

Quarterly Report for the quarter ended 30 September 2016

OVERVIEW

- ❖ Diamond hole MRDD016 commenced to test AMT phase anomaly.
- ❖ Diamond hole MRDD015 considered retrievable following technical independent and internal review.
- ❖ CSA Global, headed by Mr Tony Donaghy, to undertake an independent technical audit.
- ❖ Mr Ashley Hood appointed Managing Director and Mr Michael Pedley assumed the role of Non-Executive Chairman following the resignations of Mr Dean Goodwill and Mr Robert Downey.
- ❖ Diamond hole MRDD016 completed at 801m downhole depth.
- ❖ Three near surface (100-200m depth) gravity anomalies identified south of target 19 and Target 2 with high modelled specific gravity readings.
- ❖ DHTEM survey located off-hole conductor. Modelling defines a strong (>10,000 Siemens) local conductor centred at approximately 650m downhole, immediately off-hole below and to the east of diamond hole MRDD016.
- ❖ A total of \$1,956,922 was raised via the exercise of unlisted 30 June 2016 options at \$0.021.

Diamond Drilling

On 19 July 2016, the Company advised that diamond hole MRDD015 which was designed to test a high priority phase anomaly target was unfortunately lost due to a drilling incident at around 650m depth downhole. The hole was designed to reach a final depth of 800m.

The incident left the hole blocked, however one of the initial findings is that the drill rods stuck down MRDD015 may in fact be retrievable. Should this exercise be completed the Company would have access to the end of the hole to conduct high powered downhole electromagnetics. Also subject to results the Company may extend the depth of the hole to its originally planned target depth of 750 - 800m.

Prior to the drilling incident, MRDD015 had intersected a discontinuous 180m thick zone of minor (1-3%) disseminated nickel and copper sulphides from 470m which could represent a halo surrounding a more substantial accumulation of sulphides nearby.

On 25 July 2016, the Company commenced diamond hole MRDD016 designed to test the AMT phase anomaly along with the down dip/plunge of thick widths of minor disseminated, globular and blebby nickel and copper sulphides intersected in holes MRDD010, MRDD011 and MRDD012.

On 13 September 2016, the Company announced a drilling update on diamond drill hole MRDD016 which intersected 287m of mafic to ultramafic intrusives from 333m to the end of the hole at 620m. The intrusive contains complex intercalated barren and mineralized mafic to ultramafic zones.

Mineralised sections contained lightly disseminated and globular blebby sulphides. The sulphides are present in coarse grained mafic to ultramafic intrusive rocks identical to the units encountered in holes MRDD010, MRDD011 and MRDD012.

MRDD016 was originally planned for a target depth of 750-850m to test a priority AMT phase anomaly modelled at that depth. However, the hole was terminated at 620m in sulphide-bearing mafic intrusive, and had not yet encountered the lower most contact of the intrusive with the surrounding footwall rocks.

The mineralisation encountered at 620m suggests that the hole should be re-entered and continued to its original planned depth of 750-800m. As such on 21 September 2016, the Company scheduled to recommence drilling of MRDD016. Once the target zone / geological contact zone has been intersected then down hole electromagnetic surveying (DHTEM) will again be used to detect any off-hole conductors.

Subsequent to the end of the quarter on 4 October 2016, the Company completed diamond hole MRDD016 at a depth of 801m downhole. MRDD016 encountered numerous zones of weakly to moderately disseminated magmatic sulphide (pyrrhotite-chalcopyrite-pentlandite) bearing varitextured mafic and ultramafic rocks, intercalated with barren mafic-ultramafic, from the recommencement depth of 620m to 758m downhole. Widths of these zones varied from 10's of centimetres up to 10m. The footwall contact of the mafic-ultramafic intrusive with the barren wall rock was encountered at 783m.

Subsequent to the end of the quarter on 12 October 2016, the Company was pleased to announce that following a DHTEM survey a localized off-hole conductor was detected. Modelling defined a strong (>10,000 Siemens) local conductor centred at approximately 650m downhole, immediately off-hole below and to the east of MRDD016.

The conductor is discrete and located approximately 10m 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 follow up drill hole, namely MRDD017, is currently underway and is designed to test this off-hole conductor.



Figure 1: CSA Global nickel sulphide expert Tony Donaghy re-logging **MRDD016** core.

Exploration

On 2 September 2016, the Company engaged Tony Donaghy (Figure 1), to undertake an independent technical audit of the Company's entire geochemical and geophysical database. The scope will therefore review 389 air core holes, 16 diamond holes and comprehensive databases completed to date.

Tony is a recognised global specialist in nickel-platinum strategy, development and exploration.

The results and recommendations from the independent review conducted by CSA Global are anticipated to be completed in November 2016.

On the 13 September 2016, the Company announced that a recent broader scale gravity survey program utilising a 200x400m and 100x100m infill pattern over primary target areas of interest has been completed.

Two new priority areas have been delineated immediately south of Target 19 and Target 2 and are localised gravity highs/clusters that could be indicative of thicker accumulations of more dense mafic/ultramafic rocks and sulphide mineralisation (see Figure 2).

The new priority target at the southern end of Target 19 where the majority of the Company's past exploration has concentrated is associated with mafic/ultramafic rock types (a similar gravity feature was associated with the gabbro-norite intersected in drill hole MRDD015).

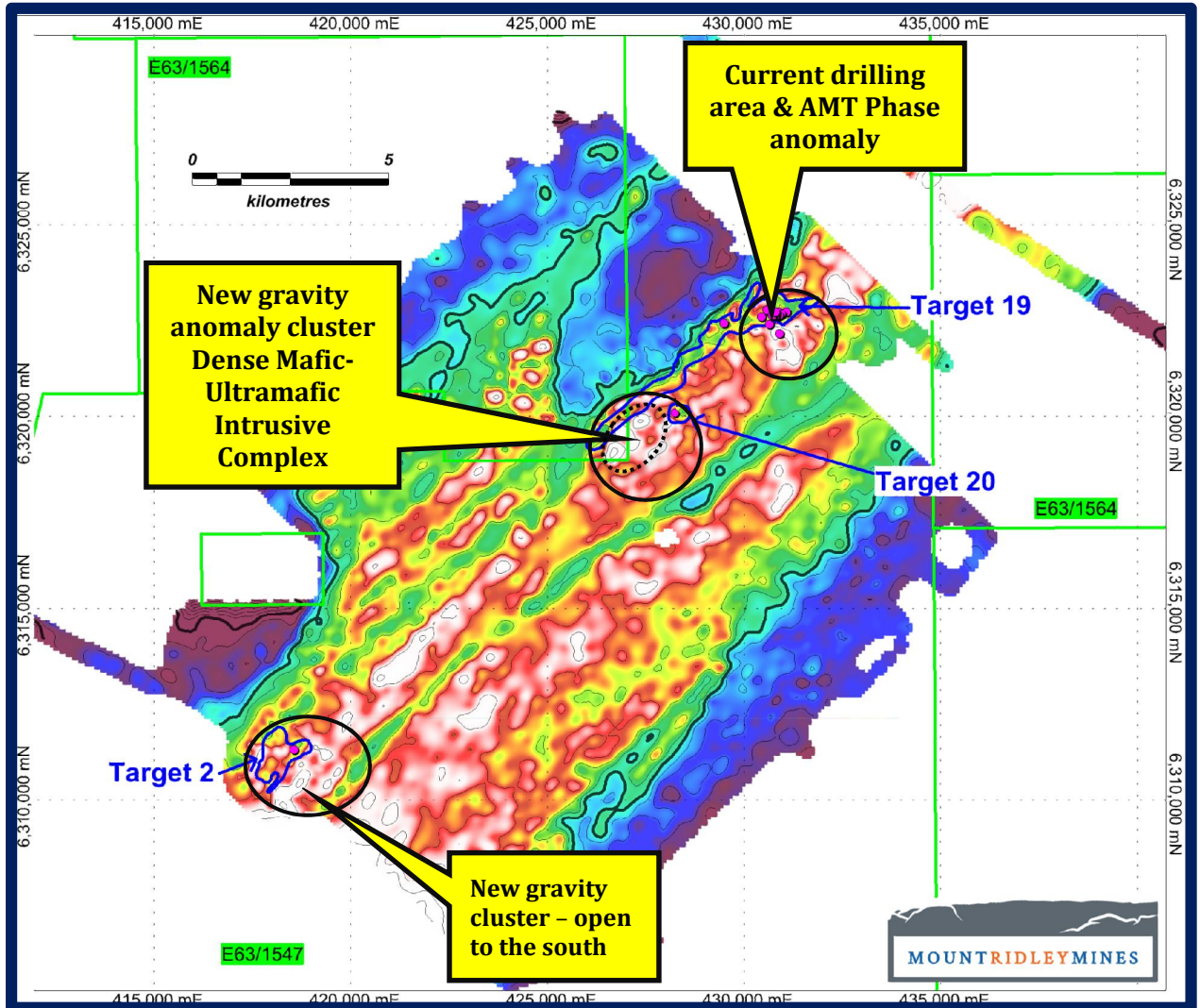


Figure 2; Project Scale Gravity Survey Program - Bouguer Anomaly First Vertical Derivative Imagery (2.67g/cc correction) - Non-Linear Colour Stretch - utilizing a 200x400m pattern and 100x100m infill pattern over primary target areas.

Ongoing Work

The Company is currently drilling diamond hole MRDD017 targeting the off-hole DHTM conductor (refer ASX announcement on 12 October 2016) with a scheduled completion date of mid November 2016.

CORPORATE

During the quarter, the Company issued 69,388,100 free attaching unlisted options exercisable at \$0.025 on or before 30 June 2017, being a 1 for 2 basis pursuant to a Placement completed on 18 April 2016 and 20,000,000 unlisted options exercisable at \$0.025 on or before 30 June 2017 to an Australian Financial Services Licensee that participated in the Placement.

The Company received \$15,000 following the exercise of 714,286 unlisted 30 June 2016 options at an exercise price of \$0.021. The remaining unlisted options (92,472,496) were fully underwritten by Barclay Wells Ltd and \$1,941,922 was received. 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 subject to shareholder approval at the upcoming Annual General Meeting.

Subsequent to the end of the quarter, the Company completed a capital raising via a placement of 158,763,031 fully paid ordinary shares at \$0.005 each for a total amount raised of \$793,815 (before costs) to sophisticated investors. The Company will also be issuing free attaching unlisted options on a 1 for 2 basis, exercisable at \$0.0125 on or before 31 August 2019 subject to shareholder approval at the upcoming Annual General Meeting.

On 31 August 2016, Messrs Dean Goodwill and Robert Downey tendered their resignations as Managing Director and Non-Executive Chairman respectively. Mr Ashley Hood was appointed as the Managing Director and Mr Michael Pedley assumed the position of Non-Executive Chairman.

For and on behalf of the board



Mr Ashley Hood

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 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

CORPORATE INFORMATION

Board

Michael Pedley	Non-Executive Chairman
Ashley Hood	Managing Director
Guy Le Page	Non-Executive Director
Keith Bowker	Non-Executive Director/Company Secretary

Registered Office & Principal Place of Business

Suite 1, 56 Kings Park Road, West Perth WA 6005
Telephone: + 61 8 9481 0544
Facsimile: +61 8 9481 0655

Forward Shareholder Enquiries to

Security Transfer Australia Pty Ltd
770 Canning Highway, Applecross WA 6153
Telephone: +61 8 9315 2333

Issued Share Capital

As at the date of this report, the total fully paid ordinary shares on issue were 1,217,183,243.

TENEMENT INFORMATION (ASX Listing Rule 5.3.3)

The table below shows the interests in tenements held by Mount Ridley Mines and is provided in accordance with ASX Listing Rule 5.3.3.

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

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.

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.

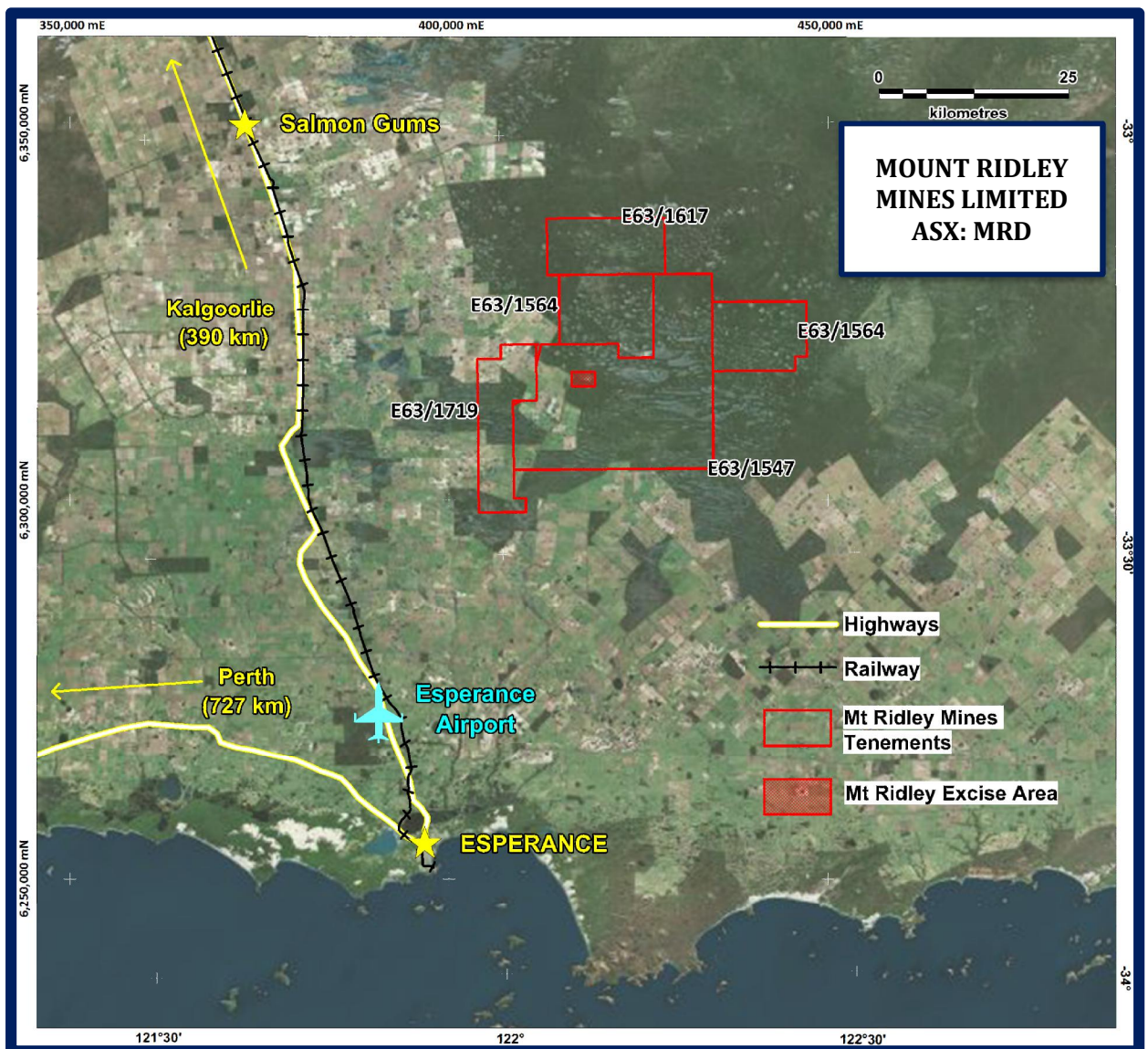


Figure 3: Location of Mount Ridley Mines - Mt Ridley Project.

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, 01/05/13, 01/09/16

Name of entity

MOUNT RIDLEY MINES LIMITED

ABN

93 092 304 964

Quarter ended ("current quarter")

30 September 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(488)	(488)
(b) development	-	-
(c) production	-	-
(d) staff costs	(32)	(32)
(e) administration and corporate costs	(48)	(48)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	8	8
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(560)	(560)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(2)	(2)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter	Year to date (3 months)
		\$A'000	\$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(2)	(2)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	1,942	1,942
3.4	Transaction costs related to issues of shares, convertible notes or options	(117)	(117)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	1,825	1,825

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	943	943
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(560)	(560)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2)	(2)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,825	1,825
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,206	2,206

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	2,206	943
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,206	943

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	138
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Payments for director fees: \$34,833
Payments for consulting and exploration: \$103,267

All payments are on normal commercial terms

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

N/A

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

N/A

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	650
9.2 Development	-
9.3 Production	-
9.4 Staff costs	55
9.5 Administration and corporate costs	100
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	805

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



Company Secretary

Date: 31 October 2016

Print name: Keith Bowker

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.