



ABN 40 119 658 106

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY STATEMENT

PROXY FORM

Date of Meeting
27 November 2012

Time of Meeting
11:00am (WST)

Place of Meeting
The Park Business Centre
45 Ventnor Avenue WEST PERTH WA 6005

YOUR ANNUAL REPORT IS AVAILABLE ONLINE, SIMPLY VISIT

<http://www.redmm.com.au/Investor-Centre/Investor-Centre/Investor-Centre-.asp>

TIME AND PLACE OF MEETING AND HOW TO VOTE

Venue

The Annual General Meeting of the Shareholders of Red Mountain Mining will be held at 11:00am WST on Tuesday 27 November 2012 at:

The Park Business Centre
45 Ventnor Avenue
West Perth, Western Australia 6005

Voting Entitlement

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001 (Cth), the Board has determined that a person's entitlement to vote at the Meeting will be the entitlement of that person set out in the register of Shareholders as at 5:00pm (WST) on Sunday, 25 November 2012. Accordingly, transactions registered after that time will be disregarded in determining Shareholder's entitlement to attend and vote at the Meeting.

How to Vote

You may vote by attending the meeting in person, by proxy or authorised representative.

Voting in Person

To vote in person, attend the meeting on the date and at the place set out above. The meeting will commence at 11:00am WST.

Voting by Proxy

To vote by proxy, please complete and sign the Proxy Form enclosed with this Notice of Annual General Meeting as soon as possible and either:

- send the Proxy Form by facsimile to the Company on facsimile number (61 8) 9322 1474; or
- deliver or post the Proxy Form to the principal office of the Company at Unit 1, 2 Richardson Street, West Perth, Western Australia, 6005.

so that it is received by no later than 11:00am WST on Sunday 25 November 2012, being 48 hours before the Meeting.

Your Proxy Form is enclosed.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Shareholders of Red Mountain Mining ABN 40 119 658 106 ("**Company**") will be held at The Park Business Centre, 45 Ventnor Avenue, West Perth, Western Australia, on Tuesday 27 November 2012 at 11.00 am WST, for the purpose of transacting the business referred to in this Notice of Annual General Meeting ("**Notice**").

An Explanatory Statement, containing information in relation to the following Resolutions, and a Proxy Form accompany this Notice. Please note capitalised terms used in this Notice have the meanings set out in the glossary of the Explanatory Statement accompanying this Notice.

AGENDA

GENERAL BUSINESS:

Financial Reports

To receive and consider the Annual Financial Statements of the Company including the Directors' Report and the Auditor's Report, for the year ended 30 June 2012.

Resolution 1 - Non Binding Resolution to adopt Remuneration Report

To consider and, if thought fit, to pass the following as an **advisory only resolution**:

"To adopt the Remuneration Report for the year ended 30 June 2012."

Note: The vote on this resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion

The Company will disregard any votes cast (in any capacity) on this Resolution by or on behalf of either of the following persons (the "voter"):

- (a) a member of the key management personnel, details of whose remuneration are included in the Remuneration Report;
- (b) a closely related party of such a member.

However, the voter may cast a vote on the Resolution as a proxy if the vote is not cast on behalf of a person described in paragraphs (a) or (b) and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the voter is the Chair of the Meeting and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on the resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company.

Resolution 2 - Election of Director - Mr Lawrence Jonathon Dugdale

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, Mr Lawrence Jonathon Dugdale, who will be appointed as an additional director of the Company prior to the Annual General Meeting and who will retire in accordance with clause 12.17 of the Company's Constitution and, being eligible, will offer himself for election, be elected as a Director of the Company."

Resolution 3 - Re-election of Keith Rowe as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That for all purposes, Mr Keith Rowe, who ceases to hold office in accordance with clause 12.9 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company."

Resolution 4 - Approval to Issue up to 40,000,000 Shares

To consider and, if thought fit to pass the following resolution as an **ordinary resolution**:

"That, for the purpose of Listing Rule 7.1 and all other purposes, the Company approves the allotment and issue of up to 40,000,000 Shares at an issue price of not less than 80% of the average market price of the Company's Shares on the ASX over the last 5 days on which sales of the Shares are recorded before the date of issue to the parties and on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion

The Company will disregard any votes cast on Resolution 4 by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the resolution is passed, and any person associated with those persons. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 5 – Approval of Additional 10% Placement Capacity

To consider and, if thought fit, to pass with or without amendment, as a **special resolution** the following:

"That, for the purpose of Listing Rule 7.1A and all other purposes, the Company approves the allotment and issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion

The Company will disregard any votes cast on Resolution 5 by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the resolution is passed, and any person associated with those persons. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 6 – Appointment of Auditor

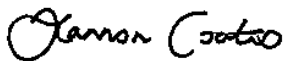
To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

"That for the purposes of section 327B(1) of the Corporations Act and for all other purposes, BDO Audit (WA) Pty Ltd, having being nominated by a member of the Company and consented in writing to act, be appointed auditor of the Company with effect from this Annual General Meeting."

OTHER BUSINESS

To transact any other business which may be properly brought before the Meeting in accordance with the Company's Constitution and the Corporations Act.

BY ORDER OF THE BOARD



Shannon Coates
Company Secretary
9 October 2012

NOTES:

1. Completion of a proxy form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid proxy form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
2. A Shareholder entitled to attend and vote is entitled to appoint not more than two proxies to attend and vote on behalf of the Shareholder. A proxy need not be a Shareholder of the Company, but must be a natural person (not a corporation). A proxy may also be appointed by reference to an office held by the proxy (eg "the Company Secretary").
3. Where more than one proxy is appointed, each proxy may be appointed to represent a specified proportion of the Shareholder's voting rights. If no such proportion is specified, each proxy may exercise half of the Shareholder's votes.
4. A proxy form is enclosed. A separate form must be used for each proxy. An additional form can be obtained by writing to the Company at Unit 1, 2 Richardson Street, Perth, Western Australia, 6005 or by fax to (61 8) 9322 1474. Alternatively, you may photocopy the enclosed form.
5. A duly completed proxy form and (where applicable) any power of attorney or a certified copy of the power of attorney must be received by the Company at its registered office or the address or fax number set out below, **not less than 48 hours before** the time for commencement of the Meeting. Please send by post to Unit 1, 2 Richardson Street, Perth, Western Australia, 6005 or by fax to (61 8) 9322 1474
6. The Chairman of the Meeting will vote undirected proxies on, and in favour of, all of the proposed Resolutions, including Resolution 1 (Remuneration Report). In relation to Resolution 1, the Chair is expressly authorised to exercise the proxy even though the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel. Any undirected proxies held by a Director, any member of the key management personnel or any of their closely related parties (who are not the Chair of the Meeting) will not be voted on Resolution 1. Key management personnel of the Company are the Directors and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's key management personnel for the financial year 30 June 2012. Their closely related parties are defined in the Corporations Act, and include certain of their family members, dependants and companies they control.
7. The Company will accept proxy appointments by a corporate Shareholder executed in accordance with either section 127(1) (not under seal) or section 127(2) (under seal) of the Corporations Act.
8. The time nominated by the Board for the purpose of determining the voting entitlements at the Meeting is 5.00pm WST on 25 November 2012.
9. The Explanatory Statement attached to this Notice forms part of this Notice.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide Shareholders with material information to enable them to make an informed decision on the business to be conducted at the 2012 Annual General Meeting of Red Mountain Mining Limited (“**Company**”).

The Explanatory Statement and all attachments are important documents. They should be read carefully. The Directors recommend Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

1. FINANCIAL STATEMENTS

The first item of the Notice of Annual General Meeting deals with the annual financial report of the Company for the financial year ended 30 June 2012 together with the Directors’ Declaration and Report in relation to that financial year and the Auditor’s Report on those Financial Statements being laid before the Annual General Meeting. Shareholders should consider these documents and raise any matters of interest with the Directors when this item is being considered. The reports are available on the Company’s website at www.redmm.com.au.

No resolution is required to be moved in respect of this item.

Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on the accounts and on the business, operations and management of the Company.

The Chairman will also provide Shareholders a reasonable opportunity to ask the Auditor questions relevant to:

- the conduct of the audit;
- the preparation and content of the independent Audit Report;
- the accounting policies adopted by the Company in relation to the preparation of accounts; and
- the independence of the Auditor in relation to the conduct of the audit.

2. RESOLUTION 1 - NON BINDING RESOLUTION TO ADOPT REMUNERATION REPORT

The Directors’ Report for the year ended 30 June 2012 contains a Remuneration Report which sets out the policy for the remuneration of the Directors and executives of the Company. Section 250R(3) of the Corporations Act expressly provides that the vote on the Resolution is advisory only and does not bind the Directors or the Company.

However, pursuant to the *Corporations Amendment (Improving Accountability for Director and Executive Remuneration) Bill 2010* which amended the Corporations Act from 1 July 2011, if the remuneration report for a company receives a “no” vote of 25% or more at two consecutive annual general meetings of the company, a resolution must be put to the Shareholders of that company at the second annual general meeting as to whether a further general meeting should be held within 90 days at which all directors (other than the managing director) in office at the date of the second approved remuneration report must stand for re-election.

If you choose to appoint a proxy you are encouraged to direct your proxy how to vote on Resolution 1 by marking either "For", "Against" or "Abstain" on the proxy form for this item of business.

If you appoint a member of the key management personnel whose remuneration details are included in the Remuneration Report or a closely related party of that member as your proxy, and you do not direct that person on how to vote on this Resolution 1, the proxy cannot exercise your vote and your vote will not be counted in relation to this Resolution 1.

If you appoint the Chair as your proxy, and you do not direct the Chair on how to vote on this Resolution 1, then by signing and returning the proxy form you are giving express authorisation for the Chair to vote in accordance with his or her intentions. The Chair intends to vote all undirected proxies **FOR Resolution 1** even though the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

3. RESOLUTION 2 - ELECTION OF DIRECTOR - MR LAWRENCE JONATHON DUGDALE

3.1 Background

Clause 12.16 of the Constitution states that the Directors may at any time appoint a person to be a Director, either to fill a casual vacancy or as an addition to the existing Board, but so that the total number of Directors does not at any time exceed the maximum number specified by the Constitution. Clause 12.17 of the Constitution provides that any Director so appointed holds office only until the next following annual general meeting and is then eligible for re-election.

It is intended that Mr Dugdale will be appointed to the Board prior to the Annual General Meeting. In accordance with clause 12.17 of the Constitution, Mr Dugdale will seek re-election as a Director at this Annual General Meeting.

3.2 Biography

Mr Lawrence Jonathon (Jon) Dugdale is currently the Chief Executive Officer and President of Mindoro (appointed in March 2010) and it is anticipated that, following his appointment to the Company's Board as a part time Executive Director, he will transition to full time Managing Director of the Company on or before 28 February 2013.

Mr Dugdale graduated as a geologist with first class honours from the University of Melbourne in 1986 and has 25 years mining and investment experience in Australia and the Asian region.

Following graduation Mr Dugdale immediately joined Western Mining Corporation, spending 7 years in Western Australia and Queensland in gold and nickel mine geology and exploration. With MPI Mines from 1993 to 2004, Mr Dugdale was involved with the exploration and development of several discoveries made by the MPI exploration team, including Silver Swan nickel deposit in Western Australia and Golden Gift gold deposit in Stawell, Victoria, Australia. Before joining Mindoro, Mr Dugdale spent four years with major shareholders Asian Lion and Lion Selection Group, where he obtained exposure to the valuation and development of mining projects in the Asian region as an active investment manager.

3.3 Directors' Recommendation

The Board (other than Mr Dugdale) recommends shareholders vote in favour of the Resolution.

4. RESOLUTION 3 - RE-ELECTION OF MR KEITH ROWE AS A DIRECTOR

4.1 Background

Mr Rowe retires by rotation in accordance with Clause 12.11 of the Constitution and, being eligible, offers himself for re-election.

Mr Rowe was appointed to the Board in May 2006. In accordance with clause 12.9 of the Constitution, Mr Rowe now seeks re-election as a Director at this Annual General Meeting.

4.2 Biography

Keith Rowe is a consultant to mining operations in the development, delivery and management of occupational health and safety systems, and prior to accepting the executive role at Red Mountain Mining Ltd was Senior Safety Advisor to Ausdrill Ltd. He has over 20 years' experience in the mining industry and has delivered safety programmes at over 40 mine sites throughout Australia. He has broad experience as a business manager in a variety of fields and brings valuable experience to the Board in mining safety systems.

Mr Rowe was a Director of the Finding Sydney Foundation which managed the successful search for the HMAS *Sydney II* which was sunk off the Western Australian Coast in 1941 and located in 2008, and received the Gold Swan Award at the 2010 Western Australia Citizen of the Year Awards.

Mr Rowe qualified as a physiotherapist at Curtin University and has a B.App.Sci (PT) and Grad.Dip (Manip. Th.) and is a Member of the Australian Institute of Company Directors.

4.3 Directors' Recommendation

The Board (other than Mr Rowe) recommends shareholders vote in favour of the Resolution.

5. RESOLUTION 4 - APPROVAL TO ISSUE UP TO 40,000,000 SHARES

5.1 Background

Resolution 4 seeks Shareholder approval to issue a maximum of 40,000,000 Shares at an issue price of not less than 80% of the average closing price of the Company's Shares on the ASX on the 5 trading days on which sales are recorded immediately preceding the date of issue to the parties. The issue of Shares will be by a placement to sophisticated, professional and other qualifying investors.

Listing Rule 7.1 broadly provides, subject to certain exceptions (none of which are applicable in this instance), that shareholder approval is required for any issue of securities by a listed company, where the securities proposed to be issued represent more than 15% of the Company's securities then on issue. As the Shares proposed to be issued under Resolution 4 will exceed 15% of the Company's existing issued securities, the Company now seeks approval under Listing Rule 7.1 to issue the Shares under Resolution 4.

5.2 Specific information required by Listing Rule 7.3

The following information in relation to the Shares to be issued is provided to Shareholders for the purposes of Listing Rule 7.3:

- (a) the maximum number of Shares the Company can issue is 40,000,000;
- (b) the Company will allot and issue the Shares no later than 3 months after the date of the Meeting;
- (c) the Shares will be allotted progressively as and when allottees are identified;
- (d) the Shares will be issued at a price not less than 80% of the average of the closing sale price of Shares on the ASX on the 5 trading days on which sales are recorded immediately preceding the date of issue;
- (e) the Shares will be issued and allotted to sophisticated, professional and other qualifying investors to be determined by the Directors. No decision has, as yet, been made by the Directors in respect of determining the identity of the allottees, save that the allottees will be unrelated parties of the Company;

- (f) the Shares will be fully paid ordinary shares in the capital of the Company and rank equally in all respects with the existing fully paid ordinary shares on issue; and
- (g) the Directors currently intend the funds raised from the issue of the Shares under Resolution 4 will be used for the Company's gold exploration programme at its Batangas Project in the Philippines and for general working capital purposes.

5.3 Directors' Recommendation

The Board recommends Shareholders vote in favour of Resolution 4.

6. RESOLUTION 5 - APPROVAL OF ADDITIONAL 10% PLACEMENT CAPACITY

6.1 Background

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital over a 12 month period after the annual general meeting at which a resolution for the purposes of Listing Rule 7.1A is passed by special resolution (**Additional 10% Placement Capacity**). The Additional 10% Placement Capacity is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An entity will be eligible to seek approval under Listing Rule 7.1A if: (a) the entity has a market capitalisation of \$300 million or less; and (b) the entity is not included in the S&P 500 Index. The Company is an eligible entity for the purposes of Listing Rule 7.1A.

The number of Equity Securities to be issued under the Additional 10% Placement Capacity will be determined in accordance with the formula set out in Listing Rule 7.1A.2.

The Company is putting Resolution 5 to Shareholders to seek approval to issue additional Equity Securities under the Additional 10% Placement Capacity. It is anticipated that funds raised by the issue of Equity Securities under the Additional 10% Placement Capacity would be applied towards the Company's gold exploration programme at its Batangas Project in the Philippines, together with general working capital.

6.2 Listing Rule 7.1A

The effect of Resolution 5 will be to permit the Company to issue the Equity Securities under Listing Rule 7.1A during the Additional Placement Period (as defined below) without using the Company's 15% placement capacity under Listing Rule 7.1.

Equity Securities issued under the Additional 10% Placement Capacity must be in the same class as an existing quoted class of Equity Securities of the Company. As at the date of this Notice the Company has quoted and unquoted Shares and unquoted Options on issue.

Based on the number of Shares on issue at the date of this Notice and assuming the 100,000,000 Shares to be issued in consideration for the Company's acquisition of

copper and gold assets from Mindoro Resources Limited, as approved by Shareholders at the Company's general meeting on 4 September 2012, and the 40,000,000 Shares the subject of Resolution 4 are issued, the Company will have 219,060,026 Shares on issue and therefore, subject to Shareholder approval being sought under Resolution 5, 21,906,002 Equity Securities will be permitted to be issued in accordance with Listing Rule 7.1A. For the purposes of calculation, the Company has not assumed the conversion of the 50,000,000 performance shares to be issued upon completion of the acquisition of the copper and gold assets from Mindoro Resources Limited.

Shareholders should note that the calculation of the number of Equity Securities permitted to be issued under the Additional 10% Placement Capacity is a moving calculation and will be based on the formula set out in Listing Rule 7.1A at the time of issue of the Equity Securities. The table below demonstrates various examples as to the number of Equity Securities that may be issued under the Additional 10% Placement Capacity.

Resolution 5 is a special resolution, requiring approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative) in order to be passed.

6.3 Specific information required by Listing Rule 7.3A

The following information in relation to the Shares to be issued is provided to Shareholders for the purposes of Listing Rule 7.3A:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the volume weighted average price for the Company's Equity Securities over the 15 Trading Days immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

- (b) If Resolution 5 is approved by Shareholders and the Company issues Equity Securities under the Additional 10% Placement Capacity, the existing Shareholders' economic and voting interests in the Company will be diluted. There is also a risk that:
 - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date of the Equity Securities.

The table below shows the dilution of existing Shareholders of the issue of the **maximum** number of Equity Securities under the Additional 10% Placement Capacity using different variables for the number of ordinary securities for variable “A” (as defined in Listing Rule 7.1A) and the market price of Shares. It is noted that variable “A” is based on the number of ordinary securities the Company has on issue at the time of the proposed issue of Equity Securities.

The table shows:

- (i) examples of where variable “A” is at its current level and assuming all the Shares the subject of Resolution 4 are issued (being 40,000,000 Shares) and the issue of 100,000,000 Shares to Mindoro Resources Limited on completion of the acquisition of the copper and gold assets, and where variable “A” has increased by 50% and by 100%;
- (ii) examples of where the issue price of ordinary securities is the current market price as at close of trade on 5 October 2012 (**current market price**), where the issue price is halved, and where it is doubled; and
- (iii) the dilutionary effect will always be 10% if the maximum number of Equity Securities that may be issued under the Additional 10% Placement Capacity are issued.

Variable ‘A’	Number of Shares issued and funds raised under the Additional 10% Placement Capacity and dilution effect	Dilution		
		\$0.05 Issue Price at half the current market price	\$0.10 Issue Price at current market price	\$0.20 Issue Price at double the current market price
Current Variable A 219,060,026 Shares	Shares issued	21,906,002	21,906,002	21,906,002
	Funds raised	\$1,095,300	\$2,190,600	\$4,381,200
	Dilution	10%	10%	10%
50% increase in current Variable A 328,590,039 Shares	Shares issued	32,859,003	32,859,003	32,859,003
	Funds raised	\$1,642,950	\$3,285,900	\$6,571,800
	Dilution	10%	10%	10%
100% increase in current variable A 438,120,052 Shares	Shares issued	43,812,005	43,812,005	43,812,005
	Funds raised	\$2,190,600	\$4,381,200	\$8,762,401
	Dilution	10%	10%	10%

Note: this table assumes:

- (i) No Options are exercised before the date of the issue of the Equity Securities;
 - (ii) The issue of Equity Securities under the Additional 10% Placement Capacity consists only of Shares. If the issue of Equity Securities includes Options, for the purposes of the above table, it is assumed that those Options are exercised.
- (c) Approval of the Additional 10% Placement Capacity will be valid from the date of the Annual General Meeting and will expire on the earlier of:
- (i) the date that is 12 months after the date of the Annual General Meeting; and
 - (ii) the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(Additional Placement Period).

- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) cash consideration. If Equity Securities are issued for cash consideration, the Company intends to use the funds for any of acquisition of new assets or investments (including the expenses associated with such acquisition), expenditure on the Company's current Philippines projects or general working capital purposes; or
 - (ii) non-cash consideration for the acquisition of new assets. If Equity Securities are issued for non-cash consideration, the Company will comply with the minimum issue price limitation under Listing Rule 7.1A.3 in relation to such issue and will release the valuation of the non-cash consideration to the market.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

- (e) The Company's allocation policy for the issue of Equity Securities under the Additional 10% Placement Capacity will be determined having regard to market conditions at the time of the proposed issue of Equity Securities, including consideration of the following matters:
- (i) the ability of the Company to raise funds at the time of the proposed issue of Equity Securities and whether the raising of any funds under such placement could be carried out by means of an entitlements offer, or a placement and an entitlements offer;
 - (ii) the dilutionary effect of the proposed issue of the Equity Securities on existing Shareholders at the time of proposed issue of Equity Securities;
 - (iii) the financial situation and solvency of the Company; and
 - (iv) advice from its professional advisers, including corporate, financial and broking advisers (if applicable).

The allottees under the Additional 10% Placement Capacity have not been determined as at the date of this Notice but will not include related parties (or their associates) of the Company.

- (f) The Company has not previously obtained Shareholder approval under Listing Rule 7.1A.
- (g) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not determined its allocation policy for the issue of Equity Securities under the Additional 10% Placement Capacity. The Company has not approached, and has not yet determined to approach, any particular existing security holders or an identifiable class of existing security holders to participate in an offer under the Additional 10% Placement Capacity, and therefore no Shareholder will be excluded from voting on Resolution 5.

6.4 Directors' Recommendation

The Board recommends Shareholders vote in favour of Resolution 5.

7. RESOLUTION 6 - CHANGE OF AUDITOR

7.1 Background

Resolution 6 seeks Shareholder approval to the appointment of BDO Audit (WA) Pty Ltd of 38 Station Street, Subiaco, to the office of auditors of the Company which will become vacant by virtue of the resignation of the existing auditors, Butler Settineri, subject to ASIC's consent to the resignation.

Butler Settineri currently act as auditors of the Company. Pursuant to section 327B of the Corporations Act, Butler Settineri has applied to ASIC for consent to resign as auditor of the Company, with effect from the date of the Annual General Meeting.

The Company has received:

- (a) a nomination under section 328B of the Corporations Act, from Mr Neil Warburton, for BDO Audit (WA) Pty Ltd to be appointed as the Company's auditor, a copy of which is annexed as Annexure A to this Explanatory Statement; and
- (b) a consent to act as auditors of the Company duly executed by BDO Audit (WA) Pty Ltd, registered company auditors.

If ASIC does not consent to the resignation of Butler Settineri as auditor with effect from the date of the Annual General Meeting, Resolution 6 will not be proposed at the Meeting.

Directors' Recommendation

The Board recommends Shareholders vote in favour of Resolution 6.

GLOSSARY

The following terms have the following meanings in this Explanatory Statement:

"**Additional 10% Placement Capacity**" has the meaning set out on page 10.

"**Additional Placement Period**" has the meaning set out on page 13.

"**Annual General Meeting**" or "**Meeting**" means the annual general meeting the subject of the Notice.

"**ASX**" means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

"**Board**" means the board of Directors of the Company.

"**Company**" means Red Mountain Mining ABN 40 119 658 106.

"**Constitution**" means the constitution of the Company.

"**Corporations Act**" means the *Corporations Act 2001* (Cth).

"**Director**" means a Director of the Company.

"**Equity Securities**" has the same meaning as in the Listing Rules.

"**Explanatory Statement**" means this explanatory statement accompanying the Notice.

"**Listing Rules**" means the Listing Rules of the ASX.

"**Notice**" means the notice of annual general meeting accompanying this Explanatory Statement.

"**Option**" means an option to subscribe for a Share.

"**Resolution**" means a resolution proposed pursuant to the Notice.

"**Share**" means a fully paid ordinary share in the capital of the Company.

"**Shareholder**" means the holder of a Share.

"**WST**" means western standard time in Australia.

ANNEXURE A

LETTER OF NOMINATION FOR NEW AUDITORS

To: Ms Shannon Coates
Company Secretary
Red Mountain Mining Limited
Unit 1, 2 Richardson Street
WEST PERTH WA 6005

Dear Ms Coates

NOMINATION OF AUDITOR

For the purpose of Section 328B(1) of the Corporations Act 2001 (Cth), I, Neil Warburton, being a member of Red Mountain Mining Limited ("**Company**") hereby nominates BDO Audit (WA) Pty Ltd of 38 Station Street, Subiaco for appointment as Auditor of the Company at the Annual General Meeting of the Company convened for 27 November 2012 at 11.00am (WST) (or any adjournment thereof).

I consent to the distribution of a copy of this letter of nomination as an annexure to the 2012 Notice of Annual General Meeting of the Company as required by section 328B(3) of the Corporations Act.

Signed:



Mr Neil Warburton

Dated: 9 October 2012

Lodge your vote:



By Mail:

Red Mountain Mining Limited
Unit 1, 2 Richardson Street
West Perth, Western Australia, 6005

Alternatively you can fax your form to
(within Australia) 08 9322 1474
(outside Australia) +61 8 9322 1474

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

 **For your vote to be effective it must be received by 11:00am (WST) Sunday 25 November 2012**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →



View the Annual Report:

www.redmm.com.au

View your securityholder information, 24 hours a day, 7 days a week: www.investorcentre.com

Your secure access information is:



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Red Mountain Mining Limited hereby appoint

the Chairman of the Meeting OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Red Mountain Mining Limited to be held at The Park Business Centre, 45 Ventnor Avenue, West Perth, Western Australia on Tuesday 27 November 2012 at 11:00am (WST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Item 1 (except where I/we have indicated a different voting intention below) even though Item 1 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Item 1 by marking the appropriate box in step 2 below.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
1 Non Binding Resolution to adopt Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Election of Director – Mr Lawrence Jonathon Dugdale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Keith Rowe as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval to Issue up to 40,000,000 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval of Additional 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date ____ / ____ / ____