

# **Freehill Investments Pty Ltd**

**ABN 19 158 270 627**

**Annual Report - 30 June 2015**

**Freehill Investments Pty Ltd**  
**Directors' report**  
**30 June 2015**

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2015.

**Director**

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Lazaros Lekakis

**Principal activities**

During the financial year the principal continuing activities of the consolidated entity consisted of iron ore production.

**Dividends**

There were no dividends paid, recommended or declared during the current or previous financial year.

**Review of operations**

The loss for the company after providing for income tax amounted to \$1,606,589 (30 June 2014: \$295,543).

**Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the company during the financial year.

**Matters subsequent to the end of the financial year**

No matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

**Likely developments and expected results of operations**

Information on likely developments in the operations of the company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the company.

**Environmental regulation**

The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

**Shares under option**

There were no unissued ordinary shares of the company under option outstanding at the date of this report.

**Shares issued on the exercise of options**

There were no ordinary shares of the company issued on the exercise of options during the year ended 30 June 2015 and up to the date of this report.

**Indemnity and insurance of officers**

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

**Indemnity and insurance of auditor**

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

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

**Proceedings on behalf of the company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

**Freehill Investments Pty Ltd**  
**Directors' report**  
**30 June 2015**

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to be 'James', written over a horizontal line.

15 February 2016



Level 13,  
636 St Kilda Road,  
Melbourne.  
VIC 3004  
Tel: +613 8508 7800  
Web:  
[www.connectaudit.com.au](http://www.connectaudit.com.au)

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

As lead auditor for the audit of Freehill Investments Pty Ltd for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

- (a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Freehill Investments Pty Ltd.

A handwritten signature in purple ink, appearing to read 'G. Georgiou'.

George Georgiou FCA  
Connect Audit  
Registered Company Auditor  
Auditor Registration: 10310  
15<sup>th</sup> February 2016  
Melbourne, Victoria

**Freehill Investments Pty Ltd****Contents****30 June 2015**

Statement of profit or loss and other comprehensive income	5
Statement of financial position	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9
Directors' declaration	13
Independent auditor's report to the members of Freehill Investments Pty Ltd	14

**General information**

The financial statements cover Freehill Investments Pty Ltd as an individual entity. The financial statements are presented in Australian dollars, which is Freehill Investments Pty Ltd's functional and presentation currency.

Freehill Investments Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 18 October 2016. The directors have the power to amend and reissue the financial statements.

**Freehill Investments Pty Ltd**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2015**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Expenses</b>		
Administration expenses	(249,344)	(295,543)
Share of joint venture losses accounted for using the equity method	(1,357,245)	-
	<hr/>	<hr/>
<b>Loss before income tax expense</b>	(1,606,589)	(295,543)
Income tax expense	-	-
	<hr/>	<hr/>
<b>Loss after income tax expense for the year attributable to the owners of Freehill Investments Pty Ltd</b>	(1,606,589)	(295,543)
Other comprehensive income for the year, net of tax	-	-
	<hr/>	<hr/>
<b>Total comprehensive income for the year attributable to the owners of Freehill Investments Pty Ltd</b>	<u>(1,606,589)</u>	<u>(295,543)</u>

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Freehill Investments Pty Ltd**  
**Statement of financial position**  
**As at 30 June 2015**

	<b>Note</b>	<b>2015 \$</b>	<b>2014 \$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	1,490	53,458
Trade and other receivables	4	14,200	-
Total current assets		<u>15,690</u>	<u>53,458</u>
<b>Non-current assets</b>			
Investments accounted for using the equity method	5	2,210,732	-
Total non-current assets		<u>2,210,732</u>	<u>-</u>
<b>Total assets</b>		<u>2,226,422</u>	<u>53,458</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	6	165,202	-
Total current liabilities		<u>165,202</u>	<u>-</u>
<b>Total liabilities</b>		<u>165,202</u>	<u>-</u>
<b>Net assets</b>		<u>2,061,220</u>	<u>53,458</u>
<b>Equity</b>			
Issued capital		3,963,352	349,001
Accumulated losses		<u>(1,902,132)</u>	<u>(295,543)</u>
<b>Total equity</b>		<u>2,061,220</u>	<u>53,458</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

**Freehill Investments Pty Ltd**  
**Statement of changes in equity**  
**For the year ended 30 June 2015**

	<b>Issued capital \$</b>	<b>Retained profits \$</b>	<b>Total equity \$</b>
Balance at 1 July 2013	-	-	-
Loss after income tax expense for the year	-	(295,543)	(295,543)
Other comprehensive income for the year, net of tax	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	(295,543)	(295,543)
<i>Transactions with owners in their capacity as owners:</i>			
Contributions of equity, net of transaction costs	349,001	-	349,001
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2014	<u>349,001</u>	<u>(295,543)</u>	<u>53,458</u>
	<b>Issued capital \$</b>	<b>Retained profits \$</b>	<b>Total equity \$</b>
Balance at 1 July 2014	349,001	(295,543)	53,458
Loss after income tax expense for the year	-	(1,606,589)	(1,606,589)
Other comprehensive income for the year, net of tax	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	(1,606,589)	(1,606,589)
<i>Transactions with owners in their capacity as owners:</i>			
Contributions of equity, net of transaction costs	3,614,351	-	3,614,351
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2015	<u>3,963,352</u>	<u>(1,902,132)</u>	<u>2,061,220</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*



**Freehill Investments Pty Ltd**  
**Statement of cash flows**  
**For the year ended 30 June 2015**

	<b>Note</b>	<b>2015 \$</b>	<b>2014 \$</b>
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees (inclusive of GST)		<u>(98,342)</u>	<u>(295,543)</u>
Net cash used in operating activities	9	<u>(98,342)</u>	<u>(295,543)</u>
<b>Cash flows from investing activities</b>			
Contributions to joint ventures		<u>(3,567,977)</u>	<u>-</u>
Net cash used in investing activities		<u>(3,567,977)</u>	<u>-</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		<u>3,614,351</u>	<u>349,001</u>
Net cash from financing activities		<u>3,614,351</u>	<u>349,001</u>
Net increase/(decrease) in cash and cash equivalents		<u>(51,968)</u>	<u>53,458</u>
Cash and cash equivalents at the beginning of the financial year		<u>53,458</u>	<u>-</u>
Cash and cash equivalents at the end of the financial year	3	<u><u>1,490</u></u>	<u><u>53,458</u></u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*

## **Note 1. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **New, revised or amending Accounting Standards and Interpretations adopted**

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### **Going concern**

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

For the year ended 30 June 2015, company incurred in a loss of \$1,606,589 (2014: loss of \$1,606,589). The consolidated entity had negative working capital of \$149,512 (2014: surplus of \$53,459). These factors indicate an inherent uncertainty regarding the company's ability to continue as going concern.

The directors have assessed the company current financing position and are of the view that the continued application of the going concern basis of accounting is appropriate due to the following factors:

- The company will be able to continue to rely on the support of its shareholders to ensure that it is able to pay its debts as and when they fall due over the next 12 months; and

### **Comparatives**

During the current year certain items have been reclassified to ensure accurate disclosure. Comparative information has been reclassified and repositioned to be consistent with current year disclosures.

### **Basis of preparation**

In the directors' opinion, the company is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purposes of complying with the Corporations Act 2001 requirements to prepare and distribute financial statements to the owners of Freehill Investments Pty Ltd. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the owners of Freehill Investments Pty Ltd.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1031 'Materiality', AASB 1048 'Interpretation of Standards' and AASB 1054 'Australian Additional Disclosures', as appropriate for for-profit oriented entities.

### *Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

### *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

**Note 1. Significant accounting policies (continued)**

**Income tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

**Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

**Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with 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.

**Trade and other receivables**

Other receivables are recognised at amortised cost, less any provision for impairment.

**Joint ventures**

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the company's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduce the carrying amount of the investment.

**Note 1. Significant accounting policies (continued)**

**Trade and other payables**

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**Issued capital**

Ordinary shares are classified as equity.

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

**Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

**New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2015. The company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

**Note 2. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

*Recovery of deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences only if the company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The company is not currently recognising tax losses because their realisation is not probable.

**Note 3. Current assets - cash and cash equivalents**

	2015 \$	2014 \$
Cash on hand	10	10
Cash at bank	1,480	53,448
	<u>1,490</u>	<u>53,458</u>

**Note 4. Current assets - trade and other receivables**

	2015 \$	2014 \$
Other receivables	14,200	-

**Note 5. Non-current assets - investments accounted for using the equity method**

	2015 \$	2014 \$
Investment in Chilean joint venture	2,210,732	-
<b>Investment in Chilean joint venture</b>		
Contributions to joint venture	3,567,977	-
Share of joint venture losses	(1,357,245)	-
	2,210,732	-

The directors believe that once the Chilean mining assets are fully operational the above investment will be recouped in full.

**Note 6. Current liabilities - trade and other payables**

	2015 \$	2014 \$
Payables to be settled through the issue of shares	165,202	-

**Note 7. Equity - dividends**

There were no dividends paid, recommended or declared during the current or previous financial year.

**Note 8. Events after the reporting period**

No matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

**Note 9. Reconciliation of loss after income tax to net cash from/(used in) operating activities**

	2015 \$	2014 \$
Loss after income tax expense for the year	(1,606,589)	(295,543)
Adjustments for:		
Share of loss - joint ventures	1,357,245	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(14,200)	-
Increase in trade and other payables	165,202	-
Net cash used in operating activities	(98,342)	(295,543)

**Freehill Investments Pty Ltd**  
**Directors' declaration**  
**30 June 2015**

In the directors' opinion:

- the company is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 1 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the Corporations Act 2001 requirements to prepare and distribute financial statements to the owners of Freehill Investments Pty Ltd;
- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards as described in note 1 to the financial statements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



---

15 February 2016

## INDEPENDENT AUDITOR'S REPORT

### Report on the Financial Report

We have audited the accompanying financial report being a special purpose financial report of Freehill Investments Pty Ltd, which comprises the statement of financial position as at 30 June 2015 and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flow for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company.

### 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 internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

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

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



Level 13,  
636 St Kilda Road,  
Melbourne.  
VIC 3004

Tel: +613 8508 7800  
Web: [www.connectaudit.com.au](http://www.connectaudit.com.au)

### Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Freehill Investments Pty Ltd., would be in the same terms if given to the directors as at the time of this auditor's report.

### Opinion

In our opinion:

The financial report of Freehill Investments Pty Ltd. is in accordance with the *Corporations Act 2001*, including:

- i. Giving a true and fair view of the company's financial position as at 30 June 2015 and performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
- ii. Complying with Australian Accounting Standards to the extent describe in Note 1, and the Corporations Regulations 2001; and

### Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates the existence of a material uncertainty which may cast a significant doubt on the company's ability to continue as a going concern and therefore, the company may be unable to realize their assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

### Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describe the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the Corporations Act 2001. As a result, the financial report may not be suitable for another purpose.

A handwritten signature in blue ink, appearing to read 'G. Georgiou'.

George Georgiou FCA  
Connect Audit  
Registered Company Auditor  
ASIC Registration: 10310  
Melbourne, Victoria  
Date: 15 February 2016