

Quarterly report for the period ending 31 March 2016

OVERVIEW

- ❖ Recently completed heavily oversubscribed capital raising generates total proceeds of A\$1.39 million. Reflects a robust 73% higher demand than the original \$800,000 minimum target.
- ❖ Heavier demand reflects growing success and market recognition of the Company's Fraser Range nickel exploration strategy.
- ❖ A deep penetrating Audio Magnetotelluric (AMT) geophysical survey highlights several new conductor targets proximal to existing diamond drilling at Target 19.
- ❖ Completed AMT modelling in the vicinity of conductor T19C01 has revealed a deeper conductive response 200-250m beneath diamond holes MRDD010, MRDD011 and MRDD012.
- ❖ The broad zones of disseminated and globular nickel and copper sulphides intersected in holes MRDD010, MRDD011 and MRDD012 are visible in AMT modelling.
- ❖ AMT conductor anomalies are coincident with coarse-grained, sulphidic, mesocumulate ultramafics.
- ❖ Most AMT conductor anomalies appear stronger than the relatively weaker signature returned from the broad disseminated sulphide zones. These new conductive features could represent potential feeder zones containing massive nickel and copper sulphides adjacent to the disseminated sulphide mineralisation. These targets have yet to be drill tested.
- ❖ These new deeper AMT conductor targets are in addition to existing EM conductor targets T19C01, T19C02 and T19C03.
- ❖ Diamond hole MRDD012 was drilled for a total of 462.5m testing extensions of lithological and sulphidic zones intersected in holes MRDD010 and MRDD011.
- ❖ A total of 48 aircore holes (MRAC390-437) were drilled for 2,299m to gain more detailed understanding of nickel and copper mineralization and dispersion within Target 19.
- ❖ No graphitic sediments have been intersected to date in any aircore or diamond drill holes in and around the intrusion.

EXPLORATION

The introduction of geophysical AMT surveying to exploration at Target 19, locating deeper conductive anomalies, has added a new and exciting tool to validate current interpretation.

Field work in the reporting period has concentrated on further resolving bedrock conductor T19C01 with diamond drilling and refining the supergene nickel and copper enrichment zone with aircore drilling at Target 19.

Mt Ridley Project

Geophysical Audio Magnetotelluric (AMT) Survey

The initial geophysical AMT survey was planned to cover the area immediately over T19C01 and the existing mineralised diamond holes. This survey was undertaken to search for conductive targets at depth beneath existing diamond drilling and along strike beneath the 1,600m long supergene enrichment zone.

Preliminary results over T19C01 were extremely encouraging with the identification of a significant conductive feature at depths approaching 450m below surface beneath diamond holes MRDD010, MRDD011 and MRDD012 (see Figure 1).

Recent downhole EM surveying of diamond holes MRDD007, MRDD008, MRDD010, MRDD011 and MRDD012 has detected a faint, deep, off-hole response but it was difficult to model because of the effects of the conductive transported overburden.

This deeper AMT response corroborates the downhole EM data retrieved from these holes helping to vector in on the conductor's potential location. It also couples well with the broad zones of disseminated and globular sulphides and the coarse-grained, sulphidic, mesocumulate ultramafics. Combining all these factors makes this a high quality exploration target for massive nickel-copper sulphide mineralisation.

Due to the initial success of AMT surveying at conductor T19C01, work was extended to the west covering the majority of the supergene enrichment zone as far as diamond hole MRDD009, a strike distance of more than 1,400m. This additional work has identified other deeper conductive features up to 350-400m beneath the supergene enrichment zone, one with a strike length in-excess of 800m. These features line up remarkably well with the overlying supergene enrichment zone especially where the values of nickel and copper are at their highest. They are also concordant with the dip of the geology and line up very well with the down dip projections of untested conductors T19C02 and T19C03, with the strongest AMT conductive feature underlying EM conductor T19C03 (see Figures 2 and 3).

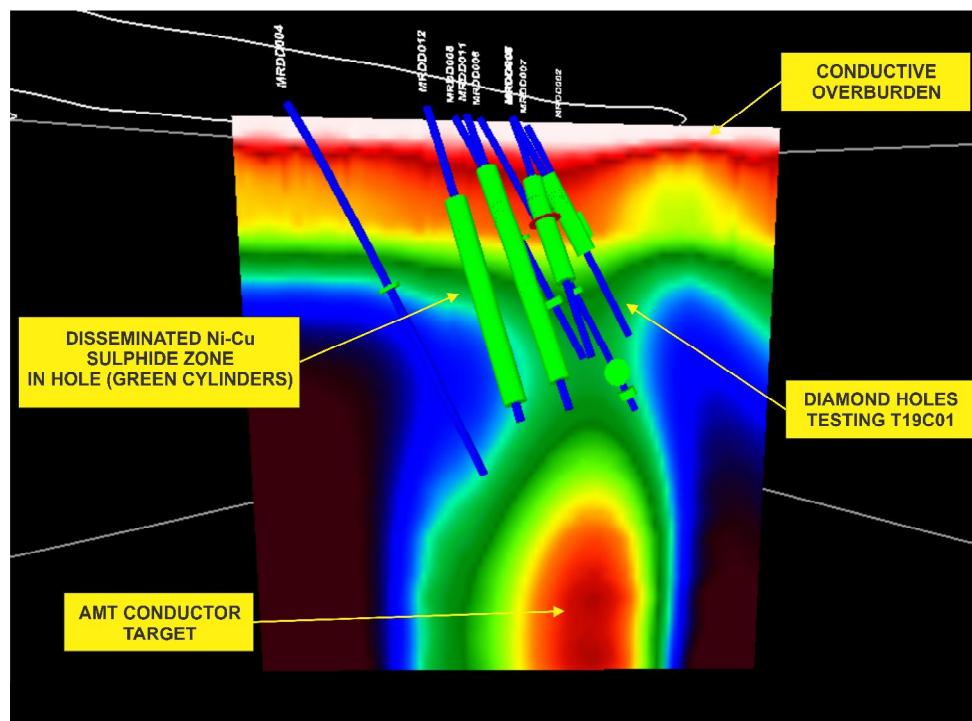


Figure 1 – Cross section 46300N showing existing diamond holes with disseminated Ni-Cu mineralisation zones (green cylinders) together with the modelled AMT data. Red and white colours indicate more highly conductive material while the green and blue colours indicate less conductive. Note the stronger conductor target located approximately 200-250m beneath the existing diamond drilling.

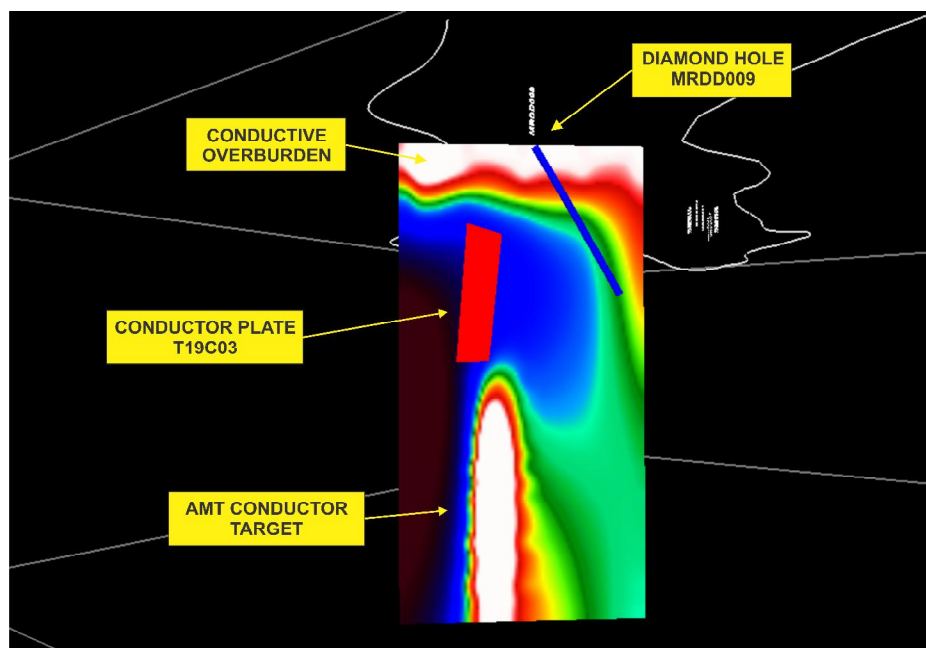


Figure 2 – Cross section 45100N showing AMT modelled data together with existing ground EM conductor plate T19C03. Note the strong conductive feature detected by AMT directly beneath T19C03 which could represent a steep dipping feeder zone hosting massive nickel and copper sulphides. Note also 250m deep diamond hole MRDD009, which was drilled prior to both geophysical surveys, is located well away from both these conductors.

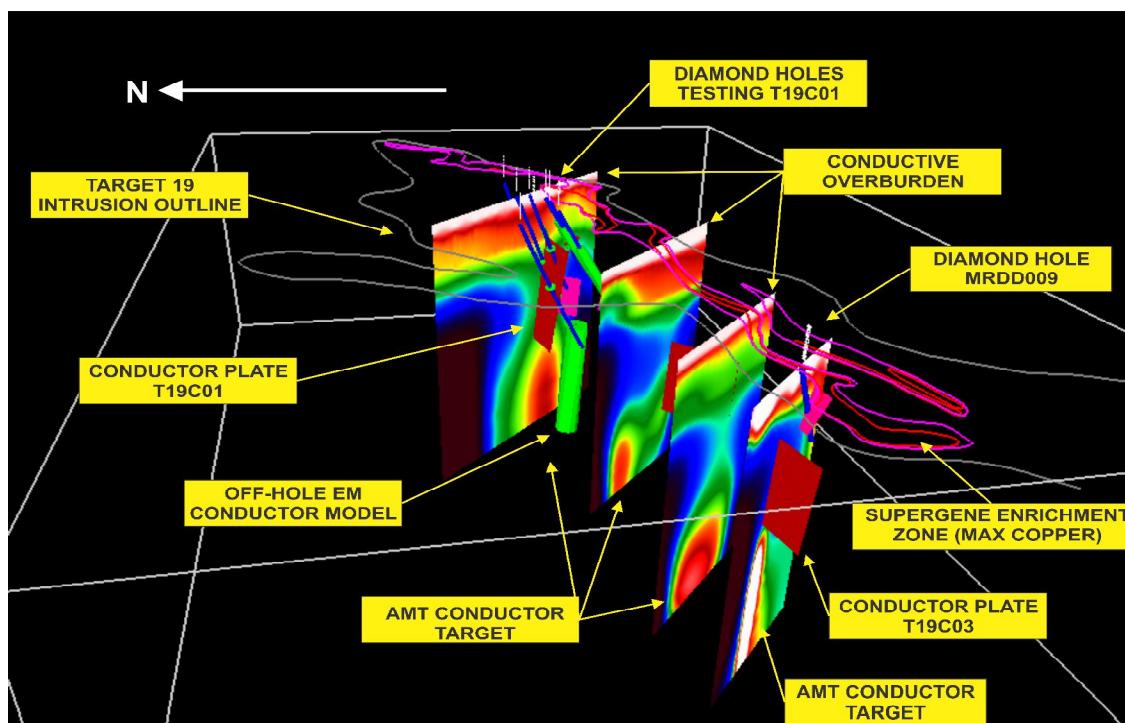


Figure 3 – 3D perspective view showing several AMT modelled sections together with existing diamond drilling, downhole EM off-hole conductor model, ground EM conductor plates T19C01-T19C03 and supergene enrichment zone showing contoured maximum in-hole copper values. Note the strong conductive features at depth detected by AMT 150-250m beneath T19C01 and T19C03 which could represent a steep dipping feeder zone hosting massive nickel and copper sulphides.

Diamond Drilling

A single diamond drill hole was completed in the reporting period for 462.5m (MRDD012).

Diamond hole MRDD012 was designed to test for extensions to the 337 metre thick zone of lightly disseminated and globular to blebby sulphides intersected in MRDD011 and also test the southern end of conductor T19C01 (See MRD ASX announcement, 11th January 2016).

MRDD012 intersected a discontinuous 230 metre thick zone of minor (1-5%) disseminated and globular to blebby sulphides from 146 metres to 376 metres downhole including an almost continuous 72 metre thick zone from 262 metres to 334 metres downhole.

These sulphides are interpreted to represent a halo or flanking style mineralisation surrounding a potential massive or semi massive sulphide accumulation located nearby. Importantly the mineralisation intersected to date in holes MRDD010, MRDD011 and MRDD012 is not conductive and is therefore not the source to conductor T19C01 which has yet to be found.

Aircore Drilling

A total of 48 aircore holes for 2,299 metres was completed in January.

The main nickel and copper supergene enrichment zone is located near the central axis of Target 19 positioned roughly over multiple layers of coarse grained mesocumulate ultramafics defined by aircore and diamond drilling.

Aircore drilling conducted in Q3 was focused on infill over the western part of the supergene enrichment zone. This drilling infilled a zone of nickel and copper anomalism on 100x 25m pattern over bedrock conductor TC1903 identified in earlier drilling.

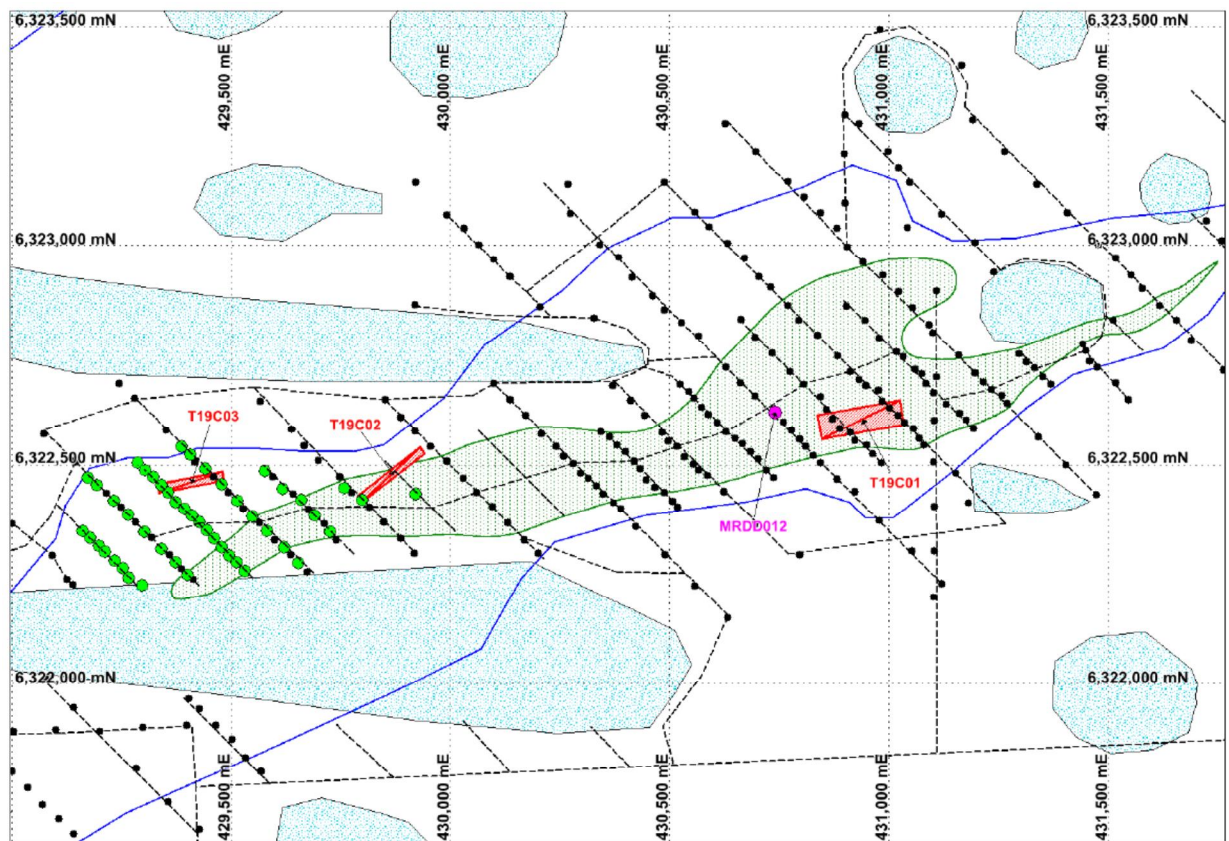


Figure 4 – Aircore drilling completed during the quarter (in green) over the supergene enrichment zone (green outline) and bedrock conductor plates (red). MRD012 shown in pink. Outline of Target 19 in blue.

Ongoing Work

The initial AMT survey results are very encouraging and validates the current interpretation.

A second phase of AMT work is currently being undertaken.

This new AMT survey is designed to extend the coverage over Target 19 by adding additional survey lines at both the NE and SW extremities of the existing survey area. These new lines will attempt to close off existing open ended AMT conductor anomalies identified by the previous survey (see Figure 1).

Additional stations have also been added to extend current survey lines to better understand the depth extent to existing AMT conductors.

An additional 6km long AMT traverse will also be undertaken perpendicular to the regional geological strike to look for potential deeper sources to the existing shallower AMT conductor anomalies (see Figure 2). Each of these stations will have expected depth penetration of approximately 2000-3000m below surface. This new data will be merged with the existing shallower AMT data to form a broad overall framework or geometry to the system

Detailed gravity traverses will also be undertaken shortly to more accurately detail the existing gravity feature located adjacent to Target 19 and beneath the general Project area (see Figure 3). This new data is required to model the gravity feature in more detail to determine its depth, overall density and strike extent. The survey expects to delineate areas of denser material closer to the surface in reach of diamond drilling. It is thought that this gravity feature could represent a deep seated source, possibly a magma chamber, to the disseminated sulphides intersected to date at Target 19 and at Target 2.

The gravity modelling will be coupled with the new AMT survey data. Dense bodies coincident with an AMT conductor response may represent sulphide accumulations at depth.

The amalgamated data set together with the existing AMT models will be used to determine and rank future drilling targets.

The next round of diamond drilling is expected to get underway in early May.

CORPORATE

Subsequent to the end of the quarter, the Company raised \$1,387,762 via the issue of 138,776,200 fully paid ordinary shares. The Company will also be issuing unlisted options ("Options") on a 1 for 2 basis, exercisable at \$0.025 on or before 30 June 2017. A total of 20,000,000 unlisted options exercisable at \$0.025 on or before 30 June 2017 will also be issued to Australian Financial Services Licensees ("Broker Options"). The Options and Broker Options will be issued at a later date subject to shareholder approval.

For and on behalf of the board

A handwritten signature in black ink, appearing to read "D Goodwin".

Mr Dean Goodwin AIG
Managing Director

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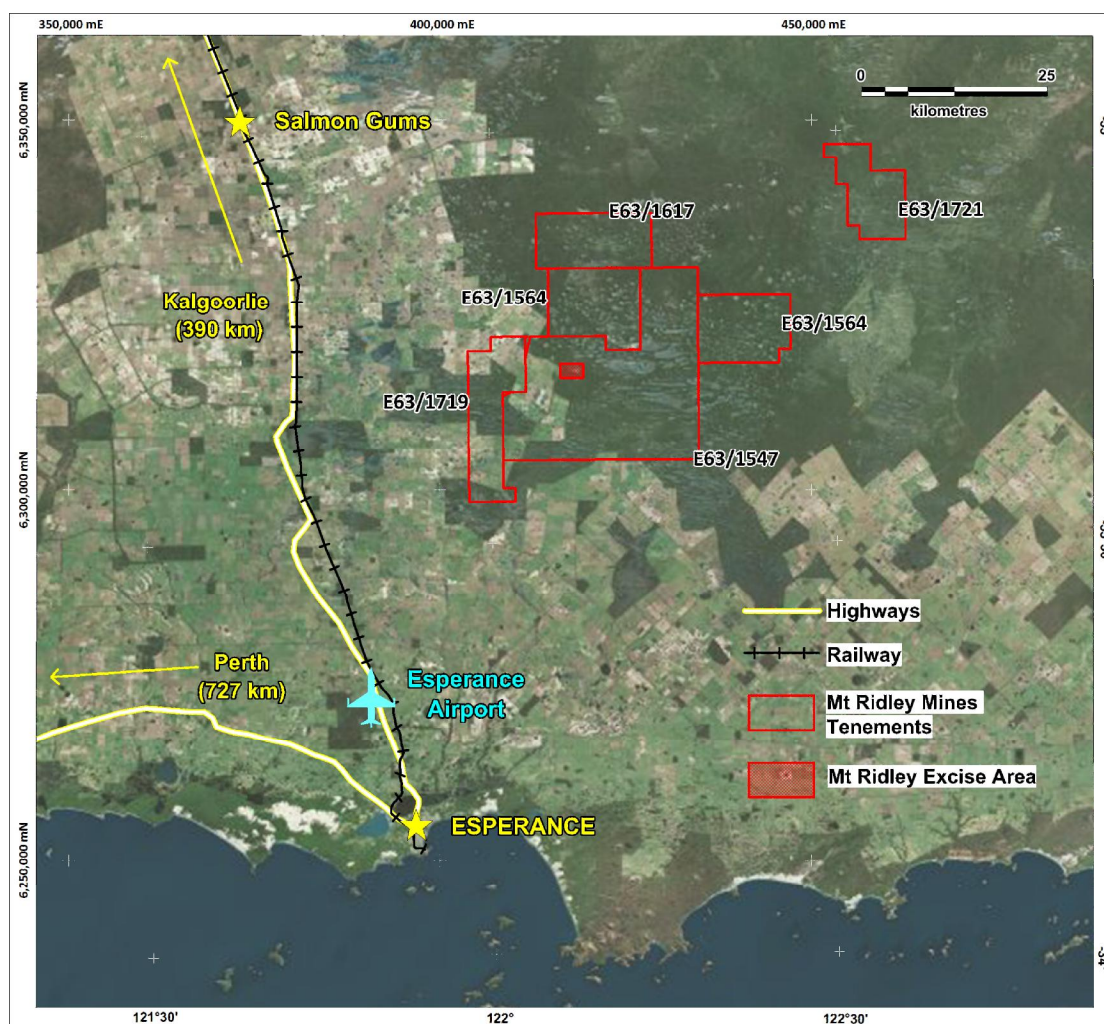
The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dean Goodwin who is a Member of the Australian Institute of Geoscientists. Mr Goodwin is the Managing Director of the Company. Mr Goodwin has sufficient experience 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 Goodwin consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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.

Mt Ridley Mines Ltd is actively targeting nickel sulphide deposits in the Albany-Fraser Range Province of Western Australia, the site of Sirius Resources Nova Nickel-Copper Deposit. The Company currently has a portfolio of tenements totaling in excess of 1000sq/kms in what is fast becoming the world's most exciting emerging nickel province.



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, 01/05/2013

Name of entity

MOUNT RIDLEY MINES LIMITED

ABN

93 092 304 964

Quarter ended ("current quarter")

31 March 2016

Consolidated statement of cash flows

		Current quarter	Year to date
		\$A'000	(9 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation	(324)	(1,844)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(373)	(835)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	3	12
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other – GST refund & R&D Rebate	9	973
Net Operating Cash Flows		(685)	(1,694)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	(9)
	(b) equity investments	-	-
	(c) other fixed assets	(1)	(17)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	8
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other – (provide details if material)	-	-
Net investing cash flows		(1)	(18)
1.13	Total operating and investing cash flows (carried forward)	(686)	(1,712)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(686)	(1,712)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	532
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – Capital raising costs	-	(32)
	Net financing cash flows	-	500
	Net increase in cash held	(686)	(1,212)
1.20	Cash at beginning of quarter/year to date	843	1,369
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter¹	157	157

¹ Subsequent to the end of the quarter, the Company raised \$1,387,762 (before costs) via a placement to sophisticated and institutional investors.

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	174
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions Payments for directors fees: \$44,000 Payments for consulting and exploration: \$130,416 All payments are on normal commercial terms.	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	650
4.2 Development	-
4.3 Production	-
4.4 Administration	100
Total	750

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	157	843
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	157	843

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

6.3 Interests in mining tenements at end of the quarter

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

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference⁺ securities <i>(description)</i>				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	825,174,646	825,174,646		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	+Convertible debt securities <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options <i>(description and conversion factor)</i>	15,785,714 94,469,366 5,201,982 7,500,000 5,000,000 10,000,000 275,000,000	- - - - - - -	<i>Exercise price</i> \$0.070 \$0.021 \$0.021 \$0.015 \$0.070 \$0.021 \$0.0125	<i>Expiry date</i> 30 June 2016 30 June 2016 31 December 2016 31 December 2016 31 March 2018 31 August 2019 31 August 2019
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.11	Debentures (totals only)		
7.12	Unsecured notes (totals only)		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Dean Goodwin
 (Managing Director)

Date: 28 April 2016

Print name: Dean Goodwin

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 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.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.