



# RFC Ambrian

## Annual Report 2020

RFC Ambrian Group Limited • ABN 98 006 493 588

# RFC AMBRIAN OFFICES



## Sydney

### (registered office)

Level 34, Grosvenor Place Tower  
225 George Street  
Sydney NSW 2000  
Australia  
T. +61 2 9250 000



## Perth

Level 48, Central Park  
152-158 St Georges Terrace  
Perth WA 6000  
Australia  
T. +61 8 9480 2500



## London

Octagon Point  
5 Cheapside  
London EC2V 6AA  
United Kingdom  
T. +44 20 3440 6800

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### Directors and Company Secretary

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

### Auditors

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

### Bankers

Commonwealth Bank of Australia  
48 Martin Place  
Sydney NSW 2000

National Australia Bank Limited  
Level 3, NAB House  
225 George Street  
Sydney NSW 2000

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### Licences and Authorisations

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

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, air, fire and water – 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](#)
-  [www.linkedin.com/company/rfc-ambrian-limited/](http://www.linkedin.com/company/rfc-ambrian-limited/)
-  [www.rfcambrian.com](http://www.rfcambrian.com)
-  [info@rfcambrian.com](mailto:info@rfcambrian.com)

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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 particular emphasis on Metals & Mining and Oil & Gas.

RFC Ambrian's business was established in Australia in 1985 and expanded to a global footing in the late 1990s. Over the 35 years since its formation RFC Ambrian has evolved into an established and trusted adviser for a broad range of clients, ranging from junior companies to multinationals.

Many of our client relationships extend for 10-20 years and we regularly receive positive feedback from clients on how they benefit from our depth of experience and the continuity and consistency of our advice.

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.

Over the decades we have invested in our clients' businesses where the opportunity presents and currently hold positions in a range of enterprises, including material positions in several 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 United Kingdom.



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 endeavour to always demonstrate empathy for those with whom we deal and prioritise the maintenance of integrity in our dealings with others.

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

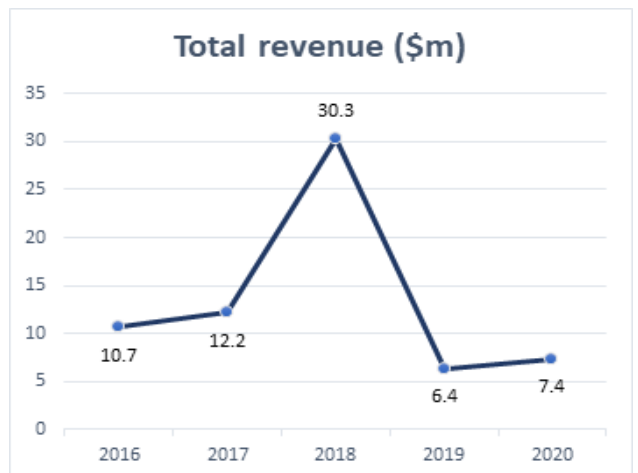
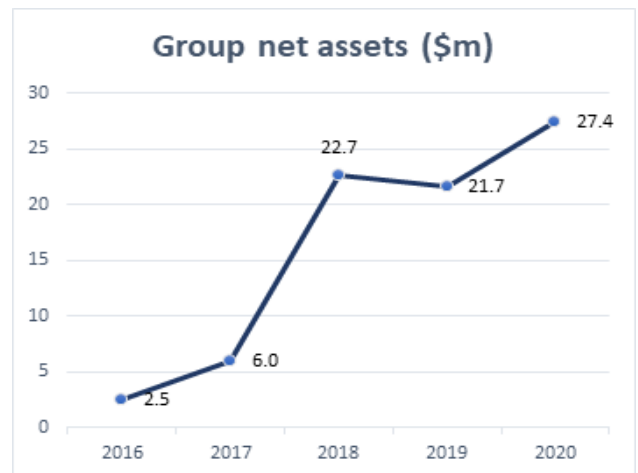
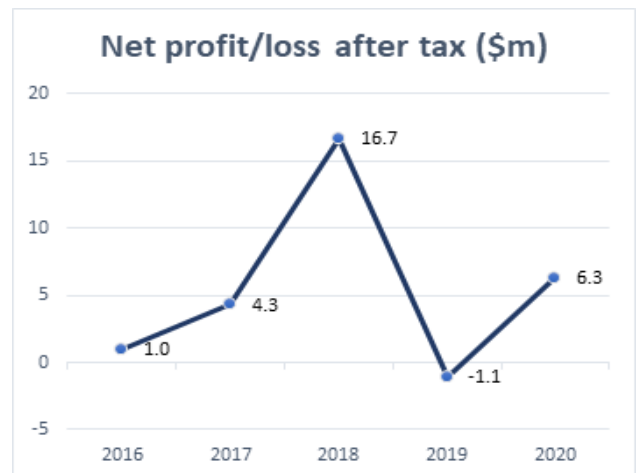
RFC Ambrian Group Limited is an unlisted Australian public company, which is majority owned by directors and employees. Whilst unlisted, we are audited and operate processes and systems that would enable a quick transition to becoming a listed company should we wish to do so.

# KEY FINANCIALS

For the financial year 2019-20 RFC Ambrian Group recorded a net profit after tax of \$6.3 million.

The Group's net asset position at year end was \$27.4 million, being \$5.7 million higher than as at 30 June 2019.

Dividends paid during the year were \$100 per share for a total of \$0.7 million.



# EXECUTIVE CHAIRMAN'S REPORT

The emergence of the COVID-19 pandemic during the early weeks of 2020 led us to needing to make some material changes to the way we operate. Overall, I believe we have handled this well and the operational adjustments we made have positioned us strongly for the future.

We were relatively well placed going into the pandemic lock downs, with established business networks and many of our staff having prior experience of working remotely. As such we were able to maintain our operating capability throughout what has in fact turned into a period of strong performance for most businesses operating in the minerals sector.

We have in fact received some unforeseen benefits from the pandemic disruption in terms of cost reduction. Specifically we were fortunate that the lease arrangements for all three of our offices were maturing at 30 June 2020 and at the time the effects of the pandemic on office requirements became understood by the wider business community we had not made final commitments for new leases. As such we were able to take advantage of the rapid change in the office leasing environment to secure new office lease arrangements in each of our office locations on favourable terms. This will provide a material benefit for us in terms of costs over the coming years.

We have found that the pandemic has made us more efficient at an operating cost level and by mid-year we had reached a position where our cost structures were reset to operate on a sustainable basis in the 'new normal' environment.

From the revenue side of things we found that the volatile conditions made a number of our key clients become more active in seeking out new business acquisition opportunities and, whilst closing transactions became more complicated, we were able to generate a solid level of cash revenue from these active clients over the April-June quarter. Furthermore, during June, we were also able to close out a couple of relatively difficult asset sale advisory transactions which we had been working on for a considerable period of time. With the revenue from these we have been able to report an approximate 15% increase in revenue from our core operation for the year ended 30 June 2020 over the prior year.

With our cost base reset and our advisory business experiencing a strong start to the current fiscal year, we are optimistic that we will deliver a solid profit for 2020-21.

Our investment holding position also had a positive year with the core investment holdings in Chrysos Corporation Limited and NextOre Pty Ltd continuing to grow their respective businesses.

In August Chrysos Corporation successfully deployed a PhotonAssay unit to Bendigo, for Kirkland Lakes' Fosterville operation. This was the Company's first mine-site deployment, and the second customer to deploy the technology, so a significant milestone in an industry that is very slow to adopt new technology. Publicity around this milestone resulted in a significant increase in customer engagement, and in November a contract was entered into to deploy a unit to Barrick Bulyanhulu gold mine in Tanzania. With contracts currently in place and under negotiation, Chrysos Corporation's business will more than double in size this financial year, and is expected to double again in 2022.

Chrysol Corporation followed its Kirkland Lake contract win in August by jointly winning with RFC Ambrian and the CSIRO, the prestigious Knowledge Commercialisation Australasia (KCA) Award for Best Research Commercialisation. The KCA awards celebrate world-class research commercialisation that turns brilliant ideas into products and service to help humanity. This award focusses on the partnership between research and industry to successfully translate science into commercial outcomes.

It was an honour to be recognised for the combination of excellent science from the CSIRO blended with the deep industry knowledge and dynamic commercial capabilities of RFC Ambrian.

The 2019/2020 financial year was Chrysol Corporation's second profitable year, and the company is now at a stage where it is planning to IPO on the ASX in 2021.



" One of our goals is to incubate and fund industrial technologies which materially reduce humankind's environmental impact on a per capita basis, at a time when extractive industries are critical to the green economy "

Similarly, NextOre has reached a stage of having revenue streams for its ore sorting technology and has a very positive order book, and we believe that the future is looking very positive. The company has two large commercial deployments of ore sorting units taking place this year, one in Zambia and the other in South East Asia. Both are expected to be operational in the coming months.

In December 2019, NextOre was awarded a \$1.07m grant from the NSW Physical Sciences Fund to adapt an on-belt analyser for in-pit application on mobile machinery. The first of these units will be deployed in the first half of 2021.

In October, NextOre won the Australian Technology Competition (ATC) 2020 Mining Technologies Award. The ATC seeks to identify and accelerate Australian technology "scaleups" with the greatest global potential.

We have continued to build on the success we have enjoyed in the minerals industry technology space through becoming involved as both an investor and adviser to an innovative company called Conveyor Manufacturers Australian Pty Ltd (CMA). CMA is developing and commercialising innovative conveyor belt technologies which will provide significant benefits to various mining operations and is particularly suitable to underground coal operations. Whilst it is early, we believe that CMA has the scope to generate substantial value growth over the next few years.

We have also continued to work with CSIRO and the US Department of Energy's National Renewable Energy Laboratory (NREL) throughout the year on the establishment of a Science Incubator and Basic Industries Venture Fund (BIVF). On this project we have pleasingly engaged with a number of mid-tier companies that have expressed interest in becoming Innovation Partners in both the Science Incubator and Venture Fund. We have also engaged with Industry Superannuation funds who are undertaking due diligence.

In November the Innovation Investment Committee of Innovation and Science Australia conditionally registered the BIVF LP as an early stage venture capital limited partnership (ESCVLP) once a number of conditions were met, including raising a minimum of \$10m within 24 months to achieve registration.

A material promotion during the year within the company was Stefan Skorut to Executive Director level. Other than this, the core management and staff within the Group remain broadly unchanged again throughout the year with the exception of one of our long standing directors and shareholders, Stephen Weir, retiring in March.

Stephen's retirement and the advanced stage of the development of both the Chrysos and NextOre investments led to us commencing a process of restructuring the shareholdings of the company post year end through the distribution of the company's holdings of Chrysos shares and the majority position of the NextOre shares.

The outcome of this is the ownership of the company moving back to being wholly owned by interests associated with directors and staff who are engaged full-time in the company's operations.

Overall for the year, RFC Ambrian Group Limited recorded a net profit after tax of \$6.3 million and we resumed the payment of a dividend through the payment of \$100 per share for a total of \$0.7 million.

Whilst it turned out somewhat differently than anticipated a year ago, 2019-20 has been a year of solid progress for RFC Ambrian and as a board of directors we believe that the company is positioned well for growth and strong profitability during 2020-21.



**Rob Adamson**  
**Executive Chairman**



# 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 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**

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

Stephen joined RFC Ambrian's predecessor firm Resource Finance Corporation in 2000, was part of the 2001 management buy-out group and was appointed Managing Director in 2019.

He has over 25 years of 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.



**Andrew Thomson**  
**Executive Director**

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.

## SENIOR MANAGEMENT



**Stefan Skorut**  
**Executive Director**

BEng (Mining), BE Commerce (Finance) (UNSW), CFA

Since joining RFC Ambrian in January 2016, Stefan has advised on multiple successful M&A transactions.

He has strong financial modelling skills and significant recent experience working alongside oil & gas teams in conventional and unconventional opportunities across all major basins in Australian and New Zealand.

Stefan has first-hand operational experience working at Glencore's Mount Isa Copper Operations, Ernest Henry Mine and at Lyondell Basel's Clyde Polypropylene plant.



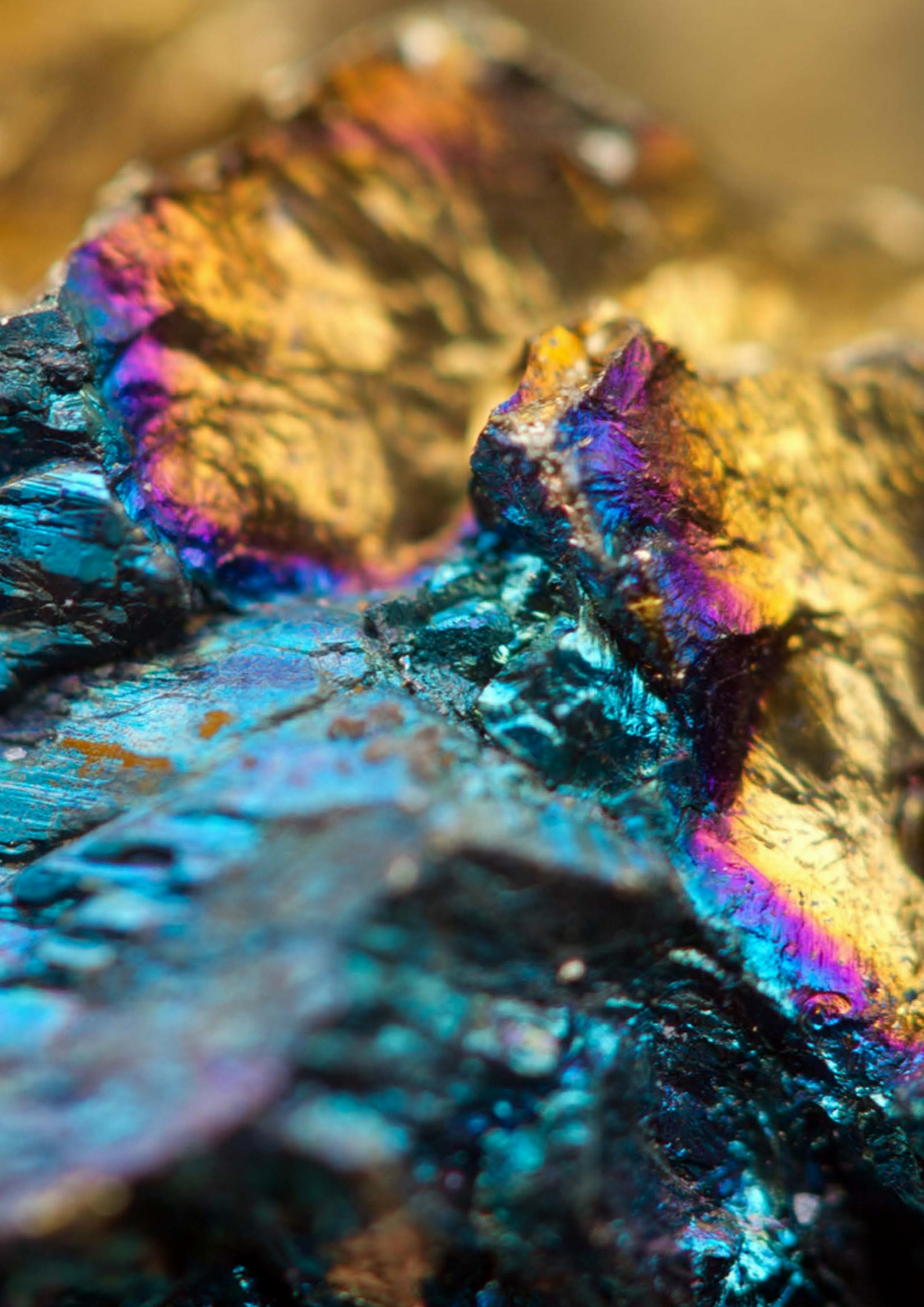
**Charlie Cryer**  
**Head of Corporate Broking**

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.

Charlie has operational experience with 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

**RFC Ambrian responded well to the unprecedented business disruption caused by the COVID-19 pandemic and by year end had reset the business operations to ensure future success.**

## **Corporate Finance and Corporate Broking**

We maintained the business operational level in all three offices in Sydney, Perth and London throughout the year and subsequent to year end have taken new office leases in prestige buildings in both Sydney and Perth. In London we have remained at the Octagon Building in Central London on revised terms however due to the extended pandemic lock down situation in London, staff continue to work remotely.

Revenue for advisory work was up 33% over 2018/19 which returned us to profitability within the business segment for the year. Furthermore during the year we were able to reduce our operating costs to a level whereby the business segment will produce a strong profit for 2020-21.

Overall, it was a year of adjustment and management of the complications arising from the pandemic targeted at prioritising assignments with low risk steady cash flow over speculative success fee-based work.

## **Investments**

Throughout the year we have continued to dedicate considerable resources to progressing the Chrysos Corporation and NextOre businesses.

Chrysos has been nurtured through to a stage of independence during 2018/19 and 2019/20 was the company's second profitable year.

The situation with Chrysos is that it is now rapidly progressing with business growth and is likely to IPO on the ASX in 2021. NextOre is following closely behind and has recently reached a stage of independence with revenue streams for its ore sorting technology and a very positive order book. We believe that the future for NextOre is looking very positive and that it may too be well placed for an IPO on the ASX within the next 18 months.

During the later part of the year we commenced work with a new minerals sector disruptive technology company called Conveyor Manufacturers Australia Pty Ltd ("CMA"), which is developing and commercialising innovative conveyor belt technologies. Whilst still early in the process, CMA is progressing well towards full commercialisation and we believe it demonstrates similar characteristics which have led to the success which both Chrysos and NextOre have experienced.

## **People**

During the year Stefan Skorut was promoted to Executive Director level and onto the Executive Management Committee. Other than this, the core management and staff within the Group remain broadly unchanged throughout the year with the exception of one of our long-standing directors and stakeholders, Stephen Weir, retiring in March.

We remain focused on developing and retaining high quality staff.



## Science Incubator and Basic Industries Venture Fund (BIVF)

As we noted last year, we had identified a gap in the funding landscape for companies developing innovative technologies in metals & minerals, agriculture, manufacturing, chemical processing and oil & 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 and environmental management we are outstanding innovators.

To facilitate the green energy revolution and the move to reduce greenhouse gas emissions, the amount of copper required to be produced over the next 20 years will likely equal as much 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. It is clear extractive industries and its innovation are critical to the future of the green economy.

One of clean technologies' dirty secrets or unintended consequences, is that the problem is often moved elsewhere - out of sight; very dirty power in third world countries used to build batteries can result net carbon footprint over the life-cycle 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.

The purpose of the Science Incubator is to take Australia's world class research, developed within our Universities and the CSIRO, and to get it first customer ready. It takes technology to the point where it is ready to be built for the first customer and for beta testing in an operating environment.

The BIVF, funds building the first customer unit, and any subsequent modifications and then, assuming the deployment is successful, funds the building of subsequent units to be deployed with other customers.

The purpose of the Science Incubator and the BIVF is to rapidly transform more of the good science and technical innovation developed in Australia, to push it out into industry in an impacting and meaningful way.

We have found that building commercially successful businesses requires a combination of very good science (from the CSIRO and Australian Universities) blended with the deep industry knowledge and commercial capability of RFC Ambrian.

We aim to 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 continue to make progress during the year.

Whilst we are frustrated with the progress, friends remind us that what we are planning is a first in Australia. As noted earlier in this report, our technologies businesses have continued to grow, and we are confident that each has the scope to be billion-dollar businesses.

A key milestone in the coming year will be the Chrysol Corporation IPO on the ASX. If this progresses as planned, this will generate considerable returns for Series A and Series B investors, and it is our intention to use this publicity in seeking further support for the fund.

We are also encouraged by the rhetoric from the State and Federal Government regarding policy to support innovation mining technology in Australia, and have engaged at both the State and Federal level seeking support for what we are doing.

" We have been profitable for the year, returned to paying a dividend and generated net asset growth "



# INVESTMENT HIGHLIGHTS: Chrysos Corporation

Chrysos Corporation ('Chrysos') commenced in 2016 as a fresh start-up through a partnership between the Commonwealth Scientific and Industrial Research Organisation (CSIRO), RFC Ambrian and ASX listed mining service company Perenti Global Limited.

Just three and a half years later it completed a heavily oversubscribed A\$30m equity offering valuing the business at over A\$150m pre-money. Throughout this period, RFC Ambrian has comprehensively assisted Chrysos to successfully commercialise its CSIRO developed revolutionary gold assaying technology.

RFC Ambrian Executive Chairman Rob Adamson, is the Chairman of Chrysos.

Commercialising technology is a difficult journey in the best of times; when overlaid on an industry known to have a conservative attitude toward technological change and high levels of risk aversion, the hurdle can seem insurmountable. RFC Ambrian takes pride in a deep understanding of industrial technologies and how their applications drive value in the market.

RFC Ambrian is well placed to support and grow technologies in the Basic Industries. The firm continues to support Chrysos on its successful journey and remains a significant shareholder in the company having shared both risks and rewards alongside founders and management.



## INVESTMENT HIGHLIGHTS: NextOre

Building upon the successful partnership which resulted in Chrysos, the CSIRO invited RFC Ambrian to propose a strategic business and marketing plan to commercialise another disruptive technology for the mining industry. A high-speed magnetic resonance (MR) sensor couple with a computer-controlled diverter enables bulk sorting of ore shortly after mine face extraction.

RFC Ambrian co-founded, advised, and incubated NextOre as the company formed to bring this technology to market. Much of the early effort in launching NextOre was achieved without significant funding being raised; instead it required effective application of skilled personnel to build out a business around the key technology.



In addition to fundraising and commercialisation support, RFC Ambrian continues to provide ongoing management support and leadership to NextOre. The company's CEO, Chris Beal, accepted the role while working as an employee of RFC Ambrian, while RFC Ambrian's Executive Chairman Rob Adamson, also serves as NextOre's Chairman.

Under RFC Ambrian's guidance as a strategic commercialisation partner, in just two years NextOre has successfully proved its technology on multiple operating mine sites. This success translated to acquiring customers worldwide including from Mexico, the Philippines, Peru, Brazil and domestically throughout Australia.

# 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 our dealings with others.



## 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, accurately disclose 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.

### 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.







# RFC Ambrian Group Limited and Controlled Entities

ABN 98 096 493 588

Financial Report  
for the year ended 30 June 2020

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## Directors' Report

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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 2020.

### 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
- Andrew J Thomson – appointed 18 March 2020
- Stephen R Weir – resigned 6 October 2020

### 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 profit after tax attributable to Equity Holders of the Company for the year ended 30 June 2020 of \$6,264,290. For the previous year the Economic Entity recorded a loss attributable to Equity Holders of the Company of \$1,072,688.

### 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

On 29 November the Company declared a fully franked dividend of \$669,500 (\$100.00 per share) which was paid on 2 December 2019.

### COVID-19

The Coronavirus (COVID-19) pandemic had an adverse impact on the trading conditions generally faced by the Economic Entity during the early months of the 2020 calendar year and in response, during March and April, the directors took steps to address this by implementing a strategy of reducing operating costs to right size the operations for the perceived operating environment. In this regard the Economic Entity was fortunate in that all three office leases were scheduled for renewal as of 30 June 2020 and the circumstances of the pandemic provided an opportunity to achieve substantial property cost reductions from July 2020.

Overall including the reduction in lease costs and a modest head count reduction, overall monthly operating costs were able to be reduced by approximately 40% by July from those which existed six months earlier.

## Directors' Report

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The pandemic remains ongoing and this provides an additional layer of risk to the operating environment for the Economic Entity. Nevertheless the minerals sector in which the Economic Entity's business is focussed has proven to be robust and the directors believe that against this backdrop and the reduced operating costs, the Economic Entity's business operations and financial position are stable and sustainable.

### Events After the Balance Sheet Date

The Company has been subject to a corporate restructure subsequent to 30 June 2020, the primary steps in this restructure having been:

- On 29 September 2020 a new company called Alchemy Portfolio Holdings Pty Ltd was incorporated and interposed between RFC Ambrian Group Limited and its shareholders, this action being completed under the scrip for scrip rollover exemption from Capital Gains Tax.
- The directors of Alchemy Portfolio Holdings Pty Ltd upon incorporation were RFC Ambrian Group Limited executive directors Rob Adamson and Stephen Allen and RFC Ambrian Group Limited non-executive director Stephen Weir and on 6 October 2020 Stephen Weir resigned from the board RFC Ambrian Group Limited, which at the time was a wholly owned subsidiary of Alchemy Portfolio Holdings Pty Ltd. The board of RFC Ambrian Group Limited from that date has been three executive directors only, namely: Rob Adamson, Stephen Allen and Andrew Thomson.
- On 5 October 2020 a new 100% subsidiary of RFC Ambrian Group Limited was incorporated called Quadratura Investments Pty Ltd and on 21 October 2020 pursuant to an agreement between companies in the Group, certain investment interests of the 100% owned subsidiary of RFC Ambrian Group Limited, Alchemy Securities Pty Ltd were transferred from that subsidiary to the newly incorporated Quadratura Investments Pty Ltd, such that Alchemy Securities Pty Ltd was left with:
  - o assets of shares held in Early Stage Investment Companies, Chrysos Corporation Limited and NextOre Pty Ltd for a combined value based on the 30 June 2020 consolidated accounts of \$25,010,575; and
  - o no debt.
- On 21 October 2020 the number of issued shares in RFC Ambrian Group Limited was reduced to 4,938.
- On 22 October 2020 the 100% interest in the share capital of Alchemy Securities Pty Ltd was transferred from RFC Ambrian Group Limited to Alchemy Portfolio Holdings Pty Ltd this transaction being completed within the consolidated tax group and therefore not having any taxation implications.
- On 30 October 2020 the ownership of the 4,938 shares in RFC Ambrian Group Limited was transferred to its executive directors and certain other employees of the company and its subsidiaries at an agreed fair market price which was agreed to by all the shareholders in Alchemy Portfolio Holdings Pty Ltd who were not participating in the acquisition of the shares in RFC Ambrian Group Limited from Alchemy Portfolio Holdings Pty Ltd.
- The net effect of these transactions is that at the date of these accounts:
  - o the issued shares of RFC Ambrian Group Limited has reduced to 4,938 shares with these shares all being owned by interests associated with the company's executive directors and employees of the company and its subsidiaries; and
  - o the net assets of the consolidated group have reduced by \$25,010,575 through the demerger of Alchemy Securities Pty Ltd.

## Directors' Report

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### Future Developments

The Economic Entity expects to continue operations in future financial years in the same manner as it is currently operating, but within the new structure as previously outlined.

### 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 28 years in corporate advisory and investment with RFC Ambrian group companies having 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), Quadratura Investments Pty Ltd, RFC Basic Industries Ventures Investment Company 1 Pty Ltd, RFC Ambrian BIVF Management Pty Ltd, RFC BIVF1 GP Pty Ltd and Copper Technology Limited. Rob is also the Chairman of resource sector technology companies Chrysos Corporation Limited and NextOre Pty Ltd.

#### Stephen Charles Allen

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

Experience Stephen has approximately 30 years of corporate finance experience including the last 20 years with RFC Ambrian. His focus is advising resource companies on matters ranging from IPOs, secondary capital issues, restructures, mergers and takeovers. Stephen is Managing Director of RFC Ambrian Group Limited and is also a director of the following group companies: RFC Ambrian Limited (incorporated in Australia), RFC Ambrian Limited (incorporated in England), Quadratura Investments Pty Ltd, RFC Basic Industries Ventures Investment Company 1 Pty Ltd, RFC Ambrian BIVF Management Pty Ltd, RFC BIVF1 GP Pty Ltd and Copper Technology Limited.

#### Andrew Thomson

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

Experience Andrew 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. In the decade he has been with 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.

## Directors' Report

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### 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, 4 meetings of directors were held. Attendances by each of the directors during the year were:

	Number eligible to attend	Number attended
Robert HR Adamson	4	4
Stephen C Allen	4	4
Andrew J Thomson	1	1
Stephen R Weir	4	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

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### **Auditor's Independence Declaration**

The auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 6.

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**  
Executive Chairman



**SC ALLEN**  
Managing Director

Dated 30 October 2020



**Crowe Sydney**  
ABN 97 895 683 573

Level 15 1 O'Connell Street  
Sydney NSW 2000  
Australia

Tel +61 2 9262 2155  
Fax +61 2 9262 2190  
[www.crowe.com.au](http://www.crowe.com.au)

30 October 2020

The Directors  
RFC Ambrian Group Limited  
Grosvenor Place Tower  
Level 34, 225 George Street  
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 2020, 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**

**Barbara Richmond**  
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 2020

	Note	Economic Entity	
		2020 \$ '000	2019 \$ '000
Revenue from continuing operations	2(b)	7,376	6,394
Employee benefit expenses		(3,224)	(4,036)
Occupancy expenses	2(a)	(868)	(1,335)
IT costs, telecoms & media expenses		(404)	(474)
Marketing expenses		(36)	(50)
Travel expenses		(48)	(156)
Insurance expenses		(95)	(91)
Depreciation	2(a)	(73)	(180)
Finance costs	2(a)	(86)	(106)
Bad debt expense		(100)	(63)
Unrealised losses on financial assets	2(a)	(2,537)	(501)
Other expenses		<u>(364)</u>	<u>(454)</u>
<b>(Loss)/profit before income tax</b>		(459)	(1,052)
Income tax benefit/(expense)	3	<u>6,723</u>	<u>(20)</u>
<b>Net (loss)/profit after income tax for the year</b>		6,264	(1,072)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation	19	<u>99</u>	<u>81</u>
Other comprehensive income for the year, net of tax		<u>99</u>	<u>81</u>
<b>Total comprehensive (loss)/income for the year attributable to members of the Economic Entity</b>		<u><u>6,363</u></u>	<u><u>(991)</u></u>

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 2020

	Note	Economic Entity	
		2020 \$ '000	2019 \$ '000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	17(a)	53	110
Trade and other receivables	5	329	503
Other assets	6	1,582	791
Financial assets at fair value through profit or loss	7	1,401	1,432
Security deposits	18	78	153
<b>TOTAL CURRENT ASSETS</b>		<b>3,443</b>	<b>2,989</b>
<b>NON CURRENT ASSETS</b>			
Financial assets at fair value through profit or loss	7	26,571	27,713
Security deposits	18	138	-
Plant and equipment	9	44	127
Right of use asset	10	933	-
Deferred tax asset	11	938	1,224
<b>TOTAL NON CURRENT ASSETS</b>		<b>28,624</b>	<b>29,064</b>
<b>TOTAL ASSETS</b>		<b>32,067</b>	<b>32,053</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	838	1,073
Borrowings	13	1,193	1,486
Provisions	14	394	416
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,425</b>	<b>2,975</b>
<b>NON CURRENT LIABILITIES</b>			
Trade and other payables	12	834	-
Borrowings	13	969	-
Provisions	14	37	21
Deferred tax liability	15	366	7,400
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>2,206</b>	<b>7,421</b>
<b>TOTAL LIABILITIES</b>		<b>4,631</b>	<b>10,396</b>
<b>NET ASSETS</b>		<b>27,436</b>	<b>21,657</b>
<b>EQUITY</b>			
Issued Capital	16	221	136
Retained earnings		26,846	21,251
Foreign currency translation reserve	19	369	270
<b>TOTAL EQUITY</b>		<b>27,436</b>	<b>21,657</b>

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 2020

	Issued Capital \$'000	Retained Earnings \$'000	Foreign Currency Translation Reserve \$'000	Total \$'000
<b>ECONOMIC ENTITY</b>				
<b>Balance at 30 June 2018</b>	140	22,323	189	22,652
<b>Total comprehensive income for the year</b>				
Profit attributable to members of the Economy Entity	-	(1,072)	-	(1,072)
Other comprehensive income, net of tax	-	-	81	81
<b>Total comprehensive income for the year</b>	-	(1,072)	81	(991)
<b>Transactions with owners in their capacity as owners</b>				
Re-acquisition of shares	(12)	-	-	(12)
Contributions	8	-	-	8
<b>Transactions with owners in their capacity as owners</b>	(4)	-	-	(4)
<b>Balance at 30 June 2019</b>	136	21,251	270	21,657
<b>Total comprehensive income for the year</b>				
Profit attributable to members of the Economy Entity	-	6,264	-	6,264
Other comprehensive income, net of tax	-	-	99	99
<b>Total comprehensive income for the year</b>	-	6,264	99	6,363
<b>Transactions with owners in their capacity as owners</b>				
Re-acquisition of shares	(13)	-	-	(13)
Contributions	98	-	-	98
Dividends paid	-	(669)	-	(669)
<b>Transactions with owners in their capacity as owners</b>	85	(669)	-	(584)
<b>Balance at 30 June 2020</b>	221	26,846	369	27,436

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 2020

	Note	Economic Entity	
		2020	2019
		\$ '000	\$ '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers (inclusive of GST)		4,670	4,242
Payments to suppliers and employees (inclusive of GST)		(5,243)	(6,559)
Interest received		4	4
Income tax paid/(received)		30	(104)
Finance costs		(86)	(106)
<b>Net cash (used in) by operating activities</b>	17(b)	<u>(625)</u>	<u>(2,523)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from the sale of investments		2,231	3,000
Payments for investments		(281)	(63)
Payments for plant and equipment		(20)	(4)
<b>Net cash provided by/(used in) investing activities</b>		<u>1,930</u>	<u>2,933</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net proceeds from borrowings		(261)	5
(Re-acquisition of)/contributions to shares		85	(4)
Payment of dividends		(669)	-
<b>Net cash (used in) financing activities</b>		<u>(845)</u>	<u>1</u>
Net Increase/(Decrease) in cash held		460	411
(Overdraft)/cash at beginning of financial year		<u>(1,115)</u>	<u>(1,526)</u>
<b>Cash at the end of the financial year</b>	17(a)	<u><u>(655)</u></u>	<u><u>(1,115)</u></u>

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

## Notes to the Financial Statements for the year ended 30 June 2020

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### 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.

#### **New or Amended Accounting Standards and Interpretations Adopted**

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

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

Impact of adoption – AASB16: Leases

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated.

When adopting AASB 16 from 1 July 2019, the Economic Entity applied the following practical expedients:

- applying a single discount rate to the portfolio of leases with reasonably similar characteristics;
- the remaining lease was less than 12 months as at 1 July 2019;
- excluding any initial direct costs from the measurement of right-of-use assets;
- using hindsight in determining the lease term when the contract contains options to extend or terminate the lease; and
- not apply AASB 16 to contracts that were not previously identified as containing a lease.

## Notes to the Financial Statements for the year ended 30 June 2020

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### **Basis of Preparation**

In the directors' opinion, the Company and the Economic Entity are not reporting entities because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purposes of complying with the Corporations Act 2001 requirements to the owners of the Economic Entity. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the Economic Entity.

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

### **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.

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.

## Notes to the Financial Statements for the year ended 30 June 2020

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

#### (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.

#### (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.

## Notes to the Financial Statements for the year ended 30 June 2020

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

#### **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 fair value being 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.

## Notes to the Financial Statements for the year ended 30 June 2020

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### 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.

## Notes to the Financial Statements for the year ended 30 June 2020

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### 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.

## Notes to the Financial Statements for the year ended 30 June 2020

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

#### (k) Right-of-Use Assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Economic Entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Economic Entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

#### (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) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

## Notes to the Financial Statements for the year ended 30 June 2020

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

#### (n) 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.

#### (o) 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.

#### (p) 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.

#### (q) 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.

#### (r) Dividends

Dividends are recognised when declared during the financial year.

## Notes to the Financial Statements for the year ended 30 June 2020

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

#### (s) 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.

#### (t) 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.

## Notes to the Financial Statements for the year ended 30 June 2020

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

#### (u) Accounting Standards Issued But Not Yet Effective

Australian Accounting Standards and Interpretations that have recently been issued or amended, but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2020.

#### (v) 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	
2020	2019
\$ '000	\$ '000

### NOTE 2: PROFIT/(LOSS) FOR THE YEAR

Profit/(Loss) before income tax  
 has been determined after:

#### (a) Expenses

Occupancy expenses	868	1,335
Unrealised/realised losses on financial assets	2,537	501
Depreciation of property, plant and equipment	73	180
Finance costs	86	106
Remuneration of auditor:		
audit	58	55
other services - tax compliance	7	6
	<u>7</u>	<u>6</u>

#### (b) Revenue

Advisory fees	5,325	3,990
Interest income	4	4
Government grants	176	-
Unrealised/realised gains on sale of financial assets	1,860	2,400
(Losses)/gains recognised on foreign currency	11	-
	<u>7,376</u>	<u>6,394</u>

## Notes to the Financial Statements for the year ended 30 June 2020

Economic Entity

2020                      2019  
 \$ '000                      \$ '000

### NOTE 3: INCOME TAX (BENEFIT)/EXPENSE

The components of tax (benefit)/expense comprise:

Current tax	1,107	334
Deferred tax	(7,830)	(314)
	<u>(6,723)</u>	<u>20</u>

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% (2019: 27.5%)	(126)	289
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Add/(deduct) tax effect of:

Amendment to provision regarding capital profits on investments	(6,549)	-
Tax exempt earnings during the year	(232)	-
Difference of tax rates of subsidiaries operating in other jurisdictions	148	(214)
Effect of rate change on opening balance	36	(52)
Non deductible expense	-	3

Income tax (benefit)/expense	<u>(6,723)</u>	<u>20</u>
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### NOTE 4: DIVIDENDS

Paid or declared during the financial year	<u>670</u>	<u>-</u>
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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.

	<u>78</u>	<u>332</u>
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On 29 November 2019 the Company declared a fully franked dividend of \$669,500 (\$100.00 per share) which was paid on 2 December 2019.

## Notes to the Financial Statements for the year ended 30 June 2020

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Economic Entity	
2020	2019
\$ '000	\$ '000

### NOTE 5: TRADE AND OTHER RECEIVABLES

#### CURRENT

Trade debtors	418	432
Provision for doubtful debts	(100)	-
Other debtors - staff	1	13
Current tax	-	30
Sundry debtors	10	28
	<u>329</u>	<u>503</u>

### NOTE 6: OTHER ASSETS (CURRENT)

Prepayments	149	157
Contract assets (work in progress)	566	634
Accrued Income	867	-
	<u>1,582</u>	<u>791</u>

## Notes to the Financial Statements for the year ended 30 June 2020

	Economic Entity	
	2020	2019
	\$ '000	\$ '000
<b>NOTE 7: FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		
<b>CURRENT</b>		
Listed securities in corporations at market value	1	1
Unlisted securities and options in corporations at directors' valuation	1,400	1,431
	<u>1,401</u>	<u>1,432</u>
<b>NON CURRENT</b>		
Unlisted securities and options in corporations at directors' valuation	26,571	27,713
	<u>26,571</u>	<u>27,713</u>
<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<u>27,972</u>	<u>29,145</u>
Reconciliation of financial assets at the beginning and end of the financial year are set out below:		
Opening value	29,145	30,027
Additions	1,840	184
Disposals	(2,493)	(3,000)
Revaluation during period	(520)	1,934
	<u>27,972</u>	<u>29,145</u>

### NOTE 8: CONTROLLED ENTITIES AS AT 30 JUNE 2020

#### Operating

<b>Subsidiary:</b>	Alchemy Securities Pty Ltd	RFC Ambrian Limited	Copper Technology Pty Ltd
<b>Country of Incorporation:</b>	Australia	Australia	Australia
<b>Percentage Owned:</b>	100%	100%	96%
<b>Subsidiary:</b>	Braemar Mining Developments Pty Ltd		RFC Ambrian Limited
<b>Country of Incorporation:</b>	Australia		England
<b>Percentage Owned:</b>	100%		100%

## Notes to the Financial Statements for the year ended 30 June 2020

	Economic Entity	
	2020	2019
	\$ '000	\$ '000
<b>NOTE 9: PLANT &amp; EQUIPMENT</b>		
Furniture and fittings at cost	57	210
Less accumulated depreciation	(42)	(159)
	<u>15</u>	<u>51</u>
Office equipment at cost	124	124
Less accumulated depreciation	(119)	(109)
	<u>5</u>	<u>15</u>
Computer equipment at cost	245	243
Less accumulated depreciation	(237)	(222)
	<u>8</u>	<u>21</u>
Computer software at cost	67	67
Less accumulated depreciation	(67)	(64)
	<u>-</u>	<u>3</u>
Leasehold improvements at cost	509	750
Less accumulated depreciation	(493)	(713)
	<u>16</u>	<u>37</u>
<b>Total Plant and Equipment</b>	<u><u>44</u></u>	<u><u>127</u></u>
<b>NOTE 10: RIGHT OF USE ASSET</b>		
<b>NON CURRENT</b>		
Lease	<u><u>933</u></u>	<u><u>-</u></u>

## Notes to the Financial Statements for the year ended 30 June 2020

	Economic Entity	
	2020	2019
	\$ '000	\$ '000
<b>NOTE 11: TAX ASSETS</b>		
Deferred tax assets (non-current)	938	1,224
	<u>938</u>	<u>1,224</u>
<b>NOTE 12: TRADE AND OTHER PAYABLES</b>		
<b>CURRENT</b>		
Trade creditors	261	376
Lease incentive	-	33
Lease liability	64	-
Other creditors and accruals	513	664
	<u>838</u>	<u>1,073</u>
<b>NON CURRENT</b>		
Lease liability	834	-
	<u>834</u>	<u>-</u>
<b>NOTE 13: BORROWINGS</b>		
<b>CURRENT</b>		
CSIRO loan	485	-
Director loans	-	261
Bank overdraft	708	1,225
	<u>1,193</u>	<u>1,486</u>
<b>NON CURRENT</b>		
CSIRO loan	969	-
	<u>969</u>	<u>-</u>

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 2020 was \$750,000 with interest rate of 5.33% (2019: \$1,250,000 interest rate of 6.71%).

## Notes to the Financial Statements for the year ended 30 June 2020

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	Economic Entity	
	2020	2019
	\$ '000	\$ '000
<b>NOTE 14: PROVISIONS</b>		
<b>CURRENT</b>		
Annual leave provision	172	172
Long service leave provision	222	244
	<u>394</u>	<u>416</u>

*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 \$60,000 (2019: \$80,000).

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

<b>NON CURRENT</b>		
Long service leave provision	<u>37</u>	<u>21</u>

	Economic Entity	
	2020	2019
	\$ '000	\$ '000
<b>NOTE 15: TAX LIABILITIES</b>		
Deferred tax liabilities (non-current)	<u>366</u>	<u>7,400</u>

## Notes to the Financial Statements for the year ended 30 June 2020

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	Economic Entity	
	2020	2019
	\$ '000	\$ '000
<b>NOTE 16: ISSUED CAPITAL</b>		
7,160 ordinary shares (2019: 7,160 shares)	<u>221</u>	<u>136</u>

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.

At 30 June 2020, 465 of the 7,160 shares on issue were held by the Company as treasury shares (2019: 315).

## Notes to the Financial Statements for the year ended 30 June 2020

Economic Entity	
2020	2019
\$ '000	\$ '000

### NOTE 17: 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	53	110
Bank overdraft	(708)	(1,225)
	<u>(655)</u>	<u>(1,115)</u>
	<b>Economic Entity</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$ '000</b>	<b>\$ '000</b>

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

(Loss)/Profit after income tax	6,264	(1,072)
Non-cash flows in profit:		
Depreciation	73	180
Unrealised losses/(gains) on financial assets	2,537	501
Realised (gains)/losses on financial assets	(1,860)	(2,400)
Loss on disposal	17	-
Changes in assets and liabilities:		
(Increase)/decrease in receivables	144	(226)
(Increase)/decrease in other assets	(791)	430
(Decrease) in payables & accruals	(299)	112
(Decrease) in employee provisions	(6)	(18)
(Decrease)/increase in deferred income tax	(6,718)	(15)
Increase(decrease)/ in foreign currency movement	14	(15)
Cash flow used in operations	<u>(625)</u>	<u>(2,523)</u>

## Notes to the Financial Statements for the year ended 30 June 2020

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Economic Entity	
2020	2019
\$ '000	\$ '000

### NOTE 18: CONTINGENT LIABILITIES

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

Security Deposit - secured - letter of set-off	216	153
	216	153

These contingent liabilities are covered by cash security deposits of \$216,365 (2019: \$153,300) which are not included in the cash at bank amount in the statement of financial position.

Economic Entity	
2020	2019
\$ '000	\$ '000

### NOTE 19: FOREIGN CURRENCY TRANSLATION RESERVE

Balance at beginning of year	270	189
Exchange differences arising on translating the net assets of foreign operations	99	81
Balance at end of year	369	270

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.

## Notes to the Financial Statements for the year ended 30 June 2020

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<b>Parent Entity</b>	
<b>2020</b>	<b>2019</b>
<b>\$ '000</b>	<b>\$ '000</b>

### 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.

Current assets	2,826	3,323
Non-current assets	3,625	3,261
<b>Total assets</b>	<u>6,451</u>	<u>6,584</u>
Current liabilities	2,821	3,556
Non-current liabilities	1,840	21
<b>Total liabilities</b>	<u>4,661</u>	<u>3,577</u>
Issued Capital	221	136
Retained earnings	1,570	2,872
<b>Total equity</b>	<u>1,791</u>	<u>3,008</u>
(Loss)/profit for the year	(632)	339
Total comprehensive (loss)/income for the year	(632)	339

### Guarantees in relation to subsidiaries

RFC Ambrian Group Limited has guaranteed the security deposits of subsidiaries amounting to \$216,365 (2019: \$153,300).

### Contingent liabilities

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

## Notes to the Financial Statements for the year ended 30 June 2020

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### NOTE 21: COVID-19

The Coronavirus (COVID-19) pandemic had an adverse impact on the trading conditions generally faced by the Economic Entity during the early months of the 2020 calendar year and in response, during March and April, the directors took steps to address this by implementing a strategy of reducing operating costs to right size the operations for the perceived operating environment. In this regard the Economic Entity was fortunate in that all three office leases were scheduled for renewal as of 30 June 2020 and the circumstances of the pandemic provided an opportunity to achieve substantial property cost reductions from July 2020.

Overall including the reduction in lease costs and a modest head count reduction, overall monthly operating costs were able to be reduced by approximately 40% by July from those which existed six months earlier.

The pandemic remains ongoing and this provides an additional layer of risk to the operating environment for the Economic Entity. Nevertheless the minerals sector in which the Economic Entity's business is focussed has proven to be robust and the directors believe that against this backdrop and the reduced operating costs, the Economic Entity's business operations and financial position are stable and sustainable.

### NOTE 22: EVENTS AFTER THE REPORTING DATE

The Company has been subject to a corporate restructure subsequent to 30 June 2020, the primary steps in this restructure having been:

- On 29 September 2020 a new company called Alchemy Portfolio Holdings Pty Ltd was incorporated and interposed between RFC Ambrian Group Limited and its shareholders, this action being completed under the scrip for scrip rollover exemption from Capital Gains Tax.
- The directors of Alchemy Portfolio Holdings Pty Ltd upon incorporation were RFC Ambrian Group Limited executive directors Rob Adamson and Stephen Allen and RFC Ambrian Group Limited non-executive director Stephen Weir and on 6 October 2020 Stephen Weir resigned from the board RFC Ambrian Group Limited, which at the time was a wholly owned subsidiary of Alchemy Portfolio Holdings Pty Ltd. The board of RFC Ambrian Group Limited from that date has been three executive directors only, namely: Rob Adamson, Stephen Allen and Andrew Thomson.
- On 5 October 2020 a new 100% subsidiary of RFC Ambrian Group Limited was incorporated called Quadratura Investments Pty Ltd and on 21 October 2020 pursuant to an agreement between companies in the Group, certain investment interests of the 100% owned subsidiary of RFC Ambrian Group Limited, Alchemy Securities Pty Ltd were transferred from that subsidiary to the newly incorporated Quadratura Investments Pty Ltd, such that Alchemy Securities Pty Ltd was left with:
  - o assets of shares held in Early Stage Investment Companies, Chrysos Corporation Limited and NextOre Pty Ltd for a combined value based on the 30 June 2020 consolidated accounts of \$25,010,575; and
  - o no debt.
- On 21 October 2020 the number of issued shares in RFC Ambrian Group Limited was reduced to 4,938.

## Notes to the Financial Statements for the year ended 30 June 2020

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- On 22 October 2020 the 100% interest in the share capital of Alchemy Securities Pty Ltd was transferred from RFC Ambrian Group Limited to Alchemy Portfolio Holdings Pty Ltd this transaction being completed within the consolidated tax group and therefore not having any taxation implications.
- On 30 October 2020 the ownership of the 4,938 shares in RFC Ambrian Group Limited was transferred to its executive directors and certain other employees of the company and its subsidiaries at an agreed fair market price which was agreed to by all the shareholders in Alchemy Portfolio Holdings Pty Ltd who were not participating in the acquisition of the shares in RFC Ambrian Group Limited from Alchemy Portfolio Holdings Pty Ltd.
- The net effect of these transactions is that at the date of these accounts:
  - o the issued shares of RFC Ambrian Group Limited has reduced to 4,938 shares with these shares all being owned by interests associated with the company's executive directors and employees of the company and its subsidiaries; and
  - o the net assets of the consolidated group have reduced by \$25,010,575 through the demerger of Alchemy Securities Pty Ltd.

### NOTE 23: COMPANY DETAILS

The registered office and principal place of business of the Company is:

RFC Ambrian Group Limited  
Level 34, Grosvenor Place Tower  
225 George Street  
SYDNEY NSW 2000

## Declaration by Directors

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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 2020 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**  
Executive Chairman



**SC ALLEN**  
Managing Director

Dated 30 October 2020

# 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 2020, 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 2020 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 (including Independence Standards)* (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.

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.

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 2020 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**



**Barbara Richmond**  
Partner

30 October 2020  
Sydney



