



# ANNUAL REPORT 2017

FOR THE YEAR ENDED 30 JUNE 2017

# Fitzroy River

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# CORPORATE DIRECTORY

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## **DIRECTORS**

Malcolm McComas – Non-Executive Chairman

Susan Thomas – Non-Executive Director

Justin Clyne – Non-Executive Director

## **COMPANY SECRETARY**

Justin Clyne

## **REGISTERED AND PRINCIPAL OFFICE**

Suite 6.02, Level 6  
28 O'Connell Street  
SYDNEY NSW 2000  
Tel: + 61 2 9048 8856

## **AUDITOR**

Deloitte Touche Tohmatsu

## **SHARE REGISTRY**

Boardroom Pty Ltd  
Level 12, 225 George Street  
SYDNEY NSW 2000  
Tel: 1300 737 760  
Fax: 1300 653 459  
Email: [enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au)

## **CORPORATE OFFICE**

GPO Box 4626  
SYDNEY NSW 2001  
Tel: +61 2 9048 8856  
Email: [enquiries@fitzroyriver.net.au](mailto:enquiries@fitzroyriver.net.au)

## **WEBSITE**

[www.fitzroyriver.net.au](http://www.fitzroyriver.net.au)

# CHAIRMAN'S LETTER

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Dear Shareholders,

During the 2017 financial year, Fitzroy River Corporation Limited (ASX: FZR, **Fitzroy** or **Company**) significantly increased its shareholding in Royalco Resources Limited (ASX: RCO, **Royalco**) from 6.3% to 46.7% via a recommended off-market cash takeover offer, committed to making a further investment through a placement in Byron Energy Limited (ASX: BYE, **Byron Energy**) which was completed in September, and initiated an on-market share buyback.

The Royalco takeover offer closed in March 2017. Ms Thomas and I joined the Royalco Board following the Extraordinary General Meeting in February and in September Ms Thomas was appointed as Non-Executive Chair. Substantial cost reductions have been achieved across the organisation at Royalco since March, but the ongoing costs will need to be further reduced if it is to achieve profitability.

The oil price continued to show volatility throughout the year, but less so than during FY16. The US\$ WTI crude oil (NYMEX) price started the year at US\$48.99, gained 30% to US\$54.00 in January and ended the financial year at US\$46.04. This compares to a trading range of US\$90 to US\$110 throughout FY12-14, falling prices in FY15 and the collapse to US\$29.44 in February 2016. The A\$:US\$ FX rate strengthened marginally throughout the financial year from A\$0.739c to A\$0.755c.

These changes have had some positive effect on the Company's Canning Basin royalties and in May 2017, Buru Energy Limited (ASX: BRU, **Buru**) entered into what it described as a '*transformational transaction*' with its JV partners (subsidiaries of Mitsubishi Corporation) on its exploration and production assets to allow each company "...to achieve their corporate objectives by progressing their respective projects without the corporate and commercial boundaries currently in place under the existing joint venture arrangements...".

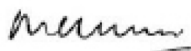
Buru also announced that it had restarted production at the Ungani oilfield. Fitzroy expects to receive royalty income from this initiative in the next few months and believes this 2% net royalty has the potential to become a very significant revenue producing asset in future years.

Throughout the year, the Company invested substantial cash in the Royalco acquisition and held \$4.2m cash at 30 June 2017. We continue to look for value accretive investments that meet the Company's investment criteria. Since year-end, the Company has settled its increased investment in Byron Energy.

The Board continues to look at capital structure and in June 2017, initiated an on-market buy-back of Fitzroy shares, to a maximum of 10% of issued capital.

I thank my colleagues Susan Thomas and Justin Clyne for their insight and efforts on your behalf. I also thank you, our shareholders, for your continued interest and support.

Yours sincerely,



**Malcolm McComas**  
Chairman

# DIRECTORS' REPORT

The Directors of Fitzroy River Corporation Ltd (Fitzroy River Corporation) present their report together with the financial statements of the entity, being Fitzroy River Corporation (the Company) for the year ended 30 June 2017.

## DIRECTORS' DETAILS

The following persons were Directors of Fitzroy River Corporation during or since the end of the financial year:

<b>MALCOLM MCCOMAS</b>	<b>APPOINTED 26 NOVEMBER 2012</b>
Qualifications	BEC, LLB (Monash), SFFin, FAIDC
Special Responsibilities	Non-Executive Chairman
Experience	Mr McComas has extensive experience as a company director and was a former investment banker for 25 years during which he held leadership roles with County NatWest (now Citigroup) and Grant Samuel.
Other current Directorships	Chairman of Pharmaxis Limited (ASX: PXS) Saunders International Limited (ASX: SND) Royalco Resources Limited (ASX: RCO)
Previous Directorships (last 3 years)	BC Iron Limited (ASX: BCI) (Resigned 26 November 2014).
Interest in Shares	297,984 ordinary shares
Interest in Options	None
<b>SUSAN THOMAS</b>	<b>APPOINTED 26 NOVEMBER 2012</b>
Qualifications	B Comm, LLB (UNSW)
Special Responsibilities	Non-Executive Director
Experience	Mrs Thomas has expertise in technology and law in the financial services industry. Mrs Thomas founded and was the Managing Director at FlexiPlan Australia, an investment administration platform sold to MLC and now operating under the MLC/ NAB banner as MasterKey Custom.
Other current Directorships	PEXA Limited, Advanced Asset Management Limited, Asgard Capital Management Limited, BT Portfolio Services Limited, Westpac Financial Services Limited, Royalco Resources Limited (ASX: RCO) and Temple and Webster Limited (ASX: TPW).
Previous Directorships (last 3 years)	Grant Thornton Australia Limited (Resigned 31 December 2016).
Interest in Shares	18,145,178 ordinary shares
Interest in Options	None
<b>JUSTIN CLYNE</b>	<b>APPOINTED 1 JULY 2014</b>
Qualifications	LLM (UNSW), ACIS, AGIA
Special Responsibilities	Non-Executive Director
Other current Directorships	Nil
Previous Directorships (last 3 years)	AusTex Oil Limited (ASX: AOK, OTCQX: ATXDY) (Resigned 20 April 2017) Royalco Resources Limited (ASX: RCO) (Resigned 7 March 2017)
Interest in Shares	Nil
Interest in Options	Nil

# DIRECTORS' REPORT

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## COMPANY SECRETARY

Mr Justin Clyne was appointed as Company Secretary on 1 March 2014.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are as an oil and gas investment holding company with a focus on non-operational assets such as royalties, free carried interests and equity investments. The Company's focus is on the 'Canning Superbasin' in Western Australia, Bass Strait through the Company's investment in Royalco Resources Limited (ASX: RCO) and also the Gulf of Mexico through the Company's investment in Byron Energy Limited (ASX: BYE).

During the year, the Company increased its shareholding in Royalco from 6.308% at the beginning of the financial year to its current shareholding of 46.79%.

The Company holds royalty interests in several permits in the Canning Superbasin via 2 separate Royalty Deeds. The Company's activities are generally passive in nature and its royalty income is dependent on the activities and quantum of oil sales by third parties and the receipt of dividends from its investments.

## REVIEW OF OPERATIONS AND FINANCIAL RESULTS

### Statement of Profit or Loss and Other Comprehensive Income

The Company made a loss of \$0.79 million (2016: loss \$0.69 million) for the year ended 30 June 2017. The following explains how this arose.

- Operating expenses were \$0.76 million (2016: \$0.57 million) which were the costs for running the Company's operations and other expenses;
- Operating income of \$0.18 million (2016: \$0.34 million) comprised dividends and interest; the decrease in royalties was attributable to a suspension of production at the Ungani oilfield;
- The Company incurred an impairment loss of \$0.08 million (2016: \$0.46 million) in investments classified as available for sale; and
- The share of loss from the investment in associate of \$0.17 million (2016: nil) was recognized in the Profit or Loss in the current period.

### Statement of Financial Position

The major movements in the statement of financial position were a decrease in cash and cash equivalents relating to the maturity of a short term deposit offset by the purchase of additional shares in Royalco and cash outflow from operations for the year.

### Statement of Changes in Equity

The major movements in the statement of changes in equity were as follows:

- Accumulated losses increased due to the loss of \$0.79 million for the year; and
- The movement in the available for sale investment reserve reflects the change in fair value of the Company's holding of shares in Byron Energy Ltd (Byron Energy).

### Statement of Cash Flows

Overall, there was a cash outflow of \$5.25 million for the year which was comprised of a cash outflow from operations of \$0.565 million, \$0.004 million of cash outflow from financing activities and \$4.68 million of cash outflow from the purchase of additional shares in Royalco.

# DIRECTORS' REPORT

## ABOUT THE COMPANY

### A) Canning Basin Royalty Deed – Canning Superbasin (Western Australia)

The map below shows the location of all the Company's royalty interests with those under the Canning Basin Royalty shown in light blue and with those shown in dark blue being the areas under the Lennard Shelf Royalty. The map shows the current ownership of the tenements however noting that the ownership of Permits EP 391, EP 431, EP 436, EP 371, EP 428 and Production Licences L20 and L21 will change upon completion of the 'Transformational Transaction' announced to the ASX by Buru Energy Limited (Buru) on 25 May 2017 (refer section 2 below).

Permits EP 391, EP 431, EP 436, EP 371, EP 428 (2% Royalty) (all currently part of the Buru-Mitsubishi JV but subject to the 'Transformational Transaction') are the 5 State Agreement permits and are exempt from the requirement to relinquish 50% of the blocks as part of the renewal application process.

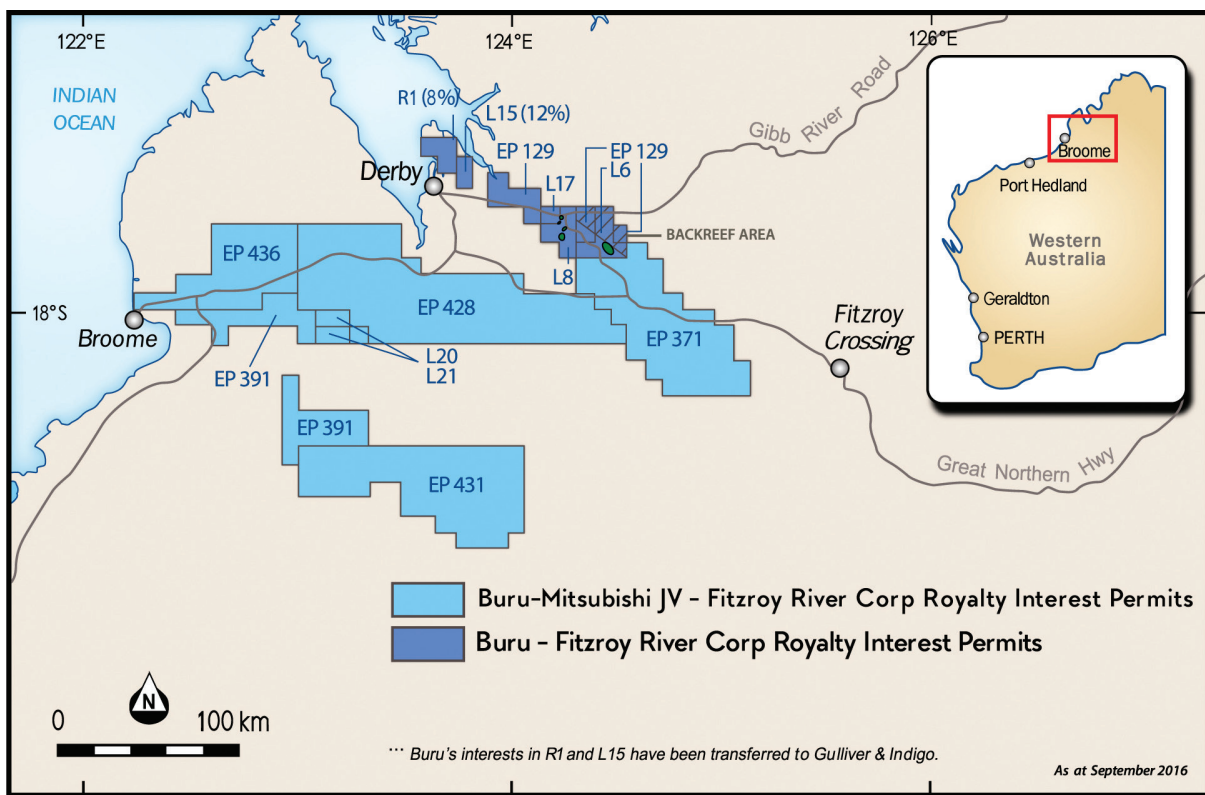


Figure 1: Map of Tenements over which Fitzroy has a royalty prior to change in ownership under the 'Transformational Transaction' announced by Buru on 25 May 2017 (subject to completion of the Asset Swap Agreement).

# DIRECTORS' REPORT

Table 1 (below): Schedule of Tenements under the Canning Basin Royalty Deed (pre-and post-Asset Swap Agreement).

EP OR PL #	DATE ISSUED	EXPIRY	AREA (KM2)	OWNERSHIP (50% EACH UNLESS OTHERWISE STATED)	POST COMPLETION OF ASSET SWAP
EP 391	1 Feb. 2015	31 Jan 2020	2,274.7736 (26 blocks)	Buru Energy Limited/ Diamond Resources (Fitzroy) Pty Ltd	Buru Energy Limited
EP 371	31 July 2014	30 July 2019	3,663.2577 (45 blocks)	Buru Energy Limited/ Diamond Resources (Canning) Pty Ltd	Diamond Resources (Canning) Pty Ltd (50%)/ Diamond Resources (Fitzroy) Pty Ltd (50%)
EP 428	31 July 2014	30 July 2019	6,431.9741 (79 blocks)	Buru Energy Limited/ Diamond Resources (Canning) Pty Ltd	Buru Energy Limited
EP 431	31 July 2014	30 July 2019	4,211.4604 (52 blocks)	Buru Energy Limited/ Diamond Resources (Fitzroy) Pty Ltd	Buru Energy Limited
EP 436	31 July 2014	30 July 2019	2,404.1372 (30 blocks)	Buru Energy Limited/ Diamond Resources (Fitzroy) Pty Ltd	Buru Energy Limited
L20	2 July 2015	-	162.7085 (2 blocks)	Buru Energy Limited/ Diamond Resources (Fitzroy) Pty Ltd	Buru Energy Limited
L21	2 July 2015	-	162.6399 (2 blocks)	Buru Energy Limited/ Diamond Resources (Fitzroy) Pty Ltd	Buru Energy Limited
R 1	11 Oct 2016	10 Oct 2021	245.1571 (3 blocks)	Gulliver Productions Pty Ltd (85.23%)/ Indigo Oil Pty Ltd (14.77%)	Gulliver Productions Pty Ltd (85.23%)/ Indigo Oil Pty Ltd (14.77%)
L 15	1 April 2010	31 March 2031	163.46 (2 blocks)	Gulliver Productions Pty Ltd (85.40%)/ Indigo Oil Pty Ltd (14.60%)	Gulliver Productions Pty Ltd (85.40%)/ Indigo Oil Pty Ltd (14.60%)

On 25 May, 2017 Buru announced what it described as a 'Transformational Transaction' in which Buru stated that "... it has entered into a transformational transaction with its joint venture partners Diamond Resources (Fitzroy) Pty Ltd (DRF) and Diamond Resources (Canning) Pty Ltd (DRC) which are both wholly owned subsidiaries of Mitsubishi Corporation on its exploration and production assets in the Canning Basin in the northwest of Western Australia" (Transaction).

The announcement further states in relation to Buru, DRF and DRC, that the Transaction is an "...Asset swap to allow each company to achieve their corporate objectives by focusing on the areas where they have the most appropriate technical and commercial capability..."

While it is noted there are still some conditions required for completion of the Transaction, Fitzroy notes that there will be no change to its royalty interests with the only change being to the ownership of some of the tenements over which Fitzroy has a royalty as identified in the table in section 4 below.

The Company's interests in R1 and L15 which also fall under the Canning Basin Agreement and EP 129, L6, L8 and L 17 which fall under the Lennard Shelf Agreement are not affected by the Transaction.

Fitzroy believes the Transaction will reduce the time to commercialization of these significant oil and gas assets from which Fitzroy will benefit as a royalty owner when they become production assets.



# DIRECTORS' REPORT

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During the last quarter of the financial year, Buru also announced that it had restarted production on the Ungani Oilfield with the aim of ramping up production to an initial target rate of 1,250 bopd. Buru's presentation released post the end of the quarter on 20 July 2017 states: *"Ungani Oilfield in early stages of production with 2 producing wells on natural flow at ~1,250 bopd with pathway to 3,000 bopd..."*. Fitzroy believes that with Ungani production at ~1,250 bopd (current phase) and targeted to increase to ~1,500 bopd (Phase 2) and ~3,000 bopd (Phase 3), its royalty has the potential to become a significant revenue producing asset given its 2% net royalty from production on the tenements over which it has a royalty.

In terms of its forward work program, in the near-term Buru has said that it plans to drill Ungani 4 development well in October/November 2017 and Ungani 5 in November/December 2017.

In its Corporate and Operations Update to the market on 11 September, 2017 Buru stated:

*"MT Marlin Ametrine lifted 60,275 bbls from Wyndham on 2/3 September without incident. The lifting was slightly smaller than planned due to the early arrival of the ship and some minor transport issues which have now been resolved.*

*Under the terms of the Trafigura agreement, the lifting was "FOB Wyndham" which means that the crude is sold at Wyndham and Trafigura is responsible for all shipping related charges to the relevant refinery. The realised price for the cargo after shipping costs was US\$2.83 million or ~US\$46.90/barrel..."*

## **Natural Gas (Canning Basin Joint Venture) Agreement Act**

In 2013 the Natural Gas (Canning Basin Joint Venture) Agreement Act 2013 (WA) was passed and it received Royal Assent on 25 June 2013. That Act's purpose is stated as primarily being to ratify, and authorise the implementation of, a 'State Agreement' dated 7 November 2012 between the State of Western Australia and Buru, DRF, DRC and Mitsubishi relating to the evaluation, development and exploitation of natural gas resources in the Canning Basin region of WA.

The State Agreement has now taken full legal effect as a result of the Act.

The Joint Venturers that are parties to the State Agreement (Buru, DRF and DRC (as defined above)) are the holders of the 5 petroleum exploration permits listed in the State Agreement. Those 5 'Petroleum Titles' (as defined), comprising EP 391, EP 371, EP 428, EP 431 and EP 436, are the initial Petroleum Titles for the purposes of the Agreement and Fitzroy is entitled to a production royalty over all 5 of these. The map above shows the location of the State Agreement Permits.

The State Agreement notes that the Joint Venturers are actively exploring the Title Areas for petroleum including for the purposes of:

- a) the technical and economic viability of the natural gas resources within the Title Areas (which areas are prospective for both conventional and unconventional resources); and
- b) proving up sufficient reserves of natural gas to underpin the establishment and sustained operation of, firstly, the Domgas Project (as defined in the Agreement) and, secondly, the production of liquefied natural gas for export to overseas purchasers.

The State's aim is to encourage accelerated expenditure by the Joint Venturers in the continuing exploration and evaluation of natural gas resources within the Title Areas. The State Agreement provides for each of the Permits covered by the Agreement to be exempted until 31 January 2024 from the legal requirement to periodically relinquish 50% of the area of the Permits, subject to meeting the exploration, appraisal and development obligations under the State Agreement. There is the opportunity for work programs to be optimised by the flexibility given by the State Agreement to credit gas appraisal work on adjacent Permits against ongoing statutory work commitments.

The Company continues to monitor and review the operation of the State Agreement based on publicly available information and announcements made by Buru.

## **Retention Lease R1 (2% Royalty on 8% participation interest)**

Fitzroy's 8% participating interest in R1 was sold together with various other Canning Basin Assets in 2006. R1 is over 3 blocks and was reissued on 11 October 2016 with a new expiry date of 10 October 2021. In its quarterly activities report lodged with the ASX on 31 July 2017 Key Petroleum Limited (Key) announced that, during the quarter, it had undertaken the planning of field activities and airborne surveys (AEM-PTP) along the Lennard Shelf trend in the Canning Basin which included R1 and, subsequent to the quarter, had acquired the aerial AEM-PTP survey over R1 to further evaluate economic potential of existing and future hydrocarbon pools.

# DIRECTORS' REPORT

Pursuant to a Deed of Covenant dated 20 December 2013, Buru transferred its 43.28% interest in R1 to Gulliver Productions Pty Ltd ('Gulliver', a subsidiary of Key) and Indigo Oil Pty Ltd ('Indigo') as part of an asset swap and Buru's 'ongoing acreage rationalisation program'.

## **Production Licence L15 (2% Royalty on 12% participation interest)**

L15 (over 2 blocks) was granted on 1 April 2010 and expires on 31 March 2031.

In its quarterly activities report lodged with the ASX on 31 July 2017, Key Petroleum Limited (Key) announced that, during the quarter, it had undertaken field assessment and remediation of L15 (in conjunction with R1) to meet remediation conditions of Environment Plan (Rev F) as well as work program commitments along with annual care and maintenance of suspended/shut-in wells (also in conjunction with R1).

Pursuant to a Deed of Covenant dated 20 December 2013, Buru transferred its 15.5% interest in L15 to Gulliver Productions Pty Ltd ('Gulliver', a subsidiary of Key) and Indigo Oil Pty Ltd ('Indigo') as part of an asset swap and Buru's 'ongoing acreage rationalisation program'.

## **B) Lennard Shelf Royalty Deed – Canning Basin (Western Australia)**

### **Royalty (3% of Well Head Value (net)) over EP129 and L6 and L8 production and sales**

Table 2: Schedule of Tenements under the Lennard Shelf Royalty Deed

EP OR PL #	DATE ISSUED	EXPIRY	AREA (KM2)	HELD BY
EP 129	18 March 2016	17 March 2021	652.9955 (8 blocks)	Buru Energy Limited
L 6	19 May 2006	18 May 2027	407.9 (5 blocks)	Buru Energy Limited
L 8	19 May 2006	18 May 2027	326.3084 (4 blocks)	Buru Energy Limited
L 17	10 April 2013	Indefinite as per the terms of the license dated 10 April 2013	81.6 (1 block)	Buru Energy Limited

# EP = Exploration Permit, PL = Production Licence (e.g. L20, L21 etc.).

Total royalty revenue received under the 'Lennard Shelf Royalty Deed' dated 5 September 2006 was Nil for the financial year which was the same as the previous year.

### **EP 129**

The Lennard Shelf Royalty was created by a Royalty Deed dated 5 September 2006 over the entire area covered by EP 129, as well as over Production Licences L6 and L8 and was registered on 2 March 2007. EP 129 was reissued on 18 March 2016 with a new expiry date of 17 March 2021.

On 27 January 2015, Buru announced that it had commenced drilling operations on the Sunbeam 1 well located on EP 129 and in its final drilling report announced to the market on 9 February Buru stated drilling did not encounter any significant hydrocarbons and the well would be suspended for possible re-entry and deepening into the underlying Emanuel prospect during the coming dry season. There has been no significant update since that time however recent corporate presentations released by Buru to the market refer to the 'Butler Prospect' which states in part:

*"Laurel Tight Gas Play*

*Proven Middle Laurel tight gas interval within wet gas window over EP129 (230 km2 within EP129) as established on trend in EP371 at Valhalla/Asgard."*

EP 129 is subject to the Trident Energy farm in right to earn a 17.5% interest. Mitsubishi is entitled to an interest equal to Buru's interest.

# DIRECTORS' REPORT

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## *Backreef Area of EP 129 and L6*

Fitzroy is monitoring the activities on the 'Backreef Area' of EP 129 and L6, particularly those of Oil Basins Ltd. It is understood that Buru holds 100% of the Backreef Area on trust for Oil Basins Ltd due to the completion of the drilling of the East Blina-1 well on 31 October 2012 in accordance with the 'Backreef Play Agreement' dated 30 October 2008. As previously announced, Fitzroy had some negotiations with Buru during 2013 regarding the terms of a deed of covenant proposed to be entered into by the beneficial owners of the Backreef Area, to support Fitzroy's royalty interest. As at year's end, the contractual relationship governing the 3% royalty obligation (which is registered against EP 129 and L6) is between Fitzroy and Buru alone.

## *L17*

In April 2013, a new petroleum production licence L17 was granted to Buru. L17 is over a single block (block 6275, which was formerly part of EP129). L17 constitutes a 'Replacement Permit' under the Royalty Deed and in July 2013 Fitzroy applied to register the Lennard Shelf Royalty against L17 and on 19 May 2014 the registration application was approved.

## **C) Other Projects and Assets & Corporate Matters**

### *Management activities*

The main activities of the Company's management are as follows:

- Review of existing investments and analysis of new investment opportunities;
- Royalty and dividend collection;
- Contract maintenance with Buru, Mitsubishi and others;
- Title maintenance (ensuring royalty dealings are and remain registered under Section 75 of the Petroleum and Geothermal Energy Resources Act against relevant permits);
- Monitoring activities across all royalty permits;
- Company routine operations & reporting as an ASX listed company.

### *Important*

Certain information in this report refers to the statements, intentions or opinions of Buru Energy Ltd (ABN 71 130 651 437, ASX Code: BRU) ("Buru") and is based on public statements by it. Statements have been attributed to Buru where applicable. Petroleum production targets announced by Buru are usually subject to risks, uncertainties and other factors that, in turn, may cause the Company's actual results, performance or achievements to differ from those suggested or referred to in this report and regard should be given to Buru's statements and other announcements concerning the risks, uncertainties and other factors that may cause Buru to not meet production targets or result in delays meeting those targets.

As and when the Company becomes aware of information concerning it in connection with its Australian royalty and other assets, the Company intends to comply with its continuous disclosure obligations under Australian law. Information about specified events or matters that may have some connection with Fitzroy's royalty assets is often being made known or generally available by Buru or other listed entities, and other information may consist of readily observable matters.

Shareholders, market participants and investors making or drawing their own deductions, conclusions or inferences from any other company's ASX announcements do so at their own risk.

## **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

During the year, the following changes occurred within the Company:

Increase of shareholding in Royalco Resources Limited (ASX: RCO)

The company increased its shareholding in Royalco Resources Limited (ASX: RCO), a listed royalty investment company, from 6.30% at the beginning of the financial year to its current shareholding of 46.79%.

## **DIVIDENDS**

There was no dividend declared during the financial year for 1 July 2016 to 30 June 2017.

# DIRECTORS' REPORT

## EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD

Subsequent to the end of the financial year, the Company made an investment of \$1.0 million via a placement in Byron Energy Limited (ASX: BYE) at a price of \$0.07 per share as a follow on to its previous investment of \$500,000 in August 2016. The results of the placement were announced to the ASX on 17 August 2017. As a result of this additional investment, Fitzroy now holds a total of 18.131m shares in Byron Energy representing a 2.76% holding.

In its Corporate and Operations Update to the market on 11 September, 2017 Buru stated:

*"MT Marlin Ametrine lifted 60,275 bbls from Wyndham on 2/3 September without incident... The realised price for the cargo after shipping costs was US\$2.83 million or US\$46.90/barrel..."*

The Company receives a 2% net royalty from production on the tenements over which it has a royalty and expects to receive the first of its anticipated royalty payments since production at Ungani recommenced in the near future.

## LIKELY DEVELOPMENTS, BUSINESS STRATEGIES AND PROSPECTS

Likely developments and expected results of the operations of the Company in subsequent years are not discussed in detail in this report. In the opinion of the directors, further information on those matters could prejudice the interests of the Company because it may relate to matters which are currently under negotiation and premature disclosure could breach commercial confidentiality.

## DIRECTORS' MEETINGS

The number of Directors Meetings (including meetings of Committees of Directors) held during the year and the number of meetings attended by each Director is as follows:

DIRECTORS' NAME	BOARDING MEETINGS	
	A	B
Malcolm McComas	9	9
Susan Thomas	9	9
Justin Clyne	9	9

Where:

- column A is the number of meetings the Director was entitled to attend
- column B is the number of meetings the Director attended

# DIRECTORS' REPORT – REMUNERATION REPORT

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## REMUNERATION REPORT (AUDITED)

The Directors of Fitzroy River Corporation Ltd (the Company) present the Remuneration Report for Non-Executive Directors, Executive Directors and other Key Management Personnel, prepared in accordance with the *Corporations Act 2001* and the *Corporations Regulations 2001*.

The Remuneration Report is set out under the following main headings:

- a) Principles used to determine the nature and amount of remuneration;
- b) Details of remuneration;
- c) Service agreements;
- d) Share-based remuneration; and
- e) Other information.

### a) Principles used to determine the nature and amount of remuneration

The principles of the Company's executive strategy and supporting incentive programs and frameworks are to:

- align rewards to business outcomes that deliver value to shareholders;
- drive a high performance culture by setting challenging objectives and rewarding high performing individuals; and
- ensure remuneration is competitive in the relevant employment market place to support the attraction, motivation and retention of executive talent.

The Company has structured a remuneration framework that is market competitive and complementary to the reward strategy of the Company.

The remuneration structure that has been adopted by the Company consists of a fixed remuneration being annual salary. During the year, no bonuses, options or incentives were paid.

The Board assesses the appropriateness of the nature and amount of remuneration on a periodic basis by reference to recent employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board.

On 3 March 2014 the board resolved to pay remuneration (fees) for non-executive directors of \$15,000 per quarter (inclusive of superannuation and similar on-costs), and to give the chairman of directors additional remuneration under clause 7.5 of the constitution at a 50% premium to the normal level (i.e. an additional \$7,500 per quarter). An aggregate limit of \$300,000 in directors' fees for the purposes of clause 7.5 of the constitution was set by shareholders in 2006. This limit does not include fees for company secretarial services.

In regard to employees, it has been the Company's policy since the demerger that the role of company secretary should be held internally preferably by a director and that the Company, having regard to its normal activities after the demerger, is unlikely to need more than one employee, with that employee having a fairly wide role and holding suitable delegations from the full board. It is also appropriate that such employee be fairly remunerated, either in lieu of director's fees or in addition to director's fees where such employee is also a director, taking into account the Company's activities as an ASX listed company and the skills and experience required to fill such a role.

In addition, non-executive directors are expected to assist with the Company's affairs from time to time on an as required basis, performing extra or special services on discrete matters, and under the overall supervision of the full board of directors. Their appointment letters and the Company's constitution deals with this.

### *Voting and comments made at the Company's last Annual General Meeting*

The Company received 98.5% of 'yes' votes on its Remuneration Report for the financial year ending 30 June 2016. The Company received no specific feedback on its Remuneration Report at the Annual General Meeting.

# DIRECTORS' REPORT – REMUNERATION REPORT

## Consequences of performance on shareholder wealth

In considering the Company's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year and the previous four (4) financial years:

ITEM	2017	2016	2015	2014	2013
EPS (cents)	(0.87)	(0.76)	(0.86)	(0.61)	9
Dividends (cents per share)	-	-	-	-	-
Net (loss) / profit (\$'000)	(794)	(691)	(784)	(555)	9,038
Share price (\$)	0.16	0.185	0.215	0.33	0.33

## b) Details of remuneration

Details of the nature and amount of each element of the remuneration of each key management personnel (KMP) of Fitzroy River Corporation Ltd are shown in the table below:

### Director and other Key Management Personnel

Employee	Year	SHORT TERM EMPLOYEE BENEFITS			POST-EMPLOYMENT BENEFITS	LONG-TERM BENEFITS	TERMINATION BENEFITS	SHARE-BASED PAYMENTS	Total \$	Performance based % of remuneration
		Cash salary and fees \$	Cash bonus \$	Non-monetary benefits \$	Super-annuation \$	Long service leave \$	Termination payments \$	Options \$		
<b>Non-Executive Directors</b>										
Malcolm McComas	2017	110,000	-	-	-	-	-	-	110,000	-
Independent	2016	110,000	-	-	-	-	-	-	110,000	-
Susan Thomas	2017	80,000	-	-	-	-	-	-	80,000	-
Independent	2016	80,000	-	-	-	-	-	-	80,000	-
Justin Clyne	2017	140,000*	-	-	-	-	-	-	140,000	-
	2016	140,000*	-	-	-	-	-	-	140,000	-
<b>2017 Total</b>	<b>2017</b>	<b>330,000</b>	-	-	-	-	-	-	<b>330,000</b>	-
<b>2016 Total</b>	<b>2016</b>	<b>330,000</b>	-	-	-	-	-	-	<b>330,000</b>	-

\* Fees paid during the year to Mr Justin Clyne include company secretarial services fees totaling \$60,000 (2016: \$60,000).

During the year ended 30 June 2017, an additional payment of \$20,000 (2016: \$20,000) has been made to each director for additional services provided over those required of a non-executive director.

# DIRECTORS' REPORT – REMUNERATION REPORT

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

EMPLOYEE	FIXED REMUNERATION	AT RISK: SHORT-TERM INCENTIVES (STI)	AT RISK: OPTIONS
<b>Executive Directors</b>			
Malcolm McComas	100%	-	-
Susan Thomas	100%	-	-
Justin Clyne	100%	-	-

Since the long-term incentives are provided exclusively by way of options, the percentages disclosed also reflect the value of remuneration consisting of options, based on the value of options expensed during the year.

## c) Service agreements

Remuneration and other terms of employment for the Executive Directors and other key management personnel are formalised in a Service Agreement. The major provisions of the agreements relating to remuneration are set out below:

EMPLOYEE	BASE SALARY	TERM OF AGREEMENT	NOTICE PERIOD
Malcolm McComas	\$90,000	Re-election every 3 years	1 month
Susan Thomas	\$60,000	Re-election every 3 years	1 month
Justin Clyne	\$120,000	Re-election every 3 years	3 months

## d) Share based remuneration - Shares held by key management personnel

The number of ordinary shares in the Company during the 2017 reporting period held by each of the Company's key management personnel, including their related parties, is set out below:

YEAR ENDED 30 JUNE 2017					
Employee	Balance at start of year	Granted as remuneration	Received on exercise	Other changes	Held at the end of reporting period
Malcolm McComas	217,235	-	-	80,749	297,984
Susan Thomas	18,045,178	-	-	100,000	18,145,178
Justin Clyne	-	-	-	-	-
<b>Total</b>	<b>18,262,413</b>	<b>-</b>	<b>-</b>	<b>180,749</b>	<b>18,443,162</b>

None of the shares included in the table above are held nominally by key management personnel.

## e) Other information - Loans to key management personnel

There were no loans made during the year to any Key Management Personnel.

### *Other transactions with key management personnel*

No remuneration consultant was engaged or made a remuneration recommendation in relation to any of the key management personnel for the company for the financial year.

*End of audited Remuneration Report.*

# DIRECTORS' REPORT

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## ENVIRONMENTAL LEGISLATION

The Company's operations are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory in Australia.

## INDEMNITIES GIVEN TO, AND INSURANCE PREMIUMS PAID FOR, AUDITORS AND OFFICERS

The Company has given an indemnity or entered into an agreement to indemnify all Directors under standard Director's Deeds and has paid or agreed to pay insurance premiums for a standard Directors and Officers Liability and Company Reimbursement Policy. The details of the policy remain confidential between the insurer and the Company.

## NON-AUDIT SERVICES

During the year Deloitte Touche Tohmatsu the Company's auditors did not perform any services in addition to their statutory duties.

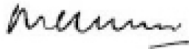
## PROCEEDINGS OF BEHALF OF THE COMPANY

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.

## ROUNDING OF AMOUNTS

Fitzroy River Corporation Ltd is a type of Company referred to in ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest \$1,000, or in certain cases, to the nearest dollar.

Signed in accordance with a resolution of the Directors.



Director: .....

Malcolm McComas

26 September 2017



# AUDITORS' INDEPENDENCE DECLARATION

**Deloitte.**

Deloitte Touche Tohmatsu  
ABN 74 490 121 060  
Grosvenor Place  
225 George Street  
Sydney, NSW, 2000  
Australia

Phone: +61 2 9322 7000  
www.deloitte.com.au

The Board of Directors  
Fitzroy River Corporation Limited  
Suite 6.02, Level 6  
28 O'Connell Street  
Sydney NSW 2000

26 September 2017

Dear Board Members

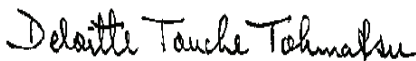
**Fitzroy River Corporation Limited**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Fitzroy River Corporation Limited.

As lead audit partner for the audit of the financial statements of Fitzroy River Corporation Limited for the financial year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Weng W Ching  
Partner  
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.  
Member of Deloitte Touche Tohmatsu Limited.



# CORPORATE GOVERNANCE STATEMENT

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The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, Fitzroy River Corporation Ltd (the "Company") have adopted the third edition of the *Corporate Governance Principles and Recommendations* which was released by the ASX Corporate Governance Council on 27 March 2014 and became effective for financial years beginning on or after 1 July 2014.

The Company's Corporate Governance Statement for the financial year ending 30 June 2017 will be released to the ASX in conjunction with the Company's full annual report in October 2017 and placed on the Company's website at the same time.

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

		2017	2016
	Notes	\$'000	\$'000
Revenue	5	177	339
Other income		30	-
Professional and consultancy fees		(235)	(106)
Directors and company secretarial fees		(330)	(330)
Impairment loss on available for sale equity instruments		(78)	(463)
Loss on sale of assets		(7)	-
Other expenses		(186)	(131)
Share of net loss from associate accounted for using the equity method	10	(165)	-
<b>Loss before income tax</b>		<b>(794)</b>	<b>(691)</b>
Income tax expense	6	-	-
<b>Net loss for the year</b>		<b>(794)</b>	<b>(691)</b>
<b>Other comprehensive income:</b>			
Cumulative (loss) / income reclassified from investment reserve		(30)	370
Changes in fair value of available-for-sale financial assets		(173)	47
<b>Other comprehensive (loss)/income for the year, net of tax</b>		<b>(203)</b>	<b>417</b>
<b>Total comprehensive loss for the year</b>		<b>(997)</b>	<b>(274)</b>

		2017	2016
	Notes	cents	cents
<b>Earnings (loss) per share</b>	14		
Basic earnings (loss) per share:		(0.87)	(0.76)
Diluted earnings (loss) per share:		(0.87)	(0.76)

Note: This statement should be read in conjunction with the notes to the financial statements.

# STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

		2017	2016
	Notes	\$'000	\$'000
<b>ASSETS</b>			
Current			
Cash and cash equivalents	7	4,268	9,518
Trade and other receivables	8	-	29
Other assets	8	12	10
<b>Total current assets</b>		<b>4,280</b>	<b>9,557</b>
Non-current			
Other financial assets	9	701	1,212
Investment in associate	10	4,768	-
<b>Total non-current assets</b>		<b>5,469</b>	<b>1,212</b>
<b>Total assets</b>		<b>9,749</b>	<b>10,769</b>
<b>LIABILITIES</b>			
Current			
Trade and other payables	12	35	54
<b>Current liabilities</b>		<b>35</b>	<b>54</b>
<b>Total liabilities</b>		<b>35</b>	<b>54</b>
<b>Net assets</b>		<b>9,714</b>	<b>10,715</b>
<b>EQUITY</b>			
Equity attributable to owners:			
Issued capital	13	42,280	42,284
Reserve	13	(154)	49
Accumulated losses		(32,412)	(31,618)
<b>Total equity</b>		<b>9,714</b>	<b>10,715</b>

Note: This statement should be read in conjunction with the notes to the financial statements.

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

	Issued capital \$'000	Available for sale investment reserve \$'000	Accumulated losses \$'000	Total equity \$'000
<b>Balance at 1 July 2015</b>	<b>42,284</b>	<b>(368)</b>	<b>(30,927)</b>	<b>10,989</b>
Loss for the year	-	-	(691)	(691)
Other comprehensive income	-	417	-	417
<b>Total comprehensive income</b>	<b>-</b>	<b>417</b>	<b>(691)</b>	<b>(274)</b>
<b>Balance at 30 June 2016</b>	<b>42,284</b>	<b>49</b>	<b>(31,618)</b>	<b>10,715</b>
<b>Balance at 1 July 2016</b>	<b>42,284</b>	<b>49</b>	<b>(31,618)</b>	<b>10,715</b>
Loss for the year	-	-	(794)	(794)
Other comprehensive income	-	(203)	-	(203)
<b>Total comprehensive income</b>	<b>-</b>	<b>(203)</b>	<b>(794)</b>	<b>(997)</b>
Share buy back	(4)	-	-	(4)
<b>Balance at 30 June 2017</b>	<b>42,280</b>	<b>(154)</b>	<b>(32,412)</b>	<b>9,714</b>

Note: This statement should be read in conjunction with the notes to the financial statements.

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

		2017	2016
	Notes	\$'000	\$'000
<b>OPERATING ACTIVITIES</b>			
Receipts from royalties		-	47
Payments to suppliers and employees		(771)	(521)
Interest received		167	337
Dividends received		39	17
<b>Net cash used in operating activities</b>		<b>(565)</b>	<b>(120)</b>
<b>INVESTING ACTIVITIES</b>			
Proceeds from maturity of short term deposits		-	3,000
Purchase of investments		(4,685)	(719)
Proceeds from disposals of asset		4	-
<b>Net cash (used in) / from investing activities</b>		<b>(4,681)</b>	<b>2,281</b>
<b>FINANCING ACTIVITIES</b>			
Share buy back		(4)	-
<b>Net cash used in financing activities</b>		<b>(4)</b>	<b>-</b>
Net change in cash and cash equivalents		(5,250)	2,161
Cash and cash equivalents, beginning of year		9,518	7,357
<b>Cash and cash equivalents, end of year</b>		<b>4,268</b>	<b>9,518</b>

Note: This statement should be read in conjunction with the notes to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

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## 1. NATURE OF OPERATIONS

The principal activities of the Company are as an oil and gas investment holding company with a focus on non-operational assets such as royalties, free carried interests and equity investments. The Company's focus is on the 'Canning Superbasin' in Western Australia, Bass Strait through the Company's investment in Royalco Resources Limited (ASX: RCO) and also the Gulf of Mexico through the Company's investment in Byron Energy Limited (ASX: BYE). The Company's activities are generally passive in nature and its royalty income is dependent on the activities and quantum of oil sales by third parties and the receipt of interest income and dividends from its investments.

## 2. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE

The general purpose financial statements of the Company have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Company is a for-profit entity for the purpose of preparing the financial statements.

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

The Company is a Public Company incorporated and domiciled in Australia. The address of its registered office and its principal place of business is Suite 6.02, Level 6, 28 O'Connell Street, Sydney, NSW 2000, Australia.

The financial statements for the year ended 30 June 2017 were approved and authorised for issue by the Board of Directors on 26 September 2017.

## 3. CHANGES IN ACCOUNTING POLICIES

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.

Other amending accounting standards issued are not considered to have a significant impact on the financial statements of the company as their amendments provide either clarifications of existing accounting treatment or editorial amendments. These standards (and their operative dates) include:

- AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations (from 1 January 2016)
- AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements (from 1 January 2016)
- AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 (from 1 January 2016)

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the performance or position of the Company.

### 3.1 Accounting Standards issued but not yet effective and not been adopted early by the Company

The following are the Accounting Standards issued, which are relevant to the Company and which are not yet mandatory and have not been early adopted:

- AASB 9 Financial Instruments, and the relevant amending standards
- AASB 15 Revenue from Contracts with Customers
- AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15
- AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15
- AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15

# NOTES TO THE FINANCIAL STATEMENTS

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- AASB 16 Leases
- AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128
- AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses
- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107
- AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle

## 4. SUMMARY OF ACCOUNTING POLICIES

### 4.1 Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

### 4.2 Investments in associates

Associates are those entities over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investments in associates are accounted for using the equity method.

Any goodwill or fair value adjustment attributable to the Company's share in the associate is not recognised separately and is included in the amount recognised as investment.

The carrying amount of the investment in associates is increased or decreased to recognise the Company's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Company.

Unrealised gains and losses on transactions between the Company and its associates are eliminated to the extent of the Company's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

### 4.3 Foreign currency translation

#### *Functional and presentation currency*

The financial statements are presented in Australian Dollars (\$AUD), which is the entity's functional and presentation currency.

#### *Foreign currency transactions and balances*

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss and other comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income.



# NOTES TO THE FINANCIAL STATEMENTS

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## 4.4 Revenue

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the activities as discussed below.

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

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

### *Interest revenue*

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

### *Royalty income*

Revenue is recognised on an accrual basis in accordance with the substance of the relevant agreements.

### *Dividends*

Dividends are recognised when the shareholders' right to receive the payment is established.

## 4.5 Financial assets and financial liabilities

### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be realised within 12 months after the end of the reporting period.

Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are recognised in other comprehensive income.

### *Recoverable amount of assets*

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying value of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined from an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cashflows that are largely independent of those other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cashflows are discounted to their present value of money and the risks specific to the asset.

### *Financial liabilities*

Trade and other payables, are initially measured at fair value, net of transaction costs. Trade and other payables are subsequently measured at amortised cost using the effective interest rate method.

### *Issued capital*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

# NOTES TO THE FINANCIAL STATEMENTS

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## 4.6 Income taxes

Income tax recognised in the statement of profit or loss comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Current tax liability is recognised to the extent of unpaid income taxes for the current and prior periods. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as a current tax asset.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- Except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates; and
- Interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- Except where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the account profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

## 4.7 Other taxes

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax ("GST"), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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

Commitments and contingencies are discussed net of the amount of GST recoverable from, or payable to, the taxation authority.

## 4.8 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

# NOTES TO THE FINANCIAL STATEMENTS

## 4.9 Rounding of amounts

The Entity has applied the relief available to it under ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191 and accordingly, amounts in the financial statements and Directors' Report have been rounded off to the nearest \$1,000, or in certain cases, the nearest dollar.

## 4.10 Significant management judgement in applying accounting policies

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

### *Key estimates – Impairment*

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

### *Key estimates – Deferred tax assets*

An estimate of the probability of the Company's ability to recoup deferred tax assets from future taxable profits is made as at each reporting date. Deferred tax asset on tax losses and temporary deductible differences are recognised to the extent that sufficient future taxable profits are probable in the same tax jurisdiction in which those losses and deductible temporary differences arise.

### *Key judgement – acquisition of additional shares in Royalco Resources Limited*

During the year, the Company increased its shareholding in Royalco Resources Limited ("RCO"), from 6.308% to 46.79%.

The Directors assessed whether the Company has existing rights that give it the current ability to direct the relevant activities of RCO and therefore exercises control over RCO or whether the Company has the ability to participate in the financial and operating policy decisions of RCO and therefore has significant influence over RCO. The Directors considered the Company's representation on the Board of Directors of RCO, the Company's voting rights, the relative size and dispersion of the voting rights held by the other shareholders and the extent of the recent participation of those shareholders in general meetings. The Directors determined that the Company does not exercise control over RCO but has significant influence over RCO. Accordingly, in the current financial year, the investment in RCO was recognised as Investment in Associate using the equity method from the date the Company had significant influence over RCO.

## 5. REVENUE AND OTHER INCOME

Revenue and other income for the reporting periods consist of the following:

REVENUE FROM CONTINUING OPERATIONS	2017	2016
	\$'000	\$'000
- dividends received	39	17
- interest income	138	275
- royalties received	-	47
<b>Total Revenue</b>	<b>177</b>	<b>339</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 6. INCOME TAX EXPENSE

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of the Company at 30% (2016: 30%) and the reported tax expense in profit or loss are as follows:

	2017	2016
	\$'000	\$'000
Loss before tax	(794)	(691)
Tax rate for the Company	30%	30%
<b>Expected tax benefit</b>	(238)	(207)
Adjustment for:		
• Non-deductible expenses	23	139
• Non-deductible share of loss of associate	50	-
• Benefit of deferred tax asset on tax losses not recognised	165	68
<b>Tax expense</b>	-	-

Note 11 provides information on deferred tax assets and liabilities.

## 7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	2017	2016
	\$'000	\$'000
Cash at bank and in hand	4,268	2,518
Short term deposits	-	7,000
<b>Cash and cash equivalents</b>	<b>4,268</b>	<b>9,518</b>

## 8. TRADE AND OTHER RECEIVABLES

Trade and other receivables consist of the following:

	2017	2016
	\$'000	\$'000
Accrued interest	-	29
<b>Trade and other receivables</b>	<b>-</b>	<b>29</b>
Prepayments	12	10
<b>Other assets</b>	<b>12</b>	<b>10</b>

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

# NOTES TO THE FINANCIAL STATEMENTS

## 9. FINANCIAL ASSETS AND LIABILITIES

### 9.1 Other financial assets

	2017	2016
	\$'000	\$'000
NON-CURRENT		
Listed equity securities – at fair value	701	1,212
<b>Other financial assets – non-current</b>	<b>701</b>	<b>1,212</b>

### 9.2 Other financial instruments

The carrying amount of the following financial assets and liabilities is considered a reasonable approximation of fair value:

- trade and other receivables
- cash and cash equivalents; and
- trade and other payables.

## 10. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

	2017	2016
	\$'000	\$'000
Investment in associate	4,768	-
<b>Total investment accounted for using the equity method</b>	<b>4,768</b>	<b>-</b>

### 10.1 Investment in associates

The Company has a 46.79% equity interest in Royalco Resources Limited (2016: 6.308% equity interest). The Company does not have existing rights that give it the current ability to direct the relevant activities of the associate and therefore the Company does not exercise control over the associate. However, as the Company has significant influence over the associate, the investment in associate is accounted for using the equity method in the current year.

Summarised aggregated financial information of the Company's share in these associates:

	2017	2016
	\$'000	\$'000
Loss from continuing operations	(165)	-
Other comprehensive income	-	-
Total comprehensive income	(165)	-
<b>Share of net loss from associate accounted for using the equity method</b>	<b>(165)</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS

Summarised financial information in respect of the associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements in accordance with AASBs.

	2017
	\$'000
Current assets	2,741
Non-current assets	6,753
Current liabilities	(411)
Non-current liabilities	-

Reconciliation of the above summarised financial information to the carrying amount of the interest in Royalco Resources Limited recognised in the financial statements:

	2017
	\$'000
Net assets of the associate	9,083
Proportion of the Company's interest in the associate	46.79%
Intangible assets	518
<b>Carrying amount of the Company's interest in the associate</b>	<b>4,768</b>

## 11. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets have not been recognised in respect of the following:

	30 JUNE 2017	30 JUNE 2016
	\$'000	\$'000
Tax losses – revenue	2,335	1,541
Deferred tax assets not recognised	701	462

These tax losses may be offset against taxable income derived by the Company in future years provided certain requirements are satisfied. In particular, the availability of the tax losses is subject to passing the continuity of ownership test ('COT'), or if that test is failed, to passing the same business test ('SBT'). There can be no assurance that either of these tests will be satisfied at applicable times. The Company continues to have a zero franking credit balance.

## 12. TRADE AND OTHER PAYABLES

Trade and other payables consist of the following:

	2017	2016
	\$'000	\$'000
<b>CURRENT</b>		
• trade payables	35	54
<b>Total trade and other payables</b>	<b>35</b>	<b>54</b>

All amounts are short-term. The carrying values of trade payables and other payables are considered to be a reasonable approximation of fair value.

# NOTES TO THE FINANCIAL STATEMENTS

## 13. EQUITY

### 13.1 Issued capital

The issued capital of the Company consists only of fully paid ordinary shares; the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of Fitzroy River Corporation Ltd.

	2017	2016	2017	2016
	Shares	Shares	\$'000	\$'000
Shares issued and fully paid:				
• beginning of the year	90,788,294	90,788,294	42,284	42,284
• issued under share-based payments	-	-	-	-
• share buy back	(25,000)	-	(4)	-
<b>Total contributed equity at 30 June</b>	<b>90,763,294</b>	<b>90,788,294</b>	<b>42,280</b>	<b>42,284</b>

During the reporting year, there was an on market share buyback of 25,000 shares for a total consideration of \$3,875. Subsequent to the reporting year, the Company has bought back and cancelled a total of 372,122 shares for a consideration of \$64,249.

### 13.2 Other components of equity

The details of other reserves are as follows:

	AFS FINANCIAL ASSETS RESERVE	TOTAL
	\$'000	\$'000
BALANCE AT 1 JULY 2015	(368)	(368)
AFS financial assets:		
• cumulative income reclassified to profit and loss	370	370
• change in fair value	47	47
<b>Balance at 30 June 2016</b>	<b>49</b>	<b>49</b>

	AFS FINANCIAL ASSETS RESERVE	TOTAL
	\$'000	\$'000
BALANCE AT 1 JULY 2016	49	49
AFS financial assets:		
• cumulative loss reclassified to profit and loss	(30)	(30)
• change in fair value	(173)	(173)
<b>Balance at 30 June 2017</b>	<b>(154)</b>	<b>(154)</b>

Change in the fair value and exchange differences arising on translation of the available for sale investment are recognised in other comprehensive income – financial asset reserve. Amounts are reclassified to profit or loss on disposal of the investment or when impairment arises.

# NOTES TO THE FINANCIAL STATEMENTS

## 14. EARNINGS PER SHARE AND DIVIDENDS

### 14.1 Earnings per share

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the Company as the numerator (i.e. no adjustments to profit were necessary in 2017 or 2016).

The reconciliation of the weighted average number of shares for the purposes of diluted earnings per share to the weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

	2017	2016
Amounts in thousand shares:		
• weighted average number of shares used in basic earnings per share	90,763	90,788
<b>Weighted average number of shares used in diluted earnings per share</b>	<b>90,763</b>	<b>90,788</b>

## 15. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2017	2016
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Loss for the period	(794)	(691)
Adjustments for:		
• impairment loss on available for sale equity instruments	78	463
• share of loss of equity accounted investment	165	-
• other income	(30)	-
• loss on disposal of investments	8	-
Net changes in working capital:		
• change in other assets	27	61
• change in trade and other payables	(19)	47
<b>Net cash from operating activities</b>	<b>(565)</b>	<b>(120)</b>

## 16. AUDITOR REMUNERATION

	2017	2016
	\$'000	\$'000
<b>Audit and review of financial statements</b>		
• Auditors of Fitzroy River Corporation Ltd – Deloitte Touche Tohmatsu	43	31
<b>Remuneration for audit and review of financial statements</b>	<b>43</b>	<b>31</b>
<b>Total auditor's remuneration</b>	<b>43</b>	<b>31</b>



# NOTES TO THE FINANCIAL STATEMENTS

## 17. RELATED PARTY TRANSACTIONS

There were no other related party transactions during the year.

### 17.1 Transactions with key management personnel

Key management of the Company are the executive members of the Company's Board of Directors. Key management personnel remuneration includes the following expenses:

	2017	2016
	\$'000	\$'000
Short term employee benefits:		
• salaries including bonuses	330	330
<b>Total short term employee benefits</b>	<b>330</b>	<b>330</b>
Post-employment benefits:		
• Superannuation	-	-
<b>Total post-employment benefits</b>	<b>-</b>	<b>-</b>
<b>Total remuneration</b>	<b>330</b>	<b>330</b>

As at 30 June 2017, there were no outstanding options in existence nor were there any options granted, exercised or forfeited during the year.

## 18. FINANCIAL INSTRUMENT RISK

### 18.1 Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarised in Note 9. The main types of risks are market risk, credit risk and liquidity risk.

#### *Financial risk management policies*

The Board of Directors has overall responsibility for the establishment of the Company's financial risk management framework. This includes the development of policies covering specific areas such as foreign exchange risk, interest rate risk and credit risk.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed are described below.

### 18.2 Market risk analysis

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

#### *Foreign currency sensitivity*

Most of the Company's transactions are carried out in \$AUD.

#### *Interest rate sensitivity*

The Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company's only interest rate risk arises from the return received on cash assets deposited. The Company's policy is to frequently monitor its cash assets held and ensure that the most favourable level of return is achieved via depositing funds accordingly.

Based on the current market interest rate scenario, directors consider that a movement of 1% could reasonably be expected within the next 12 months.

# NOTES TO THE FINANCIAL STATEMENTS

## Interest rate risk sensitivity analysis

At 30 June 2017, the effect on profit as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2017	2016
	\$'000	\$'000
Change in profit		
• Increase in 1%	43	95
• Decrease in 1%	(43)	(95)

## 18.3 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers, placing deposits, investment in bonds, etc.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2017	2016
	\$'000	\$'000
<b>Classes of financial assets</b>		
Carrying amounts:		
• cash and cash equivalents	4,268	9,518
• trade and other receivables	-	29

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties. The Company's management considers that all of the above financial assets that are not impaired or past due for each of the 30 June reporting dates under review are of good credit quality.

In respect of trade and other receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents, money market funds, debentures and derivate financial instruments is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

## 18.4 Liquidity risk analysis

Liquidity risk is the risk that the Company might be unable to meet its obligations. The Company manages its liquidity needs by maintaining adequate banking and borrowing facilities through the monitoring of future cash flow forecasts of all its operations, which reflect management's expectations if the settlement of financial assets and liabilities.

The Company's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting periods.

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Company's existing cash resources and trade receivables (see Notes 7 and 8) significantly exceed the current cash outflow requirements. Cash flows from trade and other receivables are all contractually due within six (6) months.

# NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2017, the Company's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	CURRENT		NON-CURRENT	
	Within 6 months \$'000	6 - 12 months \$'000	1 - 5 years \$'000	5+ years \$'000
<b>30 June 2017</b>				
Trade and other payables	35	-	-	-
<b>Total</b>	<b>35</b>	<b>-</b>	<b>-</b>	<b>-</b>

This compares to the maturity of the Company's non-derivative financial liabilities in the previous reporting periods as follows:

	CURRENT		NON-CURRENT	
	Within 6 months \$'000	6 - 12 months \$'000	1 - 5 years \$'000	5+ years \$'000
<b>30 June 2016</b>				
Trade and other payables	54	-	-	-
<b>Total</b>	<b>54</b>	<b>-</b>	<b>-</b>	<b>-</b>

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

## 18.5 Commodity price risk

The Company is not directly exposed to changes in commodity prices, however is indirectly through the royalty agreements which give the Company exposure to oil and gas commodity price risk.

## 18.6 Equity price risk

The Company holds investments in listed entities, and as such these are subject to varying valuations based on its current market price. The carrying value of the asset in the balance sheet represents the closing price of the entity at balance date.

## 18.7 Capital risk management

The Company ensures effective management of its capital structure so that it will be able to continue as a going concern. The capital structure consists on cash and cash equivalents and equity attributable to the holders of equity, comprising issued capital and reserves as disclosed in the Statement of Changes in Equity.

## 19. FAIR VALUE MEASUREMENT

### 19.1 Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three (3) levels of a fair value hierarchy. The three (3) levels are defined based on the observability of significant inputs to the measurement, as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- **Level 3:** unobservable inputs for the asset or liability

# NOTES TO THE FINANCIAL STATEMENTS

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 30 June 2017 and 30 June 2016:

30 JUNE 2017	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Listed securities	701	-	-	701
<b>Total financial assets</b>	<b>701</b>	<b>-</b>	<b>-</b>	<b>701</b>

30 JUNE 2016	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Listed securities	1,212	-	-	1,212
<b>Total financial assets</b>	<b>1,212</b>	<b>-</b>	<b>-</b>	<b>1,212</b>

Included within Level 1 of the hierarchy are listed investments which are valued based on quoted price.

There were no transfers between levels in 2017 or 2016.

## 20. POST-REPORTING DATE EVENTS

Subsequent to the end of the financial year, the Company made an investment of \$1.0 million via a placement in Byron Energy Limited (ASX: BYE) at a price of \$0.07 per share as a follow on to its previous investment of \$500,000 in August 2016. The results of the placement were announced to the ASX on 17 August, 2017. As a result of this additional investment, Fitzroy holds a total of 18.131m shares in Byron Energy representing an interest of 2.76%.

In its Corporate and Operations Update to the market on 11 September, 2017 Buru stated:

*"MT Marlin Ametrine lifted 60,275 bbls from Wyndham on 2/3 September without incident... The realised price for the cargo after shipping costs was US\$2.83 million or -US\$46.90/barrel..."*

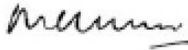
The Company receives a 2% net royalty from production on the tenements over which it has a royalty and expects to receive the first of its anticipated royalty payments since production at Ungani recommenced in the near future.

# DIRECTORS' DECLARATION

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- 1) In the opinion of the Directors of Fitzroy River Corporation Ltd:
  - a) The financial statements and notes of Fitzroy River Corporation Ltd are in accordance with the *Corporations Act 2001*, including:
    - i) Giving a true and fair view of its financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and
    - ii) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
  - b) There are reasonable grounds to believe that Fitzroy River Corporation Ltd will be able to pay its debts as and when they become due and payable.
- 2) The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2017.
- 3) Note 2 confirms that the financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors.



Director: .....  
Malcolm McComas

Dated the 26th day of September 2017

# INDEPENDENT AUDITOR'S REPORT



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## Independent Auditor's Report to the Members of Fitzroy River Corporation Limited

### Report on the Audit of the Financial Report

#### *Opinion*

We have audited the financial report of Fitzroy River Corporation Limited (the "Company") which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Company 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 2017 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### *Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

#### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# INDEPENDENT AUDITOR'S REPORT



Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p><b>Acquisition of additional shares of Royalco Resources Limited</b></p> <p>The Company increased its shareholding in Royalco Resources Limited ("RCO"), from 6.31% at the beginning of the financial year to 46.79% as at 30 June 2017.</p> <p>As disclosed in Note 4.10, the directors assessed and determined that the Company does not have existing rights that give it the current ability to direct the relevant activities of RCO and therefore does not exercise control of RCO but has significant influence over RCO.</p> <p>Significant judgement was required by the directors in their assessment and determination of the appropriate accounting recognition of the Company's investment in RCO in the current financial year.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Obtaining the directors' documentation of their assessment, and holding discussions with the Directors to obtain an understanding of the key factors considered by the Directors in their determination;</li> <li>• Reviewing external and other publicly available documents, including announcements on the Australian Stock Exchange, to evaluate the key judgements exercised by the directors in their assessment of whether the Company has existing rights that give it the current ability to direct the relevant activities of RCO; and</li> <li>• Assessing the appropriateness of the disclosures in Notes 4.2, 4.10 and 10 to the financial statements.</li> </ul>

## Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors 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.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

# INDEPENDENT AUDITOR'S REPORT

**Deloitte.**

## *Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit 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.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



# INDEPENDENT AUDITOR'S REPORT

**Deloitte.**

## **Report on the Remuneration Report**

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 11 to 16 of the Directors' Report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Fitzroy River Corporation Limited for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU

*Weng W Ching*

Weng W Ching

Partner

Chartered Accountants

Sydney, 26 September 2017

# ASX ADDITIONAL INFORMATION

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. The information is effective as at 18 September, 2017.

## SUBSTANTIAL SHAREHOLDERS

The names of substantial shareholders in Fitzroy River Corporation Ltd and the number of equity securities to which each substantial shareholder and their associates have a relevant interest, as disclosed in substantial shareholder notices given to Fitzroy River Corporation Ltd, are set out below:

SHAREHOLDER AND DATE AND RELEASE OF FORM 604	NUMBER OF SHARES
Flexiplan Management Pty Ltd <Susan Thomas PSF A/C> - dated 08.03.16 released 09.03.16:	18,045,178
Australasia Resources Limited - dated 16.10.13 released 17.10.13	10,050,000
Mercantile Investment Company Limited - dated 22.02.16 released 23.02.16	8,740,954
Rocket Science Pty Ltd atf The Trojan Capital Fund - dated 23.01.15 released 27.01.15	7,123,000
Noontide Investments Ltd - dated and released 27.09.16	6,538,782

## Voting rights

Ordinary Shares: Shareholder Voting Rights are contained within clause 6.14 on page 30 of the Company's Constitution approved by shareholders on 30 November 2005.

Buy-back: There is a buyback of the Company's shares currently active as announced to the ASX on 5 June, 2017. As at 18 September, 2017, the Company has bought back and cancelled a total of 372,122 shares.

Escrow: There are no shares subject to ASX or voluntary escrow.

## Distribution of Shareholders

HOLDING	ORDINARY SHARES	
	Shares	Holders
1 - 1,000	57,666	170
1,001 - 5,000	668,067	235
5,001 - 10,000	1,483,122	179
10,001 - 100,000	8,501,740	250
100,001 and over	79,705,577	89
	<b>90,416,172</b>	<b>923</b>

## ASX ADDITIONAL INFORMATION

There were 301 holders of less than a marketable parcel of ordinary shares, comprising a total of 294,085 shares (0.325% of shares on issue), being a parcel of less than 2,777 shares based on a closing price of \$0.18 on 18 September, 2017.

ORDINARY SHARES		
Twenty (20) largest shareholders	Number of shares held	Percentage (%) of issued shares
Pershing Australia Nominees Pty Ltd <Blue Ocean Equities A/C>	18,145,178	19.887%
BNP Paribas Nominees Pty Ltd <IB Au Noms Retailclient Drp>	10,151,595	11.228%
J P Morgan Nominees Australia Limited	9,098,804	10.063%
One Managed Invt Funds Ltd <1 A/C>	8,740,954	9.667%
BNP Paribas Noms Pty Ltd <Drp>	3,815,238	4.220%
JH Nominees Australia Pty Ltd <Harry Family Super Fund A/C>	3,185,386	3.523%
Rocket Science Pty Ltd <The Trojan Capital Fund A/C>	2,400,000	2.654%
Norfolk Enchants Pty Ltd <Trojan Retirement Fund A/C>	2,200,000	2.433%
Mrs Carole Christine Rowan	1,375,000	1.521%
HSBC Custody Nominees (Australia) Limited	1,330,423	1.471%
Mr Russell John Bath & Mrs Dianne Margaret Bath <Bath Super Fund A/C>	750,000	0.829%
Mr Kenneth Bruce Willimott	608,200	0.673%
Mr Robert Langdon Hanwright & Mrs Margaret Jean Hanwright	575,000	0.636%
National Nominees Limited	539,600	0.597%
Mrs Suzanne Ferrier <Ferrier Family A/C>	502,200	0.555%
Check-Kian Low	500,000	0.553%
Mrs Roma Marion Church & Mr Ronald Jack Church	496,828	0.549%
Mr Leonard Moore	481,250	0.532%
Monex Boom Securities (HK) Ltd <Clients Account>	407,600	0.451%
Custodial Services Limited <Beneficiaries Holding A/C>	400,000	0.442%
Classified Com Pty Ltd	400,000	0.442%
<b>Total Top 20 Shareholders</b>	<b>66,103,256</b>	<b>72.928%</b>
<b>Total Shares on Issue</b>	<b>90,416,172</b>	<b>100.000%</b>

The Company has only ordinary shares on issue and no options or other forms of securities.

### SECURITIES EXCHANGE

The Company is listed on the Australian Securities Exchange under the code 'FZR'.



Fitzroy River

**Fitzroy River Corporation Ltd**

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