5 September 2016

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

By email: chris.bailey@asx.com.au

Dear Mr Bailey

RESPONSE TO ASX PRICE QUERY

Mount Ridley Mines Ltd (ASX: MRD) ("the Company") acknowledges receipt of your correspondence dated 1 September 2016 (attached) regarding a decrease of the price and volume increase in trading of the Company's securities and responds using the same numbering as your letter:

1. No.

2. Not applicable.

3. On 25 July 2016, the Company recommenced deep diamond drilling. The new hole MRDD016 had a designed depth of 750-800m and was expected to take several weeks to complete and was 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. No announcements were made by the Company between 29 July and 31 August 2016 and the trading volumes of the Company's shares were low most likely as a result of a lack of market announcements during the drilling program.

   On 31 August 2016, the Company announced significant changes to the Company's Board and management, with the resignation of the former Managing Director and Non-Executive Chairman, the appointment of a new Managing Director and the appointment of one of the other Non-Executive Directors as Non-Executive Chairman and significant volumes of shares were traded on Wednesday 31 August 2016 and Thursday 1 September 2016.

   On Thursday 1 September 2016 Mr Dean Goodwin, the former Managing Director, disposed of his entire shareholding of 54m shares which would explain the increase in the trading volume and price decrease on 1 September 2016. The Company requested a voluntary suspension on 5 September 2016 to provide additional time to confirm the settlement of the disposed shares in order to accurately reply to this ASX Price Query. The Company is still to be notified by Mr Dean Goodwin via the receipt of a Form 605 notice of ceasing to being a substantial shareholder.

   Separately, the Company requested a trading halt on 1 September 2016 pending the release of an announcement relating to an exploration update. This update has now been released but the Company does not consider that anything in that announcement had it been known by someone in the market previously could explain the recent trading in the securities.

4. Yes, the Company confirms compliance with the ASX Listing Rules and in particular Listing Rule 3.1.

For and on behalf of the Board

Mr Ashley Hood
Managing Director

1 September 2016

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

By Email

Dear Mr Bowker

MOUNT RIDLEY MINED LIMITED ("ENTITY"): ASX PRICE QUERY

We note a change in the price of the Entity's securities from an opening price of $0.017 on Friday 23 August 2016 to an intra-day low of $0.01 today, Thursday 1 September 2016.

We also note an increase in the trading volume of the Entity's securities today to a level that is significantly above the average trading volume on days when the Entity's securities are traded.

In light of the price decrease and volume increase, ASX asks you to respond separately to each of the following questions.

1. Is the Entity 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?

   In responding to this question, please consider in particular whether the Entity is aware of any information that its earnings for the 12 month period ending on 30 June 2016:

   (a) are likely to differ materially (downwards or upwards) from any earnings guidance it has given for the period; or

   (b) if the Entity has not given any earnings guidance for the period, are otherwise likely to come as a surprise to the market (by reference to analyst forecasts for the period or, if the Entity is not covered by analysts, its earnings for the prior corresponding period)?

2. If the answer to question 1 is "yes":

   (a) Is the Entity relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?

   Please note that the recent trading in the Entity's securities would suggest to ASX that such information may have ceased to be confidential and therefore the Entity 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 Entity may have for the recent trading in its securities?

4. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than half an hour before the start of trading (ie **before 7.30 am AWST** on **Monday 5 September 2016.** If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

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

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

Listing rule 3.1

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

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

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

Trading halt

If you are unable to respond to this letter by the time specified above, 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 Entity's securities under Listing Rule 17.1.

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

- the reasons for the trading halt;
- how long you want the trading halt to last;

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

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

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

Please contact me immediately if you have any queries or concerns about any of the above.

Yours sincerely

[sent electronically without signature]

Chris Bailey
Adviser, ASX Listings Compliance (Perth)