

25 July 2016

Mr Ben Tippett
ASX Compliance Pty Ltd
Level 40, Central Park
152-158 St Georges Terrace
PERTH WA 6000

By email: Ben.Tippett@asx.com.au

Dear Mr Tippett,

RESPONSE TO ASX AWARE QUERY

Mount Ridley Mines Limited (ASX: MRD) (“Mount Ridley Mines” or “the Company”) acknowledges receipt of your correspondence dated 21 July 2016 (attached), and as requested, please find below the Company’s response to the questions from the ASX, using the terms defined in the ASX letter:

1. Yes
2. Not Applicable.
3. The retention mechanism failed and the drilling rods dropped down the hole at around 2.30pm Saturday 23rd July. At the time the driller was concerned the hole could be lost due to the weight of the rod string combined with the height the rods were dropped, which was approximately 3m. The hole was at a depth of 666m. Total rod weight was estimated at 6.4 tonnes. However the driller was going to try and recover the hole by pulling the rods out using a carrot tap. The drilling company advised this could take several days. If successful the hole could be continued and EM surveying could be undertaken. The Company believed at that time it was not material to the market because the hole was not deemed lost.
4. During Sunday, Monday and Tuesday morning the driller continued recovery efforts. He managed to retrieve 288m worth of rods during that time. On Tuesday morning the drilling company, OnQ Exploration, informed the Company that they were unable to retrieve any further rods from the hole leaving approximately 378m of rods behind. At that time it was obvious the hole was lost and could not be recovered. Further drilling and EM Surveying would not be possible. At that moment it became material and the Company prepared an ASX release which was released to the market at its earliest time.
5. The Company confirms that it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

For and on behalf of the Board

Dean Goodwin
Managing Director

MOUNT RIDLEY MINES LIMITED

ABN / 93 092 304 964

Unit 1, 11 Anvil Way, Welshpool Western Australia, 6106 | PO Box 964, West Perth WA 6872



21 July 2016

Mr Keith Bowker
Company Secretary
Mount Ridley Mines Limited
PO Box 964
West Perth WA 6872

By Email

Dear Mr Bowker

Mount Ridley Mines Limited (the "Entity"): ASX Aware Query

ASX Limited ("ASX") refers to the following:

1. The Entity's announcement entitled "Exploration Drilling Update" released on the ASX Market Announcements Platform at 12:25pm AEST on Tuesday 19 July 2016 (the "Announcement"), disclosing the fact that diamond drill hole MRDD015 at the Entity's Mt Ridley Project in the Albany-Fraser Range Province had been "lost over the weekend due to a drilling incident", leaving the hole blocked.
2. The change in the price of the Entity's securities from a close of \$0.021 on Monday 18 July 2016 to a close of \$0.018 on Tuesday 19 July 2016, a decrease of 14.3%.
3. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
4. The definition of "aware" in Chapter 19 of the Listing Rules. This definition states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity."

Additionally, you should refer to section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information"*.

5. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

"3.1A Listing rule 3.1 does not apply to particular information while each of the following requirements is satisfied in relation to the information:

3.1A.1 One or more of the following 5 situations applies:

- *It would be a breach of a law to disclose the information;*

- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed."*

5. ASX's policy position on the concept of "confidentiality" which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B "Listing Rule 3.1A.2 – the requirement for information to be confidential"*. In particular, the Guidance Note states that:

"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."

Having regard to the above, we ask that you answer the following questions in a format suitable for release to the market in accordance with Listing Rule 18.7A:

1. Does the Entity consider the information in the Announcement, or part thereof (the "Information"), to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is "no", please advise the basis for that view.
3. If the answer to question 1 is "yes", when did the Entity first become aware of the Information?
4. If the answer to question 1 is "yes" and the Entity first became aware of the Information before the time of the Announcement, did the Entity make any announcement prior to then which disclosed the Information? If so, please provide details. If not, please explain why the Information was not released to the market at an earlier time, commenting specifically on when you believe the entity was obliged to release the Information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure that the Information was released promptly and without delay.
5. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **3:00pm WST on Monday 25 July 2016**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A,

the Entity's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at ben.tippett@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Ben Tippett
Adviser, Listings (Perth)