

14 October 2020

MOUNT RIDLEY ACQUIRES WELD RANGE WEST IRON PROJECT

Mid-West Western Australia

Mount Ridley Mines Ltd (ASX: MRD) (“Mt Ridley” or the “Company”) is pleased to announce that it has acquired a 100% interest in the Weld Range West Iron Project (figure 1), located in the Mid-West region of Western Australia.

- The Weld Range West Iron Project covers approximately 20% of the Weld Ranges
- Tenements cover 4 parallel Banded Iron Formations (“BIF”), each with a strike length of over 10 kilometres, and includes the highly prospective Madoonga and Wilgie Mia Formations
- Mt Ridley’s Project is contiguous with the BIFs that host Sinosteel Midwest Group’s iron ore Madoonga and Beebyn Deposits¹
- In addition, Fenix Resources Ltd (ASX: FEX) 10.5 million tonne JORC Resource Iron Ridge Project² is located approximately 20km north east of the Weld Range West Project
- Drilling will initially target the southern Wilgie Mia Formation and approvals have been sought

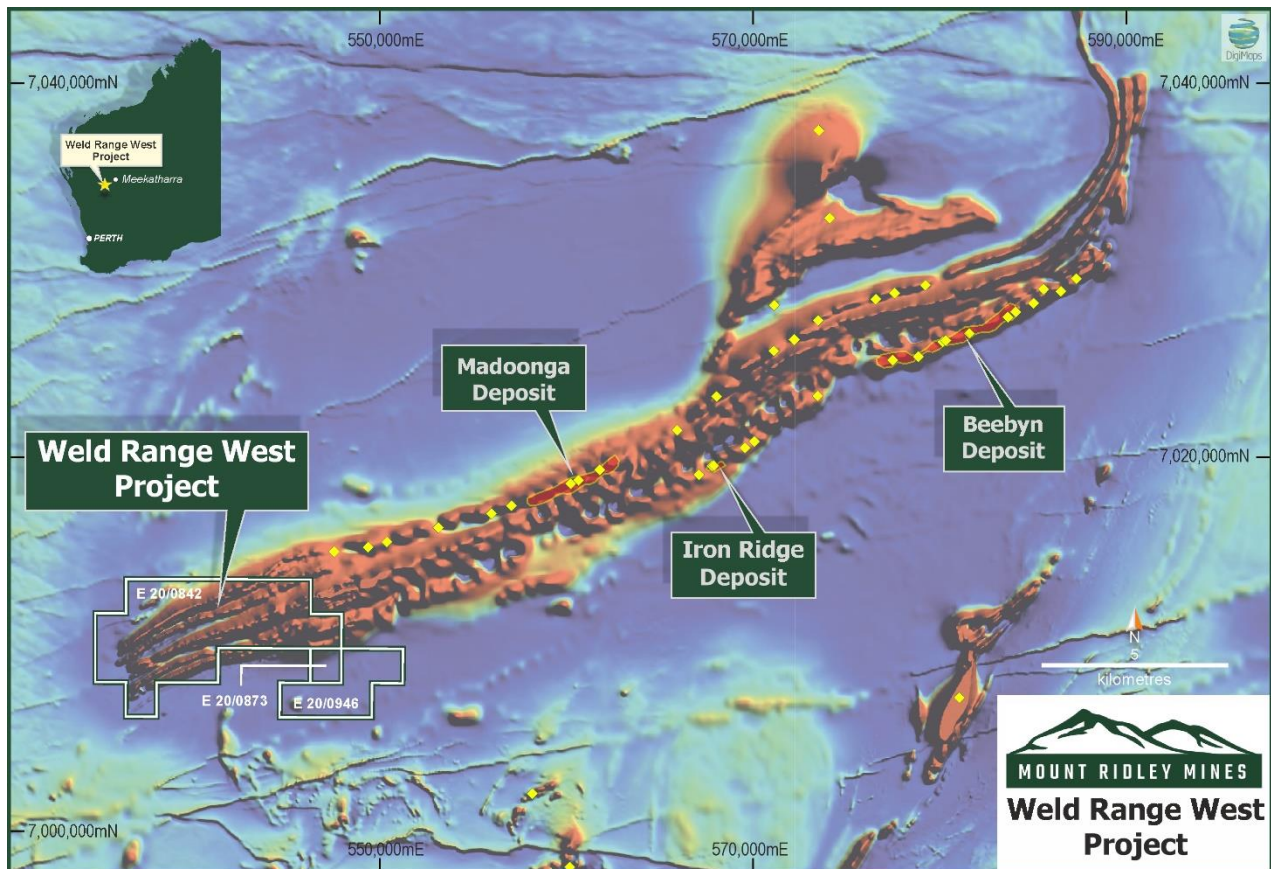


Figure 1: Weld Range West Project with yellow triangles showing known iron ore occurrences.

Note 1. Source <https://smcl.com.au/projects/weld-range/>

Note 2. Fenix Resources Ltd announcement to ASX 21 September 2020

The Mt Weld West Project is located approximately 330km northeast of Geraldton, in the Mid-West region of Western Australia. The area is well known for its banded iron formation (“BIF”) and iron deposits have been recorded by Europeans since 1904, however red ochre was mined at the Wilgie Mia site by Aboriginal people and traded all over Australia from a much earlier time.

Mount Ridley’s Chairman, Mr Peter Christie observed that substantial resources of Iron Ore have been defined in the 80% of the Weld Ranges held by Sinosteel Midwest Corporation Limited (“Sinosteel”) and Fenix Resources Limited (“Fenix”) (ASX: FEX), however detailed drilling has not tested iron targets within Mount Ridley’s ground.

“A review of previous work by earlier explorers has provided Mount Ridley with walk-up drill targets for possible high-grade haematite and goethite ore initially in the Wilgie Mia Formation directly along strike from known iron deposits” Mr Christie said.

About the Weld Range West Iron Project

The Project area comprises 3 granted exploration licences that cover a total area of approximately 76 square kilometres. Native Title has been partially determined in favour of the Wajarri Yamatji people. A working Heritage Protection Agreement is currently in place, which will be assigned to the Company at completion of the acquisition.

The geological stratigraphy (Figure 2) is expected to be analogous to the overall Weld Range package, as aeromagnetic imagery shows that at least 4 parallel horizons of BIF, each over 10 kilometres long, occur within the Project. The northern-most horizon is referred to as the Madoonga formation and the southern-most, the Wilgie Mia Formation. Both are prospective for high-grade (>62.5% Fe) iron ore, the primary target of Mount Ridley’s exploration initiatives.

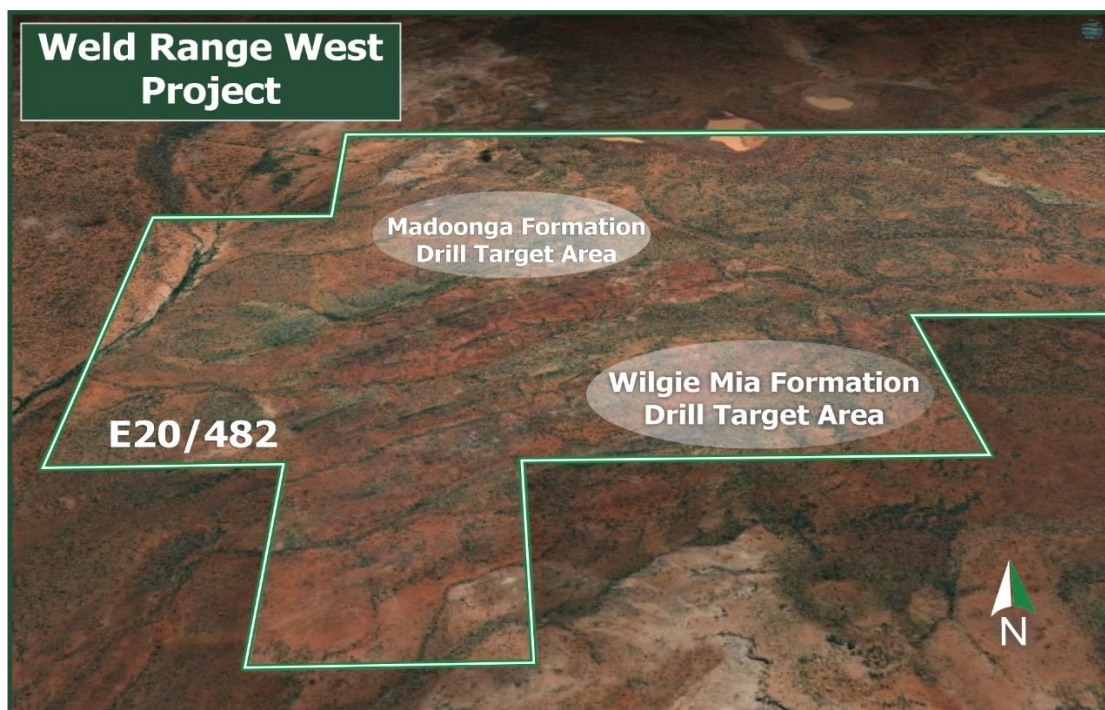


Figure 2: Weld Range West Project showing the Madoonga and Wilgie Mia formations.



The bulk of the Weld Range is held by **SinoSteel**, having acquired the ground from **Crossland Resources Limited**. **SinoSteel** has proposed mining of two deposits, notably the Beebyn and the Madoonga deposits. SinoSteel's Madoonga Deposit is in the Madoonga Formation, 12 km north east from Mt Ridley's Project, and the Beebyn deposit is 35 km along strike in the Wilgie Mia Formation. **Fenix** is also advancing a smaller, approximately 10Mt Direct Shipping Ore (DSO) operation at its Iron Ridge Project with first shipments anticipated early CY 2021 (**FEX**, ASX Announcement, 21 September 2020).

To date, work completed within the tenement package to be acquired by the Company is restricted to geophysical surveys (aeromagnetic and gravity), field traverse geological mapping with extrapolation by interpretation of airphotos, sparse rock chip sampling and one pass of drilling. The Company will conduct a detailed review of the work completed as part of its due diligence on the acquisition.

Proposed Near Term Exploration Activity

Detailed aeromagnetic and gravity surveys were completed by **Crosslands Resources Ltd** in 2008 with the first phase of exploration comprising reprocessing of this geophysical data. It is also proposed further detailed geological mapping of the priority drill targets within the Wilgie Mia and Madoonga formations will take place ahead of program of works applications for a diamond drill program in late CY 2020.

Summary of the Key Terms for the Acquisition of the Mount Weld Project

The proposed transaction allows for an acquisition of 100% of the Project from current registered holding entity Zeedam Pty Ltd (beneficial ownership is governed under a deed of trust between Zeedam Pty Ltd, OreSource Pty Ltd ATF OreSource Trust, Manor Investments Pty Ltd and Jennifer Crook), which owns the Mount Weld Project. The Key Terms are summarised below and presented in more details in Appendix 1.

Consideration

Consideration payable by Mount Ridley Mines to Zeedam under the acquisition comprises:

- 300,000,000 fully paid ordinary shares in the capital of the Company (**Shares**) (**Initial Consideration Shares**);
- 50,000,000 Shares upon declaration of an inferred Mineral Resource of not less than 5 million tonnes of iron ore at 62.5% Fe grade in accordance with the JORC Code of 2012 within the earlier of 12 months from commencement of drilling on the Tenement and 60 months from the date of completion of the Acquisition (**Milestone A**).
- 50,000,000 Shares upon achievement of 1 million tonnes cumulative of shipped Iron Ore production from the Tenement at an Operating Margin of greater than US\$15 per dry metric tonne shipped within the earlier of 24 months from commencement of mining on the Tenement and 60 months from the date of completion of the Acquisition (**Milestone B**).
- 50,000,000 Shares upon achievement of 2 million tonnes cumulative of shipped Iron Ore production from the Tenement at an Operating Margin at greater than US\$15 per dry metric tonne shipped within the earlier of 36 months from commencement of mining on the Tenement and 60 months from the date of completion of the Acquisition (**Milestone C**).

Issue of securities detailed above will be subject to shareholder approval.



The Company grants the Vendor the following royalties:

- 2.2% for beneficiated ore (e.g. magnetite) (**Beneficiated Royalty**);
- 2.7% for other iron ore (e.g. direct shipping iron-ore) (**Iron Ore Royalty**);
- 1.5% gross value for all other minerals (**Other Minerals Royalty**)

of the royalty value of the quarterly productions figures submitted by the Company to the Royalty Branch of the Department of Mines, Industry, Regulations and Safety, (together, the **Royalties**).

Capital Raising

The Company intends to complete a Placement to sophisticated and professional investors, comprising of 402,419,092 fully paid ordinary shares at an issue price of \$0.0015 per share (**New Shares**) to raise a total of \$603,628 (before costs) together with 1:1 free attaching options exercisable at \$0.003 expiring 30 November 2022 (**New Options**).

The New Shares will be issued under the Company's capacity under Listing Rules 7.1 and 7.1A. The new options will be subject to shareholder approval at the Company's upcoming AGM. The Company intends to complete the raising in the coming days and will confirm the issue is complete with a relevant Appendix 2A. The funds will be used primarily to explore the Company's Mount Ridley and New Weld Range Projects.

Transaction Fee

The Company intends to pay a fee of \$75,000, payable in Shares at a deemed issue price of \$0.0015 each totaling 50,000,000 shares, to RM Corporate Finance Pty Ltd (**Transaction Fee**). The fee will be subject to shareholder approval at the upcoming annual general meeting of shareholders.

The Company requests the ASX please lift its trading halt on the release of this announcement.

For and on behalf of the board

Peter Christie
Chairman
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Competent Persons Statement

The information contained in this report to exploration results relates to information compiled or reviewed by Guy Le Page who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Le Page is a director of the Company. Mr Le Page 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 Le Page consents to the inclusion in the announcement 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

About Mount Ridley Mines Limited

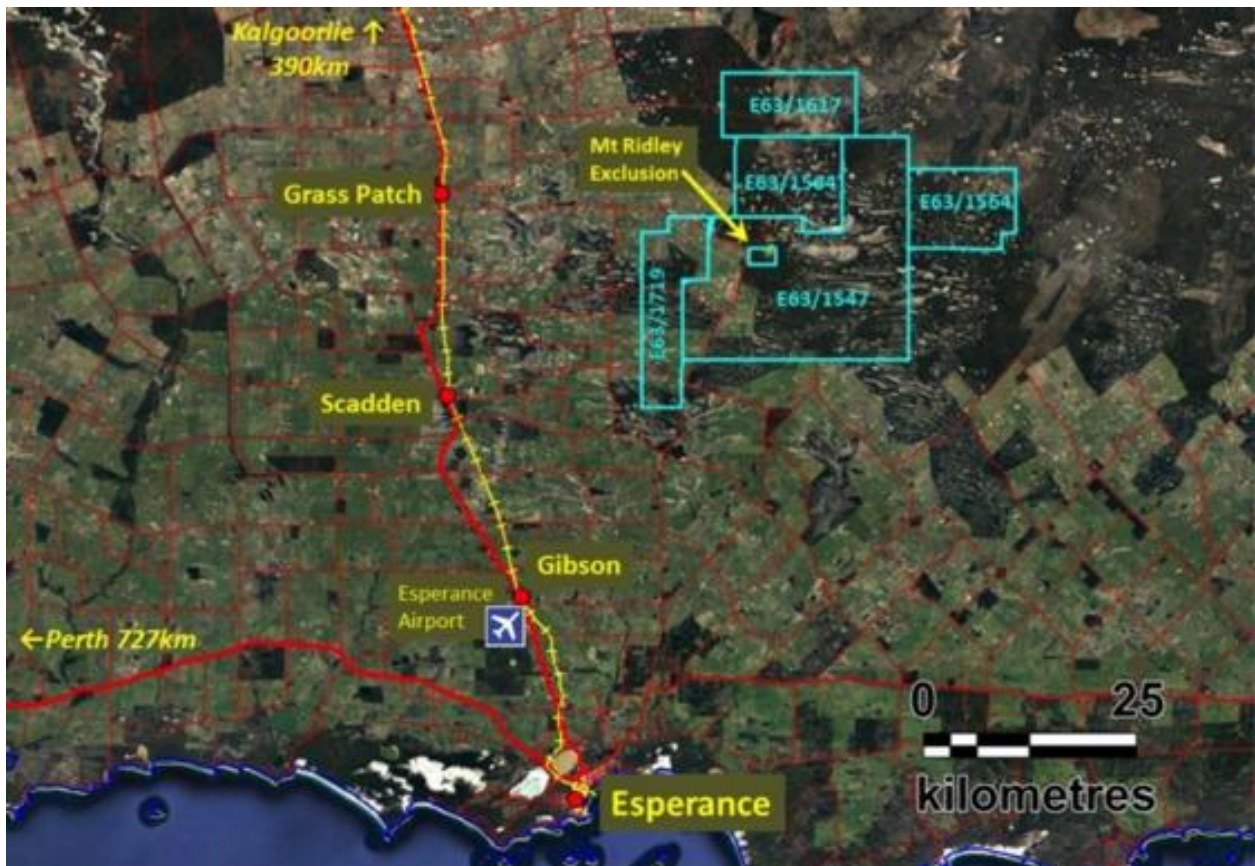


Figure 3: Mount Ridley Project, Albany Fraser Range of Western Australia.

Mount Ridley is a company targeting demand driven metals in Western Australia. At its namesake Mount Ridley Project located within a Fraser Range sub-basin, drilling has intersected disseminated and blebby nickel and copper sulphides hosted in a differentiated mafic intrusion. Further drilling will be planned following a detailed SQUID geophysical survey which is to be completed as soon as possible.

A shortage of supply of iron ore, in part due to the effects of COVID-19 in Brazil, has resulted in a rise in price which makes projects like the Weld Range West Project very compelling, where exploration success could result in a fast tracked mining operation.

Appendix 1 – Acquisition Agreement

The material terms of the Acquisition are as follows:

(a) Option

in consideration for the Company making a payment of \$25,000 to the Vendor, the Vendor will grant the Company an option to acquire the Tenements (**Option**), exercisable by written notice to the Vendor for nil consideration.

(b) Consideration

If the Company exercise the Option, it will issue the following consideration to the Vendor:

- (i) 300,000,000 fully paid ordinary share in the capital of the Company (**Shares**) (**Initial Consideration Shares**);
- (ii) the following number of Shares on achievement of the following milestones:

| Milestone | Shares | Expiry Date |
|-----------|------------|--|
| A | 50,000,000 | Declaration of an Inferred Mineral Resource of not less than 5 million tonnes of iron ore at 62.5% Fe grade in accordance with the JORC Code of 2012 within the earlier of 12 months from commencement of drilling on the Tenement and 60 months from completion of the Acquisition (Milestone A Achievement Date). |
| B | 50,000,000 | Achievement of 1 million tonnes cumulative of shipped Iron Ore production from the Tenement at an Operating Margin of greater than US\$15 per dry metric tonne shipped within the earlier of 24 months from commencement of mining on the Tenement and 60 months from the date of completion of the Acquisition (Milestone B Achievement Date). |
| C | 50,000,000 | Achievement of 2 million tonnes cumulative of shipped Iron Ore production from the Tenement at an Operating Margin of greater than US\$15 per dry metric tonne shipped within the earlier of 36 months from commencement of mining on the Tenement and 60 months from the date of completion of the Acquisition (Milestone C Achievement Date). |

Together Milestones A, B and C Shares, the **Deferred Consideration Shares**, in consideration for the Acquisition (**Consideration**). A separate submission will be made to ASX seeking a waiver for the issue of the Deferred Consideration Shares outside of the period of 3 months following the date that shareholder approve the transaction.

(c) Royalty

The Company grants the Vendor the following royalties:

- (i) 2.2% for beneficiated ore (e.g. magnetite) (**Beneficiated Royalty**);
- (ii) 2.7% for other iron ore (e.g. direct shipping iron-ore) (**Iron Ore Royalty**); and
- (iii) 1.5% gross value for all other minerals (**Other Minerals Royalty**),

of the royalty value of the quarterly productions figures submitted by the Company to the Royalty Branch of the Department of Mines, industry, Regulations and Safety, (together, the Royalties).



(d) Conditions Precedent

Settlement is conditional upon the satisfaction (or waiver) of the following Conditions Precedent:

(i) Due diligence

Completion of legal and technical due diligence by the Company on the Tenements, to the absolute satisfaction of the Company.

(ii) Assignment

The Vendor validly assigning, by way of a Deed of Assignment in a form approved by the Company, the Alternate Heritage Agreement with the Wajarri Yamatji People (**Heritage Agreement**).

(iii) Shareholder approval

The shareholders of the Company approving the transactions contemplated by this Agreement in a general meeting, including a resolution authorising the allotment and issue of the Consideration Shares to the Vendor in accordance with the ASX Listing Rules and the Corporations Act 2001 (Cth) (**Corporations Act**).

(iv) Regulatory approvals

The Parties obtaining all necessary regulatory approvals or waivers pursuant to the ASX Listing Rules, Corporations Act or any other law to allow the Parties to lawfully complete the matters set out in this Agreement, including for the issue of the Deferred Consideration Shares to the Vendor or its nominees.

(v) Third party approvals

The Parties obtaining all third-party approvals and consents necessary to lawfully complete the matters set out in this Agreement.

(vi) Adverse Events

There being no event occurring prior to the date of Settlement which materially and adversely affects the Assets and/or the Vendor including a breach of warranty, to be determined at the discretion of the Company,

(together, the **Conditions Precedent**).