MOUNT RIDLEY MINES

Mount Ridley Mines Limited

ABN 93 092 304 964

and its controlled entity

Half-year report for the half-year ended

31 December 2019

Corporate directory

Board of Directors

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

Company Secretary
Mr Johnathon Busing

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Auditors
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Level 4, 130 Stirling Street
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Perth, Western Australia 6000

ASX Code
MRD

Half-year report for the half-year ended 31 December 2019

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Directors' report

The directors of Mount Ridley Mines Limited ("Mount Ridley" or "the Company") submit herewith the financial report of Mount Ridley Mines Limited and its subsidiary ("the Group") for the half-year ended 31 December 2019. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Names of Directors

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

Mr Peter Christie
Mr Simon Mitchell (appointed 14 October 2019)
Mr Guy Le Page
Mr Ashley Hood (resigned 14 October 2019)

Review of operations

Mt Ridley Project, Albany - Fraser Range / Yilgran Craton Orogen

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

The Company announced the Mount Ridley Project (Albany Fraser Range, Western Australia) review highlighting Ni-Cu sulphide potential led by expert Dr David Holwell (BSc MSc MCSM PhD FSEG). The Mount Ridley project represents an area with the potential for the discovery of massive nickel (Ni) and copper (Cu) sulphide mineralisation. There is a well-defined lithological control on the presence of sulphide and a proven presence of disseminated and blebby sulphides in a similar setting to the Nova deposit, which is located along strike in similar rock types. The lower crustal nature of the rocks, and the occurrence of carbonate with disseminated and globular sulphides may however mean that a conventional model for magmatic sulphide mineralisation may not be valid. The occurrence of large blebs and some net textured sulphides shows that potential for accumulations of sulphide with good tenors. The extreme depletion in Platinum Group Elements (PGE) in the sulphides assayed so far may indicate a more PGE-rich generation of sulphide elsewhere in the system.

It is the opinion of the authors of the Mount Ridley Project review that the licence area is hugely underexplored, and the exploration to date has tested only a very limited part of the area, and that much of the licence area has untested potential. It is only with a full reassessment of the data available so far, together with further systematic exploration, can this potential be investigated (refer to 2 December 2019 announcement).

Corporate

The following options have expired unexercised on the first half of the financial year:

ASX	Class Name	Expiry Date	Exercise Price	No. of Options
MRD	MRDOA OP31082019	31 August 2019	$0.0125	656,631,515
MRD	MRD18403 UO31082019	31 August 2019	$0.021	10,000,000
MRD	MRD18406 UP29112019	29 November 2019	$0.015	22,500,000

The Company's current capital structure on issue is as follows:

ASX	Class Name	Expiry Date	Exercise Price	No. of Options
MRD	MRD18407 UO01122020	01 December 2020	$0.015	22,500,000
MRD	MRD18414 UO30112022	30 November 2022	$0.003	1,154,823,025

On 01 July 2019, the Mount Ridley Mines Ltd advised the new postal address of the Company and all its subsidiaries.

The Company announced on 14 October 2019 that Mr Simon Mitchell joined the board as a non-executive director.

Simon is a geologist and finance executive with 29 years of resources industry experience in technical and corporate roles including 10 years gold exploration and mine development experience with Normandy NFM, RGC, Goldfields and Aurora Gold in countries as diverse as Australia, Bolivia, Chile, Peru, Papua New Guinea and Indonesia. Mr Mitchell worked for 6 years at the Commonwealth Bank of Australia, predominantly in project finance, and more than 6 years with Toro Energy as General Manager of Business Development where he was responsible for mergers and acquisitions, capital raisings and the engagement of investors worldwide. Mr Mitchell is the Managing Director of Korean gold explorer Southern Gold (ASX:SAU) and was previously the Managing Director of Asiatic Gold Ltd, an unlisted public company whose gold assets in Korea were subsequently acquired by Southern Gold.

On the same date, Mr Ashley Hood resigned from the board of MRD. The board thanks Ashley for his tireless efforts, in particular the management of the Company's exploration licenses at the Mt Ridley Project (Albany Fraser Range, Western Australia) over the last four years. MRD wishes him all the best in his future endeavours.

On 24 October 2019, the Company announced a capital raising via a placement of 349,929,646 fully paid ordinary shares at $0.0008 each for a total amount raised of $279,944 (before costs) to Sophisticated investors pursuant to s708 Corporations Act (cwth) 2001.

The Shares were issued under the Company's placement capacity under ASX Listing Rule 7.1. An Appendix 3B and a cleansing notice were released to the market following the issue of the Shares.

The funds raised are directed towards exploration activities at the Company's Mount Ridley Project in the Albany Fraser Range and general working capital.

The Company advised on 29 November 2019 that all resolutions put at the Annual General Meeting on the same date at RM Capital, Level 1, 1205 Hay Street, West Perth, Western Australia 6005 were passed by the requisite majority on a show of hands. Details of proxies receive in respect of each resolution are set out in a summary attached to the announcement (refer to 29 November 2019 announcement).

The Company also repealed its existing Constitution and adopted a new Constitution by Special Resolution on 29 November 2019. All necessary shareholder approvals were obtained by the Company at the 2019 AGM.

Auditor's independence declaration

Section 307C of the Corporations Act 2011 requires our auditors, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the review of the half-year report. This independence Declaration is set out on page 4 and forms part of this Directors' Report for the half year ended 31 December 2019.

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

On behalf of the directors

Mr Peter Christie
Non-Executive Chairman
Perth, 13 March 2020

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Mount Ridley Mines Limited for the half-year ended 31 December 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 review; and

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

Perth, Western Australia
13 March 2020

D I Buckley
Partner

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

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Mount Ridley Mines Limited ("the company"), which comprises the condensed consolidated statement of financial position as at 31 December 2019, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the company and the entity it controlled at the half-year end or from time to time during the half-year.

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

(a) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter - material uncertainty related to going concern

We draw attention to Note 1 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 conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
13 March 2020

D I Buckley
Partner

Directors' declaration

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

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

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

On behalf of the directors

Mr Peter Christie
Non-Executive Chairman
Perth, 13 March 2020

Condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2019

		Consolidated	
		Half-year ended	
		31 Dec 2019	31 Dec 2018
	Note	$	$
Revenue from continuing operations	4	99,412	111,350
Reversal of impairment of loan	9	-	400,000
Fair value adjustment on loan conversion	14	-	126,754
Consulting fees		(128,000)	(60,413)
Compliance and regulatory expenses		(45,813)	(53,231)
Depreciation		(3,650)	(4,500)
Exploration expenses		(94,753)	(347,291)
Occupancy costs		-	(4,800)
Directors' fees		(65,000)	(79,667)
Administrative expenses		(132,447)	(72,130)
Share based payments - Directors & Officers		(68,417)	-
Loan impairment expenses	8	-	(125,000)
Fair value gain/(loss) on FVTPL equity investments	14	201,300	(74,406)
Loss before income tax		(237,368)	**(183,334)**
Income tax benefit		-	**-**
Profit/(Loss) for the period		(237,368)	**(183,334)**
Other comprehensive income, net of income tax		-	-
Total comprehensive Income/(Loss) for the period		**(237,368)**	**(183,334)**
Earnings/(Loss) per share:			
Basic and diluted (cents per share)		(0.010)	(0.011)

The accompanying notes form part of this financial report.

Condensed consolidated statement of financial position as at 31 December 2019

	Note	Consolidated	
		31 Dec 2019 $	30 Jun 2019 $
Current assets			
Cash and cash equivalents		1,014,141	1,011,932
Other receivables	8	71,041	21,119
Other financial instruments	14	752,000	619,700
Total current assets		**1,837,182**	**1,652,751**
Non-current assets			
Exploration and evaluation expenditure	5	782,690	782,690
Property, plant and equipment		56,480	60,130
Total non-current assets		**839,170**	**842,820**
Total assets		**2,676,352**	**2,495,571**
Current liabilities			
Trade and other payables	10	61,725	48,736
Total current liabilities		**61,725**	**48,736**
Total liabilities		**61,725**	**48,736**
Net assets		**2,614,627**	**2,446,835**
Equity			
Issued capital	6	25,293,191	25,016,448
Reserves	7	1,830,314	1,701,897
Accumulated losses		(24,508,878)	(24,271,510)
Total equity		**2,614,627**	**2,446,835**

The accompanying notes form part of this financial report.

Condensed consolidated statement of changes in equity
for the half-year ended 31 December 2019

	Issued capital $	Option reserve $	Accumulated losses $	Total $
Balance at 1 July 2018	**24,216,632**	**1,701,897**	**(23,681,952)**	**2,236,577**
Loss for the period	-	-	(183,334)	(183,334)
Other comprehensive loss, net of income tax	-	-	-	-
Total comprehensive loss for the period	**-**	**-**	**(183,334)**	**(183,334)**
Issue of ordinary shares	525,603	-	-	525,603
Share issue costs	(6,114)	-	-	(6,114)
Balance at 31 December 2018	**24,736,121**	**1,701,897**	**(23,865,286)**	**2,572,732**
Balance at 1 July 2019	**25,016,448**	**1,701,897**	**(24,271,510)**	**2,446,835**
Loss for the period	-	-	(237,368)	(237,368)
Other comprehensive loss, net of income tax	-	-	-	-
Total comprehensive loss for the period	**-**	**-**	**(237,368)**	**(237,368)**
Issue of ordinary shares	279,944	-	-	279,944
Share issue costs	(3,201)	-	-	(3,201)
Options issued	-	128,417	-	128,417
Balance at 31 December 2019	**25,293,191**	**1,830,314**	**(24,508,878)**	**2,614,627**

The accompanying notes form part of this financial report.

Condensed consolidated statement of cash flows for the half-year ended 31 December 2019

	Consolidated	
	Half-year ended	
	31 Dec 2019 $	31 Dec 2018 $
Cash flows from operating activities		
Payments to suppliers and employees	(409,758)	(232,406)
Payments for exploration and evaluation	(93,473)	(392,709)
Interest received	908	8,270
Net cash (used in) operating activities	(502,323)	(616,845)
Cash flows from investing activities		
Investment in listed entity	(81,000)	-
Proceeds from sale of listed shares	248,790	-
Loan provided to third party	-	(125,000)
Net cash provided by/(used in) investing activities	167,790	(125,000)
Cash flows from financing activities		
Proceeds from equity instruments of the Company	339,944	525,603
Proceeds from equity instruments yet to be issued	-	38,333
Payment for share issue costs	(3,201)	(6,114)
Net cash provided by financing activities	336,743	557,822
Net decrease in cash and cash equivalents	**2,210**	**(184,023)**
Cash and cash equivalents at the beginning of the period	1,011,932	1,483,434
Cash and cash equivalents at the end of the period	**1,014,142**	**1,299,411**

The accompanying notes form part of this financial report.

Notes to the condensed consolidated financial statements for the half-year ended 31 December 2019

1. Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 '*Interim Financial Reporting*'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 '*Interim Financial Reporting*'. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with annual financial statements of the Company for the year ended 30 June 2019 together with any public announcements made during the following half-year.

The half-year financial report was authorised for issue by the directors on 13 March 2020.

Basis of preparation

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2019 annual financial report for the financial year ended 30 June 2019 and the corresponding half-year financial report except for the impact of the new and revised Standards and Interpretations effective 1 July 2019 as outlined below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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

Going concern basis

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

For the half-year ending 31 December 2019, the Group incurred a loss of $237,368 (31 December 2018: loss of $183,334) and a net cash outflow from operating activities of $502,323 (31 December 2018: $616,845). At 31 December 2019, the Group had current assets of $1,837,182 (30 June 2019: $1,652,751).

Based on the Group's existing cash resources of $1,014,141 (30 June 2019: $1,011,932), the ability to modify expenditure outlays, if required, and to source additional funds, the directors consider there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable, and therefore the going concern basis of preparation is considered appropriate for the Group's 31 December 2019 half-year consolidated financial statements.

The board of directors is aware, having prepared a cash flow forecast, of the Group's working capital requirements and the need to access additional equity funding or asset divestment if required within the next 12 months. In the event that the Group is not able to raise additional funds or divest its assets, there exists a material uncertainty that may cast significant doubt whether the Group will be able to continue as a going concern and therefore, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and perhaps at amounts different to those stated in its financial statements.

Significant accounting judgements and key estimates

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

In preparing these half-yearly statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial report for the year ended 30 June 2019, except for the impact of the new Standards and Interpretations effective 1 July 2019 as outlined below.

Adoption of new and revised Standards

Standards and Interpretations applicable to 31 December 2018

In the half-year ended 31 December 2019, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for the current annual reporting periods beginning on or after 1 July 2019.

As a result of this review, the Group has adopted AASB 16 from 1 July 2019. The application of AASB 16 has had no material impact on profit or loss or net assets.

Standards and Interpretations in issue not yet effective

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2019. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change necessary to the Group accounting policies.

2. Segment information

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

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

3. Dividends

No dividends were paid or declared for the half-year ended 31 December 2019 and the directors have not recommended the payment of a dividend.

4. Revenue

	Half-year ended 31 Dec 2019 $	Half-year ended 31 Dec 2018 $
Revenue from continuing operations		
Interest income	907	36,350
Other income	98,505	75,000
	99,412	**111,350**

5. Exploration and evaluation expenditure

	Half-year ended 31 Dec 2019 $	Year ended 30 June 2019 $
Exploration and evaluation phase:		
Carrying value at beginning of the period	782,690	782,690
Carrying value at end of the period	**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.

6. Issued capital

	31 Dec 2019 $	30 Jun 2019 $
2,682,793,952 fully paid ordinary shares (30 June 2019: 2,332,864,306)	**25,293,191**	**25,016,448**

Fully paid ordinary shares	Half-year ended 31 Dec 2019 No.	$	Year ended 30 Jun 2019 No.	$
Balance at beginning of period	2,332,864,306	25,016,448	1,521,433,243	24,216,632
Issue of shares (i)	349,929,646	279,944	-	-
Issue of shares (ii)	-	-	228,214,986	228,215
Issue of shares (iii)	-	-	297,387,885	297,388
Issue of shares (iv)	-	-	285,828,192	285,828
Share issue costs	-	(3,201)	-	(11,615)
	2,682,793,952	**25,293,191**	**2,332,864,306**	**25,016,448**

(i) Issue of fully paid ordinary shares on 24 October 2019 at $0.0008 each pursuant to a placement to sophisticated and institutional investors of the Company.
(ii) 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.
(iii) Issue of fully paid ordinary shares on 16 November 2018 at $0.001 each pursuant to rights issue.
(iv) Issue of fully paid ordinary shares on 31 January 2019 at $0.001 each pursuant to rights issue shortfall.

7. Option reserve

Unlisted options	Half-year ended 31 Dec 2019 No.	Half-year ended 31 Dec 2019 $	Year ended 30 Jun 2019 No.	Year ended 30 Jun 2019 $
Balance at beginning of period	1,231,454,540	1,701,897	816,100,881	1,701,897
Issue of director and executive options (i)	35,000,000	68,417	-	-
Issue of options (ii)	600,000,000	60,000		
Expiry of options (iii)	(656,631,515)	-		
Expiry of options (iv)	(10,000,000)	-		
Expiry of options (v)	(22,500,000)	-		
Issue of options (vi)	-	-	148,693,943	-
Issue of options (vii)	-	-	142,914,096	-
Issue of options (viii)	-	-	228,214,986	-
Expiry of options (ix)	-	-	(104,469,366)	-
	1,177,323,025	**1,830,314**	**1,231,454,540**	**1,701,897**

(i) Issue of 30 November 2022 options exerciseable at $0.003 to directors of the Company. 10,000,000 options each to Messrs Christie, Le Page and Mitchell and 5,000,000 options to Mr. Busing. Issued on 30 November 2019.
(ii) Issue of 30 November 2022 options exerciseable at $0.0001.
(iii) Expiry of 31 August 2019 options exerciseable at $0.0125.
(iv) Expiry of 31 August 2019 options execiseable at $0.021.
(v) Expiry of 29 November 2019 options exerciseable at $0.015.
(vi) Issue of free attaching unlisted options exercisable at $0.003 expiring 20 November 2022 pursuant to rights issue. Issued on 16 November 2018.
(vii) Issue of free attaching unlisted options exercisable at $0.003 expiring 20 November 2022 pursuant to rights issue shortfall. Issued on 30 January 2019.
(viii) Issue of free attaching unlisted options exercisable at $0.003 expiring 20 November 2022 pursuant to October 2018 Placement. Issued on 31 January 2019.
(ix) Expiry of 30 June 2019 options exerciseable at $0.030.

The following option arrangements were in existence at the reporting date:

Option series	Number	Grant date	Expiry date	Exercise price $	Fair value at grant date $	Vesting date
7	22,500,000	30 Nov 2017	1 Dec 2020	$0.015	155,320	30 Nov 2017
8	35,000,000	29 Nov 2019	30 Nov 2022	$0.003	68,417	29 Nov 2019

The fair value of the equity-settled share options granted is estimated as at the date of grant using the Black-scholes model taking into account the terms and conditions upon which the options were granted.

	Series 7	Series 8
Dividend yield (%)	-	-
Expected volatility (%)	99%	270%
Risk-free interest rate (%)	1.95%	1.97%
Expected life of option (years)	3	2
Exercise price (cents)	0.015	0.003
Grant date share price	0.012	0.002

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

8. Trade and other receivables

	31 Dec 2019 $	30 Jun 2019 $
Prepayments	45,599	14,823
Other receivables	25,442	6,296
Unsecured loan	125,000	125,000
Less: Provision for impairment [1]	(125,000)	(125,000)
	71,041	**21,119**

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

9. Other financial assets

	31 Dec 2019 $	30 Jun 2019 $
Listed shares[1]	100,000	140,000
Unlisted shares[2]	652,000	479,700
	752,000	619,700

[1] On 28 October 2019 the Company purchased 100,000,000 shares at $0.00081 from Caeneus Minerals Limited. As at 31 December 2019, these shares were revalued at a closing rate of $0.001 per share. Prior period listed shares held were disposed of during the period.

[2] Unlisted shares held in Prometheus Minerals Limited obtained on conversion of a loan into equity.

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

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 14 for further details on the conversion.

9. Other financial assets (continued)

	31 Dec 2019 $	30 Jun 2019 $
Opening balance	-	-
Interest and other fees receivable	-	101,294
Reversal of impairment	-	400,000
Transfer to financial instruments on loan conversion (Note 14)	-	(501,294)
Closing balance	**-**	**-**

10. Trade and other payables

	31 Dec 2019 $	30 Jun 2019 $
Trade creditors	44,622	17,691
Other creditors and accruals	17,103	31,045
	61,725	**48,736**

11. Key management personnel

During the half-year ended 31 December 2019, Mr Ashley Hood resigned as Non-Executive Director and Mr Simon Mitchell assumed the role. Mr Mitchell is paid a remuneration of $2,500 per month (exc. GST). Mr Peter Christie had a fee adjustment effective February 2019 onwards from $3,000 to $5,000 per month (exc. GST).

Remuneration policies of key management personnel are disclosed in the annual financial report. Arrangements with related parties continue to be in place. For further details, please refer to the 30 June 2019 annual financial report.

12. Contingent liabilities and contingent assets

There has been no significant change in contingent liabilities and/or contingent assets since the last annual report. Please refer to the 30 June 2019 annual financial report.

13. Subsequent events

Following the second quarter, Mount Ridley Mines Limited announced its intention to acquire 100% of the issued capital of Longland Resources Limited which holds rights to the Ryberg Ni-Cu-Co-Pd-Au magmatic sulphide project (Ryberg Project) on the east coast of Greenland, covering a 3,889km^2 dominant ground position. The acquisition is subject to shareholder approval at an upcoming General Meeting (refer to 23 January 2020 announcement).

14. Financial instruments

Fair value measurement

Measured at fair value on recurring basis

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

14. Financial instruments (continued)

Fair value measurement (continued)

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

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

The following tables shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis. There have been no transfers between the levels of the fair value hierarchy during the half-year ended 31 December 2019.

	31 Dec 2019 Fair value $	**30 Jun 2019 Fair value $**	**Fair value hierarchy**	**Valuation technique**
Listed investment - FVTPL	100,000	140,000	Level 1	Market price
Unlisted investment - FVTPL	652,000	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 9. The directors of the Company have designated this investment as Fair Value Through Profit or Loss ("FVTPL").

Reconciliation of Level 1 fair value measurements

	31 Dec 2019 $	**30 Jun 2019** $
Opening balance	140,000	-
Reversal of year-end valuation	10,000	-
Acquisition of listed investment	81,000	150,000
Disposal of listed investment	(150,000)	-
Fair value gain/(loss) at balance date[1]	19,000	(10,000)
Closing balance	**100,000**	**140,000**

14. Financial instruments (continued)

Fair value measurement (continued)

Reconciliation of Level 2 fair value measurements

	31 Dec 2019 $	30 Jun 2019 $
Opening balance	479,700	-
Transfer from financial assets on loan conversion	-	501,294
Fair value adjustment on loan conversion	-	126,754
Fair value gain/(loss) at balance date[1]	172,300	(148,348)
Closing balance	**652,000**	**479,700**

[1]*Total fair value profit or loss*

	31 Dec 2019 $	30 Jun 2019 $
Level 1 asset	29,000	(10,000)
Level 2 asset	172,300	(148,348)
Balance per statement of profit or loss	**201,300**	**(158,348)**