

# Fitzroy River Corporation Limited

ABN 75 075 760 655

Interim Financial Report

For the half-year ended 31 December 2016

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# Directors' Report

## Director details

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

- Mr Malcom McComas
- Ms Susan Thomas
- Mr Justin Clyne

## Review of operations and financial results

The Company's operations during the half-year are reviewed as follows.

The Company's primary focus has been in Western Australia, specifically the Canning Basin where the Company holds royalty interests in several permits and production licenses via two separate Royalty Deeds.

During the half-year, the Company has also been active in pursuing investment opportunities in additional royalty interests, free carried interests and minor equity positions in oil and gas projects. On 14 December 2016, the Company announced its recommended cash offer for all of the shares in Royalco Resources Limited ('Royalco'). The offer closed on 6 March 2017. The Company holds 24,669,539 shares (46.8% interest) in Royalco at the date of this report. During the half-year the Company's income has depended on the activities and quantum of oil production and sales by third parties and also dividends and interest from its investments.

At 31 December 2016, the Company had cash and cash equivalent assets of \$7.5 million and net assets of \$10.5 million. The Company's primary assets are its royalty interests which, for accounting purposes, are not recognised on the balance sheet and its investments in other ASX listed companies.

At 31 December 2016, Fitzroy held 7.10 million shares in High Peak Royalties Limited, 10.86 million shares in Royalco Resources Limited<sup>2</sup> and 3.85 million shares in Byron Energy Limited.

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<sup>2</sup> Note: Since 31 December, 2016 Fitzroy acquired additional shares in Royalco and their current shareholding is 24,669,539 shares.

***Statement of profit or loss and other comprehensive income.***

The company incurred a loss of \$300,000 (31 December 2015: \$520,000) for the half-year ended 31 December 2016. The following explains how this arose.

- Operating expenditure was \$290,000 (31 December 2015: \$330,000) in respect of the company's administrative expenses;
- The company incurred an impairment loss of \$150,000 (31 December 2015: \$380,000) on investments classified as available for sale; and
- Revenue of \$140,000 (31 December 2015: \$190,000) mainly comprised of interest and dividends,

The loss per share has decreased during the period to 0.33 cents per share (31 December 2015: 0.57 cents per share).

***Statement of financial position***

During the period, the company acquired 7,531,071 shares in Royalco Resources Limited for \$1.42 million and 3,846,154 shares in Byron Energy Limited for \$500,000.

***Statement of changes in equity***

The movement in equity during the half-year was the loss for the period and the movement in fair value of the shares held in other companies.

***Statement of cash flows***

Overall there was a cash outflow from operations during the half-year as a result of the operating loss for the period and from investing activities. This was off-set by an inflow of funds from dividends and interest received during the period.

**Auditor's independence declaration**

A copy of the Auditor's Independence Declaration as required under s307C of the *Corporations Act 2001* is included on page 7 of this financial report and forms part of this Directors Report.

# Directors' Report

## **Rounding of amounts**

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016, and accordingly, amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars unless otherwise indicated.

Signed in accordance with a resolution of the Directors.



Malcolm McComas  
Director

14 March 2017

14 March 2017

The Board of Directors  
Fitzroy River Corporation Limited  
GPO Box 4626  
Sydney NSW 2001

Dear Board Members

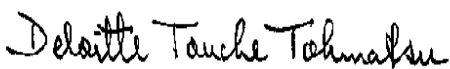
### **Fitzroy River Corporation Limited**

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

As lead audit partner for the review of the financial statements of Fitzroy River Corporation Limited for the half-year ended 31 December 2016, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Weng W Ching  
Partner  
Chartered Accountants



# Condensed Statement of Profit or Loss and Other Comprehensive Income

## For the half-year ended 31 December 2016

	Notes	31-Dec-2016 \$'000	31-Dec-2015 \$'000
Revenue		133	194
Professional and consultancy fees		(88)	(75)
Directors and company secretarial fees		(103)	(163)
Impairment loss on investments	9	(149)	(378)
Other expenses		(90)	(100)
<b>Loss before tax</b>		<b>(297)</b>	<b>(522)</b>
Tax expense		-	-
<b>Loss for the period</b>		<b>(297)</b>	<b>(522)</b>
<b>Other comprehensive (loss)/income for the period, net of tax</b>		<b>60</b>	<b>402</b>
<b>Total comprehensive loss for the period</b>		<b>(237)</b>	<b>(120)</b>
<b>Loss per share</b>	5		
Basic (cents per share)		(0.33)	(0.57)
Diluted (cents per share)		(0.33)	(0.57)

The accompanying notes form part of these financial statements.

# Condensed Statement of Financial Position

## As at 31 December 2016

	Notes	31-Dec-2016 \$'000	30-Jun-2016 \$'000
<b>Assets</b>			
<i>Current</i>			
Cash and cash equivalents		7,473	9,518
Trade and other receivables		-	29
Other assets		5	10
<b>Current assets</b>		<b>7,478</b>	<b>9,557</b>
<i>Non-current</i>			
Other financial assets		3,032	1,212
<b>Non-current assets</b>		<b>10,510</b>	<b>1,212</b>
<b>TOTAL ASSETS</b>		<b>10,510</b>	<b>10,769</b>
<b>Liabilities</b>			
<i>Current</i>			
Trade and other payables		32	54
<b>Current liabilities</b>		<b>32</b>	<b>54</b>
<b>Non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>32</b>	<b>54</b>
<b>Net assets</b>		<b>10,478</b>	<b>10,715</b>
<b>Equity</b>			
Issued capital	6	42,284	42,284
Reserves		109	49
Accumulated losses		(31,915)	(31,618)
<b>Total Equity</b>		<b>10,478</b>	<b>10,715</b>

The accompanying notes form part of these financial statements.

## Condensed Statement of Changes in Equity

### For the half-year ended 31 December 2016

	Issued Capital \$'000	Available for sale investment reserve \$'000	Accumulated losses \$'000	Total Equity \$'000
<b>Balance at 1 July 2016</b>	42,284	49	(31,618)	10,715
Loss for the period	-		(297)	(297)
Other comprehensive income	-	60	-	60
Total comprehensive income	-	60	(297)	(237)
<b>Balance at 31 December 2016</b>	<b>42,284</b>	<b>109</b>	<b>(31,915)</b>	<b>10,478</b>

The accompanying notes form part of these financial statements.

## Condensed Statement of Changes in Equity (continued)

### For the half-year ended 31 December 2015

	Issued Capital \$'000	Available for sale investment reserve \$'000	Accumulated losses \$'000	Total Equity \$'000
<b>Balance at 1 July 2015</b>	42,284	(368)	(30,927)	10,989
Loss for the period	-	-	(522)	(522)
Other comprehensive income		402	-	402
Total comprehensive income	-	402	(522)	(120)
<b>Balance at 31 December 2015</b>	<b>42,284</b>	<b>34</b>	<b>(31,449)</b>	<b>10,869</b>

The accompanying notes form part of these financial statements.

## Condensed Statement of Cash Flows

### For the half-year ended 31 December 2016

	Notes	31-Dec-2016 \$'000	31-Dec-2015 \$'000
<b>Operating activities</b>			
Payments to suppliers		(292)	(301)
Dividends, interest and royalties received		163	188
Net cash used in operating activities		(129)	(113)
<b>Investing activities</b>			
Purchase of available for sale investments		(1,920)	(719)
Proceeds from sale of available for sale investments		4	-
Net cash used in investing activities		(1,916)	(719)
<b>Financing activities</b>			
Net cash from financing activities		-	-
<b>Net change in cash and cash equivalents</b>		<b>(2,045)</b>	<b>(832)</b>
Cash and cash equivalents, beginning of period		9,518	7,357
<b>Cash and cash equivalents, end of period</b>		<b>7,473</b>	<b>6,525</b>

The accompanying notes form part of these financial statements.

# Notes to the Condensed Interim Financial Statements

## 1 Corporate Information

These condensed financial statements represent those of Fitzroy River Corporation Limited ('Fitzroy River Corporation' or the 'Company') for the half-year ended 31 December 2016.

The principal activities of the Company are being an oil and gas investment holding company with a focus on non-operational assets such as royalties, free carried interests, and minority equity positions. The Company's primary focus is on Western Australia, specifically the 'Canning Superbasin' where the Company holds Royalty Deeds.

## 2 Basis of preparation

The half-year financial report is a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the financial statements of the Company for the year ended 30 June 2016 and any public announcements made by the Company during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

## 3 Significant accounting policies

The half-year financial report has been prepared in accordance with the same accounting policies adopted in the Company's last annual financial statements for the year ended 30 June 2016, except for the impact of the Standards and Interpretations described below.

### **Amendments to AASBs and the new Interpretation that are mandatorily effective for the current reporting period.**

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

No new or revised Standards and Interpretations effective for the period under review are considered to materially impact the Company.

The principal accounting policies adopted are consistent with those of the previous financial year, unless stated otherwise.

The accounting policies have been applied consistently throughout the Company for the purposes of preparation of this half-year financial report.

#### 4 Estimates

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

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Company's last annual financial statements for the year ended 30 June 2016.

#### 5 Loss per share

Both the basic and diluted loss per share have been calculated using the loss attributable to shareholders of Fitzroy River Corporation Ltd as the numerator, i.e. no adjustments to profits were necessary during the six (6) month period to 31 December 2016 and 2015.

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

	6 months to 31-Dec-2016	6 months to 31-Dec-2015
Weighted average number of shares used in basic earnings per share	90,788,294	90,788,294
<b>Weighted average number of shares used in diluted earnings per share</b>	<b>90,788,294</b>	<b>90,788,294</b>

#### 6 Issued capital

	31 December 2016 No.	30 June 2016 No.	31 December 2016 \$'000	30 June 2016 \$'000
At the beginning of the reporting period	90,788,294	90,788,294	42,284	42,284
Shares issued during the period	-	-	-	-
At reporting date	90,788,294	90,788,294	42,284	42,284

## 7 Fair value measurement of financial instruments

### 7.1 Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the fair value hierarchy, as follows:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- **Level 3:** Inputs for the asset or liability that is not based on observable market data (unobservable inputs)

The Company's financial assets and financial liabilities measured and recognised at fair value are as follows:

31 December 2016	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Assets</b>				
Listed securities	3,032	-	-	3,032
<b>Net fair value</b>	<b>3,032</b>	<b>-</b>	<b>-</b>	<b>3,032</b>

30 June 2016	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Assets</b>				
Listed securities	1,212	-	-	1,212
<b>Net fair value</b>	<b>1,212</b>	<b>-</b>	<b>-</b>	<b>1,212</b>

### 7.2 Measurement of fair value of financial instruments

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

## 8 Operating segments

The Board has determined that the Company presently has one reporting segment, being the investment in royalty interests in the Canning Superbasin in Western Australia. The Board monitors the Company based on actual versus budgeted revenue and expenditure incurred. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Company and its ongoing activities.

## 9 Impairment Losses

	31 December 2016 \$'000	31 December 2015 \$'000
Cumulative loss reclassified from equity on impairment of available-for-sale investments	-	378
Impairment charge during the period for available-for-sale investments	149	-
<b>Total cumulative loss on impairment of available-for-sale investments</b>	<b>149</b>	<b>378</b>



## 10 Events after the reporting date

1. The Company continued to acquire shares under its recommended cash offer for all of the shares in Royalco Resources Limited. As at the date of this report the Company holds 24,669,539 shares (46.8% interest) in Royalco Resources Limited and Mr Malcolm McComas and Ms Sue Thomas were appointed as Directors of Royalco Resources Limited on 22 February 2017. Justin Clyne was also appointed to the Royalco Board on 22 February and resigned on 7 March 2017.
2. In an announcement dated 10 March 2017 Buru Energy Limited announced that it has completed a restart plan for the Ungani Oilfield. Fitzroy will earn royalty income on oil produced and sold from the Ungani Oilfield.

Other than the above matters, there are no matters or circumstances that have arisen since the end of the half-year which significantly affected or could significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

## Directors' Declaration

- 1 In the opinion of the Directors of Fitzroy River Corporation Ltd ('Fitzroy River Corporation or the 'company'):
  - a The financial statements and notes of Fitzroy River Corporation Ltd are in accordance with the *Corporations Act 2001*, including:
    - i Giving a true and fair view of its financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
    - ii Complying with Accounting Standard AASB 134 *Interim Financial Reporting*; and
  - b There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



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Director  
Malcolm McComas

Dated the 14th day of March 2017

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

We have reviewed the accompanying half-year financial report of Fitzroy River Corporation Limited, which comprises the condensed statement of financial position as at 31 December 2016, the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration as set out on pages 8 to 17.

### *Directors' Responsibility for the Half-Year Financial Report*

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

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Fitzroy River Corporation Limited's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Fitzroy River Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Auditor's Independence Declaration*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Fitzroy River Corporation Limited, would be in the same terms if given to the directors as at the time of this auditor's review report

## *Conclusion*

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

- (a) giving a true and fair view of the company's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU



Weng W Ching  
Partner  
Chartered Accountants  
Sydney, 14 March 2017