



**30 April 2015**

## **Quarterly report for the Period ending 31 March 2015**

### **OVERVIEW**

#### Exploration

- ❖ The Company has continued staged exploration programs on its 100% owned Mt Ridley Project conducting an aircore drilling program to identify the nature of intrusive targets in the highly prospective Albany-Fraser Range Province.
- ❖ Three separate olivine-bearing mafic-ultramafic intrusions have been confirmed by drilling.
- ❖ All olivine-bearing intrusions contain primary disseminated nickel and copper sulphides.
- ❖ Nickel and copper sulphides have been independently verified in both fresh rock aircore hand sample and thin section.
- ❖ Nickel-bearing sulphides include Pentlandite, Violarite and Millerite.
- ❖ Significant nickel intersections to date include 19m @ 0.31% Ni from 42m including 6m @ 0.56% Ni from 53m and 1m @ 0.91% Ni from 57m in MRAC020 and 23m @ 0.29% Ni from 40m including 4m @ 0.49% Ni from 56m in MRAC021.
- ❖ Transported overburden in the areas of interest is relatively thin at around 10-14m thick.
- ❖ Identified nickel and copper sulphides appear coincident with previously announced fixed loop EM conductor at Target 2.
- ❖ Detailed infill ground-based gravity surveys has been completed at Targets 19 & 20

#### Corporate

- ❖ Successful placement of 108,400,000 shares at \$0.027 to institutional, sophisticated and professional investors to raise \$2.93m before costs.
- ❖ Appointment of director Paul Fromson.
- ❖ Significant increase in share price following exploration success.
- ❖ Shareholder meeting held on 10 February 2015 to ratify previous placement of shares and to approve issue of options in connection with previous placement.

## EXPLORATION

### Mt Ridley Project

#### Aircore Drilling

Following the completion of a detailed aeromagnetic / radiometric survey and the selection of intrusive targets in the December quarter, aircore drilling has been completed over the priority targets to assess the geological nature of the targets.

Intrusive targets were field inspected and prioritised for drilling. A total of 92 aircore holes for a total of 4430m, were drilled in the quarter as single line traverses on existing cleared tracks and gridlines, often at very broad and irregular spacing (Figure 1). All holes were drilled vertically to refusal, terminating in basement rocks, initially aiming to locate coarse-grained gabbroic rocks of intrusive mafic-ultramafic origin.

In conjunction with intrusive target investigation, first pass drilling was also completed over intrusive Target 2 (MT02B) investigating a discrete ground EM conductor reported in December 2014.

Drilling confirmed significant thicknesses of olivine gabbro and Troctolite, an olivine-plagioclase bearing rock, within three of the intrusions tested. Most of the world's largest Proterozoic-aged nickel sulphide deposits including Raglan and Voisey's Bay contain these important constituent rocks.

The three main intrusions identified from aircore drilling include:

- Target 19 which has a slightly irregular sheet like or tabular shape with an interpreted strike length in-excess of 7kms;
- Target 20 which has a circular pipe-like shape approximately 400m in diameter; and
- Target 2 containing the EM anomaly which also has a clustered pipe-like shape approximately 400m in diameter.

These three targets all contain varying amounts of olivine-bearing gabbro or Troctolite up to 550m thick (Figure 2). Current drilling density is too widely-spaced to ascertain the facing or way-up direction for either intrusion however limited evidence suggests both are potentially northwest facing. That would place any potential accumulation of magmatic nickel and copper sulphides at or near the south-eastern contact of both intrusions.

Importantly these three targets all have anomalous nickel and copper anomalism. Minerex Services of Esperance have confirmed through petrographic work, that both primary and remobilised sulphides have been identified in the matrix or groundmass of the olivine-bearing gabbros in holes drilled over these three targets. The main identified nickel-bearing sulphide is pentlandite, however supergene variants of pentlandite including violarite and millerite have been confirmed. Other sulphides including pyrite, pyrrhotite, magnetite and chalcopyrite have also been identified.



Primary and remobilised sulphides were first identified through petrographic work at Target 20 in three holes, including MRAC020-022 and then at Target 19 in seven holes MRAC028-034, although both traverses contain broader haloes of nickel/copper anomalism.

Infill drilling at Target 20 was subsequently carried out on 100m spaced lines and 100m spaced holes either side of the original aircore traverse.

Very broad drilling at Target 19 on both north-south and east-west traverses almost 2km apart, identified a 550m thick sequence of olivine bearing gabbro in the northwest and suggests a 7km strike length containing variably anomalous nickel copper mineralisation.

Drilling at Target 2 similarly has confirmed the presence of finely disseminated primary nickel and copper sulphides in the groundmass of olivine bearing gabbroic rocks similar to those found at Targets 19 and 20. Target 2 is a cluster of five separate potential intrusions based on the interpretation of the detailed aeromagnetics. Target MT-02B contains the previously reported mid-late time EM anomaly at a depth of between 50-150m (Figure 2). Aircore drilling only tested two of these five possible intrusions in this cluster with specifically Target MT-02B containing olivine bearing gabbro's and finely disseminated primary nickel and copper sulphides at the base of holes MRAC058, 059 and 060. Interestingly, these three holes containing minor amounts of primary nickel and copper sulphides are situated above the fixed loop EM conductor.

Significant results at Targets 19 & 20 are illustrated in Figure 2. Better intersections from the drilling at Target 2 include 8m @ 0.12% Ni and 125ppm Cu from 44m in MRAC060; and 3m @ 0.12% Ni and 190ppm Cu from 46m in MRAC058 at end of hole.



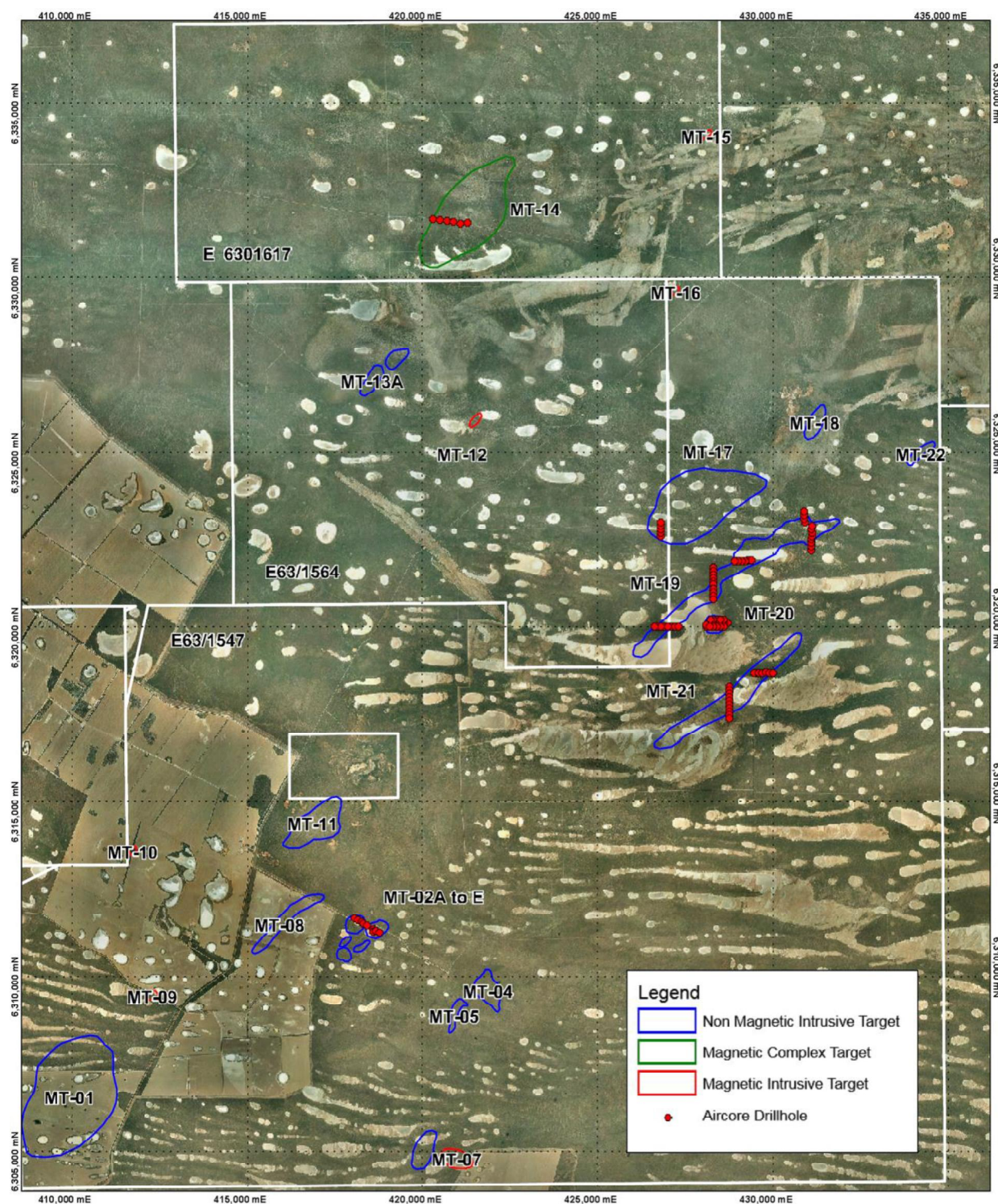
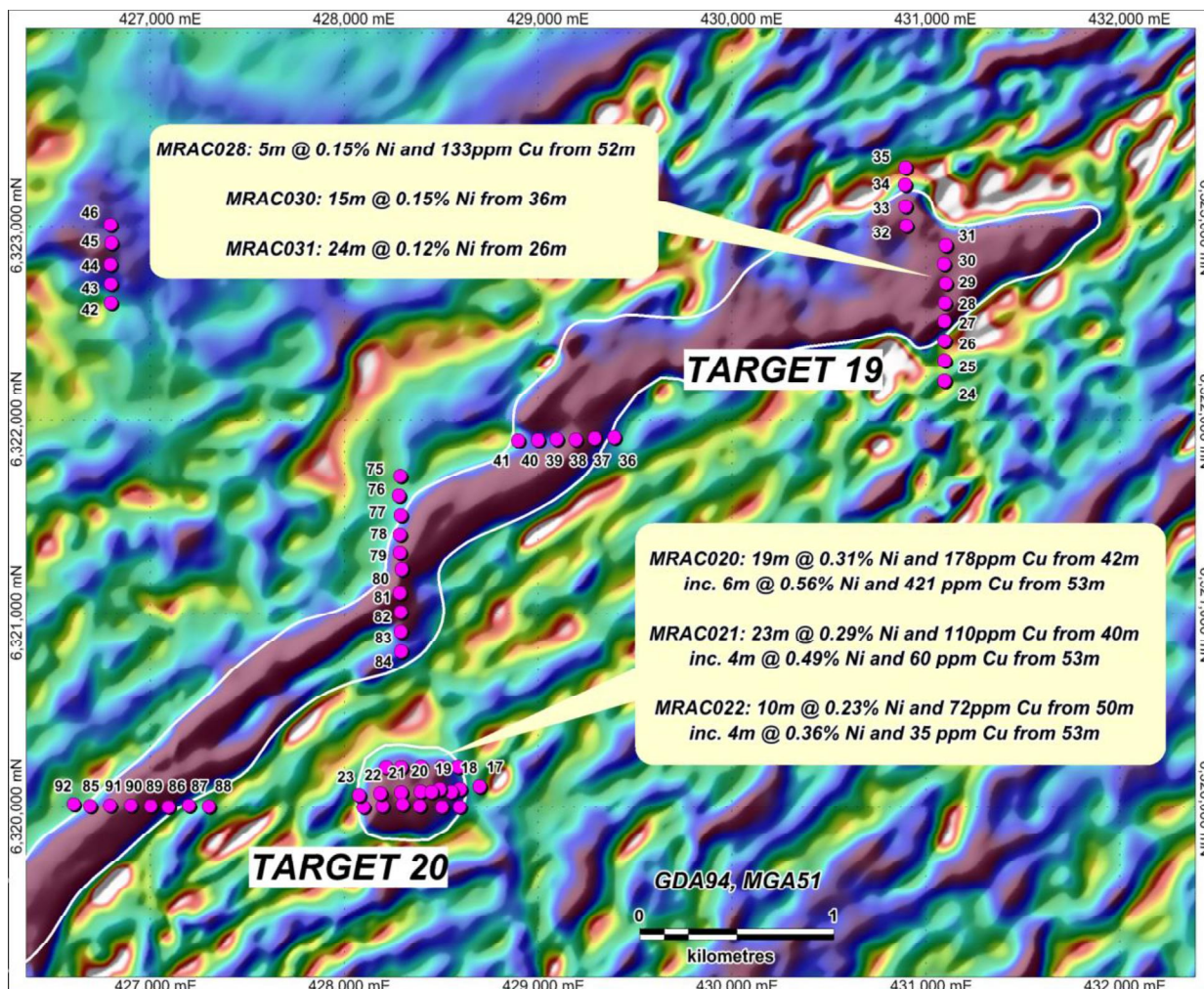


Figure 1: Regional aircore drilling over priority intrusive targets.





**FIGURE 2:** Aeromagnetic image showing location of new aircore drill traverses covering Target 19 & 20



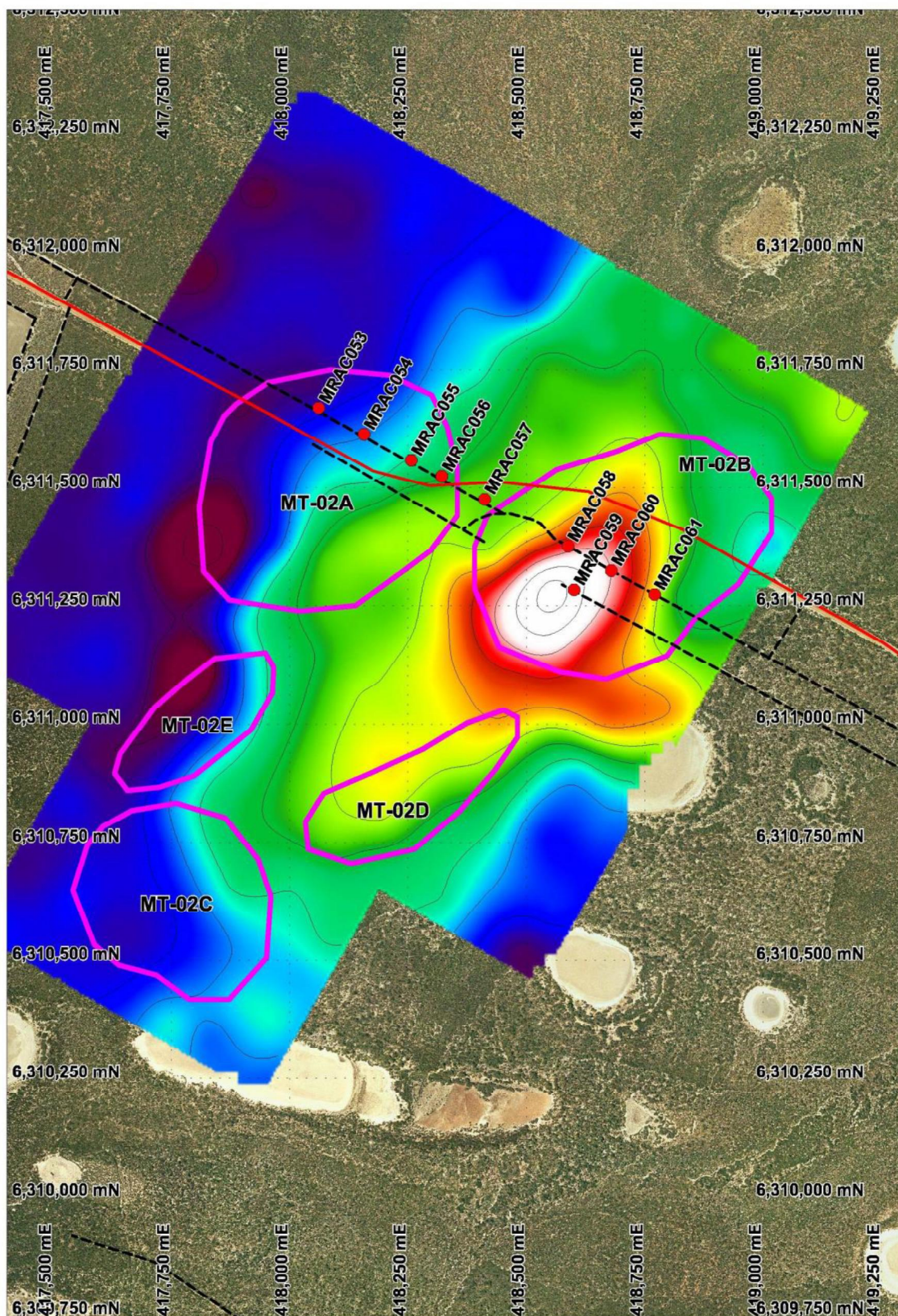


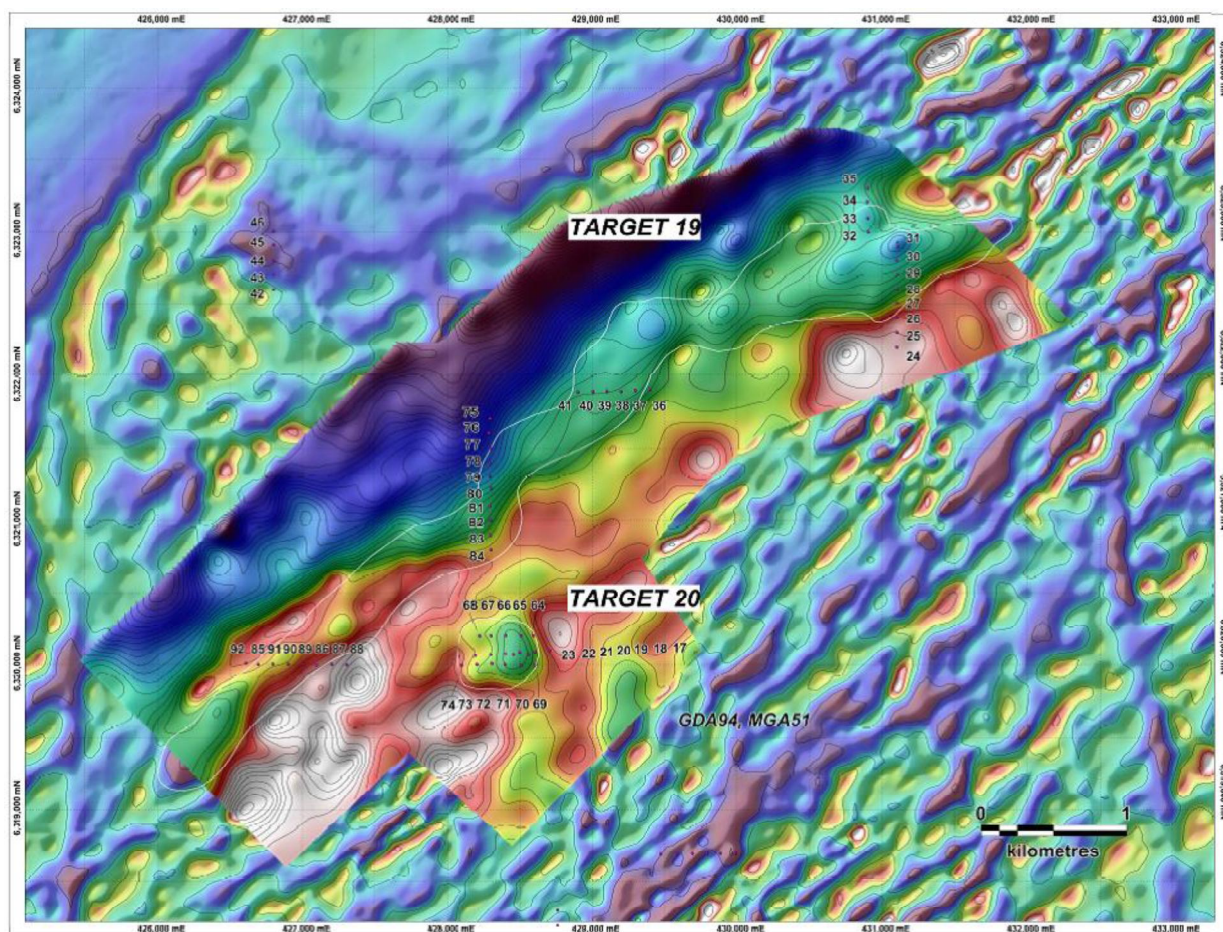
FIGURE 3: FLTEM conductor over Target 2



## Gravity Surveys

In late February and March 2015, Altas Geophysics completed a survey of 620 ground-based gravity stations at targets 19 & 20 (Figure 4) using a Scintrex CG-5 gravity meter to infill broadly-spaced open file data.

Results of this survey show an obvious gravity low over Target 20. This gravity low is interpreted to represent preferential weathering of potential sulphides within the intrusion.



**FIGURE 4:** Gravity over aeromagnetic data and current drilling at Targets 19 & 20

## CORPORATE

Exploration success during the quarter resulted in a stronger share price and the Company made a successful placement of 108.4m shares at \$0.027 to raise \$2.93m before costs. The Board was particularly pleased that institutional investors participated in the placement. The funds will be applied to continuing exploration in the Mt Ridley Project to follow up the exploration success.



A shareholder meeting was held on 10 February 2015 and shareholders approved:

- The appointment of director Paul Fromson, a finance professional with extensive ASX, exploration and mining experience.
- The issue of 48,417,502 options exercisable at \$0.021 on or before 30 June 2016 as attaching options on a one for two basis pursuant to a placement of shares in November 2014.
- The issue of 48,417,502 options exercisable at \$0.021 on or before 30 June 2016 as a mandate fee pursuant to the placement of shares in November 2014.
- The issue of 10,000,000 options exercisable at \$0.021 on or before 31 August 2019 to new director Paul Fromson.

Shareholders also ratified the previous placement of 96,835,004 shares in November 2014.

Cash on hand at the end of the quarter was \$2.73m enabling the Company to continue with an extensive exploration program on its Mt Ridley Project.

For and on behalf of the board

Mr Dean Goodwin. AIG  
**Managing Director**

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*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dean Goodwin who is a Member of the Australian Institute of Geoscientists. Mr Goodwin is the Managing Director of the Company. Mr Goodwin 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 Goodwin consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*



## 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, 01/05/2013

Name of entity

MOUNT RIDLEY MINES LIMITED

ABN

93 092 304 964

Quarter ended ("current quarter")

31 March 2015

### Consolidated statement of cash flows

		Current quarter	Year to date
		\$A'000	(9 months) \$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(418)	(780)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(139)	(371)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	4	8
1.5	Interest and other costs of finance paid	(6)	(30)
1.6	Income taxes paid	-	-
1.7	Other – GST paid	(49)	(87)
<b>Net Operating Cash Flows</b>		(608)	(1,260)
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(a) prospects	(16)	(24)
	(b) equity investments	-	-
	(c) other fixed assets	(59)	(59)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	2	22
	(c) other fixed assets	-	-
1.10	Loans to other entities	(59)	(70)
1.11	Loans repaid by other entities	-	-
1.12	Other – Security Bond	(16)	(16)
<b>Net investing cash flows</b>		(148)	(147)
1.13	Total operating and investing cash flows (carried forward)	(756)	(1,407)

+ See chapter 19 for defined terms.

**Appendix 5B****Mining exploration entity and oil and gas exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(756)	(1,407)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	2,998	4,348
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – Capital raising costs	(206)	(206)
	<b>Net financing cash flows</b>	2,792	4,142
	<b>Net increase in cash held</b>	2,036	2,735
1.20	Cash at beginning of quarter/year to date	699	-
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	2,735	2,735

**Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	122
1.24	Aggregate amount of loans to the parties included in item 1.10	-

## 1.25 Explanation necessary for an understanding of the transactions

Payments for exploration and finance consulting services and directors fees.

**Non-cash financing and investing activities**

## 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

The Company issued 48,417,502 options exercisable at \$0.021 on or before 30 June 2016 as a mandate fee pursuant to the placement of shares in November 2014.  
The Company also issued 5,000,000 options exercisable at \$0.07 on or before 31 March 2018 as mandate fee pursuant to the placement of shares in March 2015.

## 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.



### **Financing facilities available**

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1    Loan facilities	-	-
3.2    Credit standby arrangements	-	-

### **Estimated cash outflows for next quarter**

	\$A'000
4.1    Exploration and evaluation	975
4.2    Development	-
4.3    Production	-
4.4    Administration	163
<b>Total</b>	<b>1,138</b>

### **Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1    Cash on hand and at bank	2,735	699
5.2    Deposits at call	-	-
5.3    Bank overdraft	-	-
5.4    Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>2,735</b>	<b>699</b>

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+ See chapter 19 for defined terms.

## Appendix 5B

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

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#### Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased	EL63/1719 Western Australia	Nil	100%

#### 6.3 Interests in mining tenements at end of the quarter

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%	Proto Resources & Investments Ltd**
Western Australia	Mt Ridley	EL63/1719	100%	Mount Ridley Mines Limited

\*\* Mount Ridley Mines Limited has exercised its option and paid the consideration for this tenement which is awaiting formal transfer.



**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference securities</b> (description)				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	<b>+Ordinary securities</b>	797,174,646	797,174,646		Fully paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	3,416,612 108,400,000	3,416,612 108,400,000	\$0.021 \$0.027	Fully paid Fully paid
7.5	<b>+Convertible debt securities</b> (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> (description and conversion factor)	1,785,714 94,469,366 5,201,982 7,500,000 5,000,000 10,000,000 275,000,000	- - - - - - -	<i>Exercise price</i> \$0.070 \$0.021 \$0.021 \$0.015 \$0.070 \$0.021 \$0.0125	<i>Expiry date</i> 30 June 2016 30 June 2016 31 December 2016 31 December 2016 31 March 2018 31 August 2019 31 August 2019
7.8	Issued during quarter	96,835,004 5,000,000 10,000,000	- - -	\$0.021 \$0.070 \$0.021	30 June 2016 31 March 2018 31 August 2019
7.9	Exercised during quarter	2,365,638 1,050,974	- -	\$0.021 \$0.021	30 June 2016 31 December 2016

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+ See chapter 19 for defined terms.

## Appendix 5B

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

7.10	Expired during quarter				
7.11	<b>Debentures</b> (totals only)				
7.12	<b>Unsecured notes</b> (totals only)				

#### Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Dean Goodwin  
(Managing Director)

Date: 30 April 2015

Print name: Dean Goodwin

#### 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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 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.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.