RAGNAR

METALS LTD.

(formerly Drake Resources Ltd)

ABN 12 108 560 069

ANNUAL REPORT
30 JUNE 2019

Corporate Directory

Current Directors

Steven Formica	*Non-executive Chairman*
Ariel (Eddie) King	*Non-executive Director*
James Scovell	*Non-executive Director*
David Wheeler	*Non-executive Director*

Company Secretary

Julia Beckett

Registered Office

Street:	Suite 12, Level 1
	11 Ventnor Avenue
	West Perth WA 6005
Postal:	PO Box 1240
	West Perth WA 6872
Telephone:	+61 (08) 6245 2057
Facsimile:	+61 (08) 6245 2055
Email:	info@ragnarmetals.com.au
Website:	www.ragnarmetals.com.au

Share Registry

Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
PERTH WA 6000

Telephone:	1300 850 505 (investors within Australia)
Telephone:	+61 (03) 9415 4000
Email:	web.queries@computershare.com.au
Website:	www.investorcentre.com

Securities Exchange

Australian Securities Exchange
Level 40, Central Park, 152-158 St Georges Terrace
Perth WA 6000

Telephone:	131 ASX (131 279) (within Australia)
Telephone:	+61 (02) 9338 0000
Facsimile:	+61 (02) 9227 0885
Website:	www.asx.com.au
ASX Code	RAG

Auditors

Bentleys
London House
Level 3, 216 St Georges Terrace
Perth WA 6000

Telephone:	+61 (08) 9226 4500
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Website:	www.bentleys.com.au

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Activities Report

Mining Interests

Ragnar's subsidiary, Drake Sweden AB was notified that it was successful in its application for Berga Nr1, enlarging its position adjacent to the Tullsta nr 2 and Tullsta nr 6 licences as part of the Tullsta-Granmuren Project District.

During September 2018, a field trip to Sweden was completed by Geolithic Geological Services to evaluate each of the Company's tenure within the Bergslagen Districts northwest of Stockholm. Geolithic was assisted by a local Swedish geological consultant from GeoVista.

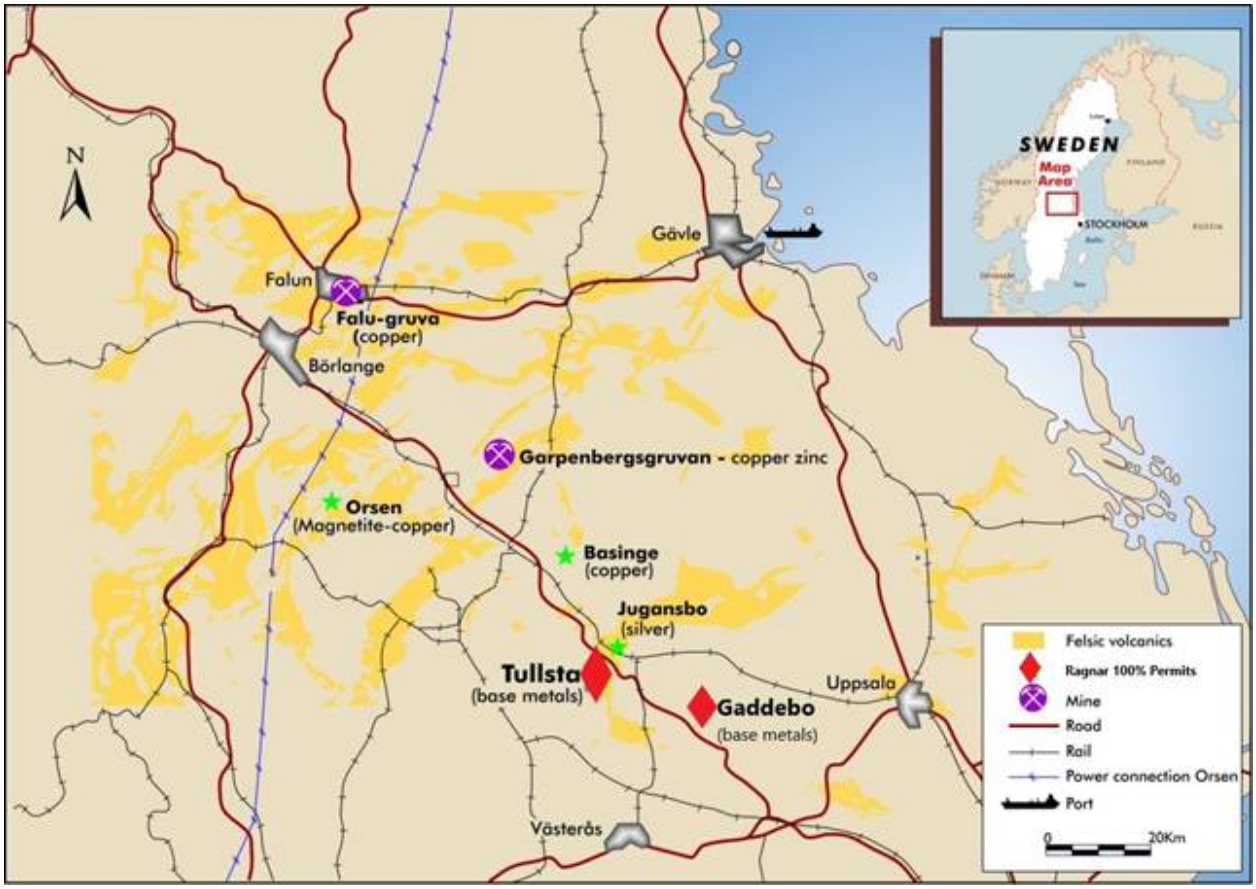

Figure 1: Tullsta and Gaddebo permits located in the Bergslagen District NW of Stockholm. The region is well supported by infrastructure and mining operations.

Tullsta-Granmuren Project

During September 2018, a field trip to Sweden was completed to evaluate each of the Company's tenure within the Bergslagen Districts northwest of Stockholm.

The testwork was successful and the Tullsta core has demonstrated that the mineralisation is a highly prospective Induced Polarization target. Two suitable drill holes will be planned, with actual drill hole locations to be finalised once the IP survey is completed.

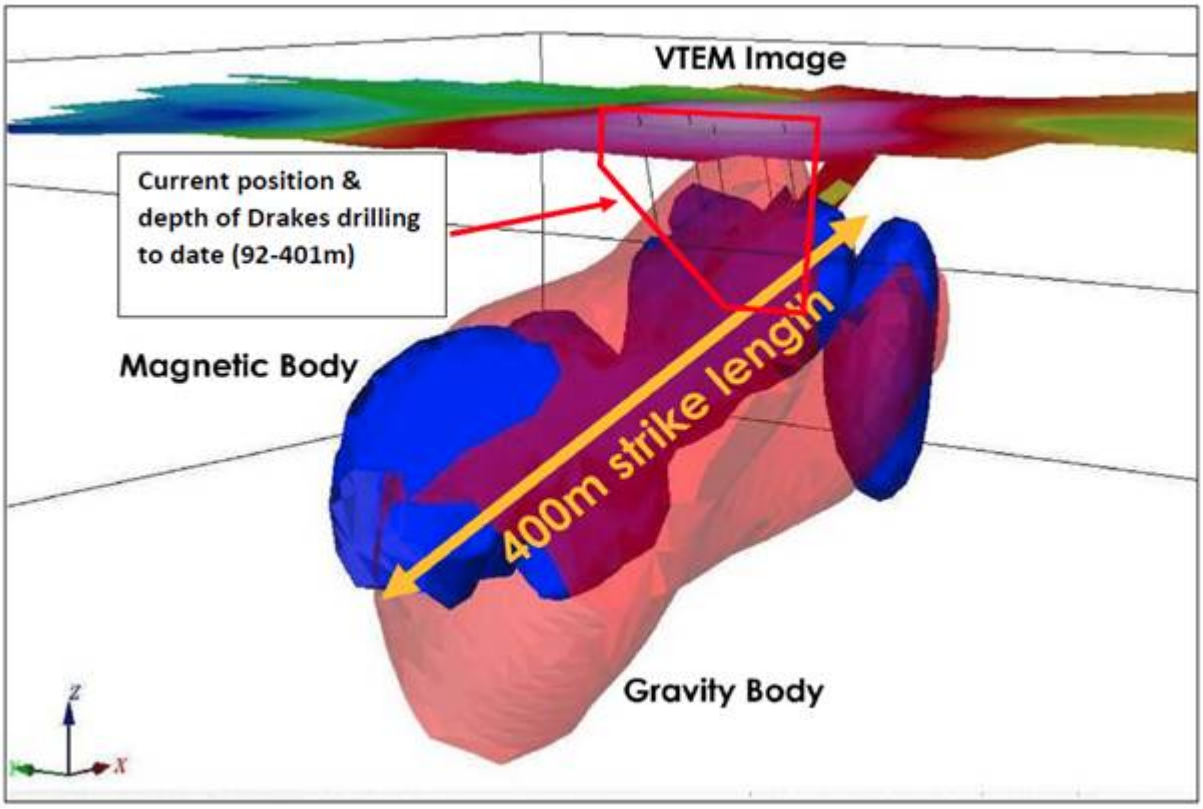

Figure 2: 3D model of the magnetic body (blue and claret) and gravity body (pink) for the Granmuren Ni-Cu prospect; the body is approximately 400 meters in length and plunging westwards at depth into the Tullsta nr 2 licence.

Gaddebo Project

Gaddebo is a small tenure measuring 1km x 1km located 15km SE of the town of Sala and 21km ESE of the Granmuren deposit.

Geolithic has recommended at least 2 diamond drill holes to test targets generated by the IP survey and to test the depth model extension of the Gaddebo mineralisation.

During the year, as per Geolithic's recommendations, Ragnar did not renew its tenure at Gamla Jutbo nr 1, Prasthyttan nr 1 and Korsheden nr 1.

The Company's consultants have also advised strategic tenements to be applied for to extend existing its landholding in country.

New Project Search and Potential Acquisitions

Ragnar continues to actively seek and review opportunities to acquire an advanced exploration or near-development project. A number of projects have been evaluated with a particular focus on precious metals, base metals and other strategic minerals.

On 13 May 2019 Ragnar announced it had entered into a binding option agreement to acquire 51% of the issued capital of Karlowa Mining Enterprises (Pty) Ltd. However, the Company elected not to exercise the option.

Board Changes

On 2 July 2018 Ragnar announced the appointment of Ms Sara Kelly as the Non-executive Chairman of the Company.

On 2 September 2019, Ragnar announced the appointment of Mr Steven Formica as Non-executive Chairman of the Company and the resignation of Ms Sara Kelly.

Directors' report

Your Directors present their report together with the financial statements of the Group, being the company and its controlled entities, for the financial year ended 30 June 2019.

1. Directors

The names of Directors in office at any time during or since the end of the year are:

- Mr Steven Formica — Non-executive Chairman (*appointed 2 September 2019)*
- Mr Ariel (Eddie) King — Non-executive Director
- Mr James Scovell — Non-executive Director
- Mr David Wheeler — Non-executive Director
- Ms Sara Kelly — Non-executive Chairman (*resigned 2 September 2019)*

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

2. Company Secretary

The following person held the position of Company Secretary at the end of the financial year:

- Ms Julia Beckett

  Qualifications
  - Ms Beckett holds a Certificate in Governance Practice and Administration and is a Certificated Member of the Governance Institute of Australia.

  Experience
  - Ms Beckett is a Corporate Governance professional, having worked in corporate administration and compliance for the past 14 years. She has been involved in business acquisitions, mergers, initial public offerings, capital raisings as well as statutory and financial reporting. Ms Beckett is also Company Secretary of Calidus Resources Limited (ASX: CAI) European Metals Holdings Limited (ASX & AIM: EMH), Doriemus Plc (Joint) (ASX: DOR) and Metminco Limited (Joint) (ASX:MNC) and has held non-executive director roles for a number of ASX listed companies.

3. Principal Activities

The principal activities of the Group during the financial year were the exploration and evaluation of its projects in Scandinavia.

4. Dividends Paid or Recommended

There were no dividends paid or recommended during the financial year ended 30 June 2019.

5. Operating and financial review

5.1. Nature of Operations Principal Activities

5.2. Operations Review (refer Operations review of page 1)

A detailed review of the Group's exploration activities is set out in the section titled "Activities Report" in this annual report.

5.3. Financial Review

a. Operating results

For the 2019 financial year the Group delivered a loss before tax of $734,233 (2018: $1,148,945).

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

b. Financial position

The net assets of the Group have increased to $831,134 at 30 June 2019 (2018: $1,548,409).

As at 30 June 2019, the Group's cash and cash equivalents of $732,949 at 30 June 2019 (2018: $1,402,964) and had working capital of $717,532 (2018: $1,318,310 working capital), as in Note 23.

6. Significant Changes in State of Affairs

On 22 November 2018, shareholders of the company approved the company name change to Ragnar Metals Ltd.

Directors' report

7. Events Subsequent to Reporting Date

On 2 September 2019 Mr Steven Formica was appointed as a Non-Executive Chairman of the Company.

On 2 September 2019 Ms Sara Kelly resigned as a Non-executive Chairman of the Company.

Other than the above, there are no other significant after balance date events that are not covered in this Directors' Report or within the financial statements at Note 22 Events subsequent to reporting date.

8. Future Developments, Prospects and Business Strategies

Likely developments, future prospects and business strategies of the operations of the Group and the expected results of those operations have not been included in this report as the Directors believe that the inclusion of such information would be likely to result in unreasonable prejudice to the Group.

9. Information relating to the directors

- **Mr Steven Formica**
  - Non-executive Chairman *(Appointed 2 September 2019)*
  - Experience: Mr Formica has been a successful businessman and operations manager for over 35 years in several privately held business ventures across multiple industry sectors.
  - Interest in Shares and Options: 16,716,666 ordinary shares in Ragnar Metals Limited and options to acquire a further 3,000,000 ordinary shares.
  - Directorships held in other listed entities in the past three years: Mr Formica also acts as a director of Bowen Coking Coal Ltd (ASX: BCB), High Grade Metals Limited (ASX: HGM) and Veriluma Limited (ASX: VRI). He was a former director of Orminex Ltd (ASX: ONX) and Lindian Resources Limited (ASX: LIN).
- **Mr Ariel Eddie King**
  - Non-executive Director *(Appointed 10 February 2017)*
  - Qualifications: Bachelor of Commerce and Bachelor of Engineering
  - Experience: Mr King is a qualified Mining Engineer. Mr King holds a Bachelor of Commerce and Bachelor of Engineering from The University of Western Australia and is currently a Representative for CPS Capital. Mr King's past experience includes being Manager for an investment banking firm, where he specialised in the technical and financial requirements of bulk commodity and other resource projects.
  - Interest in Shares and Options: 1,500,000 ordinary shares in Ragnar Metals Limited and options to acquire a further 2,100,000 ordinary shares.
  - Directorships held in other listed entities in the past three years: Mr King also acts as a director of Eastern Iron Limited (ASX: EFE), European Cobalt Limited (ASX: EUC), Pure Minerals Limited (ASX: PM1) and Six Sigma Metals Limited (ASX: SI6). He was a former director of Axxis Technology Group Ltd (ASX: AYG), Bowen Coking Coal Limited (ASX: BCB), Lindian Resources Limited (ASX: LIN) and Sultan Resources Limited (ASX: SLZ).
- **Mr James Scovell**
  - Non-executive Director *(Appointed 1 June 2017)*
  - Qualifications: Bachelor of Law
  - Experience: Mr Scovell is a corporate lawyer with over 15 years' experience. James is a member of the Western Australian Bar Association (WABA). He achieved his Bachelor of Law from the University of Western Australia.

    Mr Scovell currently practices from Francis Burt Chambers where he acts for a broad range of clients, including ASX listed entities and financial institutions. He notably represented Andrew Forrest from 2006 to 2012 in relation to a high profile case regarding director's duties and disclosure obligations. Mr Scovell's work primarily involves providing practical, commercial legal advice for clients. This includes matters involving corporate and personal insolvency, commercial law, corporations, disciplinary tribunals, equity, insurance, professional negligence, property law, taxation, and trade practices.
  - Interest in Shares and Options: Options in Ragnar Metals Limited to acquire 5,000,000 ordinary shares.
  - Directorships held in other listed entities in the past three years: N/A

Directors' report

- **Mr David Wheeler**
  - Non-executive Director *(Appointed 4 December 2017)*
  - Qualifications: Fellow of the Australian Institute of Company Directors
  - Experience: Mr Wheeler has more than 30 years of Executive Management Directorship and Corporate Advisory experience. He is a foundation Director and Partner of Pathways Corporate, a boutique corporate advisory firm that undertakes assignments on behalf of family offices, private clients and ASX listed companies. Mr Wheeler has successfully engaged in business projects in the USA, UK, Europe, NZ, China, Malaysia, Singapore and the Middle East. Mr Wheeler is a Fellow of the Australian Institute of Company Directors and serves on public and private company boards currently holding a number of Directorships and Advisory positions in Australian ASX listed companies.
  - Interest in Shares and Options: Options in Ragnar Metals Limited to acquire 2,000,000 ordinary shares.
  - Directorships held in other listed entities in the past three years: Mr Wheeler also acts as a director of, Protean Energy Ltd (ASX: POW), Thred Limited (ASX: THD) and Eneabba Gas Ltd (ASX: UTR). He was a former director Antilles Oil and Gas NL (ASX: AVD), Castillo Copper Limited (ASX: CCZ), AusMex Mining Group Ltd (ASX: AMG), Weststart Industrial Limited (ASX: WSI), 333D Limited (ASX: T3D), Auscann Group Holdings Ltd (ASX: AC8), The Carajas Copper Company Ltd (renamed: Valor Resoures Limited - ASX: VAL), Ultracharge Ltd (ASX: UTR) and Premiere Eastern Energy Limited (delisted).

- **Ms Sara Kelly**
  - Non-executive Chairman *(Appointed as Non-executive Chairman on 2 July 2018, resigned 2 September 2019)*
  - Qualifications: Bachelor of Law and Bachelor of Commerce
  - Experience: Ms Kelly is a corporate lawyer and Partner at Edwards Mac Scovell Legal (a Perth based law firm). Ms Kelly has significant transactional and industry experience having both worked in private practice as a corporate advisor and as in house counsel. Ms Kelly's experience includes the administration of regulatory frameworks and processes in a listed company environment, acquisitions, takeovers, capital raisings and listing of companies on ASX and AIM.
  - Interest in Shares and Options: 2,541,580 ordinary shares in Ragnar Metals Limited and options to acquire a further 8,000,000 ordinary shares.
  - Directorships held in other listed entities in the past three years: N/A

10. Meetings of directors and committees

During the financial year two meetings of Directors (including committees of Directors) were held. Attendances by each Director during the year are stated in the following table.

	DIRECTORS' MEETINGS		AUDIT COMMITTEE		NOMINATION COMMITTEE		REMUNERATION COMMITTEE		FINANCE AND OPERATIONS COMMITTEE	
	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended
Sara Kelly	3	3	*At the date of this report, the Remuneration, Audit, Nomination, and Finance and Operations Committees comprise the full Board of Directors. The Directors believe the Company is not currently of a size nor are its affairs of such complexity as to warrant the establishment of these separate committees. Accordingly, all matters capable of delegation to such committees are considered by the full Board of Directors.*							
Eddie King	3	3								
James Scovell	3	2								
David Wheeler	3	3								

11. Indemnifying Officers or Auditor

During or since the end of the financial year the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

- The Company has entered into agreements to indemnify all Directors and provide access to documents, against any liability arising from a claim brought by a third party against the Company. The agreement provides for the company to pay all damages and costs which may be awarded against the Directors.
- The Company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the Company. The amount of the premium in 2019 was $22,000 (2018: $24,920).
- No indemnity has been paid in respect of auditors.

12. Options

12.1. Unissued shares under option

At the date of this report, the un-issued ordinary shares of Ragnar Metals Limited under option (listed and unlisted) are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
4 May 2017	4 May 2021	$0.03	14,000,000
8 June 2017	8 June 2021	$0.02	35,000,001
8 June 2017	8 June 2021	$0.03	2,000,000
13 June 2017	13 June 2021	$0.02	17,500,000
19 March 2018	8 June 2021	$0.025	25,000,000
2 September 2019	2 September 2022	$0.015	3,000,000
			96,500,001

No person entitled to exercise the option has or has any right by virtue of the option to participate in any share issue of any other body corporate.

12.2. Shares issued on exercise of options

No ordinary shares were issued by the Company as a result of the exercise of options during or since the end of the financial year.

13. Environmental Regulations

The Group's operations are not subject to significant environmental regulations in the jurisdictions it operates in, namely Australia.

14. Non-audit services

During the year, Bentleys, the Company's auditor, performed tax consulting services to the company. These services amounted to $2,780 (2018: $1,650). Details of remuneration paid to the auditor can be found within the financial statements at Note 5 Auditor's Remuneration.

In the event that non-audit services are provided by Bentleys, the Board has established certain procedures to ensure that the provision of non-audit services are compatible with, and do not compromise, the auditor independence requirements of the Corporations Act 2001. These procedures include:

- non-audit services will be subject to the corporate governance procedures adopted by the Company and will be reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor; and
- ensuring non-audit services do not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

15. Proceedings on behalf of company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

16. Auditor's independence declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* (Cth) for the year ended 30 June 2019 has been received and can be found on page 11 of the annual report.

17. Remuneration report (audited)

17.1. Key management personnel (**KMP**)

KMP have authority and responsibility for planning, directing and controlling the activities of the Group. KMP comprise the directors of the Company and key executive personnel:

- Ms Sara Kelly *(resigned 2 September 2019)*
- Mr Ariel (Eddie) King
- Mr James Scovell
- Mr David Wheeler

17.2. Remuneration Policy

The remuneration policy of Ragnar Metals Limited has been designed to align director and management objectives with shareholder and business objectives by providing a fixed remuneration component, and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The Board of Ragnar Metals Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best management and directors to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the Group is as follows:

- The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the Remuneration Committee and approved by the Board. All executives receive a base salary (which is based on factors such as length of service and experience), superannuation, options and performance incentives. The Remuneration Committee reviews executive packages annually by reference to the Group's performance, executive performance, and comparable information from industry sectors and other listed companies in similar industries.
- Executives are also entitled to participate in the employee share and option arrangements.
- All remuneration paid to Directors and executives is valued at the cost to the Company and expensed. Options given to Directors and employees are valued using the Black-Scholes methodology.
- The Board's policy is to remunerate Non-Executive Directors at the lower end of market rates for comparable companies for time, commitment, and responsibilities. The Non-Executive Directors have been provided with options that are meant to incentivise the Non-Executive Directors. The Remuneration Committee determines payments to the Non-Executive Directors and reviews their remuneration annually based on market practice, duties, and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for Non-Executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company.

The remuneration policy has been tailored to increase the direct positive relationship between shareholders' investment objectives and directors' and executives' performance. Currently, this is facilitated through the issue of options to the majority of directors and executives to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth.

17.3. Remuneration Details for the Year Ended 30 June 2019

There were no cash bonuses paid during the year and there are no set performance criteria for achieving cash bonuses.

The term "Key Management Personnel" refers to those persons having authority and responsibility for planning, directing and controlling the activities of the group directly or indirectly including any Director (whether executive or otherwise) of the Group.

A resolution that the remuneration report for the last financial year to be adopted was put to the vote at the Company's most recent AGM, held 22 November 2018 and was passed with 99.99% in favour.

Remuneration report (audited)

17.4. Directors' and KMP Remuneration

The following table details the components of remuneration for each member of the key management personnel of the Group:

2019	Short-term benefits			Post-employment benefits	Long-term benefits	Termination benefits	Equity-settled share-based payments		Total	% Share based payments
	Salary, fees and leave	Profit share and bonuses	Other	Super-annuation	Other		Equity	Options		
	$	$	$	$	$	$	$	$	$	%
Sara Kelly[(i)]	46,000	-	-	-	-	-	-	-	46,000	-
Eddie King	36,000	-	-	-	-	-	-	-	36,000	-
James Scovell	36,000	-	-	-	-	-	-	-	36,000	-
David Wheeler	36,000	-	-	-	-	-	-	-	36,000	-
	154,000	-	-	-	-	-	-	-	154,000	-

2018	Short-term benefits			Post-employment benefits	Long-term benefits	Termination benefits	Equity-settled share-based payments		Total	% Share based payments
	Salary, fees and leave	Profit share and bonuses	Other	Super-annuation	Other		Equity	Options		
	$	$	$	$	$	$	$	$	$	%
Sara Kelly[(i)]	33,500	-	-	-	-	-	-	49,132	82,632	59%
Eddie King	33,500	-	-	-	-	-	-	19,652	53,152	37%
James Scovell	33,500	-	-	-	-	-	-	19,652	53,152	37%
David Wheeler	21,000	-	-	-	-	-	-	19,652	40,652	48%
Jay Stephenson[(ii)]	12,500	-	-	-	-	-	-	-	12,500	-
	134,000	-	-	-	-	-	-	108,088	242,088	44.6%

(i) Resigned 2 September 2019
(ii) Resigned 1 December 2017

Remuneration report (audited)

17.5. Share-based compensation

a. **Director and Key Management Personnel share options**

There were no share options granted as remuneration to Directors and Key Management Personnel during the year.

b. **Director and Key Management Personnel ordinary shares**

There were no shares granted as remuneration to Directors and Key Management Personnel during the year.

c. **Options on issue as Remuneration**

Details of the options on issue granted as remuneration to directors are detailed in table below.

2019	Options Issued No.	Grant Date	Exercise Price $	Value $	Value $	Expiry Date
Sara Kelly[(i)]	5,000,000	15/03/2018	0.025	0.00983	49,132	08/06/2021
Sara Kelly	1,000,000	8/06/2017	0.03	0.0048	4,769	08/06/2021
Sara Kelly	2,000,000	8/06/2017	0.02	0.0055	11,060	08/06/2021
Eddie King [(ii)]	2,000,000	15/03/2018	0.025	0.00983	19,652	08/06/2021
Eddie King	700,000	4/05/2017	0.03	0.0047	3,296	04/05/2021
James Scovell	2,000,000	15/03/2018	0.025	0.00983	19,652	08/06/2021
James Scovell	1,000,000	8/06/2017	0.03	0.0048	4,769	08/06/2021
James Scovell	2,000,000	8/06/2017	0.02	0.0055	11,060	08/06/2021
David Wheeler	2,000,000	15/03/2018	0.025	0.00983	19,652	08/06/2021

All options have vested.

All options are exercisable are entitled to 1:1 ordinary shares in Ragnar Metals Ltd.

[i] Sara Kelly resigned on 2 September 2019

[ii] 600,000 Options were issued to Mr King's nominee.

17.6. KMP equity holdings

a. **Movement in shareholdings of each KMP**

2019	Balance at start of year No.	Received during the year as compensation No.	Received during the year on the exercise of options No.	Other changes during the year No.	Balance at end of year No.
Sara Kelly [(i)]	2,541,580	-	-	-	2,541,580
Eddie King	1,500,000	-	-	-	1,500,000
James Scovell	-	-	-	-	-
David Wheeler	-	-	-	-	-
	4,041,580	-	-	-	4,041,580

(i) Resigned 2 September 2019

Directors' report

Remuneration report (audited)

b. **Movement in option holdings of each KMP**

2019	Balance at start of year No.	Granted as Remuneration during the year No.	Exercised during the year No.	Other changes during the year [1] No.	Balance at end of year No.	Vested and Exercisable No.	Not Vested No.
Sara Kelly[(i)]	8,000,000	-	-	-	8,000,000	8,000,000	-
Eddie King	2,100,000	-	-	-	2,100,000	2,100,000	-
James Scovell	5,000,000	-	-	-	5,000,000	5,000,000	-
David Wheeler	2,000,000	-	-	-	2,000,000	2,000,000	-
	17,100,000	-	-	-	17,100,000	17,100,000	-

(i) Resigned 2 September 2019

17.7. Other Transactions with Key Management Personnel

	2019 $	2018 $
a. **Edwards Mac Scovell**		
Ms Kelly, Non-executive Chairman of the Company is a Partner of Edwards Mac Scovell who provide legal services to the Group.	23,994	72,407
b. **Amounts due to and from Related Parties**:		
Amounts due (to) / from Edwards Mac Scovell	-	-

END OF REMUNERATION REPORT

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors made pursuant to s.298(2) of the Corporation Act 2001.

STEVE FORMICA
Chairman
Dated 25th September 2019

Bentleys
THINKING AHEAD

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To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit Partner for the audit of the financial statements of Ragnar Metals Limited for the financial year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Partner

Dated at Perth this 25th day of September 2019

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A member of Bentleys, a network of independent accounting firms located throughout Australia, New Zealand and China that trade as Bentleys. All members of the Bentleys Network are affiliated only and are separate legal entities and not in Partnership. Liability limited by a scheme approved under Professional Standards Legislation.

Advisors
Accountants
Auditors

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2019

	Note	2019 $	2018 $
Continuing operations			
Revenue	3a	4,666	5,808
Other income	3b	-	260
		4,666	6,068
Accounting and audit fees		(84,299)	(40,366)
Computers and software		(1,194)	(3,850)
Employee benefits expenses	4a	(152,658)	(121,250)
Contractors and consultants		(174,211)	(105,369)
Finance costs		-	(2,634)
Impairment	4b	(226,307)	(413,088)
Insurance		(22,730)	(20,480)
Legal fees		(21,522)	(72,407)
Public relations and advertising		(10,000)	-
Registry and ASX fees		(36,235)	(74,811)
Share-based payments	18	-	(283,154)
Other expenses		(9,743)	(17,604)
Loss before tax		(734,233)	(1,148,945)
Income tax benefit / (expense)	6	-	-
Loss for the period from continuing operations after tax		(734,233)	(1,148,945)
Net (loss) / profit for the year		(734,233)	(1,148,945)
Other comprehensive income, net of income tax			
• Items that will not be reclassified subsequently to profit or loss			
• Items that may be reclassified subsequently to profit or loss			
○ Exchange differences on translating foreign operations		17,023	1,502
Other comprehensive income for the year, net of income tax		17,023	1,502
Total comprehensive income attributable to members of the parent entity		(717,210)	(1,147,443)
Earnings per share:		¢	¢
• Basic and diluted loss per share (cents per share)	7	(0.23)	(0.44)

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

Consolidated statement of financial position

as at 30 June 2019

	Note	2019 $	2018 $
Current assets			
Cash and cash equivalents	8	732,949	1,402,964
Trade and other receivables	9	44,763	61,890
Total current assets		777,712	1,464,854
Non-current assets			
Exploration and evaluation assets	10	113,602	230,099
Total non-current assets		113,602	230,099
Total assets		891,314	1,694,953
Current liabilities			
Trade and other payables	11	60,180	146,544
Total current liabilities		60,180	146,544
Total liabilities		60,180	146,544
Net assets		831,134	1,548,409
Equity			
Issued capital	12a	28,641,172	28,641,237
Reserves	14	840,179	823,156
Accumulated losses		(28,650,217)	(27,915,984)
Total equity		831,134	1,548,409

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

for the year ended 30 June 2019

	Note	Issued Capital $	Accumulated Losses $	Options Reserve $	Share-based Payments Reserve $	Foreign Exchange Translation Reserve $	Total $
Balance at 1 July 2017		26,983,373	(26,767,039)	97,585	525,944	(47,780)	792,083
Loss for the year		-	(1,148,945)	-	-	-	(1,148,945)
Other comprehensive income for the year		-	-	-	-	1,502	1,502
Total comprehensive income for the year		-	(1,148,945)	-	-	1,502	(1,147,443)
Transaction with owners, directly in equity							
Shares issued during the year	12a	1,787,500	-	-	-	-	1,787,500
Transaction costs		(106,838)	-	-	-	-	(106,838)
Share buy-back unmarketable parcels		(22,798)	-	-	-		(22,798)
Options issued during the year	12b	-	-	245,905	-	-	245,905
Balance at 30 June 2018		28,641,237	(27,915,984)	343,490	525,944	(46,278)	1,548,409
Balance at 1 July 2018		28,641,237	(27,915,984)	343,490	525,944	(46,278)	1,548,409
Loss for the year		-	(734,233)	-	-	-	(734,233)
Other comprehensive income for the year		-	-	-	-	17,023	17,023
Total comprehensive income for the year		-	(734,233)	-	-	17,023	(717,210)
Transaction with owners, directly in equity							
Shares issued during the year	12a	-	-	-	-	-	-
Transaction costs		-	-	-	-	-	-
Share buy-back unmarketable parcels		(65)	-	-	-	-	(65)
Options issued during the year	12b	-	-	-	-	-	-
Balance at 30 June 2019		28,641,172	(28,650,217)	343,490	525,944	(29,255)	831,134

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

for the year ended 30 June 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Payments to suppliers and employees		(564,980)	(544,610)
Interest received		4,666	5,808
Net cash used in operating activities	8c.i	(560,314)	(538,802)
Cash flows from investing activities			
Payments for exploration expenditure		(109,810)	(202,929)
Proceeds on disposal of financial assets			-
Net cash used in investing activities		(109,810)	(202,929)
Cash flows from financing activities			
Proceeds from issue of shares		-	1,750,000
Proceeds from options		-	250
Payments for shares bought back		(65)	(22,798)
Payments for capital raising costs		-	(106,838)
Net cash (used)/provided by financing activities		(65)	1,620,614
Net (decrease)/increase in cash held		(670,189)	878,883
Cash and cash equivalents at the beginning of the year		1,402,964	524,168
Effect of exchange rates on cash holdings in foreign currencies		174	(87)
Cash and cash equivalents at the end of the year	8a	732,949	1,402,964

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 1 Statement of significant accounting policies

These are the consolidated financial statements and notes of Ragnar Metals Limited (**Ragnar Metals** or **the Company**) (*formerly Drake Resources Ltd)* and controlled entities (collectively **the Group**). Ragnar Metals is a company limited by shares, domiciled and incorporated in Australia.

The separate financial statements of Ragnar Metals, as the parent entity, have not been presented with this financial report as permitted by the *Corporations Act 2001* (Cth).

The financial statements were authorised for issue on 25 September 2019 by the directors of the Company.

a. Basis of preparation

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

i. Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board (**AAS Board**) and International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**), and the *Corporations Act 2001* (Cth).

Australian Accounting Standards (**AASBs**) set out accounting policies that the AAS Board has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with AASBs ensures that the financial statements and notes also comply with IFRS as issued by the IASB.

ii. Going Concern

The financial statements have been prepared on the basis of going concern which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

As disclosed in the financial statements, the consolidated entity incurred a loss of $734,233 (2018: $1,148,945) and had net cash outflows from operating and investing activities of $560,134 (2018: $538,802) and $109,810 (2018: $202,929) respectively for the year ended 30 June 2019. As at that date, the consolidated entity had net current assets of $717,532 (2018: $1,318,310).

These factors indicate a material uncertainty which may cast significant doubt as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern, after consideration of the following factors:

1. The Directors are confident the Group has the ability to raise further funds through capital raisings as and when required to satisfy its operational expenditure commitments.

2. The consolidated entity has the ability to scale down its operations in order to curtail expenditure, in the event capital raisings are delayed or insufficient cash is available to meet projected expenditure.

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

iii. Use of estimates and judgments

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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 any future periods affected.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 1 Statement of significant accounting policies

Judgements made by management in the application of AASBs that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1e.

iv. **Comparative figures**

Where required by AASBs comparative figures have been adjusted to conform with changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

b. **Accounting Policies**

The Group has consistently applied the following accounting policies to all periods presented in the financial statements. The Group has considered the implications of new and amended Accounting Standards applicable for annual reporting periods but determined that their application to the financial statements is either not relevant or not material.

c. **Basis of consolidation**

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the Consolidated Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

d. **Foreign currency transactions and balances**

i. **Functional and presentation currency**

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

ii. **Transaction and balances**

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the gain or loss is directly recognised in other comprehensive income, otherwise the exchange difference is recognised in the profit or loss.

iii. **Group companies and foreign operations**

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the profit or loss in the period in which the operation is disposed.

e. **Critical Accounting Estimates and Judgments**

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 1 Statement of significant accounting policies

i. **Key Judgments – Exploration and evaluation expenditure**

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current. These costs are carried forward in respect of an area that has not at reporting date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. The carrying value of capitalised expenditure at reporting date is $113,602 (2018: $230,099).

During the financial year, the Group undertook assessment of its tenement assets, as a result of this assessment, the Group decided to impair some of its exploration assets. Refer Note 10.

ii. **Key Judgments – Environmental Issues**

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the Group's development and its current environmental impact, the directors believe such treatment is reasonable and appropriate.

iii. **Key Estimate – Taxation**

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by tax authorities in relevant jurisdictions. Refer Note 6 Income Tax.

iv. **Key judgements and estimates – Share-based payments**

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model, using the assumptions detailed in note 18 Share-based payments.

v. **Key judgements and estimates – Impairment**

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

f. **New, revised or amending Accounting Standards and Interpretations**

In the year ended 30 June 2019, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current annual reporting period. Those which have a material impact on the Group are set out below.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 1 Statement of significant accounting policies

(i) AASB 9 Financial Instruments

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and makes changes to a number of areas including classification of financial instruments, measurements, impairment of financial assets and hedge accounting model.

The Group has adopted AASB 9 from 1 July 2018.

The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest.

A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value.

All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI').

Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch.

For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch).

New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity.

New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

The Group has applied AASB 9 retrospectively with the effect of initially applying this standard recognised at the date of initial application, being 1 July 2018 and has elected not to restate comparative information accordingly, the information presented for 30 June 2018 has not been restated.

The directors have determined that there is no material financial impact from the implementation of this standard, other than disclosure requirements and accounting policy terminology.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 1 Statement of significant accounting policies

(ii) AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 118 Revenue and AASB 111 Construction Contracts and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards.

AASB 15 establishes a single comprehensive income for entities to use in accounting for revenue arising from contracts with customers.

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised, including in respect of multiple element arrangements. The core principle of AASB 15 is that it requires identification of distinct performance obligations within a transaction and associated transaction price allocation to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occur when control of goods or services is transferred, rather than on transfer of risks or rewards. Revenue received for a contract that includes a variable amount is subject to revised conditions for recognition, whereby it must be highly probable that no significant reversal of the variable component may occur when the uncertainties around its measurement are removed.

The core principle of AASB 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

• Step 1: Identify the contract(s) with a customer.

• Step 2: Identify the performance obligations in the contract.

• Step 3: Determine the transaction price.

• Step 4: Allocate the transaction price to the performance obligations in the contract.

• Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group has adopted AASB 15 using the modified retrospective method of adoption (without practical expedients) with the effect of initially applying this standard recognised at the date of initial application, being 1 July 2018. Accordingly, the information presented for 30 June 2018 has not been restated.

The directors have determined that there is no material financial impact from the implementation of this standard, other than disclosure requirements and accounting policy terminology.

Other than the above, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

g. New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2019. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 1 Statement of significant accounting policies

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (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 will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The directors have determined that there is no material financial impact from the implementation of this standard, other than disclosure requirements and accounting policy terminology.

i. Other standards not yet applicable

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the year ended 30 June 2019. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

Note 2 Company details

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

Address:	Suite 12, Level 1
	11 Ventnor Avenue
	WEST PERTH WA 6005
Postal:	PO Box 1240
	WEST PERTH WA 6872
Telephone:	+61 (08) 6245 2050
Facsimile:	+61 (08) 6245 2055

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 3 Revenue and other income

	2019 $	2018 $
a. **Revenue**		
Interest	4,666	5,808
	4,666	5,808
b. **Other Income**		
Realised foreign exchange gain/(loss)	-	260
	-	260

Note 4 Profit / (loss) before income tax

	2019 $	2018 $
The following significant revenue and expense items are relevant in explaining the financial performance:		
a. **Employment costs:**		
• Directors' fees	152,658	121,250
	152,658	121,250
b. **Impairment:**		
• Impairment of exploration and evaluation assets	226,307	413,088
	226,307	413,088

Note 5 Auditor's remuneration

	2019 $	2018 $
Remuneration of the auditor of the Ragnar Limited for:		
• Auditing or reviewing the financial reports:		
○ Bentleys (*Australia*)	26,658	24,237
• Taxation services provided by a related practice of the Auditor	2,780	1,650
	29,438	25,887

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 6 Income tax

	Note	2019 $	2018 $
a. **Income tax expense / (benefit)**			
Current tax		-	-
Deferred tax		-	-
		-	-
Deferred income tax expense included in income tax expense comprises:			
● Increase / (decrease) in deferred tax assets	6e	-	-
● (Increase) / decrease in deferred tax liabilities	6f	-	-
		-	-
b. **Reconciliation of income tax expense to prima facie tax payable**			
The prima facie tax payable / (benefit) on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:		(734,233)	(1,148,945)
Prima facie tax on operating loss at 27.5% (2018: 27.5%)		(201,914)	(315,960)
Add / (Less)			
Tax effect of:			
● Other non-allowable items		74,348	191,467
● Capital raising costs deductible		(6,105)	(53,284)
● Deferred tax asset not brought to account		133,671	177,777
Income tax expense / (benefit) attributable to operating loss		-	-
			%
c. The applicable weighted average effective tax rates attributable to operating profit are as follows		27.5	27.5
			$
d. Balance of franking account at year end of the legal parent		nil	nil

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 6 Income tax (cont.)	Note	2019 $	2018 $
e. **Deferred tax assets**			
Tax losses		2,818,675	2,605,899
Provisions and accruals		-	-
Capital Losses		364,987	398,147
Other		16,994	92,932
		3,200,656	3,096,978
Set-off deferred tax liabilities	6f	-	-
Net deferred tax assets		3,200,656	3,096,978
Less deferred tax assets not recognised		(3,200,656)	(3,096,978)
Net tax assets		-	-
f. **Deferred tax liabilities**			
Other		-	-
		-	-
Set-off deferred tax assets	6e	-	-
Net deferred tax liabilities		-	-
g. **Tax losses and deductible temporary differences**			
Unused tax losses for which no deferred tax asset has been recognised,		9,984,236	9,475,996
Unused capital losses for which no deferred tax asset has been recognised		1,216,623	1,447,808
Potential tax benefit at 27.5% (2018: 27.5%)		3,080,236	3,004,046

As the Company is seeking to generate non-assessable, non-exempt income in Chile, for the purposes of the Australian head entity, a record of prior tax losses is kept but no tax balances have been recognised.

The tax benefits of the above deferred tax assets will only be obtained if:

a) the company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
b) the company continues to comply with the conditions for deductibility imposed by law; and
c) no changes in income tax legislation adversely affect the company in utilising the benefits.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 6 Income tax (cont.)

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

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

Note 7 Earnings per share (EPS)

	Note	2019 $	2018 $
a. **Reconciliation of earnings to profit or loss**			
(Loss) / profit for the year		(734,233)	(1,148,945)
• Loss from continuing operations used in the calculation of basic EPS		(734,233)	(1,148,945)

	Note	2019 No.	2018 No.
b. **Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS**	7d	313,424,062	261,400,674

	Note	2019 ¢	2018 ¢
c. **Earnings per share**			
From continuing operations		(0.23)	(0.44)
Basic EPS (cents per share)	7d	(0.23)	(0.44)

d. At the end of the 2019 financial year, the Group has 93,500,001 unissued shares under options (2018: 93,500,001). The Group does not report diluted earnings per share on annual losses generated by the Group.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 8 Cash and cash equivalents

	2019 $	2018 $
a. **Current**		
Cash at bank	732,949	1,402,964
	732,949	1,402,964

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

b. The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 23 Financial risk management.

	Note	2019 $	2018 $
c. **Cash Flow Information**			
i. Reconciliation of cash flow from operations to (loss)/profit after income tax			
Loss after income tax		(734,233)	(1,148,945)
Cash flows excluded from (loss)/profit attributable to operating activities			
Non-cash flows in (loss)/profit from ordinary activities:			
• Impairments		226,307	413,088
• Share-based payments	18	-	283,154
• Exploration costs payables adjustment		-	8,932
• Other		16,849	1,590
Changes in assets and liabilities:			
• (Increase)/decrease in receivables		17,127	(19,285)
• Increase/(decrease) in trade and other payables		(86,364)	(77,336)
Cash flow from operations		(560,314)	(538,802)

d. **Credit standby facilities**

The Group has no credit standby facilities.

e. **Non-cash investing and financing activities**

There were no non-cash investing or financing activities in the current or previous financial year.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 9 Trade and other receivables

	2019 $	2018 $
a. **Current**		
GST and VAT receivable	21,029	29,945
Other receivables	23,734	31,945
	44,763	61,890

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss and other comprehensive income.

Expected credit losses

The Group applies the AASB 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

Where applicable, in measuring the expected credit losses, the trade receivables are assessed on a collective basis as they possess shared credit risk characteristics. They are grouped based on the days past due and also according to the geographical location of customers.

The expected loss rates are based on the payment profile for sales over the past 48 months before 30 June 2019 and 30 June 2018 respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer’s ability to settle the amount outstanding.

Trade receivables are written off when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the Group on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.

b. The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 23 Financial risk management.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 10 Exploration and evaluation assets

	Note	2019 $	2018 $
a. **Non-current**			
Carrying amount at beginning of period		230,099	449,190
Exploration expenditure capitalised		109,810	193,997
Impairment and exploration activities written off		(226,307)	(413,088)
Carrying amount at the end of the year		113,602	230,099

b. Recoverability of the carrying amount of exploration assets is dependent on the successful exploration of the areas of interest.

c. During the year the Company reviewed the capitalised exploration, resulting in an impairment loss of $226,307 respecting $176,307 in relation to the Scandinavian projects and $50,000 in relation to the prospective Nambia project. (2018: $413,088) being recognised.

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases are dependent on the successful development and commercial exploitation or sale of the respective areas.

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- the rights to tenure of the area of interest are current; and
- at least one of the following conditions is also met:

  i) the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or

  ii) exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 11 Trade and other payables

	Note	2019 $	2018 $
a. **Current**			
Unsecured			
Trade payables	11b	21,165	119,092
Accruals		21,500	9,937
Employment related payables		17,515	17,515
		60,180	**146,544**

b. Trade payables are non-interest bearing and usually settled within the lower of terms of trade or 45 days.

c. The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 23 Financial risk management.

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

Note 12 Issued capital

	Note	2019 No.	2018 No.	2019 $	2018 $
Fully paid ordinary shares at no par value	12a	313,424,062	313,424,062	28,641,237	28,641,237
a. **Ordinary shares**					
At the beginning of the period		313,424,062	137,552,490	28,641,237	26,983,373
Shares issued during the year:					
• 17 October 2017 at $0.01		-	175,000,000	-	1,750,000
• 11 January 2018 at nil value		-	2,500,000	-	37,500
• Unmarketable parcel buy back		-	(1,628,428)	(65)	(22,798)
Transaction costs relating to share issues				-	(106,838)
At reporting date		313,424,062	313,424,062	28,641,172	28,641,237

b. **Options**	2019 No.	2018 No.	2019 $	2018 $
Options	93,500,001	93,500,001	343,490	343,490
At the beginning of the period	93,500,001	70,940,320	343,490	97,585
Options issued/(lapsed) during the year:				
• Options expired	-	(2,440,319)	-	-
• 2.5 cent options expiring 08.06.21	-	25,000,000	-	245,905
At reporting date	93,500,001	93,500,001	343,490	343,490

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 12 Issued capital (cont.)

Terms of Ordinary Shares

Voting rights

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

At shareholders meetings, each ordinary share is entitled to one vote in proportion to the paid-up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

Note 13 Capital Management

The Directors' objectives when managing capital are to ensure that the Group can fund its operations and continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders. Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads.

The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The working capital position of the Group were as follows:

	Note	2019 $	2018 $
Cash and cash equivalents	8	732,949	1,402,964
Trade and other receivables	9	44,763	61,890
Trade and other payables	111	(60,180)	(146,544)
Working capital position		717,532	1,318,310

Note 14 Reserves

	Note	2019 $	2018 $
Option reserve	14a	343,490	343,490
Foreign exchange reserve	14b	(29,255)	(46,278)
Share-based payment reserve	14c	525,944	525,944
		840,179	823,156

a. **Option reserve**

The option reserve records items recognised as expenses on the value of directors and employee equity issues. Please refer Note 18 for further information.

b. **Foreign exchange translation reserve**

The foreign exchange reserve records exchange differences arising on translation of foreign controlled subsidiaries.

c. **Share-based payments reserve**

The share-based payments reserve records shares which have been granted as share-based payments at year end but not issued.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 15 Controlled entities

Ragnar Metals Limited is the ultimate parent of the Group.

a. Subsidiaries	Country of Incorporation	Class of Shares	Percentage Owned 2019	Percentage Owned 2018
• Drake Resources Sweden AB	Sweden	Ordinary	100.0	100.0
• Drake Resources UK Limited	United Kingdom	Ordinary	100.0	100.0
• Drake (Euro) Pty Ltd	Australia	Ordinary	100.0	100.0

b. Investments in subsidiaries are accounted for at cost.

Note 16 Key Management Personnel compensation (KMP)

The names are positions of KMP are as follows:

- Ms Sara Kelly — Non-executive Chairman *(resigned 2 September 2019)*
- Mr Ariel (Eddie) King — Non-executive Director
- Mr James Scovell — Non-executive Director
- Mr David Wheeler — Non-executive Director

Information regarding individual directors and executives' compensation and some equity instruments disclosures as required by the Corporations Regulations 2M.3.03 is provided in the Remuneration report.

	Note	2019 $	2018 $
Short-term employee benefits		154,000	134,000
Share-based payments		-	108,088
Total		154,000	242,088

Note 17 Related party transactions

	2019 $	2018 $
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.		
a. **Transactions with KMP**		
b. **Edwards Mac Scovell**		
Ms Kelly, Non-executive Chairman of the Company is a Partner of Edwards Mac Scovell who provide legal services to the Group.	23,994	72,407
c. **Transactions with KMP**		
• Amounts due (to) / from Edwards Mac Scovell	-	-

d. Balances and transactions between Ragnar Metals Limited and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not discussed in this note. Details of transactions between the Group and other related parties are disclosed above.

Details of KMP remuneration are disclosed in Note 16.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 18 Share-based payments

	Note	2019 $	2018 $
Share-based payment expense	18a	-	283,154
Gross share-based payments		-	283,154

a. **The following share-based payment arrangements existed at 30 June 2019:**

i. Share-based payments – Share options

- On 4 May 2017 the company issued 14,000,000 Director options at an exercise price of $0.03 each, exercisable on or before 4 May 2021.
- On 8 June 2017 the company issued 35,000,001 and 2,000,000 Director options at an exercise price of $0.02 and $0.03 each, exercisable on or before 8 June 2021.
- On 14 June 2017 the company issued 17,500,000 Adviser options at an exercise price of $0.02 each, exercisable on or before 13 June 2021.
- On 15 March 2018 the company issued 11,000,000 Director options at an exercise price of $0.025 each, exercisable on or before 8 June 2021.
- On 15 March 2018 the company issued 14,000,000 Advisor options at an exercise price of $0.025 each, exercisable on or before 8 June 2021.

At balance date, no share options have been exercised.

b. **Movement in share-based payment arrangements during the period**

A summary of the movements of all company options issued as share-based payments is as follows:

	2019		2018	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding at the beginning of the year	93,500,001	$0.0230	70,940,320	$0.0246
Granted	-	-	25,000,000	$0.0067
Expired	-	-	(2,440,319)	-
Outstanding at year-end	93,500,001	$0.0230	93,500,001	$0.0230
Exercisable at year-end	93,500,001	$0.0230	93,500,001	$0.0230

i. The company's share options hold no voting or dividend rights and are not transferable. At balance date, no options had been exercised or expired.

ii. All options granted are for ordinary shares in Ragnar Metals Limited, which confer a right to one ordinary share for every option held. All options have vested as at balance date.

iii. The weighted average remaining contractual life of options outstanding at year end was 1.931 years (2018: 2.931 years). The weighted average exercise price of outstanding options at the end of the reporting period was $0.023 (2018: $0.023).

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 18 Share-based payments

c. **Fair value of options grants during the period**

There were nil options issued as share based payments during the year.

Note 19 Commitments

The Company had no capital or other expenditure commitments at 30 June 2019 (2018: $Nil).

Note 20 Contingent liabilities

There are no contingent liabilities as at 30 June 2019.

Note 21 Operating segments

a. **Identification of reportable segments**

The Group operates in the exploration and evaluation of nickel, gold, silver and base metals projects. Inter-segment transactions are priced at cost to the Consolidated Group.

The Group has identified its operating segments based on the internal reports that are provided to the Board of Directors on a monthly basis. Management has identified the operating segments based on the one principal activity (2018: one principal location - Scandinavia) of mineral exploration. Corporate expenses include administration and regulatory expenses arising from operating an ASX listed entity. Segment assets include the costs to acquire tenements and the capitalised exploration costs of those tenements. Financial assets including cash and cash equivalents, and investments in financial assets, are reported in the Treasury segment.

b. **Basis of accounting for purposes of reporting by operating segments**

i. **Accounting policies adopted**

Unless stated otherwise, all amounts reported to the Board, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

ii. **Inter-segment transactions**

An internally determined transfer price is set for all inter-segment sales. This price is reset quarterly and is based on what would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation of the Group's financial statements.

Corporate charges are allocated to reporting segments based on the segments' overall proportion of revenue generation within the Group. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements

iii. **Segment assets**

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

iv. **Segment liabilities**

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 21 Operating segments (cont.)

v. **Unallocated items**

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Impairment of assets and other non-recurring items of revenue or expense
- Income tax expense
- Deferred tax assets and liabilities
- Current tax liabilities
- Other financial liabilities

For the Year to 30 June 2019	Exploration $	Corporate $	Total $
Revenue			
Total segment revenue	-	4,666	4,666
Segment net/profit (loss) from continuing operations before tax	(226,307)	(507,926)	(734,233)
Reconciliation of segment loss to group loss			
(i) Amounts included in segment results:			
• Impairment expenses	(226,307)	-	(226,307)
As at 30 June 2019			
Segment Assets	113,602	732,949	846,551
Reconciliation of segment assets to group assets			
• Trade and other receivables	-	-	44,763
Total assets			891,314
Segment asset increases for the year:			
Impairment of exploration assets	(226,307)	-	
Other movements	109,810	(670,015)	
	(116,497)	(670,015)	
Segment Liabilities	-	-	-
Reconciliation of segment liabilities to group liabilities			
• Trade and other payables	(13,848)	(46,332)	(60,180)
Total liabilities			(60,180)

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 21 Operating segments (cont.)

For the Year to 30 June 2018	Scandinavia Exploration $	Treasury $	Total $
Revenue			
• Revenue			
Total segment revenue	-	6,056	6,056
Segment net/profit (loss) from continuing operations before tax	(413,088)	6,056	(407,032)
Reconciliation of segment loss to group loss			
(i) Amounts not included in segment results but reviewed by Board:			
• Corporate charges			(458,759)
(ii) Unallocated items			
• Share-based payment expense			(283,154)
Loss before income tax from continuing operations			(1,148,945)
As at 30 June 2018			
Segment Assets	230,099	1,402,964	1,633,063
Reconciliation of segment assets to group assets			
• Trade and other receivables			61,890
Total assets			1,694,593
Segment asset increases for the year:			
• Impairment of exploration assets	(413,088)	-	
• Other movements	193,997	878,796	
	(219,091)	878,796	
Segment Liabilities	15,819	-	15,819
Reconciliation of segment liabilities to group liabilities			
• Trade and other payables			130,725
Total liabilities			146,544

Note 22 Events subsequent to reporting date

On 2 September 2019 Mr Steven Formica was appointed as a Non-executive Chairman of the Company.

On 2 September 2019 Ms Sara Kelly resigned as a Non-executive Chairman of the Company.

Other than the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations, the results of those operations, or the state of affairs of the Group in future financial years.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 23 Financial risk management

a. **Financial Risk Management Policies**

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and procedures for measuring and managing risk, and the management of capital.

The Group's financial instruments consist mainly of deposits with banks, short-term investments, and accounts payable and receivable.

The Group does not speculate in the trading of derivative instruments.

A summary of the Group's Financial Assets and Liabilities is shown below:

	Floating Interest Rate	Fixed Interest Rate	Non-interest Bearing	2019 Total	Floating Interest Rate	Fixed Interest Rate	Non-interest Bearing	2018 Total
	$	$	$	$	$	$	$	$
Financial Assets								
● Cash and cash equivalents	732,949	-	-	732,949	1,402,964	-	-	1,402,964
● Trade and other receivables	-	-	44,763	44,763	-	-	61,890	61,890
Total Financial Assets	732,949	-	44,763	777,712	1,402,964	-	61,890	1,464,854
Financial Liabilities								
Financial liabilities at amortised cost								
● Trade and other payables	-	-	(60,180)	(60,180)	-	-	(146,544)	(146,544)
Total Financial Liabilities	-	-	(60,180)	(60,180)	-	-	(146,544)	(146,544)
Net Financial Assets/(Liabilities)	732,949	-	(15,417)	717,532	1,402,964	-	(84,654)	1,318,310

b. **Specific Financial Risk Exposures and Management**

The main risk the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate, foreign currency risk and equity price risk.

The Board of directors has overall responsibility for the establishment and oversight of the risk management framework. The Board adopts practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the Group's risk profile. This includes assessing, monitoring and managing risks for the Group and setting appropriate risk limits and controls. The Group is not of a size nor is its affairs of such complexity to justify the establishment of a formal system for risk management and associated controls. Instead, the Board approves all expenditure, is intimately acquainted with all operations and discuss all relevant issues at the Board meetings. The operational and other compliance risk management have also been assessed and found to be operating efficiently and effectively.

i. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Group.

The objective of the Group is to minimise the risk of loss from credit risk. Although revenue from operations is minimal, the Group trades only with creditworthy third parties.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 23 Financial risk management (cont.)

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is insignificant. The Group's maximum credit risk exposure is limited to the carrying value of its financial assets as indicated on the statement of financial position.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

- *Credit risk exposures*

  The maximum exposure to credit risk is that to its alliance partners and that is limited to the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

  Credit risk related to balances with banks and other financial institutions is managed by the Group in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA-.

ii. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group. Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required. Any surplus funds are invested with major financial institutions.

The financial liabilities of the Group are confined to trade and other payables as disclosed in the Statement of financial position. All trade and other payables are non-interest bearing and due within 30 days of the reporting date.

The financial liabilities of the Group are confined to trade and other payables as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 30 days of the reporting date.

- *Contractual Maturities*

  The following are the contractual maturities of financial liabilities of the Group:

	Within 1 Year		Greater Than 1 Year		Total	
	2019	2018	2019	2018	2019	2018
	$	$	$	$	$	$
Financial liabilities due for payment						
Trade and other payables	60,180	146,544	-	-	60,180	146,544
Total contractual outflows	60,180	146,544	-	-	60,180	146,544
Financial assets						
Cash and cash equivalents	732,949	1,402,964	-	-	732,949	1,402,964
Trade and other receivables	44,763	61,890	-	-	44,763	61,890
Total anticipated inflows	777,712	1,464,854	-	-	777,712	1,464,854
Net (outflow)/inflow on financial instruments	717,532	1,318,310	-	-	717,532	1,318,310

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 23 Financial risk management (cont.)

iii. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Board meets on a regular basis and considers the Group's interest rate risk.

(1) ***Interest rate risk***

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

Due to the low amount of debt exposed to floating interest rates, interest rate risk is not considered a high risk to the Group. Movement in interest rates on the Group's financial liabilities and assets is not material.

(2) ***Foreign exchange risk***

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

With instruments being held by overseas operations, fluctuations in foreign currencies may impact on the Group's financial results. The Group's exposure to foreign exchange risk is minimal; however the Board continues to review this exposure regularly.

(3) ***Price risk***

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group does not presently hold material amounts subject to price risk. As such the Board considers price risk as a low risk to the Group.

iv. Sensitivity Analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at balance sheet date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

(1) ***Interest rates***	Profit $	Equity $
Year ended 30 June 2019		
±100 basis points change in interest rates	±7,342	±7,342
Year ended 30 June 2018		
±100 basis points change in interest rates	± 14,029	± 14,029

v. Net Fair Values

(1) ***Fair value estimation***

The fair values of financial assets and financial liabilities are presented in the table in note 23a and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Financial instruments whose carrying value is equivalent to fair value due to their nature include:

- Cash and cash equivalents;
- Trade and other receivables; and
- Trade and other payables.

The methods and assumptions used in determining the fair values of financial instruments are disclosed in the accounting policy notes specific to the asset or liability.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 24 Parent entity disclosures

	2019 $	2018 $
a. **Financial Position of Ragnar Metals Limited**		
Current assets	757,514	1,439,133
Non-current assets	113,602	240,001
Total assets	871,116	1,679,134
Current liabilities	46,332	130,725
Total liabilities	46,332	130,725
Net assets	824,784	1,548,409
Equity		
Issued capital	28,641,172	28,641,237
Reserves	840,179	823,156
Accumulated losses	(27,915,985)	(27,915,984)
Total equity	824,784	1,548,409
b. Financial performance of Ragnar Metals Limited		
Profit / (loss) for the year	(740,582)	(1,148,946)
Other comprehensive income	-	-
Total comprehensive income	(740,582)	(1,148,946)

c. Guarantees entered into by Ragnar Metals Limited for the debts of its subsidiaries

There are no guarantees entered into by Ragnar Resource for the debts of its subsidiaries as at 30 June 2019 (2018: none).

d. **Commitments of Ragnar Metals Limited**

The amounts applicable for both Ragnar Metals Limited (the parent) and the Consolidated Group can be found in Note 19.

Directors' declaration

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 12 to 39, are in accordance with the *Corporations Act 2001* (Cth) and:

   (a) comply with Accounting Standards;

   (b) are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in note 1 to the financial statements; and

   (c) give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of the Group.

   (d) the Directors have been given the declarations required by s.295A of the *Corporations Act 2001* (Cth);

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 and is signed for and on behalf of the directors by:

STEVE FORMICA

Chairman

Dated 25th September 2019

Independent Auditor's Report

To the Members of Ragnar Metals Limited

Bentleys
THINKING AHEAD

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Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Ragnar Metals Limited ("the Company") and its subsidiaries ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2019, 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 statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

a. the accompanying financial report of the Consolidated Entity is in accordance with the Corporations Act 2001, including:

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

   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Consolidated Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1(a)(ii) in the financial report which indicates that the Consolidated Entity incurred a net loss of $734,233 during the year ended 30 June 2019. As stated in Note 1(a)(ii), these events or conditions, along with other matters as set forth in Note 1(a)(ii), indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our opinion is not modified in this respect of this matter.

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Exploration and Evaluation – $113,602 (Refer Note 10) Exploration and evaluation is a key audit matter due to: – The significance of the balance to the Consolidated Entity's financial position. – The level of judgement required in evaluating management's application of the requirements of AASB 6 *Exploration for and Evaluation of Mineral Resources*. AASB 6 is an industry specific accounting standard requiring the application of significant judgements, estimates and industry knowledge. This includes specific requirements for expenditure to be capitalised as an asset and subsequent requirements which must be complied with for capitalised expenditure to continue to be carried as an asset. – The assessment of impairment of exploration and evaluation expenditure being inherently difficult.	Our procedures included, amongst others: – Assessing management's determination of its areas of interest for consistency with the definition in AASB 6. This involved analysing the tenements in which the consolidated entity holds an interest and the exploration programmes planned for those tenements. – For each area of interest, we assessed the Consolidated Entity's rights to tenure by corroborating to government registries and evaluating agreements in place with other parties as applicable; – We tested the additions to capitalised expenditure for the year by evaluating a sample of recorded expenditure for consistency to underlying records, the capitalisation requirements of the Consolidated Entity's accounting policy and the requirements of AASB 6; – We considered the activities in each area of interest to date and assessed the planned future activities for each area of interest by evaluating budgets for each area of interest.

Key audit matter	How our audit addressed the key audit matter

	– We assessed each area of interest for one or more of the following circumstances that may indicate impairment of the capitalised expenditure:
	  – the licenses for the right to explore expiring in the near future or are not expected to be renewed;
	  – substantive expenditure for further exploration in the specific area is neither budgeted or planned
	  – decision or intent by the Consolidated Entity to discontinue activities in the specific area of interest due to lack of commercially viable quantities of resources; and
	  – data indicating that, although a development in the specific area is likely to proceed, the carrying amount of the exploration asset is unlikely to be recovered in full from successful development or sale.
	We assessed the appropriateness of the related disclosures in note 10 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report 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 Note 1(a), the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Consolidated Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Consolidated Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. 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 Consolidated Entity'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 Consolidated Entity'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 Consolidated Entity 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity audit. We remain solely responsible for our 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 our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2019. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 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.

Auditor's Opinion

In our opinion, the Remuneration Report of the Company, for the year ended 30 June 2019, complies with section 300A of the Corporations Act 2001.

BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Partner

Dated at Perth this 25th day of September 2019

Additional Information for Listed Public Companies

The following additional information is required by the Australian Securities Exchange in respect of listed public companies.

1 Capital

a. Ordinary share capital as at 18 September 2019

313,242,062 ordinary fully paid shares held by 496 shareholders.

b. Unlisted Options over Unissued Shares

- 14,000,000 Unlisted Options with a $0.03 exercise price per Option expiring 5 May 2021
- 35,000,001 Unlisted Options with a $0.02 exercise price per Option expiring 8 June 2021
- 2,000,000 Unlisted Options with a $0.03 exercise price per Option expiring 8 June 2021
- 17,500,000 Unlisted Options with a $0.02 exercise price per Option expiring 13 June 2021
- 25,000,000 Unlisted Options with a $0.025 exercise price per Option expiring 8 June 2021
- 3,000,000 Unlisted Options with a $0.015 exercise price per Option expiring 2 September 2022

c. Voting Rights

The voting rights attached to each class of equity security are as follows:

- **Ordinary shares**: Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.
- **Unlisted Options**: Options do not entitle the holders to vote in respect of that equity instrument, nor participate in dividends, when declared, until such time as the options are exercised or performance shares convert and subsequently registered as ordinary shares.

d. Substantial Shareholders as at 18 September 2019

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
J & J Bandy Nominees Pty Ltd <J&J Bandy Super Fund>	24,000,000	7.66
Celtic Capital Pty Ltd <The Celtic Capital A/C>	20,619,691	6.58
Mr Steven Formica and Related Entities	16,716,666	5.33
	61,336,359	**19.57**

e. Distribution of Shareholders as at 18 September 2019.

Category (size of holding)	Total Holders	Number Ordinary	% Held of Issued Ordinary Capital
1 – 1,000	53	19,289	0.01
1,001 – 5,000	16	36,558	0.01
5,001 – 10,000	7	50,968	0.02
10,001 – 100,000	113	6,727,537	2.15
100,001 – and over	265	306,589,710	97.81
	454	313,424,062	100.000

f. Unmarketable Parcels as at 18 September 2019

As at 18 September 2019 there were 167 fully paid ordinary shareholders holding less than a marketable parcel of shares.

g. On-Market Buy-Back

Additional Information for Listed Public Companies

There is no current on-market buy-back.

h. Restricted Securities

The Company has no restricted securities.

i. 20 Largest Shareholders — Ordinary Shares as at as at 18 September 2019

Rank	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	J & J Bandy Nominees Pty Ltd <J&J Bandy Super Fund>	24,000,000	7.66
2.	Celtic Capital Pte Ltd <The Celtic Capital A/C>	20,619,691	6.58
3.	Mr Steven Formica and Related Entities	16,716,666	5.33
4.	Celtic Capital Pte Ltd <Investment 1 A/C>	8,850,000	2.82
5.	Campbell Kitchener Hume & Associates Pty Ltd <C K H Superfund A/C>	7,503,333	2.39
6.	Shriver Nominees Pty Ltd	7,250,000	2.31
7.	First One Realty Pty Ltd	7,158,859	2.28
8.	Ms Natalie Olive Horsefield	6,000,000	1.91
9.	Seventy Three Pty Ltd <King Super Fund No 3 A/C>	6,000,000	1.91
10.	Symorgh Investments Pty Ltd <Symorgh Super Fund A/C>	5,338,216	1.70
11.	Mr Mario Di Lallo + Mrs Alison Valerie Di Lallo <M & A Super Fund A/C>	5,000,000	1.60
12.	Ravenhill Investments Pty Ltd <House of Equity A/C>	5,000,000	1.60
13.	Ms Merle Smith + Ms Kathryn Smith <The Mini Pension Fund A/C>	5,000,000	1.60
14.	Tisia Nominees Pty Ltd <The Henderson Family A/C?>	5,000,000	1.60
15.	Waterox Pty Ltd <Tien Chai A/C>	5,000,000	1.60
16.	CCI Super Fund Pty Ltd <Moultrie Staff S/F A/C>	4,625,000	1.48
17.	A22 Pty Limited	4,000,000	1.27
18.	Mr Daryl John Henthorn + Ms Alison Bickell <Claire Super Fund A/C>	3,750,000	1.20
19.	Sunshore Holdings Pty Ltd	3,750,000	1.20
20.	Mr Ian Barrie Murie <The Alevan A/C>	3,500,000	1.11
	TOTAL	**154,061,765**	49.15

2 The Company Secretary is Julia Beckett.

3 Principal registered office

As disclosed in Note 2 Company details on page 12 of this Annual Report.

4 Registers of securities

As disclosed in the Corporate Directory on page ii of this Annual Report.

5 Stock exchange listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited, As disclosed in the Corporate Directory on page i of this Annual Report.

6 Use of funds

The Company has used its funds in accordance with its initial business objectives.

Tenement report

As at 30 June 2019

Tenement and Name	Interest at beginning of Quarter	Acquired / Disposed	Interest at end of Quarter
Tullsta-Granmuren Project			
Tullsta nr 2 2012:78	100%	Renewal Pending	Renewal Pending
Tullsta nr 5 2017:140	100%	N/A	100%
Tullsta nr 6 2017:158	100%	N/A	100%
Tullsta nr 7 2018	100%	N/A	100%
Berga nr 1 2018:48	100%	N/A	100%
Other Projects			
Gaddebo nr 3 2014:91	100%	N/A	100%

RAGNAR
METALS LTD.