

16 February 2015

Mr Adam Russo
ASX Compliance Pty Limited
Level 40, Central Park
152-158 St Georges Terrace
PERTH WA 6000

By email: adam.russo@asx.com.au

Dear Mr Russo

RESPONSE TO ASX PRICE QUERY

Mount Ridley Mines Limited (ASX: MRD) ("Mount Ridley Mines" or "the Company") acknowledges receipt of your correspondence dated 9 February 2015 (attached) regarding an increase in the price and volume of trading of the Company's securities and responds as follows:

1. Up until the time of the price query the Company only had preliminary geological information which was incomplete and had not been verified. The geological information available to the Company was not compliant with the JORC Code and as such was insufficiently definite to warrant ASX release.

By way of background on 18 January 2015 the Company commenced an aircore drilling program of approximately 110 holes. During the course of the drilling program the Company received an initial set of assay results that included an anomalous level of nickel in one four metre composite sample that was not supported by other assays. The Company requested four one metre split assays to verify the initial results. The four metre split samples were delivered to the assay laboratory on Friday 6 February. The assays on these four one metre splits along with further samples were received on 12 February, three days after the trading halt was requested.

At the same time as the Company received the single anomalous assay result, the Company's Managing Director, an experienced nickel geologist who was managing the drilling program, formed the view that the types of rocks found in a number of drilling samples may have contained finely disseminated sulphides. His views were formed purely on his field examinations of the rock chip samples. The decision was made to hire a consulting petrologist to perform thin sections and analyse the rock types and thus obtain an independent assessment. This work was commenced and the first written report was received on Saturday 14 February, once again 5 days after the trading halt was requested.

- 2a) Up until the time of the ASX price query and the day the Company requested a trading halt, the Company was only in possession of geological information that was incomplete and lacked verification in terms both of assay results and an independent report from the petrologist. The Company simply lacked geological information that was sufficiently definite and compliant with the JORC standards.

- 2b) The Company has prepared an announcement of a summary of the geological information and drilling results for information that was received after the price query and trading halt. No announcement is necessary for information received prior to the price query.
- 2c) Not applicable – see above response to 2b).
- 3 The Company has no explanation for the recent trading. We note the recent general improvement in share prices for companies involved in the Fraser Range. We also note that only a few months ago the Company's share price has been as high as 2.4 cents.
4. The Company confirms it is in compliance with Listing Rules and in particular Listing Rule 3.1.

For and on behalf of the Board

Dean Goodwin
Managing Director



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9 February 2015

Mr Keith Bowker
Mount Ridley Mines Limited

By Email: keith@somervillegroup.com.au

Dear Keith

Mount Ridley Mines Limited (the “Company”) - ASX price query

We have noted a change in the price of the Company's securities from a closing price of \$0.01 on 4 February 2015, to an intra-day high of \$0.018. We have also noted an increase in the volume of trading in Company's securities over this period.

In light of the price and volume change, ASX asks you to respond separately to each of the following questions:

1. Is the Company aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?
2. If the answer to question 1 is “yes”:
 - a) Is the Company relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?

Please note that the recent trading in the Company's securities would suggest to ASX that such information may have ceased to be confidential and therefore the Company may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is “yes”, you need to contact us immediately to discuss the situation.
 - b) Can an announcement be made immediately?

Please note, if the answer to this question is “no”, you need to contact us immediately to discuss requesting a trading halt (see below).
 - c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
3. If the answer to question 1 is “no”, is there any other explanation that the Company may have for the recent trading in its securities?
4. Please confirm that the Company 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 no later than **12:15pm (WST) on Monday, 9 February 2015**. If we do

not have your response by then, ASX will have no choice but to consider suspending trading in the Company'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 Company'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 adam.russo@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 Company 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 Company'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, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in the Company'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]

Adam Russo
Adviser, Listings Compliance (Perth)