

27 July 2017

## Quarterly Report for the quarter ended 30 June 2017

Mt Ridley Project, Albany – Fraser Range

### OVERVIEW

- High Powered Electromagnetic survey
- Regional Air Core drilling
- Auger drilling completed
- RC and diamond drilling

### High Powered EM

High Powered Moving Loop Time Domain Electromagnetics (HP MLTEM) surveying continued at the Tyrrell's Prospect using the SAMSON receiver and identified several localised apparent bedrock anomalies (Figure 1). The most significant detected was along lines 8B/9B of the HP MLTEM survey. These anomalies on lines 8B/9B were subsequently followed up with a 3-component fluxgate B-field MLTEM receiver system to confirm the anomalism and model their characteristics/signature in preparation for drill testing.

Interpreted geophysics plates A and B on lines 8B/9B were modelled at approximately 4,000 - 6,000S conductance and apparently situated approximately 150m – 250m from the surface. The plates were modelled steeply dipping in a north westerly direction, with surface strike extents of 50 -90m and a modelled down dip extent of at least 150m for each conductor.

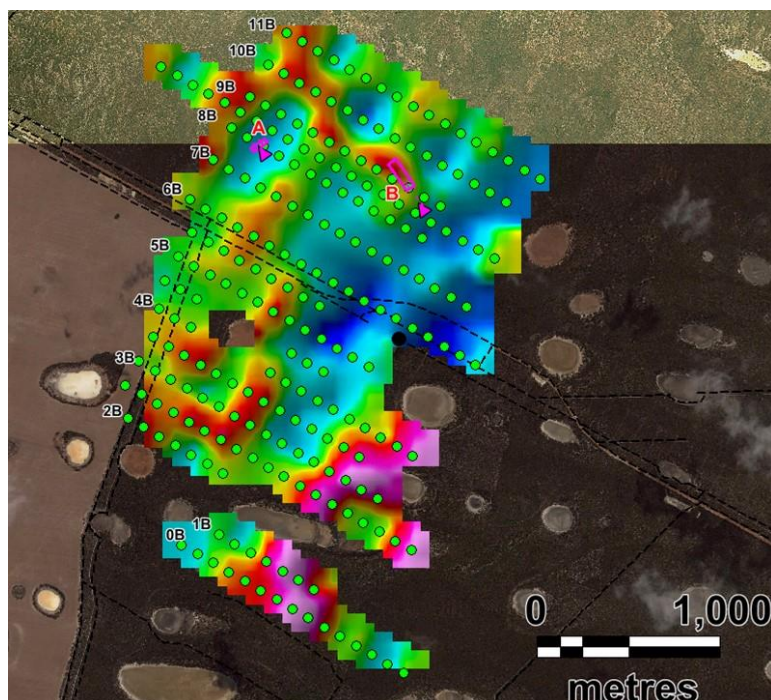


Figure 1. HP-MLTEM SAMSON plan map of Channel 24 receiver data and receiver station locations, Tyrrell's target area.

Modelled conductive plates A and B on Lines 8B and 9B were interpreted to be high conductance bedrock features requiring immediate follow-up.

- SAMSON Receiver Station
- SAMSON Model Conductive Plate.
- Plunge Direction

Historical diamond drill-hole MRDD001 was drilled within the Tyrrell's Prospect area, approximately 1,000m south-southeast of the current apparent conductivity anomalies. This hole targeted a circular magnetic feature interpreted to represent a buried mafic-ultramafic intrusive complex (Figure 2; Target 2 – see ASX Announcement 27th July 2015). This drill hole encountered numerous zones of disseminated blebby magmatic nickel-copper sulphides with visible pentlandite and chalcopyrite in a thick package of magmatic mafic/ultramafic intrusive lithology.

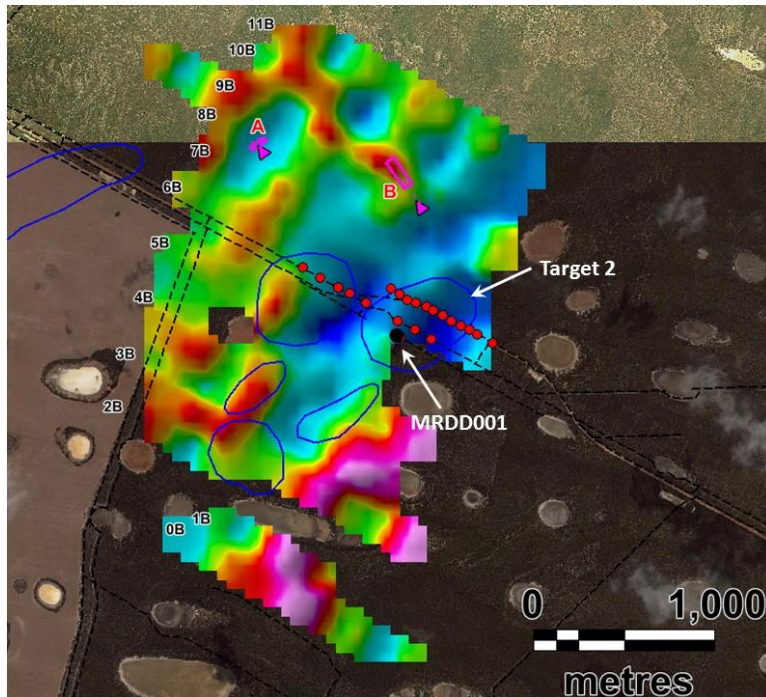


Figure 2. HP-MLTEM SAMSON plan map of Channel 24 receiver data and previous aircore and diamond drilling, relative to HP-MLTEM SAMSON modelled conductive plates A and B, Tyrrell's target area.

Diamond hole MRDD001, targeted on remanent magnetic features at Target 2, encountered numerous blebby disseminated magmatic nickel-copper sulphide mineralised intervals within a thick mafic-ultramafic intrusive unit.

- Diamond
- Air Core
- "Target 2" Magnetic Features

Reverse circulation (RC) drilling (refer to Figures 3 and 4) was planned on completion of the modelling of the SAMSON receiver High Powered EM plates at the Tyrrell's Prospect.

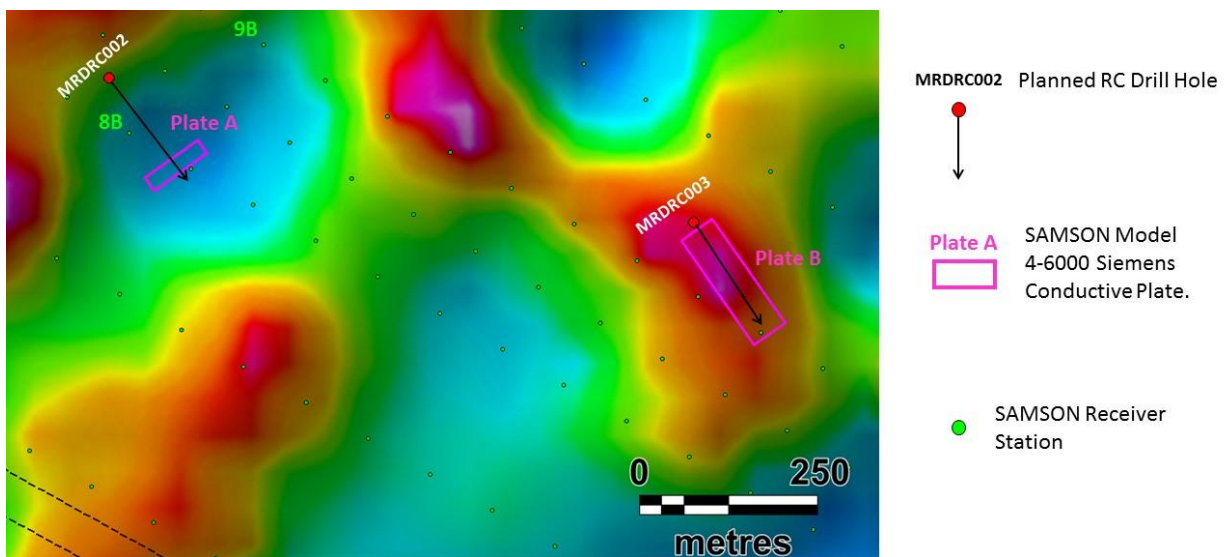


Figure 3. Location of planned RC drill holes MRDRC002 and 003 to target modelled conductive plates A and B. HP-MLTEM SAMSON plan map of Channel 26 receiver data and receiver station locations, Tyrrell's target area.

MRDRC002 Planned RC Drill Hole



Plate A SAMSON Model 4-6000 Siemens Conductive Plate.



SAMSON Receiver Station





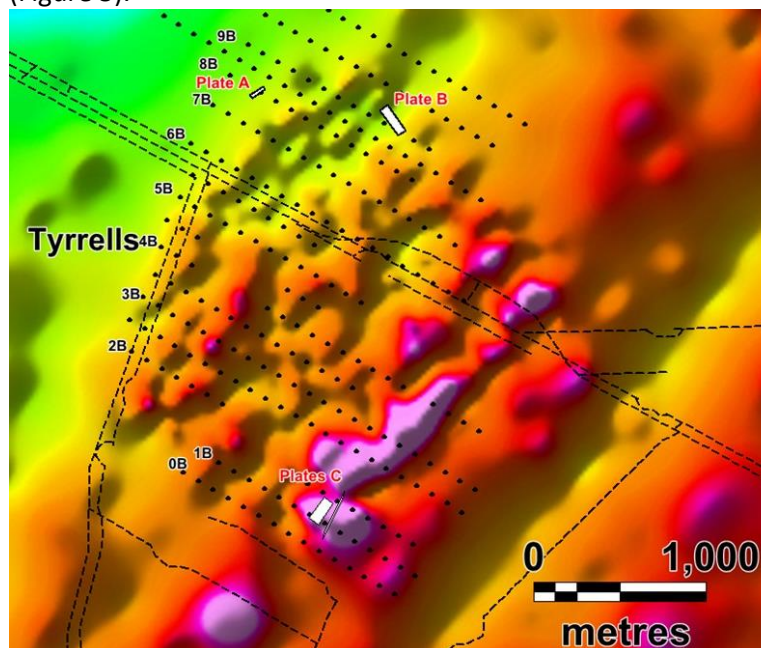


**Figure 4.** Section view of planned RC drill holes, MRDRC002 and 003, to target HP-MLTEM SAMSON conductive plate models A and B, Tyrrell's target area. Modelled conductive plates A and B on Lines 8B and 9B were interpreted to represent high conductance (4-6000 Siemens) bedrock features with at least 150m modelled depth extent down plunge.

The Company were granted Heritage clearance shortly after the apparent anomalies were modelled along with a Program of Works. RC and diamond drill rigs were also booked.

The modelling of the EM plates A and B apparently represented compelling near surface bed rock conductors with high conductance strength in the order of 4,000 – 6,000 Siemens. Given that previous diamond drilling in mid-2015 by the Company intercepted favourable nickel-copper sulphide bearing ultramafics, the Company's technical and management team believed these EM anomalies represented high-priority targets.

The Company announced on the 2<sup>nd</sup> May 2017 that the remainder of the HP MLTEM program using the SAMSON receiver had been completed with a new area comprising of complex apparent conductivity was identified (modelled as plate C) on lines 0B/1B, approximately 2kms to the south east of modelled plates A and B on lines 8B/9B. This apparent conductive anomaly area is coincident with a combined magnetic and gravity anomaly interpreted to represent a buried mafic-ultramafic intrusive complex (Figure 5).



**Figure 5.** Plan map of gridded bouger anomaly residual gravity data and HP-MLTEM SAMSON receiver station locations, Tyrrell's target area.

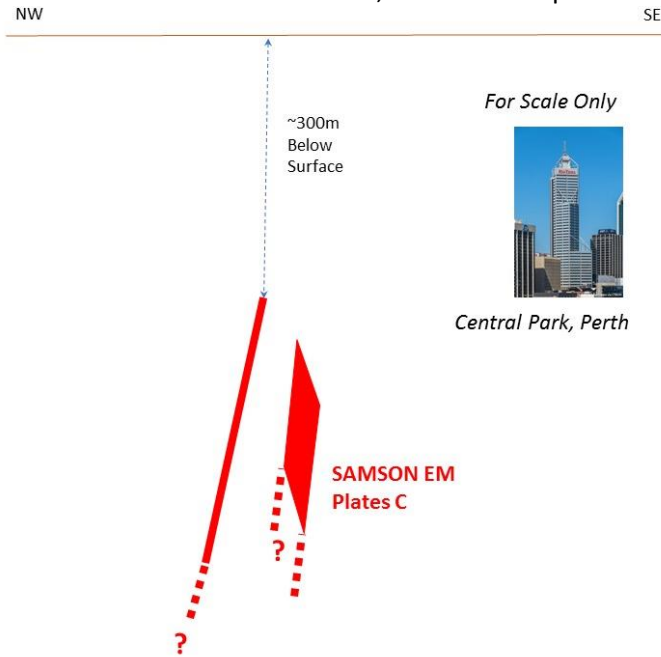
Modelled conductive plates A and B on Lines 8B and 9B, and plates C on Lines 1A/1B were interpreted to represent high conductance bedrock features requiring immediate follow-up.

- SAMSON Receiver Station
- Plate A SAMSON Model Conductive Plate.





The modelled apparent conductor is complex in geometry and response (Plates C – see Figure 6) and had a modelled conductance of ~3000-6000S, striking to the northeast and was modelled as steeply dipping to the northwest to sub-vertical, and was interpreted to lie at a depth exceeding 300m.



**Figure 6.** Section view of HP-MLTEM SAMSON conductive plate models C, Tyrrell's target area. Modelled conductive plates C on Lines 1B/1A were interpreted to represent apparent high conductance (3-6000 Siemens) features with at least 150-300m modelled depth extent down plunge.

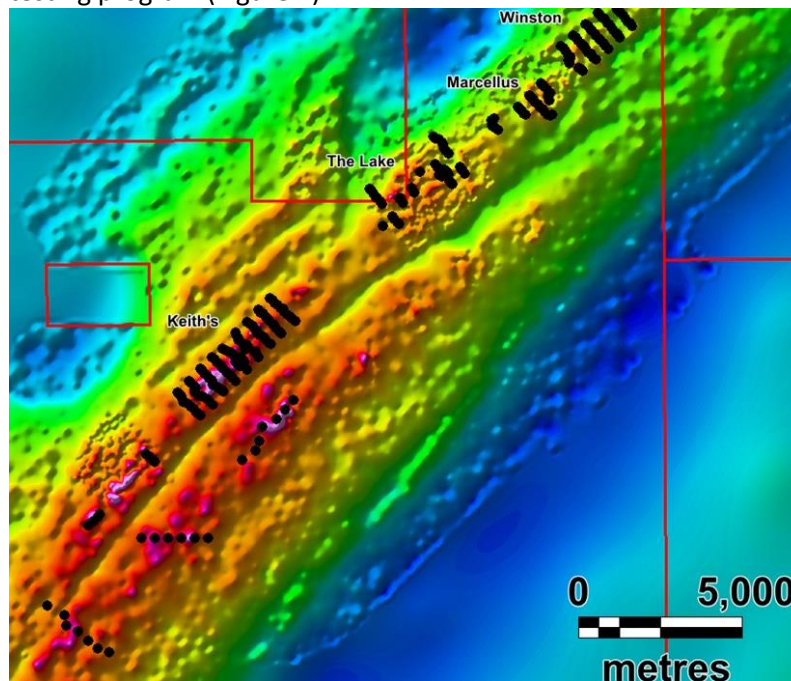


**Air Core Drilling**

Air Core (AC) drilling programs were completed at Keith's (99 holes for 2,287m), Marcellus (30 holes for 1,110m) and Winston's (55 holes for 1,701m) prospect areas (Figure 7).

The Lake target region had approximately 40% of the proposed AC drilling (39 holes for 1713m) due to an exceptional and unexpected wet summer season. Geochemistry data had provided a coincident nickel, copper and sulphur anomaly that warranted infill air core drilling announced on the 2<sup>nd</sup> May 2017.

Three newly selected gravity/magnetic anomaly areas were tested in a reconnaissance air core drill testing program (Figure 7).



**Figure 7.** Plan map of gridded bouger anomaly residual gravity data and Air Core holes drilled for Keith's, The Lake, Marcellus and Winston target areas, plus recon traverses across regional geophysical anomalies.

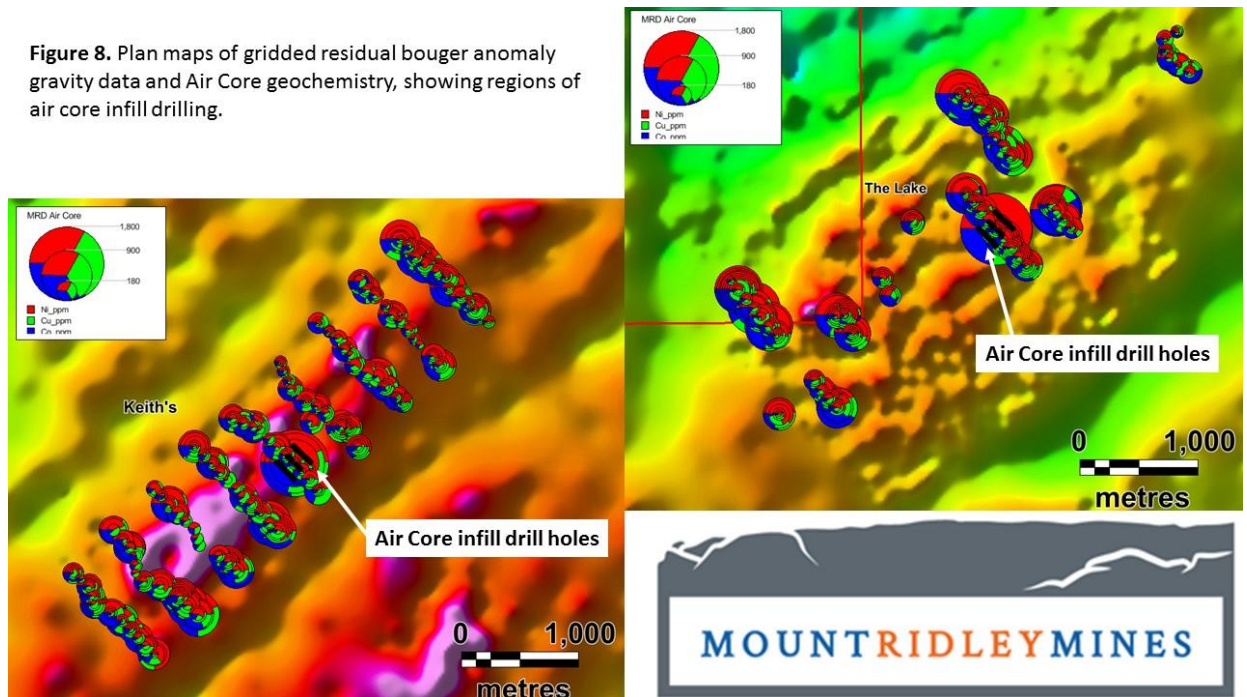
● Air Core drill hole





In addition two infill AC programs were planned, completed and announced on the 20<sup>th</sup> June 2017 focussed on soil/bedrock geochemistry highlighted by their elevated Ni-Cu values associated with elevated sulphur from the recent 100m x 500m air core drilling. These anomalies were infilled at a density of 100m x 25m (Figure 8).

**Figure 8.** Plan maps of gridded residual bouguer anomaly gravity data and Air Core geochemistry, showing regions of air core infill drilling.



### Auger sampling

An auger sampling geochemistry program comprising of 1,084 samples has been completed to the north-western section of the Company's tenement package (Figure 9). This program was designed to test for Broken Hill style lead, zinc and silver mineralisation. It was this specific geology/mineralisation style that brought BHP to the area in the 90's and with the assistance of CSA Global a number of favourable geological settings have been targeted that have previously had very little to no recorded exploration activities.

In parallel to the Broken Hill style exploration, samples are also being specifically tested for gold with a new in-field gold detecting technology being trialled in a collaborative program with the CSRIO.

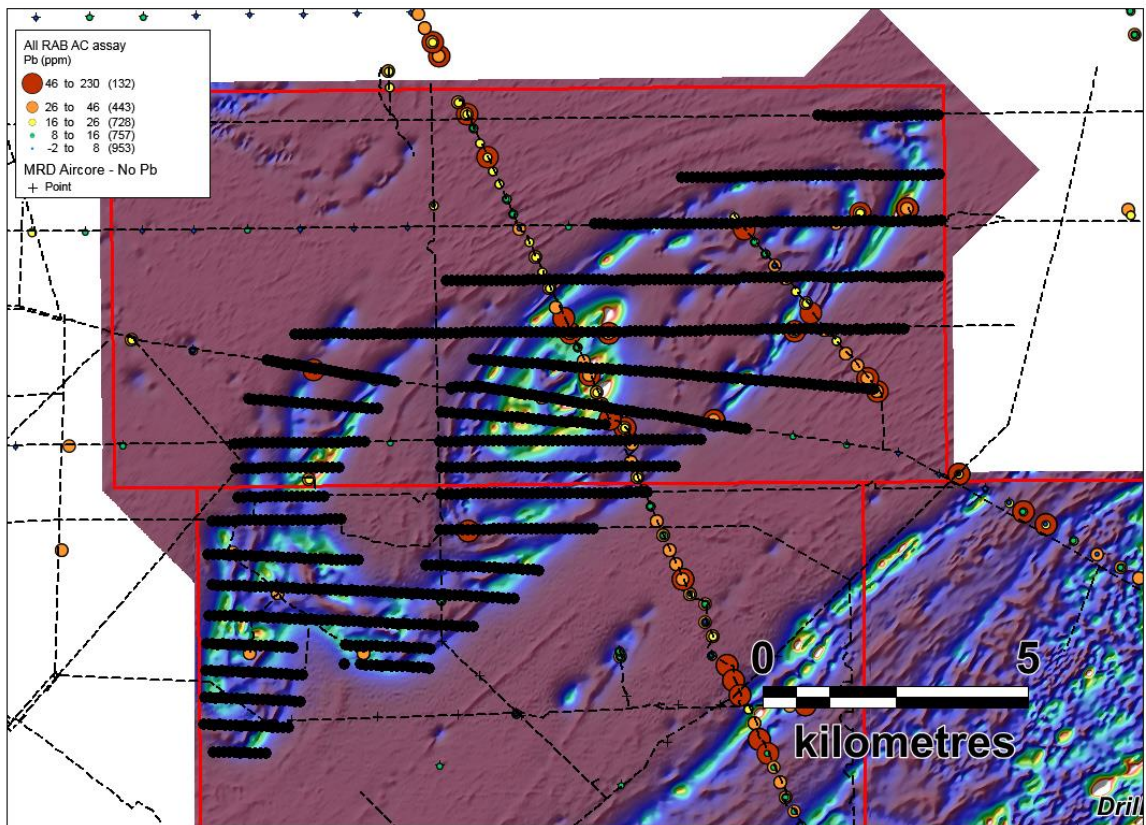


Figure 9. Reduced to pole total magnetic field gridded image of the northwest Mt Ridley tenement area showing auger geochemistry traverses targeted for Broken Hill style lead-zinc mineralisation and gold.

### RC Drilling and diamond

Reverse Circulation (RC) pre collars were completed as announced on the 9<sup>th</sup> May 2017. Plate A was drilled to 186m, Plate B to 270m and Plate C to 198m for a total of 654 RC meters.

Diamond drilling tails were drilled to 450.8m EOH at Plate A for 264.8m, Plate b was completed to 401.7m EOH for 131.7m and Plate C was drilled to 577m EOH for 379m of diamond. The total diamond drilling was 775.5m

Favourable geology in the form of pyroxene gabbros were encountered with varying amounts of shears, silicification with traces of sulphides.

All three holes were completed with down hole electromagnetics to test for the source of the apparent surface SAMSON Moving Loop EM survey conductors.

The apparent conductivity anomaly tested at Plate B has recorded a reduced size off hole conductor. The apparent conductivity anomaly tested at Plate A also detected an off hole conductor, however the possible source is beyond the intersection depth of the modelled Plate A from the surface data. The apparent conductivity anomaly tested at Plate C unfortunately did not return a conclusive source of the anomaly detected during the surface HPMLTEM survey program.

## Ongoing Work

- Ongoing regional bedrock air core drilling testing new geological, gravity and magnetic features
- Geochemistry mapping of new data to date
- RC drilling to test greatest geochemistry potential
- Surface high powered EM and down hole EM of new deeper drilling target areas.

For and on behalf of the board

Mr Ashley Hood

### Managing Director

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### Competent Person's Statement

*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Tony Donaghy who is a Registered Professional Geoscientist (P.Geo) with the Association of Professional Geoscientists of Ontario (APGO), a Recognised Professional Organisation. Mr Donaghy is a technical advisor to the Company. Mr Donaghy has sufficient experience which is relevant to the style and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. Mr Donaghy consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

### Forward Looking Statements Disclaimer

*This announcement contains forward-looking statements that involve a number of risks and uncertainties. These forward-looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this announcement. No obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments*

## CORPORATE INFORMATION

### Board

Michael Pedley	Non-Executive Chairman
Ashley Hood	Managing Director
Guy Le Page	Non-Executive Director
Johnathon Busing	Company Secretary

### Registered Office & Principal Place of Business

Unit 10, 100 Hay Street, Subiaco WA 6008  
Telephone: + 61 8 9381 2266

### Forward Shareholder Enquiries to

Security Transfer Australia Pty Ltd  
770 Canning Highway, Applecross WA 6153  
Telephone: +61 8 9315 2333

### Issued Share Capital

As at the date of this report, the total fully paid ordinary shares on issue were 1,521,433,243.

### TENEMENT INFORMATION (ASX Listing Rule 5.3.3)

The table below shows the interests in tenements held by Mount Ridley Mines and is provided in accordance with ASX Listing Rule 5.3.3.

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
Western Australia	Mt Ridley	EL63/1719	100%	Mount Ridley Mines Limited



## About Mt Ridley Mines Ltd

Mount Ridley Mines Ltd is a Perth based Australian Exploration Company focusing primarily on projects 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 Ltd 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 1,000sq/kms in what is fast becoming the world's most exciting emerging nickel and copper province.

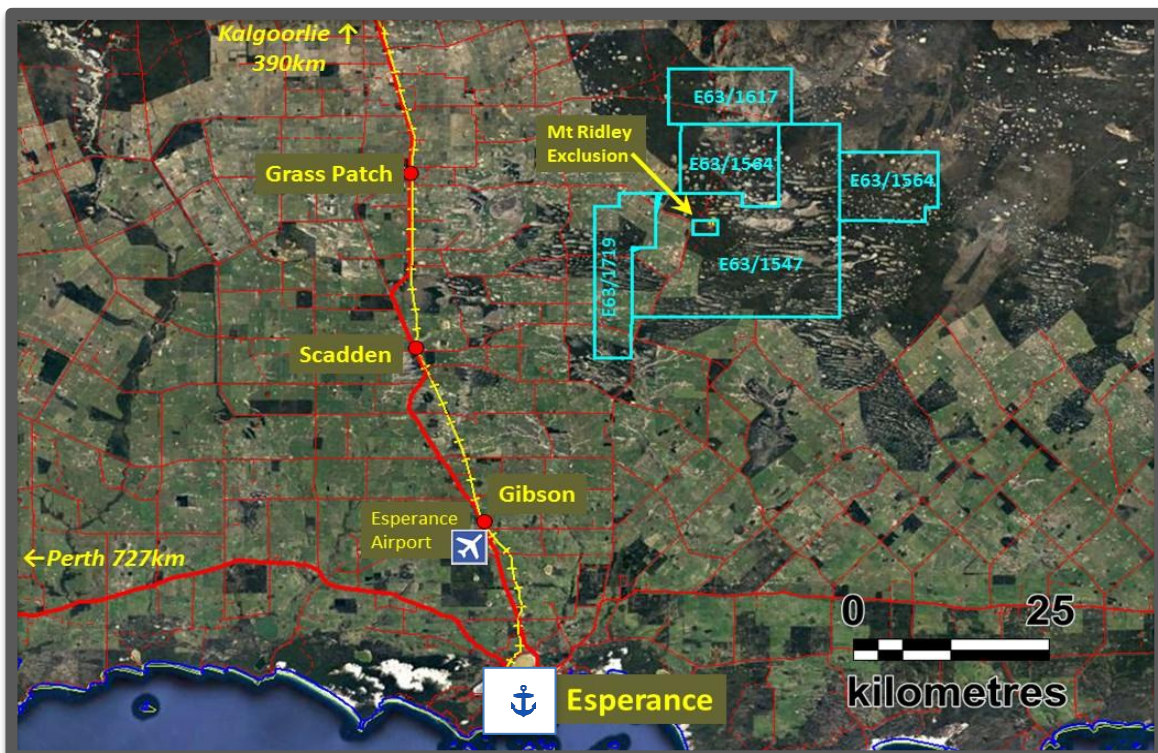


Figure 4: Location of Mount Ridley Mines - Mt Ridley Project.

## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

### Name of entity

MOUNT RIDLEY MINES LIMITED

### ABN

93 092 304 964

### Quarter ended ("current quarter")

30 June 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(617)	(2,514)
(b) development	-	-
(c) production	-	-
(d) staff costs	(51)	(199)
(e) administration and corporate costs	(19)	(276)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	28
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (R&D Rebate)	1,008	1,024
<b>1.9 Net cash from / (used in) operating activities</b>	<b>327</b>	<b>(1,937)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(2)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>(2)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	2,736
3.2	Proceeds from unissued shares	1,079	1,079
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(169)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>1,079</b>	<b>3,646</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,244	943
4.2	Net cash from / (used in) operating activities (item 1.9 above)	327	(1,937)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(2)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,079	3,646
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>2,650</b>	<b>2,650</b>



5. <b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	2,650	1,244
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,650</b>	<b>1,244</b>

6. <b>Payments to directors of the entity and their associates</b>	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	68
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Payments for director fees: \$51,084  
Payments for consulting and exploration: \$16,599

All payments are on normal commercial terms

7. <b>Payments to related entities of the entity and their associates</b>	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

N/A

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

N/A

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	650
9.2 Development	-
9.3 Production	-
9.4 Staff costs	55
9.5 Administration and corporate costs	100
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>805</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: .....

**Company Secretary**

Date: 27 July 2017

Print name: Johnathon Busing

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.