

Quarterly Report for the Period ending 30 June 2016

OVERVIEW

- ❖ Audio Magnetotelluric (AMT) geophysical surveys have detected a new large phase anomaly down dip/plunge of recent diamond drilling at a depth of approximately 500-600m below the surface. This new AMT phase anomaly represents a high priority drill target.
- ❖ 3D inversion modelling of AMT and magnetic data show a strongly magnetic body coincident with the new AMT phase anomaly.
- ❖ Recently completed fixed loop TEM has identified a bedrock conductor (T19C04) located proximal to the AMT phase anomaly.
- ❖ Detailed ground magnetic surveys have revealed a bullseye anomaly coincident with the AMT phase anomaly.
- ❖ A regional gravity survey has identified a complex body made up of two dense ridges, one of which runs adjacent to Target 19.
- ❖ Re-examination of previously collected detailed gravity data has shown a dense object adjacent to diamond holes MRDD010, MRDD011 and MRDD012.
- ❖ The broad zones of disseminated and globular nickel and copper sulphides intersected in holes MRDD010, MRDD011 and MRDD012 are visible in AMT modelling.
- ❖ AMT conductor anomalies have been found to be coincident with coarse-grained, sulphidic, mesocumulate ultramafics in existing drill core.
- ❖ A number of deep AMT conductor targets are present in addition to existing EM conductor targets T19C01, T19C02 and T19C03.
- ❖ Diamond holes MRDD013 & MRDD014 have successfully tested the veracity of the AMT model.
- ❖ No graphitic sediments have been intersected to date in any aircore or diamond drill holes in and around the Target 19 intrusion.
- ❖ No aircore drilling has been conducted during the quarter

EXPLORATION

Work in the quarter has aimed at improving the quality of future targets with the view of de-risking upcoming deep diamond drill programs.

The expected properties of a large massive sulphide exploration target would be;

- Electrically conductive
- Magnetic
- Dense
- Positioned in a favourable geological and/or stratigraphic position.

To this end AMT, fixed loop ground EM, gravity and ground magnetic surveys have all been undertaken to increase the confidence and strength of future drilling targets.

AMT surveying has been shown to be very successful in identifying deep conductive anomalies under Target 19. Together with 3D inversion modelling, a strong AMT phase anomaly (conductive feature) has been identified.

Fixed loop EM surveying has been conducted over this AMT phase anomaly, successfully identifying a proximal bedrock EM conductor (T19C04).

A detailed ground magnetic survey over the same AMT phase anomaly has revealed a bullseye magnetic feature adjacent to existing diamond drilling.

A regional gravity survey has identified a complex body made up of two dense ridges, one of which runs adjacent to Target 19 together with a large dense object close to existing diamond drilling.

Diamond drilling carried out during the quarter has successfully tested the veracity of a shallow AMT conductor model. Hole MRDD013 intersected 66m of minor disseminated and globular Ni-Cu sulphides almost right in the middle of the AMT conductor showing clearly that AMT is working.

Mt Ridley Project

Geophysical Audio Magnetotelluric (AMT) Modelling

AMT surveying to date has been successful in identifying a strong phase anomaly at Target 19 indicating the presence of a conductive bedrock feature approximately 500-600m below the surface. Additional AMT surveying to the west has identified other deep conductive features up to 450-750m beneath the supergene enrichment zone, one with a strike length in-excess of 800m. These features line up remarkably well with the overlying supergene enrichment zone especially where the values of nickel and copper are at their highest.

Selected 3D inversion modelling has been completed on the AMT data in an effort to properly resolve the geometry of the conductive body. The results show a strong magnetic feature located in the same area as the AMT phase anomaly. The AMT phase anomaly indicates the presence of a relatively strong conductive body in the bedrock located approximately 600m below the surface. This same AMT phase anomaly was also detected by previous moving loop ground EM surveys but the conductor's significance 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 the one location as an exceptional target.

Ground EM Surveying (FLEM)

Fresh ground-based EM surveying was undertaken in areas not previously covered by existing ground EM work. One of the three loops laid out was positioned over a shallow AMT target that had been detected back in March. The shallow AMT target was located some 100m along strike to the SW from current diamond drilling.

The survey successfully delineated a fixed loop EM conductor located some 200m below surface. It has been modelled as a steep south-east 70 degree dipping body adjacent to the contact between the intrusion and the footwall mafic granulite (see Figure 1). The conductor plate T19C04 coincides with the AMT conductor zone and sits up-plunge from the 500-600m deep AMT phase anomaly.

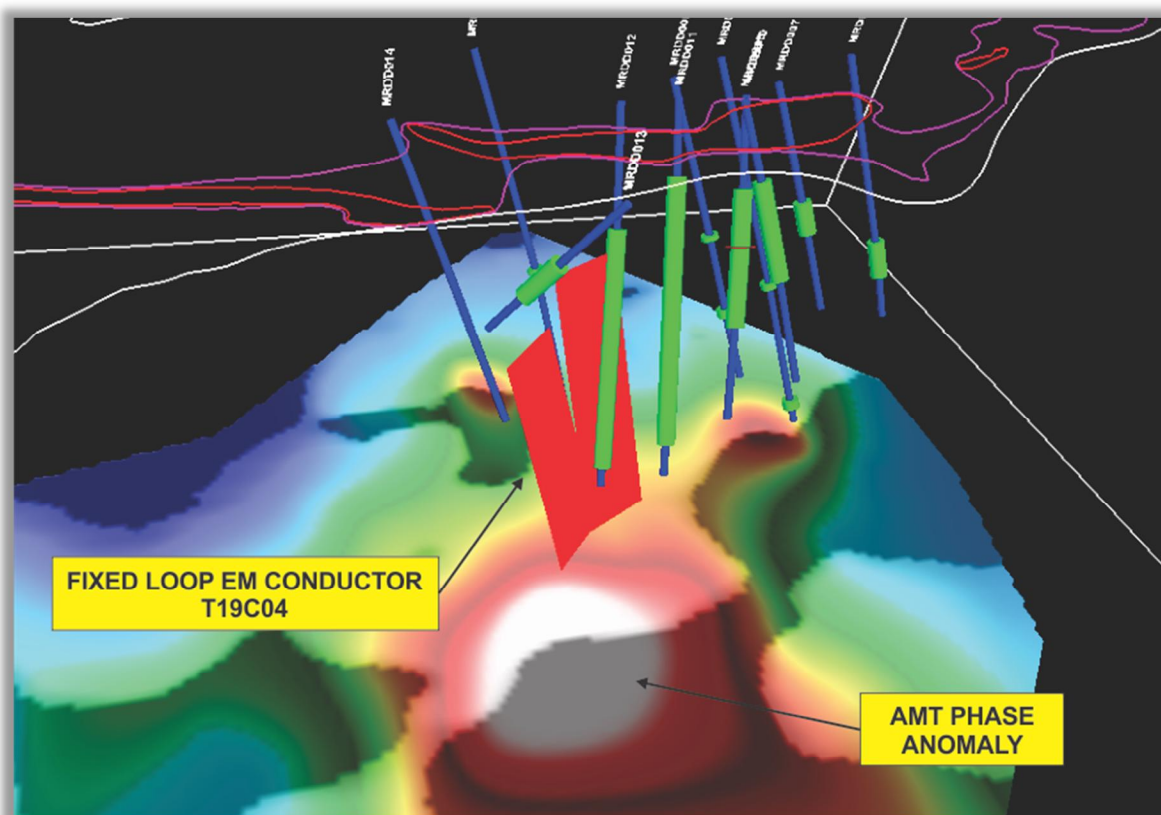


Figure 1 – 3D view of the location of new fixed loop EM conductor T19C04 in relation to the new AMT phase anomaly which is located beneath T19C04 some 500-600m below surface. Hole MRDD012 is close to conductor T19C04 but is unlikely to be the source because of the disseminated nature of the Ni-Cu mineralisation.

Ground Magnetic Survey

A detailed ground magnetic survey on 50m line spacing has been completed. The survey is designed to cover the area over the original AMT survey. The objective of the survey is to highlight areas of greater magnetism that could be associated with more concentrated nickel and copper sulphide mineralisation.

Preliminary results have revealed a bullseye magnetic anomaly adjacent to existing diamond drilling at Target 19 (see Figure 2). The magnetic anomaly is coincident with a major flexure of the intrusions SE contact at which point the contact has rolled over or overturned. These structurally complex geological environments are ideal locations for massive sulphide accumulation.

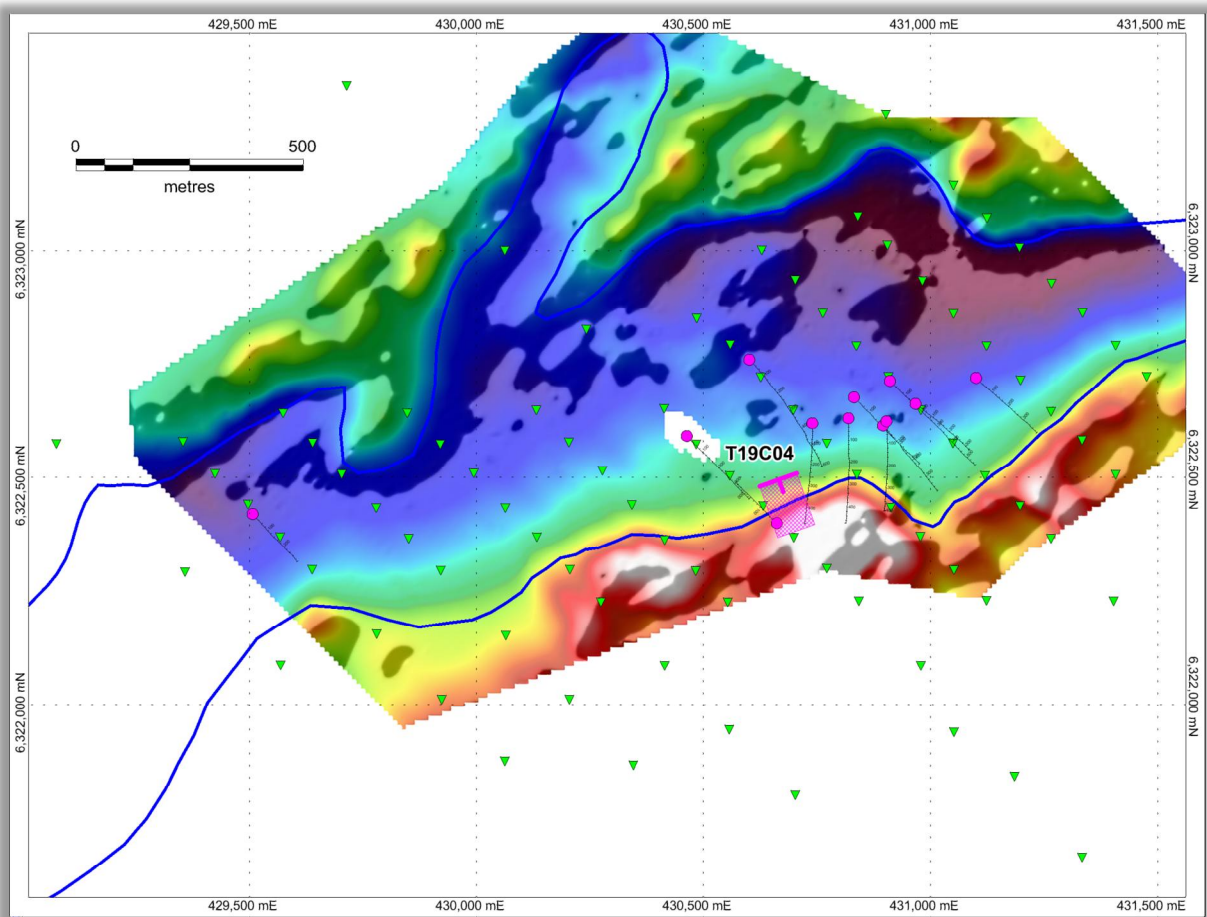


Figure 2 – Plan showing location of bullseye magnetic anomaly (white in colour) in relation to existing diamond holes, the flexure in the SE contact and the new fixed loop EM conductor T19C04.

Gravity Surveying

A regional gravity survey was undertaken in May to provide more data over the regional gravity trend which extends the whole length of the Mt Ridley project area. The survey consisted of 6 lines some 8-15km long, in a NW-SE orientation, conducted on existing tracks, grid lines and through virgin bush. The survey was designed to gain more clarity on the large dense anomaly that sits beneath the project on a regional scale and ascertain how close to the surface it might get.

Results have revealed a complex body made up of two main dense ridges, one of which runs adjacent to Target 19.

The data suggests the dense ridge could be some kind of magma chamber which is feeding the intrusions. More detailed gravity surveying is required to better understand what is happening at depth beneath Target 19 and along this trend. This new survey is scheduled to get underway in July on a 400m x 200m grid and cover an area from Target 2 all the way to Target 19.

Previous detailed gravity data collected by the Company over Target 19 was re-examined in light of the recent geophysical surveying. The data has shown a dense object adjacent to diamond holes MRDD010, MRDD011 and MRDD012 sitting right in the flexure of the SE contact (See Figure 3).

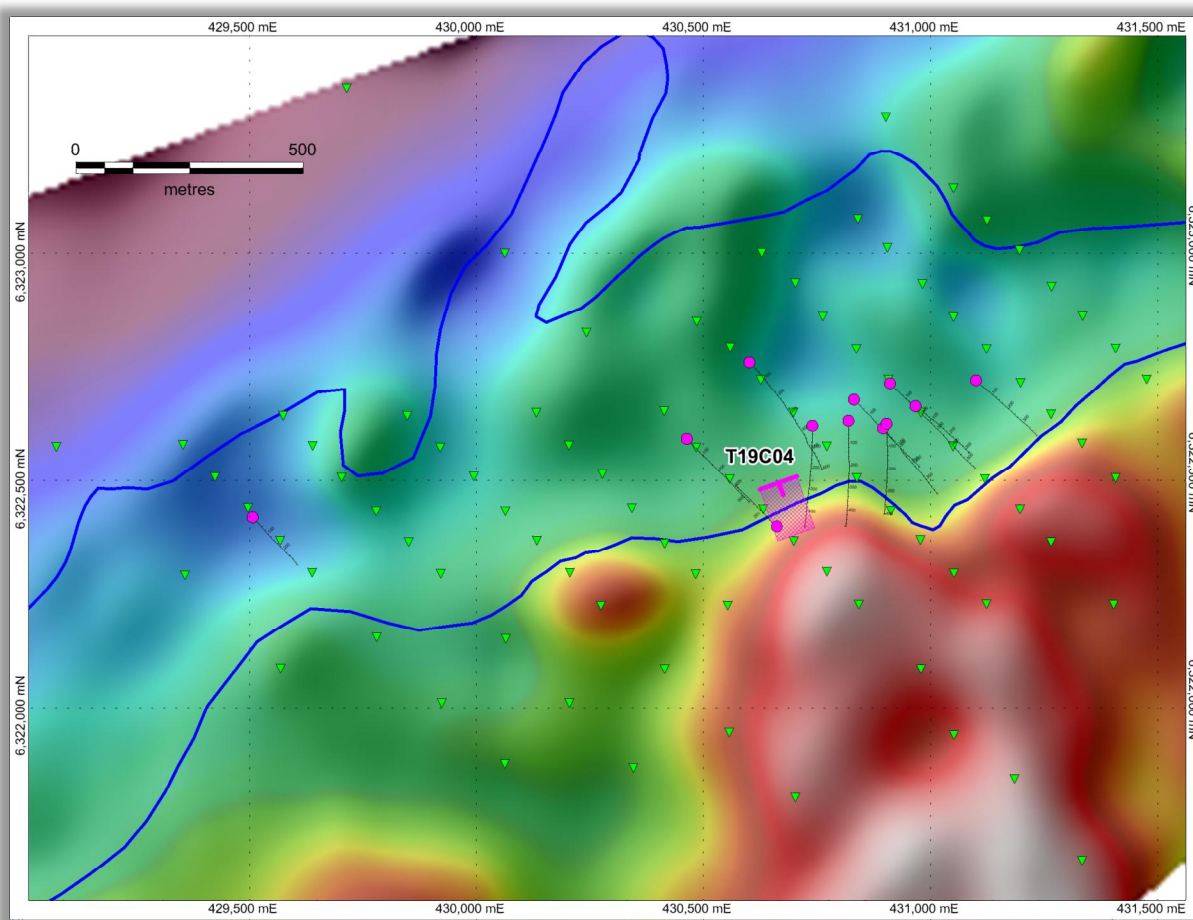


Figure 3 – Plan showing location of gravity anomaly (red-white in colour) in relation to existing diamond holes, the flexure in the SE contact and the new fixed loop EM conductor T19C04. The area is quite complex and made up of several gravity anomalies some of which will be related to the geology outside the intrusion.

Diamond Drilling

The Company recently completed two shallow diamond holes MRDD013 and MRDD014 designed to test the veracity of the AMT models. A shallow AMT target detected back in March was selected as a trial or test of the AMT before riskier deeper holes are attempted.

The test was successful with hole MRDD013 intersecting 66m of minor disseminated and globular Ni-Cu sulphides hosted in very coarse grained pyroxene-olivine mesocumulate, identical to that in holes MRDD011 and MRDD012, from 112m to 178m downhole. Hole MRDD014 was drilled back in the opposite direction to test Ni-Cu geochemical anomalism detected in the aircore drilling which didn't line up with the near surface projection of the AMT anomaly. If significant widths of Ni-Cu mineralisation were detected in hole MRDD014 it would have thrown doubt on the reliability of the AMT model positioning. MRDD014 intersected no significant sulphide mineralisation proving that AMT is working (see Figure 4).

Diamond drill hole MRDD015 has very recently commenced to test the deeper AMT conductor target. Additional holes have been designed to test this, and at least 4-5 other priority targets over coming months.

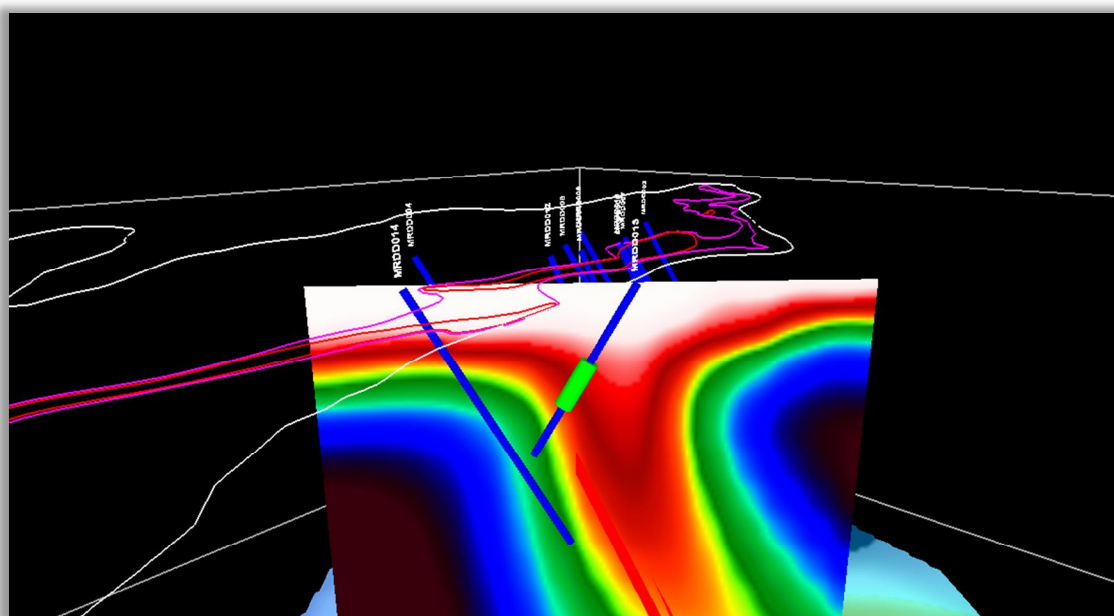


Figure 4 – 3D perspective view showing AMT model on section 45,900N together with new diamond holes MRDD013 and MRDD014. Green cylinder depicts disseminated Ni-Cu mineralisation in MRDD013. Magenta and red contours show maximum in-hole copper values from aircore drilling.

Aircore Drilling

No aircore drilling was undertaken in the quarter.

Ongoing Work

The Company is currently conducting detailed ground magnetics across the western half of Target 19. The aim of this survey is to detect signs of magnetic Ni-Cu mineralisation. Once complete the whole of the supergene enrichment zone, including the AMT survey area, will be covered.

Further detailed gravity surveying is being carried out on a 400m x 200m grid across the regional gravity trend from Target 2 to Target 19, commenced 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.

Deep diamond drill testing of potential AMT targets is currently underway after the data from the 3D inversion work has been analysed together with other ongoing geophysical surveys. Targets will then be prioritised including those detected in the previous AMT survey (see Figure 5) along with the new emerging target from current geophysical surveying.

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 drillholes.

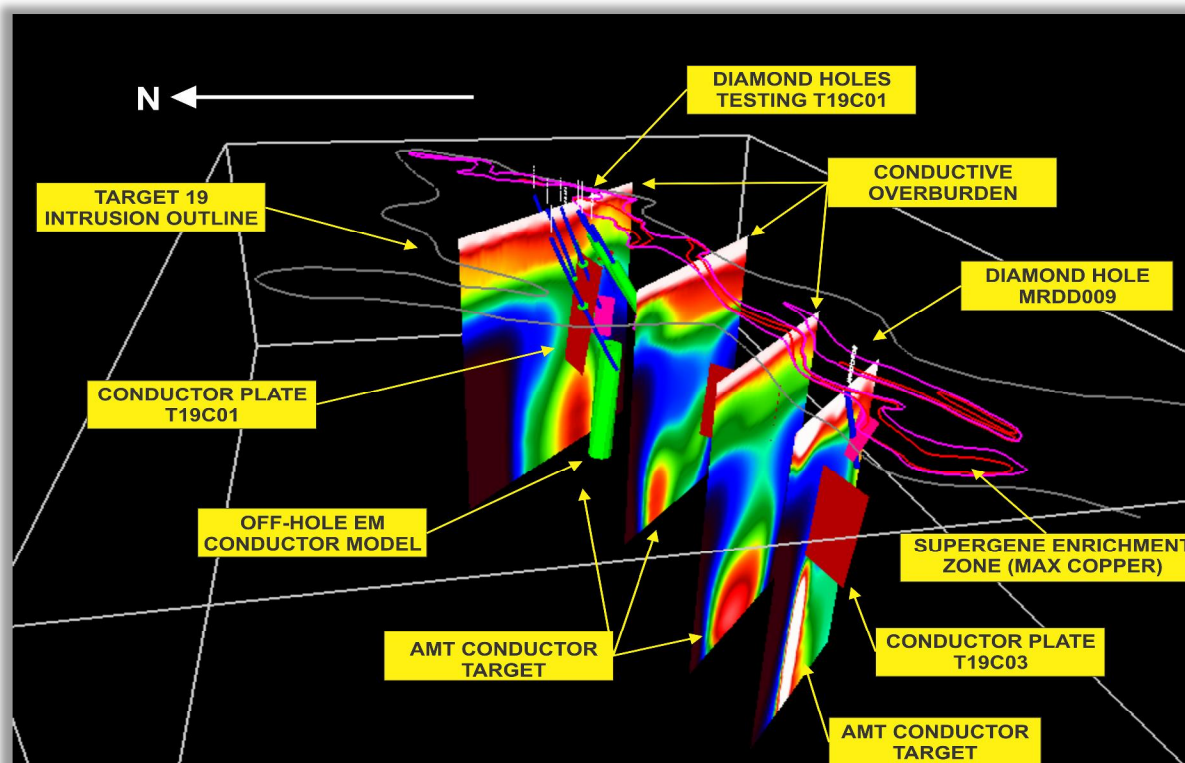


Figure 5 – 3D perspective view showing several original AMT modelled sections. These deeper AMT conductor targets will form the basis of the upcoming deep diamond drilling program along with other high priority AMT targets that emerge from the current round of geophysical work.

CORPORATE

During the quarter ended 30 June 2016, the Company raised \$1,387,762 (before costs) via the issue of 138,776,200 fully paid ordinary shares at \$0.010 each ("Placement"). Subsequent to the quarter, the Company issued 69,388,100 unlisted options exercisable at \$0.025 on or before 30 June 2017 ("Options"), being a 1 for 2 basis pursuant to the Placement and 20,000,000 unlisted options exercisable at \$0.025 on or before 30 June 2017 to Australian Financial Services Licencees who participated in the Placement.

The Company also received proceeds of \$41,934 following the exercise of 1,996,870 unlisted 30/06/2016 options at an exercise price of \$0.021. The remaining unlisted options (92,472,496) were fully underwritten by Barclay Wells Ltd and gross proceeds of \$1,941,922 were received subsequent to the quarter ended 30 June 2016. An underwriting fee of 6% was paid to Barclay Wells Ltd and 104,469,366 unlisted options exercisable at \$0.03 on or before 30 June 2019 will be issued at a later date subject to shareholder approval.

For and on behalf of the board



Mr Dean Goodwin. AIG
Managing 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 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

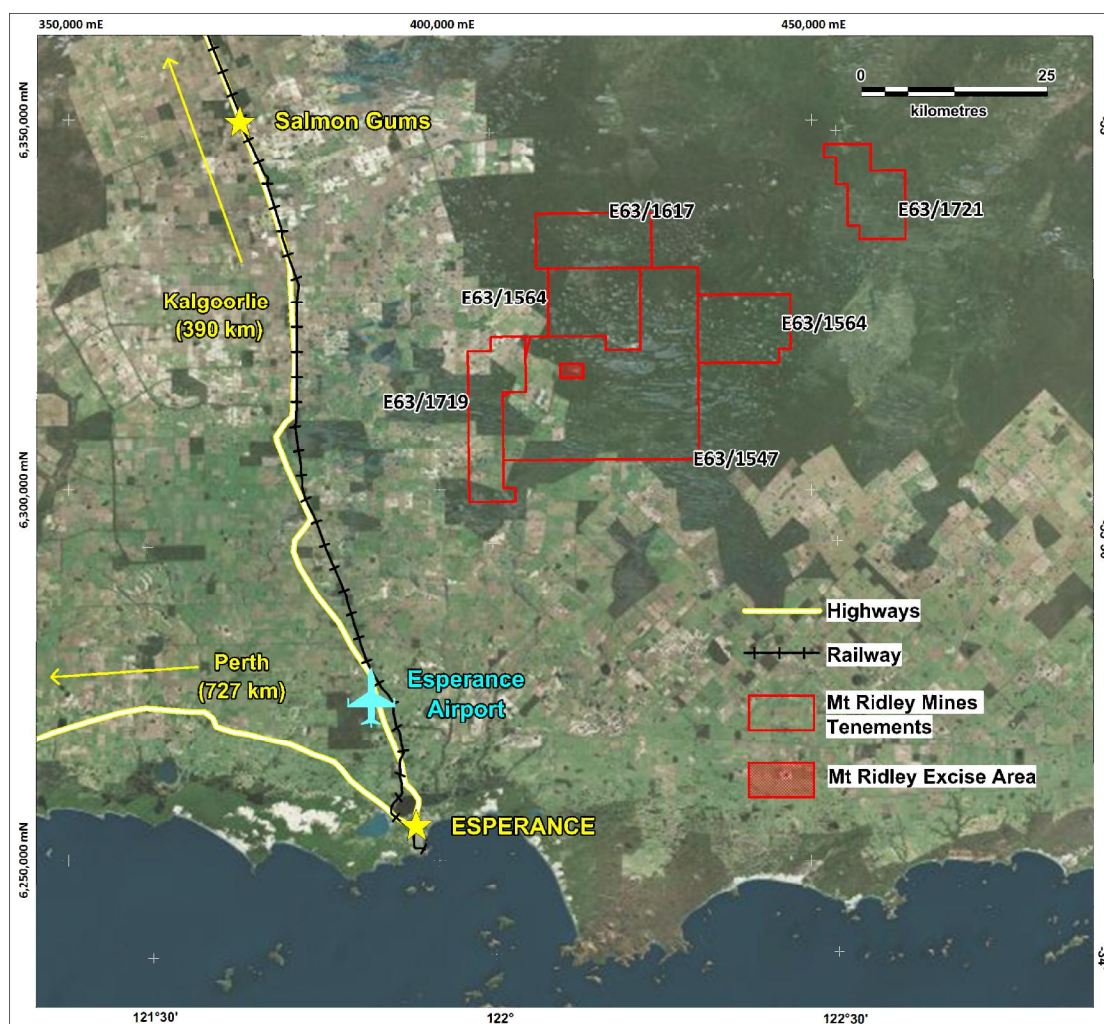
This announcement contains forward-looking statements that involve a number of risks and uncertainties. These forward-looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and 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.

About Mt Ridley Mines Ltd

Mt 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.

Mt Ridley Mines Ltd is actively targeting nickel sulphide deposits in the Albany-Fraser Range Province of Western Australia, the site of Sirius Resources 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.



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")

30 June 2016

Consolidated statement of cash flows

		Current quarter	Year to date (12 months)
		\$A'000	\$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation	(477)	(2,321)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(87)	(922)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	4	16
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other – GST refund & R&D Rebate	-	973
Net Operating Cash Flows		(560)	(2,254)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	(1)	(10)
	(b) equity investments	-	-
	(c) other fixed assets	-	(17)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	8
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other – (provide details if material)	-	-
Net investing cash flows		(1)	(19)
1.13	Total operating and investing cash flows (carried forward)	(561)	(2,273)

+ 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)	(561)	(2,273)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1,430	1,962
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	(83)	(115)
	Net financing cash flows	1,331	1,847
	Net increase in cash held	786	(426)
1.20	Cash at beginning of quarter/year to date	157	1,369
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter¹	943	943

¹ Subsequent to the end of the quarter, the Company raised \$1,941,922 (before costs) following the exercise of the unlisted 30/06/2016 options at \$0.021 each. The Options were fully underwritten.

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	147
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 directors fees: \$44,000 Payments for consulting and exploration: \$103,231 All payments are on normal commercial terms.	

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

N/A

- 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	650
4.2 Development	-
4.3 Production	-
4.4 Administration	100
Total	750

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	943	157
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	943	157

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

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			

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%	Mount Ridley Mines Limited
Western Australia	Mt Ridley	EL63/1719	100%	Mount Ridley Mines Limited

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

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	Preference + securities <i>(description)</i>				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	965,947,716	965,947,716		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	138,776,200 1,996,870	138,776,200 1,996,870	\$0.010 \$0.021	
7.5	+Convertible debt securities <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options <i>(description and conversion factor)</i>	5,201,982 7,500,000 5,000,000 10,000,000 275,000,000	- - - - -	<i>Exercise price</i> \$0.021 \$0.015 \$0.070 \$0.021 \$0.0125	<i>Expiry date</i> 31 December 2016 31 December 2016 31 March 2018 31 August 2019 31 August 2019
7.8	Issued during quarter				
7.9	Exercised during quarter	93,186,782		\$0.021	30 June 2016
7.10	Expired during quarter	15,785,714		\$0.070	30 June 2016
7.11	Debentures <i>(totals only)</i>				

+ See chapter 19 for defined terms.

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

7.12	Unsecured notes (<i>totals only</i>)		
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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: 29 July 2016

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.