

## Exploration Drilling Update

### Highlights:

- Drilling at Xinqu mine (Zhongqu Project) continued throughout the Chinese New Year period with 8 of 15 planned holes now complete.
- The holes completed to date have encountered prospective zones of brecciation and alteration including hematite mineralisation confirming the geological model.
- Assay results on the completed holes are pending, with the initial reports imminent.

### Drilling update

Red Mountain Mining Limited (ASX:RMX) is a China focussed minerals exploration company seeking to unlock the potential from 'under developed' gold projects and 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.

Red Mountain Mining's geological team and two underground drill rigs have continued operations through the Chinese New Year period at the Xinqu Mine (Zhongqu project) in order to complete the Stage II drilling program. The rigs have been operating from two drill chambers on the 6 Level which is the lowest working point of the Xinqu mine at 3580 mRL.

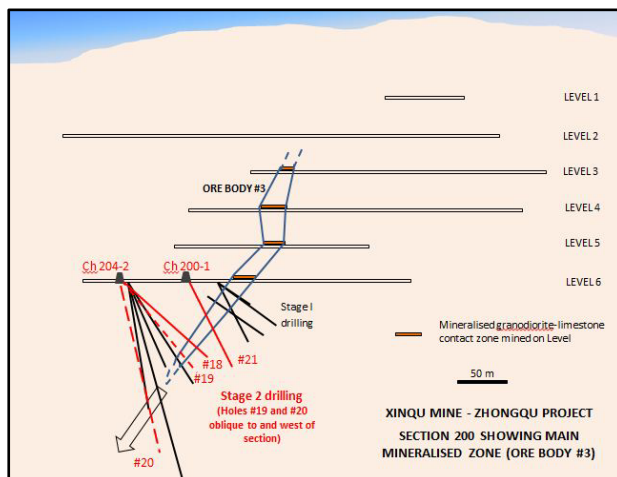


Figure 1. Section 200 through Xinqu mine showing some of the Stage 2 program holes to be drilled from the 6 Level to target the down dip extension of the main gold mineralised zone (Ore Body #3).

Up to 15 drill holes totalling 2,430m have been planned for the Stage II program, which 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). As at 8 February, 1,480.8 metres had been drilled with 8 holes completed and XQ6L023 and XQ6L025 reaching their end-of-hole depths (refer Tables 1 and 2).

The initial geological interpretation of the completed holes to date is encouraging with varying intercepts of prospective zones encountered containing brecciation and hematite alteration. Hole 18, targeting the upward extension of the previously reported 31m at 4.61 g/t Au intersected in XQ6L014, encountered approximately 47m of potential mineralisation including 17m of brecciation and 20m of highly altered granodiorite with weak hematite alteration.

More information will be provided as core logging is completed and core samples have been submitted to the SGS assay laboratory in Tianjin for analysis. Results are imminent and will be reported upon receipt.

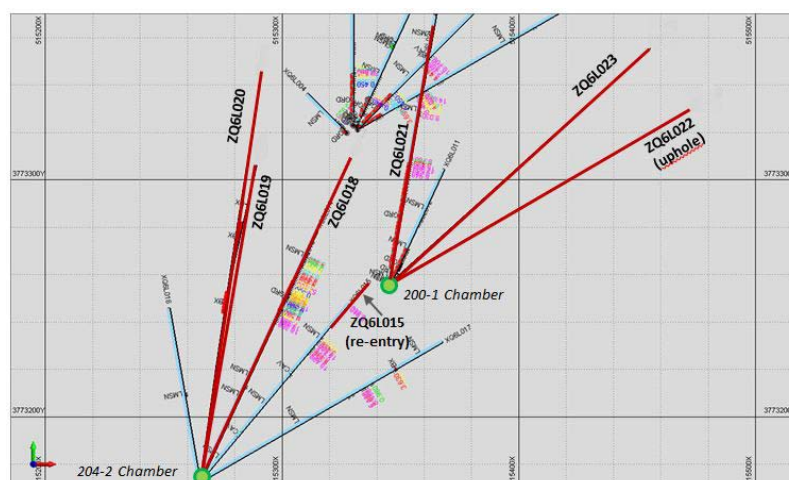


Figure 2. Plan view of holes drilled during Stage 1. The mineralisation is seen to widen and strengthen to the west and will be tested by Stage II drilling denoted by the red trace lines (ZQ6L018 – ZQ6L023). All holes shown are downhole and target Ore Body #3, except ZQ6L022 and ZQ6L023 which are upholes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

## Stage II drilling progress

The status of drilling to date is summarised in Table 1 which also describes the observations made of alteration and structure intersected in the drill core (refer Table 2 for more hole details). Zones of brecciation and alteration, including silicification and hematite mineralisation, are noted as these are known to carry mineralisation in the mine workings. However, while prospective, there is no guarantee that these altered and brecciated zones contain gold mineralisation and are considered prospective only. The observations as reported are based on visual analysis of core logs only, undertaken by geologists on site, and no assays or laboratory analysis have been received to date.

- Hole 18 drilling intersected approximately 47m of prospective alteration including 17m of brecciation and 20m of highly altered granodiorite with weak

hematite mineralisation. This is probably close to true width and if mineralised may reflect the previously reported 31m at 4.61 g/t Au encountered in Hole 14 on the same section (and 50m below).

- Hole 19 went through weak to strong brecciation and alteration. This hole looks like it clipped the top of the Ore Body #3 mineralisation and drilled into a compressive, less mineralised area of the target structure.

Table 1. Summary of drilling progress (8 February 2012)				
Hole	Target	Drilled	Complete	Alteration zones intersected
XQ6L018	OB#3	155.3m	Yes	17m of brecciation and 20m of highly altered granodiorite. Weak hematite alteration
XQ6L019	OB#3	140.4m	Yes	Two zones of 10m and 13m of brecciation, weak hematite alteration.
XQ6L020	OB#3	230.2m	Yes	Three zones of 11, 4.7 and 11m brecciation, hematite alteration
XQ6L021	OB#3	124.0m	Yes	9m zone of brecciation, hematite alteration
XQ6L022	OB#1	146.9m	Yes	Two zones of 5.5m and 5m brecciation. >46m of alt granodiorite with weak hematite alteration
XQ6L023	OB#1	122.6m	No	In progress
XQ6L024	OB#3	178.3m	Yes	Four zones of 1m, 1m, 3m and 3m of brecciation with hematite alteration.
XQ6L025	OB#3	172.8m	No	In progress
XQ6L026	OB#3	0m	n/a	To be drilled
XQ6L027	OB#3	88.6m	Yes	Four zones of 2.5m, 5m, 12m and 3.5m of brecciation. 57m of altered granodiorite with intermittent weak hematite alteration.
XQ6L028	OB#3	121.7m	Yes	78m of highly altered granodiorite with intermittent hematite alteration.
Total		1,480.8m		

- Hole 20 went through three weakly altered brecciated zones that are likely due to a major NW or NE trending structure that has terminated the western margin of OB#3.
- Hole 21 also went through an alteration zone of approximately 9m.
- Hole 22 is the first hole from underground testing the proposed Ore Body #1 extension at depth. Significant core loss occurred due to drilling an up-hole, partially along strike however it appears that this hole has intersected 46m of alteration related to a granodiorite in a structural position. Hematite alteration is variably weak and two zones of brecciation have been encountered (of 5.5m and 5m downhole width).
- Hole 24 intersected 4 narrow zones of brecciation with hematite alteration. The lack of granodiorite in this hole suggests that it has reached the western edge of the granodiorite intersected in hole 14.
- Hole 27 intersected four zones of brecciation and 57m of altered granodiorite with intermittent weak hematite alteration.
- Hole 28 was an upward drilled hole that intersected 78m of altered granodiorite with varying degrees of hematite alteration. This hole targeted extensions of the

mineralisation intersected during Stage I drilling of holes XQ6L001 (2m at 3.92 g/t Au) and XQ6L005 (7m at 5.70 g/t Au).

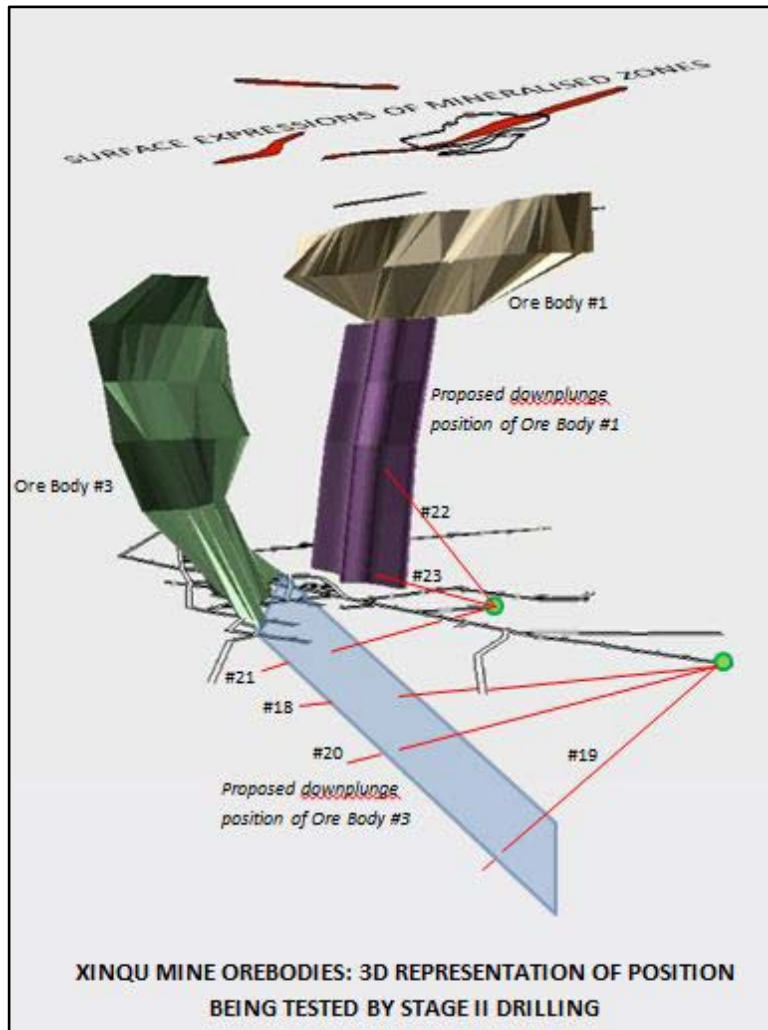


Figure 3: Oblique 3D section (looking NE) of mapped and modelled ore bodies #1 and #3 which have been exploited at Xinqu mine. The red lines show the traces of the initial drillholes testing Ore Body #3 below Level 6 (in blue) and the proposed extension of Ore Body #1 above Level 6 (in purple).

Following completion of 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.

Further market updates will be provided as the assay results are received.

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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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Table 2. Details of holes drilled in Stage II program to date									
HoleNo	Zone	EastBJ3	NorthBJ3	Elev	TDepth	Azim	Dip	Chamber	Rationale
XQ6L018	34	515265.500	3773173.000	3579.42	155.3	025	-14.0	204-2	Test mineralisation updip of hole 014
XQ6L019	34	515265.500	3773173.000	3579.42	140.4	008	-15.0	204-2	Test mineralisation extent and west of 014
XQ6L020	34	515265.500	3773173.000	3579.42	230.2	008	-40.0	204-2	Test mineralisation immediately west of 014
XQ6L021	34	515345.520	3773257.500	3578.78	124.0	010	-38.0	200-1	Test continuation of GRD/LMST contact and minz
XQ6L022	34	515345.000	3773256.000	3578.50	146.9	060	30.0	200-1	Test down plunge mineralisation of OB#1
XQ6L023	34	515345.000	3773256.000	3578.50	150.0	048	0.0	200-1	Test projected down plunge position OB#1
XQ6L024	34	515265.500	3773173.000	3579.42	178.3	025	-53.0	204-2	Test mineralisation between holes 13 and 14
XQ6L025	34	515265.500	3773173.000	3579.42	180.0	025	10.0	204-2	Test updip mineralisation from hole 018
XQ6L026	34	515265.500	3773173.000	3579.42	130.0	040	-30.0	204-2	Test mineralisation to east of 014 and updip of hole 015
XQ6L027	34	515345.000	3773256.000	3578.50	88.6	345.0	-10.0	200-1	Test mineralisation to the west of hole 010
XQ6L028	34	515345.000	3773256.000	3578.50	121.7	010	15.0	200-1	Test updip mineralisation from hole 010

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### About Red Mountain Mining Limited

Red Mountain Mining (ASX: RMX) 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. 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.

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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.

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 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.*