

# **Ragusa Minerals Limited**

***(Formerly SIV Asset Management Limited)***

**ABN 39 143 194 165**

## **Annual Report**

**For the year ended 30 June 2020**

# Contents

Corporate Governance.....	2
Directors' report.....	3
Auditors independence declaration.....	13
Consolidated Statement of Profit or Loss and Other Comprehensive Income .....	14
Consolidated Statement of Financial Position .....	15
Consolidated Statement of Changes in Equity .....	16
Consolidated Statement of Cash Flows .....	17
Notes to the Financial Statements .....	18
Directors' declaration.....	34
Independent auditor's report .....	35
Shareholder information.....	38
Corporate Directory.....	40

# Corporate Governance Statement

The Board is responsible for the overall corporate governance of the company, and it recognises the need for the highest standards of ethical behaviour and accountability. It is committed to administering its corporate governance structures to promote integrity and responsible decision making.

The Company's corporate governance structures, policies and procedures are described in its Corporate Governance Statement which is available on the Company's website at <https://www.ragusaminerals.com.au/corporate-governance/>

# Directors Report

The Directors of Ragusa Minerals Limited (ASX: RAS) present their report on Ragusa Minerals Limited ("RAS" or "the Company"), and the entity it controls (the "Group") for the year ended 30 June 2020.

## Directors

The following persons were directors of the Group during the whole or part of the financial year and up to the date of this report unless otherwise indicated:

Michael Melamed  
Olaf Frederickson (appointed 8 August 2019)  
Peter Chai (appointed 15 May 2020)  
Jerko Zuvela (appointed 29 September 2020)  
David Koth (appointed 3 July 2018) (resigned 8 August 2019)  
Ranko Matic (appointed 25 March 2019) (resigned 15 May 2020)

## Principal activities

During the year, the principal activities of the consolidated entity consisted of the completing the transaction to acquire Balancing Rocks Zim Pty Ltd.

## Financial results for the year

The consolidated loss before tax attributable to shareholders of Ragusa Minerals Limited was \$294,711 (2019: operating loss \$260,202). Please refer to the consolidated statement of profit or loss and other comprehensive income on page 14 for further information.

## Review and results of operations

Since the completion of the sale of its main business undertaking in April 2017, the Company has sought out investment opportunities, including opportunities in sectors different to that of its previous business.

The Company further advanced the transaction to acquire Balancing Rocks Zim Pty Ltd, the re-compliance with Chapter 1 and 2 of the ASX listing rules and the preparation of the lodgement of a prospectus for a capital raising.

At the date of this report, the above activities have been finalised. Refer to Matters subsequent to the end of the financial year of this report in the following page for detail of these events.

During the year the Company issued convertible notes to professional, sophisticated and other exempt investors, raising a sum of \$143,000. The convertible notes are for a term of 12 months and attract interest at the rate of 12% per annum to be capitalised in full upon conversion of the notes or paid in full upon repayment.

The funds have been raised for working capital purposes and to enable the Company to continue with the re-compliance with Chapters 1 and 2 of ASX Listing Rules.

## Legal Update

During the previous year the Company had been in discussions with Aurora Funds Management Limited (AFML) in its capacity as a responsible entity for the Aurora Property Buy – Write Income Trust (AUP). This is in relation to the claims raised by AFML that alleged an unauthorised transfer took place of funds from AUP through to Ragusa Minerals Limited and other parties. To date no formal legal claim has been brought against the Company in respect of these matters and the Directors continue to seek legal advice on the matters

## Significant changes in state of affairs

There are no other significant changes in the state of affairs of the Company occurring during the financial year, other than as disclosed in this report.

# Directors Report

## Matters subsequent to the end of the financial year

Subsequent to the end of the financial year:

- The Company issued convertible notes to professional, sophisticated and other exempt investors raising a total of \$139,000.
- On 24 August 2020, the Company convened a general meeting to seek shareholder approval for the acquisition of Balancing Rocks Zim Pty Ltd.
- The Company has received application from convertible note holders for the conversion of 512,000 convertible notes, the nominal value of the conversion was \$512,000.
- On 30 September 2020 the Company advised that it had raised \$5,000,000 through the issue of 83,333,333 fully paid ordinary shares under the Equity Offer made in its prospectus dated 3 August 2020 (as supplemented by its supplementary prospectus dated 18 August 2020)
- On 30 September 2020, the Company advised that it issued the following securities under the equity offer:
  - 8,333,333 Vendor Shares under the Vendor Offer;
  - 45,000,000 Fee Options under the Fee Option Offer;
  - 9,589,075 Noteholder Shares and 9,589,075 Noteholder Options under the Noteholder Offer; and
  - 1,000,000 Incentive Options under the Incentive Option Offer.
- On 29 September 2020, Mr Jerko Zuvela was appointed as Chairman of the Board.
- On 1 October 2020, as announced to the market, the suspension of trading in the securities of the Company was lifted, following re-compliance with Chapter 1 and 2 of the ASX listing rules.
- The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Besides the details provided above, there are no matters or circumstance that have arisen since 30 June 2020 that have significantly affected, or may significantly affect:

- (i) the operations of the Group in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Group in future financial years.

## Likely Developments and Expected Results

The Company will use the funds raised from the Equity Offer to undertake exploration activities on the area encompassing the Lonely Mine Gold Project in accordance with its exploration plans.

## Environmental regulation

The Group's operations are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

## Dividends

No dividend was declared and payable to shareholders for the year to 30 June 2020 (2019: nil).

The Group is subject to the Australian corporate tax rate of 27.5% (2019: 27.5%).

# Directors Report

## **Auditor's Independence Declaration**

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 13.

## **Non-audit services**

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 14 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

## **Insurance of officers**

During the financial year, the Group paid premiums in respect of a contract insuring the directors of the Group and all executive officers of the Group against any liability incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the Group, other than conduct involving a wilful breach of duty in relation to the Group. The contract of insurance prohibits disclosure of the amount of the premium.

## **Proceedings on behalf of the Group**

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

## **Information on directors**

The qualifications, experience and responsibilities of each person who has been a director of Ragusa Minerals Ltd at any time during or since the end of the financial year are provided below.

## ***Current Directors***

### ***Michael Melamed (Appointed 26 June 2017)***

Independent Non-Executive Director

B. BUS, Chartered Accountant (CA)

### ***Expertise***

Michael is a Chartered Accountant and brings to the Company over 20 years' of extensive experience in accounting, corporate advisory and acts as the Chief Financial Officer for Nova Minerals Limited and Torian Resources Limited. Michael brings to the Company his extensive network and business opportunities.

### ***Other current directorships in publicly listed companies***

N/A

### ***Former directorships in last three years in publicly listed companies***

N/A

### ***Special responsibilities***

N/A

### ***Interests in shares and options***

N/A

## Directors Report

### ***Peter Chai (Appointed 15<sup>th</sup> May 2020)***

Independent Non-Executive Director

#### ***Expertise***

Peter Chai has vast corporate experience across Asia-Pacific. He was the personal adviser to the late Datuk Jaafar Ahmad (former Central Bank Governor of Malaysia & Namibia). Corporate adviser to the Board of The Merino Company. And Senior management roles at AIMS Financial Group, Coats Viyella Garments Asia-Pacific, Shakey's International Limited and Byford International Limited. Recently, Peter was instrumental in the \$6.0 billion development project by Guangzhou R&F Properties Co., Ltd. in Springfield, Queensland, Australia. And recapitalisation of Diatrema Resources Limited (ASX : DRX).

#### ***Other current directorships in publicly listed companies***

Quattro Plus Real Estate (ASX : QPR)

Ephraim Resources Limited

Quattro RE Limited

#### ***Former directorships in last three years in publicly listed companies***

Pan Asia Corporation Limited (ASX : PZC)

Bisan Limited (ASX : BSN)

#### ***Special responsibilities***

N/A

#### ***Interests in shares and options:*** N/A

### ***Olaf Fredrickson (Appointed 8 August 2019)***

Independent Non-Executive Director

#### ***Expertise***

Olaf Frederickson has in excess of 20 years' experience in the mining sector ranging from grass roots exploration and project generation through to operational mine site requirements, resource estimation, project assessment, business development and corporate responsibilities with companies such as Cape Lambert Resources, Fortescue Metals Group, Rio Tinto, Iluka Resources, Newcrest Mining. More recently, Olaf has been working as an independent consultant in areas of minerals investment advice, brokerage, negotiation and technical services including business development, project due diligence and financial evaluation.

Olaf has spent time reviewing and being involved in projects both locally throughout Western Australia and Queensland, and internationally in locations including North America, Central and West Africa, Timor and Turkey.

Olaf acts as a Competent Person under the JORC 2012 code in several commodities including iron ore, mineral sands, base, precious and energy metals and is a Director of Blackfynn Pty Ltd.

#### ***Other current directorships in publicly listed companies***

N/A

#### ***Former directorships in last three years in publicly listed companies***

Nova Minerals Limited - 10 April 2017 - 5 September 2018

#### ***Special responsibilities***

N/A

#### ***Interests in shares and options***

N/A

# Directors Report

***Jerko Peter Zuvela (Appointed 29 September 2020)***

Non-Executive Chairman

***Expertise***

Jerko is a Chartered Professional Geologist having spent over 25 years in the mining and resources industry. Jerko has held executive management roles for private and public resources companies, with operational and corporate experience in various commodities covering exploration, project development, business development, finance, commercial and corporate activities involved with projects in Australia, Asia, Africa and South America.

Jerko has considerable experience in building junior resources companies and understands the requirements working within this sector, including fundamental parameters, strategic drivers and market requirements within the junior resources industry.

He is a Chartered Professional (Geology) Member of the Australasian Institute of Mining and Metallurgy and holds a Bachelor of Science in Applied Geology from Curtin University in Western Australia.

***Other current directorships in publicly listed companies***

Argosy Minerals Limited and Discovery Africa Limited

***Former directorships in last three years in publicly listed companies***

N/A

***Special responsibilities***

Chairman

***Interests in shares and options***

N/A

***Former Directors***

***Ranko Matic (Appointed 25 March 2019) (Resigned 15<sup>th</sup> May 2020)***

Independent Non-Executive Director

***Expertise***

Mr. Ranko Matic is a Chartered Accountant with over 25 years' experience in the areas of financial and executive management, accounting, audit, business and corporate advisory. Mr Matic was previously a director of a chartered accounting firm for over 17 years and is currently a Director of a corporate services and advisory company and has specialist expertise and exposure in areas of audit, corporate services, due diligence, mergers and acquisitions, and valuations. Mr Matic is also currently a non-executive director of two other ASX listed companies and has also acted previously as Director, Chief Financial Officer and Company Secretary for companies in the private and public listed sector.

Mr Matic has been involved in an advisory capacity to over 40 initial public offerings and other re-capitalisations and re-listings of ASX companies in the last 20 years.

***Other current directorships in publicly listed companies***

East Energy Resources Ltd (Appointed 13/7/2007)

Argosy Minerals Limited (Appointed 17/7/2014)

***Former directorships in last three years in publicly listed companies***

Antilles Oil and Gas (Resigned 13/11/2018)

Celsius Resources Limited (Resigned 6/12/2018)

Valmec Limited (Resigned 7/3/2017)

***Special responsibilities***

Non-executive Director



# Directors Report

**Interests in shares and options:** N/A

**David Koth** (Appointed 3 July 2018) (Resigned 8 August 2019)

Independent Non-Executive Director

**Expertise**

David is completing a Bachelor of Commerce majoring in finance and commercial law. David has previously worked in the real estate industry and has worked in private equity. David brings to the Company his extensive network and business opportunities.

**Other current directorships in publicly listed companies**

N/A

**Former directorships in last three years in publicly listed companies**

N/A

**Special responsibilities**

Non-executive Director

**Interests in shares and options**

N/A

**Company Secretary**

Melanie Ross performs the Company Secretarial duties.

**Shares issued on the exercise of options**

No shares were issued during or since the end of the financial year as a result of exercise of options. No options have been issued over the share capital of the Group.

**Directors' Meeting**

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director.

Director	Number of Board Meetings Held		Number of Board Meetings Attended	
	2020	2019	2020	2019
Michael Melamed	2	2	2	2
Ranko Matic	2	-	2	-
Peter Chai	-	-	-	-
Olaf Fredrickson	2	-	2	-
David Koth (resigned 8 August 2019)	-	2	-	2

\* Number of Board meetings since date of appointment.

# Directors Report

## Remuneration report (audited)

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

This remuneration report outlines the remuneration arrangements of the Group for the year ended 30 June 2020. It details the remuneration arrangements for Key Management Personnel (KMP) of the Group who are identified as those persons and corporate entities having authority and responsibility for planning, directing and controlling activities of the Group, directly or indirectly.

In the 2020 financial year, the KMP for the Group included Non-Executive Directors as set out below:

Name	Position	Term as KMP
<b>Non-Executive Directors</b>		
<i>Peter Chai (appointed 15<sup>th</sup> May 2020)</i>	Director **	47 days
Olaf Fredrickson (appointed 8 <sup>th</sup> August 2019)	Director**	327 days
Ranko Matic (appointed 25 March 2019) (resigned 15 <sup>th</sup> May 2020)	Director**	319 days
David Koth (appointed 3 July 2018) (resigned 8 <sup>th</sup> August 2019)	Director*	38 days
Michael Melamed	Director	365 days

\* Until date of resignation

\*\* From date of appointment until 30 June 2020

The Board did not grant options to KMP under its remuneration policy.

# Directors Report

## Remuneration Report (audited)

### 1. Remuneration Policy

The Group aims to provide remuneration that is competitive in the market and linked to the Group's long term growth and value. The Board of directors seeks to ensure that the Group attracts and retains talented and motivated employees who can enhance business performance through their contributions and leadership.

The nature and extent of remuneration is reviewed and agreed upon annually by the Board. Remuneration of employees is made up of the following components:

**Fixed remuneration:** includes base salary and employer superannuation contributions. All employees, including directors, have salary reviews on an annual basis. When making changes to an individual's base remuneration the Board as a whole considers the employee's responsibilities, historic performance and length of employment with the Group, as well as the applicable industry rate.

**Performance bonuses:** the Board is currently reviewing the remuneration policy. Once the Company has identified business opportunities, the structure of performance bonuses will be determined.

**Short-term incentives:** refers to performance based bonuses. All employees will in the future have the opportunity to earn an annual short-term incentive (STI) if predefined targets are achieved. These targets will be set by the Board and align to the Group's strategic and business objectives in the future. Bonus allocations will be subject to Board approval, and must include the approval of the independent chairman. In the event the independent director votes against or abstains, the Board must obtain independent advice on the fairness and reasonableness for shareholders before distributing bonuses.

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

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward.

The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

### 2. Relationship between Remuneration Policy and Group Performance

The following compares financial results for the last five years to incentive payments to key management personnel:

	2020	2019	2018	2017	Restated* 2016
Profit/(loss) before tax	(294,711)	(260,202)	(282,012)	(\$254,776)	\$372,914
Profit/(loss) after tax	(294,711)	(260,202)	(282,012)	(\$254,776)	\$372,914
Total performance fees from funds		-	-	-	-
Basic earnings/(loss) per share from continuing operations	(2.29)	(2.03)	(2.20)	(2.28)	3.34
Total KMP short term incentives as a percentage of total income for the financial year	(n/a)	(n/a)	n/a	n/a	n/a

The above highlights the impact that performance fees have in determining the total bonus pool available to all employees including key management personnel.

# Directors Report

## Remuneration Report (audited) (continued)

### 3. Remuneration Summary of KMP

A summary of the remuneration for the directors for the financial year ended 30 June 2020 is as follows:

<b>30 June 2020</b>	Short-term benefits		Post-employment benefits	Short term incentive payments	Total	% Fixed Remuneration	% Remuneration linked to performance
Name	Cash salary and fees	Payables \$	Superannuation				
<i>Directors:</i>							
David Koth	-	-	-	-	-	-%	-%
Ranko Matic	-	-	-	-	-	-%	-%
Michael Melamed	18,000	18,000	-	-	36,000	100%	-%
Olaf Fredrickson	-	-	-	-	-	-%	-%
Peter Chai	-	-	-	-	-	-%	-%
<b>Total key management personnel compensation</b>	<b>18,000</b>	<b>18,000</b>	<b>-</b>	<b>-</b>	<b>36,000</b>	<b>-</b>	<b>-</b>

There is no post-employment benefit outside of superannuation.

There are no other short-terms benefits outside of those paid and payable at year-end.

A summary of the remuneration for the directors for the financial year ended 30 June 2019 is as follows:

<b>30 June 2019</b>	Short-term benefits		Post-employment benefits	Short term incentive payments	Total	% Fixed Remuneration	% Remuneration linked to performance
Name	Cash salary and fees	Payables \$	Superannuation				
<i>Directors:</i>							
David Koth	13,000	2,000	-	-	15,000	100%	-%
Ranko Matic	-	-	-	-	-	100%	-%
Michael Melamed	35,000	4,000	1,140	-	40,140	100%	-%
Yitzchok (Isaac) Labkowski	-	15,000	-	-	15,000	100%	-%
<b>Total key management personnel compensation</b>	<b>48,000</b>	<b>21,000</b>	<b>1,140</b>	<b>-</b>	<b>70,140</b>		

There is no post-employment benefit outside of superannuation.

There are no other short-terms benefits outside of those paid and payable at year-end.

# Directors Report

## Remuneration Report (audited) (continued)

### 4. Directors' interest in shares

Number of shares\* held by key management personnel and their associates:

Directors	Balance 1 July 2019	Change	Held at date of Resignation	Balance 30 June 2020
Olaf Fredrickson	-	-	-	-
Michael Melamed	-	-	-	-
Ranko Matic (Resigned 15 <sup>th</sup> May 2020)	-	-	-	-
David Koth (Resigned 8 <sup>th</sup> August 2019)	-	-	-	-
Peter Chai	-	-	-	-

### 5. Loans and other transaction with key management personnel

During the financial year, there were no loans to or from key management personnel, including their related parties.

## End of Remuneration Report (audited)

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

On behalf of the directors.



Michael Melamed  
Director  
30 October 2020

**DECLARATION OF INDEPENDENCE BY JAMES MOONEY TO THE DIRECTORS OF RAGUSA MINERALS LIMITED**

As lead auditor of Ragusa Minerals Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Ragusa Minerals Limited and the entities it controlled during the period.



**BDO East Coast Partnership**

James Mooney  
Partner

Melbourne, 30 October 2020

# Financial Statements

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

For the year ended 30 June 2020

	Notes	2020 \$	2019 \$
<b>Revenue from continuing operations</b>			
Interest income		44	308
<b>Total income</b>		44	308
<b>Expenses</b>			
Finance expense		(35,176)	(14,218)
Other expenses	7	(259,579)	(246,292)
<b>Total operating expenses</b>		(294,755)	(260,510)
Loss before income tax		(294,711)	(260,202)
Income tax	6	-	-
<b>Loss for the year</b>		(294,711)	(260,202)
Other comprehensive income for the year, net of income tax		-	-
<b>Total comprehensive income</b>		(294,711)	(260,202)
<b>Loss for the year is attributable to</b>			
Owners of Ragusa Minerals Ltd		(294,711)	(260,202)
<b>Total comprehensive income for the year is attributable to</b>			
Owners of Ragusa Minerals Ltd		(294,711)	(260,202)
<b>Earnings per share:</b>			
Basic earnings per share (cents)	19	(2.29)	(2.03)
Diluted earnings per share (cents)	19	(2.29)	(2.03)

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

# Financial Statements

## Consolidated Statement of Financial Position

As at 30 June 2020

	Notes	2020 \$	2019 \$
<b>Current assets</b>			
Cash and cash equivalents	8	9,164	57,815
Other current assets	9	15,780	13,671
<b>Total current assets</b>		<b>24,944</b>	<b>71,486</b>
<b>Total assets</b>		<b>24,944</b>	<b>71,486</b>
<b>Current liabilities</b>			
Trade and other payables	10	183,695	113,637
Convertible Notes	11	419,135	242,251
<b>Total current liabilities</b>		<b>602,830</b>	<b>355,888</b>
<b>Total liabilities</b>		<b>602,830</b>	<b>355,888</b>
<b>Net liabilities</b>		<b>(577,886)</b>	<b>(284,402)</b>
<b>Equity</b>			
Share capital	12	7,790,192	7,790,192
Reserves		3,161	1,934
Accumulated losses	13	(8,371,239)	(8,076,528)
<b>Total equity deficiency</b>		<b>(577,886)</b>	<b>(284,402)</b>

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



# Financial Statements

## Consolidated Statement of Changes in Equity

For the year ended 30 June 2020

	Share Capital \$	Reserves \$	Accumulated Profits/ (losses) \$	Total \$
<b>Balance at 1 July 2018</b>	<b>7,790,192</b>	<b>-</b>	<b>(7,816,326)</b>	<b>(26,134)</b>
Loss for the year	-	-	(260,202)	(260,202)
Other comprehensive income for the year	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(260,202)</b>	<b>(260,202)</b>
<b>Transaction with owners in their capacity as owners</b>				
Issue of convertible note reserves	-	1,934	-	1,934
<b>Balance at 30 June 2019</b>	<b>7,790,192</b>	<b>1,934</b>	<b>(8,076,528)</b>	<b>(284,402)</b>

	Share Capital \$	Reserves \$	Accumulated Profits/ (losses) \$	Total \$
<b>Balance at 1 July 2019</b>	<b>7,790,192</b>	<b>1,934</b>	<b>(8,076,528)</b>	<b>(284,402)</b>
Loss for the year	-	-	(294,711)	(294,711)
Other comprehensive income for the year	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(294,711)</b>	<b>(294,711)</b>
<b>Transaction with owners in their capacity as owners</b>				
Issue of convertible note reserves	-	1,227	-	1,227
<b>Balance at 30 June 2020</b>	<b>7,790,192</b>	<b>3,161</b>	<b>(8,371,239)</b>	<b>(577,886)</b>

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

# Financial Statements

## Consolidated Statement of Cash Flows

For the year ended 30 June 2020

	Notes	2020 \$	2019 \$
Payments to suppliers and employees		(205,456)	(202,668)
Interest received		13	308
GST Received		13,825	8,366
Interest and other finance costs		(33)	(33)
<b>Net cash used in operating activities</b>	18	<b>(191,651)</b>	<b>(194,027)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of convertible notes		143,000	230,000
<b>Net cash generated by financing activities</b>		<b>143,000</b>	<b>230,000</b>
Net increase/(decrease) in cash and cashequivalents		(48,651)	35,973
Cash and cash equivalents at the beginning of the year		57,815	21,842
<b>Cash and cash equivalents at the end of the financial year</b>	8	<b>9,164</b>	<b>57,815</b>

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

# Notes to the Financial Statements

## Table of Contents

- 1 General information
- 2 Summary of significant accounting policies
- 3 Critical accounting estimates and judgements
- 4 Financial Risk Management
- 5 Segment Information
- 6 Income tax
- 7 Other expenses
- 8 Cash and cash equivalents
- 9 Other current asset
- 10 Trade and other payables
- 11 Convertible Notes
- 12 Contributed equity
- 13 Accumulated losses
- 14 Remuneration of auditors
- 15 Related party disclosure
- 16 Contingent assets and liabilities
- 17 Commitments
- 18 Reconciliation of profit after income tax to net cash flow from operating activities
- 19 Earnings per share
- 20 Parent entity financial information
- 21 Group Entities
- 22 Matters subsequent to the end of the financial year
- 23 Legal Update

# Notes to the Financial Statements

## 1. General information

Ragusa Minerals Ltd (the “Company” or “RAS”) and the entity it controlled (the “Group”) (formerly Siv Asset Management Limited) is a listed public company incorporated in Australia (ASX Code: RAS). The address of its registered office and principal place of business are as follows:

**Level 2, 22 Mount Street,  
Perth WA 6000 Australia**

## 2. Summary of significant accounting policies

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

### (a) Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the financial statements of the Group. For the purposes of preparing the financial statements, the Group is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards (“IFRS”).

The financial statements were authorised for issue by the directors as at the date of the directors’ report. The directors have the power to amend and reissue the financial statements.

### (b) Basis of preparation

#### *Historical cost convention*

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss.

#### *Critical accounting estimates*

The preparation of financial statements requires the use of certain critical accounting estimates and judgements in applying the Group’s accounting policies. Those estimates and judgements significant to the financial statements, are disclosed in Note 3.

### *Going concern*

The consolidated entity incurred an operating loss of \$294,711 (2019: \$260,202) and had cash outflows used in operating activities of \$191,651 (2019: \$194,027) for the year ended 30 June 2020. The consolidated entity has cash and cash equivalent of \$9,164 at 30 June 2020 (30 June 2019: \$57,815) and net liabilities of \$577,886 (30 June 2019: \$284,402).

# Notes to the Financial Statements

## 2. Summary of significant accounting policies (Continued)

### *Going concern (Continued)*

The directors believe there are reasonable grounds to believe that Ragusa Minerals Ltd will continue as a going concern for the following reasons:

- Subsequent to the reporting date, the Company issued convertible notes to professional, sophisticated and other exempt investors raising a total of \$139,000.
- Subsequent to the reporting date, the Company has received application from convertible note holders for the conversion of 512,000 convertible notes. The nominal value of the conversion was \$512,000.
- The Company successfully raised \$5 million by the issue of ordinary shares and options via the prospectus dated 3 August 2020. The cash reserve of the Company as of date of this report is \$4,490,120.
- Subsequent to the reporting date, a General meeting was convened to seek shareholder approval for the transaction with Balancing Rocks Zim Pty Ltd.
- On 1 October 2020, as announced to the market, the suspension of trading in the securities of the Company was lifted, following the re-compliance with Chapter 1 and 2 of the ASX listing rules.
- The Board is confident of raising further capital through equity if necessary.
- The Directors have prepared a budget which demonstrates that based on the above factors the Company has sufficient funds available to meet its commitments for at least twelve months from the date of signing this report.

### **(c) Principles of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and the entity it controlled for the year and at balance date. Details of companies controlled by the Group at year-end are included in Note 21. In the current year, the Group includes RAS' holding in Fortitude Capital Pty Ltd ("Fortitude"). Controlled entities are entities over which the Group has power over, and has exposure, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

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

# Notes to the Financial Statements

## 2. Summary of significant accounting policies (Continued)

### (d) Application of new and revised Accounting Standard

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

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

#### *AASB 16: Leases*

The consolidated entity has adopted AASB 16 from 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The consolidated entity adopted this standard from 1 July 2019 and there has not been material impact on its financial statements.

### (e) Accounting standards and interpretations issued but not yet effective at 30 June 2020

New standards, amendments to standards and interpretations have been issued at the reporting date but are not yet effective. The Group is assessing the impact of these standards. The Group does not intend to early adopt any of the standards prior to the effective date.

### (f) Revenue recognition

Interest income is recognised using the effective interest method.

### (g) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects, neither accounting, nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are

# Notes to the Financial Statements

## 2. Summary of significant accounting policies (Continued)

### (g) Income tax (Continued)

recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and loss. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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. The Company and its wholly-owned Australian controlled entity have implemented the tax consolidation legislation. Fortitude has no income for the current year.

### (h) Cash and cash equivalents

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

### (i) Assets carried at amortised cost

Loans and receivables are measured at amortised cost using the effective interest method to discount to present value. The effective interest rate is the rate that exactly discounts estimated future cash through the expected life of the loans and receivables, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Gains and losses on inception is recognised in the consolidated statement of profit or loss and other comprehensive income. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

### (j) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

### (k) Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method to discount to present value. Gains and losses on inception is recognised in the consolidated statement of profit or loss and other comprehensive income.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the notional value through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

## **2. Summary of significant accounting policies (Continued)**

### **(l) Goods and services tax (GST)**

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

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

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

### **(m) Comparatives**

Where required, comparative information has been reclassified for consistency with current year disclosures.

### **(n) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

### **(o) Contributed equity**

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.

### **(p) Fair value**

Fair value is 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such basis.



# Notes to the Financial Statements

## 2. Summary of significant accounting policies (continued)

### (q) Earnings per share

#### *Basic earnings per share*

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

#### *Diluted earnings pershare*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

### (r) Parent entity financial information

The financial information for the parent entity, Ragusa Minerals Limited, has been prepared on the same basis as the consolidated financial statements, except as set out below.

#### *(i) Investments in subsidiaries*

Investments in subsidiaries are accounted for at cost in the financial statements of the parent entity. Refer to Note 21 for details of the subsidiary of the Group. The Company's investment in Fortitude has been fully impaired.

There were no dividends paid to the parent entity from its subsidiary during the period ending 30 June 2020 (2019: nil).

#### *(ii) Tax consolidation legislation*

Ragusa Minerals Limited and its wholly-owned Australian controlled entity have implemented the tax consolidation legislation.

The head entity, Ragusa Minerals Limited, and the controlled entity in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

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

The Group has also entered into a tax funding agreement under which the wholly-owned entity fully compensate the head entity for any current tax payable assumed and are compensated by the head entity for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to the head entity under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entity's financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. There were no amounts receivable/payable to the Group under the tax funding agreement at 30 June 2020 (2019: nil). Fortitude has been dormant during the current and previous year and did not generate any income.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

# Notes to the Financial Statements

## 3. Critical accounting estimates and judgements

The Group makes certain estimates and assumptions concerning the future, which, by definition will seldom represent actual results. The estimates and assumption that have a significant inherent risk in respect of estimates based on future events, which could have a material impact on the assets and liabilities in the next financial year, are discussed below:

### (a) Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. This consideration extends to the nature of the activities undertaken, supply chain and staffing. Other than as addressed in specific notes to the financial statements, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

## 4. Financial Risk Management

The Group's principal financial assets comprise cash and receivables. The Group's principal financial liabilities comprise trade and other payables. The Group's activities expose it to a variety of direct and indirect financial risks comprising market risk, interest rate risk, credit risk, liquidity risk and fair values.

### (a) Market risk

There were no significant market risks that impacted the Group during the current and previous financial year.

### (b) Interest rate risk

The Group's interest rate risk arises from cash held at call. There were no significant market risks that impacted the Group during the current and previous financial year.

### (c) Credit risk

Credit risk for financial instruments arises from the potential failure by counterparties to the contract in meeting their obligations.

#### (i) Cash deposits

Credit risk for cash deposits is managed by holding all cash with major Australian banks.

#### (ii) Loans and receivables

The Group manages credit risk by regularly monitoring loans and receivable balances throughout the year. At 30 June 2020, the Group had no credit exposure as the loan balances had been reduced to \$nil (2019: Nil).

### (d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. At the end of the reporting period the Group held cash on hand of \$9,164 (2019: \$57,815) that are expected to readily generate cash inflows for managing liquidity risk.

Management monitors rolling forecasts of the Group's liquidity reserve of cash and cash equivalents (Note 8) on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the Group in accordance with practice and limits set by the Group. In addition, the Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements.

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

# Notes to the Financial Statements

## 4. Financial Risk Management (continued)

### (d) Liquidity risk (continued)

Contractual maturities offinancial liabilities	Less than 6 months	6-12 months	Over 1 year to 5 years	Total contractual cash flows	Carrying Amount
	\$	\$	\$	\$	\$
<b>As at 30 June 2020</b>					
Convertible Notes	339,360	78,400	-	417,760	419,135
Trade and other payables	183,695	-	-	183,695	183,695
<b>Total non-derivatives</b>	<b>523,055</b>	<b>78,400</b>	<b>-</b>	<b>601,455</b>	<b>602,830</b>

Contractual maturities offinancial liabilities	Less than 6 months	6-12 months	Over 1 year to 5 years	Total contractual cash flows	Carrying Amount
	\$	\$	\$	\$	\$
<b>As at 30 June 2019</b>					
Convertible Notes	-	242,251	-	242,251	242,251
Trade and other payables	113,637	-	-	113,637	113,637
<b>Total non-derivatives</b>	<b>113,637</b>	<b>242,251</b>	<b>-</b>	<b>355,888</b>	<b>355,888</b>

### (e) Fair value measurement

No other financial assets and liabilities are measured at fair value, therefore no further disclosures have been made.

The carrying amounts of trade and other receivables and trade and other payables and borrowings are reasonable approximations of their respective fair values.

## 5. Segment information

The Group is organised into one main segment which operates solely as a diversified investor within Australia. The Group operates in Australia and holds all assets within Australia.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

The Directors are of the opinion that the current financial position and performance of the Group is equivalent to the operating segments identified above and as such no further disclosure has been provided.

# Notes to the Financial Statements

## 6. Income tax

### (a) Reconciliation of income tax revenue/(expense)

	2020 \$	2019 \$
Loss before income tax	(294,711)	(260,202)
Prima facie income tax at 27.5% (2019: 27.5%)	(81,046)	(71,555)
Effect of amounts which are non-deductible/(assessable) in calculating taxable income:		
Non-deductible expenses	2,124	8,622
Current year income tax benefit not recognised	78,922	62,933
<b>Income tax expense / (benefit)</b>	-	-

### (b) Components of income tax revenue/(expense)

Current tax	-	-
Deferred tax	-	-
<b>Income tax (expense)/benefit</b>	-	-

The Group had unused revenue tax losses at 30 June 2020 of \$ 2,719,867 (2019: \$2,640,945) and capital tax losses \$4,729,959 (2019: \$4,729,959).

## 7. Other expenses

	2020 \$	2019 \$
Audit and tax fees	29,224	24,500
Compliance costs	50,224	39,292
Legal fees	91,876	53,959
Director fee	19,000	56,997
Consulting and personnel costs	44,659	18,800
Occupancy	-	10,164
Wages	-	13,140
Insurance	6,277	12,435
Other	18,319	17,005
<b>Total other expenses</b>	<b>259,579</b>	<b>246,292</b>

## 8. Cash and cash equivalents

	2020 \$	2019 \$
Cash at bank and on hand	9,164	57,815
<b>Total cash and cash equivalents</b>	<b>9,164</b>	<b>57,815</b>

## Notes to the Financial Statements

### 9. Other current assets

	2020 \$	2019 \$
Prepayments	-	6,217
Goods and service tax paid	15,780	7,454
<b>Total other current assets</b>	<b>15,780</b>	<b>13,671</b>

### 10. Trade and other payables

	2020 \$	2019 \$
<b>Current liabilities</b>		
Trade payables	118,098	56,401
Audit fees payable	41,397	36,236
Directors Fees payable	24,200	21,000
<b>Total current liabilities</b>	<b>183,695</b>	<b>113,637</b>

### 11. Convertible Notes

#### Key terms of the convertible notes

The Convertible Notes issued under the Capital Raising will be convertible at \$0.06 (6 cents), expire 12 months from issue, accrue interest at 12% per annum and are only convertible if the Company:

- (a) obtains shareholder approval for the issue of shares on conversion of the Notes and issue of Note Options (defined below); and
- (b) issues a prospectus enabling shares upon conversion of the Notes and Note Options to be issued without restrictions on secondary trading under the Corporations Act 2001 (Cth), being the Conversion Conditions.

Each share issued upon conversion of Notes will be accompanied by one free-attaching option (Note Option) with an exercise price of \$0.09 (9 cents) and expiring 31 December 2022. Issue of shares on conversion of Notes and issue of Note Options are subject to shareholder approval.

Subject to and conditional upon satisfaction of the Conversion Conditions, Notes convert upon the Company receiving written conditional confirmation from ASX that ASX is satisfied that, subject to the satisfaction of usual administrative conditions, the Company has met all requirements of Chapters 1 and 2 of the ASX Listing Rules and will admit the Company prior to expiration of the Notes.

Subsequent to the reporting date, the Convertible Notes were all converted to ordinary shares upon the satisfaction of the re-compliance of Chapters 1 and 2 of the ASX Listing Rules.

Notes (and any accrued interest) are repayable in cash where one or both of the Conversion Conditions are not satisfied or where the Notes are not converted by the expiry date of the Notes. If repayable as set out above, Notes are to be repaid within 7 days of the earlier of the expiration of the Notes or the date of the general meeting at which shareholders refuse to approve the issue of shares upon conversion of Notes and the issue of Note Options.

# Notes to the Financial Statements

## 11. Convertible Notes (Continued)

Other than the Notes, the Company has not raised any funds or issued any securities in the six months preceding this announcement. As described above, the issue of Note Options and shares upon conversion of Notes are subject to receipt of shareholder approval.

### Accounting treatment

Convertible notes are accounted for as the aggregate of a liability component and an equity component.

At initial recognition, the fair value of the liability component of the convertible notes is determined using a market interest rate for an equivalent non-convertible note. The remainder of the proceeds is allocated to the conversion option as an equity component, recognised in the Statement of Changes in Equity.

Transaction costs associated with the convertible notes are allocated to the liability and equity components in proportion to the allocation of proceeds. The liability component is subsequently carried at amortised cost, calculated using effective interest rate method, until extinguished in conversion or maturity.

## 12. Contributed equity

### (a) Issued capital

	2020 \$	2019 \$
Ordinary shares	7,790,192	7,790,192
<b>Total contributed equity</b>	<b>7,790,192</b>	<b>7,790,192</b>

### (b) Movement in ordinary share capital

	2020 Shares	2019 Shares	2020 \$	2019 \$
<b>Ordinary shares</b>				
Opening balance	12,842,316	12,842,316	7,790,192	7,709,192
Shares Issued	-	-	-	-
<b>Total ordinary shares</b>	<b>12,842,316</b>	<b>12,842,316</b>	<b>7,790,192</b>	<b>7,790,192</b>

### Terms and conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholder meetings. In the event of the Group winding up, ordinary shareholders are entitled to proceeds in proportion to the number and amounts paid up on shares held. The shares have no par value.

### Capital risk management

The Group's capital structure consists of equity and retained earnings. The operating cash flows from the Significant Investor Funds are used to finance operating costs. The capital risk management is continuously reviewed to ensure the Group has sufficient surplus cash available to pay debts when they become due and payable.

## Notes to the Financial Statements

### 13. Accumulated Losses

	2020 \$	2019 \$
<b>Retained earnings</b>	<b>(8,341,028)</b>	(8,076,528)
Balance at beginning of year	(8,076,528)	(7,816,326)
Loss attributable to owners of the Group	(294,711)	(260,202)
<b>Balance at end of year</b>	<b>(8,371,239)</b>	(8,076,528)

### 14. Remuneration of auditors

During the year, the following fees were paid or payable for services provided by the auditor of the parent entity, its network firm and non-related audit firms:

	2020 \$	2019 \$
<b>Auditors Remuneration</b>		
<i>Audit and other assurance services</i>		
Audit and review of financial statements	25,724	21,000
<i>Taxation Services</i>		
Taxation compliance services	3,500	3,500
<b>Total remuneration of audit firms</b>	<b>29,224</b>	24,500

### 15. Related party disclosure

#### Key management personnel compensation

Information regarding individual directors' remuneration and shares held in the Group as required under the *Corporations Act 2001* is provided in the Remuneration report on pages 9 to 12 of this annual report.

Other than as disclosed in this note, no Director has entered a material contract with the Company or the Group since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year end.

	2020 \$	2019 \$
<b>Executive Director</b>		
Short-term employee benefits	-	-
	-	-
<b>Non-Executive Directors</b>		
Short-term employee benefits	36,000	69,000
Post-employment benefits	-	1,140
	<b>36,000</b>	70,140

## 15. Related party disclosure (Continued)

### Key management personnel

The names of persons who were key management personnel of the Group at any time during the financial year are as follows:

#### Non-Executive Director

Michael Melamed

Olaf Frederickson (*appointed 8 August 2019*)

Peter Chai (*appointed 15 May 2020*)

David Koth (*appointed 3 July 2018, resigned 8 August 2019*)

Ranko Matic (*appointed 25 March 2019, resigned 15 May 2020*)

### Other transactions with Key management personnel

A director, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. The terms and conditions of the transactions with key management personnel were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

There were no related party transaction for the period 30 June 2020 (30 June 2019: nil)

## 16. Contingent assets and liabilities

Other than the matter disclosed in Note 23 Legal update, there were no contingent assets or contingent liabilities at 30 June 2020 (30 June 2019: nil).

## 17. Commitments

There were no commitments at 30 June 2020 (2019: \$Nil).

## 18. Reconciliation of profit after income tax to net cash flow from operating activities

	2020 \$	2019 \$
Profit/(loss) from ordinary activities after income tax	(294,711)	(260,202)
Add: Non-cash interest expense on convertible notes	35,175	14,185
<i>Changes in assets and liabilities:</i>		
Decrease/(Increase) in trade and other receivables	(2,108)	(8,688)
Increase/(Decrease) in trade and other payables	69,993	60,678
Net cash flows used in operating activities	(191,651)	(194,027)



# Notes to the Financial Statements

## 19. Earnings per share

	2020 Cents per share	2020 \$	2019 Cents per Share	2019 \$
Basic earnings per share attributable to the ordinary equity holders of the Group:	(2.29)	(294,711)	(2.03)	(260,202)
Total diluted earnings per share attributable to the ordinary equity holders of the Group:	(2.29)	(294,711)	(2.03)	(260,202)
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share		12,842,316		12,842,316

## 20. Parent entity financial information

### (a) Summary financial information

The individual financial information statements for the parent entity show the following aggregate amounts:

	2020 \$	2019 \$
<b>Financial Position</b>		
Current assets	24,944	71,486
Total assets	24,944	71,486
Current liabilities	602,830	355,888
Total liabilities	602,830	355,888
Shareholders' equity		
Share capital	7,790,192	7,790,192
Reserves	3,161	1,934
Accumulated losses	(8,371,239)	(8,076,528)
Total equity	(577,886)	(284,402)
<b>Profit or loss and other comprehensive income</b>		
Loss for the year	(294,711)	(260,202)
<b>Total comprehensive income for the year</b>	<b>(294,711)</b>	<b>(260,202)</b>

## 21. Group entities

The ultimate controlling party of the Group is Ragusa Minerals Ltd, incorporated in Australia.

Subsidiary	Country of incorporation	Ownership interest	
		2020 %	2019 %
Fortitude Capital Pty Ltd**	Australia	100	100

\*\* Fortitude became dormant during the 2016 financial year.

# Notes to the Financial Statements

## 22. Matters subsequent to the end of the financial year

Subsequent to the end of the financial year:

- The Company issued convertible notes to professional, sophisticated and other exempt investors raising a total of \$139,000.
- On 24 August 2020, the Company convened a general meeting to seek shareholder approval for the acquisition of Balancing Rocks Zim Pty Ltd.
- The Company has received application from convertible note holders for the conversion of 512,000 convertible notes, the nominal value of the conversion was \$512,000.
- On 30 September 2020, the Company advised that it had raised \$5,000,000 through the issue of 83,333,333 fully paid ordinary shares under the Equity Offer made in its prospectus dated 3 August 2020 (as supplemented by its supplementary prospectus dated 18 August 2020).
- On 30 September 2020, the Company advised that it issued the following securities under the equity offer:
  - 8,333,333 Vendor Shares under the Vendor Offer;
  - 45,000,000 Fee Options under the Fee Option Offer;
  - 9,589,075 Noteholder Shares and 9,589,075 Noteholder Options under the Noteholder Offer; and
  - 1,000,000 Incentive Options under the Incentive Option Offer.
- On 29 September 2020, Mr Jerko Zuvela was appointed as Chairman of the Board.
- On 1 October 2020, as announced to the market, the suspension of trading in the securities of the Company was lifted, following re-compliance with Chapter 1 and 2 of the ASX listing rules.
- The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Besides the details provided above, there are no matters or circumstance that have arisen since 30 June 2020 that have significantly affected, or may significantly affect:

- (i) the operations of the Group in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Group in future financial years.

## 23. Legal Update

During the previous year, the Company has been in discussions with Aurora Funds Management Limited (AFML) in its capacity as a responsible entity for the Aurora Property Buy – Write Income Trust (AUP). This is in relation to the claims raised by AFML that an alleged unauthorised transfer took place of funds from AUP through to Ragusa Minerals Limited and other parties. To date no formal legal claim has been brought against the Company in respect of these matters and the Directors continue to seek legal advice on the matters.

# Directors' Declaration

The directors of the Group declare that:

- (a) In the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable;
- (b) In the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards as stated in Note 2(a) to the financial statements; and
- (c) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group.

This declaration is made in accordance with a resolution of the directors of Ragusa Mineral Limited.



**Michael Melamed**

Director

30 October 2020

## INDEPENDENT AUDITOR'S REPORT

To the members of Ragusa Minerals Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Ragusa Minerals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, 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:

- (i) 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 ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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.

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

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

## Key audit matters

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

### Going Concern

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The group has incurred losses and at the reporting date was in a net liability position. In note 2 “Going Concern” of the financial report, the Directors have documented their considerations regarding their conclusion that the going concern basis is the appropriate basis of accounting.</p> <p>Our assessment of the ability of the Group to continue as a going concern is dependent upon the cash flow forecasts prepared by the Directors. These forecasts include the Directors’ assumptions regarding the timing of future cash flows and capital raising activities.</p> <p>Our assessment of the going concern basis was considered a key audit matter due to the judgements and assumptions made by the Directors.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"><li>• Reviewing cash-flow forecasts and challenging management’s assumptions around future expenditure;</li><li>• Sighting supporting documentation confirming commitments to subscribe to the equity offer via the prospectus dated 3 August 2020.</li><li>• Vouching the receipt of funds from the equity offer; and</li><li>• Assessing the adequacy of the Group’s disclosures within the financial statements.</li></ul>

## Other information

The directors are responsible for the other information. The other information comprises the information in the Group’s annual report for the year ended 30 June 2020, but does not include the financial report and the auditor’s report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the directors for the Financial Report

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



In preparing the financial report, the directors are responsible for assessing the ability of the 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 has no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the Financial Report**

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf)

This description forms part of our auditor's report.

#### **Report on the Remuneration Report**

##### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included in pages 9 to 12 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Ragusa Minerals Limited, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

##### **Responsibilities**

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

##### **BDO East Coast Partnership**

A handwritten signature in black ink, appearing to read 'James Mooney', is written over a faint, stylized 'BDO' logo.

James Mooney  
Partner

Melbourne, 30 October 2020

# Shareholder Information

The shareholder information set out below was applicable as at 19<sup>th</sup> October 2020.

## Distribution of Holdings

Range	Shares	% of issued shares	Total holders
100,001 and Over	89,954,320	85.91	232
10,001 to 100,000	14,158,183	13.52	263
5,001 to 10,000	250,211	0.24	34
1,001 to 5,000	323,363	0.31	173
1 to 1,000	22,892	0.02	32
<b>Total</b>	<b>104,708,969</b>	<b>100.00</b>	<b>734</b>

## Largest Shareholders

The names of the 20 largest holders of ordinary units as at 19<sup>th</sup> October 2020 are listed below:

Unitholder	Number held	% of Issued shares
MS CHUNYAN NIU	3,633,334	3.47
BT PORTFOLIO SERVICES LIMITED	2,583,334	2.47
SABA NOMINEES PTY LTD	2,113,992	2.02
MR WILLI RUDIN	1,500,000	1.43
HALEVI PTY LTD	1,482,675	1.42
AYERS PTY LTD	1,350,000	1.29
YUCAJA PTY LTD	1,154,000	1.10
GURRAVEMBI INVESTMENTS PTY LTD	1,083,333	1.03
SWIFT GLOBAL LTD	1,071,501	1.02
HUIC NOMS PTY LTD	1,061,350	1.01
HM PENSION FUND PTY LTD	1,000,000	0.96
OSF NOMINEES PTY LTD	1,000,000	0.96
ROMFAL SIFAT PTY LTD	1,000,000	0.96
MR STEVEN MARIN ZUVELA	999,999	0.96
QUID CAPITAL PTY LTD	986,974	0.94
MRS DIHNA NADA ZUVELA	927,272	0.89
CY SUPERANNUATION PTY LTD	923,000	0.88
MR PETER ANDREW PROKSA	900,000	0.86
ANGLO MENDA PTY LTD	842,032	0.80
MR ARYE LEON SHAPIRO	833,333	0.80
AYERS PTY LTD	833,333	0.80
LAUNCHPAD (AUS) PTY LTD	833,333	0.80
MRS ANNETTE LEE O'KEEFFE	833,332	0.80
MISS SIHONG ZENG	800,000	0.76

# Shareholder Information

## Unquoted Securities - Restricted Securities

### Escrowed Vendor & Note Holder Shares

*Holders with More Than 20%*

JERKO PETER ZUVELA

Number held	% of Issued shares
2,083,332	22.19

### Escrowed - Mile Stone Shares

*Holders with More Than 20%*

JERKO PETER ZUVELA

KIKCETO PTY LTD

Number held	% of Issued shares
3,333,334	25.00
2,666,666	20.00

### Escrowed Unlisted Note Holder Options \$0.09 31 Dec 2022

*Holders with More Than 20%*

AZMAN AARON BIN OMAR

Number held	% of Issued shares
2,170,264	22.63

### Escrowed Unlisted Options \$0.12c - 31 Dec 2022

*Holders with More Than 20%*

BLUE OLIVE FUND

THE 5TH ELEMENT MCTN PTY LTD

Number held	% of Issued shares
10,000,000	22.22
9,000,000	20.00

### Escrowed Unlisted Incentive Options \$0.12c -31 Dec 2022

*Holders with More Than 20%*

OLAF SVEN FREDERICKSON

INVESTMENT ADVISERS ALLIANCE PTY LTD

Number held	% of Issued shares
500,000	50.00
500,000	50.00



# Corporate Directory

## **Directors of Company**

Michael Melamed

Jerko Zuvela

Olaf Frederickson

Peter Chai

## **Company Secretary**

Melanie Ross

## **Registered Office**

Level 2, 22 Mount Street

Perth WA 6000

Australia

## **Share Register**

Link Market Services

Level 12,

250 Georges Terrace

Perth, WA 6000

## **Auditor and Taxation Advisor**

BDO East Partnership

Collins Square, Tower Four

Level 18, 727 Collins Street

Melbourne, VIC 3008

## **Solicitors**

QR Lawyers

Level 6

400 Collins Street

Melbourne, VIC 3000

## **Securities Exchange Listing**

Australian Securities Exchange (ASX)

ASX Code: (RAS)