12th October 2016

Company Announcements Office, ASX Ltd

Off-hole conductor - MRDD016

Mount Ridley Mines Ltd (ASX: **MRD**) (or "the **Company**") is pleased to announce the progress to date in relation to down hole electro-magnetic surveying (DHTEM) on the recently completed diamond drill hole **MRDD016.**

MRDD016 was completed at 801 metres downhole depth (refer ASX announcement 4 October 2016). A DHTEM survey has now been completed and the Company is pleased to announce that a localised off hole conductor has been detected. Modelling has defined a strong (>10,000 Siemens) local conductor centred at approximately 650 metres downhole, immediately off-hole below and to the east of MRDD016 (figure 1).

The conductor is discrete and located approximately 10 metres off-hole. Given the encouraging geology, presence of disseminated magmatic nickel and copper sulphides at this depth together with the off-hole conductor, the results are interpreted to be consistent with a pocket of massive sulphide within the vari-textured mineralised mafic-ultramafic intrusive complex.

A down-hole wedge daughter offcut from MRDD016 to test this localised DHTEM target is currently being planned to commence as soon as detailed modelling of the conductive feature is complete. The DHTEM target will be tested for proof of concept that massive sulphide has formed in this part of the large disseminated nickel-copper sulphide bearing mafic-ultramafic intrusive system.

The Company looks forward to updating the market with future planning.

For and on behalf of the board

Mr Ashley Hood

Managing Director

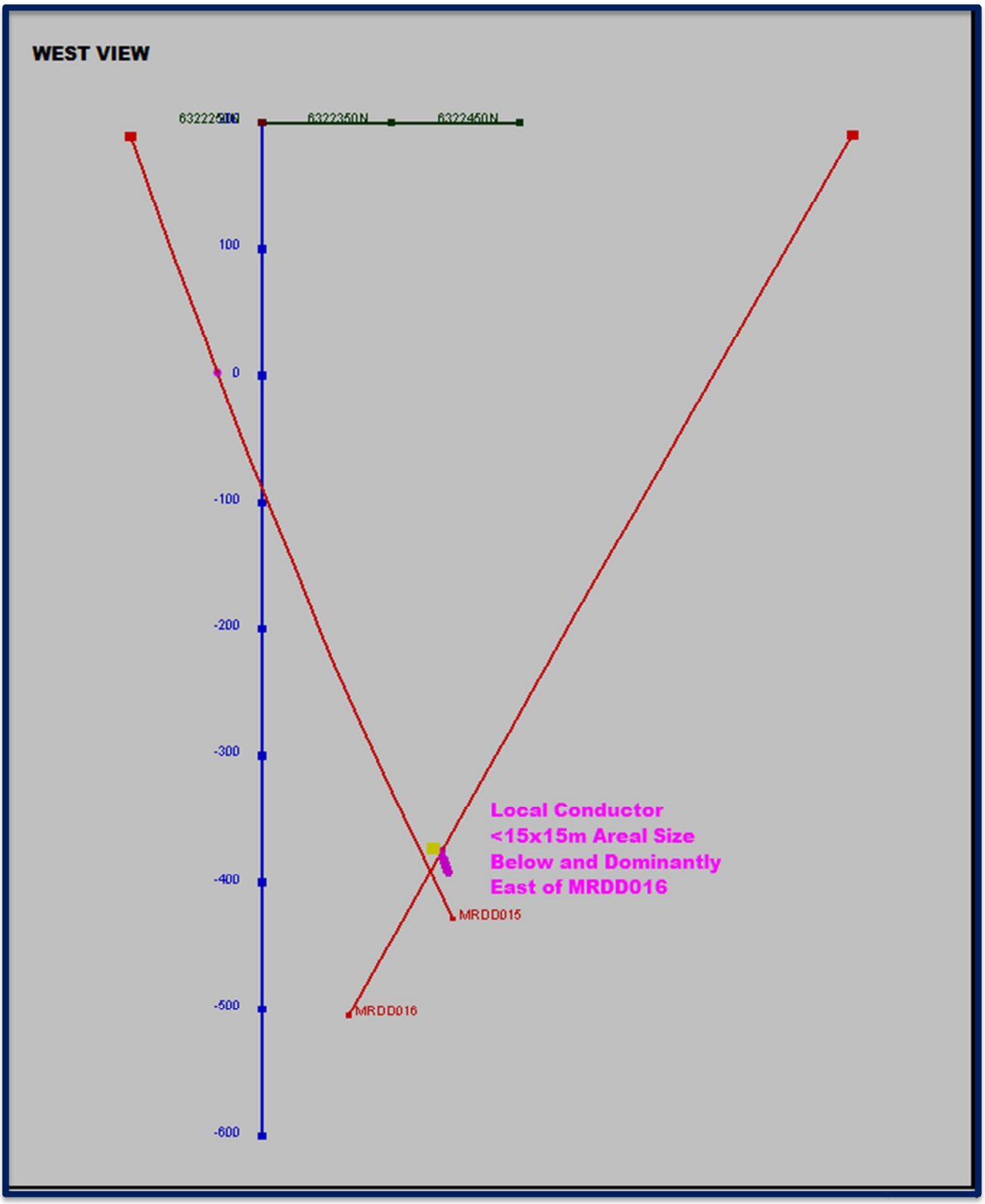

Figure 1: Preliminary model plots - Cross section of MRDD016 (west view) showing location of local downhole EM conductor at Target 19.

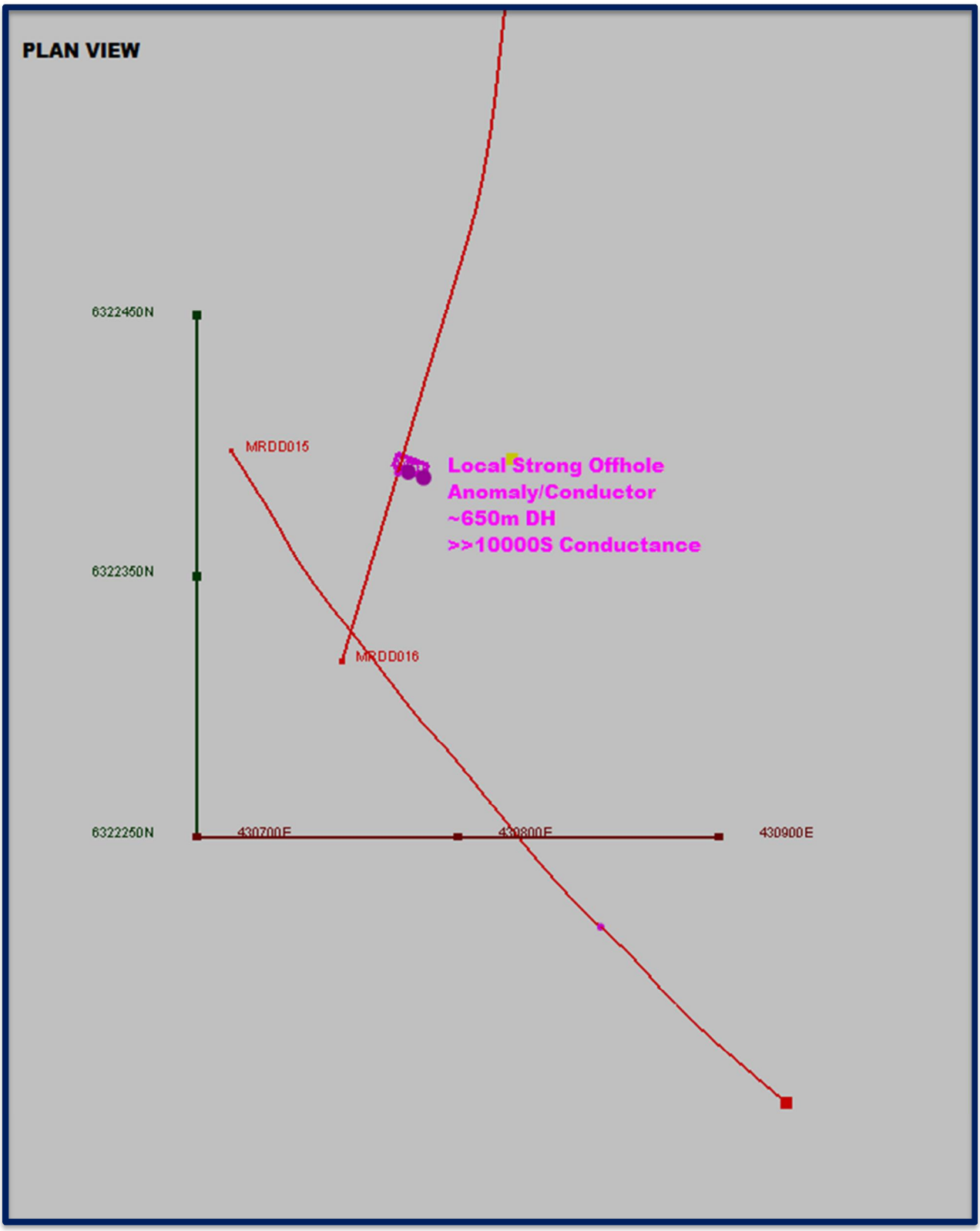

Figure 2: Preliminary model plots - Plan view MRDD016 - Local strong off-hole conductor with in diamond hole MRDD016 at Target 19.

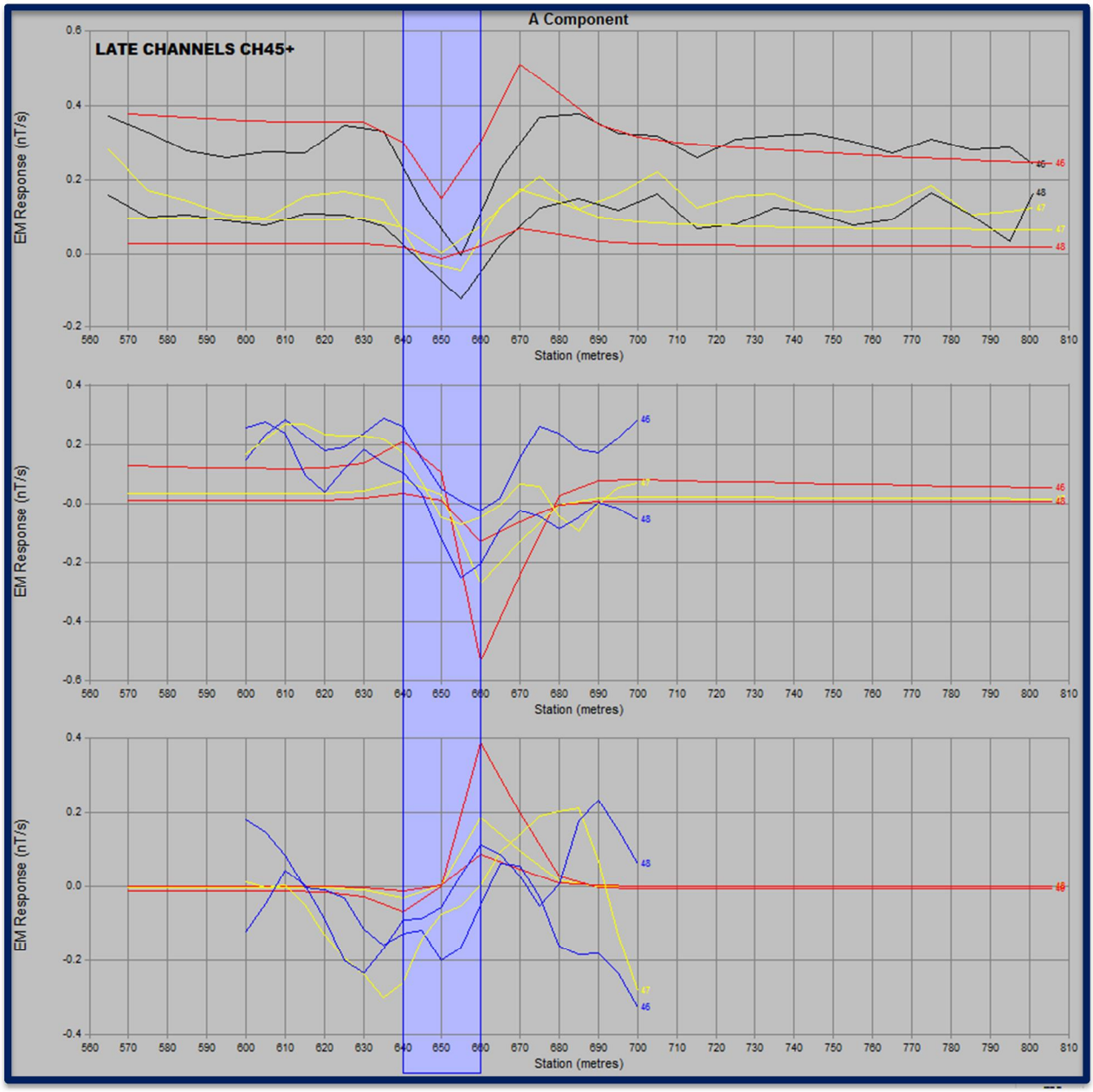

Figure 3: 3-component (X,Y,Z) late-time DHTEM response of high-conductance (>10,000S) conductivity anomaly at approximately 650m depth in MRDD016.

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 tenement portfolio of approximately 1,000sq/kms in what is fast becoming the world's most exciting emerging nickel and copper province.

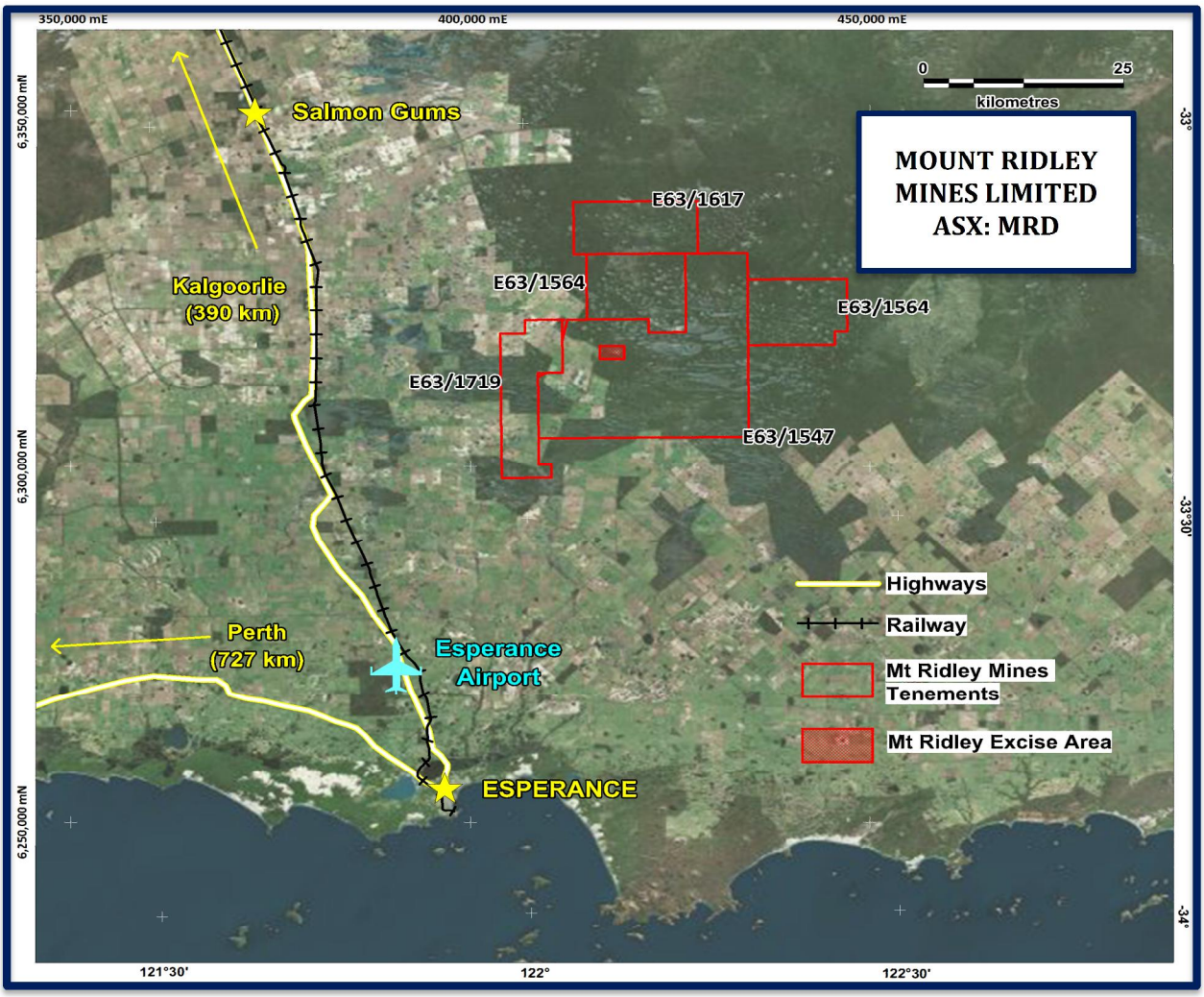

Figure 4: Location of Mount Ridley Mines - Mt Ridley Project.

Competent Persons Statement

The information in this announcement that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Tony Donaghy who is a Registered Professional Geoscientist (P.Geo) with the Association of Professional Geoscientists of Ontario (APGO), a Recognised Professional Organisation. Mr Donaghy is a technical advisor to the Company. Mr Donaghy 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 Donaghy 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.

Appendix 1 Mount Ridley Mining Ltd – 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.*	• **Half Core diamond core samples were cut at 1m or less intervals on representative and all mineralized samples.** • **Samples were sent to Bureau Veritas Minerals Pty Ltd in Perth for crushing and laboratory analysis.** • **Duplicate samples were taken and reference material standards inserted every 50 samples for quality control.**
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**
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 wether 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**

	JORC Code explanation	Commentary
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 have been made for detailed petrological analysis.**
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and wether 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.*	• **Depending on the size and distribution of geologically significant intervals to be sampled, diamond core was cut in half using a saw and sampled over intervals of one metre or less.** • **Duplicates, blanks and standard reference materials were submitted for analysis for quality assurance and control.**
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.*	• **Samples were placed in an oven for drying (as required up to 8hrs)** • **3mm boyd crush where required and split down to around 2.4kg** • **Samples were pulverise to 90% passing 75um.** • **40g of sample was then taken from the pulverized material and samples were analysed for nickel, copper, chrome, magnesium, arsenic, iron, zinc and cobalt using fire assay.** • **Duplicates, blanks and standard reference materials were inserted and analysed for quality assurance and control. No bias was detected in the results obtained.**

	JORC Code explanation	Commentary
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**
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.** • **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	• *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.*	• **Samples were sent for laboratory analysis using standard industry techniques.** • **Not applicable at this early stage of exploration activity.**
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.*	• **Drilling has been undertaken on mineralized horizons which are thought to be sub-vertical. The true width of intersections encountered are not known at this point in the early exploration activity.**

	JORC Code explanation	Commentary
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 have been undertaken, a data review is currently underway.**

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 Mining 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:* o *Easting and northing of the drill hole collar* o *Elevation or RL (Reduced level-elevation above sea level in metres)and the drill hole collar* o *Dip and azimuth of the hole* o *Down hole length and interception depth* o *Hole length*	• **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
	• *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	• *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 minerlaised 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 in most holes. Ambiguity exists in the interpretation of the surface EM data due to the highly conductive overburden.** • **Downhole EM has been conducted on MRDD016 and has returned a localised, late-time conductivity anomaly at approximately 650m depth. This anomaly would not be detected in the surface EM data and represents the first time a downhole conductor has been identified on the project. The nature of the conductor is as yet unknown and untested.**
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.*	• **Infill aircore drilling and auger soil geochemistry is being planned over the recently recognized gravity highs to delineate high priority areas for follow-up electromagnetic (TEM) surveying and diamond drilling.** • **DHTEM surveying of MRDD015 if required will be undertaken to detect conductors associated with massive sulphide mineralisation near these holes.**