



# **Fitzroy River Corporation Ltd**

**ABN 75 075 760 655**

**Annual Statutory Accounts - 30 June 2021**

**Fitzroy River Corporation Ltd**  
**Corporate directory**  
**30 June 2021**

Directors	Mr Malcolm McComas Ms Susan Thomas Mr Cameron Manifold
Company secretary	Mr Justin Clyne
Registered office	Suite 6.02, Level 6 28 O'Connell Street Sydney NSW 2000
Principal place of business	Suite 6.02, Level 6 28 O'Connell Street Sydney NSW 2000
Share register	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000
Auditor	RSM Australia Partners Level 21, 55 Collins Street Melbourne VIC 3000
Stock exchange listing	Fitzroy River Corporation Ltd shares are listed on the Australian Securities Exchange (ASX code: FZR)
Corporate Governance Statement	<p>The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, Fitzroy River Corporation Ltd (the “company”) has adopted the fourth edition of the Corporate Governance Principles and Recommendations released by the ASX Corporate Governance Council with effect commencing from the 2021 financial year including the 8 principles and 35 specific recommendations included therein.</p> <p>The company’s Corporate Governance Statement and Appendix 4G for the financial year ending 30 June 2021 will be released to the ASX in conjunction with the company’s full annual report in October 2021 and placed on the company’s website at the same time.</p>

## **Fitzroy River Corporation Ltd**

### **Directors' report**

**30 June 2021**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Fitzroy River Corporation Ltd (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2021.

### **Directors**

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

Mr Malcolm McComas  
Ms Susan Thomas  
Mr Cameron Manifold (appointed 14 April 2021)  
Mr Justin Clyne (resigned 14 April 2021)

### **Principal activities**

The principal activities of the consolidated entity are as an oil and gas and mineral investment holding company with a focus on non-operational assets such as royalties, free carried interests and equity investments. The consolidated entity's focus is on a number of areas including but not limited to:

- The Canning Superbasin in Western Australia;
- Bass Strait through a 1% interest in the Weeks Royalty;
- The Gulf of Mexico through the company's investment in Byron Energy Limited (ASX:BYE);
- A right to a royalty over several exploration permits known as Blackwater Gold Project located in New Zealand. The royalty is subject to an option to buy back the royalty (in respect of the area which was previously EP 40542) which is exercisable at any time until a decision to mine;
- A right to a royalty over the Bowden's Silver Mine in NSW owned by Silver Mines Limited (ASX: SVL); and
- The UK North Sea through its investment in the unlisted entity Spark Exploration Pty Ltd.

The consolidated entity's activities are generally passive in nature and its royalty income is currently dependent on the activities and quantum of oil sales by third parties and the receipt of dividends, if any, from its investments.

### **Dividends**

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

### **Review of operations**

The profit for the consolidated entity after providing for income tax amounted to \$83,581 (30 June 2020: loss of \$5,830,774).

The most significant activity in the financial year to 30 June 2021, was the successful capital raising conducted in February and March 2021 via an accelerated pro rata 1 for 4 non-renounceable entitlement offer of new shares at \$0.12 per share which raised a total of \$2,590,902 before costs of the capital raising. Funds raised were used to repay the balance of the company's loan which was taken out in 2019 to partly fund the acquisition of Royalco Resources Limited, which is now a wholly owned subsidiary of the company.

During the year, the company also changed auditors to RSM Australia Partners and appointed Mr Cameron Manifold, an experienced oil and gas industry professional with over 35 years' experience, as an independent non-executive director.

### **Significant changes in the state of affairs**

During the year the company issued 21,590,850 fully paid ordinary shares at an issue price of \$0.12 per share raising a total of \$2,590,902 before costs, with the funds raised being used to repay the company's outstanding borrowings during the year.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

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

No matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Fitzroy River Corporation Ltd**  
**Directors' report**  
**30 June 2021**

**Likely developments and expected results of operations**

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

**Environmental regulation**

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

**Information on directors**

Name: Mr Malcolm McComas  
Title: Non-Executive Chairman  
Qualifications: BEc, LLB (Monash), SFFin, FAIDC  
Experience and expertise: Mr McComas has extensive experience as a company director and was a former investment banker for 25 years during which time he held leadership roles with County NatWest (now Citigroup) and Grant Samuel.  
Other current directorships: Chairman of Pharmaxis Limited (ASX: PXS); Actinogen Medical Limited (ASX: ACW); and Core Lithium Limited (ASX: CXO).  
Former directorships (last 3 years): Royalco Resources Limited (ASX: RCO); and Saunders International Limited (ASX: SND)  
Interests in shares: 1,355,814 ordinary shares  
Interests in options: Nil

Name: Ms Susan Thomas  
Title: Non-Executive Director  
Qualifications: B Comm, LLB (UNSW)  
Experience and expertise: Mrs Thomas has expertise in technology and law in the financial services industry. Ms Thomas founded and was Managing Director of FlexiPlan Australia, an investment administration platform sold to MLC under the MLC/NAB.  
Other current directorships: Temple and Webster Limited (ASX: TPW) and Nuix Limited (ASX: NXL)  
Former directorships (last 3 years): Alexium International Group Limited (ASX: AJX) and Royalco Resources Limited (ASX: RCO)  
Interests in shares: 25,673,814 ordinary shares  
Interests in options: Nil

Name: Mr Justin Clyne  
Title: Non-Executive Director (resigned 14 April 2021)  
Qualifications: LLM (UNSW), ACIS, AGIA, MAICD  
Experience and expertise: Justin is a qualified Chartered Company Secretary and Member of the Australian Institute of Company Directors. Justin Clyne was admitted as a Solicitor of the Supreme Court of New South Wales and High Court of Australia in 1996 before gaining admission as a Barrister in 1998. He had 15 years of experience in the legal profession acting for a number of the country's largest corporations, initially in the areas of corporate and commercial law before dedicating himself full-time to the provision of corporate advisory and company secretarial services. Justin has been a director and/or secretary of a number of public listed and unlisted companies. He has significant experience and knowledge in international law, the Corporations Act, the ASX Listing Rules and corporate regulatory requirements generally.  
Other current directorships: N/A  
Former directorships (last 3 years): N/A  
Interests in shares: N/A  
Interests in options: N/A

**Fitzroy River Corporation Ltd**  
**Directors' report**  
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Name:	Mr Cameron Manifold
Title:	Non-Executive Director (appointed 14 April 2021)
Experience and expertise:	Cameron Manifold is an oil and gas industry professional with over 35 years Industry experience who has worked in a wide range of regions and sectors. Cameron has established and run successful consultancies and E&P Companies and is currently Operations and HSE Director for Spark Exploration, a private E&P company with interests West of Shetland in the North Sea. Cameron has previously served as non-executive Director for Zeta Petroleum. More recently Cameron was Well Engineering Manager for Buru Energy Limited and for Dampier Bunbury Pipeline (now AGIG) on the Tubridgi gas storage project.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Interests in shares:	Nil
Interests in options:	Nil

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for entities that are or were previously listed only and excludes directorships of all other types of entities, unless otherwise stated.

**Company secretary**

Justin Clyne was company secretary for the entire financial year. Refer above for a summary of his qualifications and experience.

**Meetings of directors**

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2021, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Mr Malcolm McComas	6	6
Ms Susan Thomas	6	6
Mr Justin Clyne	5	5
Mr Cameron Manifold	1	1

**Remuneration report (audited)**

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

**Fitzroy River Corporation Ltd**  
**Directors' report**  
**30 June 2021**

***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 consolidated entity does not have any employees. 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 reflect this.

The remuneration structure that has been adopted by the company involves paying relatively low fees in respect of board fees, with the expectation, that if additional executive work is required from the directors that the board member will be paid fees for additional work. 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 market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board.

From 1 January 2018, fees for non-executive directors are \$10,000 per quarter (plus GST) and \$15,000 per quarter (plus GST) for the chairman. 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 for executive services.

***Consolidated entity's performance and link to remuneration***

The consolidated entity does not have any employees. Board fees are a fixed annual amount and not linked to the performance of the consolidated entity. Refer to the section 'Additional information' below for details of the earnings and total shareholders' return for the last five years.

***Use of remuneration consultants***

The company has not engaged remuneration consultants.

***Voting and comments made at the company's 25 November 2020 Annual General Meeting (AGM)***

The company received 99.55% of votes cast in favour of the resolution to adopt the company's remuneration report for the year ended 30 June 2020. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

***Details of remuneration***

***Amounts of remuneration***

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	
2021	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Malcolm McComas	60,000	-	-	-	-	-	60,000
Susan Thomas	40,000	-	-	-	-	-	40,000
Justin Clyne *	63,111	-	-	-	-	-	63,111
Cameron Manifold **	8,615	-	-	-	-	-	8,615
	<u>171,726</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>171,726</u>

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- \* Fees paid during the year to Justin Clyne include company secretarial fees of \$31,556 (2020: \$40,000). After his resignation as a director on 14 April 2021, Justin has continued to act as company secretary. All fees relating to company secretary services provided after his resignation are not included above because he no longer met the definition of key management personnel.
- \*\* Appointed as a non-executive director on 14 April 2021.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	
2020	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Malcolm McComas *	96,667	-	-	-	-	-	96,667
Susan Thomas **	85,000	-	-	-	-	-	85,000
Justin Clyne ***	101,667	-	-	-	-	-	101,667
	283,334	-	-	-	-	-	283,334

- \* Fees paid to Malcolm McComas include \$30,000 for additional work performed during the acquisition of Royalco Resources Limited and \$6,667 in his capacity as director of that company after it was acquired.
- \*\* Fees paid to Susan Thomas include \$30,000 for additional work performed during the acquisition of Royalco Resources Limited and \$15,000 in her capacity as director of that company after it was acquired.
- \*\*\* Fees paid during the year to Justin Clyne include company secretarial fees of \$40,000 (2019: \$60,000). In addition, he was paid \$15,000 by Royalco Resources Limited for additional work performed during the acquisition of Royalco and \$6,667 by Royalco in his capacity as company secretary of that company after it was acquired.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2021	2020	2021	2020	2021	2020
<i>Non-Executive Directors:</i>						
Malcolm McComas	100%	100%	-	-	-	-
Susan Thomas	100%	100%	-	-	-	-
Justin Clyne	100%	100%	-	-	-	-
Cameron Manifold	100%	-	-	-	-	-

**Service agreements**

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Mr Malcom McComas  
Title: Non-Executive Chairman  
Term of agreement: Re-election every 3 years with 1 month notice period  
Details: Base fee \$60,000 (from 1 January 2018)

Name: Mrs Susan Thomas  
Title: Non-Executive Director  
Term of agreement: Re-election every 3 years with 1 month notice period  
Details: Base fee \$40,000 (from 1 January 2018)

Name: Mr Cameron Manifold  
Title: Non-Executive Director  
Term of agreement: Re-election every 3 years with 3 month notice period  
Details: Base fee \$40,000 (from 14 April 2021)

**Fitzroy River Corporation Ltd**  
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Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

**Share-based compensation**

*Issue of shares*

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2021.

*Options*

There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2021.

There were no options over ordinary shares granted to or vested to directors and other key management personnel as part of compensation during the year ended 30 June 2021.

**Additional information**

The earnings of the consolidated entity for the five years to 30 June 2021 are summarised below:

	2021 \$	2020 \$	2019 \$	2018 \$	2017 \$
Profit/(loss) after income tax	83,581	(5,830,774)	(430,510)	480,123	(793,986)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2021	2020	2019	2018	2017
Share price at financial year end (\$)	0.15	0.14	0.19	0.26	0.16
Basic earnings per share (cents per share)	0.09	(6.75)	(0.50)	0.54	(0.87)

**Additional disclosures relating to key management personnel**

*Shareholding*

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
Malcolm McComas	417,984	-	937,830	-	1,355,814
Susan Thomas	18,145,178	-	7,528,636	-	25,673,814
Justin Clyne	-	-	-	-	-
Cameron Manifold	-	-	-	-	-
	<u>18,563,162</u>	<u>-</u>	<u>8,466,466</u>	<u>-</u>	<u>27,029,628</u>

*Loans to key management personnel and their related parties*

There were no loans made during the year to any key management personnel.

***This concludes the remuneration report, which has been audited.***

**Shares under option**

There were no unissued ordinary shares of Fitzroy River Corporation Ltd under option outstanding at the date of this report.



**Fitzroy River Corporation Ltd**  
**Directors' report**  
**30 June 2021**

**Shares issued on the exercise of options**

There were no ordinary shares of Fitzroy River Corporation Ltd issued on the exercise of options during the year ended 30 June 2021 and up to the date of this report.

**Indemnity and insurance of officers**

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

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

**Indemnity and insurance of auditor**

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

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

**Proceedings on behalf of the company**

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

**Non-audit services**

There were no non-audit services provided during the financial year by the auditor.

**Officers of the company who are former partners of RSM Australia Partners**

There are no officers of the company who are former partners of RSM Australia Partners.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

**Auditor**

RSM Australia Partners was appointed in accordance with section 327 of the Corporations Act 2001.

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

On behalf of the directors



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Malcolm McComas  
Non-Executive Chairman

15 September 2021

**RSM Australia Partners**

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**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Fitzroy River Corporation Ltd for the year ended 30 June 2021, 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.

A handwritten signature in black ink, appearing to read "RSM".

**RSM AUSTRALIA PARTNERS**

A handwritten signature in black ink, appearing to read "R J Morillo Maldonado".

**R J MORILLO MALDONADO**  
Partner

Dated: 15 September 2021  
Melbourne, Victoria

## **Fitzroy River Corporation Ltd**

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### **General information**

The financial statements cover Fitzroy River Corporation Ltd as a consolidated entity consisting of Fitzroy River Corporation Ltd and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Fitzroy River Corporation Ltd's functional and presentation currency.

Fitzroy River Corporation Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 6.02, Level 6  
28 O'Connell Street  
Sydney NSW 2000

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 15 September 2021. The directors have the power to amend and reissue the financial statements.

**Fitzroy River Corporation Ltd**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2021**

	Note	2021 \$	2020 \$
<b>Royalty income</b>	5	691,157	483,523
Other income	6	497,882	-
Interest revenue calculated using the effective interest method		1,225	18,327
<b>Expenses</b>			
Professional and consultancy fees		(119,385)	(259,907)
Directors and company secretarial fees		(183,832)	(283,334)
Impairment of intangible assets	11	-	(3,922,622)
Share of net loss from associate accounted for using the equity method		-	(63,970)
Impairment of investment in associate		-	(16,651)
Fair value loss on warrants over unlisted equity securities		(55,000)	(82,838)
Amortisation of royalty rights	11	(295,354)	(224,143)
Administration expenses		(139,829)	(334,384)
Finance costs		(188,219)	(311,918)
<b>Profit/(loss) before income tax expense</b>		208,645	(4,997,917)
Income tax expense	7	(125,064)	(832,857)
<b>Profit/(loss) after income tax expense for the year attributable to the owners of Fitzroy River Corporation Ltd</b>		83,581	(5,830,774)
<b>Other comprehensive loss</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Loss on the revaluation of equity instruments at fair value through other comprehensive income, net of tax	10	(291,812)	(1,943,337)
Other comprehensive loss for the year, net of tax		(291,812)	(1,943,337)
<b>Total comprehensive loss for the year attributable to the owners of Fitzroy River Corporation Ltd</b>		(208,231)	(7,774,111)
		<b>Cents</b>	<b>Cents</b>
Basic earnings / (loss) per share	28	0.09	(6.75)
Diluted earnings / (loss) per share	28	0.09	(6.75)

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

**Fitzroy River Corporation Ltd**  
**Statement of financial position**  
**As at 30 June 2021**

	Note	2021 \$	2020 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	474,369	622,858
Trade and other receivables	9	287,361	180,394
Prepayments		35,979	29,828
Total current assets		<u>797,709</u>	<u>833,080</u>
<b>Non-current assets</b>			
Financial assets at fair value through other comprehensive income	10	1,982,926	3,037,709
Derivative financial instruments		-	55,000
Intangibles	11	3,520,645	3,815,999
Total non-current assets		<u>5,503,571</u>	<u>6,908,708</u>
<b>Total assets</b>		<u>6,301,280</u>	<u>7,741,788</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	12	28,219	90,803
Other	13	41,060	118,491
Total current liabilities		<u>69,279</u>	<u>209,294</u>
<b>Non-current liabilities</b>			
Borrowings	14	-	3,500,000
Total non-current liabilities		<u>-</u>	<u>3,500,000</u>
<b>Total liabilities</b>		<u>69,279</u>	<u>3,709,294</u>
<b>Net assets</b>		<u>6,232,001</u>	<u>4,032,494</u>
<b>Equity</b>			
Issued capital	15	43,785,284	41,377,546
Reserves	16	179,578	471,390
Accumulated losses		(37,732,861)	(37,816,442)
<b>Total equity</b>		<u>6,232,001</u>	<u>4,032,494</u>

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

**Fitzroy River Corporation Ltd**  
**Statement of changes in equity**  
**For the year ended 30 June 2021**

	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2019	41,412,964	2,414,727	(31,985,668)	11,842,023
Loss after income tax expense for the year	-	-	(5,830,774)	(5,830,774)
Other comprehensive loss for the year, net of tax	-	(1,943,337)	-	(1,943,337)
Total comprehensive loss for the year	-	(1,943,337)	(5,830,774)	(7,774,111)
<i>Transactions with owners in their capacity as owners:</i>				
Share buy back	(35,418)	-	-	(35,418)
Balance at 30 June 2020	<u>41,377,546</u>	<u>471,390</u>	<u>(37,816,442)</u>	<u>4,032,494</u>
	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2020	41,377,546	471,390	(37,816,442)	4,032,494
Profit after income tax expense for the year	-	-	83,581	83,581
Other comprehensive loss for the year, net of tax	-	(291,812)	-	(291,812)
Total comprehensive income / (loss) for the year	-	(291,812)	83,581	(208,231)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 15)	2,407,738	-	-	2,407,738
Balance at 30 June 2021	<u>43,785,284</u>	<u>179,578</u>	<u>(37,732,861)</u>	<u>6,232,001</u>

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

**Fitzroy River Corporation Ltd**  
**Statement of cash flows**  
**For the year ended 30 June 2021**

	Note	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees (inclusive of GST)		(482,590)	(828,111)
Interest received		1,225	18,327
Interest and other finance costs paid		(216,986)	(283,787)
Royalties received		<u>583,766</u>	<u>564,121</u>
Net cash used in operating activities	27	<u>(114,585)</u>	<u>(529,450)</u>
<b>Cash flows from investing activities</b>			
Payments for investments		-	(23,999)
Cash paid to gain control of Royalco Resources Limited (net of cash acquired)		(77,431)	(4,096,227)
Proceeds from disposal of investments		<u>1,135,789</u>	<u>568,618</u>
Net cash from/(used in) investing activities		<u>1,058,358</u>	<u>(3,551,608)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	15	2,590,882	-
Proceeds from borrowings		-	5,000,000
Payments for share buy-backs		-	(47,084)
Share issue transaction costs	15	(183,144)	-
Repayment of borrowings		<u>(3,500,000)</u>	<u>(1,500,000)</u>
Net cash from/(used in) financing activities		<u>(1,092,262)</u>	<u>3,452,916</u>
Net decrease in cash and cash equivalents		(148,489)	(628,142)
Cash and cash equivalents at the beginning of the financial year		<u>622,858</u>	<u>1,251,000</u>
Cash and cash equivalents at the end of the financial year	8	<u><u>474,369</u></u>	<u><u>622,858</u></u>

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

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

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

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

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

#### **Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

#### *Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, where applicable, including financial assets at fair value through other comprehensive Income

#### *Critical accounting estimates*

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

#### **Parent entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 24.

#### **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Fitzroy River Corporation Ltd ('company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. Fitzroy River Corporation Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

#### **Operating segments**

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.



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

**Revenue recognition**

The consolidated entity recognises revenue as follows:

*Royalty revenue*

Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreement (provided this is probable the economic benefits will flow to the group and the amount can be reliably measured). Royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement. Royalty agreements that are based on production, sales and other measures, are recognised by reference to the underlying agreement.

*Interest*

Interest revenue is recognised as interest accrues using the effective interest method.

*Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

**Income tax**

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

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

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

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

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

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

Fitzroy River Corporation Ltd (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

**Current and non-current classification**

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

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

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

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

**Cash and cash equivalents**

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

**Trade and other receivables**

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

**Derivative financial instruments**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

**Investments and other financial assets**

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

*Financial assets at fair value through other comprehensive income*

Financial assets at fair value through other comprehensive income include equity investments which the company intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

*Financial assets at amortised cost*

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

*Financial assets at fair value through profit or loss*

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

*Impairment of financial assets*

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

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

**Intangible assets**

Intangible assets acquired as part of an asset acquisition, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

*Royalty rights*

Royalty rights acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

**Impairment of non-financial assets**

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

**Trade and other payables**

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

**Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

**Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

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

**Issued capital**

Ordinary shares are classified as equity.

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

**Earnings per share**

*Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of Fitzroy River Corporation Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

*Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

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

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

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

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

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

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2021. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

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

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

*Estimation of useful lives of assets*

The consolidated entity determines the estimated useful lives and related amortisation charges for its finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

**Note 2. Critical accounting judgements, estimates and assumptions (continued)**

*Recovery of deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences only if the company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. A net deferred tax asset has not been recognised in the current period because its realisation of the consolidated entity's tax losses has not been deemed probable.

*Investment in Spark Exploration Pty Ltd ("Spark")*

Spark is a unlisted private company. During the current year the board have determined the fair value of the investment with reference to estimated net present value of future cash flows from each project held by Spark, adjusted by:

- 1) Spark's holding in each project;
- 2) an estimate of each project likelihood of geological and commercial success; and
- 3) the consolidated entity's holding in Spark.

The above fair value approach is categorised as a Level 3 hierarchy, based on the lowest level of input that is significant to the entire fair value measurement (refer to note 10 and note 19.)

*Weeks royalty carrying value*

The COVID-19 pandemic has had a significant impact on oil and gas prices in the prior year, meaning that there were indicators of impairment at 30 June 2020. For this reason, the company engaged external experts to assist with estimating the expected production volumes of the Bass Strait oil and gas fields, as well as future commodity prices. These inputs were used in a discounted cash flow analysis, applying a discount rate of 7% on the forecast future cash flows net of tax, resulting in impairment of \$1,639,000 in the prior year. Refer to note 11. The Board reviewed the Weeks royalty asset in the current year and were satisfied that there were no indicators of impairment at 30 June 2021. This assessment has included an assessment of revenue levels, commodity prices and the oil and gas industry generally.

**Note 3. Impact of COVID 19 pandemic**

The global economy has continued to be affected by the global COVID-19 pandemic during the current-financial year. Many countries have required entities to limit or suspend business operations and have also implemented travel restrictions and quarantine measures. Monetary and fiscal stimulus packages have also been introduced in some countries. As the COVID-19 outbreak continues to evolve, the estimated financial impact cannot be fully determined at this time. The impact which COVID 19 has had on the consolidated entity is set out below.

The pandemic has had a significant impact on oil and gas commodity prices which have had a significant impact on the consolidated entity's financial performance during the current year. In the prior financial year the consolidated entity recognised a significant impairment in relation to its intangible assets, revaluation losses through other comprehensive income in relation to its financial assets and a fair value loss to derivative financial instruments.

During the current financial year the consolidated entity's royalty income has stabilised. The Board have reviewed the carrying values of all intangibles, financial assets and derivative financial instruments. There have been no further impairments, revaluation losses or financial losses incurred that can be attributed to the pandemic.

The impact of COVID-19 on the consolidated entity's corporate operations has not been material due to the scale and nature of operations. The consolidated entity has not received any government support of stimulus.

**Note 4. Operating segments**

*Identification of reportable operating segments*

The consolidated entity is organised into one operating segment: management of resources based royalties and investments. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers (CODM) in assessing performance and in determining the allocation of resources. As the results are the same as the consolidated entity they have not been repeated.

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**Note 5. Royalty income**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Royalty income	<u>691,157</u>	<u>483,523</u>

*Disaggregation of income*

The disaggregation of revenue from contracts with customers is as follows:

	Royalty income \$
<b>2021</b>	
<i>Geographical regions</i>	
Australia	<u>691,157</u>
<i>Timing of revenue recognition</i>	
Recognised over time	<u>691,157</u>
	Royalty income
<b>2020</b>	\$
<i>Geographical regions</i>	
Australia	<u>483,523</u>
<i>Timing of revenue recognition</i>	
Recognised over time	<u>483,523</u>

**Note 6. Other income**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Gain on receipt of shares for nil consideration	<u>497,882</u>	<u>-</u>

During the current financial year the consolidated entity received a further 3,354,472 fully paid ordinary shares for nil consideration in the unlisted company, Spark Exploration Pty Ltd. This was done as a two for one share issue to non-founder investors and saw the consolidated entity's investment stake in Spark Exploration Pty Ltd increased from 1.43% to 3.09%. The resultant increase in value has been recognised in other income. Refer to note 10.

**Fitzroy River Corporation Ltd**  
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**Note 7. Income tax**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit/(loss) before income tax expense	208,645	(4,997,917)
Tax at the statutory tax rate of 30%	62,594	(1,499,375)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Effect of timing and permanent differences	(305,779)	1,357,100
Tax losses not recognised	368,249	63,900
Derecognition of deferred tax assets previously bought to account	-	911,232
Income tax expense	<u>125,064</u>	<u>832,857</u>

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	7,278,000	6,465,000
Potential tax benefit @ 30%	<u>2,183,400</u>	<u>1,939,500</u>

A deferred tax asset has not been recognised during the current year, based on the directors' assessment that sufficient future taxable profits are not probable.

During the current year the company and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime.

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Deferred tax asset</i>		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	2,183,000	1,939,000
Property, plant and equipment	-	1,980
Borrowings costs	20,490	26,490
Royalty rights	982,085	596,454
Exploration expenditure	-	92,732
Accrual and other payables	7,350	13,050
Blackhole expenditure	46,031	10,882
Set off against deferred tax liability	(149,863)	(101,456)
Deferred tax not recognised as realisation not probable	(3,122,373)	(2,618,328)
Prepayments	33,280	39,196
Deferred tax asset	<u>-</u>	<u>-</u>

**Fitzroy River Corporation Ltd**  
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**Note 7. Income tax (continued)**

	2021 \$	2020 \$
<i>Deferred tax liability</i>		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Equity security at fair value	74,215	66,713
Accrued royalty receivable	75,648	34,743
Set off against deferred tax asset	<u>(149,863)</u>	<u>(101,456)</u>
Deferred tax liability	<u>-</u>	<u>-</u>

**Note 8. Current assets - cash and cash equivalents**

	2021 \$	2020 \$
Cash at bank	<u>474,369</u>	<u>622,858</u>

**Note 9. Current assets - trade and other receivables**

	2021 \$	2020 \$
Accrued royalty	252,161	144,770
GST receivable	<u>35,200</u>	<u>35,624</u>
	<u>287,361</u>	<u>180,394</u>

**Note 10. Non-current assets - financial assets at fair value through other comprehensive income**

	2021 \$	2020 \$
Listed equity securities - at fair value	1,221,008	2,666,060
Unlisted equity securities - at fair value	<u>761,918</u>	<u>371,649</u>
	<u>1,982,926</u>	<u>3,037,709</u>

*Reconciliation*

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening fair value	3,037,709	6,358,000
Additions	-	23,999
Disposals	(1,135,791)	(568,618)
Revaluations recognised through other comprehensive income	(416,874)	(2,775,672)
Shares received for nil consideration recognised as other income *	<u>497,882</u>	<u>-</u>
Closing fair value	<u>1,982,926</u>	<u>3,037,709</u>

Refer to note 19 for further information on fair value measurement.



**Fitzroy River Corporation Ltd**  
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**Note 10. Non-current assets - financial assets at fair value through other comprehensive income (continued)**

\* As stated in note 6, during the current financial year the consolidated entity received a further 3,354,472 fully paid ordinary shares for nil consideration in the unlisted company, Spark Exploration Pty Ltd.

Refer to note 2 for details of valuation assessment done in relation to unlisted equity investments.

**Note 11. Non-current assets - intangibles**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Royalty rights - at cost	7,963,000	7,963,000
Less: Accumulated amortisation	(519,188)	(223,834)
Less: Impairment	(3,923,167)	(3,923,167)
	<u>3,520,645</u>	<u>3,815,999</u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Royalty rights \$	Total \$
Balance at 1 July 2019	-	-
Additions	7,963,000	7,963,000
Impairment recognised at time of acquisition	(2,284,000)	(2,284,000)
Further impairment recognised	(1,639,167)	(1,639,167)
Amortisation expense	(223,834)	(223,834)
Balance at 30 June 2020	3,815,999	3,815,999
Amortisation expense	(295,354)	(295,354)
Balance at 30 June 2021	<u>3,520,645</u>	<u>3,520,645</u>

Refer to note 2 for details on impairments recognised in the prior year and impairment assessment performed in the current year.

The Weeks royalty asset has an estimated remaining useful life of 12 years.

**Note 12. Current liabilities - trade and other payables**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Trade payables	3,418	18,535
Interest payable	-	28,767
Other payables	24,801	43,501
	<u>28,219</u>	<u>90,803</u>

Refer to note 18 for further information on financial instruments.

**Fitzroy River Corporation Ltd**  
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**Note 13. Current liabilities - other**

	2021 \$	2020 \$
Consideration for Royalco Resources Limited acquisition	41,060	118,491

**Note 14. Non-current liabilities - borrowings**

	2021 \$	2020 \$
Borrowings payable	-	3,500,000

Refer to note 18 for further information on financial instruments.

*Total secured liabilities*

The total secured liabilities (current and non-current) are as follows:

	2021 \$	2020 \$
Borrowings payable	-	3,500,000

Interest was payable monthly at 10% per annum and balance was repaid in full during the current year.

The consolidated entity had no unused facilities at 30 June 2021 and 30 June 2020.

**Note 15. Equity - issued capital**

	2021 Shares	2020 Shares	2021 \$	2020 \$
Ordinary shares - fully paid	107,954,251	86,363,401	43,785,284	41,377,546

*Movements in ordinary share capital*

Details	Date	Shares	Issue price	\$
Balance	1 July 2019	86,554,848		41,412,964
Share buy back	3 July 2019	(45,600)	\$0.185	(8,436)
Share buy back	8 July 2019	(19,189)	\$0.185	(3,550)
Share buy back	15 July 2019	(2,611)	\$0.185	(483)
Share buy back	16 July 2019	(10,000)	\$0.185	(1,850)
Share buy back	18 July 2019	(26,047)	\$0.185	(4,819)
Share buy back	13 August 2019	(88,000)	\$0.185	(16,280)
Balance	30 June 2020	86,363,401		41,377,546
Issue of shares	25 February 2021	9,127,866	\$0.120	1,095,324
Issue of shares	23 March 2021	12,462,984	\$0.120	1,495,558
Less cost of capital raised		-	\$0.000	(183,144)
Balance	30 June 2021	107,954,251		43,785,284

**Fitzroy River Corporation Ltd**  
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**Note 15. Equity - issued capital (continued)**

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Capital risk management*

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The capital risk management policy remains unchanged from the 30 June 2020 Annual Report.

**Note 16. Equity - reserves**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Financial assets at fair value through other comprehensive income reserve	<u>179,578</u>	<u>471,390</u>

*Financial assets at fair value through other comprehensive income reserve*

The reserve is used to recognise increments and decrements in the fair value of financial assets at fair value through other comprehensive income.

*Movements in reserves*

Movements in each class of reserve during the current and previous financial year are set out below:

	Fin Assets at Fair Value	Total
	\$	\$
Balance at 1 July 2019	2,414,727	2,414,727
Change in fair value, net of tax	<u>(1,943,337)</u>	<u>(1,943,337)</u>
Balance at 30 June 2020	471,390	471,390
Change in fair value, net of tax	<u>(291,812)</u>	<u>(291,812)</u>
Balance at 30 June 2021	<u>179,578</u>	<u>179,578</u>

#### Note 17. Equity - dividends

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

#### Note 18. Financial instruments

##### **Financial risk management objectives**

The board of directors has overall responsibility for the establishment of the consolidated entity's financial risk management framework. This includes the development of policies covering specific areas such as foreign exchange risk, interest rate risk, liquidity risk, price risk and credit risk.

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

The consolidated entity 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 consolidated entity is exposed are described below.

##### **Market risk**

###### *Foreign currency risk*

The consolidated entity is exposed to foreign currency risk in relation to its investment in Spark Exploration Pty Ltd refer to note 10 and related warrants.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	2021 \$	2020 \$	2021 \$	2020 \$
US dollars	761,918	426,649	-	-

The below tables show the potential impact of foreign exchange movements:

2021	% change	AUD strengthened Effect on profit before tax		% change	AUD weakened Effect on profit before tax	
		Effect on equity	Effect on equity			
US dollars	20%	(152,383)	(153,383)	20%	152,383	152,383

2020	% change	AUD strengthened Effect on profit before tax		% change	AUD weakened Effect on profit before tax	
		Effect on equity	Effect on equity			
US dollars	20%	(85,329)	(85,329)	(20%)	85,329	85,329

###### *Price risk*

The consolidated entity holds investments in listed and unlisted entities, and as such these are subject to varying valuations based on its current market price. The COVID-19 pandemic saw extreme volatility in equity markets and oil prices in the prior year which has resulted in significant decline in value in relation the consolidated entity's investments. These markets have stabilised during the current year.

The below table summarises the sensitivity of the consolidated entity's exposure to price risk:-

Note 18. Financial instruments (continued)

2021	% change	Average price increase		Average price decrease		
		Effect on profit before tax	Effect on equity	% change	Effect on profit before tax	Effect on equity
Listed equity securities - at fair value	20%	-	244,201	20%	-	(244,201)
Unlisted equity securities - at fair value	20%	-	152,383	20%	-	(152,383)
		-	396,584		-	(396,584)

2020	% change	Average price increase		Average price decrease		
		Effect on profit before tax	Effect on equity	% change	Effect on profit before tax	Effect on equity
Listed equity securities - at fair value	20%	-	533,212	20%	-	(533,121)
Unlisted equity securities - at fair value	20%	-	74,329	20%	-	(74,329)
		-	607,541		-	(607,450)

*Interest rate risk*

The consolidated entity is not exposed to material interest rate risk. The prior year borrowings had a fixed interest rate of 10% per annum.

*Credit risk*

The consolidated entity is not exposed to significant credit risk. It receives royalties from two sources, both of which have a long established pattern of paying in full and in line with agreed terms.

*Liquidity risk*

Liquidity risk is the risk that the consolidated entity might be unable to meet its obligations. The consolidated entity manages its liquidity needs by maintaining adequate cash 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.

*Remaining contractual maturities*

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

2021	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	3,418	-	-	-	3,418
Other payables	-	24,801	-	-	-	24,801
Consideration for Royalco Resources Limited acquisition	-	41,060	-	-	-	41,060
Total non-derivatives		69,279	-	-	-	69,279

**Fitzroy River Corporation Ltd**  
**Notes to the financial statements**  
**30 June 2021**

**Note 18. Financial instruments (continued)**

<b>2020</b>	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	18,535	-	-	-	18,535
Other payables	-	43,501	-	-	-	43,501
Interest payables	-	28,767	-	-	-	28,767
Consideration for Royalco Resources Limited acquisition	-	118,491	-	-	-	118,491
<i>Interest-bearing - fixed rate</i>						
Borrowings payable	10.00%	-	3,500,000	-	-	3,500,000
<b>Total non-derivatives</b>		<b>209,294</b>	<b>3,500,000</b>	-	-	<b>3,709,294</b>

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

**Fair value of financial instruments**

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

**Note 19. Fair value measurement**

*Fair value hierarchy*

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

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

<b>2021</b>	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Listed equity securities - at fair value	1,221,008	-	-	1,221,008
Unlisted equity securities - at fair value	-	-	761,918	761,918
<b>Total assets</b>	<b>1,221,008</b>	<b>-</b>	<b>761,918</b>	<b>1,982,926</b>
<b>2020</b>	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Listed equity securities - at fair value	2,666,060	-	-	2,666,060
Unlisted equity securities - at fair value	-	-	371,649	371,649
Warrants over unlisted equity securities	-	-	55,000	55,000
<b>Total assets</b>	<b>2,666,060</b>	<b>-</b>	<b>426,649</b>	<b>3,092,709</b>

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

**Fitzroy River Corporation Ltd**  
**Notes to the financial statements**  
**30 June 2021**

**Note 19. Fair value measurement (continued)**

*Level 3 assets and liabilities*

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

	Warrants	Equity	Total
	\$	\$	\$
Balance at 1 July 2019	137,838	575,123	712,961
Losses recognised in profit or loss	(82,838)	-	(82,838)
Losses recognised in other comprehensive loss	-	(203,474)	(203,474)
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2020	55,000	371,649	426,649
Losses recognised in profit or loss	(55,000)	-	(55,000)
Losses recognised in other comprehensive loss	-	(107,613)	(107,613)
Gain on receipt of shares for nil consideration	-	497,882	497,882
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2021	<u>-</u>	<u>761,918</u>	<u>761,918</u>

Refer to note 2 for details of valuation assessment done in relation to unlisted equity investments.

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

Description	Unobservable inputs	% Change	Impact
Unlisted equity securities - at fair value	Forecast Net Present Value (NPV)	10% change	A 10% change in forecast NPV would result in \$76,192 change in carrying value.
Unlisted equity securities - at fair value	Chance of geological success	10% change	A 10% change in forecast overall chance of geological success would result in a result in a \$268,634 change in value.
Unlisted equity securities - at fair value	Chance of commercial Success	2% change	A 2% change in forecast overall chance of commercial success would result in \$467,756 change in carrying value.

**Note 20. Key management personnel disclosures**

*Compensation*

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	2021	2020
	\$	\$
Short-term employee benefits	<u>171,726</u>	<u>283,334</u>

**Note 21. Remuneration of auditors**

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the company:

	2021	2020
	\$	\$
<i>Audit services - RSM Australia Partners (2020: Deloitte Touche Tohmatsu)</i>		
Audit or review of the financial statements	<u>35,500</u>	<u>55,000</u>

**Fitzroy River Corporation Ltd**  
**Notes to the financial statements**  
**30 June 2021**

**Note 22. Contingent liabilities**

The consolidated entity had no contingent liabilities at 30 June 2021 and 30 June 2020.

**Note 23. Related party transactions**

*Parent entity*

Fitzroy River Corporation Ltd is the parent entity.

*Subsidiaries*

Interests in subsidiaries are set out in note 25.

*Key management personnel*

Disclosures relating to key management personnel are set out in note 20 and the remuneration report included in the directors' report.

*Transactions with related parties*

The following transactions occurred with related parties:

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Other transactions:		
Underwriting fees paid to an entity related to Sue Thomas	12,825	-
Underwriting fees paid to an entity related to Malcolm McComas	3,300	-

*Receivable from and payable to related parties*

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

*Loans to/from related parties*

There were no loans to or from related parties at the current and previous reporting date.

*Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates.

**Note 24. Parent entity information**

Set out below is the supplementary information about the parent entity.

*Statement of profit or loss and other comprehensive income*

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax	<u>(156,931)</u>	<u>(5,831,773)</u>
Total comprehensive loss	<u>(156,931)</u>	<u>(5,831,773)</u>



**Fitzroy River Corporation Ltd**  
**Notes to the financial statements**  
**30 June 2021**

**Note 24. Parent entity information (continued)**

*Statement of financial position*

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Total current assets	<u>574,776</u>	<u>666,478</u>
Total assets	<u>8,929,095</u>	<u>10,130,580</u>
Total current liabilities	<u>2,938,306</u>	<u>2,598,086</u>
Total liabilities	<u>2,938,306</u>	<u>6,098,086</u>
Equity		
Issued capital	43,785,284	41,377,546
Financial assets at fair value through other comprehensive income reserve	179,578	471,389
Accumulated losses	<u>(37,974,073)</u>	<u>(37,816,441)</u>
Total equity	<u><u>5,990,789</u></u>	<u><u>4,032,494</u></u>

*Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2021 and 30 June 2020.

*Contingent liabilities*

The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020

*Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020.

*Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity. An impairment of \$4,192,097 was recognised in the prior year in relation to the parent's investment in its subsidiary.

**Note 25. Interests in subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

<b>Name</b>	<b>Principal place of business / Country of incorporation</b>	<b>Ownership interest</b>	
		<b>2021</b>	<b>2020</b>
		<b>%</b>	<b>%</b>
Royalco Resources Pty Ltd	Australia	100.00%	100.00%
Ginto Minerals Pty Ltd	Australia	100.00%	100.00%
Royalco Resources (No1) Pty Ltd	Australia	100.00%	100.00%

**Note 26. Events after the reporting period**

No matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Fitzroy River Corporation Ltd**  
**Notes to the financial statements**  
**30 June 2021**

**Note 27. Reconciliation of profit/(loss) after income tax to net cash used in operating activities**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Profit/(loss) after income tax expense for the year	83,581	(5,830,774)
Adjustments for:		
Depreciation and amortisation	295,354	224,143
Impairment of intangibles	-	3,922,622
Income tax expense/(benefit)	125,064	832,857
Impairment of investment in associate	-	16,651
Share of loss - associate	-	63,970
Fair value loss on warrants over unlisted equity securities	55,000	82,838
Gain on receipt of shares for nil consideration	(497,882)	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(106,967)	94,010
Decrease/(increase) in other operating assets	(6,151)	27,990
Increase/(decrease) in trade and other payables	(62,584)	36,243
Net cash used in operating activities	<u>(114,585)</u>	<u>(529,450)</u>

**Note 28. Earnings / (loss) per share**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Profit/(loss) after income tax attributable to the owners of Fitzroy River Corporation Ltd	<u>83,581</u>	<u>(5,830,774)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings/(loss) per share	<u>92,869,753</u>	<u>86,376,598</u>
Weighted average number of ordinary shares used in calculating earnings/(loss) per share	<u>92,869,753</u>	<u>86,376,598</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings / (loss) per share	0.09	(6.75)
Diluted earnings / (loss) per share	0.09	(6.75)

**Fitzroy River Corporation Ltd**  
**Directors' declaration**  
**30 June 2021**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

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

On behalf of the directors



---

Malcolm McComas  
Non-Executive Chairman

15 September 2021

**RSM Australia Partners**

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## INDEPENDENT AUDITOR'S REPORT

### To the Members of Fitzroy River Corporation Ltd

#### Opinion

We have audited the financial report of Fitzroy River Corporation Ltd ("the Company") and its subsidiaries ("the Consolidated entity"), which comprises the statement of financial position as at 30 June 2021, 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 the directors' declaration.

In our opinion the accompanying financial report of the Consolidated entity is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Consolidated entity's financial position as at 30 June 2021 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 Consolidated Entity 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 of 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.

Key Audit Matter	How our audit addressed this matter
<p><b><i>Fair value of unlisted equity securities</i></b> Refer to Note 9 in the financial statements</p>	
<p>The Consolidated entity holds unlisted equity securities at the reporting date amounting to \$762k, which represents the fair value of this investment determined by the directors using a valuation methodology based mainly on unobservable inputs for the investment.</p> <p>The determination of the fair value of the investment in unlisted equity securities was considered a key audit matter as it involves significant management judgements and estimates</p>	<p>Our audit procedures in relation to the determination of the fair value of the investment in unlisted equity securities included:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the nature, timing and value of the additions which occurred during the year;</li> <li>• Obtaining and reviewing the valuation methodology prepared by the directors, including an evaluation of the objective of the report and the competency of the directors directly involved in preparing the calculation;</li> <li>• Enquiring with management and challenging key estimates and assumptions used within the calculation;</li> <li>• Reviewing the accounting treatment adopted for the recognition of changes in fair value as well as other movements in the investment and assessing compliance with the Australian Accounting Standards; and</li> <li>• Reviewing the adequacy of the related disclosures in the notes to the financial statements.</li> </ul>
<p><b><i>Assessment of the carrying value of Intangible Assets</i></b> Refer to Note 10 in the financial statements</p>	
<p>As at 30 June 2021, the Consolidated entity's intangible asset amounts to \$3.5m. This intangible asset relates to royalty rights on production of oil permits on the Bass Strait oil and gas fields. In accordance with the Australian Accounting Standards, the directors performed an assessment to determine whether any impairment indicators existed on the carrying value of this intangible asset. This assessment included a review and update of a recoverable amount valuation prepared by their expert.</p> <p>We identified this area as a Key Audit Matter due to the material amount of the Intangible asset to the Consolidated entity, and because the directors' assessment of impairment indicators of the carrying value of this asset involves significant judgements and estimates, including estimating future production levels and future commodity prices.</p>	<p>Our audit procedures in relation to the assessment of the carrying value of the intangible assets included:</p> <ul style="list-style-type: none"> <li>• Critically assessing and evaluating the adopted directors' methodology for determining the recoverable value of the Weeks royalty right prepared by their expert;</li> <li>• Obtaining an understanding of recent developments and of any adverse changes affecting the key inputs into the recoverable value calculation;</li> <li>• Reviewing the actual production levels and royalty income achieved during the year and comparing them against director's previous estimates; and</li> <li>• Comparing recent movement in oil prices, pre COVID19 pandemic price levels and long-term oil price available market data, and then assessing the reasonableness of directors' estimates.</li> </ul>

**Other Information**

The directors are responsible for the other information. The other information comprises the information included in the Consolidated entity's annual report for the year ended 30 June 2021; but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly 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 Consolidated Entity 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 Consolidated Entity or to cease operations, or have no realistic alternative but to do so.

**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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [https://www.auasb.gov.au/admin/file/content102/c3/ar2\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf).

This description forms part of our auditor's report.

## **Report on the Remuneration Report**

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Fitzroy River Corporation Ltd, for the year ended 30 June 2021, 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.

A handwritten signature in black ink that reads 'RSM'.

**RSM AUSTRALIA PARTNERS**

A handwritten signature in black ink that reads 'R J Morillo Maldonado'.

**R J MORILLO MALDONADO**

Partner

Dated: 15 September 2021  
Melbourne, Victoria

**Fitzroy River Corporation Ltd**  
**Shareholder information**  
**30 June 2021**

Additional information required pursuant to ASX Listing Rule 4.10 and not disclosed elsewhere in this report is set out below. The information is effective as at 29 August 2021.

**Distribution Schedule of Shareholders**

Analysis of number of shareholders by size of holding:

	Number of holders	Ordinary shares % of total shares issued	Number of shares
1 to 1,000	173	0.05	55,581
1,001 to 5,000	205	0.53	574,582
5,001 to 10,000	152	1.17	1,261,887
10,001 to 100,000	204	6.11	6,592,508
100,001 and over	77	92.14	99,469,693
	<u>811</u>	<u>100.00</u>	<u>107,954,251</u>

*Unmarketable Parcels*

There were 314 shareholders with an unmarketable parcel of shares being a holding of less than 3,572 shares each for a combined total of 339,366 shares. This is based on a closing price of \$0.14 per share as at 28 August, 2021 and represents 0.31% of the shares on issue on that day.

**Equity security holders**

*Twenty largest quoted equity security holders*

The names of the twenty largest security holders of quoted equity securities are listed below:

	Number held	Ordinary shares % of total shares issued
FLEXIPLAN MANAGEMENT PTY LTD (SUSAN THOMAS SUPER FUND A/C)	23,147,473	21.44
J P MORGAN NOMINEES AUSTRALIA LIMITED	15,482,227	14.34
ONE MANAGED INVT FUNDS LTD (1 A/C)	10,926,193	10.12
J P MORGAN NOMINEES AUSTRALIA LIMITED	10,474,354	9.70
NORFOLK ENCHANTS PTY LTD (TROJAN RETIREMENT FUND A/C)	4,033,897	3.74
CITICORP NOMINEES PTY LIMITED	3,998,541	3.70
JH NOMINEES AUSTRALIA PTY LTD (HARRY FAMILY SUPER FUND A/C)	3,981,733	3.69
ROCKET SCIENCE PTY LTD	3,000,000	2.78
AMK INVESTMENTS (WA) PTY LTD	2,426,341	2.25
SIR RON BRIERLEY	1,441,480	1.34
WB NOMINEES LIMITED	1,375,000	1.27
BUNYULA SUPER PTY LTD	1,084,270	1.00
BNP PARIBAS NOMS PTY LTD (DRP)	815,238	0.76
MR KENNETH BRUCE WILLIMOTT	774,800	0.72
MR RUSSELL JOHN BATH &	750,000	0.69
MRS SUZANNE FERRIER	713,867	0.66
BNP PARIBAS NOMINEES PTY LTD (ACF CLEARSTREAM)	629,125	0.58
BNP PARIBAS NOMINEES PTY LTD (IB AU NOMS RETAILCLIENT DRP)	625,776	0.58
ANGREAL PTY LTD	625,000	0.58
CHECK-KIAN LOW	500,000	0.46
	<u>86,805,315</u>	<u>80.40</u>

*Unquoted equity securities*

There are no unquoted equity securities.



**Fitzroy River Corporation Ltd**  
**Shareholder information**  
**30 June 2021**

**Substantial holders**

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:

<b>Name of Substantial Holder within the meaning of section 671B of the Corporations Act</b>	<b>Date</b>	<b>Number of Shares in which the substantial holder holds a relevant interest</b>	<b>% of total shares on issue</b>
Flexiplan Management Pty Ltd (Susan Thomas PSF A/C)	26 February 2021	22,681,473	23.75%
Noontide Investments Ltd	20 July 2021	15,456,227	14.31%
Australasia Resources Limited	16 October 2013	10,050,000	11.64%
Rocket Science Pty Ltd atf The Trojan Capital Fund	23 March 2021	11,015,630	10.20%
Sandon Capital Investments Limited	17 September 2019	8,740,954	10.10%

**Voting rights**

The voting rights attached to ordinary shares are set out below:

*Ordinary shares*

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There is no current on market buyback of the Company's shares.

There are no shares subject to ASX or voluntary escrow.

There are no other classes of equity securities.

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