

AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT

31 January 2019

Quarterly Report for the quarter ended 31 December 2018

OVERVIEW

Mount Ridley Mines Ltd (ASX: MRD) (or “the Company”) is pleased to provide the following update of activities for the Quarter ended 31 December 2018.

The Company continued to focus on its core asset the Mt Ridley Project in the Albany Fraser Range Province (WA). The Company announced on 31 October 2018 that the objective of the completed air core drilling program was to follow-up coherent gold anomalism outlined from shallow auger geochemistry sampling. Through this, a total of 79 air core holes were drilled for a total of 5,344 meters. A total of 1,345 samples were collected from the program and submitted to ALS laboratory for analysis.

The drilling intersected consistent Eocene transported cover in the area ranging in thickness from 57 to 63m and comprising:

- sandy soil and pedogenic calcrete (0 - 1m),
- lateritic soil (1 - 5m) and suspected to be host to auger gold anomalism
- aeolian sand (5-12m),
- sandy lignite (12 -23m),
- organic rich lake clays (23 -55m) with reduced sulphur,
- graphitic lignite (55-63m) with reduced sulphur.

Beneath the thick transported cover sequence, the drilling intersected paleo-saprolite consisting of clays and quartz rich zones. Fresh rock (basement) comprised quartz rich gneisses and quartz feldspar amphibole gneisses.

The drill holes returned low Au values in downhole composites and EOH samples. It can be concluded that the air core drill program did not intersect any mineralisation or proximal paleo-regolith gold patterns that can be described as the source for gold anomalism intersected in the previous shallow auger program. Trace element geochemistry has highlighted anomalous concentration of elements As, Pb, Ce and La in fresh bedrock.

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).

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Coincident anomalous patterns of the elements As, Pb, Ce and La have strong spatial correlation with an interpreted NNE trending fault zone. The fault zone has been outlined from the 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 quartz rich gneisses (east) and garnetiferous 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 current interpretation is that the drilled area contains 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 will be 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 has been dispersed laterally over the area from a source which is either a long lived auriferous shear zone (fault) and/or near surface (<20m) mineralised bedrock and quartz veins.

The shear zone, identified from magnetics and confirmed by geochemistry, is a positive step. The next step is 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 is planning 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 auger gold geochemistry anomaly.

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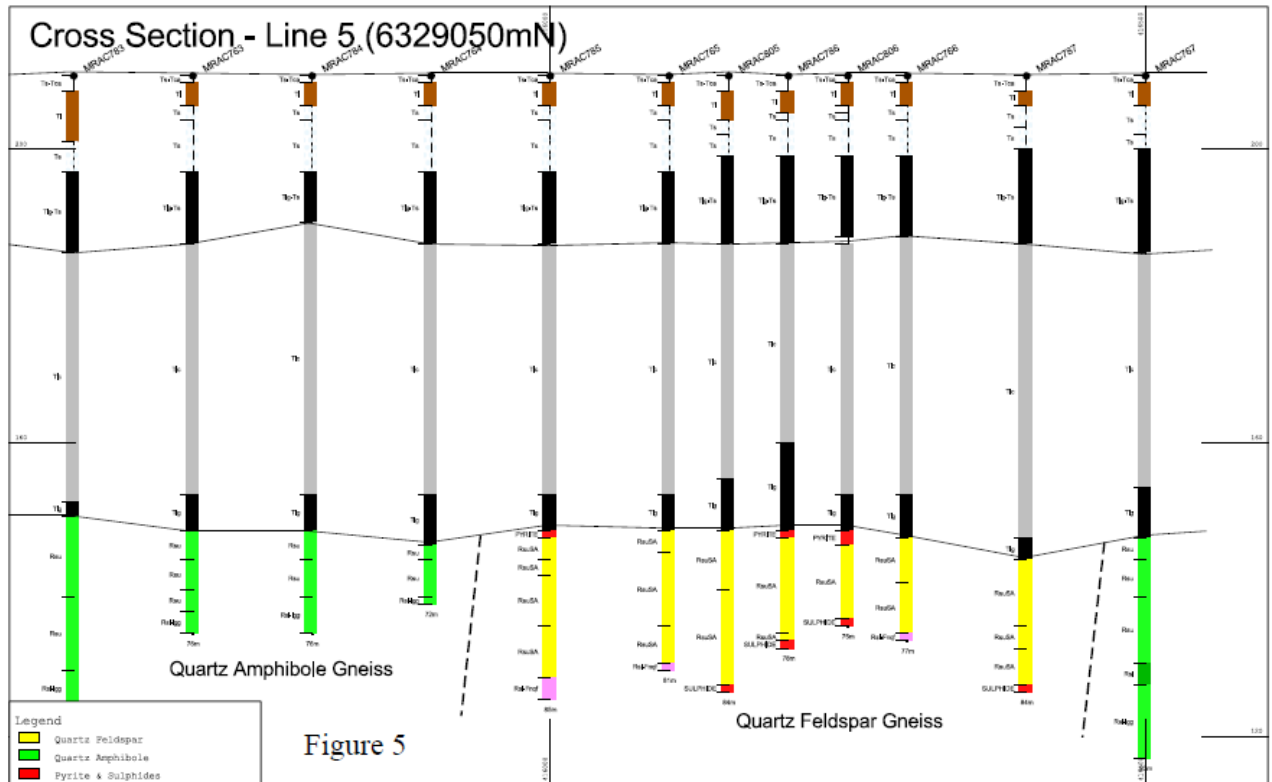


Image 1. Geological cross section – Line 5

CORPORATE

BOARD CHANGES

On 8 October 2018, the Company announced that Mr Peter Christie has been appointed as Non-Executive Chairman of the Company.

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 a Non-Executive Chairman to pursue other business interests. MRD would like to thank Mr Pedley for his contribution to the Company.

For and on behalf of the board

Mr Ashley Hood

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

Peter Christie	Non-Executive Chairman
Ashley Hood	Managing Director
Guy Le Page	Non-Executive Director
Johnathon Busing	Company Secretary

Registered Office

Ground Floor
168 Stirling Highway
Nedlands WA 6009
Telephone: + 61 8 6165 8858

Principal Place of Business

Ground Floor
168 Stirling Highway
Nedlands WA 6009

Forward Shareholder Enquiries to

Advanced Share Registry
PO Box 1156
Nedlands WA 6906
Telephone: + 61 8 9389 8033

Issued Share Capital

As at the date of this report, the total fully paid ordinary shares on issue were 2,047,036,114.

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

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")

31 December 2018

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation	(171)	(401)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(70)	(149)
	(e) administration and corporate costs	(67)	(77)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	3	8
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other (Bond Refund)	-	-
1.9	Net cash from / (used in) operating activities	(305)	(619)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
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 (loan facility)	(125)	(125)
2.6	Net cash from / (used in) investing activities	(125)	(125)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from unissued shares	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(5)
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 (placement application funds)	210	564
3.10	Net cash from / (used in) financing activities	210	559

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,518	1,483
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(305)	(619)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(125)	(125)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	210	559
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,298	1,298

5. Reconciliation of cash and cash equivalents 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	1,298	1,298
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,298	1,298

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

**Current quarter
\$A'000**

70

-

Payments for director fees: \$34,650
Payments for consulting and exploration: \$35,500

All payments are on normal commercial terms

7. Payments to related entities of the entity and their associates

- 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

**Current quarter
\$A'000**

-

-

N/A

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	280
9.2 Development	-
9.3 Production	-
9.4 Staff costs	30
9.5 Administration and corporate costs	70
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	380

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
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: 31 January 2019

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.