



MOUNT RIDLEY MINES LIMITED

(ACN 092 304 964)

PROSPECTUS

For the offer of 302,250,000 Listed Options

This Prospectus is being issued in order to facilitate secondary trading of the Listed Options and to facilitate secondary trading of the underlying shares to be issued upon exercise of the Listed Options pursuant to ASIC Corporations (Sale Offers That Do Not Need Disclosure) Instrument 2016/80.

This Prospectus has also been prepared for the purpose of section 708A(11) of the Corporations Act to facilitate secondary trading of the Existing Options issued by the Company prior to the Closing Date.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Shares being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Shares offered under this Prospectus should be considered speculative.

Table of Contents

Clause	Page
1. Summary of Important Dates and Important Notes	1
2. Corporate Directory	4
3. Details of the Offer	5
4. Effect of the Offer	10
5. Rights and Liabilities Attaching to Shares	12
6. Rights and Liabilities Attaching to Listed Options	14
7. Risk Factors.....	16
8. Additional Information	21
9. Directors' Authorisation	28
10. Definitions	29
11. Application Form.....	30

1. Summary of Important Dates and Important Notes

Timetable and important dates*

Action	Date
Lodgement of Prospectus with the ASIC and ASX	15 September 2017
Opening Date	12:00pm (WST) on 15 September 2017
Closing Date	5:00pm (WST) on 20 September 2017

*The Company reserves the right to extend the Closing Date or close the Offer early without notice, in its absolute discretion.

Important Notes

Applicants should read this document in its entirety and, if in doubt, should consult their professional advisers. The Listed Options the subject of this Prospectus should be considered highly speculative.

This Prospectus is dated 15 September 2017 (**Prospectus**) and a copy of this Prospectus was lodged with the ASIC on that date.

The ASIC and ASX take no responsibility for the content of this Prospectus.

The expiry date of the Prospectus is 13 months after the date the Prospectus was lodged with the ASIC. No Listed Options will be issued on the basis of this Prospectus after the expiry date.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

Applications for Listed Options offered pursuant to this Prospectus can only be submitted on an original Application Form which accompanies this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions constitutes a violation of those laws. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

Risk Factors

Potential investors should consider that investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Listed Options pursuant to this Prospectus.

The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly

unpredictable and the extent to which they can effectively manage them is limited.

Set out below are specific risks that the Company is exposed to. Further risks associated with an investment in the Company are outlined in section 7 of this Prospectus.

- **Future Capital Requirements**

The Company may have a need to raise funds in the future (whether by way of debt or equity). The ability of the Company to meet this future requirement, should it arise, will be dependent on the Company's continued access to credit markets, funding sources and financing facilities.

The Company's failure to raise capital if, and when, needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities and its solvency.

- **Exploration**

The Company's tenements are at an early stage of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of the Company's tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

- **Operations**

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

- **Regulatory Requirements**

Interests in tenements in Western Australia are governed by legislation. The Company could lose title to or its interest in the Company's tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

- **Commodity Price Volatility and Exchange Rate**

If the Company successfully defines a resource or reserve and subsequently achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks.

- **Environmental**

The minerals and mining industry has become subject to increasing environmental regulations and liability. The potential for liability is an ever present risk. Whilst the Company is not aware of any endangered

species of flora or fauna at this point, no baseline studies have been done to date, and such a discovery could prevent exploration and mining activity in certain areas.

- Native title and Aboriginal heritage

In relation to tenements which the Company has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians. If Aboriginal heritage sites or objects do exist the Company may need to enter into agreements with the traditional owners of the sites. The ability of the Company to implement its work programme may be adversely affected in both time and cost.

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company and you should refer to the additional risk factors in section 7 of this Prospectus before deciding whether to apply for Listed Options pursuant to this Prospectus.

2. Corporate Directory

Directors

Michael Pedley
(Non-Executive Chairman)

Ashley Hood
(Managing Director)

Guy Le Page
(Non-Executive Director)

Company Secretary

Johnathon Busing

Registered Office

Odyssey Tax and Accounting
Unit 10,
100 Hay Street,
SUBIACO WA 6008

Telephone: +61 8 9381 2266
Facsimile: +61 8 9481 0655
Email:
johnathon.busing@mtridleymines.com.au
Website: www.mtridleymines.com.au

ASX Code

MRD

Solicitors

Nova Legal
Level 2
50 Kings Park Road
WEST PERTH WA 6005

Share Registry*

Security Transfer Australia Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

Telephone: +61 8 9315 2333

Facsimile: +61 8 9315 2233

* These parties have no involvement in the preparation or issue of this Prospectus and have not consented to being named in this Prospectus. Their names appear for information purposes only.

3. Details of the Offer

3.1 Offer

The Company is offering, pursuant to this Prospectus 302,250,000 Listed Options (**Offer**).

The Listed Options under the Offer are offered for nil consideration to participants in the Company's recent placement of 302,250,000 Shares at \$0.004 each, to raise \$1,209,000 (before expenses), announced by the Company on 3 July 2017 (**Placement**), on the basis of one free attaching Listed Option for one Share subscribed for under the Placement.

The Listed Options offered under this Prospectus (together with the Existing Options described below) will form a new class of listed security of the Company. The Listed Options will be exercisable at \$0.0125 per Listed Option on or before 5:00pm (WST) on 31 August 2019. Further details of the rights and liabilities attaching to the Listed Options are in section 6 of this Prospectus.

Shareholder approval for the issue of the Listed Options was received at the Company's Shareholder meeting held on 11 September 2017 (**Shareholder Meeting**).

At the Shareholder Meeting, the Company also obtained Shareholder approval to amend the terms of its 354,381,515 existing unquoted Options exercisable at \$0.0125 on or before 31 August 2019 (**Existing Options**) and the Company has applied for quotation of the Existing Options. Accordingly, the Existing Options will become quoted Options in the same class as the Listed Options.

Application Forms will only be provided by the Company to the relevant parties who participated in the Placement (**Placees**). None of these parties will be related parties of the Company.

3.2 Purpose of the Offer

The primary purposes of this Prospectus are to:

- (a) issue the Listed Options;
- (b) facilitate secondary trading of the Listed Options; and
- (c) facilitate secondary trading of any Shares issued upon exercise of the Listed Options issued under the Offer.

Issuing the Listed Options under this Prospectus will enable Placees who are issued Listed Options to on-sell any Shares issued on exercise of the Listed Options pursuant to ASIC Corporations (Sale Offers That Do Not Need Disclosure) Instrument 2016/80.

As the Listed Options are offered as free attaching to the Placement Shares, the Company will not raise any funds from the Listed Options issued under this Prospectus. Accordingly, the purpose of this Prospectus is not to raise capital. Refer to section 8.7 of this Prospectus for details of the estimated expenses of the Offer, which will be paid by the Company from its cash reserves.

Generally, section 707(3) of the Corporations Act requires a prospectus to be issued if securities are offered for sale within 12 months after their issue and the issue of those securities was made without disclosure (for example, under a prospectus) to investors under Chapter 6D of the Corporations Act.

However, section 708A(11) of the Corporations Act provides an exemption from this general requirement, and accordingly, a sale offer does not need disclosure to investors if:

- (a) the relevant securities are in a class of securities that are quoted securities of the body; and
- (b) either:
 - (i) a prospectus is lodged with the ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
 - (ii) a prospectus is lodged with ASIC before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

The further purpose of this Prospectus is therefore to:

- (a) facilitate secondary trading of the Existing Options; and
- (b) facilitate secondary trading of any Shares issued on exercise of the Existing Options.

3.3 Opening and Closing Dates of the Offer

The Opening Date of the Offer will be 15 September 2017 at 12:00pm WST and the Closing Date will be 20 September 2017 at 5:00pm WST.

The Directors reserve the right to close the Offer early or extend the Closing Date (as the case may be), should it be considered by them necessary to do so.

3.4 Application for Listed Options

Only Placees will be provided a copy of this Prospectus and a personalised Application Form. Applications for Listed Options must be made by Placees at the direction of the Company and must be made using the Application Form accompanying this Prospectus.

Applications may only be made on the basis of one free attaching Listed Option for each Placement Share issued.

Completed Application Forms must be mailed or delivered to the Company's address as follows:

By Hand or by Post:

Mount Ridley Mines Limited
 C / - Odyssey Tax and Accounting
 Unit 10,
 100 Hay Street,
 SUBIACO WA 6008

Completed Application Forms must reach the address set out above by no later than the Closing Date.

Acceptance of a completed Application Form by the Company creates a legally binding contract between the Applicant and the Company, for the number of Listed Options on the Application Form. The Application Form does not need to be signed to be a binding acceptance of the Listed Options under the Offer. If the Application Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the acceptance

as valid and how to construe, amend or complete the Application Form, is final.

If you are in doubt as to the course of action, you should consult your professional advisor(s).

3.5 Minimum subscription

There is no minimum subscription in respect of the Offer.

3.6 Oversubscriptions

Oversubscriptions will not be accepted.

3.7 Issue of Listed Options

The issue of Listed Options will take place as soon as practicable after the Closing Date.

Security holder statements will be dispatched, as soon as possible after the issue of the Listed Options under the Offer.

3.8 Underwriter

The Offer is not underwritten.

3.9 ASX Listing

Application for Official Quotation of the Listed Options issued pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. The Listed Options will only be admitted to official quotation by ASX if the conditions for quotation of new class of securities are satisfied (which include, amongst other things, there being a minimum of 100,000 Listed Options on issue, with at least 50 holders with a Marketable Parcel). If approval is not obtained from ASX before the expiration of 3 months after the date of issue of the Prospectus (or such period as varied by the ASIC), the Company will not issue any Listed Options.

The fact that ASX may grant Official Quotation to the Listed Options is not to be taken in any way as an indication of the merits of the Company or the Listed Options now offered.

3.10 Restrictions on the Distribution of the Prospectus

The distribution of this Prospectus outside the Commonwealth of Australia may be restricted by law.

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

Residents of countries outside Australia should consult their professional advisers as to whether any government or other consents are required, or whether any formalities need to be observed should they wish to make an application to take up Listed Options on the basis of this Prospectus. The return of a duly completed Application Form will be taken to constitute a representation and warranty that there has been no breach of such laws and that all approvals and consents have been obtained.

3.11 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing share certificates on the exercise of any Options. The Company is a participant in CHES for those investors who have a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to Applicants. Instead, Applicants will be provided with separate statements (similar to a bank account statement) that set out the number of Listed Options issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

3.12 Activities and financial information

A summary of the activities and financial information relating to the Company for the financial year ended 30 June 2016 is in the Annual Report which was lodged with ASX on 27 October 2016.

A summary of the activities and financial information relating to the Company for the financial half-year ended 31 December 2016 is in the Half Year Financial Statements which was lodged with ASX on 16 March 2017.

A summary of the Company's activities for the three-month period ended 30 June 2017 is in the Quarterly Report which was lodged with ASX on 27 July 2017.

The Company's continuous disclosure notices (i.e. ASX announcements) since the lodgement of its Annual Report on 27 October 2016 are listed in section 8.3 of this Prospectus.

Copies of these documents are available free of charge from the Company. Directors strongly recommend potential Applicants review these and all other ASX announcements prior to deciding whether or not to participate in the Offer.

3.13 Taxation implications

The Directors do not consider it appropriate to give Applicants advice regarding the taxation consequences of subscribing for Listed Options under this Prospectus. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Applicants. As a result, Applicants should consult their professional tax adviser.

3.14 Privacy Act

If you complete an application for Listed Options, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder or Optionholder, facilitate distribution payments and corporate communications to you as a Shareholder or Optionholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers,

regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company's share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the Application Form, the Company may not be able to accept or process your application.

3.15 Enquiries

Any questions concerning the Offer should be directed to the Company Secretary, on +61 8 9381 2266.

4. Effect of the Offer

4.1 Effect of the Offer on Capital Structure

The effect of the Offer on the Company's capital structure is set out below.

Shares	Number
Shares currently on issue (including Placement Shares) ¹	1,521,433,234

Options	Number
Existing Options (quoted) currently on issue (exercisable at \$0.0125 and expiring 31 August 2019)	354,381,515
Unquoted Options currently on issue	
Unquoted Options exercisable at \$0.070 and expiring 31 March 2018	5,000,000
Unquoted Options exercisable at \$0.030 and expiring 30 June 2019	104,469,366
Unquoted Options exercisable at \$0.021 and expiring 31 August 2019	10,000,000
Unquoted Options exercisable at \$0.015 and expiring 29 November 2019	22,500,000
Listed Options issued under the Offer ² (exercisable at \$0.0125 and expiring 31 August 2019)	302,250,000
Total Options on issue on completion of the Offer²	776,100,881

Notes:

- 1 Placement Shares were issued 3 July 2017. Refer section 3.1 above.
- 2 Shareholder approval for the issue of the Listed Options was obtained at the Shareholder Meeting. Assuming full subscription of the Offer.

4.2 Financial Effect of the Offer

There will be no proceeds from the Offer. The expenses of the Offer (approximately \$25,150) will be met from the Company's existing cash reserves. The Offer will have an effect on the Company's financial position, being expenses of the Offer of \$25,150. Refer to section 8.7 of this Prospectus for details of the estimated expenses of the Offer.

4.3 Pro-forma balance sheet

The reviewed balance sheet as at 31 December 2016 and the unaudited pro-forma balance sheet as at 31 December 2016 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position:

The pro-forma balance sheet has been prepared assuming the Placement Shares have been issued, that the Offer is fully subscribed, and includes expenses of the Offer and the Placement.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

**Consolidated Condensed Statement of Financial Position
(reviewed) and Pro Forma Statement of Financial Position
as at 31 December 2017 (unaudited)**

	31 December 2016 Actual \$	Post Offer Pro-forma \$ <i>(including the issue of both Listed Options under the Offer and Placement Shares^{1,2}</i>
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	2,077,666	3,261,516
Trade and other receivables	107,349	107,349
Total current assets	2,185,015	3,368,865
Non-current assets		
Property, plant and equipment	69,712	69,712
Exploration and evaluation	786,804	786,804
Total non-current assets	856,516	856,516
Total assets	3,041,531	4,225,381
<u>LIABILITIES</u>		
Current liabilities		
Trade and other payables	217,287	217,287
Total current liabilities	217,287	217,287
Total liabilities	217,287	217,287
Net assets	2,824,244	4,008,094
<u>EQUITY</u>		
Issued capital	23,140,753	24,349,753
Reserves	1,493,456	1,493,456
Accumulated losses	(21,809,965)	(21,835,115)
Total equity	2,824,244	4,008,094

NOTES:

1. *This pro-forma balance sheet assumes that the Offer is fully subscribed.*
2. *This column of the pro-forma balance sheet has been prepared on the basis that the Placement was completed on 3 July 2017 raising \$1,209,000 (before expenses) to which the Listed Options subject to this Prospectus were free-attaching.*

5. Rights and Liabilities Attaching to Shares

The following is a summary of the more significant rights and liabilities attaching to the Company's Shares to be issued on exercise of the Listed Options. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

The rights, privileges and restrictions attaching to Shares can be summarised as follows:

(a) **Voting Rights**

Subject to the Constitution of the Company and any rights or restrictions at the time being attached to a class of shares, at a general meeting of the Company every shareholder present in person, or by proxy, attorney or representative has one vote on a show of hands, and upon a poll, one vote for each share held by the shareholder and for each partly paid share held, a fraction of one vote equal to the proportion which the amount paid up bears to the amounts paid or payable on that share. In the case of an equality of votes, the chairperson has a casting vote.

(b) **Dividends**

Subject to the Corporations Act, the ASX Listing Rules and any rights or restrictions attached to a class of shares, the Company may pay dividends as the Directors resolve but only out of profits of the Company. The Directors may determine the method and time for payment of the dividend.

(c) **Winding up**

Subject to the Corporations Act, the ASX Listing Rules and any rights or restrictions attached to a class of shares, on a winding up of the Company, any surplus moneys and property to be distributed among Shareholders shall be so distributed in proportion to the Shares held by them respectively, irrespective of the amount paid up or credited as paid up on the Shares.

(d) **Transfer of Shares**

Generally, Shares are freely transferable, subject to satisfying the requirements of the ASX Listing Rules, the Corporations Act and associated legislation. The Directors may decline to register any transfer of Shares but only where permitted to do so by the Corporations Act, the ASX Listing Rules and associated legislation.

(e) **Further Increases in Capital**

Subject to the Corporations Act, the ASX Listing Rules and associated legislation, the Company (under the control of the Directors) may allot and issue shares and grant options over shares, on any terms, at any time and for any consideration, as the Directors resolve.

(f) **Variation of Rights Attaching to Shares**

Subject to the Corporations Act, the ASX Listing Rules and associated legislation and the terms of issue of shares in a particular class, the Company may vary or cancel rights attached to shares in that class by

either special resolution passed at a general meeting of the holders of the shares in that class, or with the written consent of the holders of at least 75% of the votes in that class.

(g) **General Meeting**

Each shareholder will be entitled to receive notice of, and to attend and vote at, General Meetings of the Company and to receive notices, accounts and other documents required to be furnished to shareholders under the Company's Constitution, the Corporations Act and the ASX Listing Rules.

6. Rights and Liabilities Attaching to Listed Options

Option Terms and Conditions

Exercise price \$0.0125: expiry date 31 August 2019:

- (a) Each Option entitles the holder to acquire one fully paid ordinary Share in the Company.
- (b) The options have an exercise price of \$0.0125 (**Exercise Price**) and will expire at 5.00pm WST 31 August 2019 (**Expiry Date**).
- (c) The Options are exercisable at any time on or prior to the Expiry Date.
- (d) The Options may be exercised by giving notice in writing to the Company (**Notice of Exercise**), together with payment of \$0.0125 per Option exercised. The Options will lapse at 5.00pm WST 31 August 2019. Any Notice of Exercise received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.
- (e) The Options may be transferred by an instrument (duly stamped where necessary) in the form commonly used for transfer of Options at any time until 31 August 2019. This right is subject to any restrictions on the transfer of an Option that may be imposed by ASX in circumstances where the Company is listed on ASX.
- (f) Option holders shall be permitted to participate in new issues of securities on the prior exercise of options in which case the Option holders shall be afforded the period of at least nine (9) business days prior to and inclusive of the record date (to determine entitlements to the issue) to exercise the Option.
- (g) Shares issued on the exercise of Options will be issued not more than fourteen (14) days after receipt of a properly executed exercise notice and application moneys. Shares allotted pursuant to the exercise of an Option will rank equally with the then issued ordinary shares of the Company in all respects. If the Company is listed on ASX it will, pursuant to the exercise of an Option, apply to ASX for Quotation of the Shares issued as a result of the exercise, in accordance with the Corporations Act and the Listing Rules.
- (h) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital at the time of the reconstruction.
- (i) If there is a bonus issue to shareholders, the number of shares over which the Option is exercisable may be increased by the number of shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
- (j) In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Options may be reduced in accordance with Listing Rule 6.22.2.
- (k) Subject to the requirements of the Corporations Act and Listing Rules, the Company will apply for quotation of the Options as soon as practicable following their issue.

- (l) The Options are transferable, subject to restriction or escrow arrangements imposed by the Company, or ASX, or under applicable Australian securities laws.
- (m) Payment of the Exercise Price shall be in Australian currency made payable to the Company by electronic funds transfer or other means of payment acceptable to the Company. The application for shares on exercise of the Options with the appropriate remittance should be lodged with the Company in the manner provided in the Option certificate.

7. Risk Factors

7.1 Introduction

Activities in the Company and its controlled entities, as in any business, are subject to risks, which may impact on the Company's future performance. The Company and its controlled entities have implemented appropriate strategies, actions, systems and safeguards for known risks, however, some are outside its control.

The Directors consider that the following summary, which is not exhaustive, along with the risks set out in section 1 of this Prospectus, represents some of the major risk factors which prospective investors need to be aware of in evaluating the Company's business and risks of commencing or increasing your investment in the Company. Prospective investors should carefully consider the following factors in addition to the other information presented in this Prospectus.

The principal risks include, but are not limited to, the risks set out below.

7.2 Company Specific Risks

Refer also to section 1 of this Prospectus.

(a) Future Capital Requirements

The Company may have a need to raise funds in the future (whether by way of debt or equity). The ability of the Company to meet this future requirement, should it arise, will be dependent on the Company's continued access to credit markets, funding sources and financing facilities. Recent developments in global financial markets have adversely affected the liquidity of global credit markets, which has resulted in an increase in the cost of funding and in certain cases a reduction in the availability of funding sources throughout global markets. Access to credit markets on less favourable terms will impact the Company's access to financing facilities should the need arise, and may have a material adverse effect on the Company's future financial performance and position. Any additional equity financing may be dilutive to the Company's existing Shareholders and any debt financing, if available, may involve restrictive covenants, which limit the Company's operations and business strategy. The Company's failure to raise capital if, and when, needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities and its solvency.

(b) Exploration

The Company's tenements are at an early stage of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of the Company's tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ

from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

Whilst the Directors will make every effort to reduce this risk, the fact remains that the discovery and development of a commercially viable resource is the exception rather than the rule.

(c) Operations

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(d) Regulatory Requirements

Interests in tenements in Western Australia are governed by legislation and regulations that are current in Western Australia and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in the Company's tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

(e) Commodity Price Volatility and Exchange Rate

If the Company successfully defines a resource or reserve and subsequently achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(f) Environmental

The minerals and mining industry has become subject to increasing environmental regulations and liability. The potential for liability is an ever present risk. The operations and proposed activities of the Company are subject to Australian laws and regulations concerning the

environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall, snow or bushfires may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.

Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or mining activities.

Exploration work will be carried out in a way that has minimal impact on the environment. It may be required for the Company to conduct baseline environmental studies prior to certain exploration or mining activities, so that environmental impact can be monitored and minimised where ever possible. Whilst the Company is not aware of any endangered species of flora or fauna at this point, no baseline studies have been done to date, and such a discovery could prevent exploration and mining activity in certain areas.

(g) Native title and Aboriginal heritage

In relation to tenements which the Company has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant land owner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

In addition, there may be areas or objects of Aboriginal heritage located on the Company's tenements, or any other tenements that may be acquired by the Company in the future. The Company must ensure that it does not breach the applicable legislation relating to Aboriginal heritage. To ensure that it does not contravene such legislation, it would be prudent for the Company (and it would accord with industry practice and Aboriginal expectations) to conduct heritage surveys to determine if any Aboriginal heritage sites or objects exist within the area of the Company's tenements prior to commencing any activities. Any interference with these sites or objects must be in strict conformity with the provisions of the relevant legislation.

If Aboriginal heritage sites or objects do exist the Company may need to enter into agreements with the traditional owners of the sites. The ability of the Company to implement its work programme may be adversely affected in both time and cost.

The Directors will closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

7.3 General Risks

In addition to the specific risks outlined above, there are general risks associated with the Company's existing and proposed business operations.

The general risks include, but are not limited to, the risks set out below.

(a) General Economic Conditions

The operating and financial performance of the Company may be influenced by a variety of general economic and business conditions, including levels of consumer spending, inflation, interest rates, access to debt and capital markets, international economic conditions, significant acts of terrorism, hostilities or war or natural disasters, and government fiscal, monetary and regulatory policies. A prolonged deterioration in general economic condition, including a decrease in commodity demand, may have an adverse impact on the Company's business or financial condition. No guarantee can be made that the Company's market performance will not be adversely affected by any such market fluctuations or factor.

(b) Taxation and Government Regulations

Changes in taxation and government legislation in a range of areas (for example, the Corporations Act, accounting standards, and taxation law) can have a significant influence on the outlook for companies and the returns to investors. The recoupment of taxation losses accrued by the Company from any future revenues is subject to the satisfaction of tests outlined in taxation legislation or regulations in the jurisdictions in which the Company operates. There is no guarantee that the Company will satisfy all of these requirements at the time it seeks to recoup its tax losses which may impact on the financial performance and cash flows of the Company.

(c) Share Market Conditions

Share market conditions may affect the value of Shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) changes in investor sentiment toward particular market sectors;
- (iv) the demand for, and supply of, capital; and
- (v) terrorism or other hostilities.

The market price of the Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither the Company nor the Directors warrant the future performance of the Company, or any return on an investment in the Company.

(d) Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The

above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

8. Additional Information

8.1 Company Update

As described in section 3.1 of this Prospectus, the Company issued the Placement Shares to raise \$1,209,000 (before expenses).

The Company intends to use the funds raised from the Placement towards:

- (a) further exploration on the Fraser Range Project;
- (b) payment to existing creditors; and
- (c) working capital of the Company.

Placement Shares were, and Listed Options pursuant to the Offer will be, issued to investors who do not require a disclosure document under section 708 of the Corporations Act, none of whom are related parties of the Company.

All Placement Shares are fully paid ordinary Shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.

All Listed Options issued under the Offer in this Prospectus will be on the same terms and conditions of the Company's Existing Options.

8.2 Continuous Disclosure Obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose to the market any information it has which a reasonable person would expect to have a material effect on the price or value of the Company's securities.

This Prospectus is a "transaction specific prospectus" under section 713 of the Corporations Act. In general terms, a "transaction specific prospectus" is only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;
 - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
 - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company or an ASIC office during normal office hours.

The Company has lodged the following announcements with ASX since the lodgement of the 2016 Annual Report:

8.3 Announcements

Date	Description of Announcement
12/09/2017	Application for Quotation of Options
11/09/2017	Results of Meeting
31/08/2017	Exploration Update
11/08/2017	Notice of General Meeting/Proxy Form
27/07/2017	Quarterly Activities Report and Appendix 5B
04/07/2017	Change in substantial holding
03/07/2017	MRD Completes Capital Raising
03/07/2017	Appendix 3Y - Ashley Hood
03/07/2017	Expiry of Unlisted Options
20/06/2017	Exploration Update
20/06/2017	Response to ASX Aware Query
14/06/2017	Change of Company Address

Date	Description of Announcement
14/06/2017	Company Secretary Appointment - Johnathon Busing
14/06/2017	Final Director's Interest Notice - Keith Bowker
14/06/2017	Resignation of Director/Company Secretary Keith Bowker
14/06/2017	Amended Appendix 3Y - Keith Bowker
06/06/2017	Appendix 3Y - Keith Bowker
05/06/2017	Response to ASX Aware Letter
01/06/2017	Exploration Update
10/05/2017	R&D Tax Incentive Refund
09/05/2017	Diamond Drilling to Commence
02/05/2017	Exploration Update
28/04/2017	Quarterly Activities Report and Appendix 5B
26/04/2017	RC Drilling to Commence
20/04/2017	Exploration Update
16/03/2017	Half Year Financial Statements
27/02/2017	Exploration Update
31/01/2017	Quarterly Activities Report and Appendix 5B
23/01/2017	Exploration Update
11/01/2017	Exploration Update
05/01/2017	Expiry of Unlisted Options
04/01/2017	Appendix 3Y - Guy Le Page
16/12/2016	Drilling Update
12/12/2016	CSA Independent Review
08/12/2016	Appendix 3B
29/11/2016	Appendix 3Y - Keith Bowker
29/11/2016	Appendix 3Y - Ashley Hood
29/11/2016	Appendix 3Y - Michael Pedley
29/11/2016	Appendix 3B
28/11/2016	Results of Annual General Meeting

Date	Description of Announcement
28/11/2016	AGM Presentation
28/11/2016	Exploration Update
14/11/2016	MRDD017 Drilling Update
31/10/2016	Quarterly Activities Report and Appendix 5B
27/10/2016	Annual Report to Shareholders

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

8.4 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer pursuant to this Prospectus; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner or Director, either to induce them to become, or to qualify them as, a Director or otherwise for services rendered by them or by the firm in connection with the formation or promotion of the Company or the Offer.

The Directors' relevant interests in the Company's securities as at the date of this Prospectus and remuneration payable for the current and the last two financial years (including share based payments) is set out below:

Name	Shares	Options	Remuneration FY 2015	Remuneration FY 2016	Remuneration FY 2017 ⁴
Michael Pedley	9,277,751	10,000,000	-	\$20,000	\$25,000 ¹
Guy Le Page	14,687,500	10,000,000	\$122,500	\$76,900	\$25,000 ²
Ashley Hood	7,701,893	-	-	-	\$90,909 ³

Notes :

¹ Mr Pedley's current remuneration is \$25,000 per annum.

² Mr Le Page's current remuneration is \$25,000 per annum.

³ Mr Hood's current remuneration is \$120,000 per annum.

Directors, companies associated with the Directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of

pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

8.5 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner, nor any company with which any of those persons is or was associated, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, or to any firm in which any of those persons is or was a partner, or to any company with which any of those persons is or was associated, for services rendered by that person, or by the firm or the company, in connection with the formation or promotion of the Company or the Offer.

Nova Legal has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Nova Legal \$5,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Nova Legal has been paid approximately \$4,610 (excluding GST) for legal services provided to the Company.

8.6 Consents

Each of the parties referred to in this section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Nova Legal has given and has not withdrawn its consent to be named as the solicitors to the Company in this Prospectus, in the form and context in which it is named. Nova Legal has not caused or authorised the issue of this Prospectus, and expressly disclaims and takes no responsibility for, any part of this Prospectus.

8.7 Estimated Expenses of Offer

The total expenses of the Offer are estimated to be approximately \$25,150 as follows:

Expense	(\$)
ASIC fees	2,400
ASX fees	11,750
Legal expenses	7,000
Miscellaneous, printing and other expenses	4,000
Total	25,150

8.8 Market Price of Shares and Options

The Company is a disclosing entity for the purposes of the Corporations Act and its securities are enhanced disclosure securities quoted on ASX.

The highest and lowest market sale prices of the Company's securities on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

MRD Shares:

Highest: \$0.008 on 6 September 2017.

Lowest: \$0.005 on 13 June 2017.

The latest available closing sale price of the Company's Shares on ASX prior to the lodgement of this Prospectus with the ASIC was \$0.007 on 14 September 2017.

8.9 Dividend Policy

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

8.10 Electronic Prospectus

ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please phone the Company on +61 8 9381 2266 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

8.11 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing share certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Listed Options issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

9. Directors' Authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



Michael Pedley

Chairman

15 September 2017

For and on behalf of Mount Ridley Mines Ltd

10. Definitions

\$ means Australian dollars.

Company means Mount Ridley Mines Limited (ACN 092 304 964).

Applicant means an investor who applies for Listed Shares pursuant to the Offer.

Application Form means an application form either attached to or accompanying this Prospectus.

ASIC means the Australian Securities and Investments Commission.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it, as the context requires.

ASX Listing Rules means the listing rules of the ASX.

Board means the board of Directors unless the context indicates otherwise.

Business Day means a day on which trading takes place on the stock market of ASX.

Closing Date means the date specified in the timetable in section 1 of this Prospectus (unless extended).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company as at the date of this Prospectus.

Existing Option means the listed Options currently on issue, exercisable at \$0.0125 on or before 31 August 2019.

Listed Option means the Options to be issued under the Offer, exercisable at \$0.0125 on or before 31 August 2019, on the terms and conditions set out in section 6.

Offer means the offer of Listed Options referred to in the "Details of the Offer" section of this Prospectus.

Official Quotation means official quotation on ASX.

Opening Date means the opening date of the Offer as specified in the timetable set out in section 1 of this Prospectus (unless extended).

Option means an option to acquire a Share.

Optionholder means an optionholder of the Company.

Placees means the holders of Placement Shares.

Placement means the Company's placement of Shares and Options as described in section 3.1.

Placement Shares means 302,250,000 Shares issued at an issue price of \$0.004 per Share to Placees pursuant to the Placement.

Prospectus means this prospectus.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Shareholder Meeting means the meeting of Shareholders held on 11 September 2017.

WST means western standard time as observed in Perth, Western Australia.

11. Application Form
