

19 June 2017

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

By email: James.Rowe@asx.com.au
tradinghalsperth@asx.com.au

Dear James

Mount Ridley Mines Ltd ("MRD"): Query Letter Response

I refer to your letter dated 16 June 2017.

Capitalised terms have the same meaning as in your letter unless otherwise defined in this letter.

1. ASX understands that MRD was in possession of material information, being the completion of down hole surveying for Plate B and that Plate B recorded a reduced size off hole conductor prior to 31 May 2017. Is this correct?

Prior to 31 May 2017, the existing information was inconclusive and additional information / modelling was required. The size reduction in Ni exploration is open to interpretation as Ni deposits often are small tight and discreet. Accordingly, the information MRD was in possession of was not material at that time.

2. If ASX's understanding is not correct, please advise the time and circumstances in which MRD became aware of:

a. the completion of down hole surveying for Plate B; and

MRD was advised of the completion of downhole surveying for Plate B by its exploration consultants at 7:24pm(WST), 26 May 2017.

b. that Plate B recorded a reduced size off hole conductor?

MRD was advised of the reduced sized offhole conductor at Plate B by its exploration consultants at 7:24pm(WST), 26 May 2017.

3. If answering question 2, please advise if MRD considers the information, is information that a reasonable person would expect to have a material effect on the price or value of its securities?

The target of this diamond drilling program comprised a combination of geochemistry, geology, magnetic, gravity and EM data. Until the completion of the drilling and the downhole geophysics it was the opinion of the Board that the information was incomplete. Furthermore, the fact that there was a reduction in the size of the EM anomaly is not necessarily a reflection of the prospectivity, or otherwise, of the various targets as many nickel sulphide deposits have relatively small and discrete anomalies as opposed to large and disperse anomalies. Therefore the implication that a reduction of a size of a geophysical anomaly, in this case EM, changes the prospectivity, is not correct.

4. Please advise the time and circumstances in which MRD became aware that Plate B recorded a “reduced size off hole conductor”? In answering this question, please comment specifically on the statement included in MRD’s response to ASX’s Aware Letter that “Drilling the third hole (plate B) was completed early evening of Friday, 26 May 2017. Down hole surveying for this plate was completed later that evening.”

MRD was advised of the reduced sized offhole conductor at Plate B by its exploration consultants at 7:24pm(WST), 26 May 2017.

5. Please advise the time and circumstances in which MRD became aware that Plate A “detected an off hole conductor, however the possible source is past the detection / modelling point”?

MRD was advised of the offhole conductor by its exploration consultants at 12:23am(WST), 29 May 2017.

6. Please advise the time and circumstances in which MRD became aware that Plate C results had not “returned a conclusive source of the anomaly”?

MRD was advised that Plate C results had not “returned a conclusive source of the anomaly” by its exploration consultants at 12:12am(WST), 1 June 2017.

7. Having regard to MRD’s Security Trading Policy, and MRD’s response to ASX’s Aware Letter, please advise if a Closed Period in respect of MRD’s securities existed on 31 May 2017?

A Closed Period did not exist as at 31 May 2017 as at that time the Company was not considering matters which are subject to Listing Rule 3.1A as resolved by the Board of the Company.

8. Please advise if the security trading as evidenced in the Amended 3Y occurred during a Closed Period?

No.

9. Please advise who completed the Original 3Y and the Amended 3Y?

Mr Keith Bowker prepared the Original 3Y and the Amended 3Y.

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

MRD confirms it is in compliance with the Listing Rules, including Listing Rule 3.1.



11. Please confirm that MRD's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of MRD with delegated authority from the board to respond to ASX on disclosure matters.

MRD confirms the responses to questions 1 – 10 inclusive have been authorised and approved in accordance with MRD's published continuous disclosure policy.

Yours sincerely

Johnathon Busing
Company Secretary



16 June 2017

Mr Johnathon Busing
Company Secretary
Mount Ridley Mines Limited

By Email

Dear Johnathon

Mount Ridley Mines Ltd ("MRD"): Query Letter

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

- A. MRD's Security Trading Policy dated 17 December 2010, and in particular the definition of Closed Period:

Closed Period means the period between:

- (a) 1 January and the day of release of the Appendix 5B Report to the ASX;
- (b) 1 April and the day of release of the Appendix 5B Report to the ASX;
- (c) 1 July and the day of release of the Appendix 5B Report to the ASX;
- (d) 1 October and the day of release of the Appendix 5B Report to the ASX; and
- (e) Any other periods from time to time when the Company is considering matters which are subject to Listing Rule 3.1A as resolved by the Board of the Company.

- B. The following recent change in the price of MRD's securities:

Date	Open	High	Low	Close	%
26 May 2017	\$0.013	\$0.013	\$0.012	\$0.013	0
29 May 2017	\$0.012	\$0.013	\$0.01	\$0.01	(23.08%)
30 May 2017	\$0.01	\$0.01	\$0.009	\$0.01	0
31 May 2017	\$0.01	\$0.01	\$0.008	\$0.008	(20%)
1 June 2017	\$0.007	\$0.0075	\$0.005	\$0.005	(37.5%)

- C. MRD's announcement entitled "Exploration Update" lodged on the ASX Market Announcements Platform and released at 11:07:01 am AEST on 1 June 2017 (the "Announcement"), disclosing that all three electromagnetic plates (A, B & C) have been completed with diamond drilling. The announcement included the following statement:

To date Plate B has recorded a reduced size off hole conductor, in which the Company will evaluate and follow up on completion of final modelling. Plate A also detected an off hole conductor, however the

possible source is past the detection / modelling point. Plate C results have not returned a conclusive source of the anomaly detected during the surface HPMLTEM survey program.

- D. MRD's Response to ASX 's Aware Letter released to the market on 5 June 2017. In particular the following statements:

Yes, the Company considers the Information in the Announcement or any part thereof to be information that a reasonable person would expect to have a material effect on the price or value of its securities.

And

Drilling the third hole (plate B) was completed early evening of Friday, 26 May 2017. Down hole surveying for this plate was completed later that evening. Plates A and C (C being the largest EM amplitude) were completed late on Wednesday, 31 May 2017.

- E. The Appendix 3Y – Change of Director's Interest Notice for Keith Bowker lodged with ASX on 6 June 2017 evidencing an indirect change of interest for Mr Bowker by the disposal on-market of 1,000,000 MRD shares held by Somerville Equity Pty Ltd ("Original 3Y"). The date of change is stated as 1 June 2017. The Appendix 3Y also includes the following:

<i>Were the interests in the securities or contracts detailed above traded during a +closed period where prior written clearance was required?</i>	No
<i>If so, was prior written clearance provided to allow the trade to proceed during this period?</i>	N/A
<i>If prior written clearance was provided, on what date was this provided?</i>	N/A

- F. The Amended Appendix 3Y – Change of Director's Interest Notice for Keith Bowker lodged with ASX on 14 June 2017 evidencing an indirect change of interest for Mr Bowker by the disposal on-market of 1,000,000 MRD shares held by Somerville Equity Pty Ltd ("Amended 3Y"). The date of change is amended to state 31 May 2017. The Appendix 3Y also includes the following:

<i>Were the interests in the securities or contracts detailed above traded during a +closed period where prior written clearance was required?</i>	No
<i>If so, was prior written clearance provided to allow the trade to proceed during this period?</i>	N/A
<i>If prior written clearance was provided, on what date was this provided?</i>	N/A

- G. 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.
- H. The definition of "aware" in Chapter 19 of the Listing Rules, which 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"

and section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B “When does an entity become aware of information”*.

- I. 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.”

- J. 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, ASX asks MRD to respond separately to each of the following questions and requests for information:

1. ASX understands that MRD was in possession of material information, being the completion of down hole surveying for Plate B and that Plate B recorded a reduced size off hole conductor prior to 31 May 2017. Is this correct?
2. If ASX’s understanding is not correct, please advise the time and circumstances in which MRD became aware of:
 - a. the completion of down hole surveying for Plate B; and
 - b. that Plate B recorded a reduced size off hole conductor?
3. If answering question 2, please advise if MRD considers the information, is information that a reasonable person would expect to have a material effect on the price or value of its securities?

4. Please advise the time and circumstances in which MRD became aware that Plate B recorded a “reduced size off hole conductor”? In answering this question, please comment specifically on the statement included in MRD’s response to ASX’s Aware Letter that *“Drilling the third hole (plate B) was completed early evening of Friday, 26 May 2017. Down hole surveying for this plate was completed later that evening.”*
5. Please advise the time and circumstances in which MRD became aware that Plate A “detected an off hole conductor, however the possible source is past the detection / modelling point”?
6. Please advise the time and circumstances in which MRD became aware that Plate C results had not “returned a conclusive source of the anomaly”?
7. Having regard to MRD’s Security Trading Policy, and MRD’s response to ASX’s Aware Letter, please advise if a Closed Period in respect of MRD’s securities existed on 31 May 2017?
8. Please advise if the security trading as evidenced in the Amended 3Y occurred during a Closed Period?
9. Please advise who completed the Original 3Y and the Amended 3Y?
10. Please confirm that MRD is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
11. Please confirm that MRD’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of MRD with delegated authority from the board to respond to ASX on disclosure matters.

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 7.00 a.m. WST on 20 June 2017. If we do not have your response by then, ASX will have no choice but to consider suspending trading in MRD’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, MRD’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 tradinghaltspert@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow ASX 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 Rules 3.1 and 3.1A

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

It should be noted that MRD’s obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

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 MRD's securities under Listing Rule 17.1.

If you wish to request 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]

James Rowe
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