



**Mount Ridley Mines Limited**

**ABN 93 092 304 964**

**and its controlled entity**

**Half-year report for the half-year ended**

**31 December 2020**

## Corporate directory

### Board of Directors

|                    |                        |
|--------------------|------------------------|
| Mr Peter Christie  | Non-Executive Chairman |
| Mr Guy Le Page     | Non-Executive Director |
| Mr Simon Mitchell  | Non-Executive Director |
| Mr Graeme Johnston | Non-Executive Director |

### Company Secretary

Mr Johnathon Busing

### Registered Office

Ground Floor  
168 Stirling Highway  
Nedlands, Western Australia 6009  
Tel: +61 8 6165 8858

### Principal Place of Business

Ground Floor  
168 Stirling Highway  
Nedlands, Western Australia 6009  
Tel: +61 8 6165 8858

### Postal Address

PO Box 369  
Nedlands, Western Australia 6909

### Auditors

HLB Mann Judd (WA Partnership)  
Level 4, 130 Stirling Street  
Perth, Western Australia 6000

### Share Registry

Advanced Share Registry Ltd  
110 Stirling Highway  
Nedlands, Western Australia 6009  
Tel: +61 8 9389 8033  
Fax: +61 8 9262 3723

### Securities Exchange

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

### ASX Code

MRD

# Half-year report for the half-year ended 31 December 2020

## Contents

|  |    |
|--|----|
| Directors' report.....   | 1  |
| Auditor's independence declaration.....  | 5  |
| Independent auditor's review report.....   | 6  |
| Directors' declaration.....  | 8  |
| Condensed consolidated statement of profit or loss and other comprehensive income..... | 9  |
| Condensed consolidated statement of financial position.....                            | 10 |
| Condensed consolidated statement of changes in equity.....                             | 11 |
| Condensed consolidated statement of cash flows.....                                    | 12 |
| Notes to the condensed consolidated financial statements.....                          | 13 |

## Directors' report

The directors of Mount Ridley Mines Limited ("Mount Ridley" or "the Company") submit herewith the financial report of Mount Ridley and its subsidiary ("the Group") for the half-year ended 31 December 2020. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

### Names of Directors

The names of Directors who held office during or since the end of the half-year are:

Mr Peter Christie  
Mr Graeme Johnston (appointed 1 December 2020)  
Mr Simon Mitchell  
Mr Guy Le Page

### Review of operations

#### ***Mt Ridley Project, Albany - Fraser Range / Yilgarn Craton Orogen***

During the first half of the financial year, the company provided the following updates regarding its core asset, the Mt Ridley Project in the Albany Fraser Province (WA).

On 3 September 2020, the Company announced that it was planning a SQUID (Superconducting Quantum Interference Device) geophysical program to survey targets prospective for massive nickel sulphide mineralisation at the Mount Ridley project.

Previous geophysical surveys, including airborne gravity and radiometrics, Tempest electromagnetic, VTEM electromagnetic, ground magnetic, gravity and magnetotelluric and Time Domain Electromagnetics (TEM), produced results that were inconclusive. This was attributed to the conductive overburden including saline aquifers and lignite beds.

The relatively new SQUID technology purports to be able to penetrate conductive overburden and to probe to greater depths than other more conventional surveys thereby providing an improved assessment of the geological potential and the definition of geophysical anomalies, if any.

The Company also announced that a review of litho-geochemistry data generated by earlier drilling at the Mount Ridley Project was undertaken by Geochemical Services Pty Ltd. Outcomes from this review included a new interpretation that Targets T2 and T14 have intersected intrusive mafic lithologies and therefore consistent with the Nova Bollinger geological model for nickel sulphide emplacement, rather than metamorphic (i.e. mafic granulites that are unlikely to host this style of mineralisation) and that further testing by drilling is recommended.

#### ***Weld Range West Iron Project***

On 14 October 2020, the Company announced that it intended to acquire a 100% interest in the Weld Range West Iron Project (WRWIP). The Company completed the acquisition on 7 December 2020, following shareholder approval at the Annual General Meeting held on 30 November 2020.

The Project comprises 3 granted exploration licenses that cover a total area of approximately 52 square kilometres. A partial surrender of an area of E20/842, required under the Mining Act 1978 WA, was completed during the period.

The bulk of the Weld Range is held by SinoSteel Midwest Corporation Limited. SinoSteel has proposed mining the Madoonga deposit, hosted in the Madoonga Formation 12km north east from Mt Ridley's WRWIP, and the Beebyn Deposit, 35km north east from Mt Ridley's WRWIP in the Wilgie Mia Formation. Fenix Resources Limited is advancing a smaller, approximately 1Mt per annum, Direct Shipping Ore ("DSO") operation at its Iron Ridge Project also in the Wilgie Mia Formation.

Prior field work has included:

- geological mapping and a rock chip sampling within an area equivalent to Mount Ridley's tenement, E20/842. BIF units were classified visually into 4 variations according to relative silica and iron content, being magnetite/quartzite, magnetite/jaspilite, haematite-enriched or goethite-enriched BIF;
- a detailed aeromagnetic and radiometric survey over the same area; and
- gravity surveys covering the Madoonga and Wilgie Mia Formation BIFs, however this is considered by the Company's geophysical Consultant to have been ineffective due to the sample line orientation.

Southern Geoscience Consultants (SGC) interpreted the aeromagnetic data, generating a pseudo-geological map based on the magnetic intensity of BIF and enclosing rocks.

This was followed in 2009 with 24 holes drilled into an area of the Madoonga Formation, mapped generally as magnetite/quartzite BIF in field mapping and StrMagBIF (strongly magnetic BIF) by SGC. Drilling returned minor intersections of magnetite BIF mineralization. No further work was undertaken.

Field Work by Mount Ridley

Targets within the Wilgie Mia and Central BIF units of the WRWIP were visited by Mount Ridley's geologist following target selection using several criteria. On 4 November 2020, the Company announced the assay results for rock chip samples taken during the site visit.

Highlights from the site visit included:

- areas shown as either haematite BIF or goethite enriched BIF in field mapping were confirmed;
- areas where mapped haematite or goethite coincided with magnetically subdued units identified in the SGC interpretation (thought to represent areas where magnetite has been altered to non-magnetic haematite) are prospective; and
- topographic highs did represent outcropping strike extensions to areas identified as prospective by other means. Generally, the WRWIP has subdued topography when compared to other areas of the Weld Ranges.

The Company also reported that Iron (Fe) assays returned from rock chip samples taken at 6 BIF outcrop targets ranged in iron content between 58.2% Fe and 63.2% Fe from 21 of 24 samples, and returned desirably low phosphorus (P) and silica (Si) content.

Using the SGC aeromagnetic interpretation for E20/842 as a base plan, the sites of the iron-bearing rock chips aggregate along two linear trends; one being the Wilgie Mia Formation BIF, which had samples taken at locations over a strike length of 6.5 kilometres within the Company tenement, and the second, the Central BIF outcrop, with samples taken over 1.5km of poorly exposed BIF. It is noteworthy that aeromagnetic imagery indicates that each BIF horizon exceeds 10km in length within E20/842 and continue uninterrupted along the length of the Weld Range.

### Transaction Fee

The Company paid a fee of \$150,000, via the issuance of 50,000,000 shares of the Company at an issue price of \$0.003/share, to RM Corporate Finance Pty Ltd upon shareholder approval at the Annual General Meeting held on 30 November 2020.

## **Corporate**

### ***Capital Raising***

The Company completed an equity placement to sophisticated and professional investors, comprising of 402,419,092 fully paid ordinary shares at an issue price of \$0.0015 per share to raise a total of \$603,628 (before costs) together with 1:1 free attaching options exercisable at \$0.003 expiring 30 November 2022.

### ***Annual General Meeting***

The Company held its Annual General Meeting on 30 November 2020. All resolutions were passed by the requisite majority. Details of proxies and poll votes were set out in a summary attached to the announcement made on the same day.

### ***Appointment of Director and Technical Manager***

On 1 December 2020, the Company announced the appointment of the following personnel into key management positions, greatly strengthening the Company's technical capability.

#### Appointment of Non-Executive Director – Graeme Johnston

Mr Johnston is a geologist with over 30 years; experience in Australia, the Middle East, Romania, Malaysia and the Democratic Republic of Congo ("DRC"), with exposure to a range of commodities, including iron, gold and lithium. He specializes on the transition period between orebody delineation and mine opening.

Mr Johnston's experience with iron extends from engagements with Rio Tinto and then Midwest Corporation where he was the Principal Geologist during its sale to SinoSteel Corporation for US\$1.4 billion. This was followed by nine years as Technical Directors of Ferrowest Limited, contributing to the successful completion of the Feasibility Study for the Yalgoo Pig Iron Project.

Mr Johnston is also the Technical Director for AVZ Minerals Limited, following on from his role as Project Manager for the Manono Lithium Project in the DRC.

#### Appointment of Technical Manager – David Crook

Mr Crook is a consulting geologist with 40 years' experience, predominantly in Western Australia. He has worked on a range of commodities including nickel, gold, lithium and caesium, and has led teams with a good discovery record.

He was the Managing Director of Pioneer Resources Limited for 16 years, which discovered the Mt Jewell Gold Deposits, the North Dome Spodumene Deposit and discovered and mined the Sinclair Caesium Deposit. Prior to this he was Exploration Manager of Heron Resources Limited during the establishment of the North Kalgoorlie Nickel Project, Senior Project Geologist at the Gidgee Gold Mine from drill-out until 500,000oz were poured, and on the discovery team of the Radio Hill Nickel Sulphide Deposit.

Mr Crook also consults to Lithium Australia NL (Manager – Raw Materials) and is Managing Director of unlisted Charger Metals NL.

## Auditor's independence declaration

Section 307C of the Corporations Act 2011 requires our auditors, HLB Mann Judd (WA Partnership), to provide the Directors of the Company with an Independence Declaration in relation to the review of the half-year report. This independence Declaration is set out on page 5 and forms part of this Directors' Report for the half year ended 31 December 2020.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the directors



Mr Peter Christie  
**Non-Executive Chairman**  
Perth, 15 March 2021

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Mount Ridley Mines Limited for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Perth, Western Australia  
15 March 2021



**D I Buckley**  
Partner

**hlb.com.au**

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

**T:** +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.



## **INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of Mount Ridley Mines Limited

### **Report on the Condensed Half-Year Financial Report**

#### *Conclusion*

We have reviewed the accompanying half-year financial report of Mount Ridley Mines Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2020, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Mount Ridley Mines Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### *Basis for conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### *Responsibility of the directors for the financial report*

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

**hlb.com.au**

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

**T:** +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

*Auditor's responsibility for the review of the financial report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



**HLB Mann Judd**  
**Chartered Accountants**

**Perth, Western Australia**  
**15 March 2021**



**D I Buckley**  
**Partner**

## Directors' declaration

The directors declare that:

- (a) 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; and
- (b) in the directors' opinion, the attached financial statements and notes comply with the *Corporations Act 2001*, Accounting Standards (including AASB 134 '*Interim Financial Reporting*') and other mandatory professional reporting requirements, and give a true and fair view of the financial position and performance of the Group.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the directors



Mr Peter Christie  
**Non-Executive Chairman**  
Perth, 15 March 2021

## Condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2020

|      |   | Consolidated<br>Half-year ended |                         |
|------|---|---------------------------------|-------------------------|
|      |   | 31 Dec 2020                     | Restated<br>31 Dec 2019 |
|      |   | \$                              | \$                      |
| Note |   |                                 |                         |
|      | Revenue from continuing operations                      | 5,193                           | 99,412                  |
|      | Dividend income   | 24,089                          | -                       |
|      | Consulting fees   | (81,650)                        | (128,000)               |
|      | Compliance and regulatory expenses                      | (27,373)                        | (45,813)                |
|      | Depreciation  | (3,003)                         | (3,650)                 |
|      | Exploration expenses                                    | (145,730)                       | (94,753)                |
|      | Directors' fees   | (63,000)                        | (65,000)                |
|      | Administrative expenses                                 | (70,747)                        | (132,447)               |
|      | Share based payments - Directors & Officers             | -                               | (68,417)                |
|      | Fair value gain on equity investments                   | 604,268                         | 262,092                 |
|      | <b>Loss before income tax</b>                           | <b>242,047</b>                  | <b>(176,576)</b>        |
|      | Income tax benefit                                      | -                               | -                       |
|      | <b>Profit/(Loss) for the period</b>                     | <b>242,047</b>                  | <b>(176,576)</b>        |
|      | <b>Other comprehensive income, net of income tax</b>    | <b>-</b>                        | <b>-</b>                |
|      | <b>Total comprehensive income/(loss) for the period</b> | <b>242,047</b>                  | <b>(176,576)</b>        |
|      | <b>Earnings/(loss) per share:</b>                       |                                 |                         |
|      | <b>Basic and diluted (cents per share)</b>              | 0.008                           | (0.007)                 |

The accompanying notes form part of this financial report.

## Condensed consolidated statement of financial position as at 31 December 2020

|  | Note | Consolidated      |                               |
|--|------|-------------------|-------------------------------|
|  |      | 31 Dec 2020<br>\$ | Restated<br>30 Jun 2020<br>\$ |
| <b>Current assets</b>                  |      |                   |                               |
| Cash and cash equivalents              |      | 528,741           | 399,921                       |
| Other receivables                      | 8    | 60,861            | 40,647                        |
| Other financial instruments            | 9    | 2,193,763         | 1,589,495                     |
| <b>Total current assets</b>            |      | <b>2,783,365</b>  | <b>2,030,063</b>              |
| <b>Non-current assets</b>              |      |                   |                               |
| Exploration and evaluation expenditure | 5    | 1,882,690         | 782,690                       |
| Property, plant and equipment          |      | 49,827            | 52,830                        |
| <b>Total non-current assets</b>        |      | <b>1,932,517</b>  | <b>835,520</b>                |
| <b>Total assets</b>                    |      | <b>4,715,882</b>  | <b>2,865,583</b>              |
| <b>Current liabilities</b>             |      |                   |                               |
| Trade and other payables               | 10   | 54,474            | 78,437                        |
| Unissued shares                        |      | 1,234             | -                             |
| <b>Total current liabilities</b>       |      | <b>55,708</b>     | <b>78,437</b>                 |
| <b>Total liabilities</b>               |      | <b>55,708</b>     | <b>78,437</b>                 |
| <b>Net assets</b>                      |      | <b>4,660,174</b>  | <b>2,787,146</b>              |
| <b>Equity</b>                          |      |                   |                               |
| Issued capital                         | 6    | 26,924,172        | 25,293,191                    |
| Reserves                               | 7    | 1,830,314         | 1,830,314                     |
| Accumulated losses                     |      | (24,094,312)      | (24,336,359)                  |
| <b>Total equity</b>                    |      | <b>4,660,174</b>  | <b>2,787,146</b>              |

The accompanying notes form part of this financial report.

## Condensed consolidated statement of changes in equity for the half-year ended 31 December 2020

|  | Issued capital    | Option reserve   | Restated<br>Accumulated<br>losses | Total            |
|--|-------------------|------------------|-----------------------------------|------------------|
|  | \$                | \$               | \$                                | \$               |
| <b>Balance at 1 July 2019</b>                  | <b>25,016,448</b> | <b>1,701,897</b> | <b>(24,271,510)</b>               | <b>2,446,835</b> |
| Loss for the period                            | -                 | -                | (176,576)                         | (176,576)        |
| Other comprehensive loss, net of income tax    | -                 | -                | -                                 | -                |
| <b>Total comprehensive loss for the period</b> | <b>-</b>          | <b>-</b>         | <b>(176,576)</b>                  | <b>(176,576)</b> |
| Issue of ordinary shares                       | 279,944           | -                | -                                 | 279,944          |
| Share issue costs                              | (3,201)           | -                | -                                 | (3,201)          |
| Options issued                                 | -                 | 128,417          | -                                 | 128,417          |
| <b>Balance at 31 December 2019</b>             | <b>25,293,191</b> | <b>1,830,314</b> | <b>(24,448,086)</b>               | <b>2,675,419</b> |
| <b>Balance at 1 July 2020</b>                  | <b>25,293,191</b> | <b>1,830,314</b> | <b>(24,336,359)</b>               | <b>2,787,146</b> |
| Loss for the period                            | -                 | -                | 242,047                           | 242,047          |
| Other comprehensive loss, net of income tax    | -                 | -                | -                                 | -                |
| <b>Total comprehensive loss for the period</b> | <b>-</b>          | <b>-</b>         | <b>242,047</b>                    | <b>242,047</b>   |
| Issue of ordinary shares                       | 1,653,629         | -                | -                                 | 1,653,629        |
| Share issue costs                              | (22,648)          | -                | -                                 | (22,648)         |
| <b>Balance at 31 December 2020</b>             | <b>26,924,172</b> | <b>1,830,314</b> | <b>(24,094,312)</b>               | <b>4,660,174</b> |

The accompanying notes form part of this financial report.

## Condensed consolidated statement of cash flows for the half-year ended 31 December 2020

|   | <b>Consolidated</b>    |                    |
|---|------------------------|--------------------|
|   | <b>Half-year ended</b> |                    |
|   | <b>31 Dec 2020</b>     | <b>31 Dec 2019</b> |
|   | <b>\$</b>              | <b>\$</b>          |
| <b>Cash flows from operating activities</b>               |                        |                    |
| Payments to suppliers and employees                       | (291,880)              | (409,758)          |
| Payments for exploration and evaluation                   | (135,802)              | (93,473)           |
| Interest received   | 198                    | 908                |
| Net cash (used in) operating activities                   | <b>(427,484)</b>       | <b>(502,323)</b>   |
| <b>Cash flows from investing activities</b>               |                        |                    |
| Investment in listed entity                               | -                      | (81,000)           |
| Proceeds from sale of listed shares                       | -                      | 248,790            |
| Dividends received  | 24,089                 | -                  |
| Payment for tenement acquisition                          | (50,000)               | -                  |
| Net cash (used in)/provided by investing activities       | <b>(25,911)</b>        | <b>167,790</b>     |
| <b>Cash flows from financing activities</b>               |                        |                    |
| Proceeds from equity instruments of the Company           | 603,629                | 339,944            |
| Shares not yet issued                                     | 1,234                  | -                  |
| Payment for share issue costs                             | (22,648)               | (3,201)            |
| Net cash provided by financing activities                 | <b>582,215</b>         | <b>336,743</b>     |
| <b>Net increase in cash and cash equivalents</b>          | <b>128,820</b>         | <b>2,210</b>       |
| Cash and cash equivalents at the beginning of the period  | 399,921                | 1,011,932          |
| <b>Cash and cash equivalents at the end of the period</b> | <b>528,741</b>         | <b>1,014,142</b>   |

The accompanying notes form part of this financial report.

# Notes to the condensed consolidated financial statements for the half-year ended 31 December 2020

## 1. Significant accounting policies

### Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 '*Interim Financial Reporting*'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 '*Interim Financial Reporting*'. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with annual financial statements of the Company for the year ended 30 June 2020 together with any public announcements made during the following half-year.

The half-year financial report was authorised for issue by the directors on 15 March 2021.

### Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2020 annual financial report for the financial year ended 30 June 2020 and the corresponding half-year financial report except for the impact of the new and revised Standards and Interpretations effective 1 July 2020 as outlined below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

For the purpose of preparing the half-year financials report, the half-year has been treated as a discrete reporting period.

### Going concern basis

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

For the half-year ending 31 December 2020, the Group made a profit of \$242,047 (restated 31 December 2019: loss of \$176,576) and a net cash outflow from operating activities of \$427,484 (31 December 2019: \$502,323). At 31 December 2020, the Group had current assets of \$2,783,365 (restated 30 June 2020: \$2,030,063).

Based on the Group's existing cash resources of \$528,741 (30 June 2020: \$399,921) and liquid investments of \$1,521,471 along with the \$900,000 raised from the placement announced on 4 January 2021, the ability to modify expenditure outlays, if required, and to source additional funds, the directors consider there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable, and therefore the going concern basis of preparation is considered appropriate for the Group's 31 December 2020 half-year consolidated financial statements.



## Significant accounting judgements and key estimates

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

In preparing these half-yearly statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial report for the year ended 30 June 2020, except for the impact of the new Standards and Interpretations effective 1 July 2020 as outlined below.

### Adoption of new and revised Standards

#### *Standards and Interpretations applicable to 31 December 2020*

In the half-year ended 31 December 2020 the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for annual reporting periods beginning on or after 1 July 2020. As a result of this the Directors have determined that there is no impact, material or otherwise, of the new and revised standards and interpretations on the Group's business and, therefore, no change is necessary to the Group's accounting policies.

#### *Standards and Interpretations in issue not yet adopted*

The Directors have also reviewed all new Standards and Interpretations in issue not yet adopted for the half-year ended 31 December 2020. As a result of this the Directors have determined that there is no impact, material or otherwise, of the standards and interpretations in issue not yet adopted on the Group's business and, therefore, no change is necessary to the Group's accounting policies.

## 2. Segment information

The Group operates in one business segment and one geographical segment, namely the mineral exploration industry in Australia. AASB 8 'Operating Segments' states that similar operating segments can be aggregated to form one reportable segment. Also, based on quantitative thresholds included in AASB 8, there is only one reportable segment, namely the mineral exploration industry. However, none of the operating segments currently meet any of the prescribed quantitative thresholds, and as such do not have to be reported separately. The Group has therefore decided to aggregate all its reporting segments into one reportable operating segment.

The revenue and results of this segment are those of the Group as a whole and are set out in the condensed consolidated statement of profit or loss and other comprehensive income. The segment assets and liabilities are those of the Group and are set out in the condensed consolidated statement of financial position.

## 3. Dividends

No dividends were paid or declared for the half-year ended 31 December 2020 and the directors have not recommended the payment of a dividend.

#### 4. Revenue

|   | Half-year<br>ended | Half-year<br>ended |
|---|--------------------|--------------------|
|   | 31 Dec 2020        | 31 Dec 2019        |
|   | \$                 | \$                 |
| <b>Revenue from continuing operations</b> |                    |                    |
| Interest income                           | 198                | 907                |
| Other income                              | 4,995              | 98,505             |
|   | <b>5,193</b>       | <b>99,412</b>      |

#### 5. Exploration and evaluation expenditure

|   | Half-year<br>ended | Year<br>ended  |
|---|--------------------|----------------|
|   | 31 Dec 2020        | 30 June 2020   |
|   | \$                 | \$             |
| Exploration and evaluation phase:         |                    |                |
| Carrying value at beginning of the period | 782,690            | 782,690        |
| Acquisition of Weld Range <sup>1</sup>    | 1,100,000          | -              |
| Carrying value at end of the period       | <b>1,882,690</b>   | <b>782,690</b> |

<sup>1</sup>Acquisition details of Weld Range

|                             |                  |
|-----------------------------|------------------|
| Cash                        | 50,000           |
| Shares                      | 900,000          |
| Transaction cost (shares)   | 150,000          |
| Total initial consideration | <b>1,100,000</b> |

Consideration in Weld Range acquisition also includes milestone shares and royalties:

|                                     |                    |
|-------------------------------------|--------------------|
| Milestone 1 shares <sup>(i)</sup>   | 50,000,000         |
| Milestone 2 shares <sup>(ii)</sup>  | 50,000,000         |
| Milestone 3 shares <sup>(iii)</sup> | 50,000,000         |
| Total                               | <b>150,000,000</b> |

As these milestone shares and royalties are dependent upon future exploration results, no value has been recognised as at balance date.

(i) 50,000,000 Purchaser Shares upon the declaration of not less than 5 million tonnes of Inferred Mineral Resources 62.5%+ Fe grade in accordance with the JORC Code of 2012 (Milestone 1 Shares) within the earlier of 12 months from commencement of drilling and 60 months from the Settlement Date (Milestone 1 Achievement Date)

(ii) 50,000,000 Purchaser Shares upon the sale of 1 million tonnes of iron ore production at a C1 cost operating margin of at least US\$15 per tonne (Milestone 2 Shares) within the earlier of 24 months from commencement of mining and 60 months from the Settlement Date (Milestone 2 Achievement Date)

(iii) 50,000,000 Purchaser Shares upon the sale of a further 1 million tonnes of iron ore production (total 2 million tonnes) at a C1 cost operating margin of at least US\$15 per tonne (Milestone 3 Shares) within the earlier of 36 months from commencement of mining and 60 months from the Settlement Date (Milestone 3 Achievement Date)

|   |             |
|---|-------------|
| Beneficiated royalty <sup>(i)</sup>     | 2.2%        |
| Iron ore royalty <sup>(ii)</sup>        | 2.7%        |
| Other minerals royalty <sup>(iii)</sup> | 1.5%        |
| Total                                   | <b>6.4%</b> |

## 5. Exploration and evaluation expenditure (cont'd)

- (i) 2.2% for beneficiated iron ore (e.g. magnetite).
- (ii) 2.7% for other iron ore (e.g. direct shipping iron-ore).
- (iii) 1.5% gross value for all other minerals.

Recoverability of the above carrying amount is dependent upon the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

## 6. Issued capital

|   | 31 Dec 2020<br>\$ | 30 Jun 2020<br>\$ |
|---|-------------------|-------------------|
| 3,435,213,044 fully paid ordinary shares<br>(30 June 2020: 2,682,793,952) | <b>26,924,172</b> | <b>25,293,191</b> |

| Fully paid ordinary shares     | Half-year ended<br>31 Dec 2020 |                   | Year ended<br>30 Jun 2020 |                   |
|--------------------------------|--------------------------------|-------------------|---------------------------|-------------------|
|                                | No.                            | \$                | No.                       | \$                |
| Balance at beginning of period | 2,682,793,952                  | 25,293,191        | 2,332,864,306             | 25,016,448        |
| Issue of shares (i)            | 402,419,092                    | 603,629           | -                         | -                 |
| Issue of shares (ii)           | 50,000,000                     | 150,000           | -                         | -                 |
| Issue of shares (iii)          | 300,000,000                    | 900,000           | -                         | -                 |
| Issue of shares (iv)           | -                              | -                 | 349,929,646               | 279,944           |
| Share issue costs              | -                              | (22,648)          | -                         | (3,201)           |
|                                | <b>3,435,213,044</b>           | <b>26,924,172</b> | <b>2,682,793,952</b>      | <b>25,293,191</b> |

- (i) Issue of fully paid ordinary shares on 20 October 2020 at \$0.0015 each pursuant to a placement to sophisticated and institutional investors of the Company.
- (ii) Issue of fully paid ordinary shares on 7 December 2020 at \$0.0030 each as consideration for services provided by RM Corporate Finance, a related party of Director Guy Le page, with the Weld Range Acquisition.
- (iii) Issue of fully paid ordinary shares on 7 December 2020 at \$0.0030 each as initial consideration on the Weld Range Acquisition agreement.
- (iv) Issue of fully paid ordinary shares on 24 October 2019 at \$0.0008 each pursuant to a placement to sophisticated and institutional investors of the Company.

## 7. Option reserve

| Unlisted options                              | Half-year ended<br>31 Dec 2020 |                  | Year ended<br>30 Jun 2020 |                  |
|---|--------------------------------|------------------|---------------------------|------------------|
|   | No.                            | \$               | No.                       | \$               |
| Balance at beginning of period                | 1,177,323,025                  | 1,830,314        | 1,231,454,540             | 1,701,897        |
| Expiry of options (i)                         | (22,500,000)                   | -                | -                         | -                |
| Issue of options (ii)                         | 402,419,092                    | -                | -                         | -                |
| Issue of director and executive options (iii) | -                              | -                | 35,000,000                | 68,417           |
| Issue of options (iv)                         | -                              | -                | 600,000,000               | 60,000           |
| Expiry of options (v)                         | -                              | -                | (656,631,515)             | -                |
| Expiry of options (vi)                        | -                              | -                | (10,000,000)              | -                |
| Expiry of options (vii)                       | -                              | -                | (22,500,000)              | -                |
|   | <b>1,557,242,117</b>           | <b>1,830,314</b> | <b>1,177,323,025</b>      | <b>1,830,314</b> |

- (i) Expiry of 1 December 2020 unlisted options exercisable at \$0.015.
- (ii) Issue of free attaching unlisted options exercisable at \$0.003 expiring 30 November 2022 pursuant to October 2020 Placement. Issued on 7 December 2020.
- (iii) Issue of 30 November 2022 options exercisable at \$0.003 to directors of the Company. 10,000,000 options each to Messrs Christie, Le Page and Mitchell and 5,000,000 options to Mr. Busing. Issued on 30 November 2019.
- (iv) Issue of 30 November 2022 options exercisable at \$0.0001.
- (v) Expiry of 31 August 2019 options exercisable at \$0.0125.
- (vi) Expiry of 31 August 2019 options exercisable at \$0.021.
- (vii) Expiry of 29 November 2019 options exercisable at \$0.015.

**8. Trade and other receivables**

|   | <b>31 Dec 2020</b> | <b>30 Jun 2020</b> |
|---|--------------------|--------------------|
|   | \$                 | \$                 |
| Prepayments                                 | 27,448             | 21,410             |
| Other receivables                           | 33,413             | 19,237             |
| Unsecured loan                              | 125,000            | 125,000            |
| Less: Provision for impairment <sup>1</sup> | (125,000)          | (125,000)          |
|   | <b>60,861</b>      | <b>40,647</b>      |

<sup>1</sup> During the prior period, the Company advanced loan funds to a third party. At balance date the directors resolved to book a provision for impairment of this loan on a conservative basis. There has been no change to this assessment in the current period.

**9. Other financial assets**

|                               | <b>31 Dec 2020</b> | <b>Restated<br/>30 Jun 2020</b> |
|-------------------------------|--------------------|---------------------------------|
|                               | \$                 | \$                              |
| Listed shares <sup>1</sup>    | 1,521,471          | 1,278,051                       |
| Unlisted options <sup>2</sup> | 672,292            | 311,444                         |
|                               | <b>2,193,763</b>   | <b>1,589,495</b>                |

<sup>1</sup> On 28 October 2019 the Company purchased 100,000,000 shares at \$0.00081 from Caeneus Minerals Ltd. As at 31 December 2020, these shares were revalued at a closing rate of \$0.008 per share. Refer to Note 15 for further information.

On 10 February 2020 the unlisted shares held in Prometheus Minerals Limited were converted into 120,446 Tribune Resources Limited shares at \$5.02 per share. As at 31 December 2020, these shares were revalued at a closing rate of \$5.990 per share. Refer to Note 15 for further information.

<sup>2</sup> On 28 October 2019 the Company received 100,000,000 free attaching unlisted options from Caeneus Minerals Ltd on the acquisition of 100,000,000 ordinary shares. Refer to Note 15 for further information.

The directors of the Company have designated these investments as Fair Value Through Profit or Loss (FVTPL).

**10. Trade and other payables**

|                              | <b>31 Dec 2020</b> | <b>30 Jun 2020</b> |
|------------------------------|--------------------|--------------------|
|                              | \$                 | \$                 |
| Trade creditors              | 43,399             | 27,436             |
| Other creditors and accruals | 11,075             | 51,001             |
|                              | <b>54,474</b>      | <b>78,437</b>      |

**11. Restatement of Comparatives**

On 28 October 2019, MRD invested in listed entity Caeneus Minerals Ltd (CAD) for an initial \$81,000, receiving 100,000,000 ordinary shares and 100,000,000 free attaching unlisted options. The free attaching options have a fair value which was not recognised in previous periods, and as a result the comparative amounts required restatement.

The following table summarises the changes required to each line item in the statement of profit or loss and other comprehensive income and the statement of financial position for the relevant comparative period.

**11. Restatement of Comparatives (cont'd)****Statement of profit or loss and other comprehensive income**

For the half-year ended 31 December 2019

|   | <b>Consolidated</b> |                   |                  |
|---|---------------------|-------------------|------------------|
|   | <b>Prior</b>        | <b>Adjustment</b> | <b>Restated</b>  |
|   | <b>\$</b>           | <b>\$</b>         | <b>\$</b>        |
| Fair value gain on FVTPL equity investments | 201,300             | 60,792            | <b>262,092</b>   |
| <b>Net loss for the year</b>                | <b>(237,368)</b>    | 60,792            | <b>(176,576)</b> |
| <b>Total comprehensive loss</b>             | <b>(237,368)</b>    | 60,792            | <b>(176,576)</b> |

**Statement of Financial Position**

As at 31 December 2019

|                             |                  |        |                     |
|-----------------------------|------------------|--------|---------------------|
| Other financial instruments | 752,000          | 60,792 | <b>812,792</b>      |
| Total current assets        | 1,837,182        | 60,792 | <b>1,897,974</b>    |
| <b>TOTAL ASSETS</b>         | <b>2,676,352</b> | 60,792 | <b>2,737,144</b>    |
| <b>NET ASSETS</b>           | <b>2,614,627</b> | 60,792 | <b>2,675,419</b>    |
| Accumulated losses          | (24,508,878)     | 60,792 | <b>(24,448,086)</b> |
| <b>TOTAL EQUITY</b>         | <b>2,614,627</b> | 60,792 | <b>2,675,419</b>    |

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

For the year ended 30 June 2020

|   |                  |         |                  |
|---|------------------|---------|------------------|
| Fair value gain on FVTPL equity investments | 727,351          | 311,444 | <b>1,038,795</b> |
| <b>Net loss for the year</b>                | <b>(376,293)</b> | 311,444 | <b>(64,849)</b>  |
| <b>Total comprehensive loss</b>             | <b>(376,293)</b> | 311,444 | <b>(64,849)</b>  |

**Statement of Financial Position**

As at 30 June 2020

|                             |                  |         |                     |
|-----------------------------|------------------|---------|---------------------|
| Other financial instruments | 1,278,051        | 311,444 | <b>1,589,495</b>    |
| Total current assets        | 1,718,619        | 311,444 | <b>2,030,063</b>    |
| <b>TOTAL ASSETS</b>         | <b>2,554,139</b> | 311,444 | <b>2,865,583</b>    |
| <b>NET ASSETS</b>           | <b>2,475,702</b> | 311,444 | <b>2,787,146</b>    |
| Accumulated losses          | (24,647,803)     | 311,444 | <b>(24,336,359)</b> |
| <b>TOTAL EQUITY</b>         | <b>2,475,702</b> | 311,444 | <b>2,787,146</b>    |

**12. Key management personnel**

During the half-year ended 31 December 2020, Mr Graeme Godsman Johnston was appointed as Non-Executive Director. Mr Johnston is paid a remuneration of \$3,000 per month (exc. GST).

Remuneration policies of key management personnel are disclosed in the annual financial report. Arrangements with related parties continue to be in place. For further details, please refer to the 30 June 2020 annual financial report.

**13. Contingent liabilities and contingent assets**

There has been no significant change in contingent liabilities and/or contingent assets since the last annual report. Please refer to the 30 June 2020 annual financial report.

## 14. Subsequent events

Following the second quarter, Mount Ridley Mines advised that it has completed the placement announced on 4 January 2021. The Board agreed to expand the placement to sophisticated and professional investors to 450,000,000 fully paid ordinary shares at an issue price of \$0.002 per share thus successfully raising a total of \$900,000 (before costs) together with 1:1 free attaching option exercisable at \$0.003 that expire on 30 November 2022.

The Company also provided an update for the work program planned for the first half of 2021 at its 100%-held Weld Range West Iron Project (WRWIP).

## 15. Financial instruments

### *Fair value measurement*

#### Measured at fair value on recurring basis

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy.

The three levels are defined based on the observe ability of significant inputs to the measurement, as follows:

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

The following tables shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis. There have been no transfers between the levels of the fair value hierarchy during the half-year ended 31 December 2020.

|                           | <b>31 Dec 2020</b><br>Fair value<br>\$ | <b>Restated</b><br><b>30 Jun 2020</b><br>Fair value<br>\$ | <b>Fair value</b><br><b>hierarchy</b> | <b>Valuation</b><br><b>technique</b> |
|---------------------------|--|---|---------------------------------------|--------------------------------------|
| Listed investment - FVTPL | 1,521,471                              | 1,278,051   | Level 1                               | Market price                         |
| Unlisted options - FVTPL  | 672,292                                | 311,444   | Level 2                               | Black Scholes<br>Model               |

#### *Reconciliation of Level 1 fair value measurements*

|   | <b>31 Dec</b><br><b>2020</b><br>\$ | <b>30 Jun</b><br><b>2020</b><br>\$ |
|---|------------------------------------|------------------------------------|
| Opening balance                                     | 1,278,051                          | 140,000                            |
| Acquisition of listed investment                    | -                                  | 81,000                             |
| Disposal of listed investment                       | -                                  | (150,000)                          |
| Conversion of loan into financial instrument        | -                                  | 652,000                            |
| Fair value gain/(loss) at balance date <sup>1</sup> | 243,420                            | 555,051                            |
| Closing balance                                     | <b>1,521,471</b>                   | <b>1,278,051</b>                   |

**15. Financial instruments (cont'd)**  
**Fair value measurement (cont'd)**

*Reconciliation of Level 2 fair value measurements*

|   | <b>31 Dec<br/>2020</b> | <b>Restated<br/>30 Jun<br/>2020</b> |
|---|------------------------|-------------------------------------|
|   | \$                     | \$                                  |
| Opening balance                                     | 311,444                | 479,700                             |
| Conversion of loan                                  | -                      | (652,000)                           |
| Fair value gain/(loss) at balance date <sup>1</sup> | 360,848                | 483,744                             |
| Closing balance                                     | <b>672,292</b>         | <b>311,444</b>                      |

<sup>1</sup>*Total fair value profit or loss*

|   | <b>31 Dec<br/>2020</b> | <b>Restated<br/>30 Jun<br/>2020</b> |
|---|------------------------|-------------------------------------|
|   | \$                     | \$                                  |
| Level 1 asset                           | 243,420                | 555,051                             |
| Level 2 asset                           | 360,848                | 483,744                             |
| Balance per statement of profit or loss | <b>604,268</b>         | <b>1,038,795</b>                    |

The Group has a number of financial investments which are not measured at fair value on a recurring basis. The carrying amount of these financial investments approximates their fair value.