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## **Appointment of Exploration Manager; Activity over Chinese New Year**

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### **Highlights**

- **Appointment of Mr Graeme Fraser as Red Mountain Mining's China-based Exploration Manager.**
- **Two underground diamond drill rigs are currently operating at Xinqu mine (on Zhongqu Project) and will continue through the Chinese New Year. Four holes out of fifteen planned have been completed to date.**
- **First assay results are expected in February 2012.**

### **Appointment of Exploration Manager**

China focussed minerals exploration company, Red Mountain Mining Limited (ASX: RMX) is pleased to announce that Mr Graeme Fraser has been appointed Exploration Manager for the Company and will commence on 23 January 2012. This appointment is an important development in the execution of Red Mountain Mining's strategy of identifying underdeveloped Chinese mining and advanced exploration projects, and introducing Australian mining techniques to maximise value.

Graeme lives in Lanzhou, Gansu Province, PRC, and has extensive experience as an exploration and production geologist in China where he has worked since 2005. He was Exploration Manager for Eldorado Gold's Tianjanshan mine project in Qinghai, and Senior Geologist at Dragon Mountain Gold's Lixian Gold project in Gansu.

Graeme brings strong leadership skills and extensive experience in exploration and mining in Australia and China. Graeme's addition to Red Mountain Mining's senior executive team will provide a strong impetus to the Company's development through exploration and project generation.

### **Activity during the Chinese New Year**

Red Mountain Mining currently has options to acquire controlling stakes in two gold projects in China. Current work comprises a Stage II drilling program at the operating Xinqu Mine (Zhongqu project), with further exploration at the advanced exploration Diebu project scheduled for later in the calendar year.

Notwithstanding that much of China closes down over the Chinese New Year period and the week leading up to it on 23 January 2012, Red Mountain Mining's geological team

and two underground drill rigs will continue operating at the Xinqu Mine (Zhongqu project) in order to complete the Stage II drilling program.

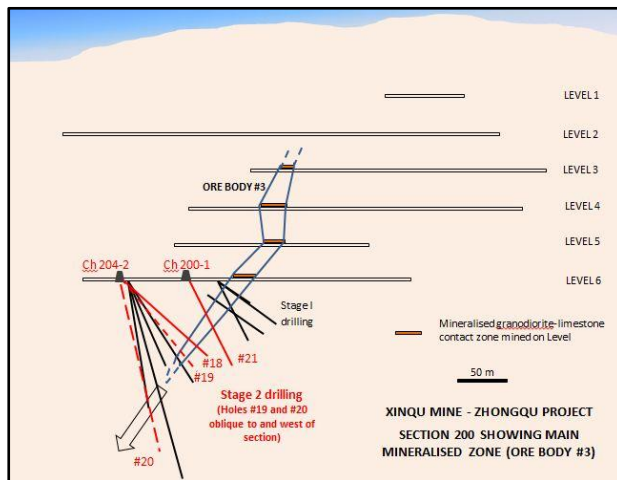


Figure 1. Section 200 through Xinqu mine showing some of the Stage 2 program holes to be drilled from the 6 Level to target the down dip extension of the main gold mineralised zone (Ore Body #3).

Up to 15 drill holes totalling 2,430m are planned for the Stage II program but it may be expanded subject to results and models developed from geological studies. Additional holes are planned to follow up encouraging drill intercepts.

Drilling is in progress targeting the down plunge extensions of Ore Body #3 and Ore Body #1 not previously mined (Figures 1-3). To date four drill holes targeting Ore Body #3 (XQ6L018 to XQ6L021) have been completed which encountered varying intercepts of prospective zones containing brecciation and hematite alteration. More information will be provided as core logging is completed and core samples from two drillholes have been submitted to the SGS assay laboratory in Tianjin for analysis. The first results should be returned in February after the Chinese New Year.

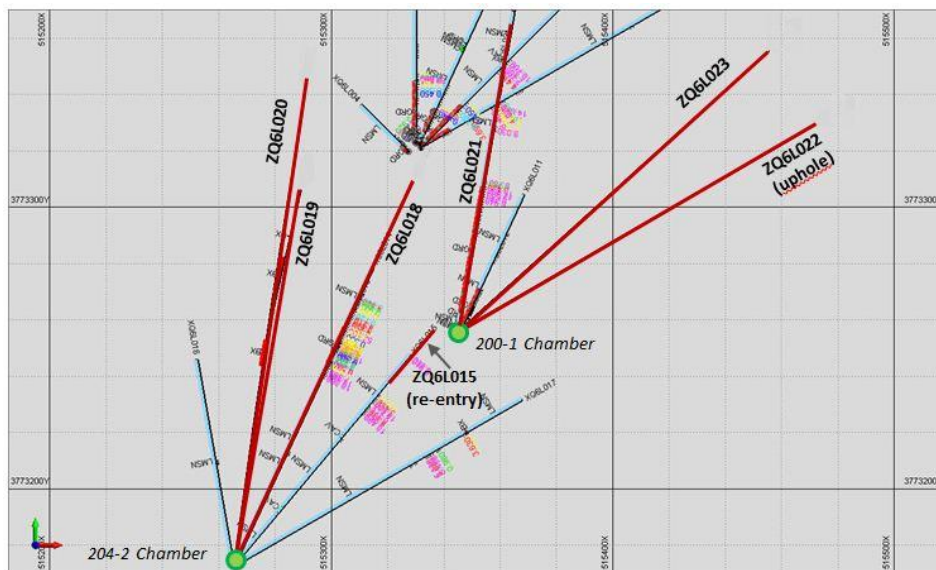


Figure 2. Plan view of holes drilled during Stage 1. The mineralisation is seen to widen and strengthen to the west and will be tested by Stage II drilling denoted by the red trace lines (ZQ6L018 – ZQ6L023). All holes shown are downhole and target Ore Body #3, except ZQ6L022 and ZQ6L023 which are upholes targeting Ore Body #1

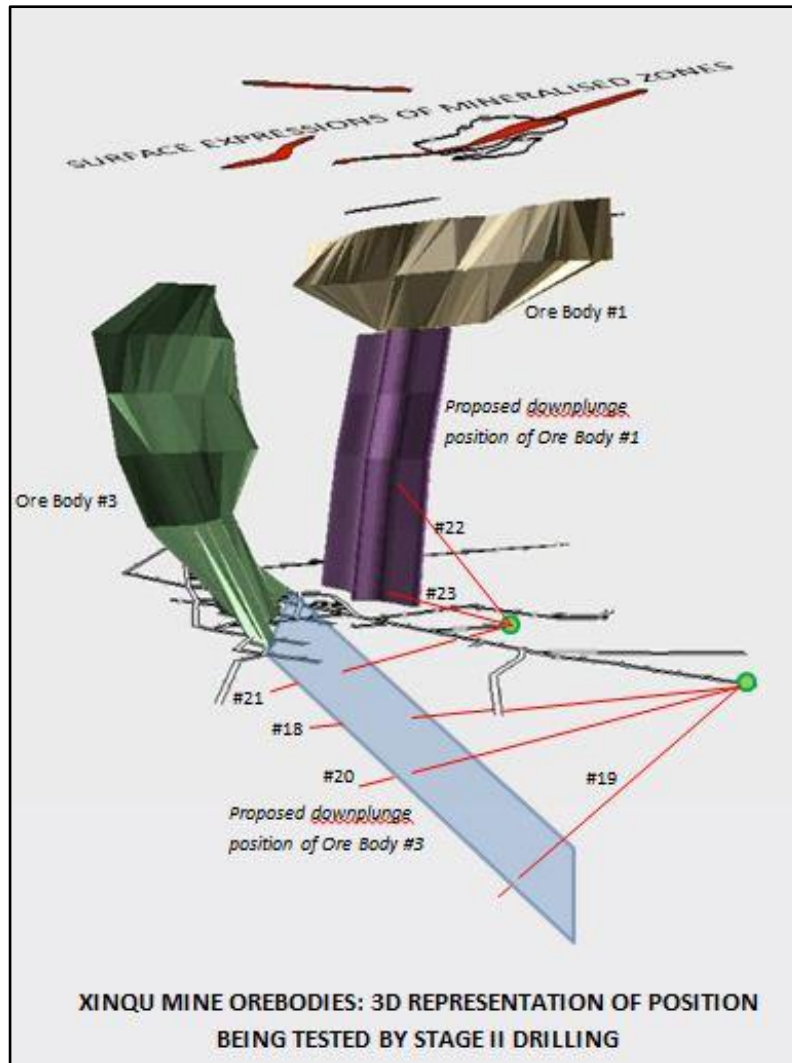


Figure 3: Oblique 3D section (looking NE) of mapped and modelled ore bodies #1 and #3 which have been exploited at Xinqu mine. The red lines show the traces of the initial drillholes numbered 19 to 23 testing ore Body #3 below Level 6 (in blue) and the proposed extension of Ore Body #1 above Level 6 (in purple).

Following completion of the Stage II drilling the gold mineralisation encountered in both drilling programs will be modelled, as the first step of bringing the mineralisation into a JORC compliant resource for the Xinqu mine. Exploration and due diligence of the neighbouring Zhongqu prospect will commence later once weather conditions permit.

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For further information about Red Mountain Mining please visit [www.redmm.com.au](http://www.redmm.com.au) or contact:

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## About Red Mountain Mining Limited

Red Mountain Mining is a gold explorer incorporated in Australia in May 2006 and which listed on the ASX in September 2011 with two prime projects in China (ASX: RMX). The Company's strategy is to unlock the potential of 'under-developed' gold projects in China by introducing Australian mining methods and improving efficiencies to gain significant production and exploration upside. It has spent more than five years examining potential project acquisitions in China.

The Company has binding acquisition agreements to acquire 51% of the **Zhongqu project** (operating gold mine and infrastructure) and 90% of the **Diebu project** (advanced exploration).

The **Zhongqu project** is an operational gold mine with substantial exploration potential. The project has been operational since 2002 using labour intensive manual underground mining methods. Covering 7.19km<sup>2</sup> on a granted Mining Lease, the project has a modern gold treatment plant with 400,000 tpa capacity.

Zhongqu has a Chinese classified non-JORC compliant gold mineralisation details of which are provided in Red Mountain Mining's prospectus of 4 July 2011. A further Exploration Target estimate exists with an estimated range of 400,000 to 550,000 tonnes at 7.0 to 9.5 g/t of gold.<sup>1</sup> Red Mountain Mining has commenced a second round of drilling as another step in bringing the existing gold mineralisation into JORC compliance.

The **Diebu project** has an exploration target of between 400,000 to 550,000 tonnes at 3.5 to 4.5 g/t of gold<sup>1</sup>. The Company obtained encouraging results from its first comprehensive examination of Diebu in 2008. Mineralisation occurs irregularly over 6km but has not yet been adequately explored and in particular, has not been drilled.

The mine openings (adits) have been developed following the common Chinese approach to "explore by mining". Openings have been driven to intersect and follow the perceived main structures without consideration being given to adjacent potential replacement gold mineralisation. The system has gold, arsenic, antimony and mercury anomalies.

## Competent Person Statement

*The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled by Andrew Richards, who is a member of The Australasian Institute of Mining and Metallurgy. He is a full time employee of Arc Resources Pty Ltd which is providing consulting services to Red Mountain Mining Ltd.*

*Andrew Richards has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Andrew Richards consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.*

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<sup>1</sup>The potential quantity and grade of the Exploration Targets are conceptual in nature and there has been insufficient exploration to date to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.