

ASX Announcement

8 December 2015

Exploration Drilling Update

Highlights

- **Narrow stringer of semi-massive sulphide intersected at 179 metres downhole in diamond hole MRDD010. Sulphide stringer likely to have proximal source.**
- **Portable XRF Niton results confirm the presence of up to 5.4% nickel (Ni) and 1.2% copper (Cu) from the stringer sulphide in diamond core.**
- **Thick discontinuous 160 metres plus zone of lightly disseminated and globular to blebby sulphides intersected within coarse grained meso-cumulate ultramafic units.**
- **Mineralisation in MRDD010 is not conductive and is not the source of conductor T19C01 which has yet to be found.**
- **Coarse grained meso-cumulate ultramafics at Target 19 believed to have extensive strike lengths.**

MRDD010 Update

Mount Ridley Mines Ltd (ASX: MRD) (or “the **Company**”) is pleased to provide an update on diamond hole MRDD010 at its 100% owned Mt Ridley Project in the Albany-Fraser Range Province.

MRDD010 was designed to test for extensions to the 45 metre thick zone of lightly disseminated and globular to blebby sulphides intersected in MRDD005 and also test the southern end of conductor T19C01. (See MRD ASX announcement, 20th August 2015).

MRDD010 has intersected a discontinuous 160 metre thick plus zone of minor (1-5%) disseminated and globular to blebby sulphides from 110 metres-270 metres downhole including a 5cm thick stringer of semi-massive sulphides (50-70%) at 179 metres downhole (See Figure 2.0).

This new zone is still open downhole as the hole is not complete.

These sulphides are interpreted to represent a cloud or halo style mineralisation surrounding a potential massive or semi massive sulphide accumulation located nearby. Importantly the mineralisation intersected to date in MRDD010 is not conductive and is therefore not the source to conductor T19C01 which has yet to be found.

Niton XRF returns up to 5.4% Nickel and 1.2% Copper

Niton XRF readings taken from the narrow stringer indicates that nickel and copper are present in the form of pentlandite (nickel sulphide) and chalcopyrite (copper sulphide). Values recorded by the handheld Niton XRF analyser returned nickel readings ranging from 1.5% up to 5.4% while copper returned readings of between 0.2% up to 1.2%. Laboratory analysis is required to verify these results however the Niton readings indicate clearly that nickel and copper sulphides are present in the system.

The sulphide mineralisation is hosted in a very coarse grained pyroxene-olivine bearing meso-cumulate identical to that identified in MRDD005.

Presence of Stringers, Globules & Blebs is Encouraging

The presence of stringer and globular to blebby Ni and Cu sulphides is highly encouraging (see Figures 2.0 and 3.0). Globules and blebs are thought to represent zones of settling where the sulphides are coalescing and moving down through the semi molten crystals to the base of the host coarse grained rock unit where massive sulphides would be expected to accumulate.

The apparent thickening of the mineralised zone from 45 metres in MRDD005 to 160 metres plus in MRDD010 indicates the company is heading in the right direction towards discovering a potential massive sulphide accumulation nearby.

The Company will continue to drill MRDD010 until the hole has passed out of the mineralised zone into non-mineralised olivine norite.

MRDD010 **has not** intersected any sediment's at all down to the holes current depth of 276 metres.

MRDD011 to be drilled 80 metres along strike from MRDD010

A new diamond hole, MRDD011, is currently being planned to follow-up MRDD010 with the view of completing this hole prior to the Christmas break. This new hole will be drilled some 80 metres along strike to the South West of MRDD010 to a depth of approximately 350 metres.

Assay results from holes MRDD010 and the new MRDD011 are not expected until late in December 2015.

Downhole EM Surveying

Downhole EM surveying will also be carried out in holes MRDD007, MRDD008, MRDD010 and MRDD011 to locate any off-hole conductors which will aid in the design of future diamond holes. This work will be carried out in January 2016.

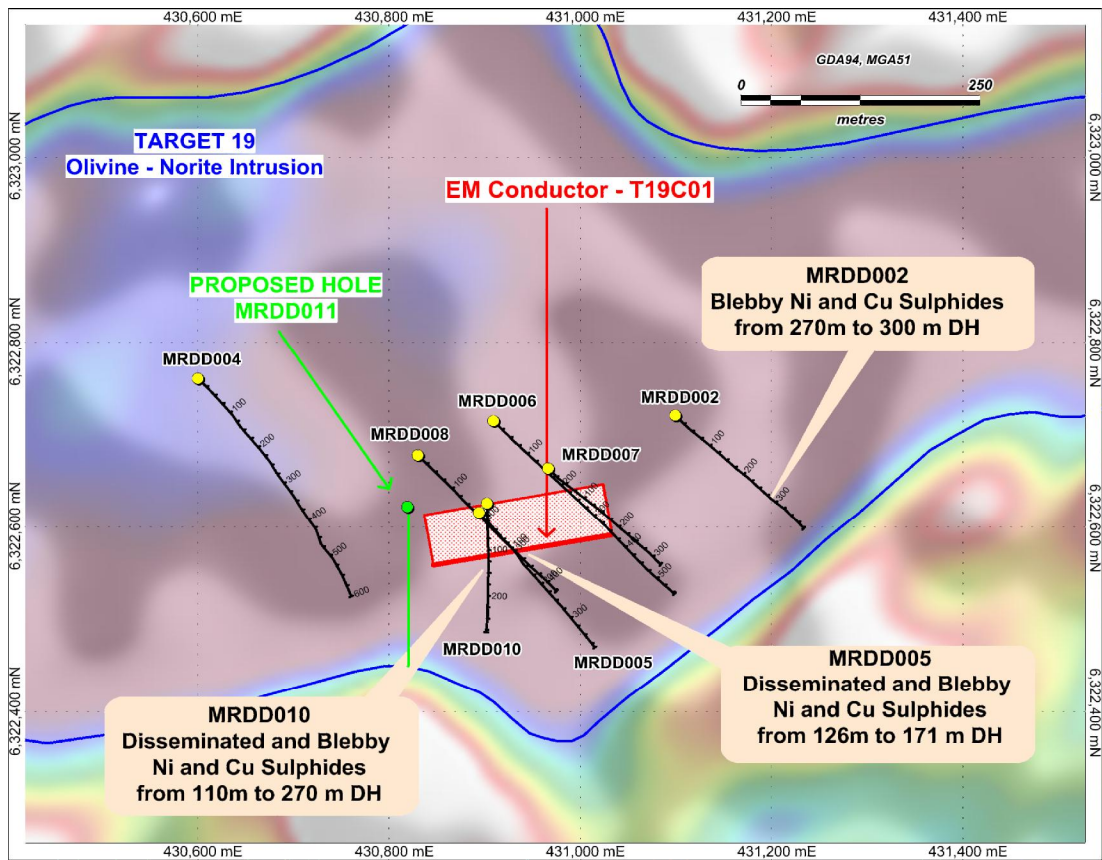


FIGURE 1: Aeromagnetic image showing the location of bedrock conductor T19C01 together with the location of diamond hole MRDD010 and surrounding diamond holes.



FIGURE 2: Core from MRDD010 showing stringer sulphides at depth 179 metres. Note the sulphides encasing large olivine and pyroxene crystals. Portable handheld Niton XRF readings range from 1.5% up to 5.4% nickel and from 0.2% up to 1.2% copper.

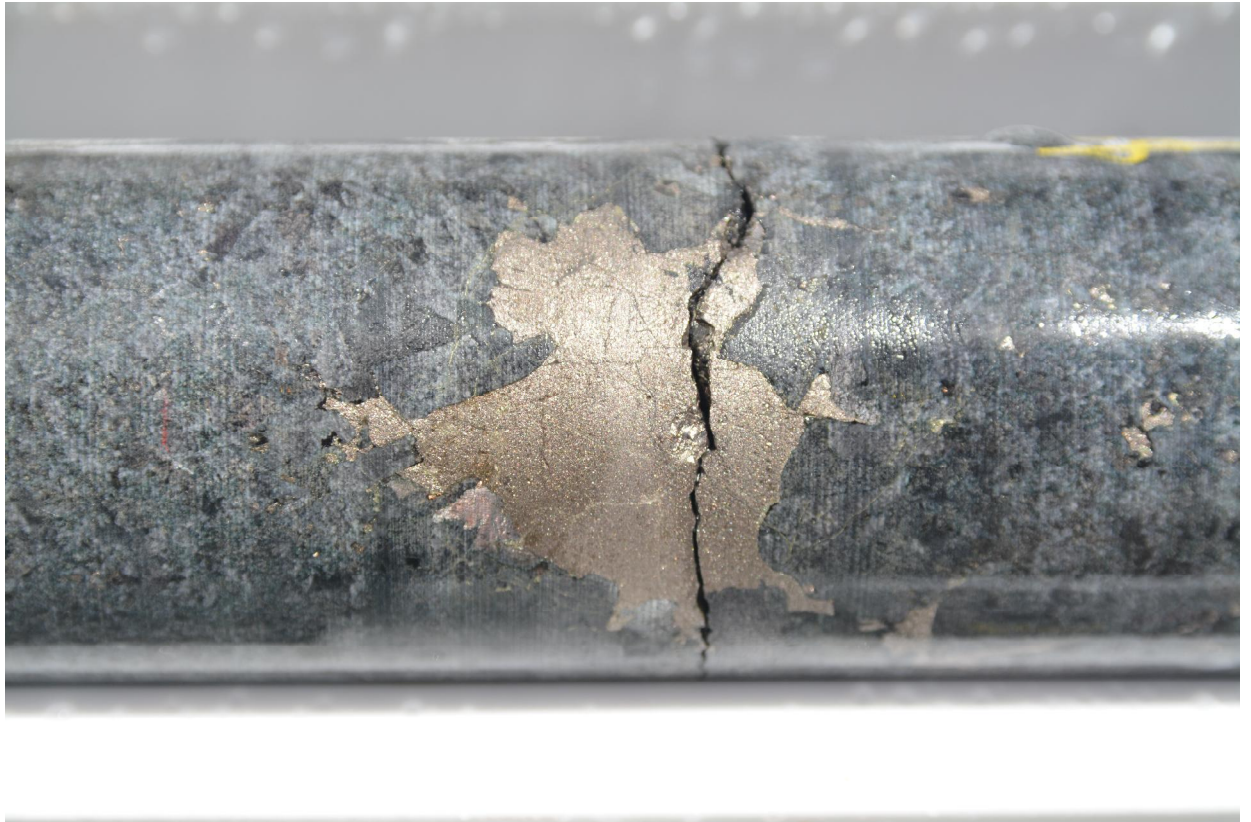


FIGURE 3: Core from MRDD010 showing large sulphide bleb at depth 194.85m. Portable handheld Niton XRF readings range from 1.6% up to 4.1% nickel and from 0.1% up to 0.4% copper.

For and on behalf of the board

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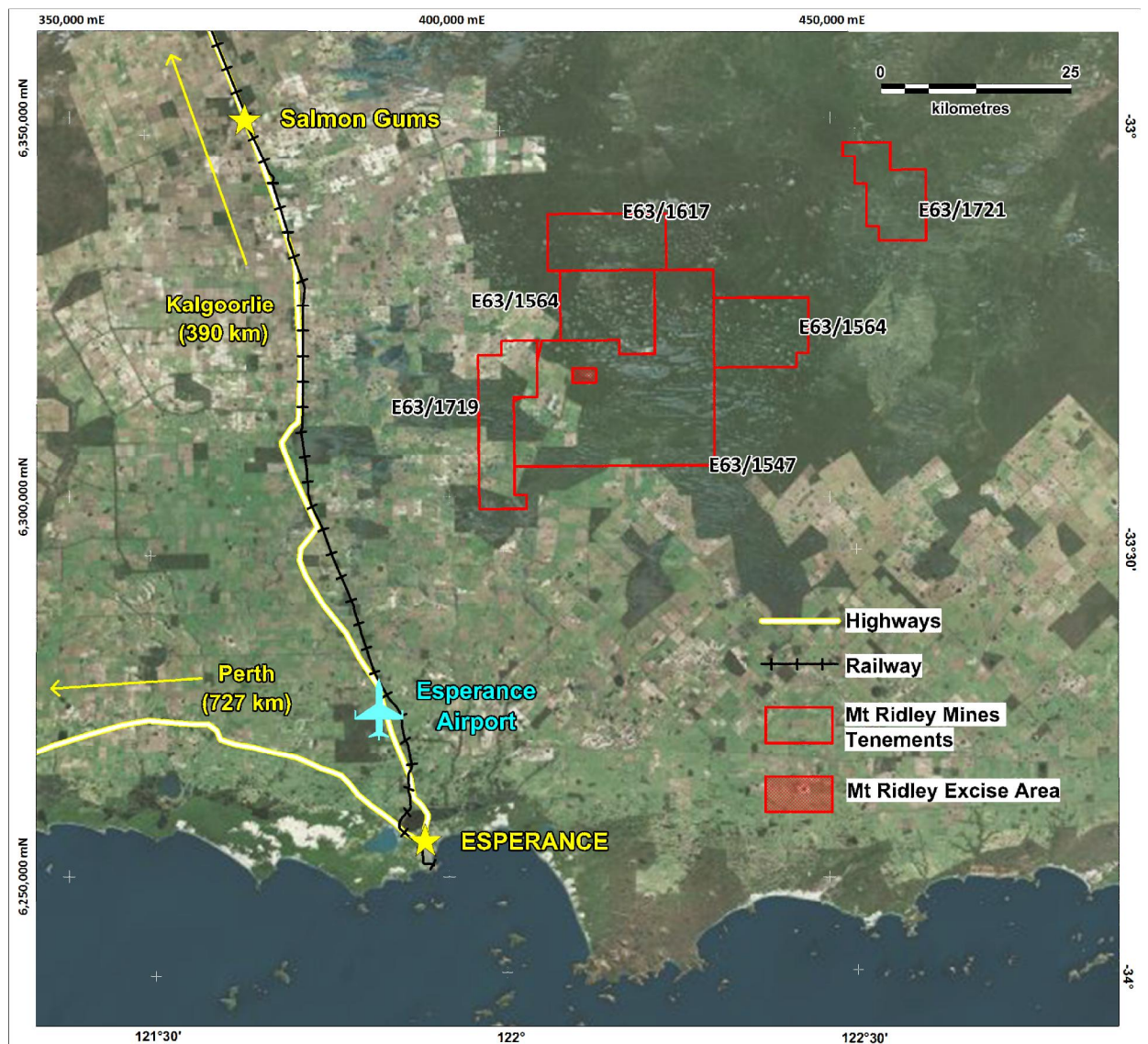
The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dean Goodwin who is a Member of the Australian Institute of Geoscientists. Mr Goodwin is the Managing Director of the Company. Mr Goodwin has sufficient experience 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.

About Mount Ridley Mines Ltd

Mount Ridley Mines Ltd is a Perth based Australian Exploration Company focusing primarily on projects in the Fraser Range region with 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. The Company currently has a portfolio of tenements totaling in excess of 1000sq/kms in what is fast becoming the world's most exciting emerging nickel province.



ASX ANNOUNCEMENT

Appendix 1 Mt Ridley Mining Limited – Mt Ridley Project – Diamond Drilling JORC CODE 2012.

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling technique	<ul style="list-style-type: none"> Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used Aspects of the determination of mineralisation that are material to the Public report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1m samples from which 3kg was pulverised to produce a 30g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> Diamond core samples analysed in field using a Niton XL3t Gold plus field portable XRF analyser. Diamond core samples are being sent to Perth for laboratory analysis.
Drilling techniques	<ul style="list-style-type: none"> Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method etc.). 	<ul style="list-style-type: none"> The diamond drilling was conducted by ONQ Exploration using a NQ2 (50.6 mm diameter) bit Drill collars are surveyed using hand-held GPS (+/- 5m horizontal accuracy) All core, where possible, are orientated using a Reflex ACT II RD orientation tool
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed Measurements taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<ul style="list-style-type: none"> Core recoveries are physically measured by drillers for every drill run. Appropriate measures are taken to maximize sample recovery and ensure the representative nature of the samples. This includes diamond core being reconstructed on angle iron racks for orientation, metre marking and reconciled against core block markers

	JORC Code explanation	Commentary
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. Whether logging is qualitative or quantitative in nature. Core (or costean, channel etc.) photography. The total length and percentage of the relevant intersections logged 	<ul style="list-style-type: none"> All drill holes are geologically logged in their entirety. Logging is both qualitative and quantitative Qualitative descriptions of colour, grain size, texture and lithology are recorded for each sample. Thin sections of significant samples are to be made for detailed petrological analysis.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all core taken. If non-core, whether riffles, tube sampled, rotary split, etc. and whether sampled wet or dry. For all sample types, quality and appropriateness of the sample preparation technique. Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> No blanks or standards were used for the Niton XRF analysis. Measurements were taken on significant mineralisation that were visually identified. No measure of repeatability or representivity of measurements are provided
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established. 	<ul style="list-style-type: none"> Drill core geochemical results taken from XRF Niton XLt3 Gold plus model. Duration 20 seconds per filter with 40 seconds in total. No calibration factors applied. No standards or blanks used. Field portable XRF analysis does not provide whole rock analysis but rather single point beam over <1mm² of rock and should not be considered whole rock representative analysis. Laboratory analysis of grinding, splitting, pulverizing and analytic technique is the industry standard acceptable method of whole rock analysis Analysis conducted for Ni, Cu and Co.

	JORC Code explanation	Commentary
Verification of sampling and assaying	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes Documentation of primary data, data entry procedures, data verification, data storage (physically and electronic) protocols. Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> Not applicable at this early stage of exploration Not applicable at this early stage of exploration The Niton XRF was carried in the field and used at the core storage facility. Niton analytical results are deemed fit for purpose to indicate confirmation of Ni and Cu sulphide mineralisation.
Location of data points	<ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resources estimation. Specification of the grid system used. Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> Drill collar positions were recorded with handheld GPS system with expected accuracy of +/- 5m horizontal. Drill core are located and orientated with a Reflex ACT II RD orientation tool and physical measurement of core intervals / lengths. The grid system for the Mt Ridley Project is GDA94, MGA Zone 51 Topographic control is based on the GPS heights and radar altimeter data from an airborne magnetic and radiometric survey (100m line spacing).
Data spacing and distribution	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Reserve and Ore Reserve estimation procedure(s) and classifications applied. Whether sample compositing has been applied. 	<ul style="list-style-type: none"> Niton XRF analysis has been undertaken on visible sulphide mineralisation to detect the presence of Ni and Cu. This analysis is not suitable for establishing continuity of grade over any interval. Samples will be sent for laboratory analysis using standard industry techniques.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> Niton XRF measurements are undertaken on sulphide mineralisation of economic interest. Drilling has been undertaken on mineralized horizons which are thought to be sub-vertical. The true width of intersections are not known at this point

	JORC Code explanation	Commentary
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> Drill core are logged in field and transferred to a locked storage facility in Gibson
Audits or reviews	<ul style="list-style-type: none"> The results of and audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> Each drill run is witnessed by MRD geologists or field technicians. No audits or reviews have been undertaken.

Section2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenements and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interest, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> Tenement E 63 /1547. Dundas mineral field. The tenement is 100% held by Mt Ridley Mines Ltd. The tenure is secure and in good standing at the time of writing
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgement and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> Previous exploration has primarily targeted lignite
Geology	<ul style="list-style-type: none"> Deposit type, geological settings and style of mineralisation. 	<ul style="list-style-type: none"> Mt Ridley Mining is exploring primarily for magmatic hosted Ni-Cu sulphide.
Drill hole information	<ul style="list-style-type: none"> A summary of all information material for the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> Easting and northing of the drill hole collar Elevation or RL (Reduced level-elevation above sea level in metres)and the drill hole collar Dip and azimuth of the hole Down hole length and interception depth Hole length 	<ul style="list-style-type: none"> Due to the nature of this drilling and the early phase of exploration all holes with significant intersections of visible nickel and/or copper sulphides have been assayed. Holes have not been reported due to the fact that most intersections have been anomalous only. The remaining holes do not have any significant results. Drilling was undertaken testing conceptual targets, although some of the holes are barren they do provide valuable geological information.

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	
Data aggregation methods	<ul style="list-style-type: none"> In reporting Exploration results, weighing averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually material and should be stated. Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<ul style="list-style-type: none"> No assay results are reported No assay results are reported No metal equivalent values have been reported.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known') 	<ul style="list-style-type: none"> The geometry of mineralized horizon is unknown All drill hole intercepts are measured in down hole metres
Diagrams	<ul style="list-style-type: none"> Appropriate maps and sections (with scales) and tabulations of intercepts would be included for any significant discovery being reported. These should include, but not be limited to plan view of drill hole collar locations and appropriate sectional views. 	<ul style="list-style-type: none"> Appropriate plans have been included in the body of the report
Balanced reporting	<ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> Not applicable at this early stage of exploration

Criteria	JORC Code explanation	Commentary
Other substantive exploration data	<ul style="list-style-type: none"> <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations, geophysical survey results, geochemical survey results, bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or containing substances.</i> 	<ul style="list-style-type: none"> A detailed aeromagnetic survey was completed in October 2014; the drill targeting is based on the interpretation of this dataset for intrusive features that could potentially be associated with magmatic hosted nickel sulphides. The data and interpretation have been discussed in previous ASX releases and exploration updates. Detailed ground aircore drilling has been undertaken which identifies a mineralised horizon with elevated Ni and Cu in the supergene zone Ground TEM surveys have been undertaken that have identified a conductive horizon that is coincident with the elevated Ni and Cu assays from aircore drilling. The target conductor has not been intersected or confirmed by drilling and downhole EM. Ambiguity exists in the interpretation of the EM data due to the highly conductive overburden
Further work	<ul style="list-style-type: none"> <i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, providing this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> Infill aircore drilling is being planned over target 19 to delineate high priority areas for follow-up electromagnetic (TEM) surveying and diamond drilling. Diamond drill hole MRDD011 has been planned to test the strike extent of the mineralized horizon (as indicated in Figure 1) DHTEM surveying of MRDD007, 008, 010 and 011 will be undertaken to detect conductors associated with massive sulphide mineralisation near these holes.