and recognised in the statement of financial position as at 1 July 2019 by taking into consideration the lease liability and the prepaid and accrued lease payments previously recognised as at 1 July 2019 (that are related to the lease).

The following practical expedients have been used by the Group in applying AASB 16 for the first time:

- for a portfolio of leases that have reasonably similar characteristics, a single discount rate has been applied.
- leases that have remaining lease term of less than 12 months as at 1 July 2019 have been accounted for in the same way as short-term leases.
- the use of hindsight to determine lease terms on contracts that have options to extend or terminate.
- applying AASB 16 to leases previously identified as leases under AASB 117: Leases and Interpretation 4: Determining whether an arrangement contains a lease without reassessing whether they are, or contain, a lease at the date of initial application.
- not applying AASB 16 to leases previously not identified as containing a lease under AASB 117 and Interpretation 4.

3. SEGMENT REPORTING

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

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

FRASER RANGE METALS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

4. EXPLORATION ASSETS

	Half-year ended 31 Dec 2019 \$	Full-year ended 30 June 2019 \$
Opening Balance	296,963	189,016
Additions during the period	133,066	107,947
Acquisition of Wildcat Limited(i)	1,815,577	-
Closing Balance	2,245,606	296,963

- (i) On the 29 November 2019, shareholders approved the consideration to complete the acquisition Wildcat Limited, which holds the Mount Adrah Gold Project. The acquisition of Wildcat Resources Limited occurred on 24 December 2019, which was the day the consideration was issued. The acquisition has been treated as an asset acquisition via the issue of equity under AASB 2 Share Based Payments ("AASB 2"). The below outlines the consideration and identifiable assets and liabilities acquired:

Consideration:	\$
63,875,000 Ordinary Shares	1,340,000
67,000,000 Class A Performance Shares ¹	-
67,000,000 Class B Performance Shares ²	-
20,000,000 Consideration Options	156,962
Total Consideration	1,496,962
Assets and Liabilities acquired:	
Cash	8,784
Debtor	30,000
Exploration Asset	1,815,577
Creditors	(122,953)
Loan	(234,446)
Closing Balance	1,496,962

¹ - Based on the board review the probability of conditions being met is 0% at this stage in time.

² - Based on the board review the probability of conditions being met is 0% at this stage in time.

As part of the consideration for Wildcat Resources Limited, Matthew Banks and Alexander Hewlett received 9,944,198 and 6,328,124 consideration shares, respectively after the acquisition for their shares held in Wildcat Resources Limited. In addition, Matthew Banks received 10,430,705 Class A and B performance shares and Alexander Hewlett Class received 6,637,719 Class A and B performance shares.

5. LOAN PAYABLE

	Half-year ended 31 Dec 2019 \$	Full-year ended 30 June 2019 \$
Loan from external party ¹	102,236	-
Closing Balance	102,236	-

¹ - Loan is due and payable, with an interest rate of 12% p.a. Loan was paid out subsequent to 31 December 2019.

FRASER RANGE METALS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

6. ISSUED CAPITAL

	No.	\$
Balance at beginning of financial period	250,000,000	31,836,017
24 December 2019 - Consideration Shares - Refer note 4	67,000,000	1,340,000
Balance at end of the financial period	317,000,000	33,176,017

7. RESERVES

	Half-year ended 31 Dec 2019 \$
Balance at beginning of financial period	84,702
Issue of 20,000,000 Consideration Options	156,962
Issue of 67,000,000 Class A Performance Shares	-
Issue of 67,000,000 Class B Performance Shares	-
Issue of 19,000,000 Incentive Options	166,390
Issue of 18,000,000 Director Options	157,632
Issue of 8,000,000 Performance rights	111,200
Balance at end of financial period	676,886

During the period the Company issued 8,000,000 performance rights to directors and executives as approved at the Annual General Meeting on 29 November 2019. The performance rights will vest if the Company's 5-day volume weighted average share price meets or exceeds \$0.05 at any time in the 4 years after the date of issue of the performance rights. The valuation of the performance rights was based on the Hoadleys Hybrid ESO Model with the following key inputs:

Volatility:	76%
Risk free rate	0.68%
Dividend yield	nil
Exercise multiple	2.8 times for Senior Executives
Employee exit rate	0% per year for Senior Executives

The value per instrument is \$0.0139.

Performance Shares

24 December 2019, the Company issued 134,000,000 performance shares with a mean which convert to one ordinary share upon completion of the following milestones within:

67,000,000 Performance Shares (Performance A Shares) will convert into Shares if the Company delineates on the Tenements a minimum Inferred Resource of 7.75Mt at 1 gram per tonne for 250,000 ounces of gold (with a resource cut off of 0.5 grams per tonne) outside the current Hobbs Pipe resource estimate (Milestone A); and

67,000,000 Performance Shares (Performance B Shares) will convert into Shares if the Company delineates on the Tenements a minimum Inferred Resource of 15.55Mt at 1 gram per tonne for 500,000 ounces of gold (with a resource cut off of 0.5 grams per tonne) outside the current Hobbs Pipe resource estimate (Milestone B).

Based on the board review the probability of conditions being met is 0% at this stage in time. The value per share as of grant date was \$0.02.

FRASER RANGE METALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

Binomial Price Model

Binomial Price Model taking into account the terms and conditions upon which the options were granted options included in relation to acquisition of tenements and corporate advisory services during the period.

20,000,000 Consideration Options	
Grant Date	24/12/2019
Dividend yield	0%
Expected Volatility	86.60%
Risk Free interest rate %	0.68%
Expected Life of options	3
Option Exercise Price (\$)	0.04
Share price at measurement date (\$)	0.02

19,000,000 Incentive Options	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Grant Date	29/11/2019	29/11/2019	29/11/2019	29/11/2019
Dividend yield	0%	0%	0%	0%
Expected Volatility	86.60%	86.60%	86.60%	86.60%
Risk Free interest rate %	0.68%	0.68%	0.68%	0.68%
Expected Life of options	3	3	3	3
Option Exercise Price (\$)	0.025	0.05	0.075	0.10
Share price at measurement date (\$)	0.02	0.02	0.02	0.02
The value per instrument (\$)	0.01301	0.0092	0.00709	0.00573

18,000,000 Director Options	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Grant Date	29/11/2019	29/11/2019	29/11/2019	29/11/2019
Dividend yield	0%	0%	0%	0%
Expected Volatility	86.60%	86.60%	86.60%	86.60%
Risk Free interest rate %	0.68%	0.68%	0.68%	0.68%
Expected Life of options	3	3	3	3
Option Exercise Price (\$)	0.025	0.05	0.075	0.10
Share price at measurement date (\$)	0.02	0.02	0.02	0.02
The value per instrument (\$)	0.01301	0.0092	0.00709	0.00573

8. EVENTS SUBSEQUENT TO THE BALANCE DATE

At the time of this report there were no events subsequent to the reporting date that required disclosure.

9. Contingent Liabilities

The company is required to pay certain vendors a 2% net smelter royalty of all net smelter returns received by Wildcat from commercial production on the Mount Adrah Tenements.

Other than the above, there are no other contingent liabilities that exist at the date of this report.

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") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2019, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated 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 of the Consolidated Entity, comprising the Company and the entities it controlled during the half-year.

Directors Responsibility for the Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the 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 Consolidated Entity's financial position as at 31 December 2019 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 Consolidated Entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a 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 financial report of Fraser Range Metals Group Limited and Controlled Entities is not in accordance with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2019 and of its performance for the period ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations

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

BENTLEYS
Chartered Accountants

A handwritten signature in blue ink that reads "Mark DeLaurentis".

MARK DELAURENTIS CA
Partner

Dated at Perth this 10th day of March 2020.