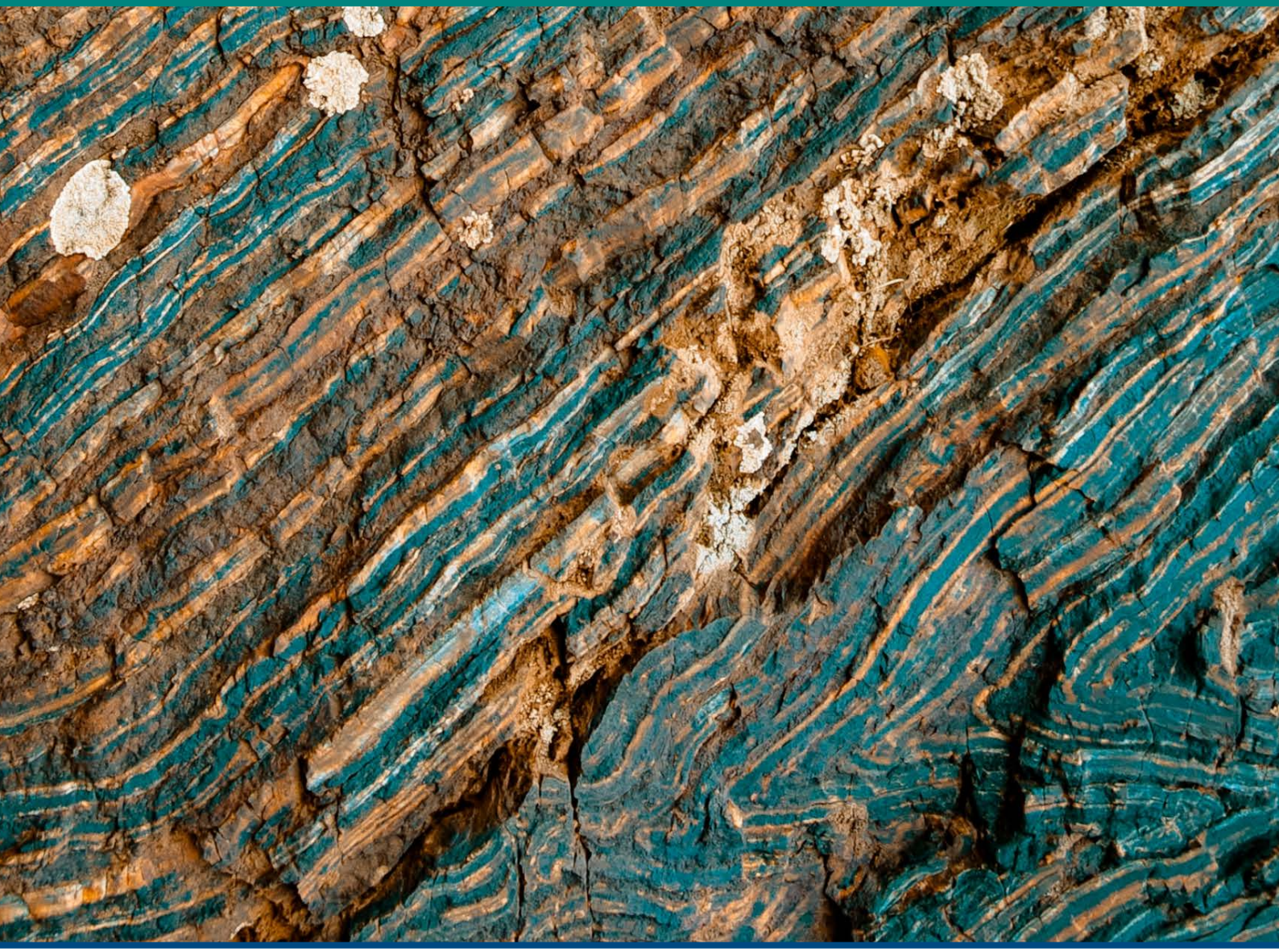
Annual Report 2019

RFC Ambrian Group Limited • ABN 98 096 493 588



RFC Ambrian

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Directors and Company Secretary

Rob Adamson	Executive Chairman
Stephen Allen	Managing Director
Stephen Weir	Managing Director
Sophie Raven	Company Secretary

Auditor

Crowe Horwath
Level 15, 1 O'Connell St
Sydney NSW 2000

Bankers

Commonwealth Bank of Australia
48 Martin Place
Sydney NSW 2000

Licences and Authorisations
Australian Financial Services Licence
AIM Nominated Adviser
Member of London Stock Exchange
Authorised and Regulated by the Financial Conduct Authority

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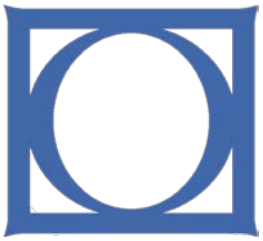

Medieval alchemists blended philosophy and the physical sciences, and were particularly interested in metals and energy. They used the *Quadratura Circuli,* or squared circle, to represent the synthesis of the four primal elements — earth, water, fire and air —which they believed were the essence of all matter and energy.

RFC Ambrian has the *Quadratura Circuli* as its corporate logo. Natural resources and energy, represented by the square of this ancient symbol, are the essence of our business. In a modern context, the circle represents the synthesis resulting from the unification of the elements of the vision for RFC Ambrian that gives the firm its unique identity and its capacity to be of special service to its clients.

We are dedicated to the creation of wealth through innovative financial transformation for our clients and shareholders. This extends to the industries and communities to which both RFC Ambrian and our clients belong.

@RFCAmbrian

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ABOUT RFC AMBRIAN

The RFC Ambrian Group is a leading global independent adviser and investor in the natural resources market, with a particular emphasis on the Metals & Mining and Oil & Gas sectors.

The RFC Ambrian business was established in Australia in 1985, expanded to a global footing in the late 1990s, and has evolved into a trusted adviser for a broad range of clients, ranging from junior companies to multinationals.

Core to our services of Corporate Finance, Corporate Broking, Equity Sales and Equity Research is our in-depth industry knowledge, global contacts and our extensive experience in the market. We are dedicated and tenacious in seeing transactions and projects progress from development to successful execution.

We have invested in our clients' businesses where the opportunity presents and currently hold positions in a range of enterprises, including some material positions in some emerging companies at the forefront of technological development in the minerals industry.

We are a regulated financial services organisation, holding financial services licences in Australia and the UK.

Our clients benefit from our depth of experience and the continuity and consistency of our advice. We attach great importance to attracting and retaining talented people, making continual improvements, and having a strong, client-focused culture where we show respect for the clients and communities we interact with. We demonstrate empathy for those with whom we deal and always maintain integrity in our dealings with others.

The RFC Ambrian Group Limited is an unlisted Australian public company, which is majority owned by Directors and employees. While unlisted, we are audited and run formal processes and systems that would enable a quick transition to becoming a listed company should we wish to do so.

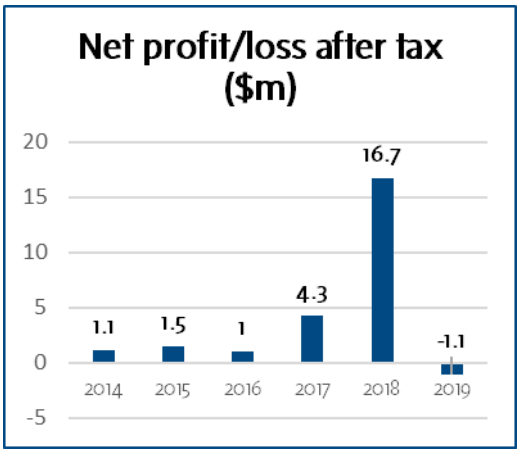
We are composed of high-calibre, seasoned industry experts and professionals based out of our offices in Sydney, Perth and London. We bring a personal, dedicated and focused approach to our transactions.

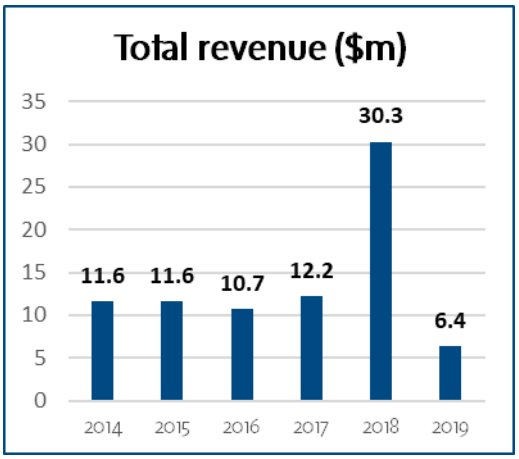
KEY FINANCIALS

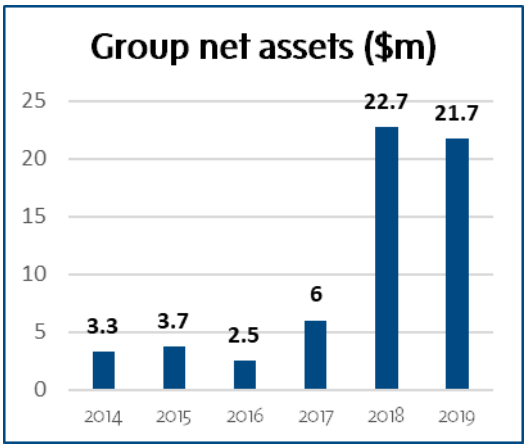
In what was a difficult year for our advisory business, RFC Ambrian Group incurred a $1.1 million loss on substantially reduced revenue from that achieved in recent years. This was our first loss in over a decade.

The Group's net asset position at year end remained strong at $21.7 million compared with $22.7 million a year prior.

In the circumstances of a loss being returned for the year no dividend was declared.







EXECUTIVE CHAIRMAN'S REPORT

The year ended 30 June 2019 has been a mixed one for RFC Ambrian Group Limited, positive from the investments perspective but the corporate finance and broking advisory business has experienced a poor year.

At the commencement of the year we were looking to see the resource sector disruptive technology companies we have substantial investments in, Chrysos Corporation Limited and NextOre Pty Ltd, make solid progress with the development of their businesses. I'm pleased to advise that this has occurred. Chrysos Corporation's business has developed to the point where it declared a profit for the 2018/9 year and we believe it is now substantially through the early stage risks which are inherent to businesses of the nature in which it operates. NextOre is a little less mature but is following a similar path and we anticipate that it will pass the inflection point of moving to profitable trading in the very near future.

Overall we believe both companies are well on track to be material participants in their respective markets and highly profitable. It has also been pleasing to see that this view is now being recognised by a broader suite of investors, with recent equity issues by both companies being well supported at prices which underpin the value we have ascribed to the holdings in the Group accounts at 30 June 2019.

We anticipate that there remains substantial value growth for RFC Ambrian Group in the continued holding of these investment positions and also with some other investments in our portfolio which are at an earlier stage of development.

With regards to our advisory business, resource sector corporate finance and broking operations across the industry appear to have experienced one of the poorer years in recent times. Overall resource sector transaction volumes have been down significantly from those which had been experienced in recent years and the improvement we had believed we were seeing the green shoots of 12 months ago was far slower than we had anticipated.

Historically the Group's advisory business profits have been driven by the successful closure of 2 or 3 substantial client transactions during each year, resulting in substantial transaction fees to complement progress fees we earn in the form of retainers and milestone fees. These 2 or 3 completed transactions typically emerge from a pool of 15-20 transactions which start and progress through the evaluation stage with a view to proceeding to execution and then completion. Overall we did not have as many transactions commence during the year as we have normally generated and unfortunately none of the transactions we commenced went the full distance to a close which generated a material transaction fee.

I'm pleased to report, however, that over the past 2 to 3 months activity levels in the sector seem to have improved materially and our work generation has seen a similar improvement such that at the time of writing this report, our work book is the highest it has been for some time.

The Directors are presently optimistic that the fortunes of the advisory business have turned positively and that we will see a return to profitability of the advisory business during the year to 30 June 2020.

The core management and staff within the Group remain broadly unchanged throughout the year with the exception of one of our Corporate Finance Directors, Indra Ruthramoorthy electing not to rejoin us following a second term of maternity leave. Indra had been with us for over a decade and whilst we understand and are supportive of her decision it is nonetheless disappointing that we have lost such a valuable member of our senior group.

As with all people businesses though we do expect a degree of turnover and we are currently seeking to recruit some new personnel into our advisory business to meet the growing demand we have for our services.

Overall for the year RFC Ambrian Group Limited recorded a loss after tax attributable to members of $1.1 million and the total equity at 30 June 2019 stood at A$21.7 million.

Not our best year by a long way but our balance sheet position remains strong and with the increased activity in the advisory business and the promising signs for our core investment positions we believe that the result for the year to 30 June 2020 will be materially improved.

Rob Adamson
Executive Chairman

The relationships we have within the industry are as always of vital importance to us, and I would again like to thank our partners, clients and friends for the support we continue to receive and look forward to our continuing to work together.

GROUP DIRECTORS

Rob Adamson
Executive Chairman

BE (Mech) (UWA), BE Hons (Ag) (Melb), MBA (AGSM)

After starting his career with Anglo American, Rob joined RFC Ambrian's predecessor firm Resource Finance Corporation during 1990, rising to Managing Director.

In 2001 he led a management buy-out by the current management team and is now the Executive Chairman of the Group. He has been involved in numerous transactions in the mining, oil and gas and related industry sectors, and has extensive knowledge of the resources sector. He has also led numerous company-wide asset reviews, and has provided strategic advice to CEOs and boards.

Rob has worked in multiple jurisdictions, including Australia, Africa, South America, the US, Canada and Asia, and has an extensive global network of friends and contacts in the resources sector.

Stephen Allen
Managing Director
Corporate Finance & Broking

FCA (England & Wales) CA (Aust & NZ)

Stephen joined RFC Ambrian's predecessor firm Resource Finance Corporation in 2000 and was part of the 2001 management buy-out group.

He has over 25 years' senior level experience in resource sector corporate finance, during which he has developed a global network of business relationships.

During his career, Stephen has worked internationally with companies and entrepreneurs in the precious metals, base metals, bulk commodities and energy sectors on strategic matters and transactions, with many of the deals completed involving cross-border issues.

Stephen Weir
Managing Director
Funds Management

BE Hons (Mech) (Melb), GDipAppFin (SIA)

Stephen joined RFC Ambrian's predecessor firm Resource Finance Corporation in 1999 and was part of the 2001 management buy-out group.

He has over 30 years of project and corporate finance experience and has built an extensive senior business network over this period. He began his career as an engineer, managing the delivery of large, complex resource and power projects.

Stephen's advisory roles with RFC Ambrian have included private and public equity capital raisings (ASX and AIM), trade sales and off- market acquisitions, company re-structurings, project valuations and public markets' M&A in the mining, oil and gas and associated infrastructure and service sectors.

ADDITIONAL SENIOR MANAGERS

Andrew Thomson
Executive Director
Corporate Finance

BE (Mining) (UniSA), LLB (Macquarie)
GDipAppFin (FINSIA)

Andrew joined RFC Ambrian in 2007 and has over 20 years' experience in the mining industry.

Earlier in his career Andrew undertook a number of mining engineering roles across a broad range of activities, projects and commodities, spanning operational, planning and consulting environments with MacMahon, Rio Tinto, Snowden Mining Consultants and BHP Billiton.

At RFC Ambrian Andrew has been involved in a range of corporate advisory mandates, including M&A, divestments and capital raisings, as well as advising on matters of strategy and development, where his well-rounded technical expertise in mining provides an enhanced project analysis capability.

Charlie Cryer
Head of Corporate Broking

BEng (Mining) (Leeds), PostDip (Environmental Science) (Brunel)

Since his early stints in the oil & gas and mining sectors in the North Sea and Western Australia respectively, Charlie has worked in international financial markets.

He first worked as a research analyst covering precious metals, and then latterly as an emerging market equity salesman with a natural resources specialism, covering the leading UK and European investors on both global emerging markets and the EMEA (Europe, Middle East and Africa) region.

These included leading financial institutions from Japan, the US, Canada and South Africa.

OPERATIONS REPORT

2018/9 was a mixed year for RFC Ambrian with investment activities being positive however the difficult market for advisory services has impacted us.

Corporate Finance and Corporate Broking Advisory

2018/9 did not live up to our early expectations in terms of improved market conditions for transactions in the resources industry. Notably, other than in the gold sector, capital supply has remained tight and overall transaction volumes have been substantially lower than has been the case over recent years. Our corporate advisory and corporate broking operations have been substantially affected by this with fees for the year being significantly down on those in recent years.

We have maintained the business operational level in all three offices in Sydney, Perth and London though, so as to be fully equipped to respond to improved conditions as will inevitably eventuate. Indeed at the time of writing this report the market conditions are showing very strong signs of having improved with our work book now very full on active fee-paying deals.

The market conditions were such that a number of jobs which we had in progress at 30 June 2018 which we anticipated would successfully close did not proceed as we had foreseen. This resulted in write off of some work in progress brought forward which exacerbated the issues for the 2018/9 year and led to us recording our first loss on the advisory business operations in over a decade.

We are anticipating that the result for 2019/20 will be markedly improved and are presently seeking to add some quality people to our Australian offices in order to service the increasing client demand for our service.

As highlighted in the Executive Chairman's Report, typically our advisory business profits have been driven by the successful closure of 2 or 3 substantial client transactions during each year, resulting in substantial transaction fees to complement progress fees we earn in the form of retainers and milestone fees. These 2 or 3 completed transactions typically emerge from a pool of 15-20 transactions which start and progress through the evaluation stage with a view to proceeding to execution and then completion.

Unfortunately we did not get any of these larger fee transactions closed during 2018/9. The current year is however looking like returning to the norm in terms of us earning substantial transaction fees on 2 plus client mandates.

Investments

Throughout the year we have continued to dedicate considerable resources to progressing the Chrysos Corporation and NextOre businesses which are both at the advanced stage of commercialising technologies developed by the leading Australian scientific organisation, CSIRO.

At the time of writing this report both companies are well on track to be material participants in their respective markets and highly profitable. Both have recently completed equity issues to advance their operations at prices which demonstrate substantial capital growth will be achieved by RFC Ambrian.

Our view is that there is significant further capital growth to be achieved by us on these investment positions as the businesses operated by both these companies mature further. We have also taken entry positions in a number of emerging resources sector companies which we believe demonstrate substantial promise for capital gains over the next two to three years.

People

During the course of the year we made some management changes with Rob Adamson moving into the role of Executive Chairman of the Group with a focus on the management of our successful investment portfolio, Stephen Allen stepping into the position of Managing Director of the advisory business and Stephen Weir taking on the role of the funds management business which we have advanced further during the year. Rob Adamson and Stephen Weir are continuing to have operational Director roles within the advisory business as well as their new specialist roles and this is expected to continue over the next few years.

At the end of the year we have a total staff complement in the range of 20-30 spread over the three offices and we expect that this will continue to be the range for the foreseeable future. As noted earlier we are presently looking to add some quality people to our Australian offices and we remain focused on developing and retaining high quality staff.

RFC Ambrian has now been in business for over 35 years. Initially under the leadership of the founder Roger Massey-Green and since 2001 under the current Executive Chairman, Rob Adamson.

Over this time there has developed an ever-growing pool of alumni in very senior executive or entrepreneurial roles with whom we retain strong relationships and in late 2018 we got many of them together for a very enjoyable evening in Sydney.

Landmarks in terms of our people during the year included Rob Adamson and Stephen Weir achieving 30 years and 20 years of service respectively.

Funds Management

Throughout the year we have continued our progress with the Basic Industries Venture Fund ("BIVF") and the Osborne Infrastructure Fund.

Basic Industries Venture Fund

As we noted last year, there is a gap in the funding landscape for companies developing innovative technologies in metals and minerals, agriculture, manufacturing, chemicals processing and oil and gas. This is despite Australia being a world leader in the development of innovation in these sectors, particularly in mining. In minerals exploration, mining systems and methods, processing, environmental management we are outstanding innovators.

To facilitate the green energy revolution, and the move to reduce greenhouse gas emissions, over the next 20 years the world we will likely require as much copper produced, as has been produced in all of time. This at a time when copper deposits are
facing declining grades, aging mines and depleting resources.

We will also need to discover and mine more cobalt, lithium, nickel and rare earths. Extractive industries are critical to the green economy.

This is one of clean technologies' dirty secrets or unintended consequences that is often downplayed. Another unintended consequence, is that the problem is often moved elsewhere – out of sight; very dirty power in third world counties used to build batteries can result net carbon footprint over the lifecycle of a car increasing; the production of permanent magnets from rare earths produces radioactive waste; there are many examples.

In our opinion the move to a more sustainable economy should look to reduce humankind's overall environmental footprint on a per capita basis. This includes greenhouse gases, radioactive waste, plastics, energy use and water consumption. This is where Australia can have an impact on a global basis. We have deep experience and competitive advantages in heavy industries – we are leaders in mining innovation.

This is the purpose of the BIVF, it is to transform more of the good science and technical innovation developed in Australia, to make it impactful and meaningful. It is to make a difference and to build commercially successful businesses.

It will incubate and fund targeted basic industry technologies which can materially reduce humankind's environmental impact on a per capita basis. It is playing to Australia's competitive advantage.

Did We Make Progress During the Year?

We did make progress during the year, albeit at a much slower pace than we would have liked. In part it was due to investors and partners wanting to follow and understand our track record with our incubated technology companies Chrysos Corporation and NextOre. As noted earlier in the Annual Report, both companies made significant steps towards becoming successful large businesses:

- Chrysos had its first profitable year;
- The Chrysos fund raising late in the year to fund growth was completed at 10 times the initial raising price and was significantly oversubscribed;
- NextOre completed a full-scale operation trial with the plan performing better than originally expected; and
- NextOre now has test facilities and several tier one mines.

Our successful track record in commercialisation led to an approach from the US Department of Energy's National Renewable Energy Laboratory

("NREL"). This led to the formation of a partnership to establish a Science Incubator synergistic to the Innovation Fund.

This will draw upon NREL's IP and success with the IN2 and GCxN Innovation Incubator programs (funded by Shell and Wells Fargo).

We now have a successful five-year working relationship with CSIRO, successfully commercialising technologies developed by CSIRO (and now housed in Chrysos and NextOre). We are hopefully that of them to becoming the second lead science partner. This is subject to a major transaction committee approval in February 2020.

The funding allocation within the BVIF will fall into three buckets which are summarised and illustrated below. The fund will be structured as an Early Stage Venture Capital Limited Partnership, which has the benefit of certain tax concessions in Australia.

Our intention is to have several leading Australian Universities join the BVIF as Science and channel partners.

Our success with Chrysos and NextOre led to many approaches from Universities looking for assistance in commercialising good basic industries science and these are presently being progressed further.

Science Incubator	First Customer Investment	Early Growth Investment
TRL 2 – 5	TRL 3 – 6	TRL 7+
✓ Grant funding in small quantum ✓ Collaboration with Science Partners ✓ RFCA commercial guidance ✓ Insight from Innovation Partners ✓ Innovation Partners may participate in development of MVP and beta testing in live environments	✓ Significant resources dedicated to clearing commercial hurdles ✓ Tidy up company, management team, etc. ✓ Science Partner continued support ✓ Pursue strategic partners for manufacturing, trials, qualifications	✓ Strategic investment of fund capital ✓ Support commercialisation and increase customer base ✓ Additional capital for growth may be available
Complete MVP; prepare for in-field trials; basic investor needs satisfied	Key commercial hurdles; focus on first customer	Leverage operational success to win new clients and gain wider acceptance
10% Innovation Partner capital allocated	90% Innovation Partner capital allocated	

We have started discussions with Innovation partners and have initially focused on large resource and trading companies that are likely be significant beneficiaries of the technology and innovation we plan to invest in. As our recent investments have shown, there are significant financial benefits for minerals and investors, while at the same time reducing environmental impact. An all-round win-win, that fits with most corporate's sustainability corporate objectives. Our objective is to have the fund operational before financial year end.

Osborne Infrastructure Fund

The Osborne Infrastructure Fund is a funds management business owned 50% by RFC Ambrian with the balance owned by Greg Osborne. The Fund intends to become a mid-market infrastructure fund investing across Australia and developed Asia. It aims to:

- target and invest in middle market infrastructure businesses in Australia and developed Asia, where deal flow is stronger, competition from buyers is lower and returns are higher;
- hold portfolio balanced weightings in power and renewables, energy, transportation, utilities, water and communications; and
- seek exposure to projects that demonstrate growth and value propositions.

The Fund will benefit from RFC Ambrian's contacts and network which has historically generated infrastructure investment opportunities that are outside the mainstream infrastructure market and tend to be less contested.

During the year it became apparent that Australian institutional investors including industry superannuation funds in particular, were unlikely to support the Fund without having existing assets already under management and a current track record.

In response Osborne Infrastructure Fund adjusted its strategy and decided to search for existing assets to acquire, and then raise funds to complete the acquisition. In December 2019 we signed an exclusivity agreement with an international fund manager to acquire two energy assets with a combined value of approximately $100m. Due diligence has commenced on the assets and an offshore infrastructure fund has expressed serious interest in funding the transaction. These assets are to form the basis of Osborne Infrastructure Fund and it intends to manage them under a discretionary mandate. We intend closing the transactions this financial year and will then focus on growing the business through further fund raising and asset acquisition opportunities

INVESTMENT HIGHLIGHTS

During the commodity cycle downturn between 2012 and 2016, RFC Ambrian began to look outside its normal operations for promising long- term opportunities within and related to natural resources, through seed investment or sponsorship. As detailed in the Executive Chairman's Report, some of these began to generate significant returns for the company over the last fiscal year.

Since 2016 RFC Ambrian has worked in partnership with CSIRO, an independent Australian federal government agency responsible for scientific research, on the commercialisation of CSIRO-developed technologies for the mining and mineral processing sectors. Initially appointed as corporate advisers to raise capital for Chrysos Corporation and the commercialisation of its photon assay technology, RFC Ambrian quickly recognised its groundbreaking nature. Increasingly we have become more deeply involved by becoming significant shareholders, assisting with aspects of management, strategic and commercial considerations, and industry relations.

In 2017 we used the Chrysos experience as a guide in advancing NextOre, the commercialisation vehicle for CSIRO's on-belt magnetic resonance sensing and sorting technology. Here we provide details on some of our latest developments, with case studies looking more closely at specific partnerships.

Early-stage Innovation Funds

Funding Gap

It has become apparent that the current framework of venture capital and investment funds is ill-equipped to support the development of early-stage innovative businesses in these basic industries.

RFC Ambrian believes that a significant gap exists in the Australian funding landscape for companies developing innovative technologies in metals and minerals, agriculture, manufacturing, chemical processing and oil and gas. This is demonstrated in the following industry data that shows that only a tiny portion of venture capital funds invested in Australia is invested in these industries.

Proposed Basic Industries Innovation Fund

Our proposed Basic Industries Innovation Fund demonstrates our belief that, together with CSIRO, we can echo the model pioneered with Chrysos and NextOre to foster innovation and fill a void in the Australian funding landscape. The fund as contemplated would be focused on basic industries, targeting investments in innovative technologies that face corporate, technical and practical barriers to industry acceptance and implementation.

Criteria and Strategy

Two-stage Investment Strategy

Initial rounds of funding will assist the company in overcoming commercial or practical hurdles to achieve full-scale industrial proof of concept:

- 15-20 first round investments
- A$1-10 million per investment

Subsequent investment will assist the company, which now has a proven product, during its early growth period to meet increasing market demand by supplying working capital for manufacturing and support, along with an increase in employees and facilities:

- 7-10 second round investments
- A$20-30 million per investment

Key Items

Capital Structure — Flexibility to structure investments as equity, debt or some combination depending on specific circumstances of individual investments

Funding — The purpose of the fund (to invest in innovation and basic industries) is expected to resonate strongly with investors having academic and industry links

Case Study - Osborne Infrastructure Fund

RFC Ambrian has partnered with Greg Osborne and AFM Investment Partners to set up the Osborne Infrastructure Fund. Greg has over 30 years of experience managing and advising infrastructure funds in excess of A$5 billion, with a track record of delivering superior returns. He was previously CEO at Macquarie Specialised Asset Management, with responsibility for numerous funds. AFM is an independent financial services company representing asset managers in the Australian and New Zealand institutional markets.

The fund is aiming to address the minimal competition and interrelated ownership among Australian fund managers, industry super funds and asset consultants; the related party structures and lack of independence within the industry has resulted in 'club like' behaviour. Furthermore, funds are often simply too large to engage in mid-market opportunities, meaning that there are insufficient alternatives and co-investment opportunities available to large industry investors.

The aims are to:

- Establish a mid-market infrastructure fund
- Limit size to prevent compromising investor returns through the imperative to deploy funds
- Engage in active asset management by exercising board representation rights to influence the board and asset management
- Ensure transparent relationship between investors and the fund manager through appropriate direct and tailored reporting
- Allow high level of investor participation, including Advisory Committee representation rights
- Provide co-investment opportunities

The fund aims to provide the ability to originate opportunities fundamental to building a successful infrastructure portfolio, along with access to constant and varied transactions, allowing fund managers to be selective. It will promote the development of a diversified, well-planned and high-calibre portfolio.

Approach

The plan is to target middle-market, long-life infrastructure assets in Australia, Hong Kong, Japan, New Zealand, Singapore and South Korea. It will utilise the fund manager's network and reputation to source less-contested assets, while avoiding large-scale, highly bid and contested assets.

Case Study — Chrysos Corporation

The inherent risk aversion of basic industries such as mining may have inadvertently resulted in a large pool of high-value technologies seeking intelligent application. As an example, Chrysos' photon assay technology is arguably one of the first significant technological advancements for gold assaying in thousands of years, with 'fire assay', the global standard in determining a sample's gold content, dating back as far as the twenty-fifth century BC

OUR VALUES

Environmental, Social and Governance Principles

RFC Ambrian has always maintained strong environmental, social and corporate governance ('ESG') principles in all of its activities. It is fundamental to maintaining our position as a leading independent adviser and investor in the natural resources space. We are committed to investing and partnering with companies that not only share our principles, but also demonstrate a history of strict legal compliance, local community engagement and sustainability practices.
We believe embedding ESG practices throughout our business assists us to deliver superior results and provides our clients with comfort.

Our principles reflect the values of our organisation; values, of course, must underlie any entity.

For the most part, these are simply what should be done in everyday life: show respect for each other (ie, the clients and communities we interact with); demonstrate empathy for those that you deal with; and always maintain integrity in your dealings with others.

Governance and Compliance

We maintain strict compliance with domestic and international corporate governance standards and seek to invest and partner with companies that adhere to those standards. These include: ethical and responsible decision making; compliance with anti-bribery and corruption rules and regulations; a strong foundation for management and oversight; structures to safeguard financial reporting; respect the rights of all stakeholders; fair remuneration to employees; and promotion of inclusivity and diversity, including through investing in training and educational programmes.

Health and Safety

A strong health and safety track record is crucial to the long-term success of a business. We invest and partner with companies that: implement a systematic and positive approach to health and safety; fully comply with relevant laws and regulations and are proactive about applying standards where legal requirements do not exist; ensure safety training is sufficient at all levels; promote health and safety awareness and maintain a supportive culture; and monitor, report and accurately disclose health and safety performance.

Environment and Sustainability

It is important that the activities of those we engage with are monitored and managed so that their impact on the environment is minimised and the natural long-term health of the area is protected.

We invest and partner with companies that: maintain a robust environmental risk management plan; employ market-leading environmental standards; apply robust science to their approach; ensure materials, energy and resources are used efficiently; minimise use of hazardous and environmentally harmful materials and have contingency plans in the event of containment failure; monitor, report and accurately disclose environmental and sustainability performance; and actively seek to improve environmental and sustainability performance.

Community Engagement

We expect companies we engage with to develop meaningful relationships and social programmes with communities associated with their operations. We invest and partner with companies that: maintain an open dialogue with affected communities; create shared value through community and social investment; seek to maximise local engagement in operations; demonstrate an awareness of cultural sensitives and respect for local customs and rights; and engage with community leaders and local authorities to ensure any development plans have input from relevant stakeholders

RFC Ambrian

RFC Ambrian Group Limited and Controlled Entities

ABN 98 096 493 588

Financial Report for the year ended 30 June 2019

Contents

Directors' Report

The Directors present their report on RFC Ambrian Group Limited (the "Company") and its controlled entities (together the "Economic Entity") for the financial year ended 30 June 2019.

Directors

The following persons were Directors of the Company during the financial year and up to the date of this report:

- Robert HR Adamson
- Stephen C Allen
- Stephen R Weir

Principal Activity

The principal activity of the Economic Entity during the financial year was the provision of corporate advisory services and investment.

Operating Results

The Economic Entity recorded a loss after tax attributable to Equity Holders of the Company for the year ended 30 June 2019 of $1,072,688. For the previous year the Economic Entity recorded a profit attributable to Equity Holders of the Company of $16,710,707.

Significant Changes in State of Affairs

There were no significant changes to the Company's state of affairs during the financial year.

Dividends Paid or Declared

No dividends were paid during the year.

Events After the Balance Sheet Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Economic Entity, the results of those operations, or the state of affairs of the Economic Entity in future financial years.

Future Developments

The Economic Entity expects to continue operations in future financial years in the same manner as it is currently operating.

Environmental Reporting

The Economic Entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Information on Directors and Secretary in office at the date of this report

Robert Henry Richard Adamson

Qualifications: BE (Mechanical) (UWA); BE Hons (Ag) (Melb); MBA (AGSM)

Experience: Rob has over 30 years professional experience, including 27 years in corporate advisory and investment with RFC Ambrian group companies. Rob previously worked with Anglo American Corporation in South Africa. Rob is Executive Chairman of RFC Ambrian Group Limited, and also a Director of the following group companies: RFC Ambrian Limited (incorporated in Australia), RFC Ambrian Limited (incorporated in England), Alchemy Securities Pty Ltd and Copper Technology Limited. Rob is also the Chairman of resource sector technology companies Chrysos Corporation Limited and NextOre Pty Ltd. The Economic Entity is a substantial shareholder in both of these companies.

Stephen Charles Allen

Qualifications: FCA (England & Wales), CA (Aust & NZ)

Experience: Stephen has approximately 26 years of corporate finance experience including the last 19 years with RFC Ambrian. His focus is advising both ASX and AIM listed resource companies on matters ranging from IPOs, secondary capital issues, restructures, mergers and takeovers. Stephen is also a Director of the following group companies: RFC Ambrian Limited (incorporated in Australia), RFC Ambrian Limited (incorporated in England), Alchemy Securities Pty Ltd and Copper Technology Limited.

Stephen Robert Weir

Qualifications: BE Hons (Mech) (Melb), GDipAppFin (SIA)

Experience: Stephen has over 35 years project management, commercial and investment banking experience, including senior project and line management positions with John Holland Engineering and Brambles. Prior to joining the RFC organisation in 1999, Stephen worked within the Global Metals & Mining Group at Bankers Trust where he specialised in originating and arranging structured and project finance transactions for resource industry clients. Recently Stephen has focused on RFC's Industrial business and has advised a number of clients on matters ranging from divestments, restructurings and capital raisings. He is also a Director of the following group companies: RFC Ambrian Limited (incorporated in Australia), and Alchemy Securities Pty Ltd.

Sophie Raven (Secretary)

Qualifications	BLaws, MAICD
Experience	Ms Raven is a corporate lawyer and company secretary, with extensive experience both in Australia and internationally, including as a corporate lawyer in Chile advising Australian and Canadian resources and drilling companies. Ms Raven has over 8 years' experience as a company secretary, holds a Bachelor of Laws from the University of Western Australia and is a member of the Australian Institute of Company Directors.

Meetings of Directors

During the financial year, 3 meetings of Directors were held. Attendances by each of the Directors during the year were:

	Number eligible to attend	Number attended
Robert HR Adamson	3	3
Stephen C Allen	3	3
Stephen R Weir	3	3

Indemnifying Officers or Auditor

The Economic Entity has, to the extent permitted by law, entered into agreements to indemnify its Directors and officers for all losses or liabilities incurred as an officer of the Economic Entity or a related company. This includes losses or liabilities incurred as an officer of a company where such office is held for the benefit of the RFC Ambrian Group.

The Economic Entity also maintains and pays for insurance against any liability incurred by its Directors or officers as officers of the Economic Entity or a related company including, but not limited to, a liability for negligence and for reasonable costs and expenses incurred in defending proceedings, whether civil or criminal and whatever their outcome. Premiums are paid on behalf of the Economic Entity by its parent. These contracts of insurance prevent disclosure of the amounts paid in premium for this insurance.

No claim has been made against or by the Economic Entity in relation to any such indemnities or insurance policies since the last Directors' report.

No indemnities have been given or insurance premium paid during or since the end of the financial year, for any person who is or has been an auditor of the company.

Proceedings on Behalf of the Economic Entity

No person has applied for leave of Court to bring proceedings on behalf of the Economic Entity or intervene in any proceedings to which the Economic Entity is a party for the purpose of taking responsibility on behalf of the Economic Entity for all or any part of those proceedings. The Economic Entity was not a party to any such proceedings during the financial year.

Directors' Report

Auditor's Independence Declaration

The auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 5.

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

RH ADAMSON
Director

SC ALLEN
Director

Dated 31 October 2019

Crowe Sydney
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Member of Crowe Global

Audit and Assurance Services

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31 October 2019

The Directors
RFC Ambrian Group Limited
Level 12, Gateway
1 Macquarie Place
Sydney, NSW 2000

Dear Board Members

RFC Ambrian Group 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 RFC Ambrian Group Limited.

As lead audit partner for the audit of the financial report of RFC Ambrian Group Limited for the financial year ended 30 June 2019, I declare that to the best of my knowledge and belief, that 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.

This declaration is in respect of RFC Ambrian Group Limited and the entities it controlled during the year.

Yours sincerely

Crowe Sydney

Crowe Sydney

T. Burns

Travas Burns
Partner

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.
Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Sydney, an affiliate of Findex (Aust) Pty Ltd. Liability limited by a scheme approved under Professional Standards Legislation.

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2019

	Note	Economic Entity	
		2019 $ '000	2018 $ '000
Revenue from continuing operations	2(b)	6,394	30,337
Employee benefit expenses		(4,036)	(4,578)
Occupancy expenses	2(a)	(1,335)	(1,316)
IT costs, telecoms & media expenses		(474)	(538)
Marketing expenses		(50)	(47)
Travel expenses		(156)	(256)
Insurance expenses		(91)	(90)
Depreciation	2(a)	(180)	(191)
Finance costs	2(a)	(106)	(53)
Bad debt expense		(63)	-
Unrealised losses on financial assets	2(a)	(501)	-
Other expenses		(454)	(495)
(Loss)/profit before income tax		(1,052)	22,773
Income tax expense	3	(20)	(6,063)
Net (loss)/profit after income tax for the year		(1,072)	16,710
Other comprehensive income *Items that may be reclassified subsequently to profit or loss*			
Foreign currency translation	19	81	150
Other comprehensive income for the year, net of tax		81	150
Total comprehensive (loss)/income for the year attributable to members of the Economic Entity		(991)	16,860

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

Statement of Financial Position as at 30 June 2019

	Note	Economic Entity	
		2019 $ '000	2018 $ '000
CURRENT ASSETS			
Cash and cash equivalents	16(a)	110	22
Trade and other receivables	5	503	277
Other assets	6	791	1,221
Financial assets at fair value through profit or loss	7	1,432	636
Security deposits	18	153	-
TOTAL CURRENT ASSETS		2,989	2,156
NON CURRENT ASSETS			
Financial assets at fair value through profit or loss	7	27,713	29,391
Security deposits	18	-	153
Plant and equipment	9	127	333
Deferred tax asset	10	1,224	479
TOTAL NON CURRENT ASSETS		29,064	30,356
TOTAL ASSETS		32,053	32,512
CURRENT LIABILITIES			
Trade and other payables	11	1,073	961
Borrowings	12	1,486	1,804
Provisions	13	416	449
TOTAL CURRENT LIABILITIES		2,975	3,214
NON CURRENT LIABILITIES			
Provisions	13	21	6
Deferred tax liability	14	7,400	6,640
TOTAL NON CURRENT LIABILITIES		7,421	6,646
TOTAL LIABILITIES		10,396	9,860
IET ASSETS		21,657	22,652
EQUITY			
Issued Capital	15	136	140
Retained earnings		21,251	22,323
Foreign currency translation reserve	19	270	189
TOTAL EQUITY		21,657	22,652

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

Statement of Changes in Equity for the year ended 30 June 2019

	Issued Capital $'000	Retained Earnings $'000	Foreign Currency Translation Reserve $'000	Total $'000
ECONOMIC ENTITY				
Balance at 30 June 2017	62	5,948	39	6,049
Total comprehensive income for the year				
Profit attributable to members of the Economy Entity	-	16,710	-	16,710
Other comprehensive income, net of tax	-	-	150	150
Total comprehensive income for the year	-	16,710	150	16,860
Transactions with owners in their capacity as owners				
Re-acquisition of shares	(3)	-	-	(3)
Contributions	81	-	-	81
Dividends paid	-	(335)	-	(335)
Transactions with owners in their capacity as owners	78	(335)	-	(257)
Balance at 30 June 2018	140	22,323	189	22,652
Total comprehensive income for the year				
(Loss) attributable to members of the Economy Entity	-	(1,072)	-	(1,072)
Other comprehensive income, net of tax	-	-	81	81
Total comprehensive loss for the year	-	(1,072)	81	(991)
Transactions with owners in their capacity as owners				
Re-acquisition of shares	(12)	-	-	(12)
Contributions	8	-	-	8
Transactions with owners in their capacity as owners	(4)	-	-	(4)
Balance at 30 June 2019	136	21,251	270	21,657

The above statement of changes in equity should be read in conjunction with the accompanying notes to the financial report

Statement of Cash Flows for the year ended 30 June 2019

	Note	Economic Entity 2019 $ '000	Economic Entity 2018 $ '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		4,242	7,883
Payments to suppliers and employees (inclusive of GST)		(6,559)	(8,554)
Interest received		4	3
Income tax received		(104)	(11)
Finance costs		(106)	(53)
Net cash (used in) by operating activities	16(b)	(2,523)	(732)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the sale of investments		3,000	71
Payments for investments		(63)	(1,313)
Payments for plant and equipment		(4)	(91)
Net cash provided by/(used in) investing activities		2,933	(1,333)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from borrowings		5	256
(Re-acquisition of)/contributions to shares		(4)	78
Payment of dividends		-	(335)
Net cash (used in) financing activities		1	(1)
Net Increase/(Decrease) in cash held		411	(2,066)
(Overdraft)/cash at beginning of financial year		(1,526)	540
Cash at the end of the financial year	16(a)	(1,115)	(1,526)

The above statement of cash flows should be read in conjunction with the accompanying notes to the financial report

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared to satisfy the financial report preparation requirements of the Corporations Act 2001. The Directors have determined that the Economic Entity is not a reporting entity.

RFC Ambrian Group Limited is a public company limited by shares, incorporated and domiciled in Australia.

The amounts contained in the financial report have been rounded to the nearest $1,000 (unless otherwise stated) pursuant to the option available under ASIC Class order 2016/191. The RFC Ambrian Group Limited is a company to which this class order applies.

Basis of Preparation

The report has been prepared in accordance with the requirements of the Corporations Act 2001, and the following applicable Australian Accounting Standards and Australian Accounting Interpretations:

AASB 101: Presentation of Financial Statements AASB 107: Statement of Cash Flows
AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors AASB 1048: Interpretation and Application of Standards
AASB 1054: Australian Additional Disclosures

No other Accounting Standards, Australian Accounting Interpretations or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets and financial assets and financial liabilities for which the fair value basis of accounting has been applied as for profit entities.

The following is a summary of the material accounting policies adopted by the Economic Entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Accounting Policies

(a) Principles of Consolidation

A controlled entity is any entity RFC Ambrian Group Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 8 to the financial statements. All controlled entities have a June financial year end.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

All inter-company balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the consolidated group during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

(b) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the reporting date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in profit and loss except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

RFC Ambrian Group Limited and its 100% Australian owned subsidiaries have formed a tax consolidated group. RFC Ambrian Group Limited, as the head company of the tax consolidated group, is responsible for recognising the current tax liabilities for the tax consolidated group.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(c) Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses. The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets.

Depreciation
The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Economic Entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation Rate
Furniture and fittings and leasehold improvements	7.5% - 20%
Office equipment	5% - 20%
Computer equipment	24% - 33%
Computer software	33% - 40%

(d) Financial Assets

Recognition

Financial assets are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured at the closing market price (on each relevant company's home exchange) at the end of the financial year. Unlisted securities are valued by Directors, unless otherwise noted. The gains or losses, whether realised or unrealised, are included in profit before income tax.

(e) 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 principle 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 interest. 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(f) Cash and Cash Equivalents

Cash and cash equivalents in the statement of cash flows include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(g) Revenue

Revenue from the provision of corporate advisory and fund management services is recognised upon the delivery of the service to the clients.

Underwriting fees are brought to account upon completion of the relevant transactions after allowing for all relevant expenses.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. All revenue is stated net of the amount of goods and services tax (GST).

(h) Goods and Services Tax (GST)

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

(i) Critical Accounting Estimates and Judgements

The preparation of a financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Investment Valuation

Investment securities listed on a stock exchange are valued at the last traded price in the market prior to the date of the accounts. Options to subscribe for shares in companies listed on stock exchanges for which the options themselves are not listed are valued at their in the money value based on the last traded price of the optioned shares in the market prior to the date of the accounts. The Directors' view being that the nature of the Group's investment in these types of securities is such that it would be imprudent to recognise any time value. Interests in unlisted companies are recorded at Directors valuations.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

Recovery of deferred tax assets

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

Long service leave provision

As discussed in note 1(o), the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods affected.

Useful lives of assets

The entity determines the useful lives and related depreciation for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or other events. The depreciation charge will increase where the useful lives are less than previously estimated lives.

(j) Current and non-current classification

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

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve 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 twelve months after the reporting period. All other assets are classified as non-current.

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

Deferred tax assets and liabilities are always classified as non-current.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(k) Leases

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

(l) Trade Receivables

Trade receivables are recognised at original invoice amounts less an allowance for uncollectible amounts and have repayment terms between 30 and 90 days. Collectability of trade receivables is assessed based on expected credit losses. Debts which are known to be uncollectible are written off. An allowance is made for doubtful debts where there is objective evidence that the entity will not be able to collect all amounts due according to the original terms. Objective evidence of impairment include financial difficulties of the debtor, default payments or debts more than 90 days overdue. On confirmation that the trade receivable will not be collectible the gross carrying value of the asset is written off against the associated provision.

(m) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the entity prior to the year end and which are unpaid. These amounts are unsecured and have 30-60 day payment terms.

(n) Wages and Salaries, and Annual Leave

Liabilities for wages and salaries, and annual leave expected to be settled within 12 months of the end of the reporting period are recognised in other liabilities in respect of employees' services rendered up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled.

(o) Provisions

Long Service Leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Employee Benefits

The employee benefits provision relates to staff bonuses. The group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(p) 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.

(q) Dividends

Dividends are recognised when declared during the financial year.

(r) Foreign currency translation

The consolidated financial statements are presented in Australian dollars (AUD), which is also the functional currency of the parent company.

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year end exchange rates are recognised in profit or loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not translated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the AUD (the Group's presentation currency) are translated into AUD upon consolidation. The functional currency of the entities in the Group have remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into AUD at the closing rate at the reporting date. Income and expenses have been translated into the Group's presentation currency at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into AUD at the closing rate.

(s) 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 20.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(t) Accounting Standards Issued But Not Yet Effective

Australian Accounting Standards and Interpretations that have recently been issued or amended, which includes AASB 16 Leases, but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2019. The company has not yet assessed the impact of these new or amended accounting standards and interpretations, however, there is unlikely to be an impact. AASB 16 is effective for the year ended 30 June 2020, with an expected minimal impact.

(u) Comparative Figures

Where required by accounting standards, the reclassification of comparatives has been performed in order to conform to the changes in presentation for the current financial year.

	Economic Entity	
	2019	2018
	$ '000	$ '000
NOTE 2: PROFIT/(LOSS) FOR THE YEAR		
Profit/(Loss) before income tax has been determined after:		
(a) Expenses		
Occupancy expenses	1,335	1,316
Unrealised losses on on financial assets	501	-
Depreciation of property, plant and equipment	180	191
Finance costs	106	53
Remuneration of auditor:		
audit	55	54
other services - tax compliance	6	6
(b) Revenue		
Advisory fees	3,990	6,134
Interest income	4	3
Realised gains/(losses) on sale of financial assets	2,400	(196)
Unrealised gains on financial assets	-	24,398
(Losses)/gains recognised on foreign currency	-	(2)
	6,394	30,337

	Economic Entity	
	2019	2018
	$ '000	$ '000
NOTE 3: INCOME TAX (BENEFIT)/EXPENSE		
The components of tax (benefit)/expense comprise:		
Current tax	(334)	(31)
Deferred tax	314	6,094
	(20)	6,063
The prima facie tax on profit before tax is reconciled to actual income tax as follows:		
Prima facie tax payable on (loss)/profit before income tax at 27.5% (2018: 27.5%)	(289)	6,263
Add/(deduct) tax effect of:		
Difference of tax rates of subsidiaries operating in other jurisdictions	214	110
Effect of rate change on opening balance	52	(10)
Non deductible expense	3	39
(Benefit)/loss arising from tax losses not previously recognised	-	(339)
Income tax (benefit)/expense	(20)	6,063
NOTE 4: DIVIDENDS		
Paid or declared during the financial year	-	335
Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and franking credits that may be prevented from distribution in subsequent financial years.	332	332

	Economic Entity	
	2019	2018
	$ '000	$ '000

NOTE 5: TRADE AND OTHER RECEIVABLES

CURRENT

Trade debtors	432	229
Other debtors - staff	13	10
Current tax	30	30
Sundry debtors	28	8
	503	277

NOTE 6: OTHER ASSETS (CURRENT)

Prepayments	157	126
Contract assets (work in progress)	634	1,095
	791	1,221

	Economic Entity	
	2019 $ '000	2018 $ '000
NOTE 7: FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
CURRENT		
Listed securities in corporations at market value	1	-
Unlisted securities and options in corporations at Directors' valuation	1,431	636
	1,432	636
NON CURRENT		
Unlisted securities and options in corporations at Directors' valuation	27,713	29,391
	27,713	29,391
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	29,145	30,027
Reconciliation of financial assets at the beginning and end of the financial year are set out below:		
Opening value	30,027	6,008
Additions	184	538
Disposals	(3,000)	(852)
Revalution during period	1,934	24,333
	29,145	30,027

NOTE 8: CONTROLLED ENTITIES

Operating

Subsidiary:	Alchemy Securities Pty Ltd	Subsidiary:	RFC Ambrian Limited
Country of incorporation	Australia	Country of incorporation	Australia
Percentage owned	100%	Percentage owned	100%
Subsidiary:	Copper Technology Pty Ltd	Subsidiary:	RFC Ambrian Limited
Country of incorporation	Australia	Country of incorporation	England
Percentage owned	100%	Percentage owned	100%

	Economic Entity	
	2019 $ '000	2018 $ '000
NOTE 9: PLANT & EQUIPMENT		
Furniture and fittings at cost	210	210
Less accumulated depreciation	(159)	(111)
	51	99
Office equipment at cost	124	124
Less accumulated depreciation	(109)	(93)
	15	31
Computer equipment at cost	243	239
Less accumulated depreciation	(222)	(196)
	21	43
Computer software at cost	67	67
Less accumulated depreciation	(64)	(60)
	3	7
Leasehold improvements at cost	750	750
Less accumulated depreciation	(713)	(597)
	37	153
Total Plant and Equipment	127	333

	Economic Entity	
	2019 $ '000	2018 $ '000
NOTE 10: TAX ASSETS		
Deferred tax assets (non-current)	1,224	479
NOTE 11: TRADE AND OTHER PAYABLES (CURRENT)		
Trade creditors	376	256
Lease Incentive	33	67
Prepaid income	-	163
Other creditors and accruals	664	475
	1,073	961
NOTE 12: BORROWINGS (CURRENT)		
Director loans	261	256
Bank overdraft	1,225	1,548
	1,486	1,804

As security over the company's bank overdraft, the Commonwealth Bank of Australia has a first registered charge granted by RFC Ambrian Group Limited over the whole of its assets and undertakings including uncalled capital. The overdraft limit at 30 June 2019 was $1,250,000 with interest rate of 6.71% (2018: $1,550,000 interest rate of 6.96%).

	Economic Entity	
	2019	2018
	$ '000	$ '000

NOTE 13: PROVISIONS

CURRENT

Annual leave provision	172	175
Long service leave provision	244	274
	416	449

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued annual leave provided or require payment within the next 12 months to the sum of $80,000 (2018: $80,000).

Included below are amounts that reflect leave that is not expected to be taken with the next 12 months

NON CURRENT

Long service leave provision	21	6

	Economic Entity	
	2019 $ '000	2018 $ '000
NOTE 14: TAX LIABILITIES		
Deferred tax liabilities (non-current)	7,400	6,640
NOTE 15: ISSUED CAPITAL		
7,160 ordinary shares (2018: 7,160 shares)	136	140

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Periodically the Company makes loans to selected subscribers for new shares in the Company. The recourse on these loans is limited to the shares and as such the Company does not recognise the debtor at the time of issue of the shares but accounts for the equity issuance on receipt of loan repayments. At 30 June 2019 a total of $681,952 (2018: $461,369) was repayable to the company through limited recourse loans of this nature which are not recognised as a debtor in the accounts.

At 30 June 2019, 315 of the 7,160 shares on issue were held by the Company as treasury shares (2018: 470).

	Economic Entity	
	2019 $ '000	2018 $ '000

NOTE 16: THE STATEMENT OF CASH FLOWS

(a) Reconciliation to statement of cash flows

Cash at the end of the financial year in the statement of cash flows is reconciled to items in the balance sheet as follows:

Cash and cash equivalents	110	22
Bank overdraft	(1,225)	(1,548)
	(1,115)	(1,526)

(b) Reconciliation of cash flow from operations with (loss)/profit after income tax

(Loss)/Profit after income tax	(1,072)	16,710
Non-cash flows in profit:		
Depreciation	180	191
Unrealised losses/(gains) on financial assets	501	(24,398)
Realised (gains)/losses on financial assets	(2,400)	196
Changes in assets and liabilities:		
(Increase)/decrease in receivables	(226)	773
Decrease in other assets	430	220
(Decrease) in payables & accruals	112	(89)
(Decrease) in employee provisions	(18)	(566)
(Decrease)/increase in deferred income tax	(15)	6,081
(Decrease)/increase in foreign currency movement	(15)	150
Cash flow used in operations	(2,523)	(732)

	Economic Entity	
	2019	2018
	$ '000	$ '000

NOTE 17: CAPITAL AND LEASING COMMITMENTS

Office premises leases:		
Due within 12 months	583	831
Due within 1-2 years	-	932
Due within 2-5 years	-	253
	583	2,016

The Company (and Economic Entity) has two property leases (one for Sydney offices and one for Perth offices) with rent payable monthly in advance on Sydney and Perth. The Sydney lease expires on 29 June 2020 and the Perth lease on 30 June 2020.

NOTE 18: CONTINGENT LIABILITIES

Guarantees to the Commonwealth Bank of Australia Limited arising in relation to:

Security Deposit - secured - letter of set-off	153	153
	153	153

These contingent liabilities are covered by cash security deposits of $153,300 (2018: $153,300) which are not included in the cash at bank amount in the statement of financial position.

	Economic Entity	
	2019	2018
	$ '000	$ '000

NOTE 19: FOREIGN CURRENCY TRANSLATION RESERVE

Balance at beginning of year	189	39
Exchange differences arising on translating the net assets of foreign operations	81	150
Balance at end of year	270	189

Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Australian dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

NOTE 20: PARENT ENTITY INFORMATION

The following information relates to the parent entity, RFC Ambrian Group Limited. The information presented has been prepared using accounting policies that are consistent with those presented in Note 1.

	Parent Entity	
	2019	2018
	$ '000	$ '000
Current assets	3,323	4,718
Non-current assets	3,261	3,296
Total assets	6,584	8,014
Current liabilities	3,556	5,072
Non-current liabilities	21	269
Total liabilities	3,577	5,341
Issued Capital	136	140
Retained earnings	2,872	2,533
Total equity	3,008	2,673
Profit for the year	339	1,605
Total comprehensive income for the year	339	1,605

Guarantees in relation to subsidiaries

RFC Ambrian Group Limited has guaranteed the security deposits of subsidiaries amounting to $153,300 (2018: $153,300).

Contingent liabilities

RFC Ambrian Group Limited has no contingent liabilities other than those disclosed in Note 18.

	Parent Entity	
	2019	2018
	$ '000	$ '000

NOTE 20: PARENT ENTITY INFORMATION (Cont.)

Capital and Leasing Commitments

RFC Ambrian Group Limited has the following contractual commitments.

Office premises leases:		
Due within 12 months	583	560
Due within 1-2 years	-	582
	583	1,142

NOTE 21: EVENTS AFTER THE REPORTING DATE

No matter or circumstance has arisen which is not otherwise dealt with in this report or the financial statements since the end of the year that has significantly affected, or may significantly affect, the operations of the Economic Entity, the results of these operations, or the state of affairs of the Economic Entity in subsequent financial years.

NOTE 22: COMPANY DETAILS

The registered office and principal place of business of the Company
is: RFC Ambrian Group Limited
Level 12, Gateway
1 Macquarie Place
SYDNEY NSW 2000

Declaration by Directors

The Directors have determined that the consolidated entity is not a reporting entity and that these special purpose financial statements should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The Directors of the company declare that:

1. The financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and accompanying notes, are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standards as described in Note 1 to the financial statements and the Corporations Regulations 2001; and

   (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.

2. In the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001 and is signed for and on behalf of the Directors by:

RH ADAMSON
Director

SC ALLEN
Director

Dated 31 October 2019

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Independent Auditor's Report to the Members of RFC Ambrian Group Limited

Opinion

We have audited the special purpose financial report (the "financial report") of RFC Ambrian Group Limited (the Company) and Controlled Entities (the Group), which comprises the statement of financial position as at 30 June 2019, 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 Group is in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards to the extent described in Note 1 to the financial report 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 Group 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Preparation

We draw attention to Note 1 to the financial report, which describes the basis of preparation. The financial report has been prepared for the purpose of fulfilling the Directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other Information

The Directors are responsible for the other information. The other information comprises the information contained in the Directors' Report for the year ended 30 June 2019 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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 and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the needs of the members 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 Group 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 Group 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.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial report. The auditor is responsible for the direction, supervision and performance of the group audit. The auditor remains solely responsible for the audit opinion.

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

Crowe Sydney

T. Burns

Travas Burns
Partner

31 October 2019 Sydney