ASX ANNOUNCEMENT

22 June 2016

Company Announcements Office, ASX Ltd

Deep Diamond Drill Testing of Priority AMT Targets Commencing at Target 19

Highlights

- **Deep diamond drilling to get underway in the coming days focusing on several high priority AMT conductors including the new high priority AMT phase anomaly target.**
- **Detailed 3D inversion modelling has strengthened the emerging priority AMT phase anomaly target beneath diamond holes MRDD011, MRDD012 and MRDD013.**
- **Deep diamond drilling program aims to test at least 4-5 AMT target areas.**

Mount Ridley Mines Ltd (ASX: **MRD**) (or "the **Company**") is pleased to advise that a program of deep diamond drilling is to commence in the coming days at its 100% owned Mt Ridley Project in the Albany-Fraser Range Province.

The deep diamond holes will be drilled into priority AMT conductive targets including the new high priority AMT phase anomaly target discussed in the Company's last ASX announcement (See ASX release dated 3rd June 2016). The first of these deep diamond holes will be drilled into the phase anomaly target to a depth of approximately 650-700m with the top of the AMT target expected around 450-500m downhole (See Figure 1.0). The hole is expected to take 3 weeks to complete.

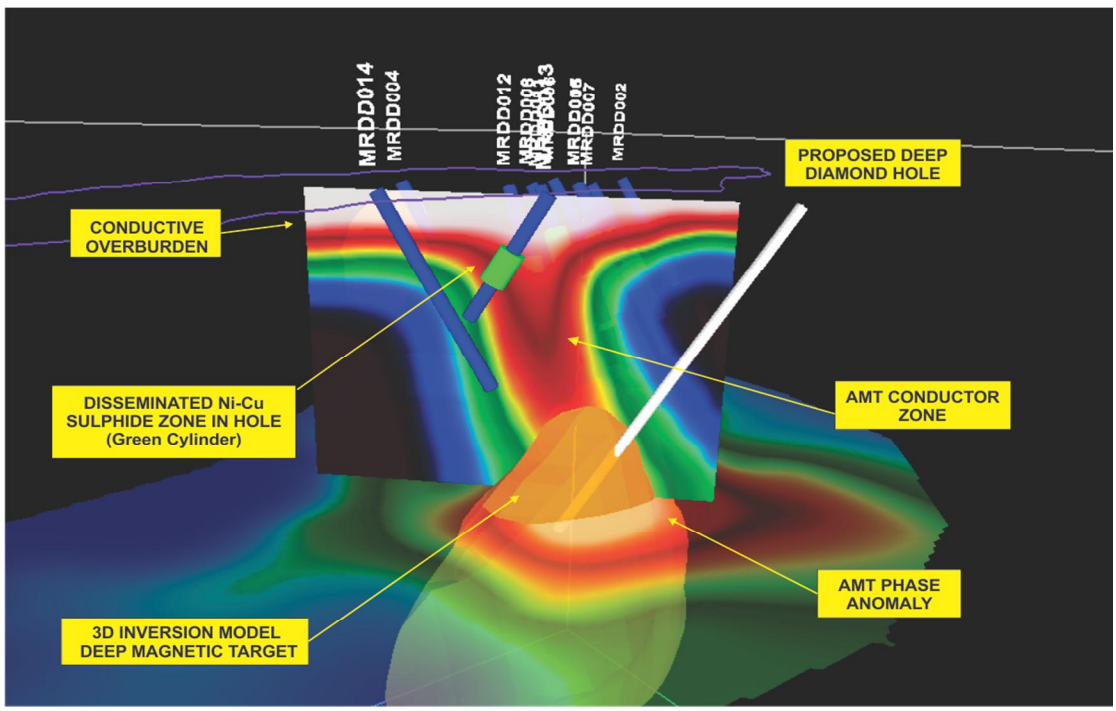

Figure 1.0 – 3D perspective view showing the location of the proposed deep diamond hole on section 45,900N in relation to the AMT conductor zone, 3D inversion model and new priority AMT phase anomaly target. Note how well the 3D inversion model coincides with the AMT phase anomaly.

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The results from the 3D inversion work show a strong magnetic body located in the same area as the AMT phase anomaly. The AMT phase anomaly indicates the presence of a relatively strong conductive feature in the bedrock located approximately 500m below surface. This same AMT phase anomaly was also detected by previous moving loop ground EM surveying which eluded to a large deep conductive feature but the conductor's significance and location wasn't fully understood until all other recently completed geophysical survey results were compiled and interpreted.

Interestingly the results from these recent geophysical surveys including ground magnetics, gravity, fixed loop EM, AMT and 3D inversion modelling are all pointing to this one location as the standout area to commence the search for massive nickel-copper sulphide mineralisation. At least 2-3 deep diamond drill holes are planned for this priority target. These should take approximately 2-3 months to complete.

Deep Diamond Drilling Testing other AMT Targets

Deep diamond drilling will also be conducted at other AMT conductor anomalies within Target 19 (See ASX release dated 16th March 2016). Holes have been designed to test at least 4-5 priority AMT targets over the coming 4-6 months. The program may be altered depending on results from ongoing diamond drilling and geophysical surveying however the aim is to test as many AMT anomalies as possible.

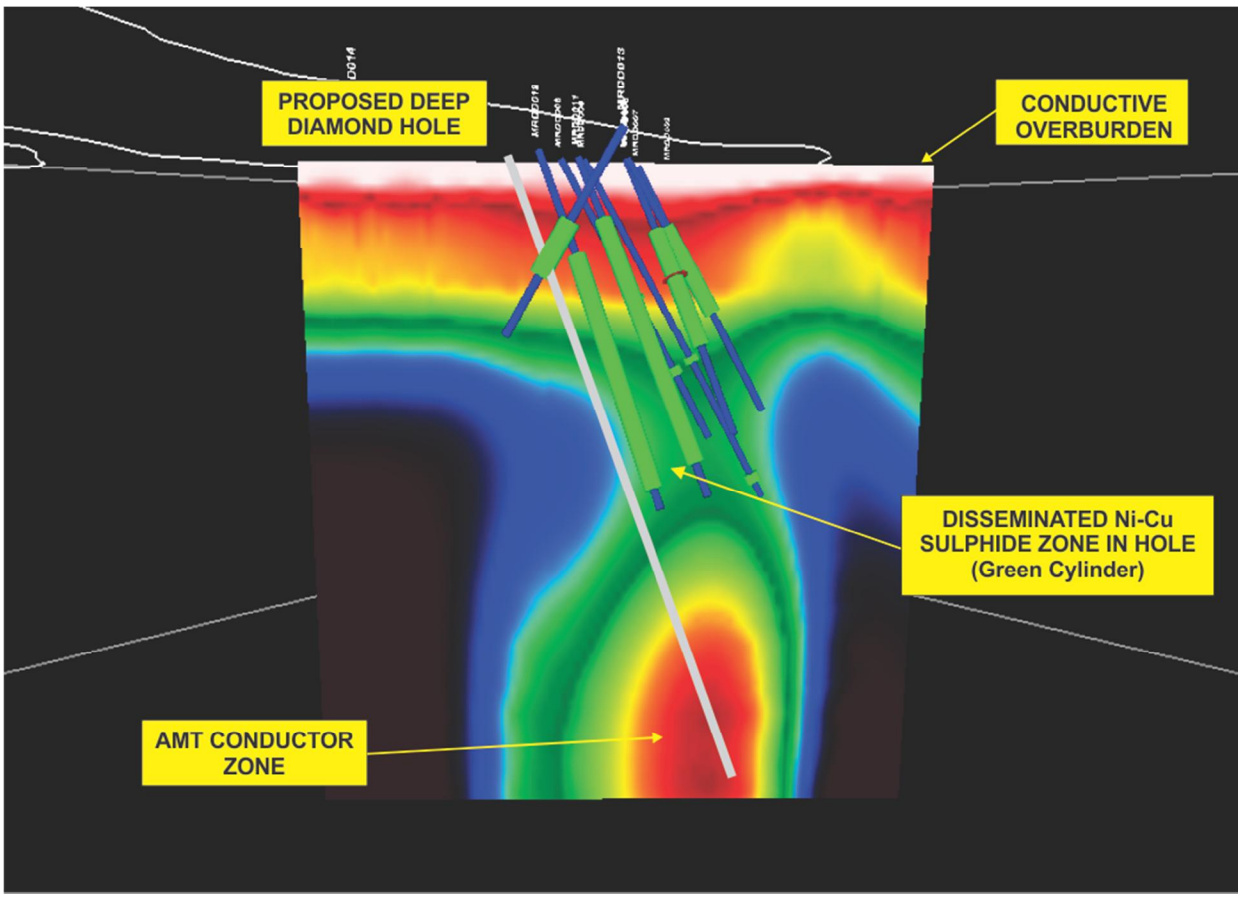

Figure 2.0 – Cross section 46,300N showing planned diamond hole testing deeper AMT conductor zone. Red and white colours indicate more highly conductive material while the green and blue colours indicate less conductive. The stronger conductor zone is located approximately 200-250m down dip/plunge beneath the existing diamond drilling.

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Upcoming Exploration Programs

Downhole EM surveying will be conducted on the first of the deep diamond holes once completed. Downhole EM is designed to locate any nearby off-hole conductors aiding in the targeting and planning of future diamond holes.

Further detailed gravity surveying will be carried out on a 400m x 200m grid across the regional gravity trend from Target 2 to Target 19 commencing in early July. The aim of this survey is to identify denser objects within the regional gravity trend that are closer to the surface within reach of potential diamond drilling. These shallower dense objects could represent feeder zones tapping into much deeper magma chambers containing significant sulphide mineralisation, as is the case potentially at Target 19. Once these shallower dense objects have been identified AMT surveying will be conducted.

For and on behalf of the board

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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 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.

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.

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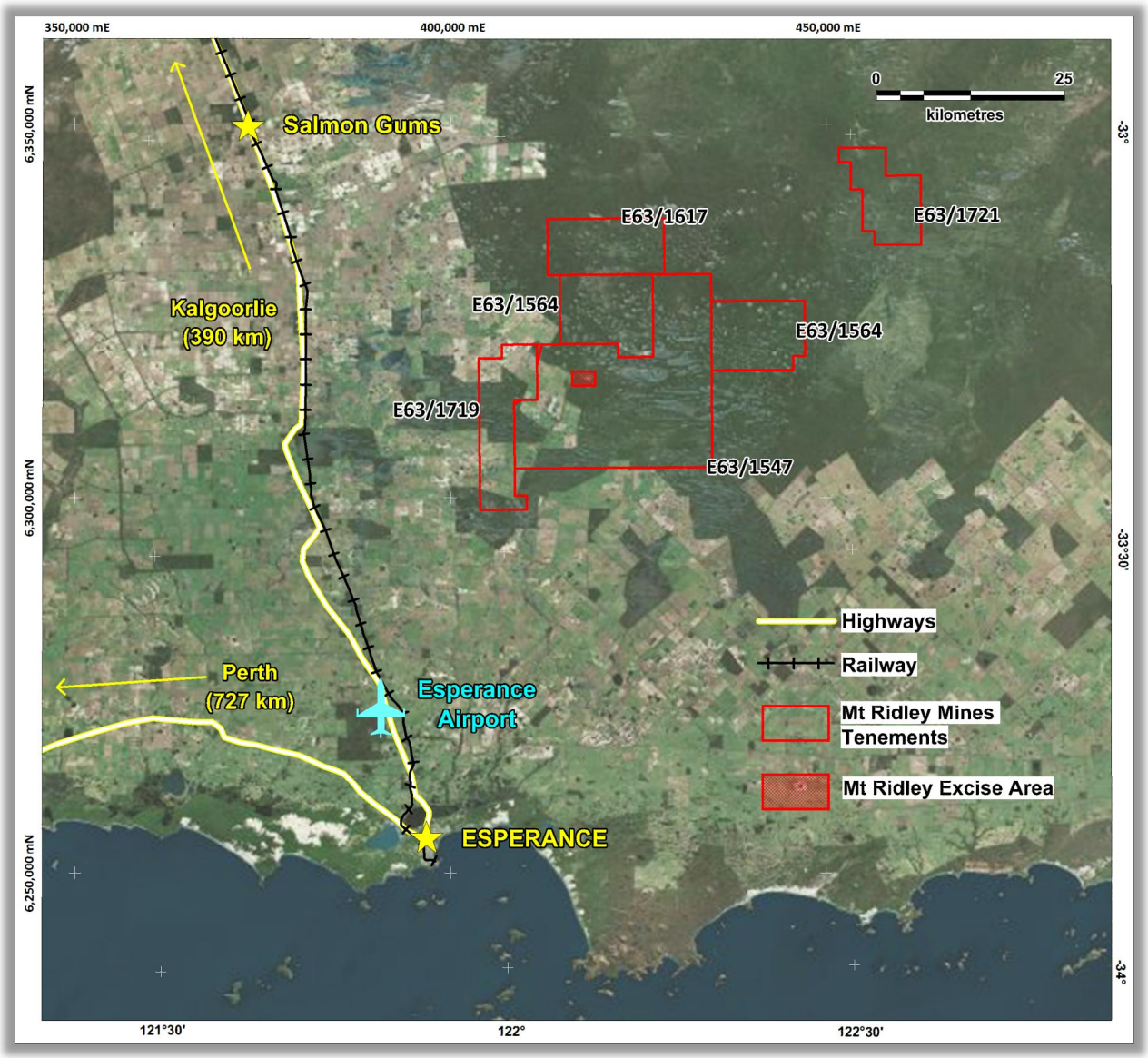
About Mount Ridley Mines Ltd

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 success.

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 a new and exciting emerging nickel province.



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

Section1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling technique	• *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.*	• **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.** • **Ground magnetotelluric (MT) readings were completed, using 200m line spacing with 100m, 200m and 500m station spacing, by Zonge Australia. MT survey QC parameters were reviewed by independent supervising geophysicists from Southern Geoscience Consultants and Moombarriga Geoscience.** • **Ground magnetic surveys were conducted by Mount Ridley field staff using 50m line spacing with a continuous reading walkmag. Data QC has been conducted by independent supervising geophysicists from Southern Geoscience Consultants.** • **Ground gravity surveys have been conducted by Atlas Geophysics using 100m and 200m station spacing. Data QC has been conducted by independent supervising geophysicists from Southern Geoscience Consultants** • **Ground EM (FLEM) surveys have been conducted by GEM Geophysics using 100m line spacing and 50m station spacing. Data QC has been conducted by independent supervising geophysicists from Southern Geoscience Consultants**
Drilling techniques	• *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.).*	• **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**

Criteria	JORC Code explanation	Commentary
Drill sample recovery	• *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.*	• **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**
Logging	• *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*	• **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	• *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.*	• **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**

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Criteria	JORC Code explanation	Commentary
Quality of assay data and laboratory tests	• *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.*	• **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.**
Verification of sampling and assaying	• *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.*	• **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.** • **All primary analytical data for the geophysical surveys (MT, gravity, FLEM and ground magnetics) were recorded digitally and sent in electronic format to Southern Geoscience Consultants for quality control and evaluation.**

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Criteria	JORC Code explanation	Commentary
Location of data points	• *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.*	• **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. Ground magnetic, FLEM and MT station locations are recorded using handheld GPS system with expected accuracy of +/- 5m horizontal. Gravity station locations are recorded using RTK or DGPS corrected GPS / GLONASS systems with an expected accuracy of <2cm horizontal and <5cm vertical. GPS base stations positions are resolved using AUSPOS and all gravity readings are tied to the AFGN.** • **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 (50m and 100m line spacing).**
Data spacing and distribution	• *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.*	• **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.**

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Criteria	JORC Code explanation	Commentary
Orientation of data in relation to geological structure	• *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.*	• **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**
Sample security	*The measures taken to ensure sample security.*	• **Drill core are logged in field and transferred to a locked storage facility in Gibson**
Audits or reviews	• *The results of and audits or reviews of sampling techniques and data.*	• **Each drill run is witnessed by MRD geologists or field technicians. No audits or reviews have been undertaken.** • **All geophysical data have been reviewed and by Southern Geoscience Consultants. Additional review of the MT data has been performed by Moombarriga Geoscience.**

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Section2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenements and land tenure status	• *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.*	• **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	• *Acknowledgement and appraisal of exploration by other parties.*	• **Previous exploration has primarily targeted lignite**
Geology	• *Deposit type, geological settings and style of mineralisation.*	• **Mt Ridley Mines is exploring primarily for magmatic hosted Ni-Cu sulphide.**

Drill hole information	• *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:*
	  ○ *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*
	• *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.*
		• **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.**

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Criteria	JORC Code explanation	Commentary
Data aggregation methods	• *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.*	• **No assay results are reported** • **No assay results are reported** • **No metal equivalent values have been reported.**
Relationship between mineralisation widths and intercept lengths	• *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')*	• **The geometry of mineralized horizon is unknown** • **All drill hole intercepts are measured in down hole metres**
Diagrams	• *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 too plan view of drill hole collar locations and appropriate sectional views.*	• **Appropriate plans have been included in the body of the report**
Balanced reporting	• *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.*	• **Not applicable at this early stage of exploration**

Criteria	JORC Code explanation	Commentary
Other substantive exploration data	• *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.*	• **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	• *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, providing this information is not commercially sensitive.*	• **3D inversion of the MT data is being performed to help confirm and resolve potential massive sulphide target conductors at depth.** • **Additional MT data may be acquired depending on the results of the geophysical modelling.** • **Drill targeting is planned to test the conductive targets generated by 2D modelling of the MT data and plate modelling of fixed loop EM data**