

8 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
tradinghaltspert@asx.com.au

Dear Mr Bailey

Response to ASX Aware Query

Mount Ridley Mines Limited (ASX: MRD) (the 'Company') acknowledges receipt of your correspondence dated 6 September 2016 (*attached*) and responds to the questions set out in that letter as follows using the same numbering as your letter.

The Resignation Announcement

- 1 The Company considers the information in the Resignation Announcement (including the appointment of Mr Hood as Managing Director and the resignation of Mr Goodwin and Mr Downey as Managing Director and Non-executive Chairman respectively) may be information that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

- 2 Not applicable.

The Company Secretary received an email at approximately 2.44pm (Perth time) 30 August 2016 advising of the intention of Messrs Goodwin and Downey to resign as directors on the express condition that the resignations would not take effect unless and until certain invoices in relation to services performed were paid. At 12.08pm (Perth time) 31 August 2016 the Company Secretary circulated a proposed Resolution to the Board of the Company seeking approval of the Board to accept the resignations of Messrs Goodwin and Downey and to appoint Mr Hood as Managing Director. Upon receipt of the Circulatory Resolution signed by each member of the Board the Company Secretary arranged for the payments referred to above to be made at approximately 2.03pm (Perth time) at which time the resignations of Messrs Goodwin and Downey took effect. The Resignation Announcement was released to ASX at 2.15pm (Perth time) on 31 August 2016.

- 3 As noted above, the resignations of Messrs Goodwin and Downey did not take effect until after close of trading on 31 August 2016 and therefore no announcement was made prior to that time as the information concerning the resignations concerned an incomplete proposal or negotiation.

The Exploration Update

- 4 The Company does not consider the information in the Exploration Update to be information that a reasonable person would expect to have a material effect on the price or value of the Company's securities.
- 5 The information in the Exploration Update does not provide any specific information in relation to the Company's operations or activities but rather advises the market of the engagement of a consultant to undertake an independent technical audit of the Company's geochemical and geophysical database. As the Exploration Update does not contain any information in relation to any results of the audit or any results in relation to the exploration work being undertaken by the Company the information would not be expected to have any effect on the price or value of the Company's securities.
- 6 Not applicable.
- 7 Not applicable.
- 8 The Company confirms that it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

For and on behalf of the Board



Mr Ashley Hood
Managing Director



6 September 2016

Mr Keith Bowker
Director and Company secretary
Mount Ridley Mines Limited
PO Box 964
West Perth WA 6872

By Email

Dear Mr Bowker

MOUNT RIDLEY MINES LIMITED (the "Entity"): ASX aware query

ASX Limited ("ASX") refers to the following:

1. The Entity's announcement entitled "Changes to Board of Directors" released on the ASX Market Announcements Platform at 04:15pm AEST on Wednesday 31 August 2016, disclosing that Mr Dean Goodwin had tendered his resignation as Managing Director of the Entity ("Resignation Announcement").
2. The price query letter sent to the Entity on Thursday 1 September 2016 regarding a change in the price of the Entity's securities from a closing price of \$0.017 on Friday 23 August 2016 to an intra-day low at the time of writing on Thursday 1 August 2016 of \$0.01, with trading volumes of the Entity's securities at a level that was significantly above the average trading volume on days when the Entity's securities are traded ("Price Query Letter").
3. The Entity's trading halt request received at 08:48am AEST on Thursday 1 September 2016 and released on the ASX Market Announcements Platform at 09:09am AEST on the same day, requesting a halt in trading in the Entity's securities pending an announcement regarding an exploration update ("Trading Halt").
4. The Entity's announcement entitled "Exploration Update" released on the ASX Market Announcements Platform on Friday 2 September 2016 ("Exploration Update") disclosing the following:

"[T]he Company has engaged CSA Global, headed by Tony Donaghy, to undertake an independent technical audit of the Company's entire geochemical and geophysical database."

"The Company also advises that diamond hole MRDD016 and the relevant down-hole Electro Magnetic geophysics has been completed. The results from this exploration work was delayed and is relatively incomplete. As such these results will also be included in the scope of the independent review conducted by CSA Global and released to the market as soon as the information is available and accurate."
5. The response to ASX's Price Query Letter lodged on the ASX Market Announcements Platform on 5 September 2016 ("Price Query Response"), disclosing the following:

“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 Exploration 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.”

6. Listing Rule 3.1, which 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.
7. The definition of “aware” in Chapter 19 of the Listing Rules. This definition states that:

“an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity.”

Additionally, you should refer to section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B “When does an entity become aware of information”*.

8. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

“3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- *It would be a breach of a law to disclose the information;*
- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed.”

5. ASX's policy position on the concept of “confidentiality”, which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, the Guidance Note states that:

“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact

disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”

Having regard to the above, we ask that you answer the following questions in a format suitable for release to the market in accordance with Listing Rule 18.7A:

The Resignation Announcement

1. Does the Entity consider the information in the Resignation Announcement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is “no”, please advise the basis for that view.
3. If the answer to question 1 is “yes”, when did the Entity first become aware of the information?
4. If the answer to question 1 is “yes” and the Entity first became aware of the information before close of trading on 31 August 2016, did the Entity make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe the entity was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure that the information was released promptly and without delay.

The Exploration Update

5. Does the Entity consider the information in the Exploration Update to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
6. If the answer to question 1 is “no”, please advise the basis for that view.
7. If the answer to question 1 is “yes”, when did the Entity first become aware of the information?
8. If the answer to question 1 is “yes” and the Entity first became aware of the information before requesting the Trading Halt on 1 September 2016, did the Entity make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe the entity was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure that the information was released promptly and without delay.
9. 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 WST) on Thursday 8 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 Chris.Bailey@asx.com.au and copied to 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, 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*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Chris Bailey
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