Mount Ridley Mines Limited

ABN 93 092 304 964

and its controlled entity

Annual report for the financial year ended

30 June 2019

Corporate directory

Board of Directors

Mr Peter Christie	Non-Executive Chairman
Mr Ashley Hood	Non-Executive Director
Mr Guy Le Page	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
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Nedlands, Western Australia 6009
Tel: +61 8 6165 8858

Postal Address
PO Box 369
Nedlands, Western Australia 6909

Auditors
HLB Mann Judd
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
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Level 40, Central Park
152-158 St Georges Terrace
Perth, Western Australia 6000

ASX Code
MRD

Annual report for the financial year ended 30 June 2019

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Directors' report

The directors of Mount Ridley Mines Limited ("Mount Ridley" or "the Company") submit herewith the annual report of Mount Ridley Mines Limited and its subsidiary ("the Group") for the financial year ended 30 June 2019. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Information about the directors

The names and particulars of the directors of the Group who held office during or since the end of the financial year are:

Name	Particulars
Mr Peter Christie	Non-Executive Chairman, joined the board on 8 October 2018 as Non-Executive Chairman. Mr. Christie is a qualified accountant and tax agent with over 25 years of public accounting experience.
Mr Ashley Hood	Non-Executive Director, joined the board on 31 August 2016 as managing Director. Mr Hood has more than 15 years' experience in the mining industry working in mine and exploration operations for junior and large mining companies based in Australia and throughout the Pacific including New Zealand. He has broad senior management experience having held a number of ASX appointed board positions while working on some of Australia's major JORC resources. Mr Hood predominantly specialises in project/people management, native title negotiations, logistics, project valuations, diligence/acquisitions and personally holds and manages a number of his own exploration development projects.
Mr Guy Le Page *BA, BSc (Hons), MBA, MAusIMM, FFIN*	Non-Executive Director, joined in the board on 19 December 2012. Mr Le Page is currently a director and corporate advisor of RM Corporate Finance specialising in resources. He is actively involved in a range of corporate initiatives from mergers and acquisitions, initial public offerings to valuations, consulting and corporate advisory roles.
Mr Michael Pedley *BCom, CA*	Non-Executive Chairman, joined the board on 5 November 2015 and resigned on 8 October 2018. Mr Pedley is a member of Chartered Accountants Australia and New Zealand with over 22 years of public practice experience. He is the Managing Director and founder of Odyssey Tax & Accounting which provides a broad range of accounting and tax services to business clients and individuals. Mr Pedley has significant accounting, corporate and business management experience and is a consultant to several listed and non-listed companies.

Directorships of other listed companies

Directorships of other listed companies held by directors in the three years immediately before the end of the financial year are as follows:

Name	Company	Period of directorship
Ashley Hood	Victory Mines Limited	Sept 2011 - May 2016
	Rafaella Resources Ltd	Since Dec 2017
Guy Le Page		
	Red Sky Energy Ltd	Dec 2016 - May 2019
		Feb 2009 - Feb 2015
	Palace Resources Ltd	Aug 2009 - Mar 2015
	Pointerra Ltd	Jan 2010 - June 2016
	Eden Innovations Ltd	Feb 2006 - May 2018
	Conico Limited	Since May 2007
	Tasman Resources Limited	Since June 2001
Peter Christie	Caeneus Minerals Ltd	Since October 2017

Directors' shareholdings

The following table sets out each directors' relevant interests in shares and options in shares of the Company or a related body corporate as at the date of this report:

	Fully paid ordinary shares	Share options
Directors	Number	Number
Peter Christie	26,553,692	54,319,212
Ashley Hood	7,701,893	20,000,000
Guy Le Page	19,583,334	7,447,917

Company Secretary

Johnathon Busing *BBus, CA*

Mr Busing held the position of company secretary of Mount Ridley Mines Ltd at the end of the financial year. He joined Mount Ridley in June 2017. Mr Busing is a member of Chartered Accountants Australia and New Zealand. His experience includes financial reporting of ASX listed companies, corporate compliance, corporate restructuring and taxation.

Dividends

No dividends have been paid or declared since the start of the financial year and the directors have not recommended the payment of a dividend in respect of the financial year.

Shares under option or issued on exercise of options

Details of unissued shares or interests under option as at the date of this report are:

Issuing entity	Grant date	Number of shares under option	Class of shares	Exercise price of option	Expiry date of options
Mount Ridley Mines Limited[1]	20 Nov 2018	148,693,943	Ordinary	$0.003	30 Nov 2022
Mount Ridley Mines Limited[2]	31 Jan 2019	228,214,986	Ordinary	$0.003	30 Nov 2022
Mount Ridley Mines Limited[3]	31 Jan 2019	142,914,096	Ordinary	$0.003	30 Nov 2022

[1] Free attaching unlisted options issued to professional and sophisticated investors pursuant to Entitlement Issue shares and option acceptance.
[2] Free attaching unlisted options issued to professional and sophisticated investors pursuant to October 2018 placement.
[3] Free attaching Unlisted options issued to professional and sophisticated investors pursuant to Entitlement Issue shares and option shortfall.

The holders of these options do not have the right, by virtue of the option, to participate in any share issue or interest issue of the Company or of any other body corporate or registered scheme.

There have been no options granted over unissued shares or interests of any controlled entity within the Group during or since the end of the reporting period.

No shares were issued during or since the end of the financial year as a result of the exercise of an option.

Indemnification of officers and auditors

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the Company (as named above), the company secretary, and all executive officers of the Company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, two board meetings were held and five circular resolutions were passed.

	Board of Directors	
Directors	Held	Attended
Peter Christie	1	1
Ashley Hood	2	1
Guy Le Page	2	2
Michael Pedley	1	1

Proceedings on behalf of the 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.

Non-audit services

The auditor did not perform any non-audit services during the financial year.

Auditor's independence declaration

The auditor's independence declaration is included on page 16 of this annual report and forms part of the directors' report.

Corporate governance

The directors support and adhere to the principles or corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. The Company's Corporate Governance Statement and its compliance with ASX guidelines can be found on the Company's website at www.mtridleymines.com.au. The policies and compliance as stated were in place for the whole year and are current as at the date of this report.

Operating and financial review

Principal activities

Mount Ridley Mines Limited is a Perth based Australian Exploration Company actively targeting nickel and copper sulphide deposits in the Albany Fraser Range region of Western Australia, 70kms north east of a major port in Esperance.

Operating results

The consolidated loss of the Group for the financial year, after providing for income tax, amounted to $589,558 (2018: $791,225). Further discussions on the Group's operations are provided below:

Review of operations

Mount Ridley Mines Limited is focusing primarily on a project in the Albany Fraser Range region of Western Australia, 70kms north east of a major port in Esperance. The project has the potential to host major mineral deposits in base and precious metals including nickel, copper, cobalt, silver and gold.

The Company is managed by a team of highly motivated professionals with significant expertise in mineral exploration, mining operations, finance and corporate management with a proven track record of successfully delivering value to shareholders.

Mount Ridley Mines Limited is actively targeting nickel and copper sulphide deposits in the Albany Fraser Range Province of Western Australia, the site of Independence Groups Nova Nickel-Copper Deposit discovered by Sirius Resources NL. The Company currently has a tenement portfolio of approximately 800sq/kms in what is fast becoming the world's most exciting emerging nickel and copper province.

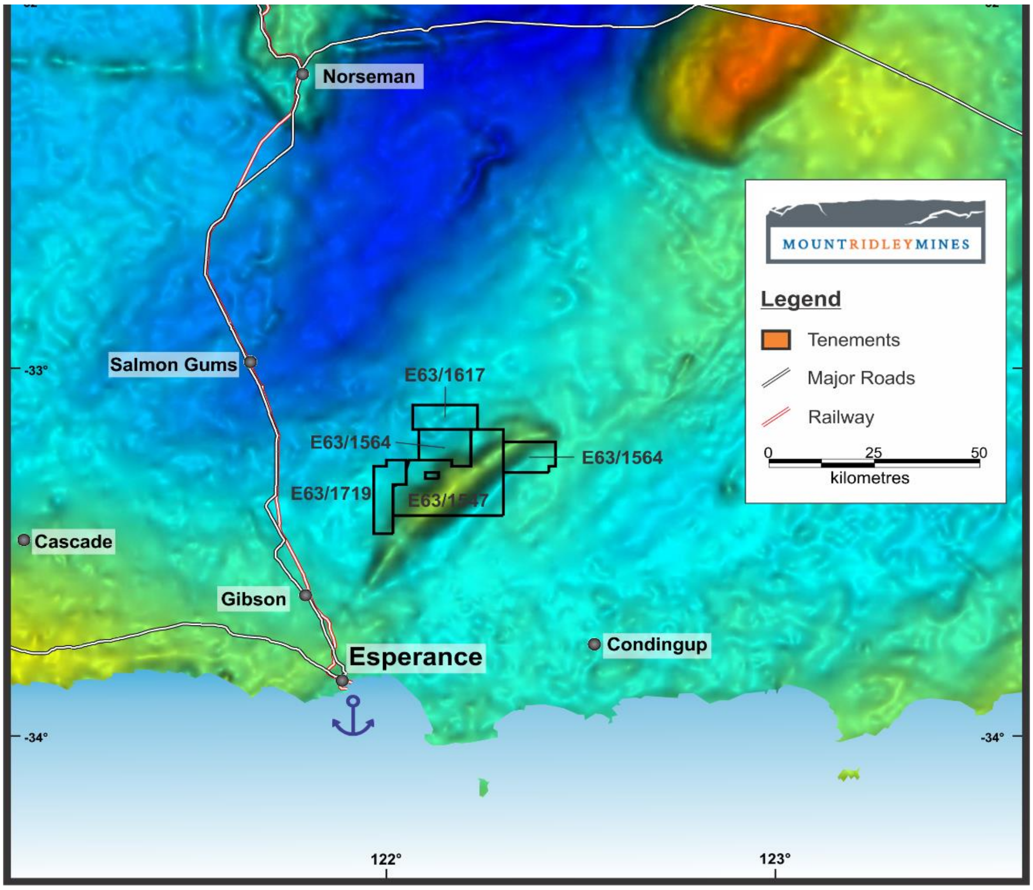

Figure 1: Location of Mount Ridley Mines - Mt Ridley Project.

Exploration

Mt Ridley Project, Albany - Fraser Range

Due to drilling difficulties, the Company announced on 28 August 2018 that the planned recommencement of the AC drilling campaign was postponed.

MRD reviewed the Company's gravity and magnetic databases given the discovery at Creasy Group's Silver Knight Ni/Cu/Co discovery approximately 25km north east of the Nova Bollinger deposits, also within the Albany – Fraser Orogen (AFO). The Company's geophysical team at Southern Geoscience identified several discrete magnetic and gravity signature on the Mt Ridley project as well.

Larger coincident magnetic and gravity targets at Tyrells, The Lake, T19, T20, Keith's and Winston's were proven to be coarse grained mafic to ultramafic gabrronorite and peridotite intrusive rocks containing disseminated to blebby magmatic sulphides of pyrrhotite, chalcopyrite and pentlandite. The presence of magmatic sulphides in such varitextured zones is typical of nickel sulphide systems and is seen as significant, demonstrating a magmatic nickel sulphide system formed within the project area.

The Creasy Group announcement also demonstrated that the IGO Nova Mine is not unique in the AFO and the exploration discovery potential within the AFO, for similar systems as Nova, remains significant.

On 24 September 2018, the Company recommenced AC drilling at Mt Ridley and the preliminary results were released on 31 October 2018.

Figure 2: Challenge Drilling AC rig in action at Mount Ridley's augur gold geochemical anomaly drilling program

Elevated As values (up to 100 ppm) were outlined in the northern part of the area on lines 1, 2 & 3 and the anomaly is open to the north towards a strong magnetic high. The EOH sample for Drill hole MRAC797 returned anomalous values for Pb (360ppm), Ce (>500ppm) and La (449ppm).

Coincident anomalous patters of the elements As, Pb, Ce and La have strong spatial correlation with an interpreted NNE trending fault zone. The fault zone was outlined from Magnetics (1VD & Total Magnetic Intensity) images for the area.

Geological logging of air core holes on Lines 5 – 8 established that the fault zone is also a lithological contact between sulphide (pyrite)bearing quarts rich gneisses (east) and garnet quartz amphibole gneisses (west).

As-Pb-La-Ce anomalism is encouraging because it is usually found in shear zones associated with hydrothermal alteration for structurally controlled epigenetic gold mineralisation.

The interpretation is that the drilled area contained a thick cover or depression consisting of organic rich sediments and coal seams. Gold and base metals mineralisation underneath such cover must be blind to near surface geochemical techniques. Therefore, the auger gold anomaly must have been sourced from somewhere else.

Further exploration was targeted towards the identification of a near surface source for the gold anomalism identified in the near surface lateritic soil blanket. It is suspected that the gold in the laterite was dispersed laterally over the area from a source which is either a long lived auriferoud shear zone (fault) and/or near surface (<20m) mineralised bedeck and quartz veins.

The shear zone, identified from magnetics and confirmed by geochemistry, was a positive step. The next step was to use geophysics to identify near surface (<=20m) basement highs in the depression (cover) and then drill shallow holes to identify gold anomalism in bedrock/saprolite/quartz veins.

The company devised a broader spaced planned air core program of approximately 1,000m drilling within the As, Pb, Ce, and La anomalous area associated with the projected faulting in search of the source of the surface augur gold geochemistry anomaly.

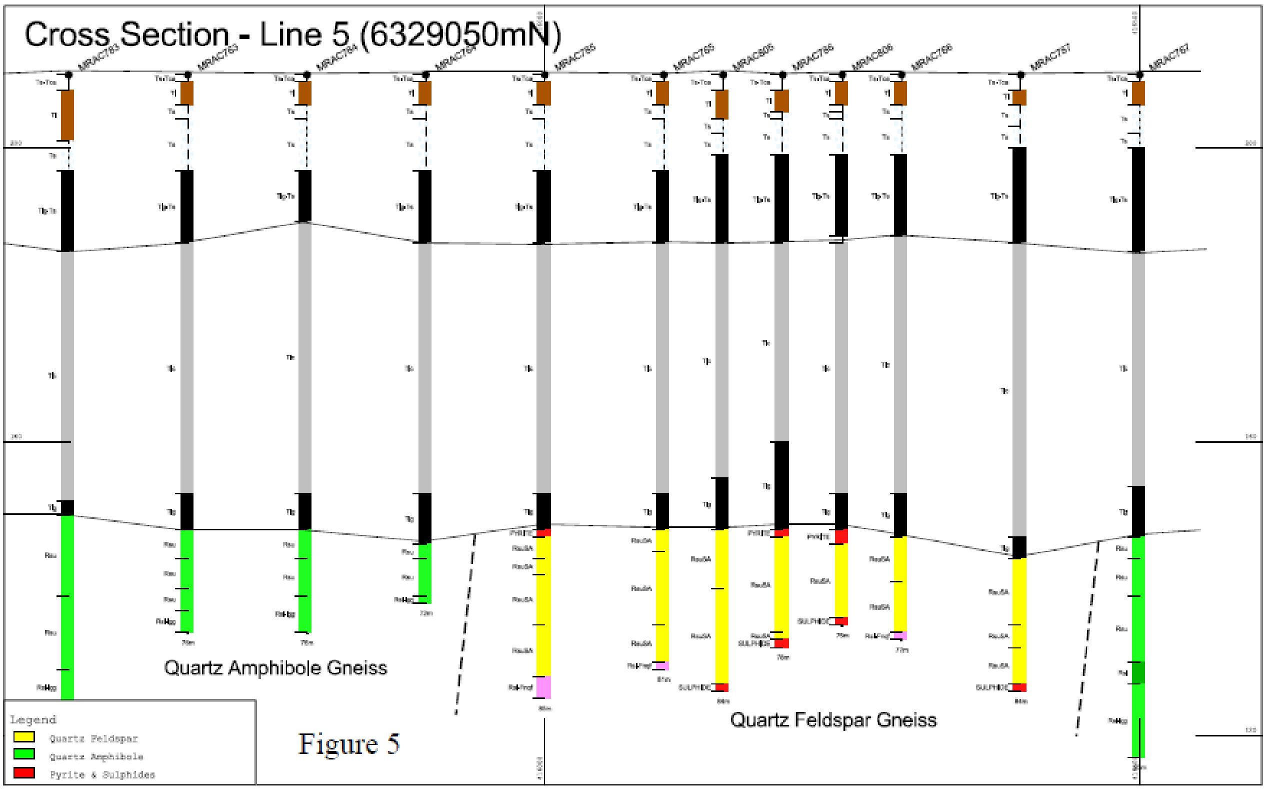

Figure 3: Geological cross section – Line 5

On 22 January 2019, the Company announced that CSA Global and SGC/GeoPotential Consulting selected a number of discrete magnetic geophysical features. The priority with this phase of air core drilling was to target similar magnetic features (and potentially magmatic nickel-copper-cobalt sulphides) to those found in mineralized mafic-ultramafic intrusive lithologies in the vicinity of the Nova-Bollinger mine in the Albany Fraser Range.

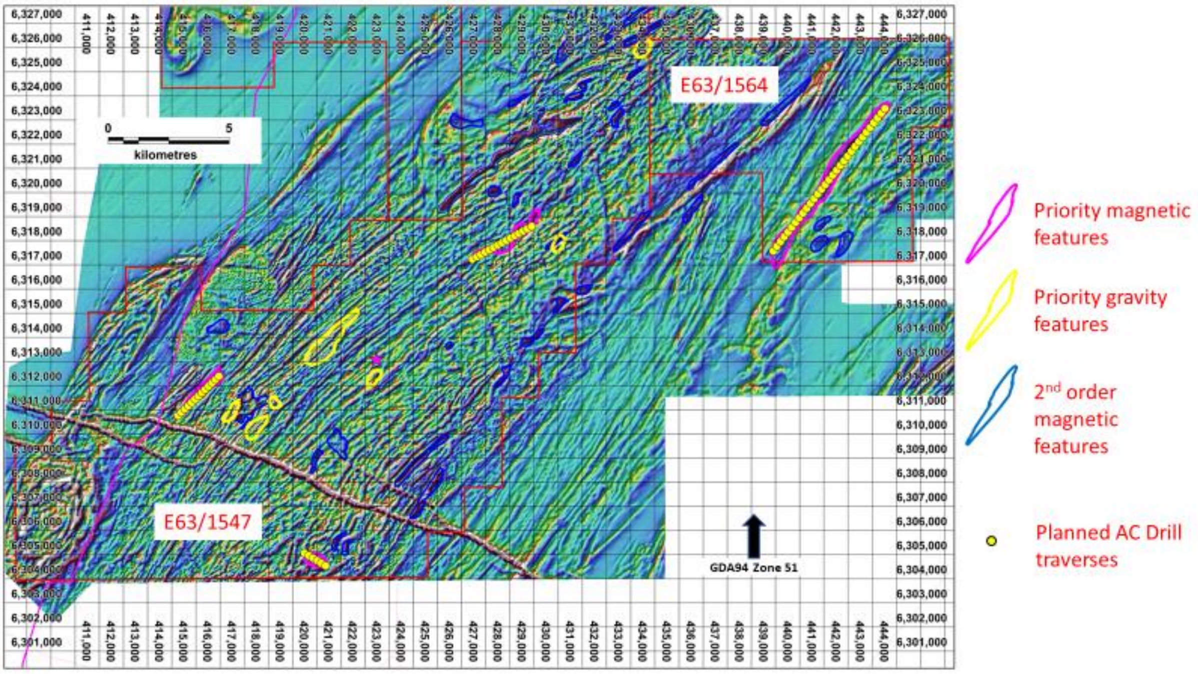

Figure 4: 1st vertical derivative of magnetic data delineating geophysical targets and planned drill traverses

As a result, four discrete magnetic geophysical features were tested by air core drilling on 14 February 2019. These features comprised 28 holes and 937 metres at an average hole depth pf 33.45m. The magnetic features were chosen as having similar geophysical signature to the intrusive rocks that host the Nova-Bollinger mine. End of hole rock chips over three of the four targets tested identified coarse-grained varitextured gabbronorite and olivine-bearing peridotite, similar to intrusive lithologies known to host magmatic nickel-copper sulphides already identified elsewhere on the Mt. Ridley Project.

Figure 5: Chip trays from lines 1 & 5 with coarse-grained varitextured gabbronorite and olivine-bearing peridotite lithologies in end of hole samples

Given the number of geophysical magnetic and gravity features identified on the project that are yet to be tested beneath cover, there remained good potential to identify further magmatic nickel-copper sulphides within the project area. This latest round of AC Drilling is encouraging for the identification of the Nova-Bollinger style magmatic nickel-copper mineralization.

Furthermore, the Company submitted end of hole sampled to ALS laboratory for whole-rock multi-element assay. Should the geochemical results be favourable, the Company will commence high-powered moving loop electromagnetic (HP MLTEM) surveying as soon as practical to target any potential magmatic sulphide accumulations. In addition, other untested discrete geophysical targets will be AC drill tested for additional potential mafic-ultramafic intrusive lithologies.

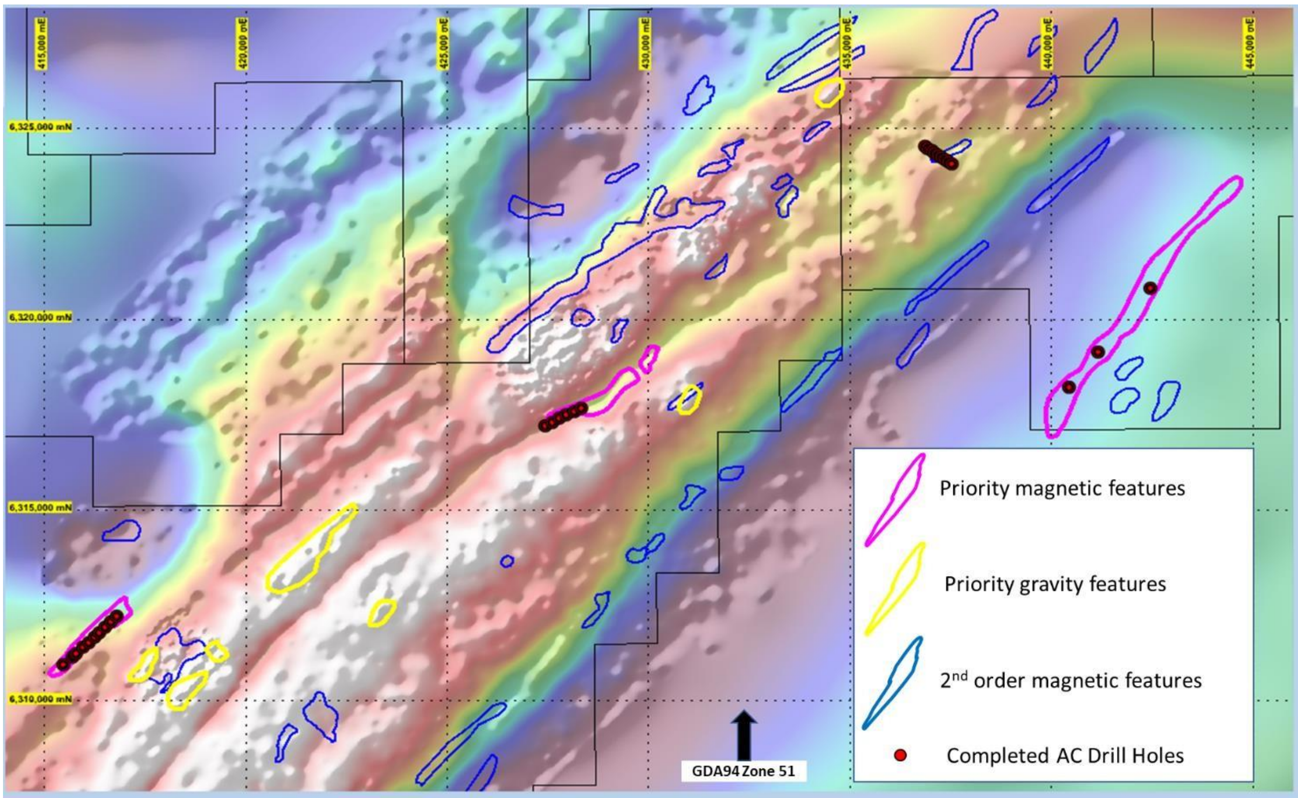

Figure 6: AC Drilling cpmpleted on Bouger anomaly gravity data.

Corporate

On 11 September 2018, the Company announced the new registered office, principal place of business address, and contact details of the Company and all of its subsidiaries.

Following the end of the first quarter, the Company announced that Mr Peter Christie was appointed as Non-Executive Chairman, replacing Mr Michael Pedley (refer to 8 October 2018 announcement).

Mr Christie is a qualified accountant and tax agent with over 25 years of public accounting experience. He has a Bachelor of Business from Curtin University.

Mr Michael Pedley tendered his resignation as Non-Executive Chairman to pursue other business interests.

The Company also announced that Mr Ashley Hood relinquished the Managing Director role but remains as a Non-Executive Director.

Remuneration report (audited)

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of Mount Ridley Mines Limited's key management personnel for the financial year ended 30 June 2019. 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. The prescribed details for each person covered by this report are detailed below under the following headings:

- key management personnel
- remuneration policy
- relationship between the remuneration policy and Group performance
- remuneration of key management personnel
- key terms of employment contracts.

Key management personnel

The directors and other key management personnel of the Group during or since the end of the financial year were:

Non-executive directors	Position
Mr Peter Christie (appointed 08 October 2018)	Non-executive chairman
Mr Guy Le Page	Non-executive director
Mr Ashley Hood	Non-executive director
Mr Michael Pedley (resigned 08 October 2018)	Non-executive chairman

Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year.

Remuneration policy

Mount Ridley's remuneration policy, which is set out below, is designed to promote superior performance and long term commitment to the Group.

Non-executive director remuneration

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board may, from time to time, consider advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. Each director receives a fee for being a director of the Group.

Non-executive directors are encouraged by the Board to hold shares in the Company (purchased by the director on market). It is considered good governance for directors to have a stake in the Company on whose Board he or she sits.

The remuneration of Non-Executive Directors for the year ended 30 June 2019 is detailed below.

Executive director remuneration
Based on the current stage in the Group's development, its size, structure and strategies, the Board considers that the key performance indicator in assessing the performance of executive directors ("executives") and their contribution towards increasing shareholder value is share price performance over the review period.

Overall remuneration policies are subject to the discretion of the Board and can be changed to reflect competitive and business conditions where it is in the interests of the Group and shareholders to do so. Executive remuneration and other terms of employment are reviewed annually by the Board having regard to their performance, relevant comparative information and expert advice.

The Board's remuneration policy reflects its obligations to align executive remuneration with shareholder interests and to retain appropriately qualified executive talent for the benefit of the Group. The main principles are:

(a) remuneration reflects the competitive market in which the Group operates;
(b) individual remuneration should be linked to performance criteria if appropriate; and
(c) executives should be rewarded for both financial and non-financial performance.

The total remuneration of executives consists of the following:

(a) salary - executives receive a fixed sum payable monthly in cash;
(b) cash at risk component - executives may participate in share and option schemes generally made in accordance with thresholds set in plans approved by shareholders if deemed appropriate. However, the board considers it appropriate to issue shares and options to executives outside of approved schemes in exceptional circumstances; and
(c) other benefits - executives may, if deemed appropriate by the Board, be provided with a mobile phone and other forms of remuneration.

The Board has not formally engaged the services of a remuneration consultant to provide recommendations when setting the remuneration received by key management personnel during the financial year.

Relationship between the remuneration policy and Group performance

The board considers that at this time, evaluation of the Group's financial performance using generally accepted measures such as profitability, total shareholder return or per company comparison are not relevant.

The table below sets out summary information about the Group's earnings and movements in shareholder wealth for the five years to 30 June 2019:

	30 June 2019 $	**30 June 2018 $**	**30 June 2017 $**	**30 June 2016 $**	**30 June 2016 $**
Revenue	114,883	32,572	35,003	18,503	18,503
Net loss before tax	(589,558)	(1,910,154)	(3,791,249)	(2,973,573)	(2,973,573)
Net loss after tax	(589,558)	(791,225)	(2,782,789)	(2,068,511)	(2,068,511)
Share price at start of year	0.004	0.005	0.02	0.013	0.013
Share price at end of year	0.001	0.004	0.005	0.02	0.02
Basic/diluted loss per share (cents per share)	0.030	0.052	0.238	0.24	0.24

Remuneration of key management personnel

2019	Short-term employee benefits		Post-employment benefits	Share-based payment		% of remuneration performance related
	Salary & fees $	Other $	Superannuation $	Options $	Total $	
Directors						
Michael Pedley[1]	9,165	-	-	-	**9,165**	-
Ashley Hood[2]	60,000	39,100	-	-	**99,100**	-
Guy Le Page[3]	30,000	-	-	-	**30,000**	-
Peter Christie[4]	37,000	-	-	-	**37,000**	-
Total	**136,165**	**39,100**	**-**	**-**	**175,265**	**-**

[1] Mr Pedley resigned on 8 October 2018.

[2] Amount in 'Other' represents consulting & administration fees paid to Blue Ribbon Mines Pty Ltd.

[3] Mr Le Page was appointed as director on 19 December 2012.

[4] Mr Christie was appointed as chairman on 8 October 2018.

2018	Short-term employee benefits		Post-employment benefits	Share-based payment		% of remuneration performance related
	Salary & fees $	Other $	Superannuation $	Options $	Total $	
Directors						
Michael Pedley[1]	43,333	-	-	34,516	**77,849**	-
Ashley Hood[2]	120,000	9,655	-	69,031	**198,686**	-
Guy Le Page[3]	27,500	-	-	34,516	**62,016**	-
Total	**190,833**	**9,655**	**-**	**138,063**	**338,551**	**-**

[1] Mr Pedley was appointed as director on 5 November 2015 and assumed the position of non-executive chairman on 31 August 2016.

[2] Amount in 'Other' represents consulting & administration fees paid to Blue Ribbon Mines Pty Ltd.

[3] Mr Le Page was appointed as director on 19 December 2012.

Bonuses and share-based payments granted as compensation for the current financial year

Bonuses

No bonuses were paid to key management personnel during the financial year (2018: NIL).

Incentive share-based payments arrangements

During the financial year, no share-based payment arrangements were provided to directors.

No share options were exercised by key management personnel during the year (2018: NIL).

Other transactions with KMP

Mr Ashley Hood is a director of Blue Ribbon Mines Pty Ltd and was reimbursed for meeting and travel expenditure incurred during the year. An amount of $3,205 was included in trade creditors at 30 June 2019, and related to directors' fees and consulting services.

Mr Peter Christie is a director of Hawkins Christie Management Services and was reimbursed for meeting expenditure incurred during the year. An amount of $305 was receivable from Mr Christie as at balance date.

Mr Michael Pedley is a director of Odyssey Tax & Accounting and was being paid for the Company Secretarial services rendered by Mr Johnathon Busing who is company secretary of the Company.

Mr Guy Le Page is a director of Orequest Pty Ltd. An amount of $2,500 was included in trade and other payables relating to directors' fees owed.

Amounts paid relating to services excluding directors' fees and consulting services:

	2019 $
Blue Ribbon Mines Pty Ltd	696
Hawkins Christie Management Services	1,093
Odyssey Tax & Accounting	29,831

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Key management personnel equity holdings

Fully paid ordinary shares of Mount Ridley Mines Limited

2019	Balance at 1 July 2018 No.	Granted as compensation No.	Received on exercise of options No.	Net other change No.	Balance at 30 June 2019 No.	Balance held Nominally No.
M Pedley[1]	9,277,751	-	-	(9,277,751)	-	-
A Hood	7,701,893	-	-	-	7,701,893	7,701,893
G Le Page[2]	14,687,500	-	-	4,895,834	19,583,334	19,583,334
P Christie[3]	-	-	-	26,553,692	26,553,692	26,553,692

[1] Resigned 8 October 2018. Amount in 'Net other change' represents balance held on resignation.

[2] 'Net change other' represents shares issued to professional and sophisticated investors pursuant to Entitlement Issue, options acceptance and shortfall.

[3] Appointed 8 October 2018. 'Net change other' represents shares issued to professional and sophisticated investors pursuant to Entitlement Issue, options acceptance and shortfall.

2018	Balance at 1 July 2017 No.	Granted as compensation No.	Received on exercise of options No.	Net other change No.	Balance at 30 June 2018 No.	Balance held Nominally No.
M Pedley	9,277,751	-	-	-	9,277,751	9,277,751
A Hood	7,701,893	-	-	-	7,701,893	7,701,893
G Le Page	14,687,500	-	-	-	14,687,500	14,687,500

Key management personnel equity holdings (cont'd)

Share options of Mount Ridley Mines Limited

2019	Balance at 1 July 2018	Granted as compensation	Exercised	Net other change	Balance vested and exercisable at 30 June 2019
	No.	No.	No.	No.	No.
M Pedley[1]	20,000,000	-	-	(20,000,000)	-
A Hood	20,000,000	-	-	-	20,000,000
G Le Page[2]	5,000,000	-	-	2,447,917	7,447,917
P Christie[3]	-	-	-	54,319,212	54,319,212

[1] Resigned 8 October 2018. Amount in 'Net other change' represents balance held on resignation.

[2] 'Net change other' represents unlisted options issued to professional and sophisticated investors pursuant to entitlement shares issuance, options acceptance and shortfall.

[3] Appointed 8 October 2018. 'Net change other' represents unlisted options issued to professional and sophisticated investors pursuant to entitlement shares issuance, options acceptance and shortfall.

2018	Balance at 1 July 2017	Granted as compensation	Exercised	Net other change	Balance vested and exercisable at 30 June 2018
	No.	No.	No.	No.	No.
M Pedley[1]	10,000,000	-	-	10,000,000	20,000,000
A Hood[2]	10,000,000	-	-	10,000,000	20,000,000
G Le Page[2]	-	-	-	5,000,000	5,000,000

[1] 'Net change other' represents unlisted options issued to directors of the Company as per resolutions 5, 6, 7 and 8 passed at the Annual General Meeting on 30 November 2017 and listed options acquired as indirect interest on 16 February 2018.

[2] 'Net change other' represents unlisted options issued to directors of the Company as per resolutions 5, 6, 7 and 8 passed at the Annual General Meeting on 30 November 2017.

This is the end of the audited remuneration report.

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

On behalf of the directors

Mr Peter Christie
Non-Executive Chairman
Perth, 30 September 2019

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Mount Ridley Mines Limited for the year ended 30 June 2019, 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 audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
30 September 2019

L Di Giallonardo
Partner

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

HLB MANN JUDD
ADVISORY AND ACCOUNTING

INDEPENDENT AUDITOR'S REPORT
To the members of Mount Ridley Mines Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Mount Ridley Mines Limited ("the Company") and its controlled entities ("the Group"), 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, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

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

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material uncertainty related to going concern

We draw attention to Note 3.4 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in 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. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

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Key Audit Matter	How our audit addressed the key audit matter
Valuation of unlisted investment Notes 11, 12 and 18.8 of the financial report	
The Company acquired an investment in an unlisted public company, Prometheus Minerals Limited ("PML") through the election to convert the $400,000 loan to Prometheus Developments Pte Ltd into equity in PML, the Australian parent of Prometheus Developments Pte Ltd. In accordance with the requirements of AASB 9 *Financial Instruments*, this investment is required to be measured at fair value. The investment represents a level 2 fair value instrument which is subject to a higher level of judgement. Accordingly, we have considered the valuation of this asset to be a key audit matter.	Our procedures included but were not limited to the following: ▪ We audited the conversion calculation relating to the loan to Prometheus Developments Pte Ltd and verified the number of PML shares received by the Company to shareholder statements; ▪ We reperformed the fair value calculation of shares in PML using a net asset valuation technique; ▪ The largest asset held by PML is an investment in an Australian listed company. We have verified the shares held by PML in that company as well as the share price at balance date to determine the accuracy of the valuation of PML; ▪ We have given consideration to the income tax implications of the investment and are satisfied that appropriate allowance has been made for this in the fair value calculation; and ▪ We have examined the disclosures made in the financial report relating to this investment.
Carrying amount of exploration and evaluation expenditure Note 13 of the financial report	
In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*, the Group capitalises the costs of acquiring rights to explore areas of interest. All other exploration and evaluation expenditure is immediately expensed. Our audit focused on the Group's assessment of the carrying amount of the capitalised exploration and evaluation asset, as this is one of the most significant assets of the Group. We planned our work to address the audit risk that the capitalised expenditure might no longer meet the recognition criteria of the standard. In addition, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of the exploration and evaluation asset may exceed its recoverable amount.	Our procedures included but were not limited to the following: ▪ We obtained an understanding of the key processes associated with management's review of the carrying values of each area of interest; ▪ We considered the Directors' assessment of potential indicators of impairment; ▪ We obtained evidence that the Group has current rights to tenure of its areas of interest; ▪ We examined the exploration budget as part of our assessment of the cash flow forecast, and discussed with management the nature of planned ongoing activities; ▪ We enquired with management, reviewed ASX announcements and reviewed minutes of Directors' meetings to ensure that the Group had not resolved to discontinue exploration and evaluation at any of its areas of interest; and ▪ We examined the disclosures made in the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group'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 preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Mount Ridley Mines Limited for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

L Di Giallonardo
Partner

Perth, Western Australia
30 September 2019

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;

(b) in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 3.1 to the financial statements;

(c) in the directors' opinion, the attached financial statements and notes comply with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements and give a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the year then ended; and

(d) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

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, 30 September 2019

Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2019

	Note	Consolidated Year ended 30 June 2019 $	Consolidated Year ended 30 June 2018 $
Revenue from continuing operations	6	114,883	32,572
Reversal of impairment of loan	12	400,000	-
Fair value adjustment on loan conversion	18.8	126,754	-
Consulting expenses		(113,686)	(185,165)
Depreciation		(9,000)	(9,546)
Exploration expenditure written off		-	(4,114)
Exploration expenditure incurred		(464,542)	(569,465)
Compliance and regulatory expenses	7	(114,951)	(120,744)
Directors' fees		(137,665)	(201,833)
Administration expenses	7	(108,003)	(451,859)
Loan impairment expense	10	(125,000)	(400,000)
Fair value loss on FVTPL equity investments	18.8	(158,348)	-
Loss before income tax		**(589,558)**	**(1,910,154)**
Income tax benefit	8	-	1,118,929
Loss for the year		**(589,558)**	**(791,225)**
Other comprehensive income, net of income tax		-	-
Total comprehensive loss for the year		**(589,558)**	**(791,225)**
Loss per share:			
Basic and diluted (cents per share)	9	(0.030)	(0.052)

The accompanying notes form part of these financial statements.

Consolidated statement of financial position as at 30 June 2019

		Consolidated	
	Note	30 June 2019 $	30 June 2018 $
Current assets			
Cash and cash equivalents	21	1,011,932	1,483,434
Other receivables	10	21,119	45,914
Other financial assets	11	619,700	-
Total current assets		**1,652,751**	**1,529,348**
Non-current assets			
Exploration and evaluation expenditure	13	782,690	782,690
Property, plant and equipment	14	60,130	69,130
Total non-current assets		**842,820**	**851,820**
Total assets		**2,495,571**	**2,381,168**
Current liabilities			
Trade and other payables	15	48,736	144,591
Total current liabilities		**48,736**	**144,591**
Total liabilities		**48,736**	**144,591**
Net assets		**2,446,835**	**2,236,577**
Equity			
Issued capital	16	25,016,448	24,216,632
Option reserve	17	1,701,897	1,701,897
Accumulated losses		(24,271,510)	(23,681,952)
Total equity		**2,446,835**	**2,236,577**

The accompanying notes form part of these financial statements.

Consolidated statement of changes in equity
for the year ended 30 June 2019

	Consolidated			
	Issued capital $	Option reserve $	Accumulated losses $	Total $
Balance at 1 July 2017	**23,140,753**	**1,493,456**	**(22,890,727)**	**1,743,482**
Loss for the year	-	-	(791,225)	(791,225)
Other comprehensive income, net of income tax	-	-	-	-
Total comprehensive loss for the year	**-**	**-**	**(791,225)**	**(791,225)**
Issue of ordinary shares	1,229,000	-	-	1,229,000
Share issue costs	(153,121)	-	-	(153,121)
Share based payments	-	208,441	-	208,441
Balance at 30 June 2018	**24,216,632**	**1,701,897**	**(23,681,952)**	**2,236,577**
Balance at 1 July 2018	**24,216,632**	**1,701,897**	**(23,681,952)**	**2,236,577**
Loss for the year	-	-	(589,558)	(589,558)
Other comprehensive income, net of income tax	-	-	-	-
Total comprehensive loss for the year	**-**	**-**	**(589,558)**	**(589,558)**
Issue of ordinary shares	811,431	-	-	811,431
Share issue costs	(11,615)	-	-	(11,615)
Balance at 30 June 2019	**25,016,448**	**1,701,897**	**(24,271,510)**	**2,446,835**

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows for the year ended 30 June 2019

	Note	Consolidated Year ended 30 June 2019 $	Consolidated Year ended 30 June 2018 $
Cash flows from operating activities			
Payments to suppliers and employees		(499,286)	(1,147,302)
Payments for exploration and evaluation		(507,678)	(800,052)
Research and development refund received		-	1,118,929
Interest received		10,646	23,792
Net cash (used in) operating activities	21	(996,318)	(804,633)
Cash flows from investing activities			
Payment for property, plant and equipment		-	(6,909)
Investment in listed company		(150,000)	-
Loan to third party		(125,000)	(400,000)
Net cash (used in) investing activities		(275,000)	(406,909)
Cash flows from financing activities			
Proceeds from equity instruments of the Company		811,431	50,000
Payment for share issue costs		(11,615)	-
Net cash provided by financing activities		799,816	50,000
Net (decrease) in cash and cash equivalents		**(471,502)**	**(1,161,542)**
Cash and cash equivalents at the beginning of the year		1,483,434	2,644,976
Cash and cash equivalents at the end of the year	21	**1,011,932**	**1,483,434**

The accompanying notes form part of these financial statements.

Notes to the consolidated financial statements for the year ended 30 June 2019

1. General information

Mount Ridley Mines Limited ("the Company") is a listed public company incorporated in Australia. The addresses of its registered office and principal place of business are disclosed in the corporate directory to the annual report.

The principal activities of the Company and its controlled entities ("the Group") are described in the directors' report.

2. Application of new and revised Accounting Standards

2.1 Standards and interpretations applicable to 30 June 2019

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 Company and effective for the current annual reporting period. As a result of this review, the Group has adopted AASB 9 and AASB 15 from 1 July 2018. The application of AASB 15 has no material impact on profit or loss or net assets.

Due to the transition methods chosen by the Group in applying AASB 9, comparative information throughout the financial statements has not been restated to reflect the requirements of the new standards.

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).

2. Application of new and revised Accounting Standards (cont'd)

2.1 Standards and interpretations applicable to 30 June 2019 (cont'd)

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.

2.2 Standards and Interpretations in issue not yet adopted

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 changes necessary to Group accounting polocies.

3. Significant accounting policies

3.1 Statement of compliance

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

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

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

The financial statements were authorised for issue by the directors on 30 September 2019.

3.2 Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

3. Significant accounting policies (cont'd)

3.2 Basis of preparation (cont'd)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holdings of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and

any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. Significant accounting policies (cont'd)

3.4 Going concern

The 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 year ended 30 June 2019, the Group incurred a loss after tax of $589,558 (2018: $791,225) and a net cash outflow from operations of $996,318 (2018: $804,633). At 30 June 2019, the Group had net assets of $2,446,835 (2018: net assets of $2,236,577). As at 30 June 2019, the Company has a cash balance of $1,011,932. The Group's ability to continue as a going concern and pay its debts as and when they fall due, given the Group's intended operational plans, assumes active management of the current level of discretionary expenditure in line with the funds available to the Group.

The directors have reviewed the business outlook and cash flow forecasts and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group will continue to be successful in securing additional funds through the debt and/or equity issues as and when the need to raise working capital arises.

Should the Group not be successful in raising the required capital, there exists a material uncertainty that may cast significant doubt on the ability of the Group to continue as a going concern and, therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

3.5 Comparatives

The accounting policies used in the preparation of these financial statements are consistent with those used in previous years. Where required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

3.6 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts though the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.7 Employee benefits

Short-term and long-term employee benefits

A liability is recognised for benefits accrued to employees in respect of wages and salaries and annual leave when it is probable that settlement will be required and they are capable of being measured reliably.

3. Significant accounting policies (cont'd)

3.7 Employee benefits (cont'd)

Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

3.8 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

3.8.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

3.8.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. Significant accounting policies (cont'd)

3.8 Taxation (cont'd)

3.8.2 Deferred tax (cont'd)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3.8.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.9 Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any impairment in value.

Costs include expenditures that are directly attributable to the acquisition of the asset.

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The costs of the day-to-day servicing of plant and equipment are recognised in profit and loss as incurred.

Depreciation is calculated on diminishing value basis using the following depreciation rates:

Software	40.0%
Equipment	33.3%
Furniture & Fittings	10.0%
Exploration assets	33.3%
Motor Vehicles	20.0%

Derecognition

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

3.10 Exploration and evaluation expenditure

In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources, the costs of acquiring rights to explore areas of interest are capitalised. All other exploration expenditure is expensed to the consolidated statement of profit or loss and other comprehensive income. The costs of acquisition are carried forward where the rights of tenure are current and:

3. Significant accounting policies (cont'd)

3.10 Exploration and evaluation expenditure cont'd)

(i) such costs are expected to be recouped through successful development and exploration of the area of interest, or alternatively by its sale; or
(ii) exploration activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable resources.

Exploration and evaluation assets are assessed annually for impairment in accordance with AASB 6 and where impairment indicators exist, recoverable amounts of these assets will be estimated based on discounted cash flows from their associated cash generating units. An impairment loss is recognised in the statement of profit or loss and other comprehensive income where the carrying values of exploration and evaluation assets exceed their recoverable amounts.

When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated then any capitalised exploration and evaluation expenditure is reclassified as capitalised mine development. Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment.

3.11 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.12 Recoverable amount and impairment of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

The recoverable amount of plant and equipment and exploration and evaluation expenditure is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the assets belongs, unless the asset's value in use can be estimated to be close to its fair value.

An assessment is also made at each reporting date as to whether there is any indication that a previously recognised impairment loss may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since

3. Significant accounting policies (cont'd)

3.12 Recoverable amount and impairment of assets (cont'd)

the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at the revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

3.13 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest bearing loans and borrowings in the current liabilities on the statement of financial position.

3.14 Other receivables

Receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Receivables are generally due for settlement within periods ranging from 30 days to 90 days.

Impairment of 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. Refer to Note 3.21 for specific references to the "expected credit loss" model used.

The amount of the impairment loss is recognised in the statement of profit or loss and other comprehensive income within other expenses. When a 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.

3.15 Trade and other payables

Trade payables and other payables are carried at amortised cost. They 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. The amounts are unsecured and usually paid within 30 days of recognition.

3. Significant accounting policies (cont'd)

3.16 Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense in the income statement on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the financial year in which they are incurred.

Finance leases

Leases which effectively transfer substantially all the risks and benefits incidental to ownership of the leased item to the Group are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statement of profit or loss and other comprehensive income.
Capitalised leased assets are depreciated over the estimated useful life of the asset or where appropriate, over the estimated life of the mine.

The cost of improvements to or on leasehold property is capitalised, disclosed as leasehold improvements, and amortised over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is the shorter.

3.17 Share based payment transactions

The Group may provide benefits to employees (including directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using a Black Scholes model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of Mount Ridley Mines Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled ("the vesting period"), ending on the date on which the relevant employees become fully entitled to the award ("the vesting date").

At each subsequent reporting date until vesting, the cumulative charge to the statement of profit or loss and other comprehensive income is the product of (i) the grant date fair value of the award; (ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being meet; and (iii) the expired portion of the vesting period.

3. Significant accounting policies (cont'd)

3.17 Share based payment transactions

The charge to the statement of profit or loss and other comprehensive income for the year is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding credit to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not the market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of loss per share.

3.18 Issued capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction in the proceeds received.

3.19 Loss per share

Basic loss per share is calculated as net loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted loss per share is calculated as net loss attributable to members of the parent adjusted for:

- cost of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discriminatory changes in revenues or expenses during the year that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

3. Significant accounting policies (cont'd)

3.20 GST

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

- where 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 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 Consolidated 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 amounts of GST recoverable from, or payable to, the taxation authority.

3.21 Financial instruments

Applicable to 30 June 2019
<u>Recognition and derecognition</u>

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

<u>Classification and initial measurement of financial assets</u>

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI).

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

3. Significant accounting policies (cont'd)

3.21 Financial instruments (cont'd)

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets to collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under IAS 39.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

This category also contains equity investments. The Group accounts for these investments at FVTPL and did not make the irrevocable election to account for the investment in unlisted and listed equity securities at fair value through other comprehensive income (FVOCI). The fair value was determined in line with the requirements of AASB 9, which does not allow for measurement at cost.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Equity instruments at fair value through other comprehensive income (Equity FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI.

Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss.

3. Significant accounting policies (cont'd)

3.21 Financial instruments (cont'd)

Dividends from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital.

This category includes unlisted equity securities that were previously classified as 'available-for-sale' under AASB 139.

Any gains or losses recognised in other comprehensive income (OCI) are not recycled upon derecognition of the asset.

Debt instruments at fair value through other comprehensive income (Debt FVOCI)

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of collecting the contractual cash flows and selling the assets are accounted for at debt FVOCI.

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is to "hold to collect" the associated cash flows and sell financial assts; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

Impairment of financial assets

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaced AASB 139's 'incurred loss model'.

Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

3. Significant accounting policies (cont'd)
3.21 Financial instruments (cont'd)

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Level 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Level 2').
- 'Level 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Applicable to 30 June 2018

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

3. Significant accounting policies (cont'd)

3.21 Financial instruments (cont'd)

Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

3. Significant accounting policies (cont'd)

3.21 Financial instruments (cont'd)

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

<u>Derecognition of financial assets</u>

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either:
- has transferred substantially all the risks and rewards of the asset, or
- has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

<u>Impairment of financial assets</u>

The Group assesses at each balance date whether a financial asset or Group of financial assets is impaired.

3. Significant accounting policies (cont'd)

3.21 Financial instruments (cont'd)

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a Group of financial assets with similar credit risk characteristics and that Group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset. Such impairment loss shall not be reversed in subsequent periods.

Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the statement of profit or loss and other comprehensive income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period on which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Key sources of estimation uncertainty

Impairment of exploration and evaluation expenditure

Exploration and evaluation expenditure is reviewed for impairment if there is any indication that the carrying amount may not be recoverable.

The directors are required to exercise judgement on future events and the likelihood of defining an economic reserve. Assumptions made are altered as exploration and evaluation continues and more information becomes available. Where it is evident that the value of exploration and evaluation expenditure cannot be recovered, the capitalised amount will be impaired through the statement of profit or loss and other comprehensive income.

5. Segment information

The Company operates in the mineral exploration industry. AASB 8 'Operating Segments' states that similar operating segments can be aggregated to form one reportable segment. Also, based on the quantitative thresholds included in AASB 8, there is only one reportable segment, namely the mineral exploration industry. None of the other 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 consolidated statement of profit or loss and other comprehensive income. The segment assets and liabilities are those of the Group and set out in the consolidated statement of financial position.

6. Revenue

	2019 $	2018 $
Interest income	36,940	23,791
Other income	77,943	8,781
	114,883	32,572

7. Loss for the year

Loss for the year has been arrived at after charging the following items of expenses:	2019 $	2018 $
Administration costs:		
Advertising & Marketing	8,556	40,571
Printing	12,155	16,139
Postage	7,750	-
Corporate advisory fees	-	8,000
Insurance	19,494	16,126
Legal fees	30,000	125,894
Rent & outgoings	4,682	15,900
Share based payment expense	-	155,320
Travel	1,859	42,805
Other	23,507	31,104
Total administration costs	108,003	451,859
Consultants costs	113,685	185,165
Depreciation	9,000	9,546
Directors' fees	137,665	201,833
Compliance costs:		
ASX expenses	24,891	63,364
Share registry expenses	41,909	21,929
Audit expenses	38,964	33,900
ASIC expenses	9,187	1,551
Total compliance costs	114,951	120,744
Exploration expenses	464,542	573,579

8. Income taxes relating to continuing operations

8.1 Income tax recognised in profit or loss

	2019 $	2018 $
Current tax	-	(1,118,929)
Deferred tax	-	-
	-	(1,118,929)

8.2 Reconciliation

The income tax expense for the year can be reconciled to the accounting loss as follows:	2019 $	2018 $
Loss before tax from continuing operations	(589,558)	(1,910,154)
Income tax benefit calculated at 27.5% (2018: 27.5%)	(162,128)	(525,292)
Non-deductible expenses	-	44,928
Deductible capitalised expenditure	-	(220,014)
Deferred tax assets and deferred tax liabilities not recognised	162,128	700,378
Income tax benefit relating to R&D claim	-	(1,118,929)
Income tax benefit recognised in the statement of comprehensive income	-	(1,118,929)

8. Income taxes relating to continuing operations (cont'd)

8.3 Income tax recognised directly in equity

	2019 $	2018 $
Share issue costs deductible over 5 years	3,194	-
	3,194	-

8.4 Deferred tax assets comprise

	2019 $	2018 $
Losses available for offset against future taxable income	5,015,423	4,679,630
Blackhole expenditure	102,973	187,620
Accrued expenses	5,500	24,304
Other	43,063	110,000
Not brought to account	(5,166,960)	(5,001,554)
	-	-

This benefit from tax losses totalling $5,015,423 (2018: $4,679,630) will only be obtained if the specific entity carrying forward the tax losses derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, and the Company complies with the conditions for deductibility imposed by tax legislation.

8.5 Deferred tax liabilities comprise

	2019 $	2018 $
Exploration expenditure	215,240	215,240
Not brought to account	(215,240)	(215,240)
	-	-

8.6 Unrecognised deferred tax assets

	2019 $	2018 $
Unused tax losses for which no deferred tax assets have been recognised	18,237,902	17,016,835

9. Loss per share

	2019 cents per share	2018 cents per share
Basic and diluted loss per share	(0.030)	(0.052)

9.1 Basic and diluted loss per share

The loss and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	2019 $	2018 $
Loss for the year attributable to owners of the Company	(589,558)	(791,225)

	2019 No.	2018 No.
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	1,987,820,142	1,518,948,996

10. Trade and other receivables

	2019 $	2018 $
Prepayments	14,823	8,701
Other receivables	6,296	37,213
Unsecured loan	125,000	-
Less: provision for impairment[1]	(125,000)	-
	21,119	45,914

[1]During the year, the Company advanced loan funds to a third party. At balance date the directors have resolved to book a provision for impairment of this loan on a conservative basis.

11. Other financial assets

	2019 $	2018 $
Listed shares[1]	140,000	-
Unlisted shares[2]	479,700	-
	619,700	-

[1] On 21 January 2019 the Company purchased 1,000,000 shares at $0.15 from Venus Metals Corporation Limited. As at 30 June 2019, these shares were revalued at a closing rate of $0.14 per share. Refer to Note 18.8 for further information.

[2] Unlisted shares held in Prometheus Minerals Limited obtained on conversion of loan into equity Refer to Note 12 and Note 18 for further information.

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

12. Loan - Prometheus Developments Pte Ltd

The Company entered into a Facility Agreement with Prometheus Developments Pte Ltd in the financial year ended 30 June 2018 in accordance with the following terms:

Amount: $400,000 (AUD)
Interest Rate: 7.00%
Repayment Date: 30 June 2018

As at 30 June 2018, the recoverability of the loan to Prometheus was dependent on the success of an IPO which was in an early stage. Whilst the Directors of Mount Ridley were confident that the IPO would be successful, they resolved to provide for an impairment of the loan in the 2018 financial year.

During the year ended 30 June 2019, the Directors resolved to convert this debt into equity in Prometheus Minerals Limited ("PML"), the Australian unlisted parent of Prometheus Developments Pte Ltd. Accordingly, it was deemed appropriate to reverse the impairment charge and record the additional receivable balances up to the loan conversion date. At that date, the Company was issued 5,028,466 shares in PML. Refer to Note 18.8 for further details on the conversion.

12. Loan - Prometheus Developments Pte Ltd (cont'd)

	30 Jun 2019 $	30 Jun 2018 $
Opening balance	-	-
Loan to Prometheus Developments Pte Ltd	-	400,000
Less: Provision for non-recoverability	-	(400,000)
Interest and other fees receivable	101,294	-
Reversal of impairment	400,000	-
Transfer to financial instruments on loan conversion (Note 18.8)	(501,294)	-
Closing balance	**-**	**-**

13. Exploration and evaluation expenditure

Exploration and evaluation phase:	2019 $	2018 $
Balance at the beginning of the year	782,690	786,804
Expenditure written off	-	(4,114)
Balance at the end of the year	782,690	782,690

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

14. Property, plant and equipment

Carrying amounts of	2019 $	2018 $
Software	958	1,597
Equipment and motor vehicles	22,423	26,370
Furniture and fittings	1,542	1,680
Exploration equipment	35,207	39,483
	60,130	69,130

14. Property, plant and equipment (cont'd)

30 June 2019	Software	Equipment & Motor Vehicles	Furniture & Fittings	Exploration equipment	Total
	$	$	$	$	$
Cost or deemed cost					
Balance at 1 July 2018	7,708	40,959	2,265	53,583	104,515
Additions	-	-	-	-	-
Balance at 30 June 2019	**7,708**	**40,959**	**2,265**	**53,583**	**104,515**
Depreciation					
Balance at 1 July 2018	6,111	14,589	585	14,100	35,385
Depreciation for the year	639	3,947	138	4,276	9,000
Balance at 30 June 2019	**6,750**	**18,536**	**721**	**18,376**	**44,385**
Carrying amounts					
at 1 July 2018	**1,597**	**26,370**	**1,680**	**39,483**	**69,130**
at 30 June 2019	**958**	**22,423**	**1,542**	**35,207**	**60,130**

30 June 2018	Software	Equipment & Motor Vehicles	Furniture & Fittings	Exploration equipment	Total
	$	$	$	$	$
Cost or deemed cost					
Balance at 1 July 2017	7,708	40,959	2,265	46,674	97,606
Additions	-	-	-	6,909	6,909
Disposals	-	-	-	-	-
Balance at 30 June 2018	**7,708**	**40,959**	**2,265**	**53,583**	**104,515**
Depreciation					
Balance at 1 July 2017	5,046	9,720	436	10,637	25,839
Depreciation for the year	1,065	4,869	149	3,463	9,546
Disposals/write offs	-	-	-	-	-
Balance at 30 June 2018	**6,111**	**14,589**	**585**	**14,100**	**35,385**
Carrying amounts					
at 1 July 2017	**2,662**	**31,239**	**1,829**	**36,037**	**71,767**
at 30 June 2018	**1,597**	**26,370**	**1,680**	**39,483**	**69,130**

15. Trade and other payables

	2019	2018
	$	$
Trade creditors	17,691	56,214
Other creditors and accruals	31,045	88,377
	48,736	144,591

16. Issued capital

	30 Jun 2019 $	30 Jun 2018 $
2,332,864,306 fully paid ordinary shares (30 June 2018: 1,521,433,243)	**25,016,448**	**24,216,632**

Fully paid ordinary shares	Year ended 30 Jun 2019 No.	Year ended 30 Jun 2019 $	Year ended 30 Jun 2018 No.	Year ended 30 Jun 2018 $
Balance at beginning of period	1,521,433,243	24,216,632	1,219,183,243	23,140,753
Issue of shares (i)	228,214,986	228,215	-	
Issue of shares (ii)	297,387,885	297,388	-	
Issue of shares (iii)	285,828,192	285,828	-	
Issue of shares (iv)	-	-	282,250,000	1,129,000
Issue of shares (v)	-	-	20,000,000	80,000
Share issue costs	-	(11,615)	-	(133,121)
	2,332,864,306	**25,016,448**	**1,521,433,243**	**24,216,632**

(i) Issue of fully paid ordinary shares on 18 October 2018 at $0.001 each pursuant to a placement to sophisticated and institutional investors of the Company.
(ii) Issue of fully paid ordinary shares on 16 November 2018 at $0.001 each pursuant to rights issue.
(iii) Issue of fully paid ordinary shares on 31 January 2019 at $0.001 each pursuant to rights issue shortfall.
(iv) Issue of fully paid ordinary shares at an issue price of $0.004 each pursuant to a placement to sophisticated and institutional investors.
(v) Issue of fully paid ordinary shares at a deemed issue price of $0.004 for consulting services relating to the placement on 3 July 2017.

17. Option Reserve

17.1 *Nature and purpose of Option Reserve*

This reserve is used to record the value of equity benefits provided to employees (including directors) and suppliers, for services rendered.

17.2 Details of options issued during the current year

During the current year the following options were issued as part of the capital raising during the year:

	Number	Grant date	Expiry Date	Exercise price	Vesting date
Options Acceptance	148,693,943	16/11/2018	20/11/2022	$0.003	Immediate
Options Shortfall	142,914,096	31/01/2019	20/11/2022	$0.003	Immediate
Placement Options	228,214,986	31/01/2019	20/11/2022	$0.003	Immediate

Unlisted options	Year ended 30 Jun 2019 No.	Year ended 30 Jun 2019 $	Year ended 30 Jun 2018 No.	Year ended 30 Jun 2018 $
Balance at beginning of period	816,100,881	1,701,897	496,350,881	1,493,456
Issue of options (i)	148,693,943	-		
Issue of options (ii)	142,914,096	-		
Issue of options (iii)	228,214,986	-		
Expiry of options (iv)	(104,469,366)	-		
Issue of director and executive options (v)	-	-	22,500,000	155,320
Issue of options (vi)	-	-	20,000,000	53,121
Issue of options (vii)	-	-	282,250,000	-
Expiry of options (viii)	-	-	(5,000,000)	-
	1,231,454,540	**1,701,897**	**816,100,881**	**1,701,897**

17. Option Reserve (cont'd)

17.2 Details of options issued during the current year (cont'd)

(i) Issue of free attaching unlisted options exercisable at $0.003 expiring 20 November 2022 pursuant to rights issue. Issued on 16 November 2018.
(ii) Issue of free attaching unlisted options exercisable at $0.003 expiring 20 November 2022 pursuant to rights issue shortfall. Issued on 30 January 2019.
(iii) Issue of free attaching unlisted options exercisable at $0.003 expiring 20 November 2022 pursuant to October 2018 Placement. Issued on 31 January 2019.
(iv) Expiry of 30 June 2019 options exerciseable at $0.030.
(v) Issue of unlisted options exercisable at $0.015 expiring 1 December 2020 to directors of the Company. 10,000,000 options to Mr Hood, 5,000,000 options each to Messrs Pedley and Le Page and 2,500,000 options to Mr Busing. Issued on 1 December 2017.
(vi) Options issued for consulting services relating to the placement on 3 July 2017, exercisable at $0.0125 expiring 13 August 2019.
(vii) Issue of free attaching options relating to the placement on 3 July 2017, exercisable at $0.0125 expiring 31 August 2019.
(viii) Expiry of 31 March 2018 options exercisable at $0.070.

18. Financial instruments

18.1 Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital management requires the maintenance of a strong cash balance to support ongoing exploration.

Given the nature of the business, the Group monitors capital on the basis of current business operations and cash flow requirements. There were no changes in the Company's approach to capital management during the year.

18.2 Categories of financial instruments

	2019 $	2018 $
Financial assets		
Cash and cash equivalents	1,011,932	1,483,434
Trade and other receivables (non-interest bearing)	21,119	45,914
Other financial assets	619,700	-
	1,652,751	1,529,348
Financial liabilities		
Trade and other payables (non-interest bearing)	48,736	144,591
	48,736	144,591
Net financial liabilities	**1,604,015**	**1,384,757**

The fair value of the above financial instruments approximates their carrying values.

18. Financial instruments (cont'd)

18.3 Financial risk management objectives

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of those risks is presented throughout these financial statements.

There has been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Group's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the Group where such impacts may be material. The Board receives monthly financial reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

18.4 Market risk

Market risk for the Group arises from the use of interest bearing financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (see 18.5 below).

18.5 Interest rate risk management

Interest rate risk arises on cash and cash equivalents and receivables from related parties. The Group does not enter into any derivative instruments to mitigate this risk. As this is not considered a significant risk for the Group, no policies are in place to formally mitigate this risk.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end on the reporting period.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended 30 June 2019 would decrease/increase by $10,119 (2018: $14,834).

18. Financial instruments (cont'd)
18.6 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

18.7 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board, which has established an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity by maintaining adequate banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

		Contractual cash flows				
	Carrying Amount	**Less than 1 month**	**1-3 months**	**3-12 months**	**1 year to 5 years**	**Total contractual cash flows**
	$	**$**	**$**	**$**	**$**	**$**
2019						
Trade and other payables	48,736	50,076	40	(1,380)	-	48,736
2018						
Trade and other payables	144,591	141,324	8,243	(4,976)	-	144,591

18.8 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).

18. Financial instruments (cont'd)

18.8 Fair value measurement (cont'd)

The following tables shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis.

	30 June 2019 Fair value $	30 Jun 2018 Fair value $	Fair value hierarchy	Valuation technique
Listed investment - FVTPL	140,000	-	Level 1	Market price
Unlisted investment - FVTPL	479,700	-	Level 2	Net assets value [1]

[1] Inputs used are net assets at market value (including market prices of listed investments included in net assets). The above equity investments balance represents shares held in Prometheus Minerals Limited, an unlisted public company registered in Australia, which were acquired upon conversion of the loan previously made to that Company's subsidiary, Prometheus Developments Pte Ltd in the previous year as disclosed in Note 12. The directors of the Company have designated this investment as Fair Value Through Profit or Loss ("FVTPL").

Reconciliation of Level 1 fair value measurements

	30 June 2019 $	30 June 2018 $
Opening balance	-	-
Acquisition of listed investment	150,000	-
Fair value loss at balance date[1]	(10,000)	-
Closing balance	**140,000**	**-**

Reconciliation of Level 2 fair value measurements

	30 June 2019 $	30 June 2018 $
Opening balance	-	-
Transfer from financial assets on loan conversion (Note 12)	501,294	-
Fair value adjustment on loan conversion	126,754	-
Fair value loss at balance date[1]	(148,348)	-
Closing balance	**479,700**	**-**

[1]Total fair value loss

	30 June 2019 $	30 June 2018 $
Level 1 asset	10,000	-
Level 2 asset	148,348	-
Balance per statement of profit or loss	**158,348**	**-**

19. Key management personnel

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	2019 $	2018 $
Short-term employee benefits	175,265	200,488
Share-based payment	-	138,063
	175,265	338,551

Short-term employee benefits

These amounts include fees paid to directors and also fees paid to entities controlled by the directors. The compensation of each member of the key management personnel of the Group is set out in the remuneration report on page 13.

20. Related party transactions

20.1 Entities under the control of the Group

The Group consists of the parent entity, Mount Ridley Mines Limited and its wholly-owned subsidiary Greencode Pty Ltd. Refer to Note 28.

Balances and transactions between the Company and its subsidiary, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

20.2 Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

For details of disclosures relating to key management personnel, refer to the remuneration report contained in the directors' report and Note 19.

20.3 Other related party transactions

Mr Ashley Hood is a director of Blue Ribbon Mines Pty Ltd and was reimbursed for meeting and travel expenditure incurred during the year. An amount of $3,205 was included in trade creditors at 30 June 2019, and related to directors' fees and consulting services.

Mr Peter Christie is a director of Hawkins Christie Management Services and was reimbursed for meeting expenditure incurred during the year. An amount of $305 was receivable from Mr Christie as at balance date.

Mr Michael Pedley is a director of Odyssey Tax & Accounting and was being paid for the Company Secretarial services rendered by Mr Johnathon Busing who is company secretary of the Company.

Mr Guy Le Page is a director of Orequest Pty Ltd. An amount of $2,500 was included in trade and other payables relating to directors' fees owed.

Amounts paid relating to services excluding directors' fees and consulting services:

	2019 $
Blue Ribbon Mines Pty Ltd	696
Hawkins Christie Management Services	1,093
Odyssey Tax & Accounting	29,831

20. Related party transactions (cont'd)

20.3 Other related party transactions (cont'd)

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

21. Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	2019 $	2018 $
Cash and bank balances	1,011,932	1,483,434

21.1 Reconciliation of loss for the year to net cash flows from operating activities

	2019 $	2018 $
Cash flow from operating activities		
Loss for the year	(589,558)	(791,225)
Adjustments for:		
Depreciation	9,000	9,546
Share based payment	-	155,320
Loan impairment	125,000	400,000
Reversal of Impairment	(400,000)	-
Fair value adjustment on loan conversion	(126,754)	-
Fair value loss on FVTPL equity investments	158,348	-
Exploration write off	-	4,114
Non-cash interest and fees	(101,294)	-
Movements in working capital		
Decrease in trade and other receivables	24,795	113,642
Decrease in trade and other payables	(95,855)	(696,030)
Net cash flow from operating activities	(996,318)	(804,633)

22. Contingent liabilities

There are no contingent liabilities.

23. Commitments for expenditure

23.1 Exploration expenditure on granted tenements

	2019 $	2018 $
Not longer than 1 year	594,541	498,166
Longer than 1 year and not longer than 5 years	2,524,595	2,524,595
	3,119,136	3,022,761

23. Commitments for expenditure (cont'd)

23.1 Exploration expenditure on granted tenements (cont'd)

In order to retain the rights of tenure to its granted tenements, the Company is required to meet the minimum statutory expenditure requirements but may reduce these at any time by reducing the size of the tenements. The figures quoted above assume that no new tenements are granted and that only compulsory statutory area reductions are made.

If the Company decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the consolidated statement of financial position may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out exploration rights to third parties will reduce or extinguish these obligations.

24. Share Based Payments

No share based payments were made during the year.

25. Remuneration of auditors

Auditor of the Group

	2019 $	2018 $
Audit and review of financial reports	38,964	36,400

The auditor of the Group is HLB Mann Judd.

26. Events after the reporting period

There has not been any matter or circumstance that has arisen after balance sheet date that has significantly affected, or may significantly affect, the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial periods.

27. Parent entity information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements.

Financial position

	2019 $	2018 $
Assets		
Current assets	1,652,751	1,529,348
Non-current assets	842,820	851,820
Total assets	2,495,571	2,381,168
Liabilities		
Current liabilities	48,736	144,591
Total liabilities	48,736	144,591
Net assets	2,446,835	2,236,577
Equity		
Issued capital	25,016,448	24,216,632
Reserves	1,701,897	1,701,897
Accumulated losses	(24,271,510)	(23,681,952)
Total equity	2,446,835	2,236,577
Financial performance		
Loss for the year	(589,558)	(791,225)

Commitments and contingencies

There were no other material commitments or contingencies at the reporting date for the parent.

28. Subsidiaries

Mount Ridley Mines Limited holds a 100% interest in Australian incorporated Greencode Pty Ltd which is dormant and has no assets.

Mount Ridley Mines Limited is the head entity within the tax consolidated group.

29. Approval of financial statements

The financial statements were approved by the board of directors and authorised for issue on 30 September 2019.

Schedule of tenements held at balance date

Location	Project Name	Tenement #	Ownership	Titleholder
Western Australia	Mt Ridley	EL63/1547	100%	Mount Ridley Mines Limited
Western Australia	Mt Ridley	EL63/1564	100%	Mount Ridley Mines Limited
Western Australia	Mt Ridley	EL63/1617	100%	Mount Ridley Mines Limited

ASX Additional Information as at 26 September 2019

Ordinary share capital
2,332,864,306 fully paid ordinary shares are held by 2,448 individual shareholders.

Each ordinary share is entitled to vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Options

656,631,515 listed $0.0125 options expiring 31 August 2019 are held by 92 option holders
10,000,000 unlisted $0.021 options expiring 31 August 2019 are held by 1 option holder. (i)
22,500,000 unlisted $0.015 options expiring 29 November 2019 are held by 4 option holders. (ii)
22,500,000 unlisted $0.015 options expiring 01 December 2020 are held by 4 option holders. (iii)
519,823,124 unlisted $0.003 options expiring 30 November 2022 are held by 468 option holders.

Options do not carry a right to vote.

Unlisted Options Holders holding 20% or more

(i) 10,000,000 Options held in the name of MBE Finance Pty Ltd <Hillsden Family A/C> (100%).
(ii) 10,000,000 Options held in the name of Ashley Keith hood (44.44%)
(iii) 10,000,000 Options held in the name of Ashley Keith hood (44.44%)

Distribution of holdings

Category (size of holding)	Number of ordinary shares	Number of holders	% holding
1 – 1,000	17,313	44	0.001
1,001 – 5,000	300,800	128	0.013
5,001 – 10,000	448,832	60	0.019
10,001 – 100,000	53,045,639	897	2.274
100,001 and over	2,279,051,722	1,319	97.693
	2,332,864,306	**2,448**	**100.00**

Unmarketable parcels
There are 1,893 shareholdings held in less than the marketable parcels.

Substantial shareholders

	Number of shares	% holding
1. Tirumi Pty Ltd <Tirumi Super Fund A/C>	107,500,425	4.608

Restricted securities
The Company has no restricted securities on issue.

On-Market buy-back
There is no current on-market buy-back.

Twenty (20) largest shareholders of quoted equity securities

Name	Number of Shares Held	% of Issued Capital
Tirumi Pty Ltd <Tirumi Super Fund A/C>	107,500,425	4.608
Miss Emma Lesley Blake	100,000,000	4.287
Redcode Pty Ltd	100,000,000	4.287
Mount Street Investments Pty Ltd	91,666,667	3.929
Lolly Pop Investments Pty Ltd	86,413,334	3.704
Goldcress Corporation Pty Ltd	70,000,000	3.001
Mainview Holdings Pty Ltd	65,333,334	2.801
Distinct Racing and Breeding Pty Ltd	43,366,667	1.859
Sirrom Super Pty Ltd	40,286,648	1.727
Simone Webster	40,000,000	1.715
Miss Tiffany Hilda Evans	40,000,000	1.715
Distinct Racing and Breeding Pty Ltd	36,761,904	1.576
Sealblue Investments Pty Ltd	34,913,810	1.497
DC & PC Holdings Pty Ltd	32,581,559	1.397
Snowball 3 Pty Ltd	31,000,000	1.329
Mr Roger Blake & Mrs Erica Lynette Blake	30,677,000	1.315
Waterbeach Investments Pty Ltd	27,887,024	1.195
Mr Thomas James Dodds	27,452,184	1.177
Yeldep Pty Ltd	23,663,668	1.014
Tadea Pty Ltd	21,870,837	0.938
	1,051,375,061	**45.068**